Settlements in-full

Settlements are a key area of collections. It is complex area and has become more important as your clients impose new rules and penalties regarding settlement guidelines. The following documentation describes the first phase (Version 1) of a SIF module for Intelec.

We will deliver this as a special base change to Version 8.0 after December 20th 2005.

Note that we will use the Payment Arrangements system in Intelec as a core part of the SIF design. This will allow you to manage the arrangement and follow up if a payment is missed. Because settlements are set up at an account level and NOT at the linked account (debtor) level, you will need to turn on the feature that allows you to set up payment arrangements at the individual account level. This will also apply to direct checks. The option is on the System Parameters - Pmt. Arrangements by Case# (Y). This may mean a change to your workflow and collection processes if you have a significant amount of linking. It must be considered as you move forward with settlements.

The flexibility will be offered at the client level. There will be a client set up which will be linked to client update. There are 2 screens to define the client rules. Not all of the options will have the associated processing. From within client update you will see the following. This is the 1st screen.

In phase 1, we will have the following options operational.

- You can enter a standard settlement percentage (for this client code). The group option is also available. The system first checks the specific client. If the client is not set up with any settlement percentages, we will check the client group code. If that says "Use for group" we will use those parameters for all clients within the group.

- You can set up percentages based on the primary balance or the combination of primary balance and interest (set up at client level)

- Allow for SIF% override - Use this if you want to allow a collector (someone without access to management menu) to override the standard options.

- Once there is a SIF offer (the settlement information has been set up) you can not change the settlement parameters without deleting the offer information and then reentering a new offer.

- Non-collectors and users with access to the management menu can override the SIF parameters at the time of setting up the offer letter. Collectors can override the standard rules if "Allow SIF% override" is"Y".

- Smart Code at offer time - This smart code will get applied when the offer is initially made (usually by a collector). You can use this Smart Code to move the account to a manager if approval is required.

- Smart Code with letter - This smart code will get applied when the SIF letter is requested (may be by a collector or a manager). This will happen after the SIF offer, if the account has to go to a manager for approval.

- SIF parts - the recommended number of parts is used on the payment arrangement set up. If not entered, 1 is assumed. For recommended parts of 1, with a standard payment arrangement (not non-linear), the downpayment option will not automatically be set up. The downpayment feature requires at least 2 recommended parts.

- The options Downpayment %, Downpayment within days and 1st payment within days are active and are used for the payment options within the SIF setup (described later).

- Recall days is used to tell a collector how many days remain before the account will be recalled.

- Manager approval - Managers (users with access to management menu) and users who are not collectors can automatically generate SIF letters without an approval process. "Y" will mean you want any user who a collector to submit the request for management approval (would happen by applying a Smart Code that could change the worker - e.g. Smart Code at time of SIF offer can be set up at client level). An "S" can be used to indicate that the letter can go out without manager approval if the "standard" settlement percentages were used (as set up in the client master). If a special rate (or amount) was defined, an "S" will submit the request for manager approval.

- Smart code for SIF - The system will remember the settlement offered. If the payments made meet of exceed that amount, the specified Smart code will be applied. You will use that to close an account as a SIF.

- Add description code on offer - this will be applied when a collector sets up the offer from account inquiry (see later)

- If a manager deletes an offer, "Description code if withdrawn" will be added.

- "Add description code letter offer" will be added if a letter is requested (means SIF was approved)

- There is an option to include interest in the settlement calculations. The default is primary balance only.

- Only valid letter codes defined on the client setup, can be used.

- The default letter, if specified, will be brought into the collector screen when settlements are negotiated.

- Close codes for SIF are used in the reporting and SIF inquiries.

