

E s c o l a r A b o g a d o s

COLLECTING SERVICES

ESCOLAR ABOGADOS

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INTRODUCTION

The Companies' unsatisfied credits may directly damage cash-flow, prejudice economical expectations and even the solvency of the company.

Escolar Abogados offers a complete overdue debts recovering service, to improve the cash-flow of your company and free up resources:

- A team of attorneys with more than 20 years of experience in risk assessment and credit recovering, providing legal services to private companies and public institutions.
- Skilled and professional lawyers in almost all branches of law, such as Public Law, Finance, Securities Markets, Bankruptcy, Civil, Corporate Law and Litigation.
- Availability of accurate Information Technology resources to the identification and monitoring commitment.

This way, our clients out-sources the collection duty replacing it on the hands of an expert team of lawyers and attorneys.

Satisfaction of our clients is paramount.

I. OUR SERVICES

Combining proven collection techniques, skilled staff and advanced technology allows us to recover debt both quickly and effectively. To recover a high volume of consumer and commercial debt, lawyers make prompt contact with the customer to establish reasons for non-payment and assess an ability to pay. This can be followed by arranging for payment in full or a suitable plan, monitoring payment progress to ensure the commitment is met, or an alternative course of action.

Having exhausted all afore-mentioned possibilities, attorneys apply for legal remedies before the courts in order to recover money owed. Used effectively, legal proceedings can be a powerful tool to accelerate the recovery process and reduce internal costs. If, after third party telephone and letter demands or field agent intervention, customers are still not prepared to meet their payment obligations, we encourage the use of legal action.

Our in-house Legal business unit provides a total solution, from recommending the most effective approach, to commencing and managing all aspects of the legal process on your behalf including all facets of the legal process from the issue of a Statement of Liquidated Claim to Insolvency proceedings. Thus, even in the case of debtor's Bankruptcy, attorneys will also represent our client during the whole procedure.

The steps or phases of **Escolar Abogados** collection system are as follows:

- 1.- Analyses the quality of debts an the solvency of debtor
- 2.- Out of courts recovering of the debt
- 3.- Legal Proceedings
- 4.- Enforcement
- 5.- Bankruptcy proceedings

1) Analysis of the Quality of debts an the Solvency of Debtor

Quality of debts will depend on the document or credit instrument in which the debt appears: signed budget, invoices, bills, delivery notes, singed contracts, due bills of exchange, guarantees, and the conditions of the debt: amount, elapsed time, previous

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demands of payment issues by creditor and, in the case, possible answers and excuses communicated by debtor.

In relation with the solvency of the debtor, our professionals inquire the observance of debtor's payment obligations and its solvency, diligence of the debtor company's managers and liabilities in which debtor's company may have incurred.

2) Out of Court Collecting Phase

In this phase, efforts focus on getting satisfaction in a voluntary and amiable way. Here is included a reminder procedure facility (IT) and contacts with debtor, mainly phone-calls, Collect Letter/s and, if required, payment agreements.

Credits Classification. Before initiating out of courts negotiation, our professionals classify the credits according to standards in order to settle a timing and criteria of negotiation. The most important standards to determine the type of credit are indicated below.

- a) How long the debtor has been a client of the creditor
- b) The solvency of the debtor
- c) Credit instruments and documents representing the obligation
- d) Elapsed time of overdue debts
- e) Amount of the debt
- f) Existence of deed, bill or bond conveying an enforceable right.
- g) Creditor's desire of maintaining the debtor as a client
- h) The deficiencies of the product or service provided

Negotiation with debtor in order to achieve a promptly payment, arrange a payment plan, achieve recognition of the debt and/or to constitute legal guarantees. Our ethical approach to collection protects your relationship with the customer.

We recognise the comprehensive nature of debt recovery and evaluate each stage of the process accordingly. Techniques we use to achieve successful resolution of overdue payments include:

- Making the demand for payment in full
- Using the debtor's history to assess an ability or willingness to pay
- Applying firm but fair pressure; contacting the customer to establish reasons for non payment and to determine a suitable settlement or instalment plan
- Monitoring to ensure the commitment is met
- Evaluating options for legal action against an individual or company, which may include a notice of proceedings and/or statutory demands.

In case of the creditor had previously negotiated the payment and had kept an historical profile of communications that provide sufficient evidence for a judicial proceeding, our professionals may directly apply for the satisfaction of the creditor before the courts.

3) Judicial Collecting Phase

It goes from the failing of the amiable negotiation period, if an amicable arrangement does not lead to payment, to the effective recovering of undue debts.

This phase contains the following main activities:

- a) A previous study in order to determine the best remedy and proceeding available considering the next items:

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- Searching of debtor's domicile
- Searching of debtor's patrimony
- Preparation of evidences and proofs
- Guarantee of the debt
- Manager liability
- Searching of case-law.

b) Precautionary measures to constitute guaranties if allowed by statutory rules.

c) Attorney representation before courts. **Escolar Abogados** will carefully choose the most efficient proceeding and remedies to recover the claimed amounts.

Different proceedings according to Spanish law are hereby indicated:

- Proceso monitorio.
- Juicio Cambiario.
- Juicio Ordinario.
- Juicio Verbal.
- Bankruptcy proceeding.

4) Enforcement

Our professionals will enforce court's decisions when they are not duly complied. According to Spanish legislation, not only court's decisions, but also deeds, bills, bonds and other credit instruments under statutory requirements convey an enforceable right and allow creditors to initiate enforcement proceedings.

Through this proceedings, attorneys will inquire patrimony or properties of debtors if unknown, seek for and execute attachments until full satisfaction of credit.

5) Bankruptcy proceedings

Escolar Abogados provides attorneys representation before the courts in bankruptcy proceedings in order to make sure the credit is fully acknowledged by the bankrupt controller pool and courts, as well as to achieve a settlement of creditors according to the best interest of our client and watch over full satisfaction of settlement. In case of settlement breach or if desirable, attorneys will also apply for compulsory winding-up by the courts.

II. FEES

Fees of rendered services are usually divided in two parts:

1) Previous Fee: when the client entrust to our firm the recovery of a credit, it is paid a previous fee depending on the amount of the debt (see the price table below). Initial fee would reduce to 50% when creditor posses a credit instrument conveying a right to initiate enforcement proceedings. This consideration is not reimbursable.

2) Final Fee: when and only in the case a claimed credit is fully or partially recovered in favour of our client, final fee will be payable.

This consideration represents a percentage of the recovered amount and fluctuates from 20% to 10% depending on the claimed credit (see the price table below).

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Claimed credit	Previous fee	Final fee (percentage of recovered amount)
6.000 €	600 €	20
12.000 €	740 €	19
18.000 €	880 €	18
24.000 €	1.020 €	17
30.000 €	1.160 €	16
36.000 €	1.300 €	15
42.000 €	1.440 €	14
48.000 €	1.580 €	13
54.000 €	1.720 €	12
60.000 €	1.860 €	11
66.000 €	2.000 €	10
More	2.000 €	10

This consideration system has been created by **Escolar Abogados** to grant our clients economical access to attorneys as well as to ensure efficiency.

This way, material fees depends on the recovery of the claimed credits and our firm shares the risk and benefits of proceedings success.

III. AGREEMENT

Escolar Abogados and the client should sign a provision of legal services agreement in which credit amount, payment conditions and other terms are established. The agreement may be intended to the recovery of one debt or all the overdue debt without time limit.

Specifics conditions and qualities of the client and the amount of credit would be considered in the terms of the agreement.

LEGAL NOTICE

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