

INDIVIDUAL OVERINDEBTEDNESS COMMISSION

HOW TO FILE FOR OVERINDEBTEDNESS

INTRODUCTION

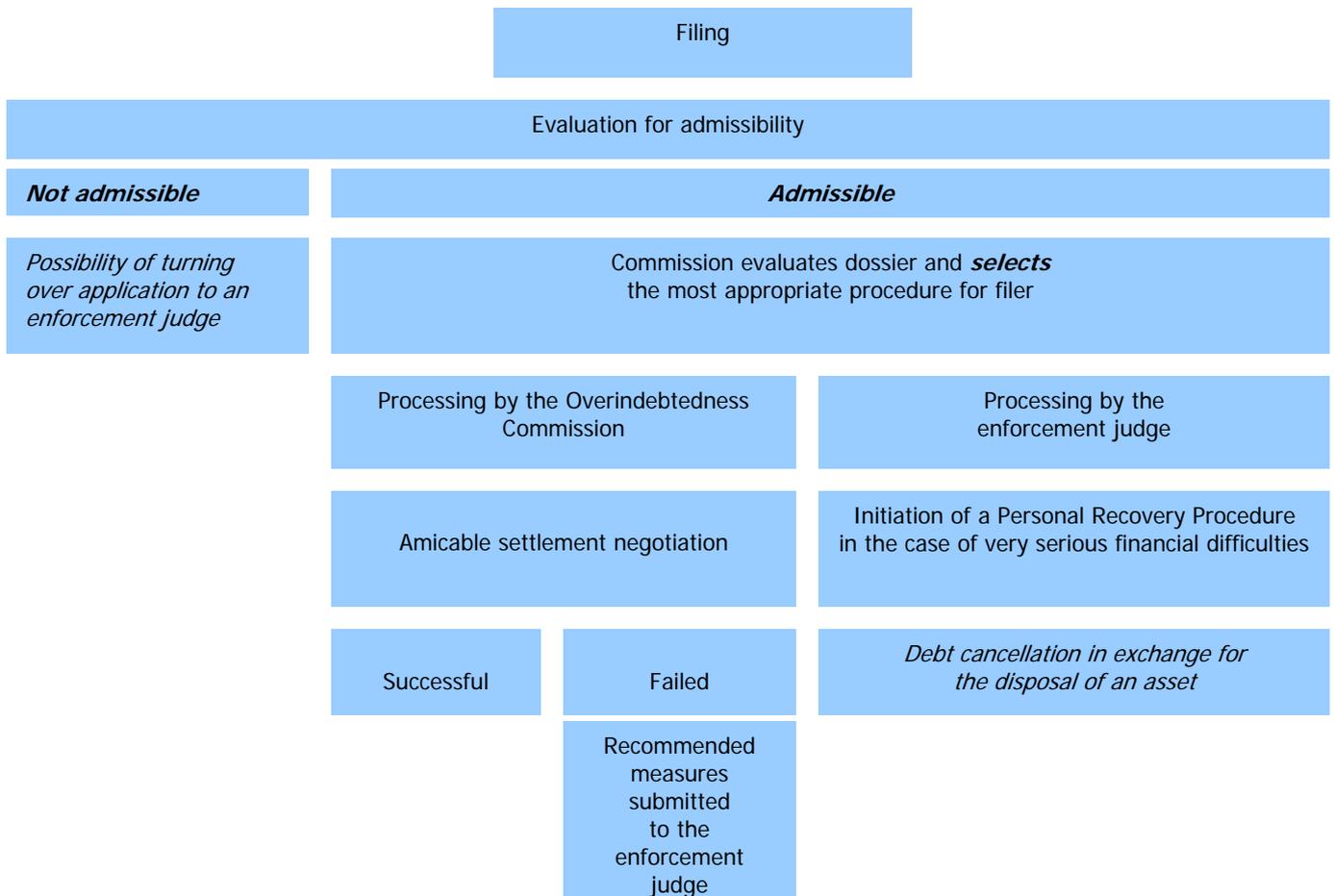
Who may approach the Overindebtedness Commission?

Any private individual experiencing major difficulties in repaying his non-professional debts can approach the Commission. This excludes privately employed persons (traders, artisans, farmers, professionals with private practice, etc.), who have other options available to them.

What does the Overindebtedness Commission do?

The Commission's mission is to process overindebtedness filings and try to work out agreement between debtors and creditors. If it fails to find such common ground, it can propose so-called "recommendation measures" under the supervision of a judge. Finally, based on the seriousness of a filer's financial difficulties, it can also from the onset propose a personal recovery judicial procedure.

