



2016 Report to the Legislature
on
Nonprofit Debt Adjusting Services in Washington State
December 1, 2016

*SHB 1283, Chapter 167, Laws of 2015
Effective July 24, 2015*

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I. Introduction

a. History of the Act

Washington adopted the Debt Adjusting Act (“DAA”) in 1967, which is codified at chapter 18.28 RCW, to protect consumers entering into debt management agreements. The definition of “debt adjusters” varies widely by state. Washington has adopted a somewhat broad definition.¹ Debt adjusting in Washington encompasses a wide variety of different services.² Numerous entities are exempt from regulation under the DAA. Among them are nonprofit organizations engaged in debt adjusting that charge debtors a fee of not more than \$15 per month. Beginning in 2005, federal bankruptcy reform mandated that individuals seeking Chapter 7 bankruptcy must, in most cases, seek credit counseling and debt education/management services before their filing.

The Office of the Attorney General may investigate debt adjusting businesses and examine their books and records. Violation of the DAA constitutes a misdemeanor offense, as well as an unfair or deceptive act under the Consumer Protection Act.

b. Amendment to the Act Creating the Survey

During the 2015 Legislative Session the Legislature passed SHB 1283 (Chapter 167, Laws of 2015) amending Chapter 18.28 RCW. The amendments to the Act created a fee exclusion for fair share contributions. Fair share is defined as creditor contributions paid to nonprofit debt adjusters by the creditors whose debtors receive debt adjusting services and pay down their debts accordingly. Fair share does not include grants received by debt adjusters for services unrelated to debt adjusting.³ The fair share fees are not included in the 15 percent maximum amount the debt adjuster may retain from each payment. The bill included a provision requiring the Department of Financial Institutions (DFI) to complete a survey of activity by non-profit debt adjusters for 2015 and 2016 with reports to the Legislature on that activity in 2016 and 2017.

c. Relevant Definitions in the Act; Impact on the Survey

The language in the bill creating the survey used terminology from the “for-profit” debt adjusting industry. This “for-profit” part of the industry operates largely on a debt settlement business model where debts are reduced before they are paid off. This is not the case in the non-profit part of the industry. Non-profit debt adjusters do not reduce a debt before it is paid off.⁴

¹ A debt adjuster includes “any person known as a debt pooler, debt manager, debt consolidator, debt prorater, or credit counselor, [or] any person engaging in or holding himself or herself out as engaging in the business of debt adjusting for compensation.” RCW 18.28.010(1).

² “Debt adjusting” means the managing, counseling, settling, adjusting, prorating, or liquidating of the indebtedness of a debtor, or receiving funds for the purpose of distributing said funds among creditors in payment or partial payment of obligations of a debtor. RCW 18.28.010(2).

³ See RCW 18.28.010(4).

⁴ These for-profit companies were the subject of a 2012 legislatively mandated survey by DFI. See that survey in the Appendices.

Instead, most non-profit debt adjusters generally help the consumer organize a "debt management plan" (DMP) for all the consumer's debts. Under DMPs, debt adjusters usually do not negotiate any reduction in the amounts the consumer owes; instead, they can lower the consumer's overall monthly payment by getting the creditor to increase the time period over which the consumer can repay the debt or lower the interest rate on the debt.

In order to gather relevant data, DFI worked with the industry to create guidance (FAQs) to assist industry in filling out the survey. For example, the FAQs define "settled" debts differently than it is defined in a "for profit" debt settlement context. In the debt settlement context, "settled" debts are those debts that are included in the reduced payoff agreement with the creditor. As non-profit debt adjusters do not "settle" debts in that manner, the FAQs instructed the companies to report the status of individual debts as settled only if that individual debt was paid in full. Thus, when the term "settled" appears in this report, it is referring to an individual debt that was paid off in full (i.e. full amount of debt was paid, with no reduction in amount owed). Additionally, the survey requested information about settlement amounts and savings amounts.⁵ However, because industry does not reduce the amount of debt owed by the debtors, that data could not be ascertained.

II. Debt Adjuster Survey Results

DFI contacted non-profit debt adjustment industry trade groups to obtain the contact information of approximately 253 non-profit debt adjustment companies. DFI contacted these companies and asked them to respond to the survey only if they had clients in Washington. DFI reviewed the 26 responses it received and summarized the data provided. This report will provide a summary of the information collected and provide some analysis of the data received.

All survey data is based on DFI's review of individual debtor data and not on aggregated company-wide data. This is because of the difficulty industry encountered when responding to the specific language in the bill in light of the industry business model, as discussed above. Additionally, the individual debtor data may have overlapped both ends of the reporting period to a certain extent. This resulted in an inability to calculate with specificity termination or service cancellation dates.

a. Status of Accounts

The survey also asked respondents to indicate the percentage of Washington debtors who were active, who canceled or terminated their relationship with the debt adjusters before satisfaction of their debt, or who paid off their debt in full (settled). Responses varied widely, likely indicating differences in each particular debt adjuster's methodology for accepting debtors into their programs and for tracking the debtors. About 61.5 percent of the respondents' clients were still actively making payments on their debt.

⁵ See Sec. 4(1)(d)(vi) of the bill.

In 2015 there were 5 companies with a cancellation or termination rate of fewer than 10 percent; 9 companies at 10-25 percent; 9 companies at 26-50 percent; and 3 companies above 51 percent. One company had a 64 percent cancellation or termination rate. The average termination rate in 2015 across all companies was around 24.5 percent. See Chart a-1 below.

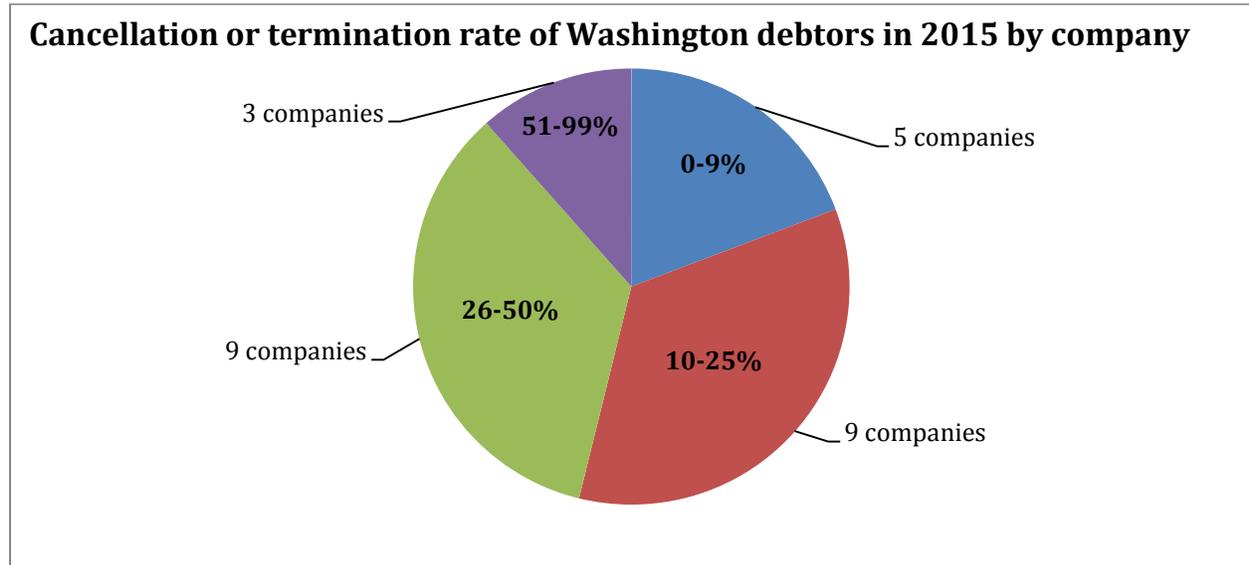


Chart a-1

In 2015 there were 13 companies with a settlement (paid in full) rate of fewer than 10 percent; 9 companies at 10-25 percent; 3 companies at 26-50 percent; and 1 company above 51 percent, which specifically had an almost 67 percent settlement (paid in full) rate. The average settlement rate in 2015 across all companies was around 14 percent. See Chart a-2 below.

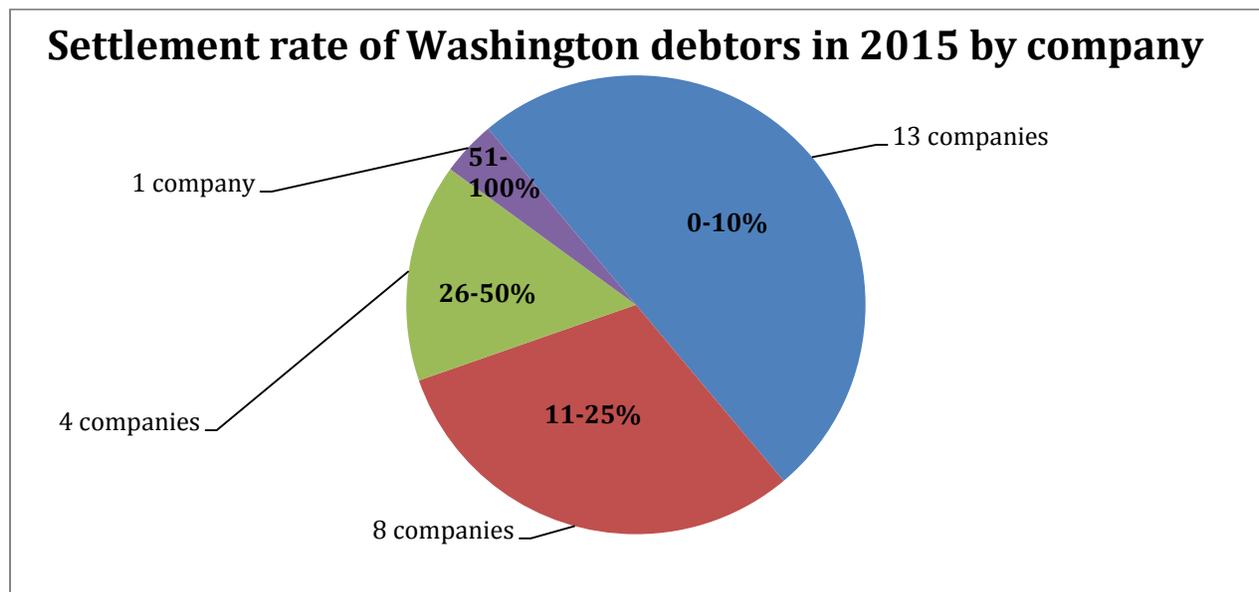


Chart a-2

b. Review of Fees Assessed to Washington Consumers

Debt management companies charge various fees, including enrollment fees and monthly fees. Washington law provides that debt adjusters may not charge a consumer an initial fee in excess of \$25, and that fees retained from any one payment to the company intended for creditors may not exceed 15 percent of the payment. Furthermore, the total fees assessed to a consumer are capped at 15 percent of the total debt listed by the debtor on the consumer's initial contract with the debt adjuster. Nonprofit organizations that charge debtors a fee of not more than \$15 per month are exempt from regulation.

Enrollment Fees

Seven of the survey respondents reported that they charged an enrollment fee to Washington consumers, ranging from \$19 to \$39- most charged \$25. See Chart b-1 below.

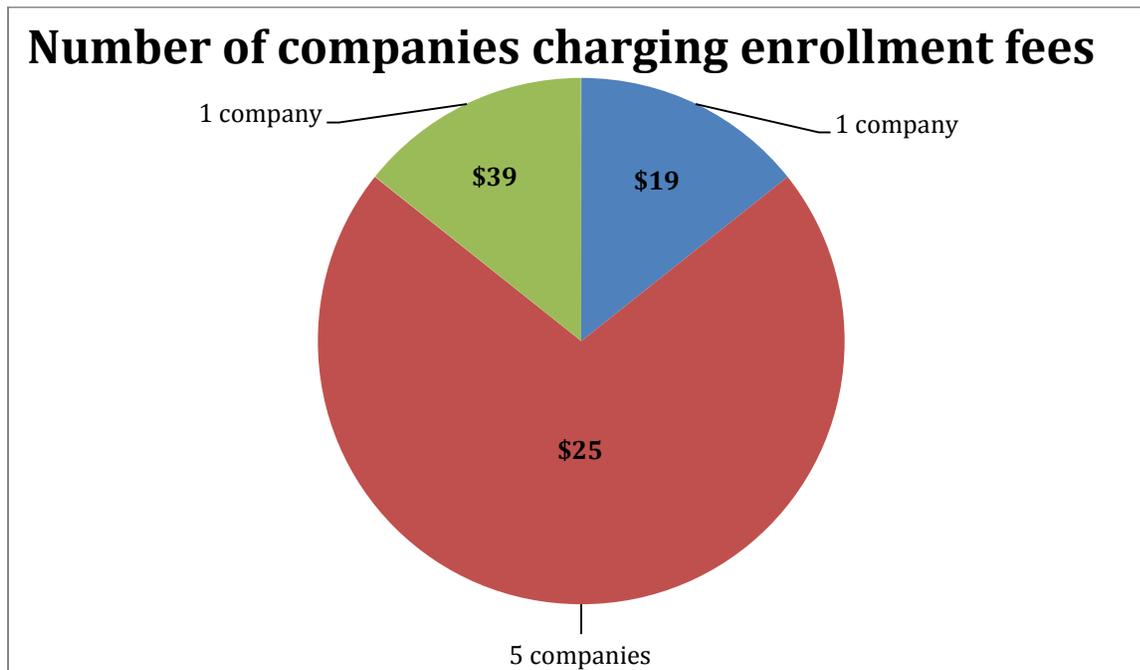


Chart b-1

Monthly fees

Fee calculations for Washington consumers varied across companies.⁶ The most prevalent charge was 15 percent of the monthly DMP payment with no maximum charge limit (5 companies). However, some companies used a maximum charge limit. The lowest maximum charge was \$35 and the highest was \$75. Still, other companies charged fees based on the number of debts (accounts) a consumer had in their DMP. One company charged \$5 per debt (account) with a maximum charge of \$35, while another charged \$10 per debt (account) with a maximum fee equal to 15 percent of the monthly DMP payment. Lastly, some companies charged a flat fee per month ranging

⁶ Five companies did not provide the department with adequate data to evaluate their fee calculations.

from \$14 per month to around \$40 per month. Chart b-2 below summarizes the fees assessed to Washington consumers by each survey respondent.

