

Pro Rata Debts

Discover	\$1,200	\$150
Citibank Visa	300	45
MBNA Visa	200	25
Penny's	100	60
Sears	200	30
TOTAL	\$2,000	\$310
Income	\$2,400	
Necessity Expense	- 2,200	
Disposable Income	\$ 200	

Can't increase income anytime soon



Pro Rata Plan

Sheet 11

ITEM	TOTAL PAYOFF	TOTAL /DEBT	= PERCENT	DISPOSABLE X INCOME		NEW YMENTS
Discover	1,200	/ 2000	= .60	X 200	=	120
Citibank	300	/ 2000	= .15	X 200	=	30
MBNA	200	/ 2000	= .10	X 200	=	20
Penny's	100	/ 2000	= .05	X 200	=	10
Sears	200	/ 2000	= .10	X 200	=	20

Collection Practices



Pro Rata Debts

Sheet 11

If you cannot pay your creditors what they request, you should treat them all fairly and the same. You should pay even the ones who are not jerks and pay everyone as much as you can. Many creditors will accept a written plan and cut special deals with you as long as you are communicating, maybe even over communicating, and sending them something. We have had clients use this even when sending only \$2 and have survived for literally years.

Pro rata means their share or what percent of your total debt they represent. That will determine how much you send them. You should send the check with a budget and this sheet attached each month, even if the creditor says they will not accept it.

ITEM	TOTAL PAYOFF	TOTAL /DEBT	= PERCENT	DISPOSABLE x INCOME	NEW = PAYMENTS
		<u>/</u>	=.	X	=
		<u>/</u>	=.	<u>X</u>	=
			<u>=.</u>	X	=
		<u>/</u>	=.	X	
		<u>/</u>	=.	X	=
			=.	X	=
		<u>/</u>	=.	X	
		<u>/</u>	=.	<u>X</u>	
		/	=	<u>x</u>	
		<u>/</u>	=.	X	
		<u>/</u>	=.	X	=
			=.	<u>x</u>	
		/	=.	X	=
		<u>/</u>	=.	<u>X</u>	=
		<u>/</u>	=.	<u>X</u>	=



Date: Feb. 22, 2006

From: Joe and Suzie Public

123 Anystreet Anytown, ST 11111

To: Mega Credit Card Company 999 Main Street Big City, ST 00000

Re: Joe and Suzie Public # 1234-5678-9012-9999

Dear Collection Manager:

Recently I lost my job, and my wife is employed in a clerical position. We have met with a financial counselor to assess our present situation.

We acknowledge our indebtedness to you of \$6,000 and fully intend to pay you back in full. However, you are one of six creditors to whom we owe \$42,968. We owe minimum payments of \$782 each month. We are not able to meet these minimum payments at the present time, and we are not planning on going into further debt to meet these obligations.

We have put together a basic necessities cash flow plan based on our take-home pay of \$2,340 per month (see the enclosed copy of cash flow plan). Since we have two small children and no disposable income currently to pay our creditors, we can not make a payment to you at the present time, but we do not intend to go bankrupt.

Consequently, we are asking for a moratorium on payments for the next 120 days. We will keep in close contact with you, and as soon as possible, we will begin making payments. If possible, we would like to request a reduction on interest during this time.

We are aware that this is an inconvenience to you, but we must meet the basic needs of our family first. We fully intend to pay our creditors all that we owe them. Please be patient with us. If you have any questions please contact us at 600-555-9876.

Thank you for your consideration of our present situation.

Sincerely,

Joe Public Suzie Public



Date:
From:

To: Name of Creditor Address
Re: Card holder name and account number
Dear: (If you know a specific person or, when contacting them by phone, get name of area or office supervisor.)
Recently (I have had to) Or (my husband had) changed jobs and have met with a financial counselor to assess our present situation.
We acknowledge our indebtedness to you of \$, and fully intend to pay you back in full. However, you are one of creditors to whom we owe \$ We owe minimum payments of \$ each month. We are not able to meet these minimum payments at the present time, and we are not planning on going into further debt to meet these obligations.
We have put together a basic necessities cash flow plan based on our take-home pay of \$\ per month (enclose copy of cash flow plan). Since we have small children and no (or limited) disposable income currently to pay our creditors, we (can or cannot) make a payment to you (of \$) at the present time, but we do not intend to go bankrupt.
Consequently, we are asking for a moratorium on payments for the next(30, 60, 90, or 120) days. We will keep in close contact with you, and as soon as possible, we will begin making payments. If possible, we would like to request a reduction on interest during this time.
We are aware that this is an inconvenience to you, but we must meet the basic needs of our family first. We fully intend to pay our creditors all that we owe them. Please be patient with us. If you have any questions please contact us at (phone number).
Thank you for your consideration of our present situation.
Sincerely, (Signatures)