

United States Credit Adjustment Corporation

1080 12th Street

PO Box 690864

Vero Beach, FL 32969-0864

Toll Free 1-888-400-1216 Phone 772-205-2994 Fax 1-888-417-3330

Not affiliated with the
Federal Government

ACCOUNTS RECEIVABLES TOOL KIT

Here at U.S. Credit Adjustment Corp. we understand how hard it can be to prevent and manage bad debt. In an effort to make the job of identifying and recovering delinquent accounts easier, we have prepared this free tool kit to assist in the process of collecting accounts before turning them over for collections. The attached tools are focused on reducing the **DSO** (Days Sales Outstanding) of in house aged receivables, as well as resolving customer service issues before they get out of hand. Even a small reduction in your company's DSO can have a large impact on your profit margin!

Included in this tool kit is information regarding collection call scripts, in-house collection letters and helpful tips from our top collector to make your efforts to recover money more successful. The collection scripts and letters are designed to handle accounts from zero to ninety days with a focus on both keeping your customers happy and getting your money as fast as possible. While using these tools, keep in mind that U.S. Credit Adjustment Corp. has a variety of other free tools available for you to use when needed, such as our ***FREE CUSTOMER PROFILE SEARCH*** which allows our clients real time access to information regarding a customers financial picture. We can also provide you with a copy of a credit application that contains a personal guarantee, which we strongly recommend for use by our clients.

If you have any questions or concerns about any of the information contained herein, or would like to learn more about our any of our free services, please contact your sales associate at 1-888-400-1216.

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CREDIT MANAGEMENT TIMELINE

0-30 Days	30-45 Days	46-60 Days	61-75 Days	76-90 Days	Final Effort
Receive credit application	<u>Day 30</u> Collection Call Script #1	<u>Day 50</u> Collection Call Script #2	<u>Day 61</u> Send Collection Letter #2	<u>Day 76</u> Send Collection Letter #3	<u>91 Days</u> Send Collection Letter #4
Grant Credit	Send Statement	<u>Day 60</u> Run Free Customer Profile Search	<u>Day 75</u> Collection Call Script # 3	<u>Day 90</u> Collection Call Script #4	10 Day Demand*
Generate first invoice	<u>Day 45</u> Send Collection Letter #1	Send statement			<u>101 Days</u> Contact USCAC for immediate action

The timeline above is established for net 30 terms, which is the standard for the majority of our clients. If you sell on net 10 terms the timeline should be moved up so you reduce the delay in follow up when your receivables are due.

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COLLECTION CALL SCRIPT # 1 DAY 30

Hello this is _____ with (COMPANY NAME) calling in reference to your recent order with our company. I just wanted to make sure you had no problems or concerns about the order. Were you satisfied with the service you have received so far from (COMPANY NAME) ?

(If customer brings up a concern now is the time to address it, if no problems move on to the next section.)

That's fantastic, for accounting purposes, do you need any documentation from us as far as invoices or delivery information may be concerned?

(If so, offer to provide it to the customer immediately) **Just so I can update our records while I have you here, when should I tell my accounting staff to expect payment?**

(If commitment is made that is reasonable end the call, if an unexpected response is given, such as an offer of partial payment or refusal to pay, now would be the time to negotiate something acceptable to your company. If no acceptable arrangement can be made, you may wish to proceed to a more aggressive step such as a final demand)

If call goes well finish as normal

Thank you again for your business, it is greatly appreciated, have a wonderful day.

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COLLECTION CALL SCRIPT # 2 DAY 50

Hello this is _____ with (COMPANY NAME) calling in reference to your order from (SALE DATE). Your account is now running past due and I wanted to make sure that there were no problems with making payment on this account. Do you have the invoice information necessary to process this for payment?

(If customer needs documentation offer to fax it immediately, then ask to follow up that day to confirm the invoice has been received and tie down the payment.)

If you have everything you need to process payment, when should we be expecting a check to be sent to our office?

(If payment is coming within 10 days for the entire balance end call, if an unacceptable offer is made, move to a more aggressive approach)

Can you pay half of this balance today and the remaining amount within the next 30 days?

(If no, move to next question, if yes agree to the terms and ask for the check number that will be sent today.)

When CAN you have this past due balance paid in full?

