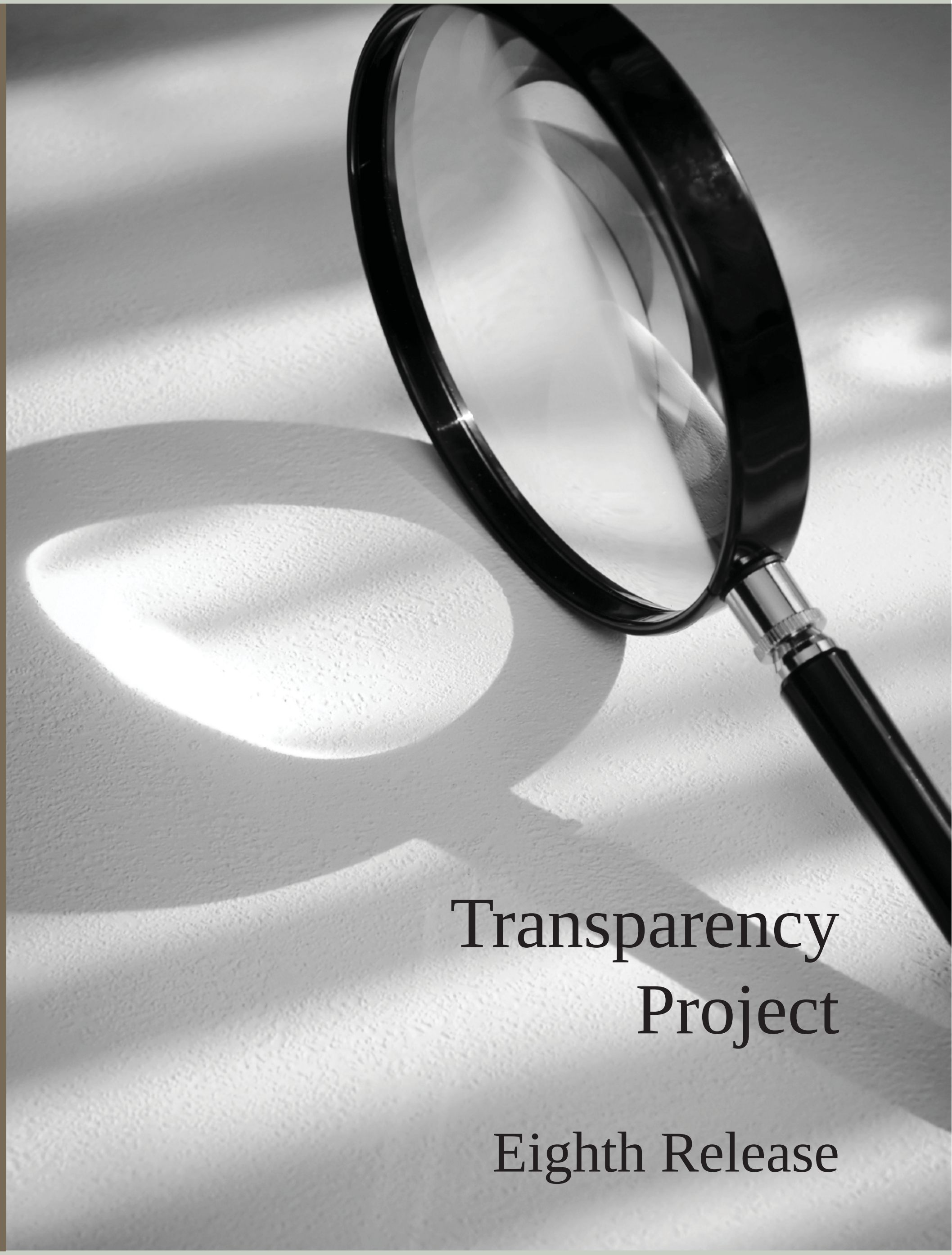
DEBT RELIEF

Performance and Satisfaction Report

Cambridge Credit Counseling Corp.



"When you do a thing, act as if the whole world were watching."
-Thomas Jefferson

www.cambridge-credit.org/transparency.html

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EXECUTIVE SUMMARY

This Debt Relief Performance and Satisfaction Report is the eighth release made in connection with Cambridge Credit Counseling's Transparency Project, an initiative designed to explain the services the agency provides to the public and to openly display the various outcomes achieved on behalf of the consumers who contact us. This report focuses primarily on client enrollments from two periods: the first half of 2013, allowing us to focus on recent client performance; and the first half of 2008, for long-term client outcomes.