Monthly Fees Charged

<u>Debt Adjuster</u>	Monthly Fee
Company 1	15% (\$35 max)
Company 2	\$5 per account (\$35 max)
Company 3	\$15 a month OR 15% (\$50 max)
Company 4	15% (\$35 max)
Company 5	10% (\$50 max) OR 15% (\$50 max)
Company 6	8% (\$35 max)
Company 7	15%
Company 8	Not Provided
Company 9	15%
Company 10	15%
Company 11	15%
Company 12	\$10 per account (15% max) OR lesser of 15% or \$50
Company 13	15% (\$60 max)
Company 14	\$10 per creditor (\$50 max) OR 15%
Company 15	\$14 a month
Company 16	15% (\$75 max)
Company 17	Not provided
Company 18	15% (\$35 max)
Company 19	Not provided
Company 20	Not provided
Company 21	Not provided
Company 22	\$15 a month
Company 23	15%
Company 24	\$6-\$50 (most were \$39.99)
Company 25	Lesser of 15% or \$75
Company 26	15% (\$48 max)

Chart b-2

c. Summary of Total Fees Collected from Washington Consumers

The survey requested the total fees collected for all Washington consumers that were active in 2015 as well as the fair share contributions obtained from creditors for that same year. Again, fair share contributions mean the creditor contributions paid to non-profit debt adjusters by the creditors whose consumers receive debt adjusting services from the non-profit debt adjusters and pay down their debt according to a DMP.

In total, the companies collected over \$1.7 million dollars in fees from Washington consumers and over \$1 million in total fair share compensation in 2015. The average collected per company in fees from Washington consumers was almost \$66,000 and almost \$39,000 in fair share contributions. Of the 26 respondents, 8 collected more than \$100,000 in fees from Washington debtors, 4 collected more than \$100,000 in fair share compensation, and 11 collected more than \$100,000 in total compensation in 2015. See Chart c-1 below.

Total Fees collected from Washington Consumers in 2015

	Fees	Fair Share	Total fees
Company 1	\$1,324	\$2,501	\$3,825
Company 2	\$3,461	\$1,339	\$4,800
Company 3	\$3,906	\$1,659	\$5,565
Company 4	\$5,467	\$54,879	\$60,346
Company 5	\$5,760	\$4,251	\$10,011
Company 6	\$8,001	\$2,543	\$10,544
Company 7	\$8,250	\$374	\$8,624
Company 8	\$8,988	\$2,492	\$11,480
Company 9	\$9,752	\$3,494	\$13,246
Company 10	\$15,366	\$4,831	\$20,197
Company 11	\$23,560	\$4,670	\$28,230
Company 12	\$28,634	\$3,587	\$32,221
Company 13	\$33,117	\$11,786	\$11,786
Company 14	\$42,990	\$38,399	\$81,389
Company 15	\$48,838	\$61,613	\$110,451
Company 16	\$71,682	\$32,972	\$104,654
Company 17	\$19,944	\$14,462	\$34,405
Company 18	\$94,519	\$23,156	\$117,675
Company 19	\$106,981	\$57,086	\$164,067
Company 20	\$114,053	\$116,358	\$230,411
Company 21	\$141,195	\$172,723	\$313,918
Company 22	\$158,626	\$44,484	\$203,110
Company 23	\$162,993	\$123,589	\$286,582
Company 24	\$185,053	\$64,343	\$249,396
Company 25	\$188,629	\$118,654	\$307,283
Company 26	\$228,887	\$56,461	\$285,348
Total	\$1,719,976	\$1,022,706	\$2,709,564

Chart c-1

d. Average Number and Amount of Debt per Debtor

The number of debts a client had in the DMP varied significantly across the companies. Half the companies had an average of 6 debts per consumer. Seven companies had an average of 5 debts per consumer, 2 companies had 7 debts, 2 companies had 8 debts, 1 company had 10 debts, and 1 had 4 debts. On average, Washington consumers had 6 debts enrolled in a DMP in 2015. Several debtors had only 1 debt in a DMP, while other had significantly more. The highest number of debts for an individual debtor was 45. See Chart d-1 below.

Average Number of Debts per Debtor per Company

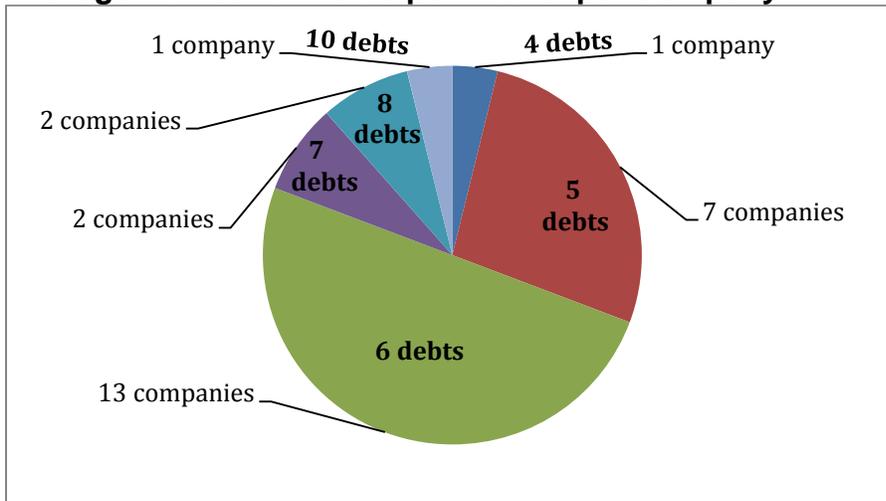


Chart d-1

The average principal amount of debt each debtor carried varied widely across the companies. One company's debtors had only an average of a little over \$11,000 in debt. Another company's debtors had over \$30,000 in debt. On average, the debtors had almost \$20,000 in debt. See Chart d-2 below.

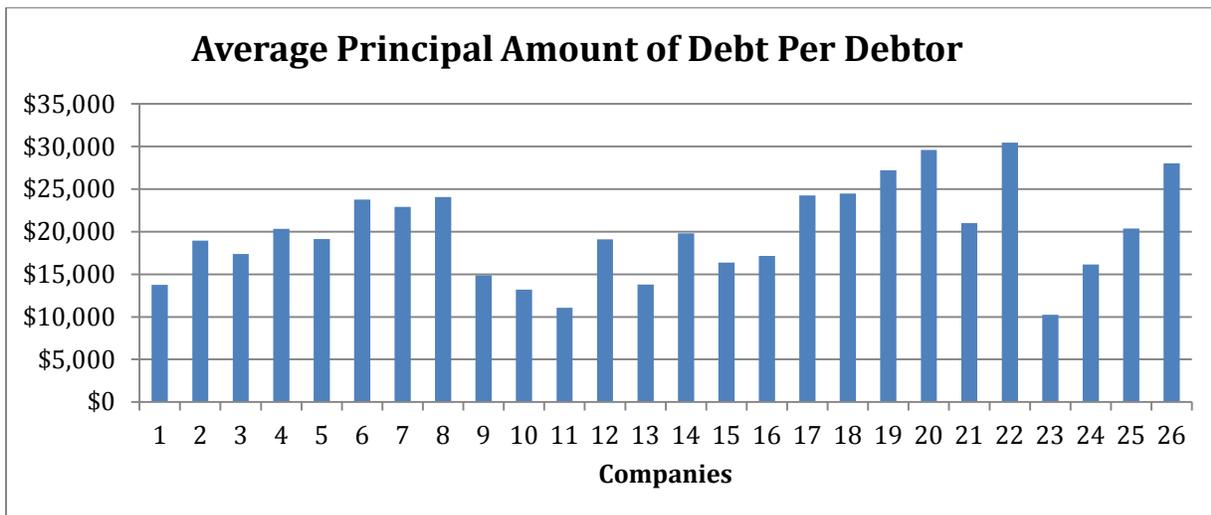


Chart d-2

e. Types of Debt

The survey asked respondents to indicate the type of debt for each individual debt in a debtor's DMP. Over three-quarters of the debt in a DMP is credit card debt. Of the remaining quarter of debt, the majority of the debt is classified as "other unsecured." This type of debt tends to be debts that are owed to a debt collector. The next most prevalent was medical debt at only about 2.5 percent of the debts reported. Still less likely were small loan debt (less than 1 percent) and auto, student, or other secured debt (all less than one-half percent). See Chart e-1 below.

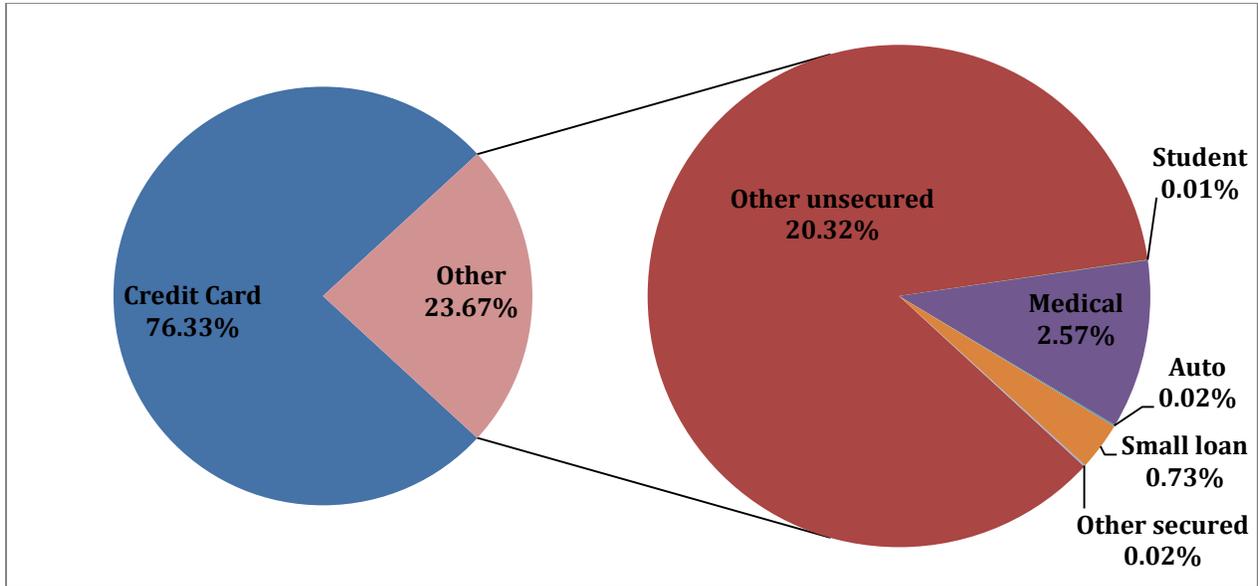


Chart e-1

f. Three Examples of Company Data

Each respondent to the survey provided information about individual debtors, but methods of reporting accounting data for individual debtor accounts differed widely among respondents. Sampled below are the responses of a representative small, medium, and large company.

	Small Company	Medium Company	Large Company
Total Debtors	115	590	1,167
- Active	62.6%	60.9%	33.9%
- Terminated	37.4%	19.5%	33.9%
- Settled	0.0%	19.6%	32.2%
Total Number of Debt Serviced	582	3,426	7,195
- Active debts	47.1%	45.4%	24.8%
- Terminated debts	52.7%	18.2%	29.3%
- Settled debts	0.2%	36.4%	45.9%
Avg. Number of Debts per Debtor	5.1	5.8	6.2

Chart f-1

i. Large Company

“Large Company” (Large Co.) serviced a total of 1,167 Washington debtors in 2015. At the end of 2015, almost 34 percent were still actively participating in the program, almost 34 percent terminated their involvement in the program before completion, and about 32 percent completed the program by paying their debts in full. Large Co. also reported the status of each individual debt. Of the over 7,000 debts reported, almost 25 percent of the debt was still active, 29 percent had been terminated, and almost 46 percent had been settled (paid in full). See Chart f-i-1 below.

