

IVA FACTSHEET

ALL YOU NEED TO KNOW ABOUT M^cCAMBRIDGE DUFFY IVAS

HOW DOES AN IVA WORK?

An Individual Voluntary Arrangement (IVA) is a formal Insolvency process offering you legal protection from your creditors and is an alternative to bankruptcy. It is an agreement between you and your creditors to repay all or part of your debt over a specified period of time, usually 5 years (if a lump sum can be raised then you could propose an IVA that could run for as little as 12 months). You make monthly payments to an Insolvency Practitioner (IP) and the amount you repay will be dependent on your circumstances. Every IVA is unique to the individual proposing it.

WHAT YOU NEED TO KNOW

An IVA is only available to people with certain circumstances.

- You cannot afford to pay your debts.
- You are struggling with monthly payments.
- You must owe money to 2+ creditors (1 in some cases).
- You will need surplus income each month.

You must use an Insolvency Practitioner (IP) to assist you with the IVA process - this is M^cCambridge Duffy's area of expertise.

If you wish to enter into an IVA, M^cCambridge Duffy can draft your IVA proposal which is then sent to your creditors for their consideration. A meeting date is set for your creditors to confirm if they are willing to accept the terms of your proposal.

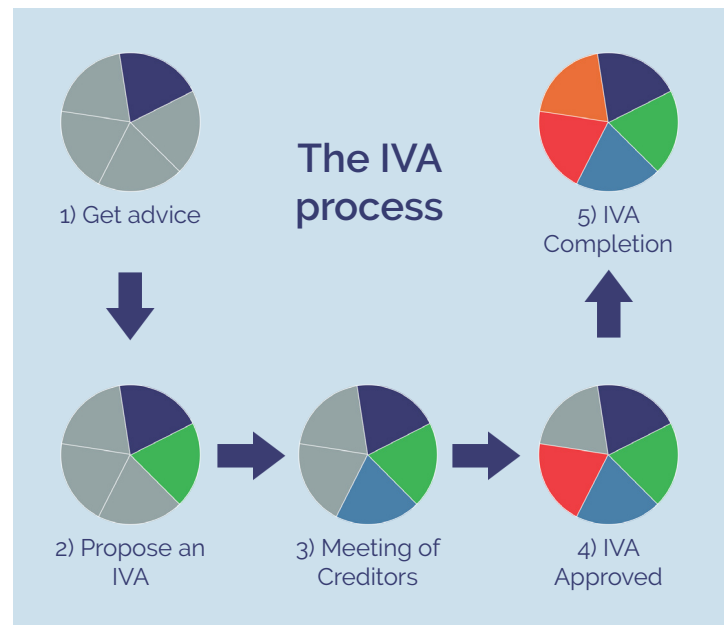
If more than 75% (by debt value) of your creditors, who vote at the meeting, accept your proposal then both you and ALL your unsecured creditors are bound by the terms of the IVA.

Creditors must cease all recovery action against you and interest and charges are legally suspended on your accounts.

Once agreed by the creditors, you will make the payments as defined in your IVA proposal. On completion of your IVA any remaining unpaid debts are legally written off.

IVA ADVANTAGES

- 1 easy monthly payment based on affordability.
- Offers you legal protection from creditors.
- Creditor pressure stopped as creditors must deal with your IP.
- All interest frozen immediately.
- On completion of your IVA any remaining unpaid debt included in the arrangement is written off.



IVA DISADVANTAGES

- If you are a homeowner with equity in your property you may be required to introduce part of your share of this equity in the final year of the arrangement. If you cannot release your share of equity then your arrangement could be extended for up to another year.
- If your circumstances change, and your IP can't get creditors to accept amended terms, the IVA could fail.
- If your IVA fails, your creditors may request that you are made bankrupt.
- Your credit rating may be impacted for up to six years from the start of your IVA.
- Your IVA is entered on a public register.

Call us on freephone
0800 043 3328
if you have any questions

IS AN IVA A VIABLE OPTION FOR ME?

An IVA will be a viable option for you if:

- Your disposable income is sufficient to service an IVA – this will depend upon both how much you can afford to offer each month and how much you owe in total.
- You believe that a Debt Management Plan will have an excessive duration and you would prefer to address your debts within a shorter timeframe.
- You are unable to obtain a consolidation loan or if you cannot raise enough to repay your debts in full.
- You have assets (eg a home or business) that you wish to try and safeguard under the terms of an IVA.
- You wish to avoid any adverse affect that bankruptcy may have on your employment/career prospects.
- You wish to avoid any adverse affect that bankruptcy would have on your ability to trade your business.
- You are/or will be a Company Director and do not want to lose your directorship as a result of bankruptcy.
- You wish to avoid the publicity and perceived stigma associated with bankruptcy.
- You require or want formal protection from your creditors.

HOW ARE THE FEES AND COSTS OF THE IVA PAID?

- M^cCambridge Duffy do not charge any upfront fees or costs – we will only be entitled to draw fees and costs if your IVA proposal is approved by creditors.
- The fees and costs will differ from case to case and will be clearly stated in your IVA proposal document.
- You will never be billed in advance for any work carried out by M^cCambridge Duffy – the fees and costs of the arrangement are built into your payments to the arrangement.
- It is your creditors who will determine what fees and costs can be charged for the work we do – we cannot draw any fees or costs without their approval.
- There are two types of fee charged in relation to every IVA – a “Nominee” fee and a “Supervisor” fee.
- The Nominee fee is charged in relation to the work carried out by M^cCambridge Duffy in researching and drafting your IVA proposal and in convening and conducting a meeting of creditors. The nominee fee relates to all work carried out by M^cCambridge Duffy up until your proposal is formally approved by creditors. If your IVA proposal is rejected by creditors, we simply do not get paid.

- The Supervisor fee is charged in relation to all work carried out in administering the agreed terms of the IVA after it has been approved at the meeting of creditors.
- If your circumstances change and you require a variation to the terms of your arrangement, it will be necessary to convene a further meeting of creditors to consider your variation proposal. As such, a “Variation Fee” may be charged for the additional work that we have to do in this regard. This fee will also be built into your arrangement in the same way as the nominee and supervisor fees. Remember, this fee will only arise if you need to change the terms of your arrangement.
- If your IVA fails, M^cCambridge Duffy will write off the balance of fees owing. However, we do reserve the right to pursue you for the balance in the event that you enter into further insolvency proceedings.

WHAT HAPPENS IF I SUCCESSFULLY COMPLETE MY IVA?

- If you successfully complete your IVA, your creditors will receive payment and any remaining balances must be written off by law. You will receive a Certificate of Completion and you will no longer be bound by the terms of your arrangement.
- Please note: It may be possible to settle an IVA early if you can make a suitable offer of settlement to creditors and if they agree to early completion – this is commonly achieved by way of a third party making a lump sum contribution to the IVA or through the introduction of a lump sum raised by way of a remortgage/sale of a property.

WHAT HAPPENS IF MY IVA FAILS?

- How an IVA fails will be dependent upon the exact terms of the arrangement, how much has been paid into the arrangement and at what point it fails. Some arrangements will require the supervisor of the IVA (your Insolvency Practitioner) to bankrupt the individual if enough contributions have been made to meet the costs associated with this process. Other arrangements will simply fail and a payment will be made to creditors if possible.
- All monies paid into the arrangement will be used to meet the fees and costs associated with its preparation and supervision, to fund a bankruptcy petition (if necessary) and/or will be distributed to creditors.
- If an IVA fails, you lose its formal protection and creditors can therefore instigate recovery action against you and can again apply interest and charges to your account.