Prior editions of this report have tracked debt management plan clients from their first contact with the agency through their departure, either after paying their creditors in full or leaving with outstanding balances. This report takes a different approach, examining client outcomes and then looking at a variety of factors that may serve as performance predictors in the future. The factors we've chosen to observe include reasons for joining the Debt Management Plan (DMP), financial practice adoption, fitness of the proposed DMP, proposal acceptance, satisfaction levels, and more.

The reason for this exercise is two-fold. First, it allows the agency the opportunity to present a diagnosis of the root-cause of a weak graduation rate. Just 37.9% of enrollees from the first half of 2008 completed the full term of their program. This is a much lower percentage than results reported just two years earlier, and that fact, in and of itself, seems to warrant examination. Second, by recognizing those elements that have the potential to hinder a consumer's ability to complete their DMP, as well as those factors that seem to contribute to better outcomes, Cambridge can improve the services it provides to its current client base. The first application of this method suggests that our agency's graduation percentage will rise during future reporting periods.

Transparency 8 includes the following deductions:

- That enrollment in a DMP still allows the majority of our clients to enjoy significant account benefits, even if they fail to complete the plan. Those who enrolled during the first half of 2013 saw their interest rates reduced by an average of 54.6%, and their monthly payment reduced by 27.5%.
- That the primary reason a consumer enrolls in a DMP has a bearing on their long-term outcome. Consumers who enroll primarily to manage their credit more effectively complete their DMP 16.5% more often than those whose primary motivation is to eliminate fees.
- Clients who reached a payment threshold that indicated DMP fitness completed their plan six times more often than those who failed to meet this measure
- The number of payment proposals denied during the first months on the program has a dramatic effect on long-term performance. Clients with a single denied proposal in the examined period made 4 fewer payments, on average, than those with no denied proposals.
- That, according to the client file audits conducted during the fourth month of enrollment, 96.9% of the payment proposals have been accepted by creditors and other account benefits have been established.
- A correlation between the early adoption of improved financial practices and better long-term performance has been identified. Those H1 2008 clients who created a budget, on average, made 9.3 more payments than the typical enrollee from the same period.
- Clients who rated their counseling experience as "Excellent" made 6.8 more payments those who rated their experience as "Fair" or "Poor."

During the examination period for this report, some of the data points referenced in earlier editions were intentionally omitted because they didn't have a bearing on the narrative or because comparable long-term data were unavailable. For instance, comparing H1 2008 performance to earlier periods would have been illuminating; however, agency record retention/destruction policies have required the elimination of some older data.

Many of the metrics referenced in earlier Transparency Reports are available upon request, including average number of creditors per enrolled client (5.65), average debt enrolled per client ($20,464.41), waived and reduced fees (16.7% and 15.4% respectively for initial fees and 3.0% and 32.4% for monthly fees). Explanations of these data points exist in earlier reports. Cambridge welcomes any questions regarding omissions or inclusions in this report.

SECTION I:

DEBT MANAGEMENT PLAN OUTCOMES

The primary result desired by all consumers who enroll in a Debt Management Plan (DMP) is the repayment in full of the debts they included in their plan. Cambridge often uses the term "Graduate" to describe someone who has reached this desired outcome – someone who has fulfilled the terms of their plan and has eliminated all enrolled debt. Cambridge monitors program graduates in several ways, principally: 1) by the month-by-month percentage of completions versus cancellations, and 2) by examining long-term client DMP outcomes. Only the latter option is used for this report, since the first option includes graduates who could have started their DMP at any point.

DMP Outcomes for Long-Term Clients

Prior to agreeing to enroll in a DMP, consumers are presented with a summary document that lists their estimated payments, fees, interest rates and repayment timeframe. For clients who enrolled during the first six months of 2013, the estimated timeframe was 49 months. This estimated repayment timeframe has decreased slightly since the start of the Transparency initiative. At the time of the first report, which focused on 2010 client enrollments, the average repayment timeframe was 53 months.

Some creditors and regulators have indicated that 60 months should be established as the longest possible timeframe for repayment through a DMP. With this in mind, Cambridge decided that the best way to report on long-term performance was to review the accounts enrolled five years prior to the reporting period.

As always, one must bear in mind that clients abandon their plans at different times for different reasons. Some lose their income, or a significant portion of it, and cannot continue. Others reach a point at which they feel confident in taking over their remaining payments on their own, or leave when a significant tax return allows them to pay their remaining accounts in lump sums.

Chart I.1 illustrates the overall outcome for clients who enrolled in a DMP between January 1 and June 30, 2008. The completion percentage of 37.9% represents the lowest graduation percentage since Transparency reporting began. The completion percentage has actually been dipping since our second report, in which enrollments from early 2006 were examined. The full data can be seen in Chart I.2.

The declining outcome performance is most concerning when one considers that a consumer enrolling in the first six months of 2008 was 10% less likely to graduate from our program than a consumer who enrolled during the same months in 2006. The variation for Completion/More than 50% complete/Still Active is even greater; 12% fewer reached this threshold before discontinuing their plan.

