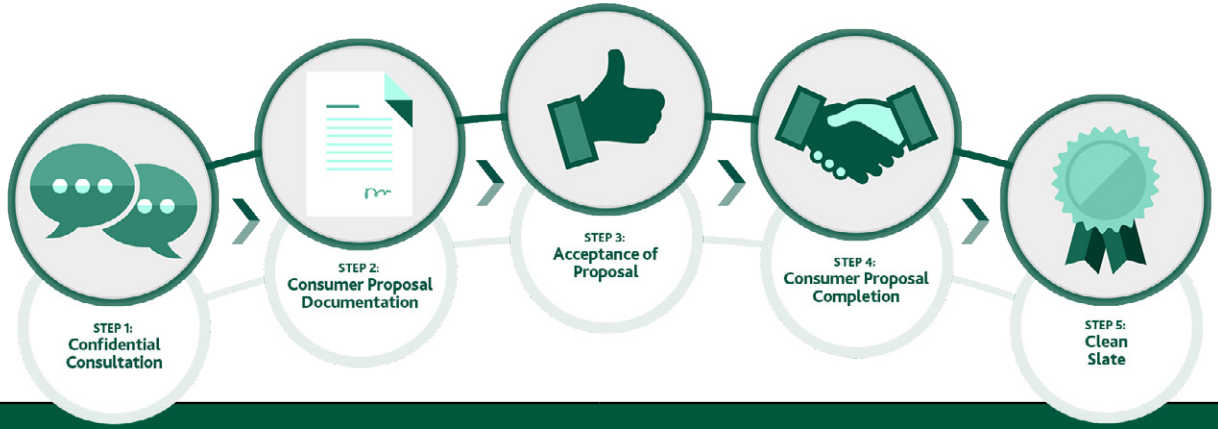

ADVANTAGES	DISADVANTAGES
✓ Immediately stops collection action and no interest is charged	✗ If the majority of creditors vote against your proposal you may have to file bankruptcy
✓ Simple, no monthly income and expense reports to fill out	✗ A typical Consumer Proposal is repaid over four to five years (longer than typical bankruptcy)
✓ You keep all your assets and tax refunds	✗ Payment is fixed – in order to change the payment you have to amend the proposal and go through the voting process again
✓ Repay less than you owe	✗ If you default (miss three payments), you're not able to file another proposal
✓ Offers higher recovery to creditors than a bankruptcy	✗ Is reported on your credit report and negatively impacts your credit score for three years after completion
✓ Payment is fixed so you don't have to make higher payments if your income increases	✗ When you are rebuilding your credit after your proposal some financial institutions will treat a proposal on your credit report the same way they do a bankruptcy
✓ Pauses active collection on student loans	✗ Must have less than $250,000 in debt (excluding mortgage on personal residence)
✓ Creditors approve the proposal at the beginning of the process, there is no court hearing to determine if your debts are extinguished	
✓ Avoiding bankruptcy – you are driving the process and taking charge of your situation – payments are set by you and within your financial means	
✓ If you have been bankrupt before, filing a proposal results in less impact on credit report than filing a second bankruptcy (second bankruptcy reported for 14 years on credit report)	
✓ You can keep credit cards with nil balances	
✓ Budgeting and money management counselling is provided	