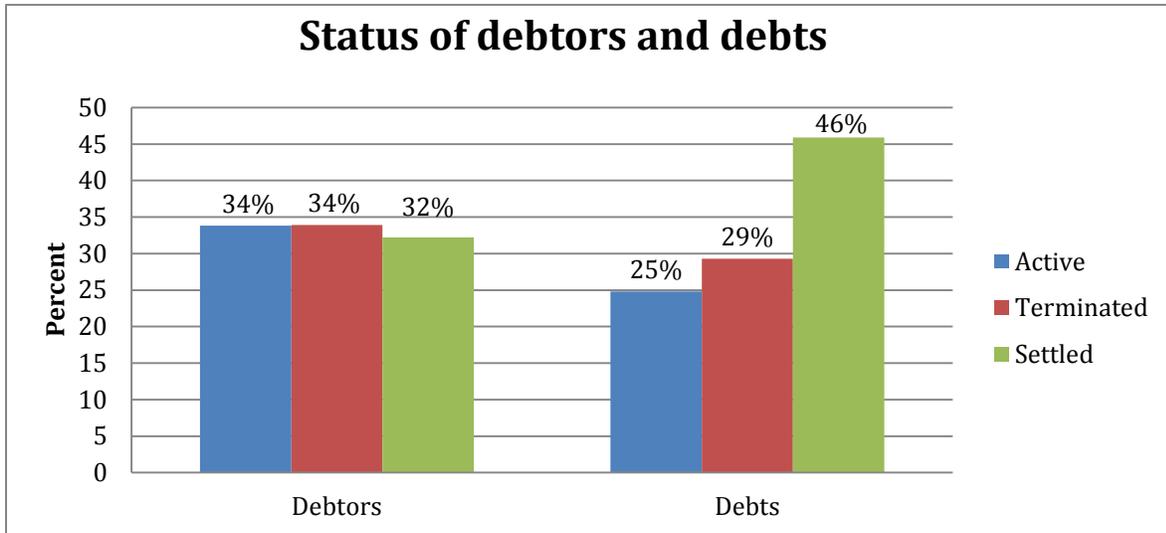


Chart f-i-1

The average Washington debtor in Large Co. had 6.2 debts. See Chart f-i-2 below.

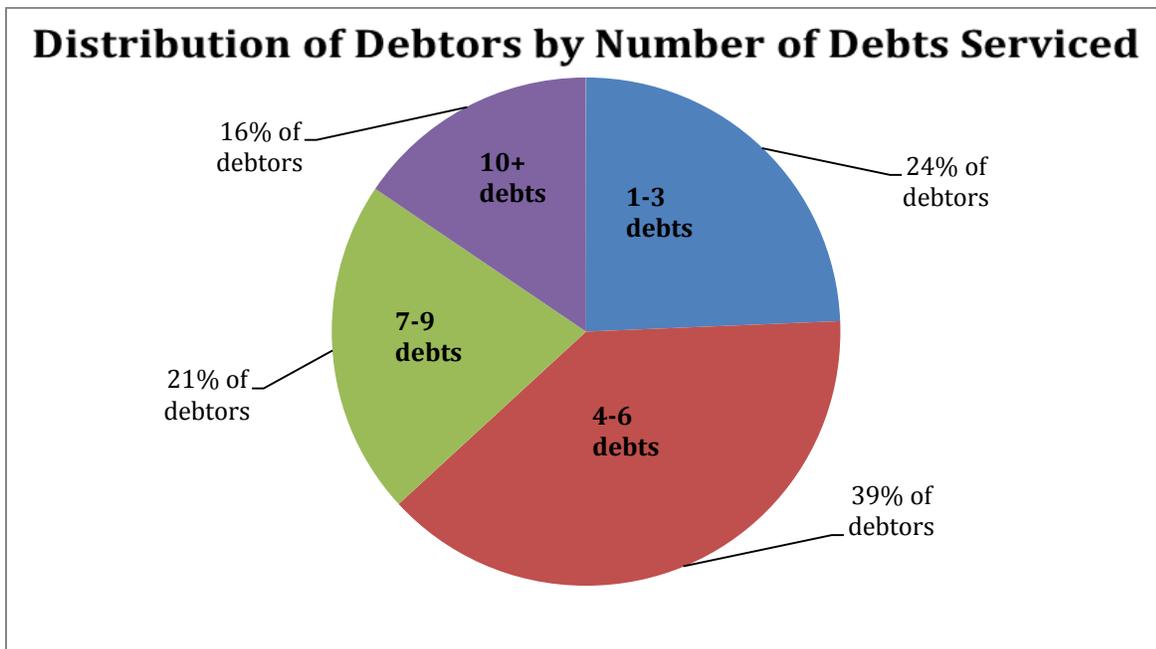


Chart f-i-1

ii. Medium Company

“Medium Company” (Medium Co.) serviced a total of 590 Washington debtors in 2015. At the end of 2015, almost 61 percent were still actively participating in the program, 19.5 percent terminated their involvement in the program before completion, and about 5.5 percent completed the program by paying their debts in full. Medium Co. also reported the status of each individual debt. Of the almost 3,500 debts reported, almost 45.5 percent of the debt was still active, 18 percent had been terminated, and almost 36.5 percent had been settled (paid in full). See Chart f-ii-1 below.

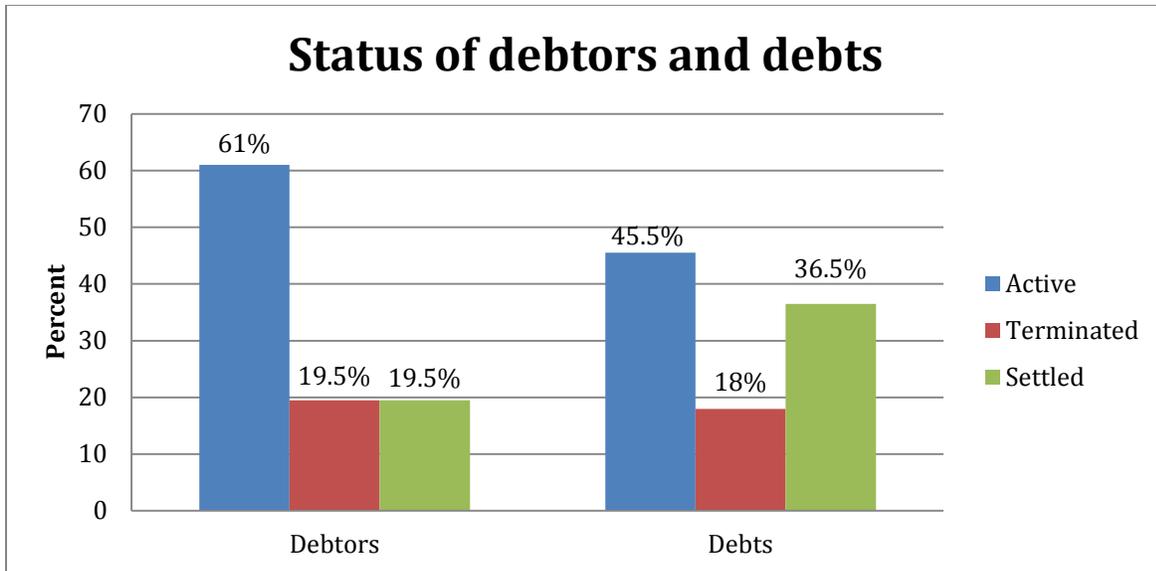


Chart f-ii-1

The average Washington debtor in Medium Co. had 5.8 debts. See Chart f-ii-2 below.

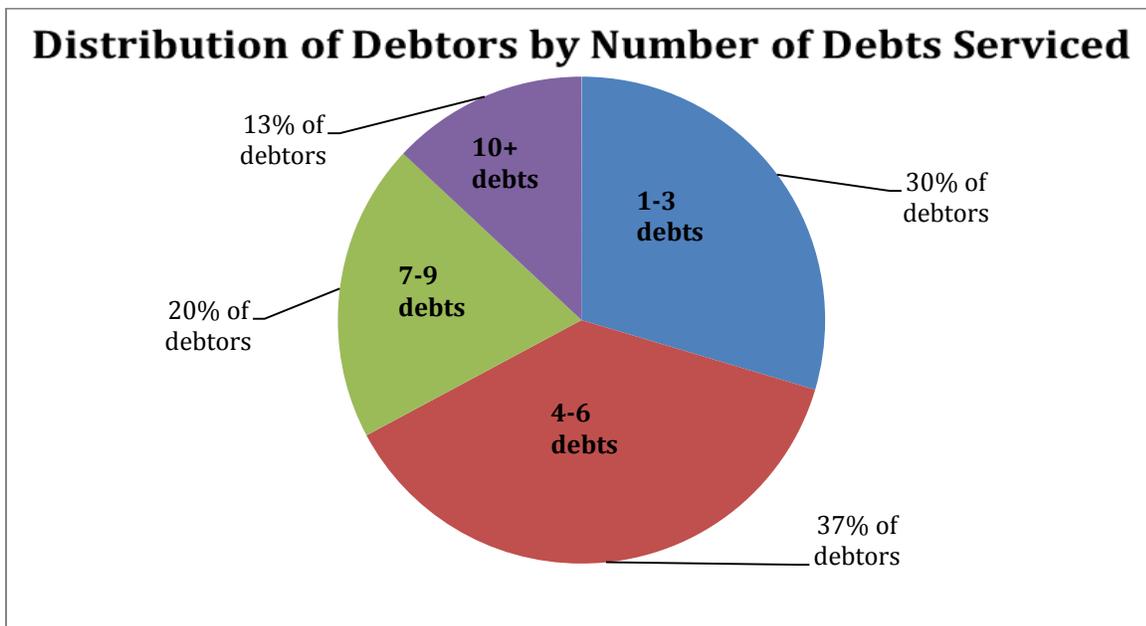


Chart f-ii-2

iii. Small Company

“Small Company” (Small Co.) serviced a total of 115 Washington debtors in 2015. At the end of 2015, about 62.5 percent were still actively participating in the program and 37.5 percent terminated their involvement in the program before completion. No consumers completed the program by paying their debts in full in 2015. Small Co. also reported the status of each individual debt. Of the almost 600 debts reported, almost 47 percent of the debt was still active, 52.5 percent had been terminated, and almost 0.5 percent had been settled (paid in full). See Chart f-iii-1 below.

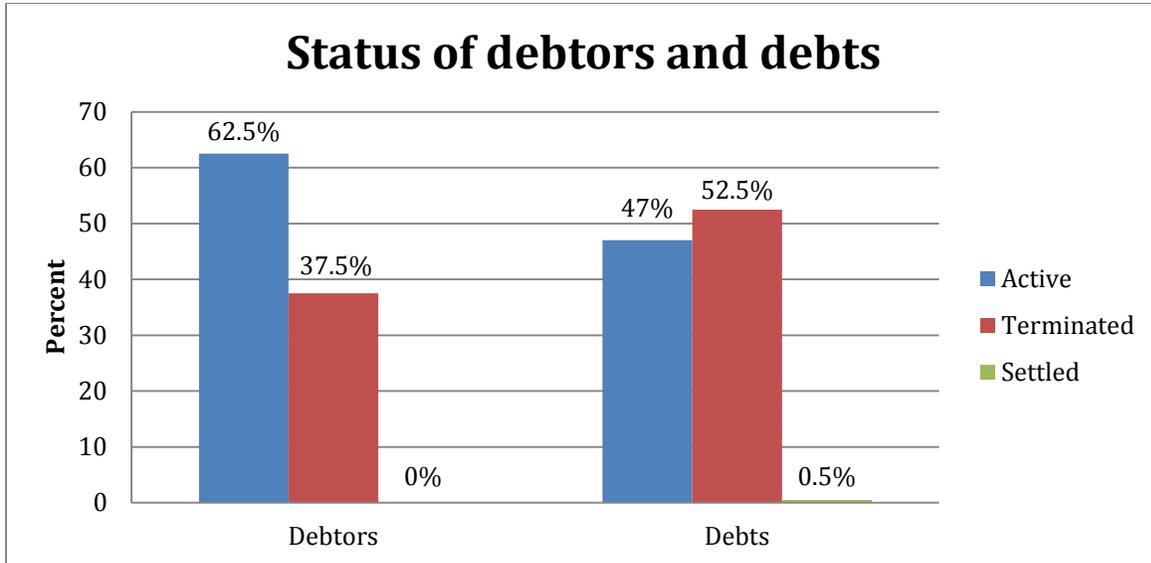


Chart f-iii-1

The average Washington debtor in Small Co. had 5.1 debts. See Chart f-iii-2 below.