Outcomes for H1 2008 Enrollments

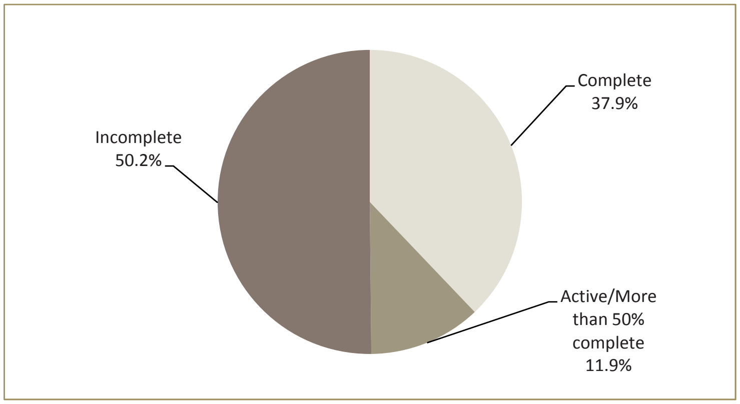

Chart I.1

Historic Outcome Trends

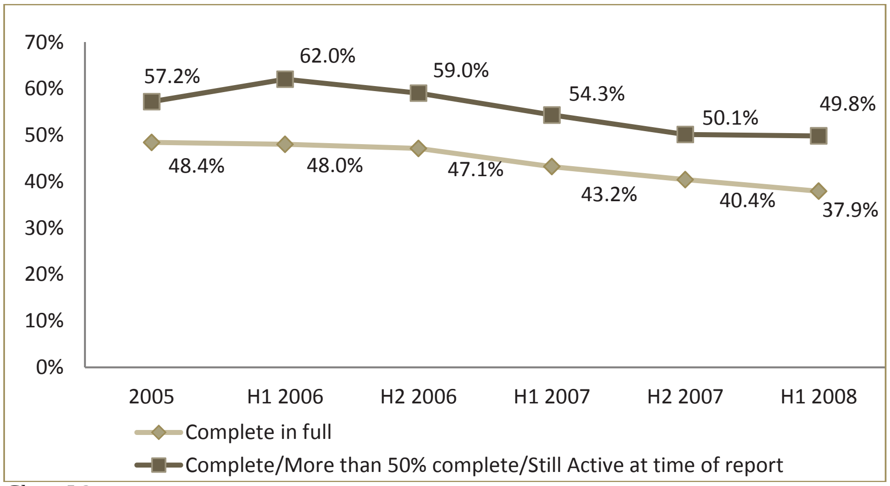

Chart I.2

Chart I.3 breaks down the non-graduates who were either still active on the DMP (because they added more accounts to their plan, made late payments or under-stated their balances during enrollment), and those who were more than 50% complete when they abandoned their plan. Their remaining terms were based off of their balances and interest rates when leaving the program. This designation does not include those clients who left the program because they chose to file for bankruptcy.

Breakdown of H1 2008 Active/More than 50% Complete Outcomes

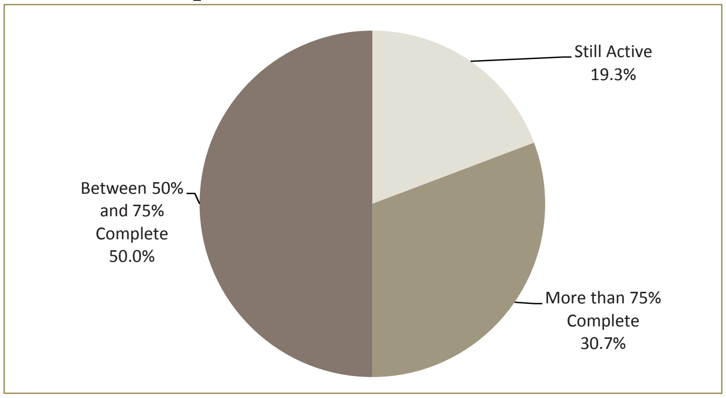

Table I.3

SECTION II:
OTHER DMP SUCCESSES

While the ultimate goal of DMP enrollment is to pay in full all obligations owed to enrolled creditors, there are several other positive elements that clients derive from participating in a plan.

Client Savings

The reason consumers are able to pay in full their credit obligations in a five-year timeframe is because creditors are frequently willing to extend interest rate and payment reductions to qualified candidates. If the creditor determines that the consumer would be able to repay their obligations if certain account concessions were granted, the consumer's accounts will be closed upon acceptance of a formal proposal from a credit counseling agency.