The second client screen for SIF's is the following.
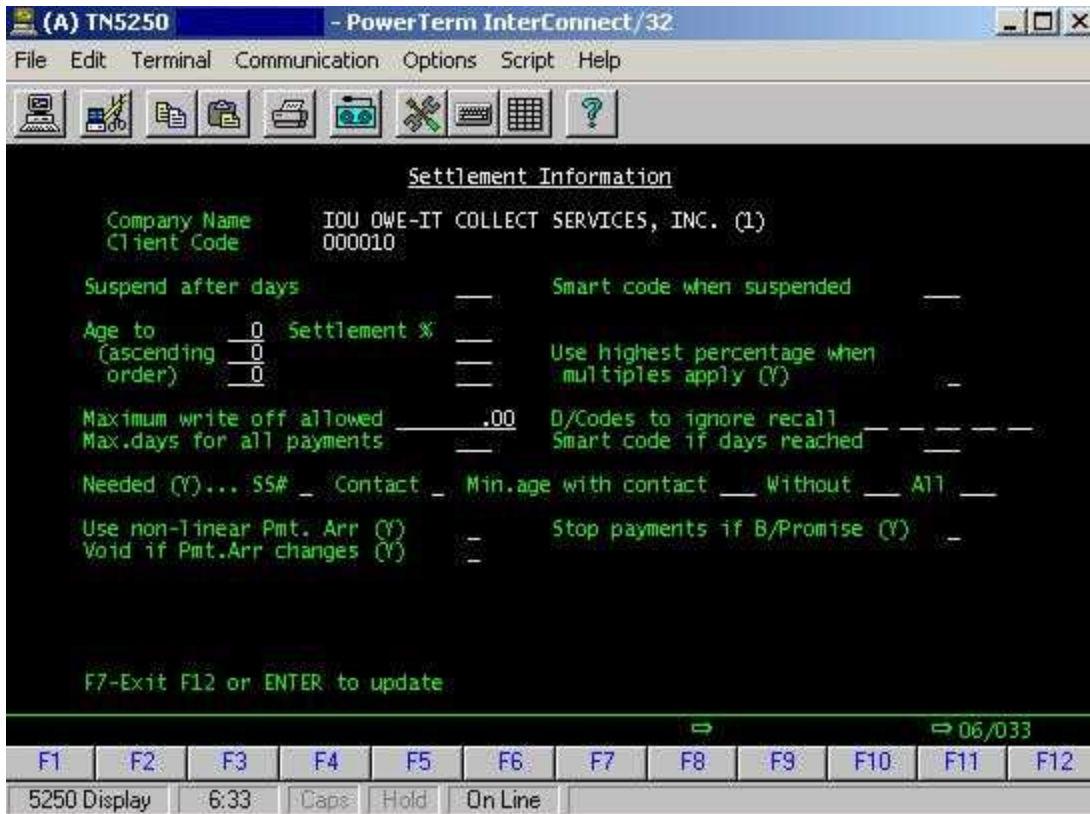
- The age range options for settlement percentages will be active. Age is computed from placement date to the system date.

- If multiple settlement percentages are applicable (e.g. age and placement) the system will by default select the lowest percentage. On this screen you can indicate that the highest percentage should be used.

- Maximum dollar write off will be active.

- The options "SS# or Contact needed" are active. Contact needed refers to a contact PRIOR to the present action, which may be a contact and the first one. The number of contacts on the account must be at least 1 and that means a Smart Code that is a contact should have been entered AND processed prior to the settlement being set up.

- Minimum age requirements with a prior contact (see earlier option for definition of contact), no contact or regardless of contacts - these options are active. If a condition is not met, a message is issued indicating that the "minimum age requirements were not met". The same message is displayed for each condition.

- Use nonlinear Pmt. Arr is active.

As you know, client information (update and inquiry) is now stored on many different screens. We have added a new function key F15, from the first client screen, to take you to the SIF information screens which are usually displayed at the end of the client information screens.

We will have the following as far as a collector experience.

