

“SEWAGE BACKUP”

or, why debt pricing has clogged the system

Because credit issuers held accounts longer, worked them before offering them for sale, and decreased the volume of charged off debt sold in 2007 verses the period 2004 through 2006, high prices were assured.

With all buyers paying higher prices for debt from credit issuers, Buyers are presumably having greater difficulty or taking longer to receive a return on their investment. At some point in the price escalation, the buyer pays more than the economic value of the debt. When this happens the debt must be sold to another buyer who is willing and able to pay more than its economic value.

This cycle continues. At some point, the last entrant into the food chain chokes on economic waste and no buyer remains to sell to. This creates a market condition where remaining basis in purchased debt inventory is greater than its economic value and the debt becomes a wasting asset whose diminution of value continues to exceed its recovery rate resulting in ever increasing losses.

There's a dangerous trickle-down impact that comes with this strategy. Buyers pay too much for the debt. Undercapitalized buyers are in danger of not having enough debt available for them at a price they can afford. When this occurs increased pricing traveling downward in the purchasing cycle reverses itself and becomes a clogging in the purchase cycle resulting in “Sewage Backup” and the ever increasing prices can no longer pass down the drain.

As each buyer up the food chain realizes that the “Sewage Backup” cannot be pushed down the drain any further, each buyer rejects his seller's need for a bailout and forces that buyer to reclaim its own waste. Finally, the top of the chain, debt issuers must begin lowering prices to eliminate the waste and open the drain permitting the “Sewage Backup” to again pass through the system.

“Sewage Backup” is here...today, and the market can no longer pass it through the drain. Buyers now realize that there is no longer a back end bailout for their purchases at values greater than economic value. This phenomena, “Sewage Backup”, will cease when a transparent market exists and the components of an efficient market exist.

Today, that efficient market exists in the CreditMax Debt Sales System. Large swings in pricing will be eliminated and overreaction to market corrections will cease. Debt will be sold to the buyer in whose hands it has its greatest value. Everyone wins...a stable pricing model will permit the sale of debt at its maximum value always.

Call your CreditMax Debt Sales System Sales Representative and sell your debt to the buyer in whose hands it is worth the most.



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\$414,886,040.16

*Unpaid balance sold on DSS
in September 2007*

\$34,173,527.18

*Sales revenue on DSS
in September 2007*

8.23%

*Blended price for all accounts sold
on DSS in September 2007*

We know that our existing clients have seen the benefit of selling on DSS, over 75% are repeat sellers... with the high purchase prices that all have had to pay, isn't it time that you sold your debt to the buyer in whose hands it is worth the most? Let CreditMax sell your debt, and if you prefer, handle post sales support. We are confident that we will outperform your present sales strategy... why not test us?

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