

Assignment Restrictions

- 1) CAG will NOT assume accounts with balances greater than \$50K. They still will offer new terms, apply penalty payments, and work to offset as much debt as possible. The remaining balance may go away, but will most likely result in a settlement offer.
- 2) If the client lives in Pennsylvania, CAG will not enroll student loans because wages can be garnished at 15% without due process.
- 3) The IRS can withhold tax refunds on federally backed student loans. This matter is offset by legitimately taking additional tax deductions on your W-2 or 1099 so that you would receive no refund. By taking this action you are keeping more take home pay weekly and allowing the debt relief process to work for you.
- 4) Individual student loans backed by private lenders in excess of \$100K cannot be included in the program.
- 5) If an account has had any single transaction between \$5K - \$10K, or several smaller transactions in a single billing period that add up to that, then we recommend making at least three minimum payments on the account after the transaction date before CAG enrolls the account. If the transaction amount during one billing period is more than \$10K, make at least 6 minimum payments before enrolling the account.
- 6) Accounts must have a balance of at least \$500 and be older than 6 months to be included in the program. Accounts with the original creditor must be receiving paper statements, or must be switched as soon as possible. CAG cannot offer the new contract without a paper statement. This does not include an online statement that has been printed out.

You Need to Know

- 1) For accounts that are more than 4 months behind on payments to the original creditor, there is a chance that the client's account might be charged off and sold to a third party before CAG can assume it. The individual needs to understand that CAG uses its expertise to discourage law suits but cannot protect them from a lawsuit.
- 2) In the event of a lawsuit, CAG will provide them with information to represent themselves (pro se) in court with the intent of making it too difficult or expensive for the party to pursue or collect, to show the court that a prior agreement with the creditor has been reached (if applicable), or to have the suit dismissed due to lack of evidence or improper court procedure. In this case, CAG is providing education upon which the client needs to act.
- 3) Proximity is always an issue. This is often the case with credit unions and small-town banks near to debtors address. The client is welcome to include these accounts into the program, but because proximity is an issue, these accounts may not be discharged as in the normal program. Worst case, a settlement may need to occur with these kinds of accounts.
- 4) It can be an issue if the client has any cash accounts (checking or savings) with banks whose accounts are going to be included in the program. In other words, if the client is enrolling a credit card from XYZ Bank into the CAG program, and they also bank with XYZ Bank, the client should close their accounts or at least drain them down to some minimal level. Some banks, and almost all credit unions, have a cross-collateralization clause which allows them to take money out of cash accounts to bring other accounts up to date.
- 5) Credit repair is the responsibility of the client. Having CAG use its expertise in modifying the agreements, does give a legal basis to dispute the negatives on a credit report and get them removed, CAG itself does not work on credit reports or guarantee that every negative will be removed. When the time comes for credit repair, CAG will provide information for the client to dispute the negatives themselves, or offer suggestions on reputable credit repair companies.

***CAG provides an Attorney monitored telephone forwarding service assuring the Fair Debt Collection Practice Act is complied with during our process period. The first 6-month service is free of charge to you, however, you need to sign the application to install this service and pay a refundable \$50.00 deposit to CAG for the phone module.**

The CAG Administration Team

FAQ

1) **Is the CAG process legal?**

YES. The methods and expertise used by CAG on behalf of debtor's has been used successfully for many years to substantially reduce, offset or eliminate millions of dollars in consumer unsecured debt.

2) **What are the consequences of not paying debts?**

If you stop paying your creditors, you are in breach of contract and creditors have the right to try and collect from you. They will call and harass you and demand payment. They can hire collectors or lawyers to sue you. If they sue and win the case against you, they can garnish your wages, put a lien on real estate, and attach your bank accounts etc. In addition, your credit rating will be affected for many years.

3) **What are my options?**

You have several choices when facing financial problems.

- a. You can just stop paying and face the unpleasant scenario referred to above
- b. You can consider filing bankruptcy under various chapters. In Chapter 13 you turn over all your monthly income to the court trustee and they make a payment plan to pay back the creditors over a 3-5 year period, based on how much you owe each creditor and your monthly income. You still have to pay them, but it stops law suits, wage garnishment, home foreclosure and other seizing of assets.

If you have no job, no assets, and no future prospects, the court may allow you to file chapter 7, where all debts are wiped out, with few exceptions. Both ruin your credit for many years. You can move out of the country where the creditors can't easily collect.

- c. You can pay a consolidation company to make a deal with your creditors, whereby they make new agreements with the creditors to pay an amount to each one, every month, out of an account you pay into under the control of the consolidation company. You pay them a monthly fee for this, you still have to pay the creditors, but it usually stops them from filing a law suit against you. Your credit is still affected using this method
- d. Debt settlement is quite popular at this time. You agree to have the settlement company negotiate a lesser amount with your creditors in exchange for paying the lower amount in cash. If you don't pay the sum agreed upon in a short time, the creditor usually charges it off or sues anyway. You pay the settlement company first a percentage of what they

saved through the negotiation. Usually they can get the creditor to settle for 40-50% of the amount owed and charge about 15% of what was saved in the settlement. So, if your original debt was \$10k, and they settled for \$4k in cash, they saved you \$6k. You pay the creditor \$4k and the settlement company 15% of \$6k. Total out of pocket \$4900. Many people use this method today. Still affects your credit as it shows a settlement was needed, and of course you have to have the cash to pay them off.

4) How does the CAG program differ from the other programs?

The Consumer Alliance Group assumes the liability of your open accounts, so as to use its many years of expertise in reducing, offsetting or eliminating these debts. You assign each open account and CAG agrees to assume the debts in a Notarized written assumption agreement.

The fact that CAG is willing to assume your debts and make the payments, demonstrates their confidence in their ability to handle the accounts. There are no long term payments that have to be made by you, just the original assignment fee. An added advantage is that in many, if not most cases, ones credit is not permanently affected, as is the case in all other methods!

5) How effective is your program?

Our program is very effective and has been used over the years to save thousands of consumers millions of dollars. Using proprietary methods and expertise, CAG forces creditors and collectors to obey the law of contract.

6) Is this a “bulletproof” program?

No. As effective as this program is, nothing is “bulletproof”. As you know, the damage has been done, and now the goal is to minimize the cost of the damage to you while reducing the chances of law suits to near zero. It took several years for you to accumulate these debts and it will take a little while to get rid of them. CAG has a goal of keeping as much money in your pocket as possible, even though you're facing these problems. CAG takes a great deal of stress away by taking over the calls from creditors and collectors, thus eliminating that type of harassment. The CAG process usually takes about 12-18 months until most of the benefits have been achieved.

7) How long will you be an assignee with me?

Until we have achieved offset and or elimination of the debts with the original creditors. In addition, CAG will also continue to handle the communications with any collection accounts, usually resulting in them going away as well.

8) Is there a chance of being sued?

No one can guarantee that someone can't or won't be sued, the goal is through expertise, reduce the chances of being sued to near zero. Our expertise is designed for maximum discouragement of creditors to file lawsuits.

9) It sounds almost "too good to be true"

If you have a rich uncle or parents that are willing to take over the liability of your financial problems, then you don't need our program, let them pay the creditors.

The CAG program is for those that don't have that advantage.

10) How long have you been doing this?

The CAG proprietary methods and expertise have been developed, tested and successfully applied for many years. The staff has many years of experience in debt collection, mediation and debt settlement negotiations.