Collector will be able to access a SIF screen from the Tab-Q options.
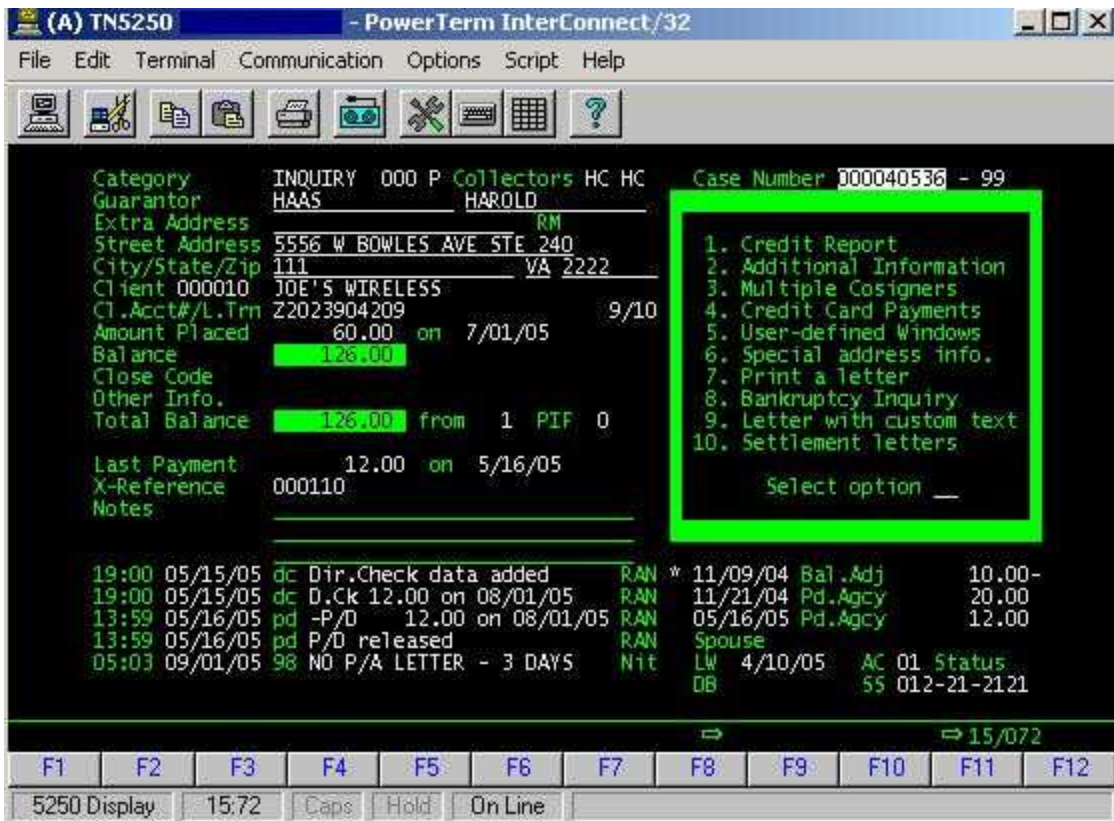
This is what they will see when they select the option for settlement letters.
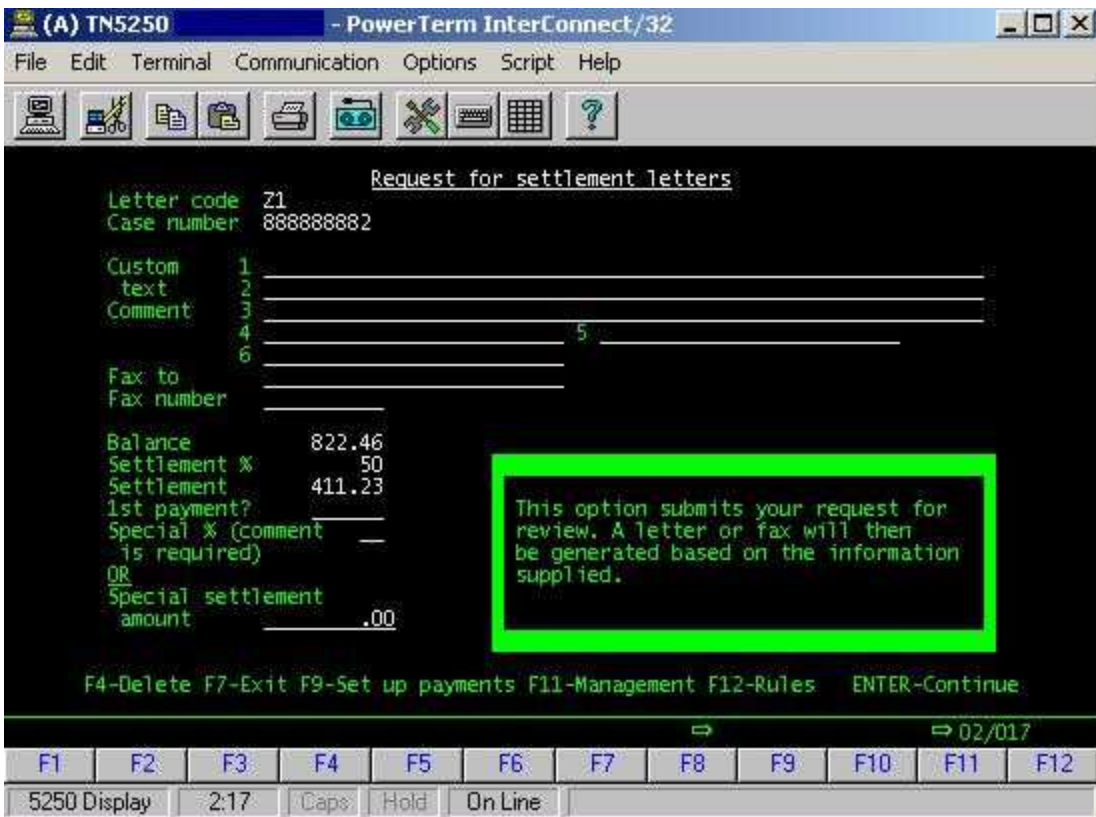

- Based on the client, the letter code would have the default letter code filled in.