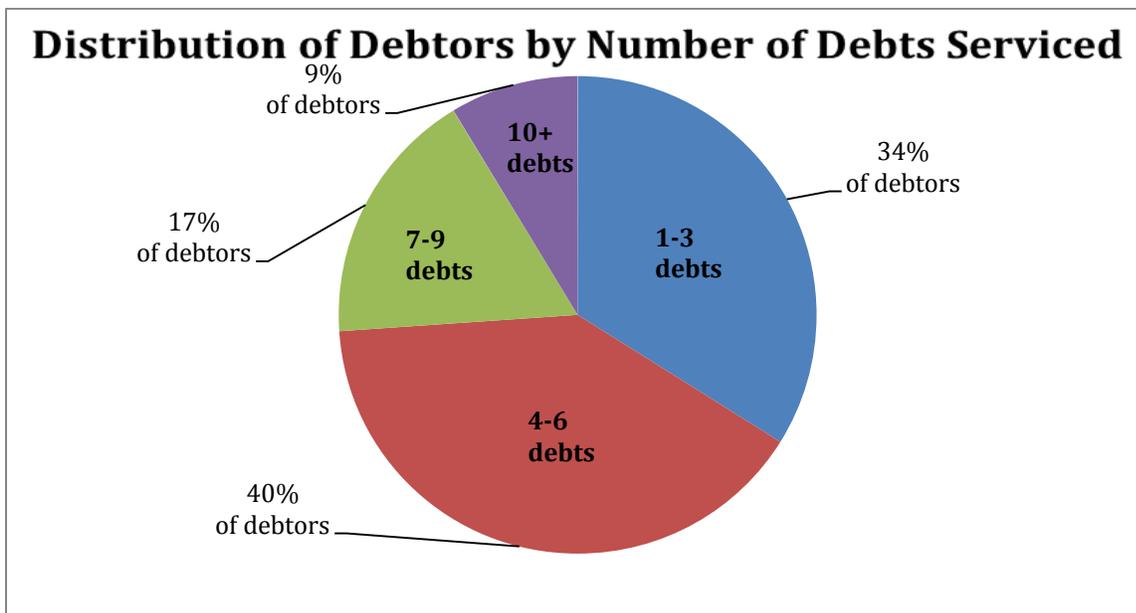


Chart f-iii-2

g. Salaries of Certain Employees

The survey only included the salaries for employees making over \$150,000 in total compensation in 2015. Salaries for these employees varied across the board with the average compensation right around \$254,000 and the highest compensation at almost \$848,000. However, most employees earning over \$150,000 a year still earned less than \$200,000 a year. Almost 50 percent of employees made less than \$200,000 a year. About 30 percent earned between \$200,000 and \$300,000. The remaining 20 percent that earned over \$300,000 were all executive officers. See Chart g-1 below.

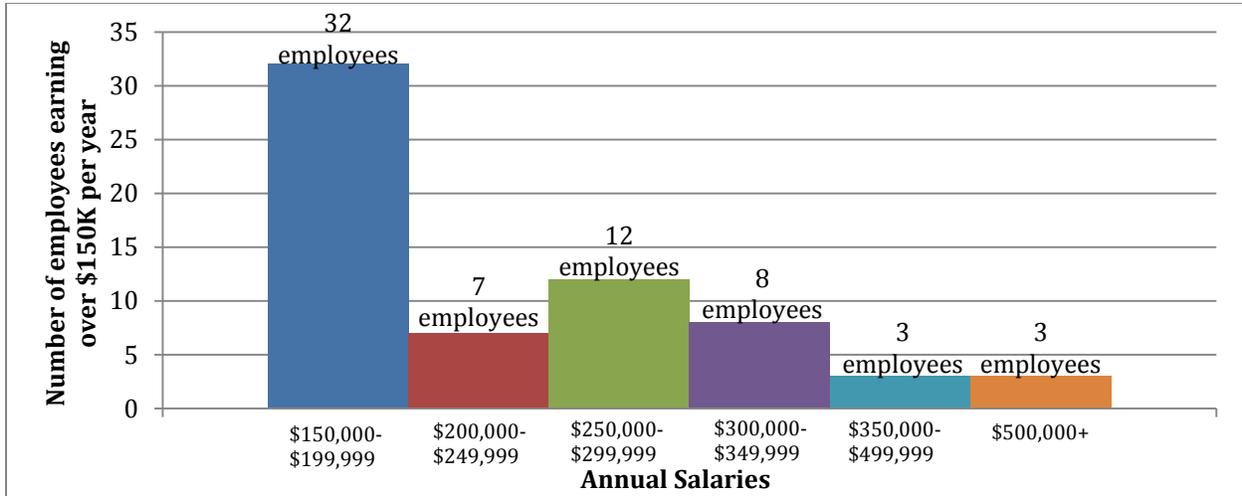


Chart g-1

About 80 percent of companies paid 3 people or less over \$150,000 in 2015. Four companies did not have any employees that received over \$150,000 in total compensation, 8 companies paid 1 person, 5 companies paid 2 people, and 4 companies paid 3 people. Two companies paid significantly more employees than most other companies (8 and 9 people, respectively). One of these companies paid over \$2.5 million in salaries to those individuals earning over \$150,000 in one year, paying an average of almost \$300,000 to each individual. See Chart g-2 below.

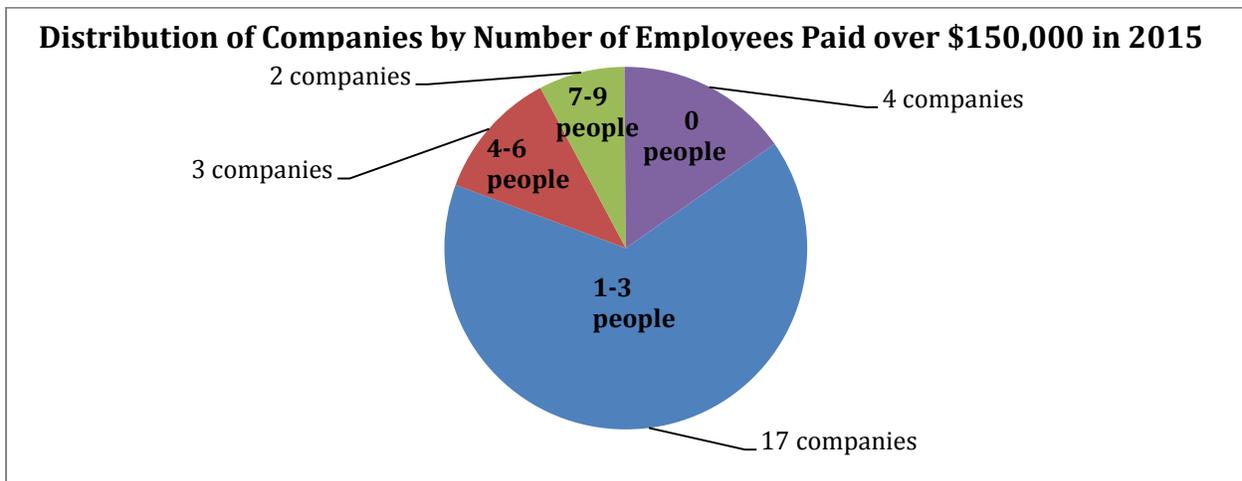


Chart g-2

III. Contact Information

For additional information, please contact the Department of Financial Institution's Division of Consumer Services or the Department's Policy Director.

Charles Clark
Director, Division of Consumer Services
Department of Financial Institutions
Charles.Clark@dfi.wa.gov

Catherine Mele-Hetter
Legislative Affairs Director
Department of Financial Institutions
Catherine.Mele@dfi.wa.gov

IV. Appendices

- a. Substitute House Bill 1283, Chapter 167, Laws of 2015**
- b. 2015 Survey**
- c. 2015 Survey Respondents**
- d. 2012 Report to the Legislature on Debt Adjusting Services in Washington State**

Appendix A
Substitute House Bill 1283, Chapter 167, Laws of 2015

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1283

Chapter 167, Laws of 2015

64th Legislature
2015 Regular Session

DEBT ADJUSTING--NONPROFIT ORGANIZATIONS

EFFECTIVE DATE: 7/24/2015

Passed by the House March 10, 2015
Yeas 98 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 21, 2015
Yeas 48 Nays 0

BRAD OWEN

President of the Senate

Approved May 6, 2015 2:28 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1283** as passed by House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

May 6, 2015

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1283

Passed Legislature - 2015 Regular Session

State of Washington 64th Legislature 2015 Regular Session

By House Business & Financial Services (originally sponsored by Representatives Parker, Kirby, and Vick)

READ FIRST TIME 01/30/15.

1 AN ACT Relating to nonprofit organizations engaged in debt
2 adjusting; amending RCW 18.28.080 and 18.28.120; reenacting and
3 amending RCW 18.28.010; and adding a new section to chapter 18.28
4 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 18.28.010 and 2012 c 56 s 1 are each reenacted and
7 amended to read as follows:

8 Unless a different meaning is plainly required by the context,
9 the following words and phrases as hereinafter used in this chapter
10 shall have the following meanings:

11 (1) "Debt adjuster," which includes any person known as a debt
12 pooler, debt manager, debt consolidator, debt prorater, or credit
13 counselor, is any person engaging in or holding himself or herself
14 out as engaging in the business of debt adjusting for compensation.
15 The term shall not include:

16 (a) Attorneys-at-law, escrow agents, accountants, broker-dealers
17 in securities, or investment advisors in securities, while performing
18 services solely incidental to the practice of their professions;

19 (b) Any person, partnership, association, or corporation doing
20 business under and as permitted by any law of this state or of the
21 United States relating to banks, consumer finance businesses,

1 consumer loan companies, trust companies, mutual savings banks,
2 savings and loan associations, building and loan associations, credit
3 unions, crop credit associations, development credit corporations,
4 industrial development corporations, title insurance companies,
5 insurance companies, or third-party account administrators;

6 (c) Persons who, as employees on a regular salary or wage of an
7 employer not engaged in the business of debt adjusting, perform
8 credit services for their employer;

9 (d) Public officers while acting in their official capacities and
10 persons acting under court order;

11 (e) Any person while performing services incidental to the
12 dissolution, winding up or liquidation of a partnership, corporation,
13 or other business enterprise;

14 (f) Nonprofit organizations dealing exclusively with debts owing
15 from commercial enterprises to business creditors;

16 (g) Nonprofit organizations engaged in debt adjusting and which
17 do not assess against the debtor a service charge in excess of
18 fifteen dollars per month.

19 (2) "Debt adjusting" means the managing, counseling, settling,
20 adjusting, prorating, or liquidating of the indebtedness of a debtor,
21 or receiving funds for the purpose of distributing said funds among
22 creditors in payment or partial payment of obligations of a debtor.

23 (3) "Debt adjusting agency" is any partnership, corporation, or
24 association engaging in or holding itself out as engaging in the
25 business of debt adjusting.

26 (4) "Fair share" means the creditor contributions paid to
27 nonprofit debt adjusters by the creditors whose consumers receive
28 debt adjusting services from the nonprofit debt adjusters and pay
29 down their debt accordingly. "Fair share" does not include grants
30 received by nonprofit debt adjusters for services unrelated to debt
31 adjusting.

32 (5) "Financial institution" means any person doing business under
33 the laws of any state or the United States relating to commercial
34 banks, bank holding companies, savings banks, savings and loan
35 associations, trust companies, or credit unions.

36 ~~((+5))~~(6) "Third-party account administrator" means an
37 independent entity that holds or administers a dedicated bank account
38 for fees and payments to creditors, debt collectors, debt adjusters,
39 or debt adjusting agencies in connection with the renegotiation,

1 settlement, reduction, or other alteration of the terms of payment or
2 other terms of a debt.

3 **Sec. 2.** RCW 18.28.080 and 2012 c 56 s 2 are each amended to read
4 as follows:

5 (1) By contract a debt adjuster may charge a reasonable fee for
6 debt adjusting services. The total fee for debt adjusting services,
7 including, but not limited to, any fee charged by a financial
8 institution or a third-party account administrator, may not exceed
9 fifteen percent of the total debt listed by the debtor on the
10 contract. The fee retained by the debt adjuster from any one payment
11 made by or on behalf of the debtor may not exceed fifteen percent of
12 the payment not including fair share contributions to a nonprofit
13 debt adjuster. The debt adjuster may make an initial charge of up to
14 twenty-five dollars which shall be considered part of the total fee.
15 If an initial charge is made, no additional fee may be retained which
16 will bring the total fee retained to date to more than fifteen
17 percent of the total payments made to date. No fee whatsoever shall
18 be applied against rent and utility payments for housing.

19 In the event of cancellation or default on performance of the
20 contract by the debtor prior to its successful completion, the debt
21 adjuster may collect in addition to fees previously received, six
22 percent of that portion of the remaining indebtedness listed on said
23 contract which was due when the contract was entered into, but not to
24 exceed twenty-five dollars.

25 (2) A debt adjuster shall not be entitled to retain any fee until
26 notifying all creditors listed by the debtor that the debtor has
27 engaged the debt adjuster in a program of debt adjusting.

28 (3) The department of financial institutions has authority to
29 enforce compliance with this section.

