



Debt Elimination Plan

Prepared by: Old Providence
Prepared for: John Sample

Friday, March 28, 2008

Dear John,

Thank you for allowing me the opportunity to assemble this plan, and congratulations on your commitment to paying off your debts! This plan is extremely simple - here is a brief explanation.

Plan Summary

The attached plan shows how you can:

- Pay off \$26,800 of debt in 33 months vs. 96 months on the current payment method.
- Save \$5,179.54 in interest vs. the current payment method.
- If you follow the plan, you will be debt free in: November of 2010

The Snowball Method Defined:

In simple terms, to pay off your debt using the snowball method you pay as much as possible to one account until it is paid. In the meantime, you pay the minimum payment to every other account. You then then “snowball” or “roll” everything you were paying to this now retired debt, and into the minimum payment you’ve paying on the next account on the priority list. Your “snowball” payment grows with each debt you retire, and you gain momentum as you work your way down the list.

Important Rules to Remember:

1. You must stop using these accounts. If you don’t think you have the discipline, then cut up the cards. If even that won’t work, CLOSE your account.
2. Understand at the start that whatever amount of money you are paying toward your debts will remain fixed or INCREASE until the very last debt in your plan is paid off. As your balances decrease, the credit card companies will lower the minimum payments, but you must continue to pay according to the plan.

Starting your snowball:

In order for this plan to work you need to modify your budget and apply an extra payment to the debt snowball.

- With your help, we determined that your initial snowball payment will be: \$270/mo.
- This is accomplished by:
 - A refinance on your 1st mortgage: monthly savings - \$160/mo.
 - Eating out for lunch only once per week: monthly savings - \$110/mo.

Growing your snowball

Please keep in mind that the larger you can make this snowball the faster your debts will be paid off. We suggest that as you get raises or windfalls of cash (like tax returns) you direct as much of it as possible toward the plan. In addition, we have included a work-sheet at the end of the plan that you can use to get more ideas for increasing this powerful “snowball” payment.

Reading this Plan

Your plan contains 4 pages - the first shows how much you should pay to each account, each month. The others explain the total savings both in terms of interest and time! The plan shows that we recommend that you pay off the smallest balance first.

It is true that you might complete the plan a month or two earlier by choosing another method for prioritizing your accounts, but we believe you will gain motivation as you retire the first few debts quickly, and the larger “snowball” payment will help you stay committed when you start to tackle the larger debts.

Putting the Plan Into Action

We highly recommend that you sit down at least once per week to review your budget. The more often you review the plan, the more likely you are to succeed. Pay-day is especially important - you should know where every dollar of your pay check is going to go before you receive it.

Here are a couple of other tips to help you find success on this program:

1. Separate your spending money! If you find yourself spending too much money every time, decide at the beginning how much you can spend, then take it out in cash, or transfer it to a separate “spending” account.
2. Automate the plan. Most banks now offer a way to schedule a specific dollar amount payment to your creditors to be automatically sent from your checking account on pay day. You can also schedule transfers to savings accounts, and e-bills from the credit card companies that are to receive the minimum payment from you. In our experience, the more you automate the more likely you will be to succeed.

Once again thank you for allowing us to help - we are glad to help in the future if you would like to revise the plan, and we hope to hear from you as you progress toward, and when you reach, your debt free date!

Sincerely,

Your Loan Officer
Old Providence Mortgage Co.
35 West 50 South, #120
Centerville, UT 84014
www.oldprovidence.net

"Snowball" Debt Elimination Plan

Provided for: John Sample
Provided by : Old Providence Mortgage Co.