- The collector could enter information in the areas titled custom text, comment, fax to and fax number. We will provide merge codes for this information. The merge codes for the fields custom

text, fax to and fax number are T03 to T10 respectively (8 fields)

- The account balance is show along with the calculated settlement percentage and the settlement amount. Settlement percentage means how much are we willing to settle for. If client will write off 30%, settlement percentage is 70%.

- There is a function key F12 - Rules, which allows a person with access to the management to menu to view the client options for SIF's.

- There is a field "1st payment". This is an optional field that the user can enter to indicate the date when the first payment is due. This is used in payment arrangements when the user moves to to "Set up payments" option (F9)

- Depending on how the client was set up, the special % or special settlement amount fields can be accessed. If the user is a collector and the client does not allow overriding the settlement percentage, the special fields can not be accessed on this screen.

- Depending on whether manager approval was needed or not (set up on client), the system could print a letter immediately or could "submit" the request for manager approval.

- A person who is not a collector or has access to the management menu can generate a letter. A collector can generate a letter if manager approval is not needed or if they did not override the percentage or amount and approval was not needed in that case.

- After testing, we plan to allow you to have letters generated in the nightly process.

- From the SIF set up screen, a user can set up payment arrangements or direct checks. This area is very powerful and is closely integrated with the SIF set up process.

  - At the client level you can indicate whether the preferred payment arrangement is the standard or nonlinear type. Payment arrangements are a critical component of the SIF process. As stated earlier, since SIF's are at the account level, you will need to activate the feature that allows you to set up payment arrangements at the individual account level. This will also apply to direct checks. The option is on the System Parameters - Pmt. Arrangements by Case# (Y). This may mean a change to your workflow and collection processes if you have a significant amount of linking. It must be considered as you move forward with settlements.

  - You can indicate a default of nonlinear arrangement by selecting the option "Use nonlinear payment arrangement" (2nd client screen), setting a number in "Time frame every X days" or by setting the recommended SIF parts to more than 9.