30 **Sec. 3.** RCW 18.28.120 and 1999 c 151 s 106 are each amended to
31 read as follows:

32 A debt adjuster shall not:

33 (1) Take any contract, or other instrument which has any blank
34 spaces when signed by the debtor;

35 (2) Receive or charge any fee in the form of a promissory note or
36 other promise to pay or receive or accept any mortgage or other
37 security for any fee, whether as to real or personal property;

38 (3) Lend money or credit;

1 (4) Take any confession of judgment or power of attorney to
2 confess judgment against the debtor or appear as the debtor in any
3 judicial proceedings;

4 (5) Take, concurrent with the signing of the contract or as a
5 part of the contract or as part of the application for the contract,
6 a release of any obligation to be performed on the part of the debt
7 adjuster;

8 (6) Advertise services, display, distribute, broadcast or
9 televise, or permit services to be displayed, advertised,
10 distributed, broadcasted or televised in any manner whatsoever
11 wherein any false, misleading or deceptive statement or
12 representation with regard to the services to be performed by the
13 debt adjuster, or the charges to be made therefor, is made;

14 (7) Offer, pay, or give any cash, fee, gift, bonus, premiums,
15 reward, or other compensation to any person for referring any
16 prospective customer to the debt adjuster;

17 (8) Receive any cash, fee, gift, bonus, premium, reward, or other
18 compensation, other than fair share contributions to a nonprofit debt
19 adjuster, from any person other than the debtor or a person in the
20 debtor's behalf in connection with his or her activities as a debt
21 adjuster; or

22 (9) Disclose to anyone the debtors who have contracted with the
23 debt adjuster; nor shall the debt adjuster disclose the creditors of
24 a debtor to anyone other than: (a) The debtor; or (b) another
25 creditor of the debtor and then only to the extent necessary to
26 secure the cooperation of such a creditor in a debt adjusting plan.

27 NEW SECTION. **Sec. 4.** A new section is added to chapter 18.28
28 RCW to read as follows:

29 (1) Any nonprofit organization engaged in debt adjusting in this
30 state or exempt from this chapter pursuant to RCW 18.28.010(1)(g)
31 shall provide the following information to the department of
32 financial institutions in a form prescribed by the department by June
33 30, 2016, and again on June 30, 2017:

34 (a) The number and percentage of Washington debtors for whom the
35 debt adjuster provides or provided debt adjusting services in the
36 previous year who became inactive in, canceled, or terminated those
37 services without settlement of all of the debtor's debts, by year of
38 enrollment;

1 (b) The total fees collected from Washington debtors during the
2 previous year;

3 (c) The total fair share contributions collected from creditors
4 of Washington debtors during the previous year;

5 (d) For each debtor for whom the debt adjuster provides debt
6 adjusting services:

7 (i) The date of contracting;

8 (ii) The number of debts included in the contract between the
9 debt adjuster and the debtor;

10 (iii) The principal amount of each debt at the time the contract
11 was signed;

12 (iv) The source of each debtor's obligation, categorized as
13 credit card, student loans, auto, medical, small loans under chapter
14 31.45 RCW, other secured debt, and other unsecured debt;

15 (v) Whether each debt is active, terminated, or settled;

16 (vi) If a debt has been settled, the settlement amount of the
17 debt and the savings amount, calculated by subtracting the amount
18 paid to settle the debt from the principal amount of the debt at the
19 time the contract was signed; and

20 (vii) The total fees charged to the debtor and how the fees were
21 calculated;

22 (e) For Washington debtors who became inactive in, canceled, or
23 terminated debt adjuster services during the previous year, the
24 number and percentage of debtors who, as measured by the aggregate
25 amount of each debtor's enrolled debts:

26 (i) Settled zero percent of their enrolled debt;

27 (ii) Settled up to twenty-five percent of their enrolled debt;

28 (iii) Settled twenty-five percent to fifty percent of their
29 enrolled debt;

30 (iv) Settled fifty-one percent to seventy-five percent of their
31 enrolled debt;

32 (v) Settled seventy-six percent to ninety-nine percent of their
33 enrolled debt;

34 (f) The number and percentage of Washington debtors for whom the
35 debt adjuster provides or provided debt adjusting services in the
36 previous three years who fully settled one hundred percent of their
37 enrolled debt through those debt adjusting services, by year of
38 enrollment; and

39 (g)(i) The nonprofit organization's form 990 submitted to the
40 internal revenue service in the preceding year; or

1 (ii) A statement of previous year's base salary and other
2 compensation of the nonprofit organization's officers, directors,
3 trustees, and other employees and independent contractors receiving
4 greater than one hundred fifty thousand dollars in total
5 compensation, if the form 990 does not contain such information or if
6 the organization did not submit a form 990 in the preceding year.

7 (2) The department of financial institutions shall make public
8 and submit to the appropriate committees of the legislature a report
9 summarizing the information received under subsection (1) of this
10 section by December 1, 2016, and again on December 1, 2017.

Passed by the House March 10, 2015.

Passed by the Senate April 21, 2015.

Approved by the Governor May 6, 2015.

Filed in Office of Secretary of State May 6, 2015.

--- END ---

Appendix B
2015 Survey

General questions about the company:

Name of nonprofit

Total fees collected

Total fair share contributions collected from creditors

Number of Washington debtors that went inactive, canceled, and terminated services in 2015 and the corresponding percentage of debt that settled before going inactive, terminating, or cancelling

Percentage of Washington debtors that went inactive, canceled, and terminated services in 2015 and the corresponding percentage of debt that settled inactive, terminating, or cancelling

Number of Washington debtors who became inactive, canceled, or terminated services in 2015 without settlement of all debts and the corresponding date of enrollment going back annually to 2010

Percentage of Washington debtors who became inactive, canceled, or terminated services in 2015 without settlement of all debts and the corresponding date of enrollment going back annually to 2010

Number of WA debtors who fully settled 100% of enrolled debt in the previous 3 years

Percentage of WA debtors who fully settled 100% of enrolled debt in the previous 3 years

Questions about individual debtors:

Date of contracting

Number of debts in contract

Principal amount of debt at time contract signed

Source of debt

Status of debt

If settled, settlement amount

If settled, savings amount

If the debtor entered into a debt management plan (DMP) what primary term was adjusted?

At the time the DMP was signed, what was the primary benefit to the debtor?

Additional information, if any, about term(s) or benefit(s)

Total fees charged

How were fees calculated?

Appendix C
2015 Survey Respondents

<u>Agency</u>	<u>Contact Information</u>
Advantage Credit Counseling	2403 Sidney St. Pittsburgh, PA 15203
American Consumer Credit Counseling	130 Rumford Ave, Suite 202 Auburndale, MA 02466
Black Hills Children’s Ranch, Inc. d/b/a Pioneer Credit Counseling	1644 Concourse Drive Rapid City, SD 57703
Cambridge Credit Counseling Corp.	67 Hunt Street Agawam, MA 01001
Christian Credit Counselors, Inc.	5838 Edison Place, Ste. 200 Carlsbad, CA 92008
Consolidated Credit Counseling	5701 W. Sunrise Blvd, Ste. 200 Ft. Lauderdale, FL 33313
Consolidated Credit Solutions	5701 W. Sunrise Blvd, Ste. 200 Ft. Lauderdale, FL 33313
Consumer Credit and Budget Counseling, Inc. d/b/a National Foundation for Debt	14104 58th Street North Clearwater, FL 33760
Consumer Credit Counseling Service of Greater Atlanta, Inc., d/b/a Clearpoint Credit Counseling	270 Peachtree Street NW, Suite 1800 Atlanta, GA 30303
Consumer Credit Counseling Service of Maryland and Delaware, Inc. d/b/a Guidewell Financial Solutions	757 Frederick Rd. Baltimore, MD 21228
Consumer Credit Counseling Service of San Francisco d/b/a CCCS of SF	595 Market Street, 15 th Floor San Francisco, CA 94105
Consumer Credit Counseling Service of the Midwest, Inc. d/b/a Apprisen	4500 East Broad Street Columbus, OH 43213
Debt Counseling Corp.	3033 Express Dr. N, STE 103 Hauppauge, NY 11749
Debt Management Credit Counseling Corp.	3310 N. Federal Highway Lighthouse Point, FL 33064
Debt Reduction Services	6213 N. Cloverdale Rd., STE 100 Boise, ID 83713
Family Credit Counseling Services d/b/a Family Credit Management Services	111 N. Wabash, STE 1408 Chicago, IL 60602

Family Financial Education Foundation	724 Front St. STE 340 Evanston, WY 82930
Garden State Consumer Credit Counseling, Inc. d/b/a Navicore Solutions	200 US Highway 9 Manalapan, NJ 07726
GreenPath, Inc.	36500 Corporate Drive Farmington Hills, MI 48331
iPayDebt Financial Services, Inc. d/b/a Cornerstone Financial Education	2806 Flintrock Trace, #A101L Lakeway, TX 78738
Lutheran Social Service of Minnesota d/b/a LSS Financial Counseling	424 W. Superior St., Suite 600 Duluth, MN 55802
Money Management International, Inc.	14141 SW Freeway, Suite 1000 Sugar Land, TX 77478
North Seattle Community College Foundation d/b/a American Financial Solutions	263 4 th St. Bremerton, WA 98337
Rural Dynamics, Inc. d/b/a Consumer Credit Counseling Service of MT	2022 Central Ave. Great Falls, MT 59401
Springboard Nonprofit Consumer Credit Management, Inc. d/b/a Credit.org	4351 Latham Street Riverside, CA 92501
Take Charge America, Inc.	20620 North 19th Avenue Phoenix, AZ 95027

Appendix D
2012 Report to the Legislature on Debt Adjusting Services in Washington
State



2012 Report to the Legislature
on
Debt Adjusting Services in Washington State

November 28, 2012
ESB 6155, Chapter 56, Laws of 2012

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I. Introduction

Pursuant to Engrossed Senate Bill 6155 (2012), the Department of Financial Institutions (“DFI”) was directed by the Legislature to gather the following information from survey respondents:

- The **percentage of Washington debtors for whom the debt adjuster provides or provided debt adjusting services in the previous three years who canceled, terminated, or otherwise stopped using the debt adjuster’s services** without settlement of all the debtor’s debts;
- The **total fees collected** from Washington debtors during the previous three years;
- The **number of debts included in the contract between the debt adjuster and debtor**;
- The **principal amount of each debt**;
- Whether the debt is **settled, terminated, or active**;
- If the debt has been settled, **the settlement amount of the debt** and the savings amount; and
- **Total fees charged to the debtor** and how fees were calculated.

a. Background

Debt adjustment services have existed for several decades, generally in two forms of service. The first service, debt management, assists debtors in paying off debts over an extended period in exchange for concessions from creditors, including reduced interest rates, reduced fees, or reduced monthly payments. The second service, debt settlement, focuses on obtaining agreements with creditors to settle on a percentage of debt. The debt is then paid off in a lump sum.

Beginning in 2005, federal bankruptcy reform mandated that individuals seeking Chapter 7 bankruptcy must, in most cases, seek credit counseling and debt education/management services before their filing.

The definition of “debt adjusters” varies widely by state. The National Conference on Uniform State Laws adopted a Uniform Debt-Management Services Act, last amended in 2011, which defines debt-management services broadly as

encompass[ing] the activity of entities that act as an intermediary between an individual and the individual’s creditors, for the purpose of changing the terms of the original contract between the individual and those creditors. There is no requirement that the individual’s money flow through the provider. Hence, the definition includes the services of credit-counseling agencies and debt-settlement companies even if they do not have control over the individual’s money, as when it is in an account managed by the individual or a third party.

The definition encompasses the services of persons that provide one-time assistance to an individual who has accumulated money and wants help negotiating with one or more of his or her creditors. This assistance is within the definition, and if the [debt adjuster] provides this assistance to an individual who [the debt adjuster] has reason to know resides in this state, the person must . . . register and comply with the Act.¹

Washington has adopted a somewhat different, though also broad, definition. “Debt adjusting services” are defined by RCW 18.28.010 as “any person known as a debt pooler, debt manager, debt consolidator, debt prorater, or credit counselor, [or] any person engaging in or holding himself or herself out as engaging in the business of debt adjusting for compensation.” Relevant exemptions to this definition include nonprofit organizations engaged in debt adjusting which do not assess against debtors a service charge in excess of fifteen dollars per month.

Debt adjusters work with consumers to reduce the principal balance or interest rates on outstanding debt, sometimes helping the consumers settle their debt for a reduced percentage of the overall outstanding debt. Self-reported numbers from the debt adjustment industry indicate that 66 percent of consumers who begin debt settlement programs drop out prior to satisfying their debt obligations, and 65 percent of those consumers terminate their relationship with the debt adjuster without achieving settlement of even one debt obligation.² Washington adopted the Debt Adjusting Act (“DAA”) in 1967, which is codified at chapter 18.28 RCW, to protect consumers entering into debt management agreements.

Debt management companies charge various fees, including enrollment fees, monthly fees, and in some cases, insufficient funds fees. The DAA provides that debt adjusters may not charge a consumer an initial fee in excess of \$25, and that fees retained from any one payment to the company intended for creditors may not exceed 15 percent of the payment. Furthermore, the DAA prevents debt adjusters from charging excessive fees by capping the total fees assessed to a consumer at 15 percent of the debt listed by the debtor on the consumer’s initial contract with the debt adjuster.

¹ Uniform Debt-Management Services Act. As of 2012, seven states have adopted the Uniform Debt-Management Services Act (Colorado, Delaware, Rhode Island, North Dakota, Utah, Nevada, and Tennessee).