Priority Method: Smallest Debt First Extra Payment: 270.00

Debt	Beginning Balance		Interest Rate	
Master Card	2,250.00		12.0000% APR	
American Express	3,200.00		18.0000% APR	
Auto Loan 2	3,400.00		5.4000% APR	
Visa Card	6,450.00		14.9000% APR	
Auto Loan 1	11,500.00		6.0000% APR	

Payment Date	Total Payment	Master Card Payment	Master Card Balance	American Express Payment	American Express Balance	Auto Loan 2 Payment	Auto Loan 2 Balance	Visa Card Payment	Visa Card Balance	Auto Loan 1 Payment	Auto Loan 1 Balance
Mar 2008	930.00	315.00	1957.50	64.00	3184.00	152.00	3263.30	129.00	6401.09	270.00	11287.50
Apr 2008	930.00	315.00	1662.08	64.00	3167.76	152.00	3125.98	129.00	6351.57	270.00	11073.94
May 2008	930.00	315.00	1363.70	64.00	3151.28	152.00	2988.05	129.00	6301.44	270.00	10859.31
Jun 2008	930.00	315.00	1062.34	64.00	3134.55	152.00	2849.50	129.00	6250.68	270.00	10643.61
Jul 2008	930.00	315.00	757.96	64.00	3117.57	152.00	2710.32	129.00	6199.29	270.00	10426.83
Aug 2008	930.00	315.00	450.54	64.00	3100.33	152.00	2570.52	129.00	6147.26	270.00	10208.96
Sep 2008	930.00	315.00	140.05	64.00	3082.83	152.00	2430.09	129.00	6094.59	270.00	9990.00
Oct 2008	930.00	141.45	Paid Off	237.55	2891.52	152.00	2289.03	129.00	6041.26	270.00	9769.95
Nov 2008	930.00			379.00	2555.89	152.00	2147.33	129.00	5987.27	270.00	9548.80
Dec 2008	930.00			379.00	2215.23	152.00	2004.99	129.00	5932.61	270.00	9326.54
Yr End Tot	9300.00	2346.45		1443.55		1520.00		1290.00		2700.00	
Cum Total	9300.00	2346.45		1443.55		1520.00		1290.00		2700.00	
Jan 2009	930.00			379.00	1869.46	152.00	1862.01	129.00	5877.27	270.00	9103.17
Feb 2009	930.00			379.00	1518.50	152.00	1718.39	129.00	5821.25	270.00	8878.69
Mar 2009	930.00			379.00	1162.28	152.00	1574.12	129.00	5764.53	270.00	8653.08
Apr 2009	930.00			379.00	800.71	152.00	1429.20	129.00	5707.11	270.00	8426.35
May 2009	930.00			379.00	433.72	152.00	1283.63	129.00	5648.97	270.00	8198.48
Jun 2009	930.00			379.00	61.23	152.00	1137.41	129.00	5590.11	270.00	7969.47
Jul 2009	930.00			62.15	Paid Off	468.85	673.68	129.00	5530.52	270.00	7739.32
Aug 2009	930.00					531.00	145.71	129.00	5470.19	270.00	7508.02
Sep 2009	930.00					146.37	Paid Off	513.63	5024.48	270.00	7275.56
Oct 2009	930.00							660.00	4426.87	270.00	7041.94
Nov 2009	930.00							660.00	3821.84	270.00	6807.15
Dec 2009	930.00							660.00	3209.29	270.00	6571.19
Yr End Tot	11160.00			2336.15		2058.22		3525.63		3240.00	
Cum Total	20460.00			3779.70		3578.22		4815.63		5940.00	
Jan 2010	930.00							660.00	2589.14	270.00	6334.05
Feb 2010	930.00							660.00	1961.29	270.00	6095.72
Mar 2010	930.00							660.00	1325.64	270.00	5856.20
Apr 2010	930.00							660.00	682.10	270.00	5615.48
May 2010	930.00							660.00	30.57	270.00	5373.56
Jun 2010	930.00							30.95	Paid Off	899.05	4501.38
Jul 2010	930.00									930.00	3593.89
Aug 2010	930.00									930.00	2681.86
Sep 2010	930.00									930.00	1765.27
Oct 2010	930.00									930.00	844.10
Nov 2010	848.32									848.32	Paid Off
Yr End Tot	10148.32							3330.95		6817.37	
Cum Total	30608.32							8146.58		12757.37	

"Snowball" Debt Elimination Plan

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Priority Method: Smallest Debt First Extra Payment: 270.00