  - If a nonlinear payment arrangement is selected, the system will use the 1st payment date entered on the screen or use the "1st payment within days" field to calculate the date for the first payment. If "Time frame every X days" is specified, subsequent installments will be dated for those dates. If no "frequency" is specified, 30 days is used. The "Recommended parts" option is used to select the number of installments. The settlement amount is allocated over the number of parts and the system will fill out the nonlinear payment arrangement with dates and amounts! Obviously, the use can change any of the data. Remember that the data is filled in based on the way the client is set up. You control the options. You do have the flexibility to have the system look at the client set up and do all the calculations for the collector, as we have described. Following is an example of the nonlinear P/A screen, filled in by the system, based on the client parameters. Note that the recommended SIF parts and the SIF amount are displayed too.
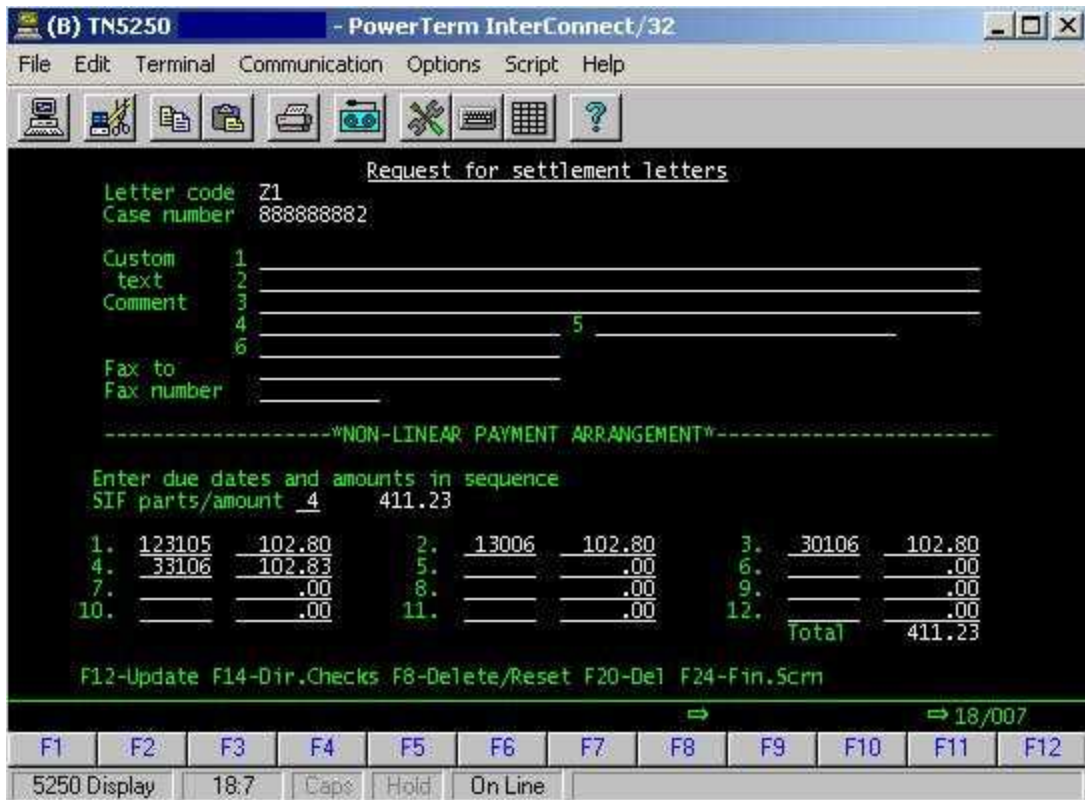
- Once you have viewed the payment arrangement information (and possibly changed it) you can either use F12 to update the data or use F14 set up direct checks if you are taking check information on the phone. F12 takes you back to the SIF set up screen and you will need to go back to the payment set up to enter direct checks. Using F14 after filling the payment arrangements screens is a faster process. Do not be concerned about bad data. You will not be taken to the direct checks screen if there are any errors. The direct checks screen will be presented with no data filled in. There was a field "Transfer to nonlinear P/A" on the P/A set up screen. That that been modified to also allow an "F" which means "Transfer from a nonlinear arrangement".

- On the blank direct checks screen, you must specify the first check number. Enter that number in the check number field of the first check area. If a check number is not specified, 1 is assumed. As with all direct checks, checking account information will need to be supplied. You will now enter "F" in the new "Transfer to/from nonlinear P/A" field. Press ENTER. The nonlinear arrangement is looked up and data is filled in! Here is an example.

SIF's
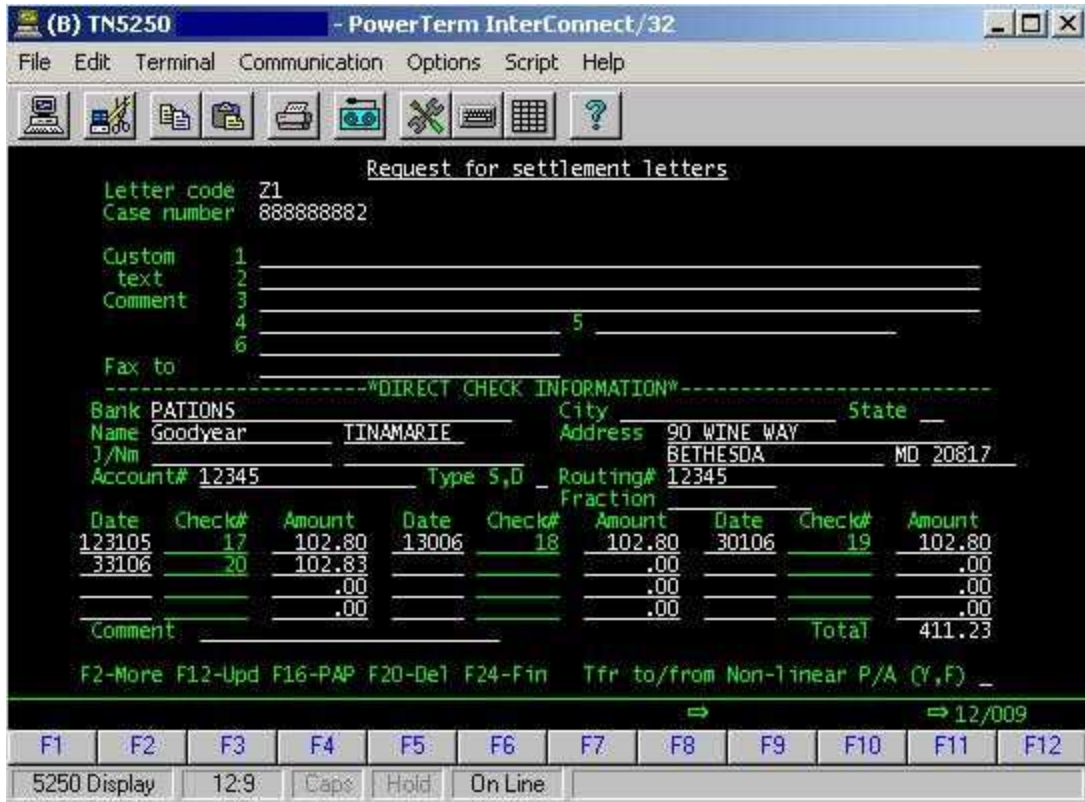
○ Press F12 and the arrangement is set up!