² Telemarketing Sales Rule, 75 Fed. Reg. 45,458, 48,472-73 (Aug. 10, 2010). See also *Debt Settlement: Fraudulent, Abusive, and Deceptive Practices Pose Risk to Consumers*, Testimony before the Comm. on Commerce, Science and Transportation, U.S. Senate, GAO-10-593T (Apr. 22, 2010) (“[Federal Trade Commission] and state investigations have typically found that less than 10 percent of consumers successfully complete these programs.”)

b. Client Intake Procedures

Respondents to the survey were asked to summarize their protocol for enrolling individuals into their programs. Although there are slight variations between each respondent, the general process is identical: a debtor calls the debt adjustment company, whose representatives identify the debtor's source of debt, total assets, and monthly budget. Often, the representative will assist the debtor in identifying expenditures that may be reduced in order to create a more efficient budget.

Using a proprietary formula unique to each debt adjuster, the representative determines the debtor's suitability for a debt management plan. Because the proprietary formula is developed by each individual debt adjuster to reflect their own definition of "suitability" for enrollment into their program and is, in essence, a "trade secret," none of the survey respondents were willing to disclose the particulars of their formula.

If the formula determines the debtor is suitable for enrollment in the debt management or settlement agreement plan, a contract is executed between the debtor and the debt adjuster. Generally, debt management plans and settlement plans are structured to take between three and five years for the debtor to complete.

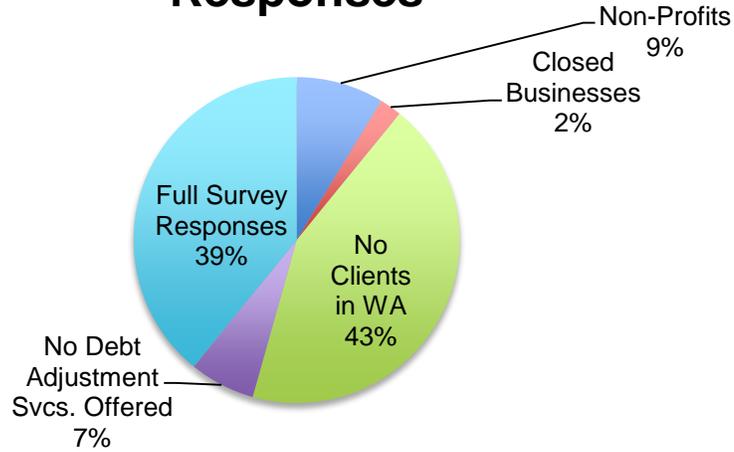
II. Debt Adjuster Survey Results

DFI contacted debt adjustment industry trade groups to obtain the contact information of approximately 230 debt adjustment companies.³

DFI received responses to the Debt Adjusters Survey from 46 companies. Seventeen respondents indicated that they had provided debt-adjusting services to Washington citizens in the previous three years. Twenty respondents had not provided such services during the previous three years. Three respondents indicated that their services offered did not include debt adjustment services as defined by statute. Four respondents were non-profit entities exempted from the debt adjuster definition in the DAA. One respondent indicated their business closed more than three years ago.

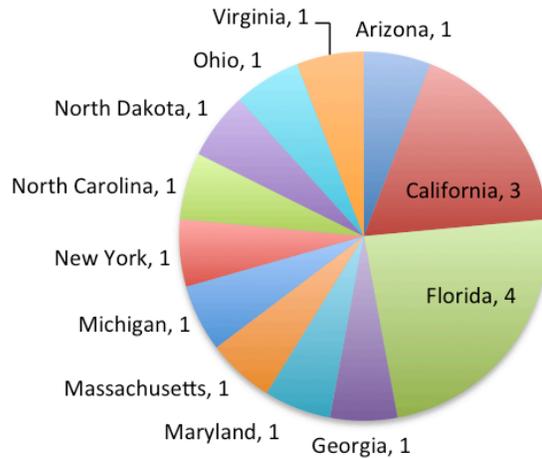
³ See Appendix C for a list of debt adjustment industry trade associations and their web addresses.

Debt Adjusters Survey Responses



Survey respondents were located in twelve states, with multiple respondents located in Florida and California.

Geographic Distribution of Survey Respondents

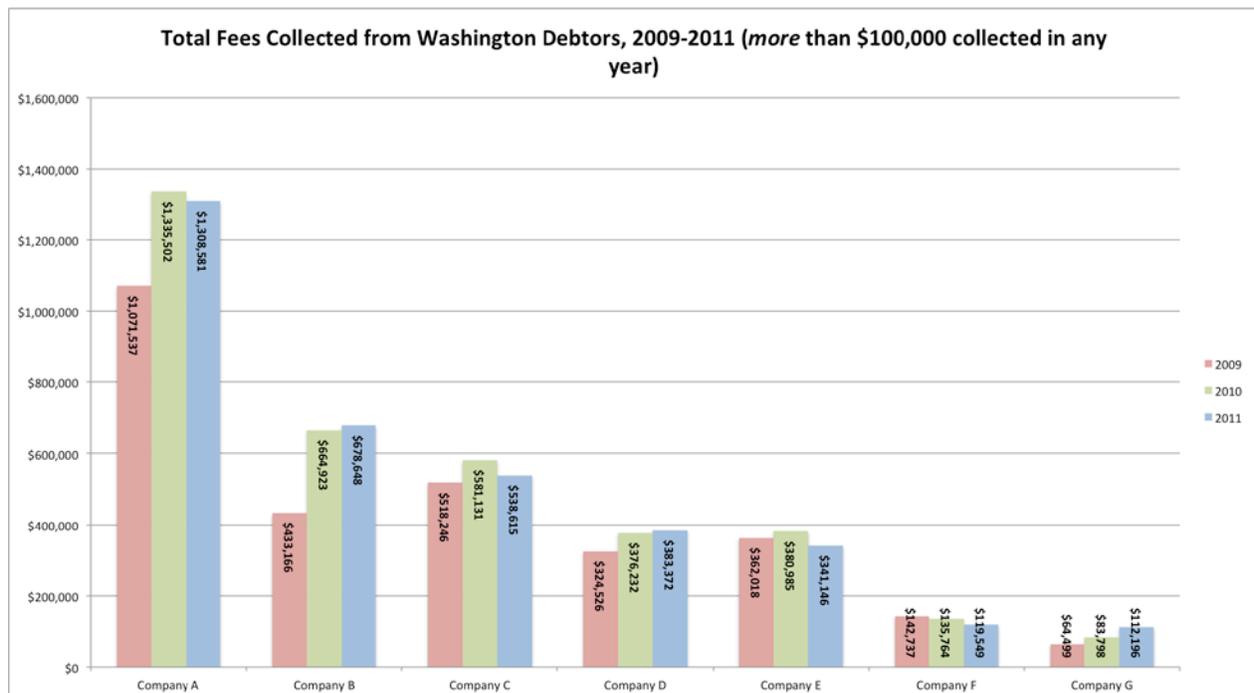


a. Summary of Total Fees Collected from Washington Debtors

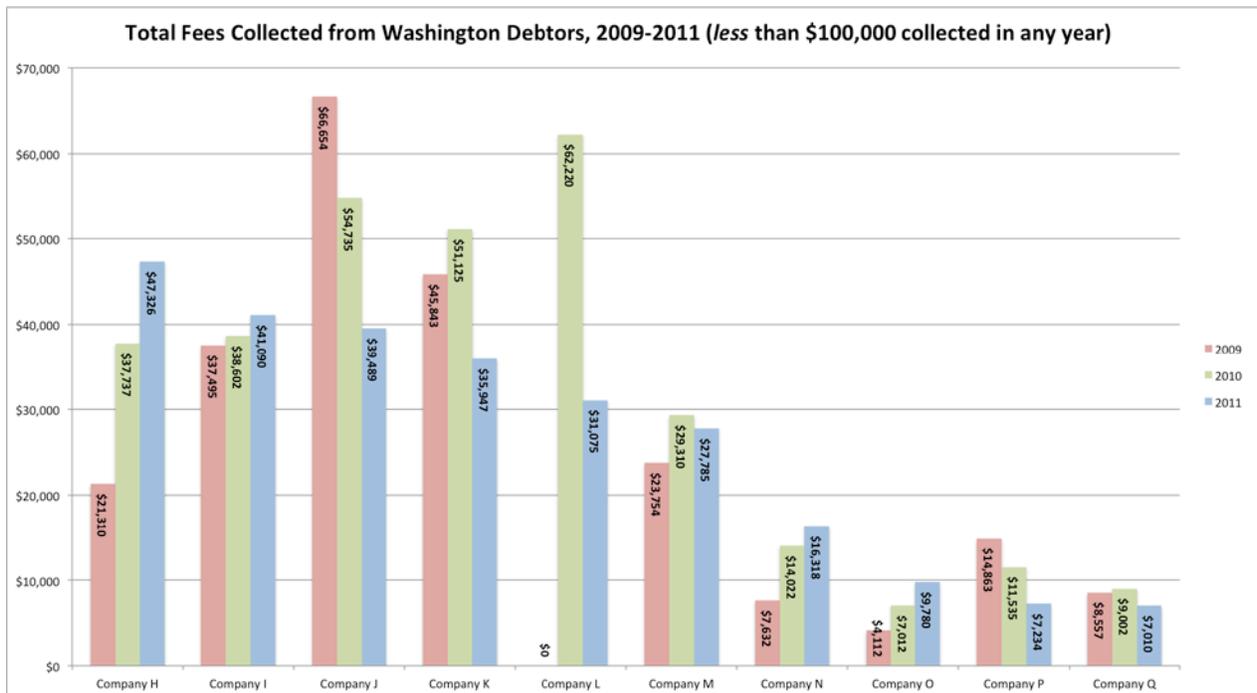
Survey respondents collected between \$7,010 and \$1.3 million in total fees from Washington debtors during 2011, down slightly from 2010, but a total increase of nearly \$600,000 from the 2009 figure.



Of the 17 respondents, seven collected more than \$100,000 in fees from Washington debtors in any year between 2009-2011.



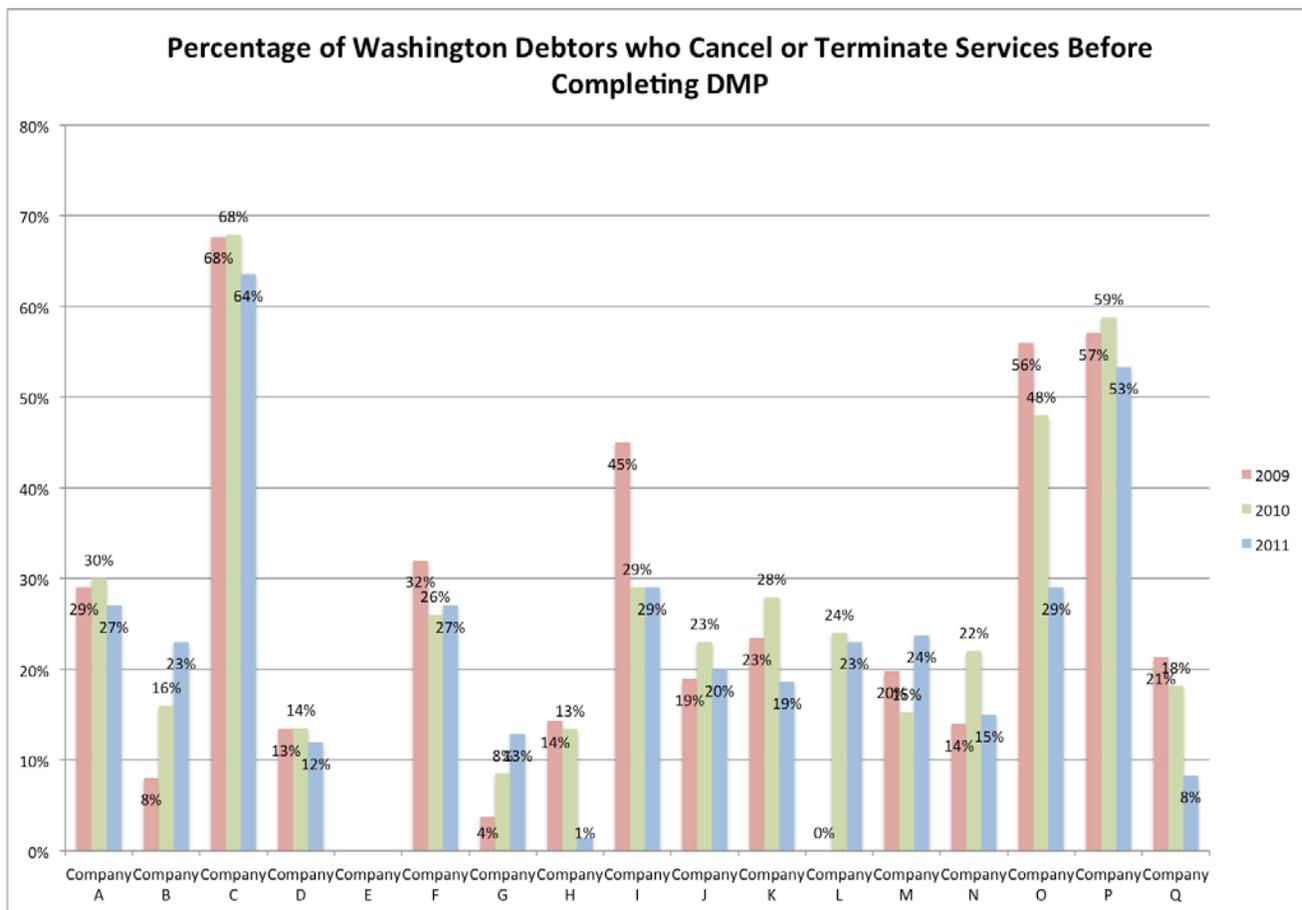
The ten smaller survey respondents (who annually collected less than \$100,000 in fees from Washington debtors) have shown the same trend, an increase in fee collection between 2009-2010, and a slight decrease in collections in 2011.



b. Percentages of Canceled/Terminated Accounts Before Settlement

The survey also asked respondents to indicate the percentage of Washington debtors who canceled or terminated their relationship with the debt adjusters before satisfaction of their debt. Responses varied widely, likely indicating differences in each particular debt adjuster’s methodology for accepting debtors into their programs.⁴

⁴ In the chart below, DFI was unable to calculate the percentage of canceled or terminated accounts for Company E.



c. Examination of Fees Assessed to Debtors

Washington debtors who begin a debt adjustment plan are usually charged a small initial enrollment fee, no more than a one-time payment of less than \$50. Several of the survey respondents reported that they charge no enrollment fee.