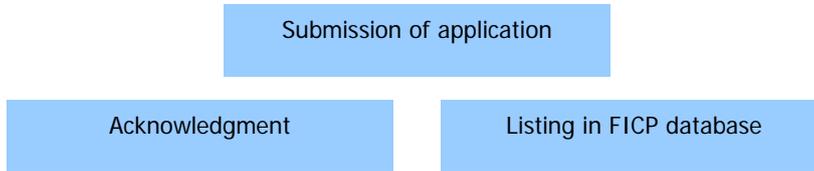
IEDOM runs the Commission's secretariat and will therefore be your principal interlocutor during the procedure, which has been graphically reproduced below:



1 – HOW TO FILE

When a debtor submits an application to the Overindebtedness Commission, duly filled out and with the all the supporting documentation, the IEDOM proceeds to *list* the debtor in the National Individual Credit Repayment Default Database (*FICP*), designed to warn credit institutions about the risk involved in extending him credit.

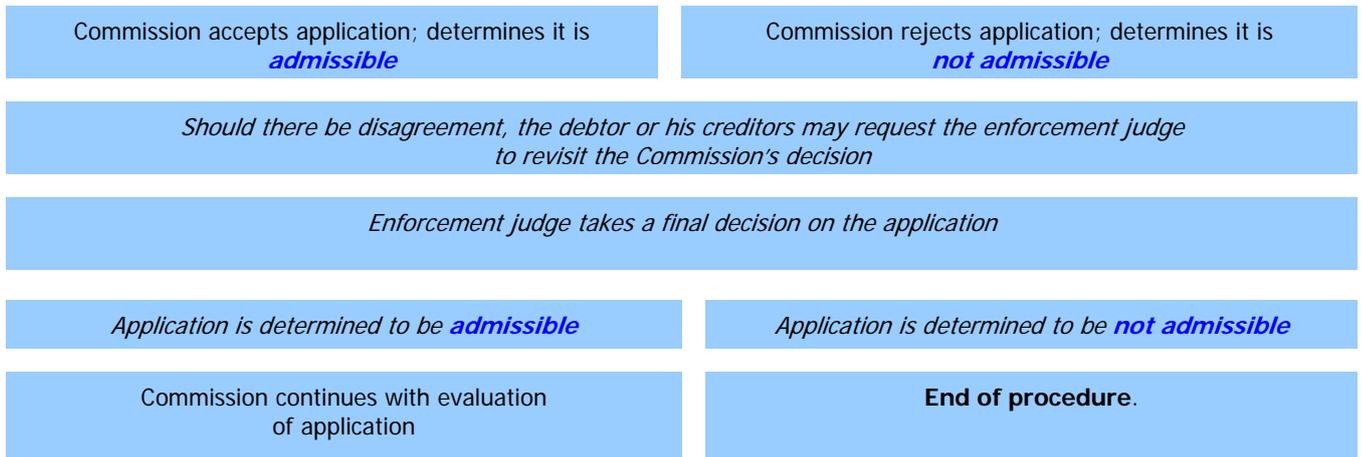
The Commission's secretariat also dispatches an *acknowledgment of filing* to the filer within 48 hours.



2 – EVALUATING FILING FOR ADMISSIBILITY

The Commission's secretariat proceeds to evaluate the application to enable members of the Commission rule on the admissibility of the application. The secretariat may need to request for additional information from the filer, either by telephone or by mail.

The Commission determines during its meeting whether the application is admissible.