The payment reduction immediately helps the consumer either start to catch up on other delinquent debts or start building savings for emergencies. The interest rate reductions also allow more of the money being disbursed to be applied to the client's balance, causing it to decrease faster than it would have prior to the rate reduction. The average reductions, both in payment amount and Annual Percentage Rate (APR), can be seen in Table II.1.

H1 2013 Average Client Benefits

Category	On Own	Through DMP	Reduction/Savings
Annual Percentage Rate	21.6%	9.8%	11.8%
Average monthly payments*	$628.01	$455.59	$172.42
Average monthly interest charged	$376.55	$166.74	$209.81
*Note: Average monthly debt payment through DMP includes average monthly fee			

Table II.1

Chart II.1 is based off of the average savings for enrollments from H1 2013. It also includes the average interest rate reductions experienced by all clients who enrolled in the first half of the year compared to what they were experiencing prior to their enrollment. In Chart II.2, the amount paid by the consumer while enrolled in a DMP is compared to what they would have been paying on their own. As can be expected, the level of savings experienced grows the longer the client remains on the program.

H1 2013 Anticipated Total Amount to be Paid

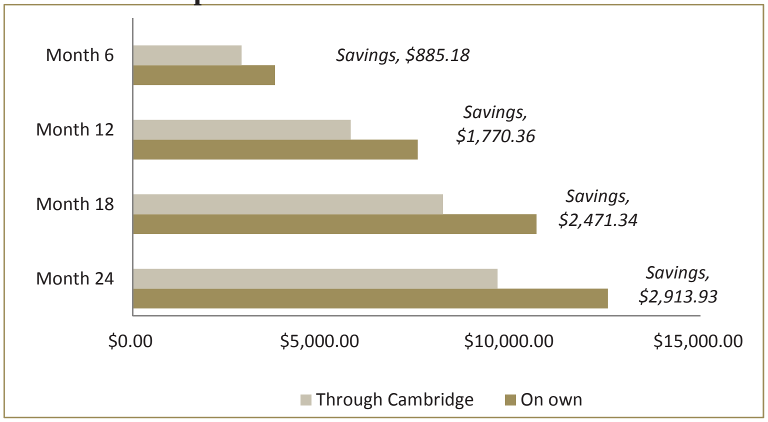

Chart II.1

The cut-off time of 2 years (or 24 on-time payments) was chosen for two reasons. First, it reflects people who were less than 50% complete, based on the estimated timeframe of 49.3 months that was quoted for 2008 enrollees. Second, as illustrated in Chart II.2, the majority of clients (78.3%) who did not complete departed prior to their 24th month.

What these two charts demonstrate is that Cambridge clients are saving money during their time on the plan. Regardless of their reason for leaving, they were, on average, paying less through Cambridge and, depending on their personal circumstances, able to apply the extra funds to improve their financial situation. More than two-thirds of those who did not complete the program had already reached a point by which they would have saved nearly $900.

H1 2008 Non-Graduate Client Departure Payment Breakdown

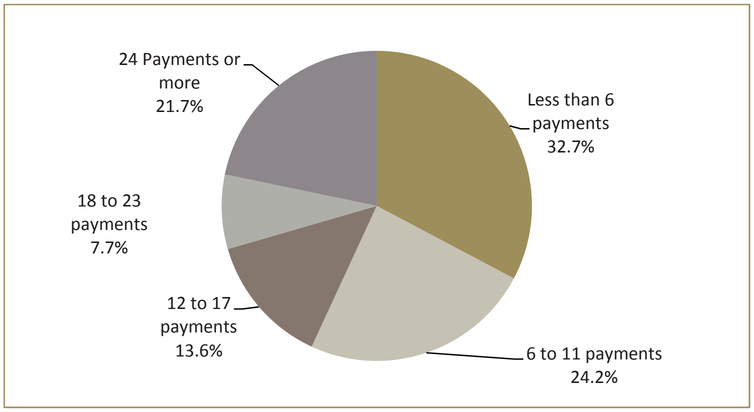

Chart II.2

A full breakdown of payments versus average balances, all based on H1 2008 DMP enrollment data, can be found in the Appendix of this report.

Improving Financial Habits

In the long run, the provision and reinforcement of financial education can be even more valuable to the consumer than the actual monetary savings experienced. Learning appropriate behaviors is widely regarded as the principal benefit of DMP enrollment. By definition, the reduction of the amount of money being sent to creditors and the decreased interest rates being assessed, are corrective actions. Encouraging the consumer to adopt sound financial habits is more of a preventative measure to help them avoid the missteps they may have made in the past.

Chart II.3 shows the clients who responded to our Counseling Efficiency Survey during the first half of 2013. Based on these responses, the majority of clients are adopting better financial practices.