(Depending on the response, it may be time to involve a superior within your company or contact U.S. Credit Adjustment Corp. for immediate assistance)

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COLLECTION CALL SCRIPT # 3 DAY 75

Hello this is _____ with (COMPANY NAME) calling in reference to your recent promise to pay on the invoice outstanding with our company from (INVOICE DATE). As of today we have not received that payment, do you have the information concerning which check number was sent to our office and the date it was sent?

(If customer gives reasonable response such as check was sent in the last 72 hours, end the call and agree to wait for an additional 72 hours, if no check was sent move to next step)

Although we appreciate your business, I hope you understand that continued delinquency will jeopardize your credit status with our company and may result in credit hold. Can you send a check for the balance in full today?

(If yes, get a check number, confirm your remit address, and end the call with a follow up date of 7 days to confirm receipt of the check, if not move to next step)

What is the shortest period of time in which you can clear this account?

(Depending on the response, it may be time to involve a superior within your company or contact U.S. Credit Adjustment Corp. for immediate assistance)

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COLLECTION CALL SCRIPT #4 Day 90

Hello this is _____ with _____ calling in reference to your now seriously past due account with us. We have made repeated efforts to get this matter resolved, before this moves to the next level I need to know if you are prepared to pay this account in full today. Can you send a check for this account right now?

(If yes get check number and set follow up date to confirm payment is received, if no move to next step)

If you cannot clear this today, when can you send a check for the total balance that is outstanding?

(If the time period is acceptable confirm promise and follow up to get check number on the day the check is to be sent, if unacceptable move to next step)

I am authorized to allow you to resolve this account over a 21-day period; can you resolve this account in three payments over the next 3 weeks?

(If customer agrees to terms, set follow up dates for the partial payment arrangement, if not move to final step)

I am sorry that you are unable to resolve this matter voluntarily, I need to advise you that our next step will be to forward your account to U.S. Credit Adjustment Corp. within the next 10 days. I hope you can contact us to resolve this balance before that time. Good day. *(End call)*

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Date: _____

COLLECTION LETTER # 1 DAY 45

Dear _____ (Contact),

Thank you for your recent order. We hope that you are happy with your purchase and look forward to working with you again. Please be aware that your account is now 15 days past due.

In order to maintain good credit standing with our company, it is important to pay in a timely fashion. If there were any problems or concerns with your order, please contact your sales associate immediately so we can make sure you are satisfied.

If payment has already been sent, we apologize for any inconvenience.

Sincerely,

Credit Department

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Date: _____

COLLECTION LETTER # 2 DAY 61

Attention: _____,

Please be aware that your account with our company is now growing seriously past due. We appreciate your business and would like to maintain an ongoing relationship with your company. This balance needs to be resolved immediately or we will be forced to place your account on credit hold, please remit the outstanding balance of \$_____. If there is a special circumstance that prevents you from being able to satisfy this account, please contact our office immediately to make an arrangement. We look forward to hearing from you in the near future. If payment has already been sent, we apologize for any inconvenience.

Sincerely,

Credit Department

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Date: _____

COLLECTION LETTER # 3 DAY 76

Attention : _____,(Contact)

Please be advised that your continued delinquency is now jeopardizing your credit standing with our company. You have an outstanding balance of \$_____ that is now 45 days past due. Although we appreciate your business, it is important that this issue be resolved, so that we may remove your account from credit hold. If you need special accommodations to resolve this balance, please do not hesitate to contact this office. We will be happy to work with you to make sure this matter is resolved in the best interest of both parties.

We look forward to hearing from you in the near future. If payment has already been sent, please disregard this notice and we apologize for any inconvenience.

Sincerely,

Credit Department

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Date: _____

COLLECTION LETTER # 4 DAY 91

TEN DAY FINAL DEMAND NOTICE,

Attention: _____ (Contact)

Please be advised that your open account with our office for \$_____ is now seriously past due. You have TEN DAYS from the date of this letter to satisfy this balance in full or we will have no choice but to forward your account to U.S. Credit Adjustment Corp. for further action. If we do not receive your payment within this time, you may become liable for any fees and costs associated with the collection process.

Please avoid this unnecessary action and send the balance to our office today. If you are unable to pay this account in full, contact this office immediately to make payment arrangements and avoid the possibility of additional costs, collection actions, and adverse credit reporting of the past due account.