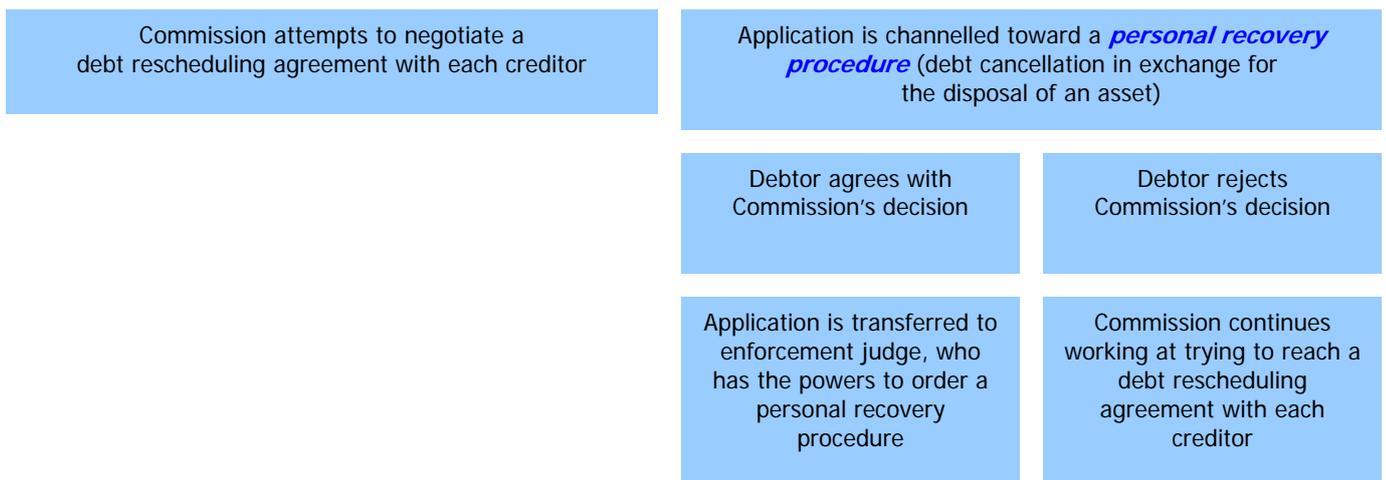


The debtor may, after his application has been classed as admissible, request to go before the Commission. He is free to seek the assistance of anyone of his choice during his appearance before the Commission.

3 – DETERMINATION OF SOLUTION PATHS FOR DOSSIER

When the application is found to be admissible, the Commission next decides which of the solution paths is the most appropriate for the case at hand.

There are two options here based on the seriousness of the filer's financial situation:



4 – NEGOTIATING AN AMICABLE AGREEMENT WITH CREDITORS

The Overindebtedness Commission's mission is to attempt to reach a debt rescheduling agreement with each of your creditors. This could take the form of:

- A postponement of several scheduled monthly repayments;
- Interest rate reduction;
- Reduction in the amount of monthly repayments (spread of debt over a longer period);
- etc.

In exchange, the Commission could ask the debtor to sell off an asset or liquidate his savings to settle his debt. Further, as long as current creditors have not been paid what is owed them, the debtor cannot take new loans.

The Commission informs the debtor of the outcome of the negotiations.

All creditors accept measures proposed by Commission	- One of the creditors rejects proposed rescheduling; - Debtor rejects proposed rescheduling
A contractual plan , with a maximum lifespan of 10 years, formalizes the agreement reached by debtor and creditors. This is signed by debtor, creditors and the Commission chairman.	Commission reports failure of the amicable settlement procedure
Debtor is listed in the FICP database for the entire duration of plan (maximum of 10 years).	Debtor is listed in FICP database for the entire duration of plan (maximum of 10 years).
End of procedure.	Debtor may request to take advantage of the recommendation procedure

5 – THE RECOMMENDATION PROCEDURE

Should the amicable procedure fail, the debtor could request the Commission to set up so-called **recommendation measures**, which would be binding on him and his creditors once they have been approved by the enforcement judge.

These measures will vary according to the particular financial situation of the debtor:

- Measures offering a rescheduling of the debt over a maximum period of 10 years;
- Partial debt cancellation measures;
- Measures offering the debtor the opportunity to repay only a part of his debt over a maximum period of 10 years and the cancellation of the remainder;
- A freezing of, or moratorium on, the debts for a maximum period of 2 years;
- Sale of an asset and liquidation of his savings.

Debtor requests Commission to set up measures within the fortnight following the failure of the procedure	
Commission sets up so-called recommendation measures within 2 months	
Debtor and creditors agree with recommendations	Debtor and/or one of his creditors reject recommendations
Commission forwards application to enforcement judge for approval	Enforcement judge arranges meeting with debtor and his creditors and sets up measures himself
Debtor receives order making recommendation binding on the parties	Tribunal hands down a judgment .
Debtor is listed in the FICP database for the entire duration of measures (maximum of 10 years). In the case of a partial debt cancellation, debtor is listed in the FICP database for a fixed period of 10 years.	
End of procedure	

6 – REEVALUATION OF DOSSIER FOLLOWING A DEBT FREEZE

If the Commission or the enforcement judge sets up debt freeze measures (moratorium), the dossier is revisited one month after the expiration of the freeze period.

The debtor will normally be invited to update his dossier by completing and returning the questionnaire sent him by the Commission at this stage in the procedure.

The Commission develops new recommendations within 2 months of the expiration of the freeze period. These may be

- Measures providing for repayment over a maximum period of 10 years;
- Partial debt cancellation measures;
- Measures providing for the repayment of only part of the debts, over a maximum period of 10 years, and the cancellation of the remainder;

In no event can the Commission recommend a new debt freeze at this stage of the procedure. For the clearly hopeless cases, the personal recovery procedure solution path may be chosen for dossier.

Commission returns to application one month before the expiration of moratorium

Commission develops measures, also termed *recommendations*, within 2 months

Debtor and creditors agree with recommendations

Debtor and/or one of the creditors reject recommendations.

Commission forwards dossier to enforcement judge for approval

Enforcement judge arranges meeting with debtor and his creditors and sets up measures himself

Debtor receives *order* making recommendation binding on the parties

Tribunal hands down a *judgment*.

Debtor is listed in the **FICP database** for the entire duration of measures (maximum of 10 years).
In the case of a partial debt cancellation, debtor is listed in the **FICP database** for a fixed period of 10 years.

End of procedure

