

ARDEAN LAW CHAMBERS' DEBT COLLECTION POLICY PROCEDURE

CREDIT MANAGEMENT and debt collection services do not have to be a draining, unpleasant, or costly experience for creditors. Tanzania's legal system and commercial law practices have evolved over the last few years to help prevent or successfully resolve the typical conflicts and disputes arising from modern business practices. To succeed in securing credit sales and in collecting your outstanding accounts in Tanzania, you need the right partner to represent you truthfully and professionally.

ARDEAN LAW CHAMBERS maintains a collection practice equal to that followed by most well-known collection agencies and law firms in the developed world. Consequently, your placement of an account for collection will follow international standards and common best practices for your comfort, security and ease.

Our involvement with your company for the rendering of legal and collection services will also be subject to terms & conditions that are generally followed in the collection industry.

Our collection process is very unique though. Although best practices around the globe do give a higher consistency in collection efforts and results, Ardean Law Chambers creates its own "best practices" according to our own legal environment and legal system. Tanzania's commercial practices and other social, economic and political situations that prevail need to be taken into consideration.

Our entire process for collection includes the following steps and strategies.

OPERATIVE PROCEDURE: Placing an Account for Collection

After having been engaged, a Client may have his accounts placed for collection through email or by fax or by forwarding letter which specifies the claim turned over for collection along with copies of all supporting documents.

At this stage we will request you to give out as much information as possible for each debtor. This will help us enormously during our collection efforts. It is our policy to work hand in hand with our clients to get the best results possible in each collection.

OPERATIVE PROCEDURE: Acknowledgement Letter

A formal acknowledgment letter is sent to our clients within two days of receipt of any claim for collection. This letter will confirm the receipt of the claim as well as terms and conditions for handling such claim out-of-Court, including our fee arrangement.

Within the third day of receipt of any claim Ardean Law Chambers will have already opened a file to your claim. Every progress and collection effort from now on will be brought to the attention of our client.

Ardean Law Chambers Collection Process

Our collection is done by our Attorneys and fully-trained para-legal collectors who are knowledgeable about the law, best known local collection strategies, and Ardean Law Chambers unique collection process.

Initial skip tracing procedure

In an effort to better prepare ourselves on each collection attempt, we do an initial skip tracing procedure to make sure that our debtor information is complete, accurate, and up to date regardless of the information provided by our clients. We have to make sure that we are contacting the appropriate person and that we know his full story financially, economically and legally (full assets, locations, related companies, lawsuits, etc.)

Whenever possible and where the debtor's jurisdiction will throw no additional cost for us, we will conduct a full search and investigation on special electronic databases of BoT Credit Reference Bureau, chambers of commerce, public registry, debtor's address and vendors, Internet, etc. When there is additional cost involved we will inform our clients and let them decide the extent of our investigation.

At this stage, we intend to cover the following:

- (a) *The Debtor's current existence, either with the identity supplied by the Client or its current status as a result of universal accession such as merger, spinoff, transfer of all assets and liabilities, testamentary succession etc;*
- (b) *Whether the Debtor is subject to an arrangement with creditors or is the subject of any other insolvency proceedings;*
- (c) *Whether the Debtor company is in the process of dissolution and/or liquidation;*
- (d) *Whether the Debtor's assets (or substantial part thereof) have been attached;*
- (e) *Whether the courts are competent and whether the action is prescribed.*

Collection strategy and process

1. Out of Court Procedure

Our collection process is always first pursued out of court.

We do an immediate personal visit when this is possible (either when debtor is in our city or a city where we have a correspondent local attorney), and we try to collect in full in amicably fashion, or at least get a written payment plan, a formal acknowledgment of debt, or a promissory note. After that visit and a conversation with the debtor, we will be able to determine if a suit will be necessary and worthwhile, as well as the promptness that is required for any legal action.

Despite preparing ourselves for litigation during this initial visit, we will make our best effort to resolve all disputes amicably, persuading the debtor to pay voluntarily in full or to make a settlement offer with a serious payment plan. These attempts will be supported by a series of demand letters. After the third one we will know it is time to move on. Our objective is to try to get our clients the most affordable solution within a reasonable time period. That is definitely out of court.

This process comprehends the first stage of collection. (This stage is sometime skipped at our client's request, when he wants to immediately proceed with legal action).

2. Court Process is the Second Option

If no recovery or formal settlement is reached during the first stage of collection, we will assess the possibility of collecting through litigation (based on the debtor's conditions observed during our general investigation and personal visit: assets available, current company name and address, related lawsuits, etc.), and we will make our recommendations for suit or not (It is not our intention to have our clients investing in any legal action only to secure a worthless judgment).

The strategy followed in litigation and all related costs are assessed on a case by case basis, depending on the nature of the transaction and the available supporting documents for each claim.

Timing

Generally, we give our first stage of collection from one to three weeks to reach any kind of settlement agreement, depending on the response we get from the debtor and depending on his situation. This timing will also depend on the promptness of each response from our clients. Any and all proposals from debtors are informed to our clients and it is our clients, not us, who make any decision for a settlement agreement.

In litigation, timing will depend on several factors including our litigation strategy, current debtor situation (if debtor is operating under the same corporate name or under a different company, has changed address during litigation, etc.), debtors' defenses (problems within your transaction, weak defense), etc.

It is recognized by most lawyers in that most of these proceedings for recovery of debt will last around one year, without adding any appeal process. Nonetheless, many collections are done immediately following suit when a debtor notices that the creditor is keeping his word in pursuing legal action and applying all means necessary to collect, or when an attachment or garnishment order is issued against him for the seizure of his company's assets.

Litigation

Ardean Law Chambers team encompasses exceptional lawyers with expertise in the field of international & commercial law, and vast experience in cross-border commercial disputes.

Litigation strategy

Our litigation strategies and formal complaints are always designed and prepared by counsels in our main office in Dar es Salaam. All litigation proceedings are handled and supervised by the firm.

Litigation fees and cost

In-court collection [legal action] is subject to different terms depending on the nature of each claim. After assessing a particular claim and situation we will provide our opinion and a specific proposal for initiating legal action (suit requirements). Costs vary for each claim depending on the type of proceedings that we are filing for and the particular jurisdiction of the debtor.