Cambridge emphasizes the benefits of adopting these practices during the initial months of enrollment. Three follow-up sessions are conducted with the client during the first three months of enrollment. The first of these "post-counseling" sessions is held three weeks after the plan begins. The Counseling Efficiency Survey is sent shortly after these sessions conclude, four months into the plan.

Cambridge continues to reinforce sound financial practices by reaching out to clients every six months. This routine is called the Financial Check-Up, and it lasts for the entire time the client is on the DMP. The Check-Up questions mirror those on the Counseling Efficiency Survey, but they ask the client to indicate whether or not they've maintained these practices since the time of the last check-up, six months earlier.

H1 2013 New Enrollment Financial Practice Adoption

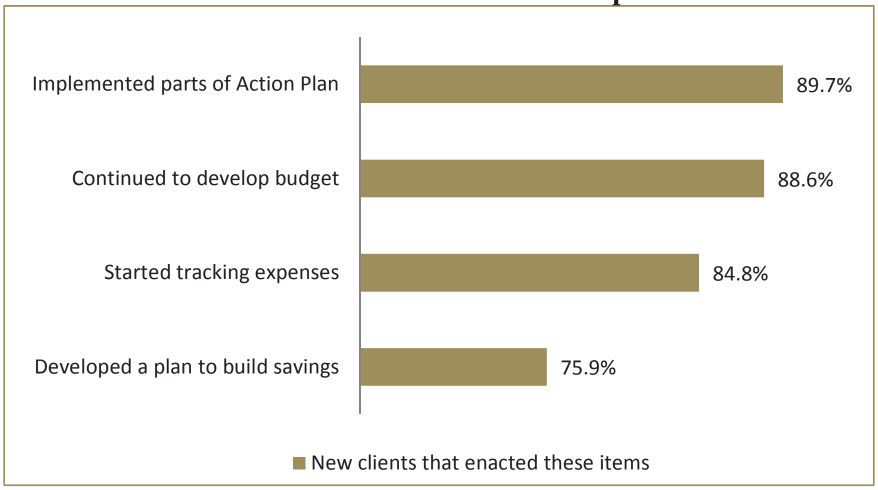

Chart II.3

This is important, because it follows the transition of initial adoption into financial habit, a transformation that needs to occur for the counseling to be considered successful. Chart II.4 shows the percentage of long-term clients adopting and maintaining more responsible financial behavior.

The data shown in Chart II.4 is reflective of client behavior during the first half of 2013. Since the clients who were surveyed here could have enrolled at any point in the past 5 years (and in some cases, even earlier), the performance should not be compared to what is reported in Chart II.3. Each data set should be considered validation of the education, but be considered independently.

Further examination of this data and its effects will be explored in Section V.

H1 2013 Long-Term Client Financial Practice Adoption

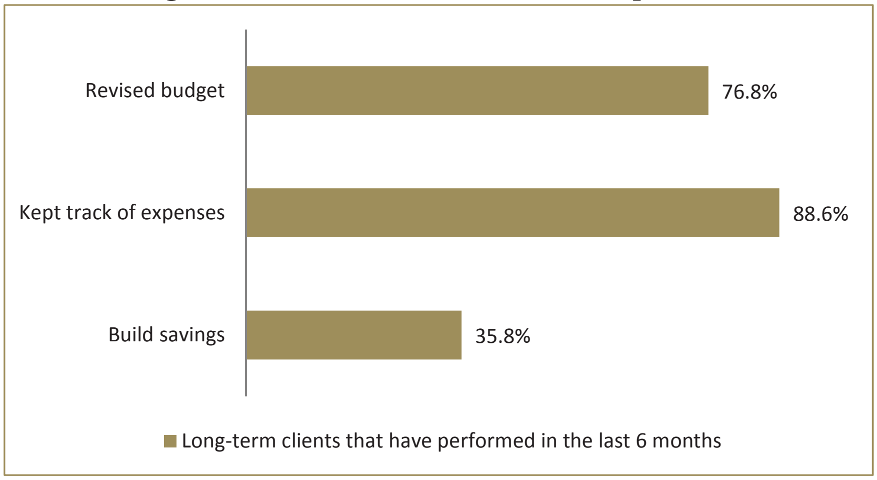

Chart II.4

SECTION III:
INITIAL COUNSELING AND FITNESS

The next four sections of this report will review several different elements of the program service and how they could affect the graduation rate. Previous reports have included evidence that enrollees were either hindered by the worsening economy or siphoned off by less scrupulous debt relief organizations. While those elements were certainly contributing factors, a better understanding of all the factors involved would be of greater benefit.

