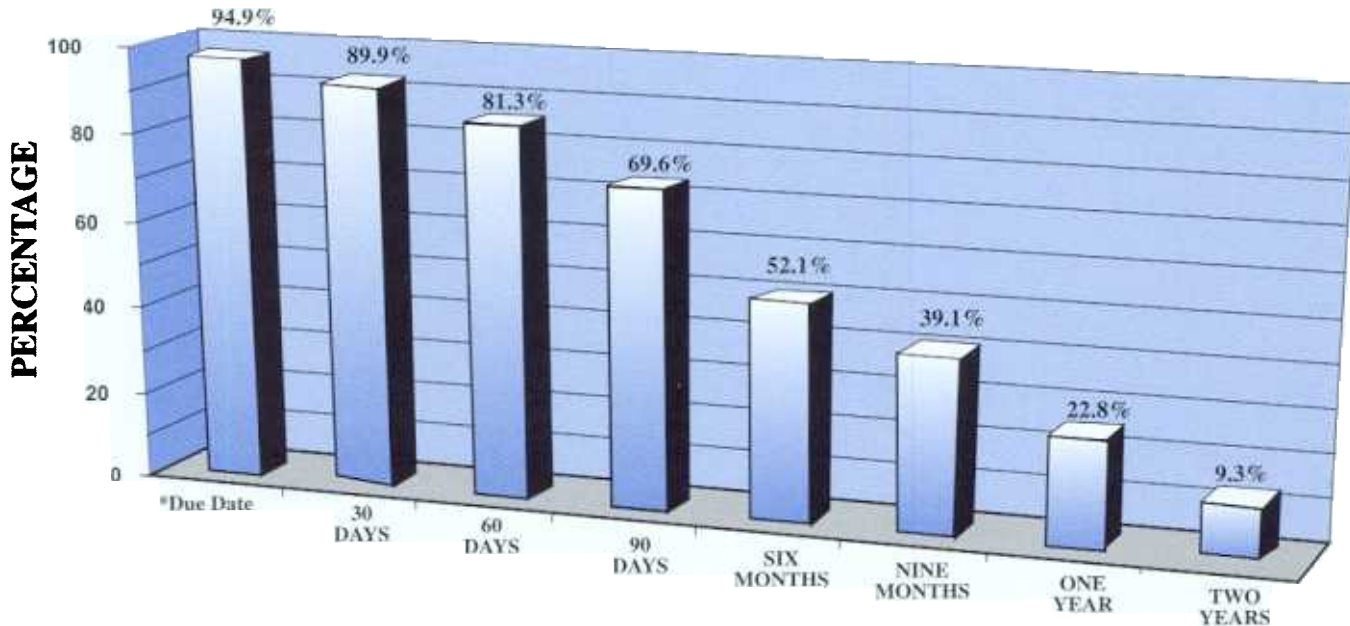


Collection Trends

Commercial Collection Agency Association
Commercial Law League of America



Collectability of Delinquent Commercial Debts At Time Intervals After The Due Date



LENGTH OF DELINQUENCY IN MONTHS SINCE DUE DATE

*For some industries the due date may be several months after the delivery date.

Cash flow is the engine that drives businesses large and small. Delinquent accounts are the brakes that bring companies to a screeching halt. The economic exigencies of recent years has pushed many companies to extend the time they will permit an accounts receivable to age prior to instituting formal collection efforts. Based on a survey of members of the Commercial Collection Agency Association of the Commercial Law League of America (CCAA). This "loosening" of payment requirements may be severely impacting companies' cash flow and bottom line.

According to the survey results, the probability of full collection on a delinquent account drops dramatically with the length of delinquency. For example, even after only three months, the probability of collecting a delinquent account drops to 69.6%. After six months, collectability drops to 52.1%. And after one year, the probability of ever collecting a delinquent account drops to 22.8%.

The results of this survey clearly demonstrate the critical importance of taking positive action when an accounts receivable ages past its due date. Mr. Emil Hartleb, Executive Director of the Commercial Collection Agency Association noted, "Today's competitive economy requires that companies maintain a healthy cash flow with the ability to

adapt to constantly changing market conditions. This is true whether you are in the printing industry or a company in the silicon valley. Delinquent accounts, if they are permitted to age, can wreak havoc on a company's liquidity, as well as tie up management and staff time that could be put to far better use. Companies must take a hard line on past due receivables, and turn to professional help when their internal efforts have not proved successful."

The CCAA survey polled the members of the Commercial Collection Agency Association, who in aggregate handle about eighty percent of claims placed with professional commercial collection agencies in the United States. CCAA member agencies handle over \$13.0 billion in commercial claims annually.

The Commercial Collection Agency Association was established as a separate section of the Commercial Law League of America in 1972. The Association is dedicated to elevating the standards of the commercial collection industry through the establishment of operational standards, a code of ethics, member and public education and legislative initiatives. For more information about the Association, please contact Mr. Emil Hartleb, Executive Director, at 973-239-0721.