5 debts with a total current payment of 660.00 and a total balance of 26,800.00

Current Debt Analysis: Interest Paid: 8,987.86

DebtName	Balance	Current Payments	Months	Interest Rate	Interest Paid
Master Card	2,250.00	69 @ 45.00 1 @ 29.86	70	12.0000% APR	884.86
American Express	3,200.00	93 @ 64.00 1 @ 7.20	94	18.0000% APR	2,759.20
Auto Loan 2	3,400.00	23 @ 152.00 1 @ 95.69	24	5.4000% APR	191.69
Visa Card	6,450.00	78 @ 129.00 1 @ 75.88	79	14.9000% APR	3,687.88
Auto Loan 1	11,500.00	48 @ 270.00 1 @ 4.23	49	6.0000% APR	1,464.23

Proposed Debt Payoff Plan: Interest Paid: 3,808.32 Interest Saved: 5,179.54

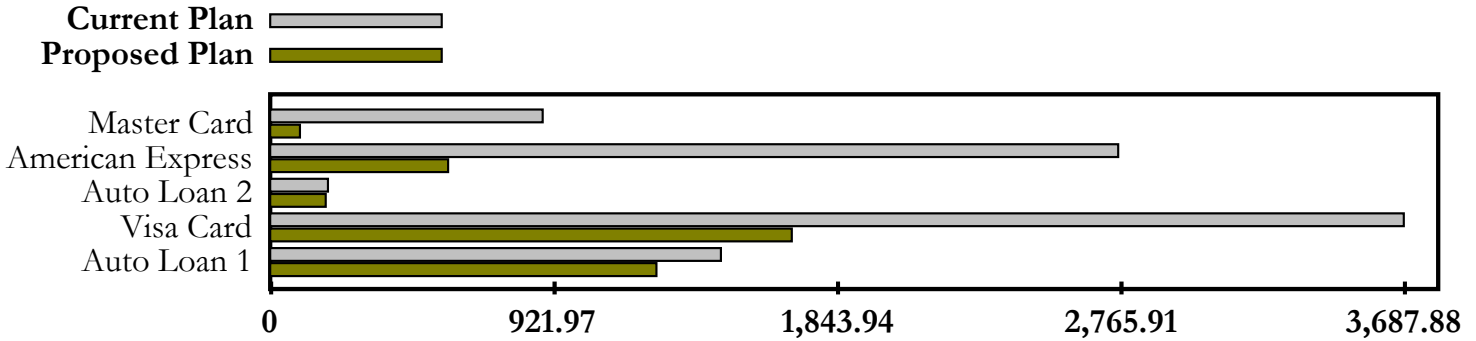
DebtName	Original Balance	Current Payments	Months	Months Saved	Interest Paid	Interest Saved
Master Card	2,250.00	7 @ 315.00 1 @ 141.45	8	62	96.45	788.41
American Express	3,200.00	7 @ 64.00 1 @ 237.55 8 @ 379.00 1 @ 62.15	17	77	579.70	2,179.50
Auto Loan 2	3,400.00	16 @ 152.00 1 @ 468.85 1 @ 531.00 1 @ 146.37	19	5	178.22	13.47
Visa Card	6,450.00	18 @ 129.00 1 @ 513.63 8 @ 660.00 1 @ 30.95	28	51	1,696.58	1,991.30
Auto Loan 1	11,500.00	27 @ 270.00 1 @ 899.05 4 @ 930.00 1 @ 848.32	33	16	1,257.37	206.86