Reasons Consumers Enroll in a DMP

Consumers who contact a credit counseling agency have many reasons for doing so. While they are united by a desire to rid themselves of debt and improve their financial standing, they all have different root causes for hardship and different primary reasons for committing to the terms of a Debt Management Plan.

Cambridge conducts a Quality Survey of a random set of clients each quarter to ascertain their opinions about different aspects of the service. This survey begins by asking the clients to rank the top three reasons for their enrollment. Chart III.1 presents the results of all survey respondents who started their DMP in 2008 or during the current reporting period (H1 2013).

Primary Reasons for Enrollment (2008 v. H1 2013)

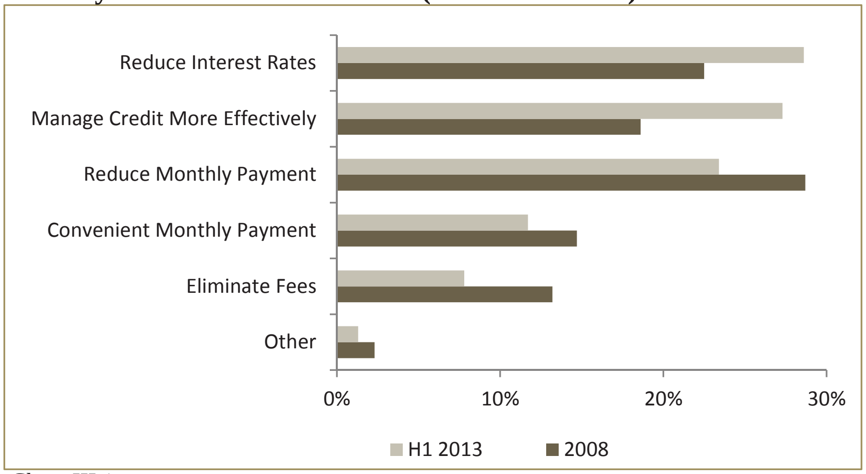

Chart III.1

The results of this report indicate that clients who enrolled during the H1 2013 reporting period were much more likely to have done so in order to reduce their interest rates and manage their credit more effectively than their counterparts who enrolled in 2008. Conversely, the 2008 enrollees were much more likely to enroll in a DMP to reduce their monthly payment or eliminate fees than their H1 2013 counterparts. Once again, these were the listings for the client's primary motivation – there may have been other factors listed, but they were ranked lower by the client.

This is important because there is an established correlation between enrollment reasons and overall outcomes, as Chart III.2 illustrates.

Clients who enrolled primarily because they wanted to eliminate their fees graduated at a 10.8% lower rate than the average client surveyed. The clients who enrolled to reduce their payments performed slightly better, but were still 3.3% less likely to graduate than the average surveyed client. Since a greater percentage of 2008 enrollees joined for this reason, they can be expected to graduate less often than those who enrolled for other reasons, such as those who wanted to reduce their interest rates or manage their credit more effectively. (It should be noted that only 2.3% of clients chose "Other" as their primary reason, so that category's performance should be considered statistically insignificant.)

Completion Rates for 2004 - 2008 Enrollees by Enrollment Reason

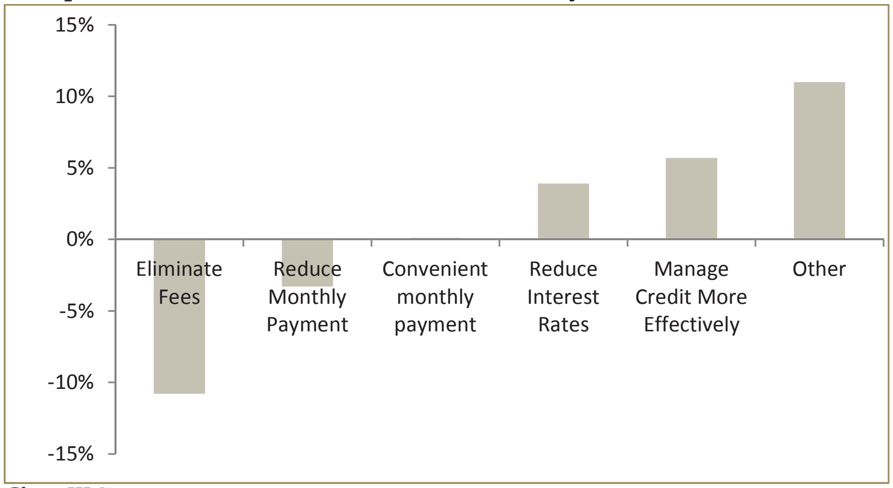

Chart III.2

The results shown in this chart seem logical. Clients who need their payment reduced are much more likely to have either fallen behind, or be falling behind, by the time of enrollment. These clients are more susceptible to hardship and may be unable to handle sudden emergencies or additional negative income events. This would have been particularly true of clients who enrolled just prior to the start of the Great Recession. As Chart II.2 showed earlier, 56.9% of 2008 new client enrollments had fallen off of the program by month 12 – which would have encompassed the worst of the economic collapse and the resulting spike in unemployment.