Debt adjusters charge a monthly fee to debtors, usually calculated as either 15 percent of the debtor’s payment on their debt during the month, or a maximum payment between \$35 and \$60, whichever total is less.

Only one respondent reported that they charge a final fee in the event a debtor cancels or terminates their debt servicing contract; that fee is calculated as 0.06 percent of the debtor’s outstanding indebtedness, and is capped at \$25.

The chart below summarizes the fees assessed to Washington consumers by each survey respondent. All survey respondents indicated that they were in compliance with RCW 18.28.080(1)’s 15 percent cap on monthly fees.

<u>SUMMARY OF FEE SCHEDULES</u>			
<u>Debt Adjuster</u>	Enrollment	Monthly Fee	Final Fee
Company A	Not Reported	Not Reported	Not Reported
Company B	\$35	15% (\$35 max)	None
Company C	None	15% (\$40 max)	None
Company D	\$25 max	15% (\$48 max)	None
Company E	\$0-49	15% (\$0-49 max)	None
Company F	\$25	Lesser of 15% of monthly amt. paid, or \$15; \$20 for insuff. Funds	None
Company G	\$25	15% (\$50 max)	None
Company H	None	15% (\$50 max)	None
Company I	\$25	15% (\$60 max)	.06% of remaining indebtedness (\$25 max)
Company J	None	15% (\$50 max)	None
Company K	\$35	7.5% (\$50 max before June 2012, now \$15 max)	None
Company L	None	15% (\$50 max)	None
Company M	\$25	15% (\$50 max)	None
Company N	\$25	15%	None
Company O	\$25 max	15% (\$50 max)	None
Company P	\$0	15% (\$50 max)	None
Company Q	\$25	15% (\$50 max)	None

d. Three Examples: Number of Debts in Contracts, Average Principal Amount of Debt, Status of Debts (Settled, Terminated, or Active)

Each respondent to the survey provided information regarding their fee schedules, percentages of success or failure, and total fees, but methods of reporting accounting data for individual debtor accounts differed widely among respondents. Because the respondents offered differing (and often irreconcilable) methods of accounting for the

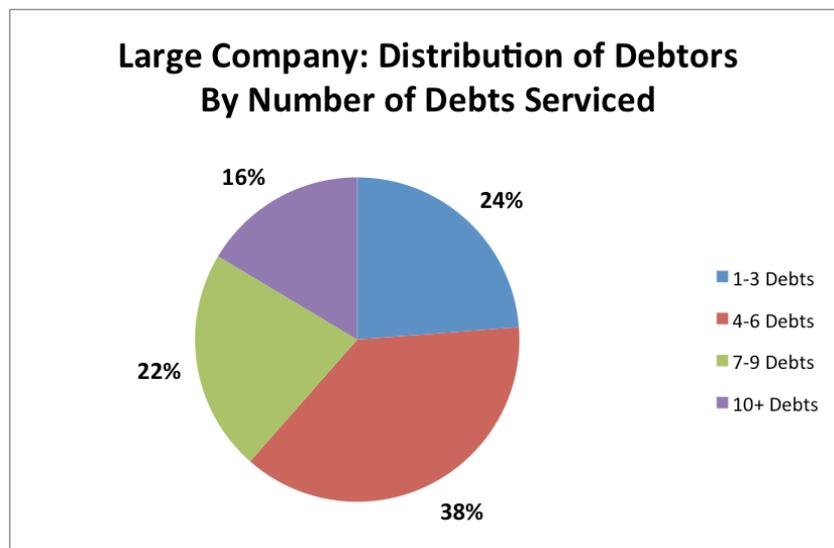
principal amount of each debtor’s debt, the status of their accounts, and the number of debts each debtor had, sampled below are the responses of a representative small, medium, and large debt adjustment company.

	Small Company	Medium Company	Large Company
Active Debtors	14	200	648
Total Debtors (2009-2011)	154	316	1602
% of Debtors Terminated	26.0%	32.0%	39.8%
% of Debtors Paid in Full	64.3%	4.7%	19.7%
Total Debt Serviced	\$1,784,777	\$10,571,908	\$53,695,421
Avg. Number of Debts per Debtor	3.9	5.7	6.3
Avg. Total Debt per Debtor	\$11,589	\$33,455	\$33,518

i. Large Company

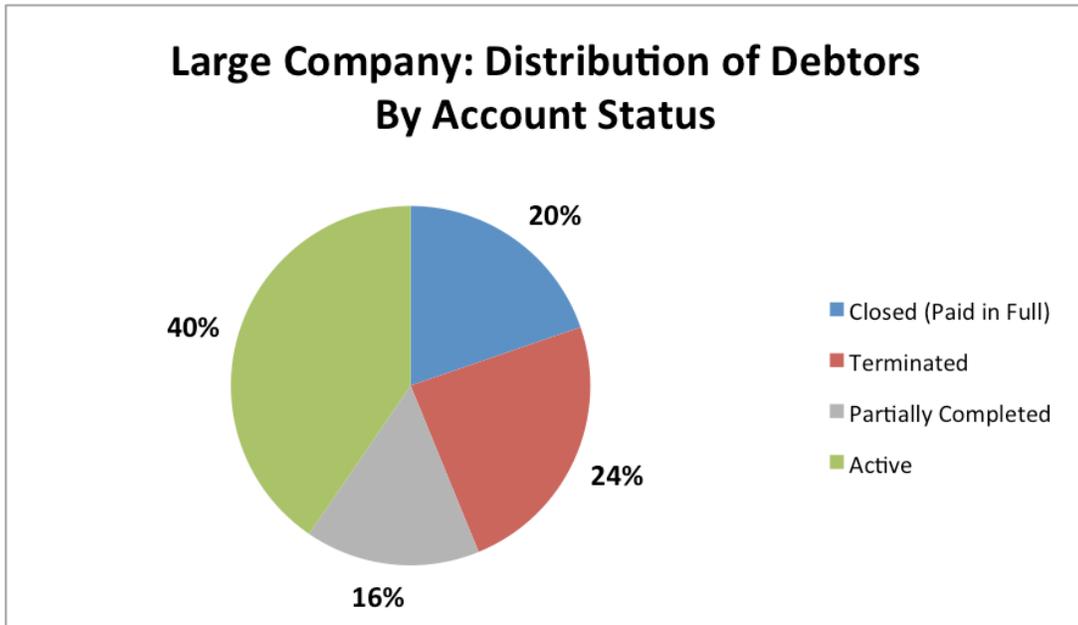
“Large Company” serviced a total of 1,602 Washington debtors between 2009-2011, with \$53,695,421 in principal debt held by Washington debtors. At the end of that period, 648 debtors were still actively participating in the program. Between 2009 and 2011, 39.8 percent of debtors terminated their involvement in the program before completion, while 19.7 percent of debtors completed the program and paid their debts in full.

Large Company was more likely to service debtors with multiple outstanding debts than the debtors serviced by the Medium Company and the Small Company. The chart below illustrates the distribution of debtors by number of debts serviced by Large Company. The average Washington debtor serviced by Large Company had 6.3 debts, the principal of which totaled an average of \$33,518.

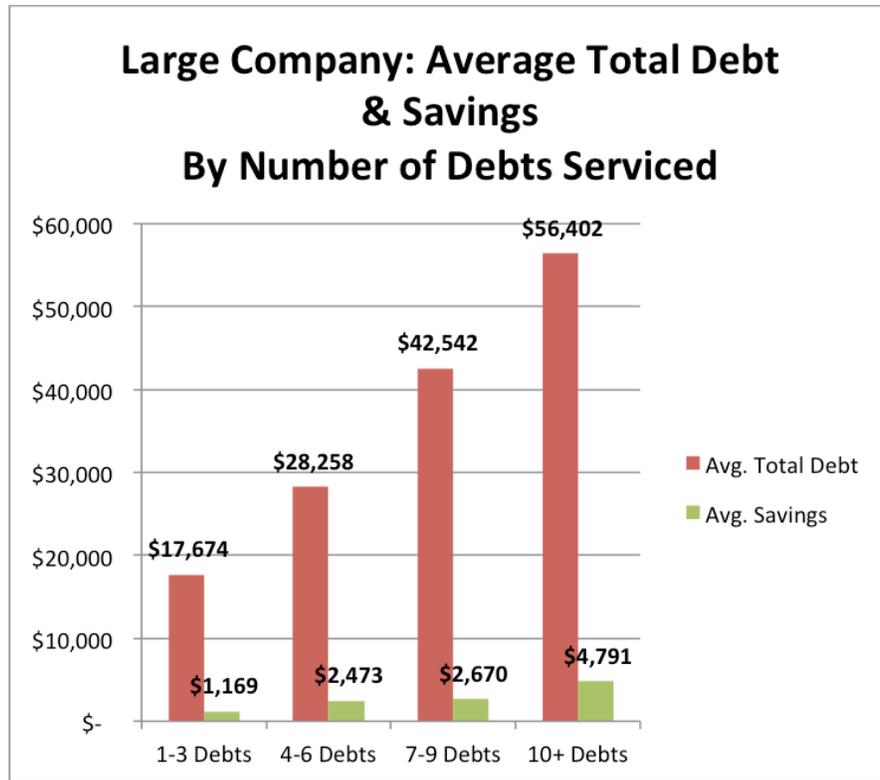


Large Company reported the status of not only each Washington debtor’s status in their debt adjustment program, but the status of each individual debt (paid in full/settled,

terminated, active). 40 percent of the debtors serviced by Large Company were still actively participating in the program as of 2011, and another 16 percent of debtors had paid off some of their outstanding debts. 20 percent of Large Company's Washington debtors had paid off their debts in full. 24 percent of Large Company's Washington debtors terminated their relationship with Large Company without settling any outstanding debts.



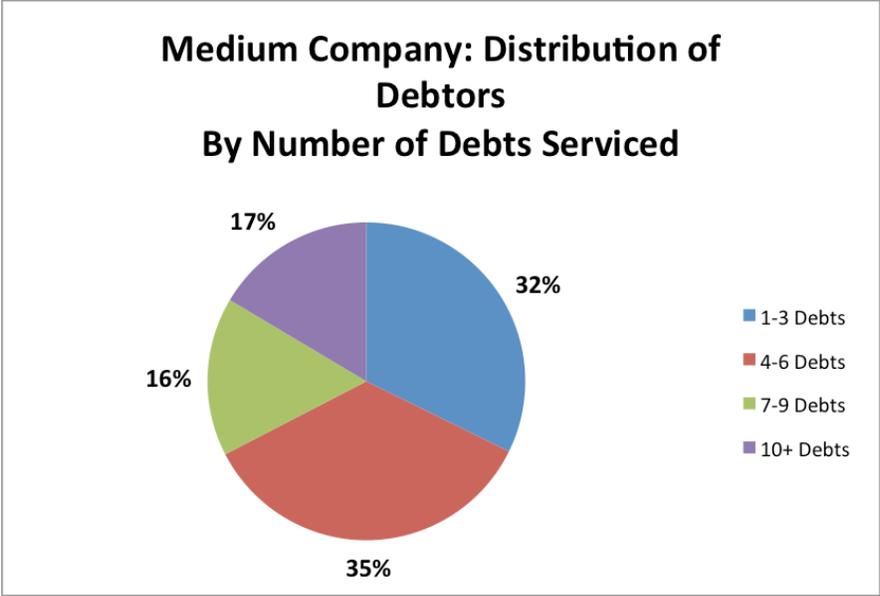
The accounting data provided by Large Company allowed DFI to calculate both the average total debt of each Washington debtor who actually completed Large Company's debt adjustment program, as well as Large Company's estimated total savings each of those successful debtors realized by participating in the entire debt management program. Debtors with between one and three debts serviced would realize a savings on the principal of 6.6 percent through Large Company's interest reduction agreements with creditors. Debtors with between four and six debts realized 8.8 percent in savings, while debtors with between seven and nine debts realized 6.3 percent in savings. Debtors holding more than 10 outstanding debts realized 8.5 percent in savings.