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Interest Paid On Debts



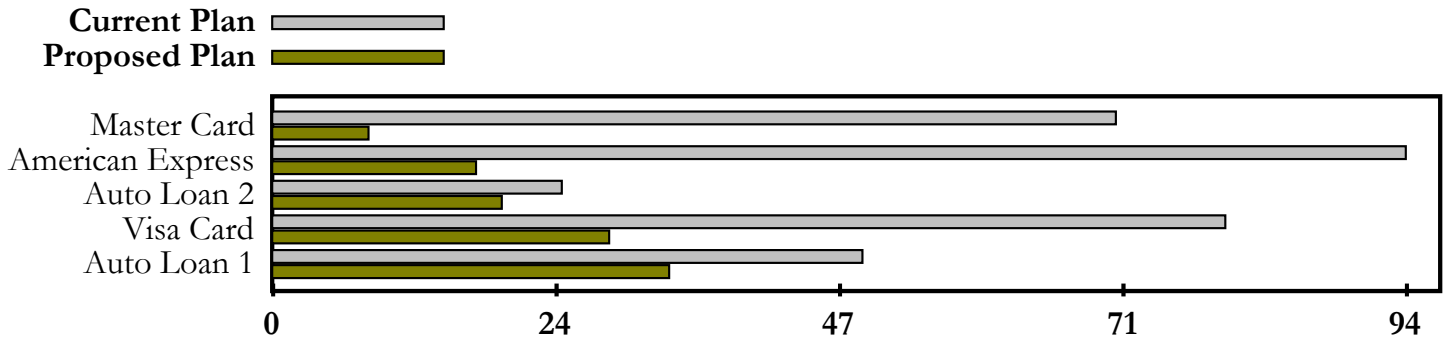
Interest Paid with Current Plan: 8,987.86
Interest Paid with Proposed Plan: 3,808.32
*** Interest Savings: 5,179.54 ***

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Months To Pay On Debts



Months To Pay with Current Plan: 94
Months To Pay with Proposed Plan: 33
*** Debts Paid Off 5 Years and 1 Month Early ***

Budget Cuts: Establishing the largest “Snowball” Payment possible.

Take a moment to examine your spending habits. How much can you free up to apply toward the debt elimination plan? For some people, refinancing their mortgages or cars will do the trick, others need to make minor lifestyle changes, and still others need major lifestyle changes.

Below are some ideas that many of our clients have used to make the biggest snowball payment possible. If your snowball payment is not large enough to pay off your debts within 3 or 4 years, dig deep to find a way to get it there. We have seen that many people can build a snowball payment of \$300 - \$500 if they were really serious about debt elimination.

Initial Snowball Payment Calculation

Total Net Household Income	
Total Monthly Debt Payments	
Monthly Budget Expenses	
Subtraction Total:	

Ideas to increase your Snowball Payment

Items	My Savings Estimate	Your Savings Estimate
Go camping instead of expensive vacations	\$Hundreds	
Sell your car and buy a less expensive one	\$Hundreds	
Take a part time job or work overtime	\$Hundreds	
Re-structure/Refinance debt (car, house, cc's)	\$Hundreds	
Rake lunch to work instead of going out	\$100	
Reduce cell phone plan or get rid of phone	\$50	
Reduce cable/satellite package or cancel service	\$50-\$80	
Email rather than call long distance friends/relatives	\$40-\$60	
Watch sports on TV rather than buy tickets	\$40-\$100	
Reduce meals at restaurants by 2 dinners per mo.	\$40-\$100	
Clip coupons/shop sales/buy generic groceries/drugs	\$40-\$100	
Reduce thermostat in winter, increase in summer	\$15	
Change Ins. Co./ask about discounts/raise deductible	\$35-\$65	
Shop on-line for big purchases (ebay/yahoo, etc.)	\$20-\$100	
Get books from library rather than buying them	\$20	
Find a cheaper internet service	\$20	
Give home-made gifts rather than store bought	\$20-\$40	
Borrower tools, other items rather than buying them	\$20-\$40	
Learn to mend clothes rather than buy new ones.	\$20-\$40	
Ride bus to work rather than drive – save on gas	\$20	
Rent movies rather than go to theater	\$15-\$45	

Instructions
 Select the items that could help you put more toward your snowball payment, and total up the “Your Savings Estimate” column to know how much you can add to your snowball payment.

 We’ve left the last 5 rows blank for you to brainstorm your own ideas. Remember, these sacrifices are temporary...you can have them back when you can “really” afford them...after you’re debt free!