On the other hand, clients who enrolled in order to manage their credit more effectively or to reduce their interest rates may have been more likely to have recognized their situation and been looking to improve their situation. Chart III.2 shows that these clients are much more likely to graduate.

DMP Fitness

It is the counselor's responsibility to determine if a consumer meets the various criteria that must be satisfied prior to enrollment in a DMP. They conduct a thorough review of the client's financial situation, including income, assets, liabilities and expenses, before deciding whether to offer the option of DMP enrollment. In fact, for most consumers who contact a credit counseling agency, options other than debt management plan enrollment are recommended far more often. For instance, consumers who contacted Cambridge in the first half of 2013 were only offered enrollment in a DMP 34.4% of the time, with only 21.0% actually enrolling.

Despite the thoroughness of the counseling, consumers occasionally neglect to mention a factor or obligation, or simply have a poor sense of their overall financial state, and unintentionally misrepresent their condition. Such inaccurate or distorted information can, unfortunately, lead to an improper diagnosis and unsuitable advice. To help determine whether counselors are effectively diagnosing the consumer's condition, Cambridge monitors the appropriateness of the DMP recommendation in several ways, including the acceptance of formal payment proposals sent to creditors. Another measure is DMP Fitness (previously referred to as "DMP Suitability" or "Appropriateness"), which examines the number of clients who made their first three payments to the agency. 90.5% of new clients reached this threshold in the first six months of 2013.

Recent Historical Fitness Timeline

Chart III.3

As Chart III.3 illustrates, the current mark is lower than the results seen in 2010 and the first half of 2011. However, this seems consistent with what has been witnessed during the previous eighteen months, and, in fact, is an improvement over the levels gathered as far back as 2005, as Chart III.4 shows.

Having defined "Fitness" in part as making the first three payments to Cambridge, and having shown data trends dating back to 2005, it is necessary to explain why we feel this is an important measure. First, as previously stated, the first three months of Cambridge's program feature post-counseling reinforcement. The repeated contact, educational emphasis, and counselor encouragement help clients adopt new behavior, as previously shown.

Second, it is during this time that benefits are being established with creditors through formal payment proposals. A percentage of these proposals are declined because the information or proposed arrangement does not meet the criteria established by the creditor. In most cases, this can be rectified and the consumer will be granted benefits, but if a payment needs to increase it can break a client's budget or undermine their confidence in the advice provided. This point will be expanded upon in Section IV of this report.

Finally, Cambridge offers a refund of the client's initial fee if they cancel within the first 90 days. This roughly coincides with the Fitness threshold. It is at this point that the client makes a number of decisions about their commitment to the DMP.

Clients who reached the Fitness threshold in the first half of 2008 were 5.3% less likely to reach that payment threshold than those clients reaching this point in the same period in 2013. This is important because those who were deemed fit for the DMP are more likely to complete their obligations. Chart III.5 shows the outcomes for clients who reached Fitness in 2005 and those who did so in the first half of 2008.

While Fitness's overall effect on outcomes seems diminished (in fact, those deemed unfit performed better in H1 2008 than their 2005 counterparts), it is quite clear that Fitness is a solid indicator of long-term performance. For H1 2008 enrollees, fit clients still completed 6 times more often than unfit clients.

Other Counseling Factors

As the economy declined and the needs of the consumers seeking assistance changed, Cambridge recognized the obligation to adapt the initial counseling process to make it more appropriate to the types of problems being presented. Greater emphasis was placed on both the root-cause analysis of the consumer's financial hardship and the recommendations made by our counselors.

The results of the analysis are presented to the consumer on their Action Plan, a personalized document that displays the consumer's concerns, causes for hardship,

Long-Term Client Fitness Timeline

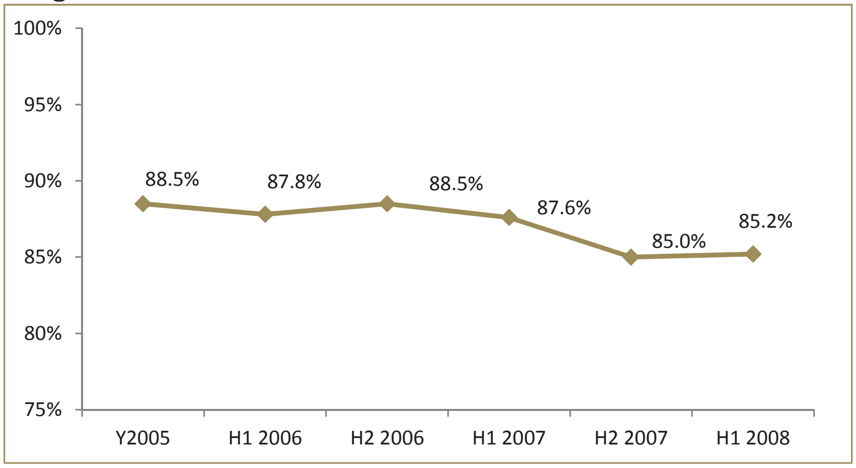

Chart III.4

Client Completions by Fitness Level (2005 v. H1 2008)