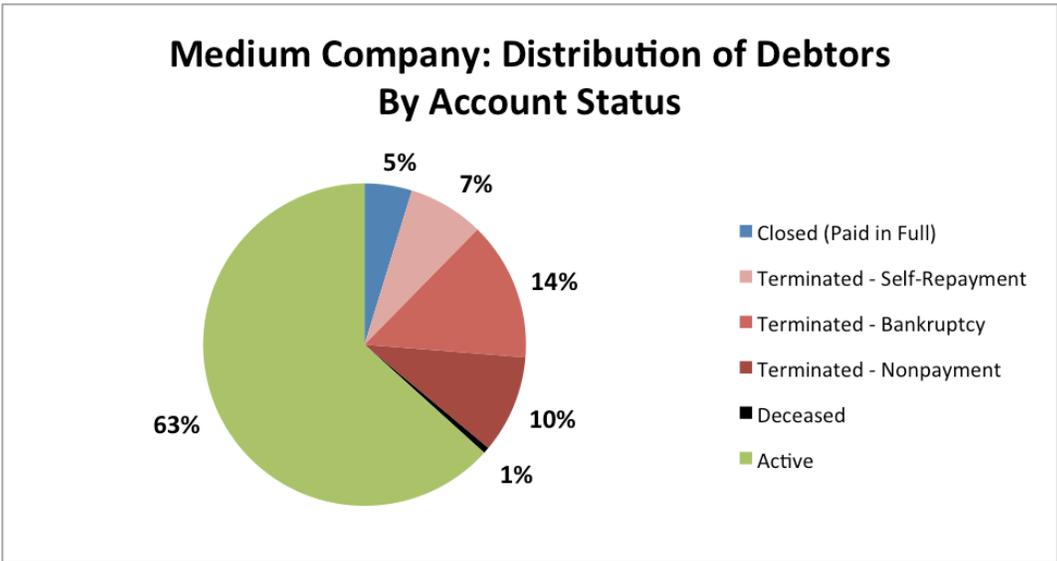
ii. Medium Company

“Medium Company” serviced a total of 316 Washington debtors between 2009-2011, with \$10,571,908 in principal debt held by Washington debtors. Medium Company only began enrolling Washington debtors into their programs in January 2009. As of the end of that period, 316 debtors were still actively participating in the debt adjuster’s program. Between 2009 and 2011, 32 percent of debtors terminated their involvement in the program before completion, while 4.7 percent of debtors completed the program and paid their debts in full, a lower number reflecting that Washington debtors have only had three years in which to settle their debts.

The chart below illustrates the distribution of debtors by number of debts serviced by Medium Company. The average Washington debtor serviced by Medium Company had 5.7 debts, only slightly lower than the average number of debts held by debtors serviced by Large Company. The principal amount of debts held by Medium Company’s Washington debtors totaled an average of \$33,455, almost identical to the average amount of principal debt serviced by Large Company.



Medium Company reported to DFI the status of each Washington debtor’s status in their debt adjustment program and the status of each individual debt (paid in full/settled, terminated, active). Moreover, Medium Company reported the reason for termination in each case where a debtor prematurely ended their relationship with Medium Company. 63 percent of the debtors serviced by Medium Company were still actively participating in the program as of 2011. 5 percent of Medium Company’s Washington debtors had paid off their debts in full. The remaining accounts had been terminated before settlement: 7 percent were terminated after the debtor paid the debt in full without Medium Company’s assistance (self-repayment), 14 percent were terminated after the debtor declared bankruptcy, 10 percent were terminated due to nonpayment on behalf of the debtor, and 1 percent of accounts were terminated when the debtor died before completing Medium Company’s debt adjustment program.

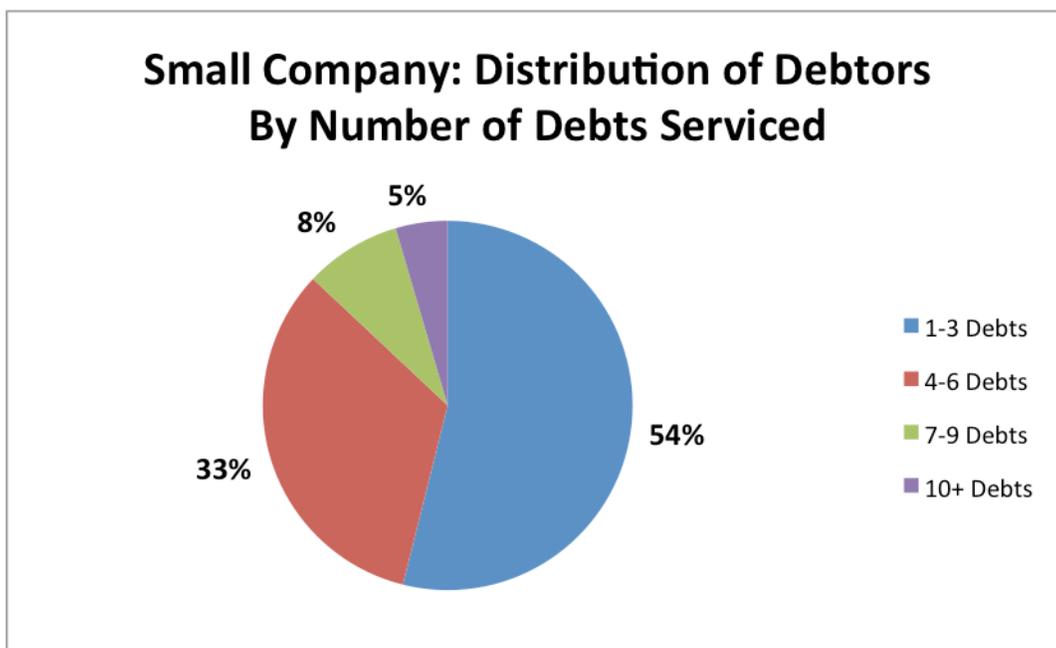


Because Medium Company did not report settlement data for each debtor account (the total amount paid by debtors in the course of completing Medium Company's program), no average settlement amount can be calculated for Medium Company's debtors.

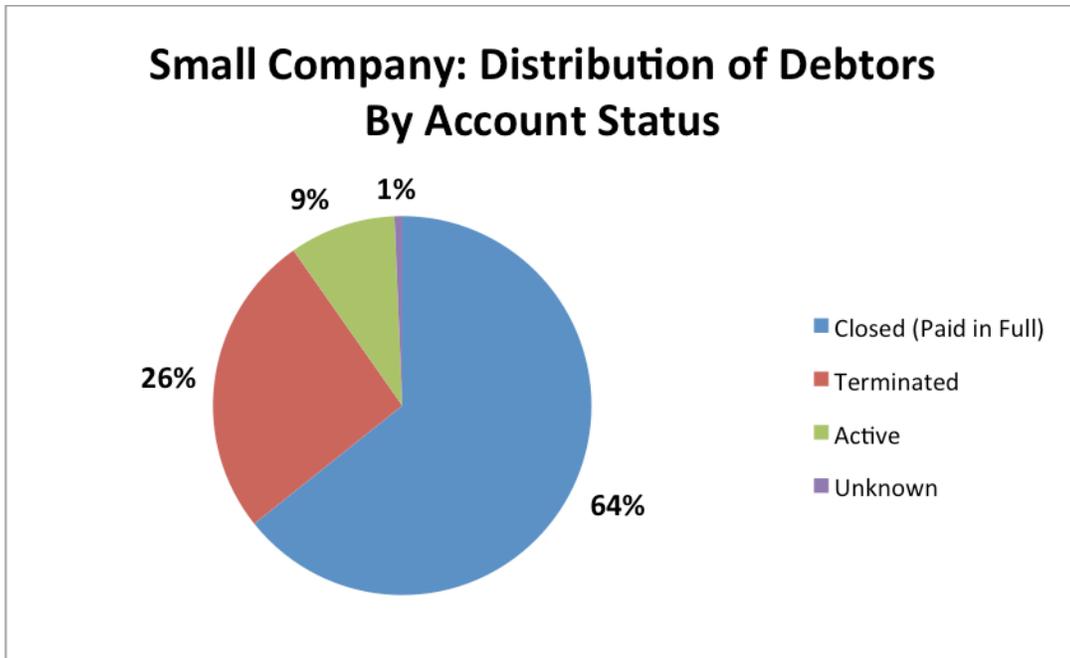
iii. Small Company

"Small Company" serviced a total of 154 Washington debtors between 2009-2011, with \$1,784,777 in principal debt held by Washington debtors. As of the end of that period, 14 debtors were still actively participating in the debt adjuster's program. Between 2009 and 2011, 26 percent of debtors terminated their involvement in the program before completion, while 64.3 percent of debtors completed the program and paid their debts in full.

Small Company was much more likely than Medium and Large Companies to service debtors with fewer debts. The chart below illustrates the distribution of debtors by number of debts serviced by Small Company. The average Washington debtor serviced by Small Company had 3.9 debts, the principal of which totaled an average of \$11,589.



Small Company only reported to DFI the status of each Washington debtor's status in their debt adjustment (paid in full/settled, terminated, active). 9 percent of the debtors serviced by Small Company were still actively participating in the program as of 2011. 64 percent of Small Company's Washington debtors had paid off their debts in full. The remaining 26 percent of debtors terminated their relationship with Small Company before settling their debts.



Participants in Small Company’s debt adjustment program thus experienced a significantly higher success rate than those enrolled in programs at Medium Company and Large Company. This may be due to the fact that debtors enrolled in Small Company’s programs carried a much lower average principal of outstanding debt: \$11,589, as opposed to the average principal of outstanding debt held by participants in Medium Company’s and Large Company’s programs, \$33,455 and \$33,518, respectively.

III. Contact Information

For additional information, please contact the Department of Financial Institution’s Division of Consumer Services or the Department’s Policy Director.

Deb Bortner
 Director, Division of Consumer Services
 Department of Financial Institutions
Deb.Bortner@dfi.wa.gov

Catherine Mele-Hetter
 Legislative Affairs Director
 Department of Financial Institutions
Catherine.Mele@dfi.wa.gov

IV. Appendices

a. Survey Respondents

<u>AGENCY</u>	<u>CONTACT INFORMATION</u>

CareOne Services, Inc.	CareOne Services Inc. c/o 3C Incorporated 8930 Stanford Boulevard Columbia, MD 21045
Apprisen	Apprisen 4500 East Broad Street Columbus, OH 43213
ClearPoint Financial Solutions, Inc.	ClearPoint Financial Solutions, Inc. 8000 Franklin Farms Drive Richmond, VA 23229
TakeCharge America Credit Counseling	Take Charge America, Inc. 20620 North 19th Avenue Phoenix, AZ 95027
Consolidated Credit Counseling Services, Inc.	Consolidated Credit Counseling Services, Inc. 5701 W. Sunrise Blvd, Ste. 200 Ft. Lauderdale, FL 33313
InCharge Debt Solutions	InCharge Debt Solutions 5750 Major Blvd, Ste. 175 Orlando, FL 32819
GreenPath, Inc.	GreenPath, Inc. 36500 Corporate Drive Farmington Hills, MI 48331
Cambridge Credit Counseling Corp.	Cambridge Credit Counseling Corp. 67 Hunt Street Agawam, MA 01001
Lighthouse Credit Foundation, Inc.	Lighthouse Credit Foundation, Inc. 2300 Tall Pines Dr., Ste. 120 Largo, FL 33771
Consumer Education Services, Inc.	Consumer Education Services, Inc. 3700 Barrett Drive Raleigh, NC 27609
CredAbility	CredAbility 270 Peachtree Street, NW, Ste. 1800 Atlanta, GA 30303
Consumer Credit and Budget Counseling	Consumer Credit and Budget Counseling 14104 58th Street North Clearwater, FL 33760
Christian Credit Counselors	Christian Credit Counselors, Inc. 5838 Edison Place, Ste. 200 Carlsbad, CA 92008
Springboard Consumer Credit Management	Springboard Consumer Credit Management 4351 Latham Street

	Riverside, CA 92501
Pioneer Credit Counseling	Pioneer Credit Counseling 1644 Concourse Drive Rapid City, SD 57703
SafeGuard Credit Counseling Services	SafeGuard Credit Counseling Services, Inc. 112 Parkway Drive South Hauppauge, NY 11788
Family Life Credit Services	Family Life Credit Svices 2345 Meadow Ridge Parkway West Fargo, ND 58078

b. Debt Adjustment Industry Trade Groups

Debt adjustment industry trade groups contacted by DFI included:

- American Fair Credit Council (www.americanfaircreditcouncil.org)
- Association of Credit Counseling Professionals (www.accpros.org)
- Association of Independent Consumer Credit Counseling Agencies (www.aiccca.org)
- National Foundation for Credit Counseling (www.nfcc.org)
- United State Organization for Bankruptcy Alternatives (www.usoba.org)

c. Department of Financial Institutions Survey

See attached survey.