○ If you opt for standard payment arrangements, the process is similar. You can not have variable installment amounts, so the system would only compute the start date, the installment amount, the qualifying amount and the number of installments after which the arrangement must be suspended (recommended SIF parts). A frequency of "Monthly" is assumed. If the client parameters indicated a downpayment, the set up date is used to calculate the date for the downpayment. This is brought into the screen along with the downpayment and the downpayment is treated as the first "part" of the SIF. Here is an example of a SIF with a standard payment arrangement.
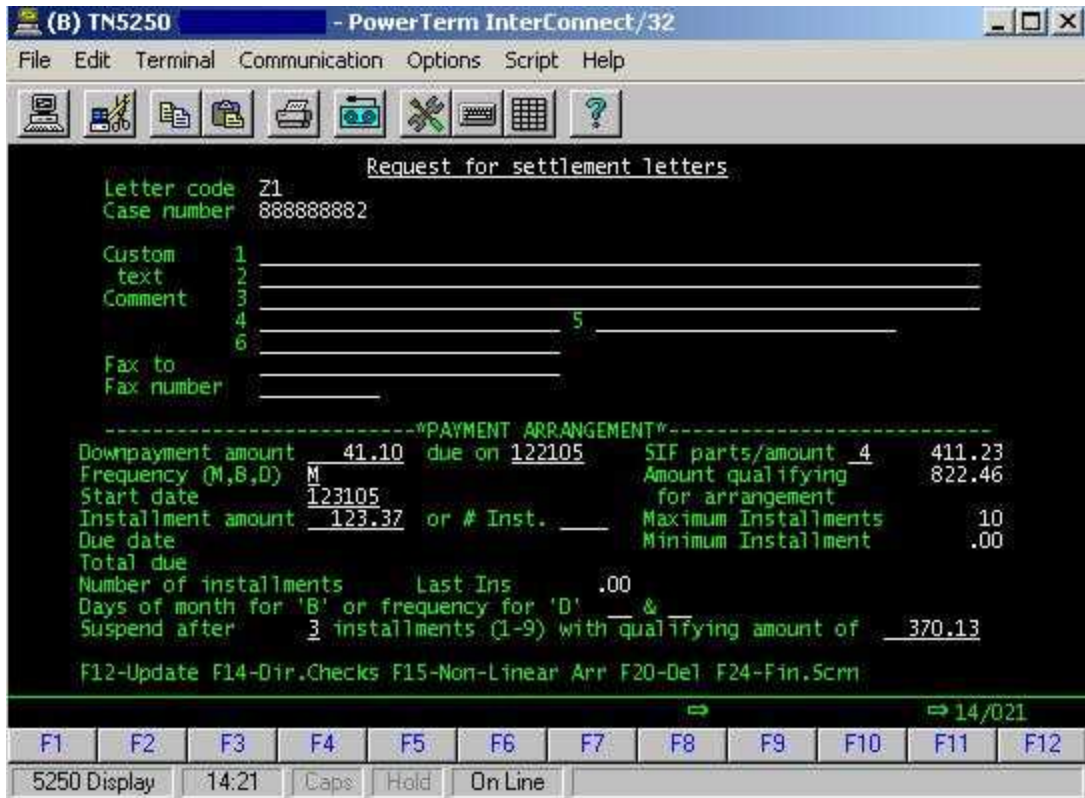
- o The user will press ENTER and proceed as with the standard Intelec process for setting up a payment arrangement.