Sincerely,

Credit Department

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TIPS FROM U.S.C.A.C.

One of the most important aspects to collections is consistency. Developing a receivables management program that ensures regular contact with your customers results in increased profit. It is also important to follow through with your customers. When you arrange to follow up on a certain date to get checking information, make sure you adhere to that date. The same goes for a demand, if you give a customer a deadline, follow through with your plan if the customer ignores you or fails to live up to their commitment.

Within a few months of instituting, a program where you regularly contact your receivables list you will notice that the time it takes you to get paid decreases. You will become the proverbial squeaky wheel that gets the grease. In addition to generating more cash flow, you will also be able to address customer service issues, before they get out of hand. It is much easier to solve a problem a customer has if you recognize the issue at 30 days, rather than waiting until the problem has gone on for 90 days and probably escalated within your customers mind. The following pages include some helpful tips for managing credit from our top collector. We hope that you find the tools useful and make your credit department as profitable as it can be.

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TIPS FROM THE TOP GUN

Tip number 1

Protect yourself from day one with the use of a good credit application. The credit application should include all the information you may need if the account goes to collections; I have written such a credit application that is available by request. If you are writing your own credit application make sure it includes the company's full name physical address, mailing address, e-mail address, and what type of company i.e.: sole proprietor, corporation, LLC etcetera. The name of the principals of the corporation i.e.: President and Controller, also the name of the person responsible for accounts payable and their contact number. I always recommend the principal of the company sign a personal guarantee (PG). *Why you ask?* The answer is simple if the owner of the corporation is 100% positive of his company's ability to pay he will have no problem with a P.G. If he/She refuses to sign you have to ask yourself a question, if they are not sure enough to guarantee the company pays how can YOU be so sure you will get paid. Always make sure there is language that will allow you to get their banking information.

Tip number 2

ALWAYS check the references given by the company requesting credit. Do **NOT** assume just because they used a company for a reference that it is a **GOOD** reference you might be surprised to find out they don't pay within terms. **ALWAYS** check with their bank reference, ask if there is any history of NSF checks on the account and what their average weekly, monthly and yearly balances are.

Tip number 3

DO NOT be afraid to turn down a customer who does not check out, review each application make sure full names are given and ALL the requested information is filled out. If they need your product and they do not pass all the tests do not hesitate to make them a COD CUSTOMER if you have not done any business with them it should be COD Certified Check only, or you can pro-forma them and have them pay in advance before releasing the material. Remember the customer who yells the loudest about being denied credit terms is most likely the one who will not pay you on time or ever if they can convince you to "give us one chance".

Tip number 4

Don't miss the early warning signs of trouble, if the customer already has an open line of credit and they start paying slower but ordering more often this is a huge **RED FLAG**. **NEVER SHIP** to a customer that has ANY outstanding debt over 30 days old (or outside of terms) even if they beg for product. I see more huge debt from companies with invoices 30-60-90 120 days out yet still more product is being shipped, I hear "but they were always such a good customer" Yes they were when they paid their bills on time, now they are not such a good customer and you could have prevented all those losses when they close their doors, had you just **STOPPED SHIPPING** when they became delinquent. Don't let them talk you into releasing "Just one more order" you can be friendly but firm and explain it is simply not your decision Company Policy simply **FORBIDS** it.

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TIPS FROM THE TOP GUN

Tip number 5

Even if you have taken all the precautions and done all the right things, there will still be some that just stop paying. In this case, do not waste your time chasing after them and spending your own money in time, postage, and frustration that is what I am here for. A big mistake is holding the debt too long. You have already stopped shipping to them so they are spending your money to buy from your competitors; they have made the decision that you are no longer important to them. Once this happens, third party intervention is necessary. You are not being mean or nasty even if they accuse you of that, you are simply protecting your assets. If you do not, you may find yourself in their position of not being able to pay YOUR bills on time. Then you may hear from ME.

Robert C. Eskin
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Certified Paralegal
Executive Commercial Debt Negotiations
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Client Services
Rich Dant
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We hope that you have found this information to be beneficial to your needs, but please keep in mind this is not a comprehensive policy manual. If you need further assistance developing a program more specific to your company's needs, please contact your U.S. Credit sales associate and they will be happy to work with you in creating something that fits your own individual requirements. We are here to share our credit expertise with our clients and look forward to working with you in the future.