- The "T/Frame is monthly (Y)" option works with standard payment arrangements or with the nonlinear payment arrangements. For nonlinear arrangements, when the "T/Frame every X days" option is blank, the nonlinear arrangement defaults to a frequency of every 30 days.

- We will provide merge codes to print the installments due for the settlement. These will be driven off the payment arrangements screen where the user will enter the number of SIF parts in the "Suspend after" field. This will mean that only a maximum of 9 parts are allowed as far as using the letters to outline the payments due. This is a system limitation. More than 9 parts can be defined within the SIF arrangement with the debtor. Presently, there are 7 merge codes for the first 7 payments expected. The downpayment can be the first one expected and allows you to set up a different amount from the other parts. In the future variable parts will be supported through the nonlinear payment arrangements feature.
  The merge codes for the first 7 payment amounts are - P24, P25, P26, P30, P31, P32 and P33 respectively. The dues dates for those installments are P27, P28, P29, P34, P35, P36 and P37 respectively.

- You can use the payment arrangements module to look for a broken SIF promise.

- Only management can delete a SIF set up. (F4)

- In a future version, we can think about using the SIF parts to set up the arrangement. Since the collector has discretion, we will allow the user to set up the payment arrangement in the initial phase.

- Notes are added for each step of the process. An example follows.

Here is an account, with a default letter code, and with the a number of recall days having been set up on the client file. The collector would see when the account would be recalled and how may days away the recall date was!
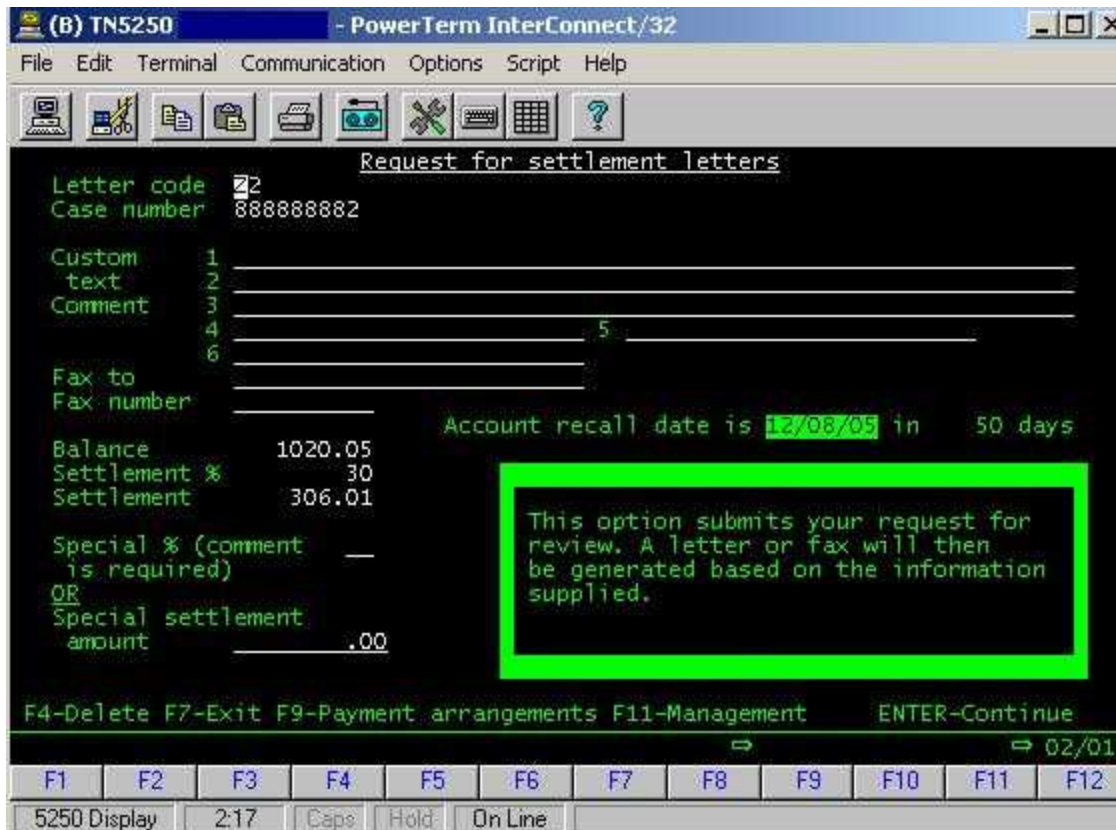
- There is a letter search option. The user can look up the default letter and the other valid letters

set up at the client level. To display the letter information, from the settlements set up screen, the user would key in a ? over the first character of the letter code. The system would display the letter information as shown below. The letter code would revert to the original value after the search is ended.
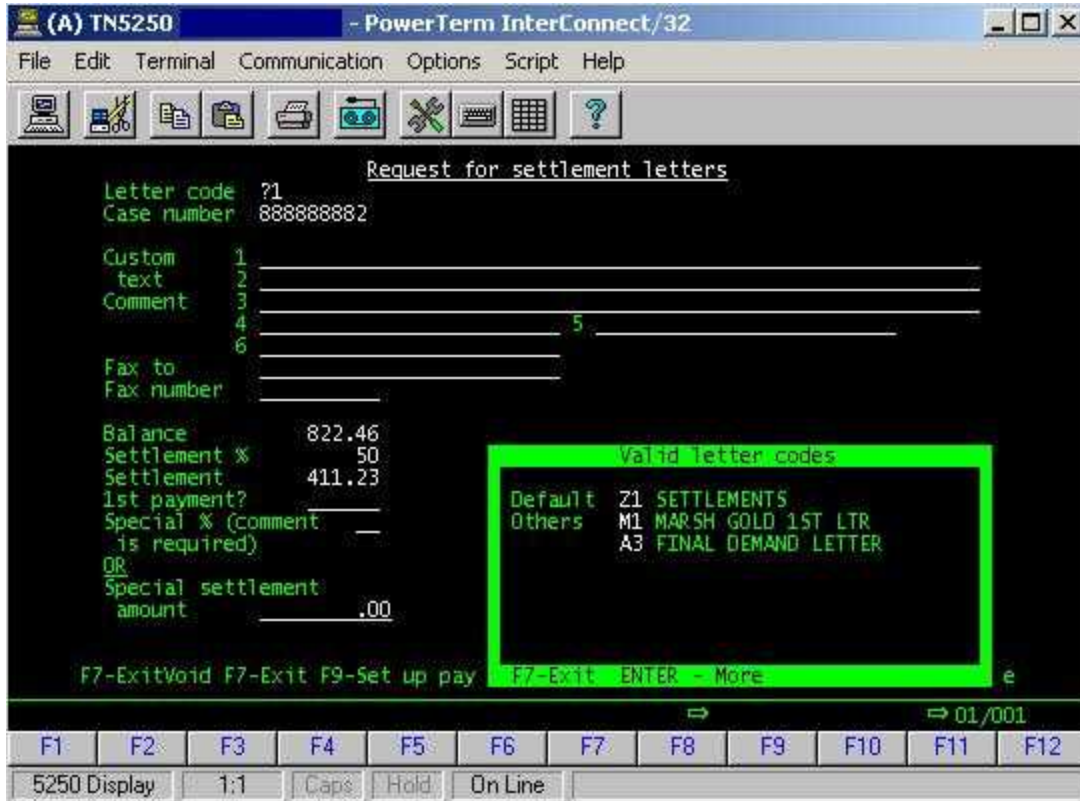
- F11 from the SIF screen (management only) will show settlements for the SIF period. In the first phase SIF periods will need to be set up at the client level. Here is an example of the management inquiry.

- What happens after the SIF is set up? In addition to any letters that would be generated through selected letters or the payment arrangements area, payments received after the SIF arrangement will be tracked. If the SIF has been set up, there will be a field "Payments" on the last line of the display, with the payments applied to the account since the SIF was set up.

- The payment update will update the payments processed, and also check if the payments since the set up, meet or exceed the settlement amount. If this is true, the "Smart code for SIF" in the client setup will be applied. You can close the account as a SIF, through the Smart Code.

- There is an option on the client settlement screens called "Use Smart code _____ if amount due is _____. This option is used to check for the condition where the balance due on a settlement falls to or below a certain specified amount. As an example, if the amount in this field is $100, the settlement amount is $5000 and the payments made are $4900 or more, the Smart code specified will be applied. As an example, you can close the account as a SIF if the condition is met.

QUANTRAX CORPORATION INC.