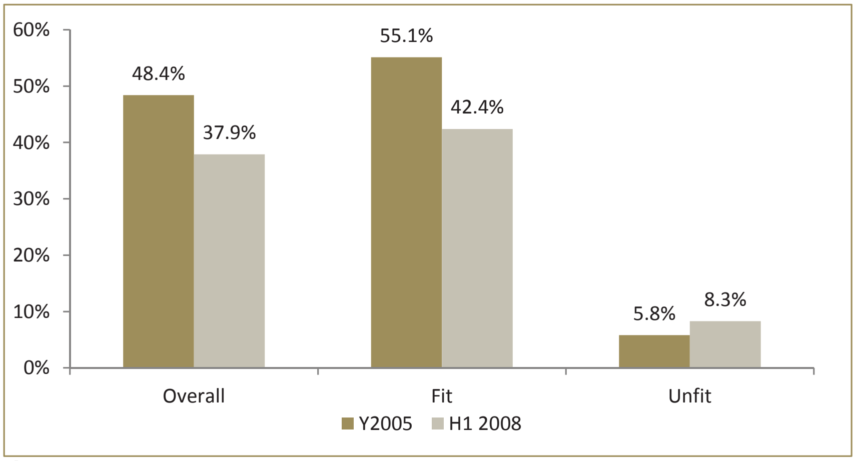

Chart III.5

Action Plan Options Chosen Per Average Consumer (H1 2008 v. H1 2013)

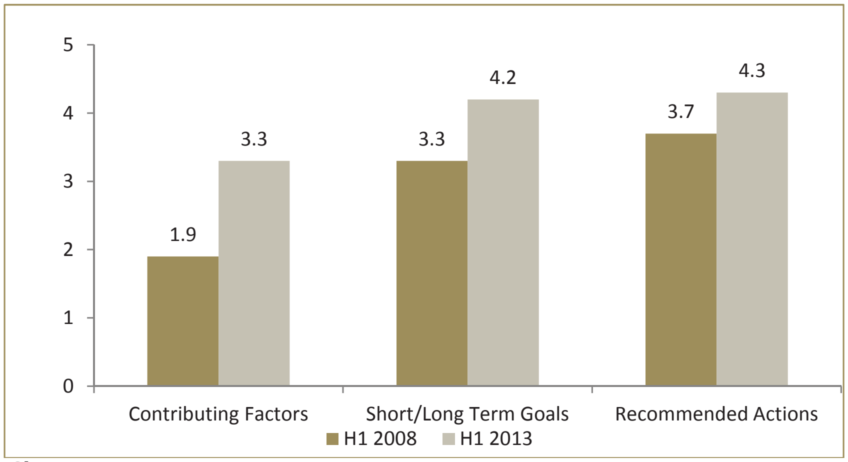

Chart III.6

an assessment of their situation, and recommendations for improving their financial situation. Three categories are shown in Chart III.6, indicating the increased thoroughness of the financial assessment process. The numbers shown are the average number of Action Plan options chosen per client for each reporting period.

The biggest growth can be seen in the initial analysis, where more factors were identified for H1 2013 consumers than for their counterparts five years earlier. This means there were more reasons identified for causing the hardship, the direct result of the counselors being able to better identify all contributing factors. The Short/Long Term Goal increase is the result of a greater emphasis being placed on motivating consumers. The objective is to help the consumer understand that the best way to accomplish their personal objectives is to first identify them, and then to implement the specific advice administered by their counselor.

SECTION IV:
CREDITOR BENEFITS

Overall Satisfaction with Creditor Benefits

The client's perception of the value of the benefits they're receiving is important because it directly influences their commitment to the DMP. Regardless of the actual concessions being granted, the consumer must feel they were presented with realistic descriptions of the benefits they would be receiving upon enrollment. Cambridge maintains a database of the benefits offered by each creditor, and monitors the performance of payment proposals establishing these benefits on a monthly basis.

Cambridge asks how satisfied the client is with benefits being granted by their creditors. As Chart IV.1 illustrates, more H1 2013 clients were either Satisfied or Very Satisfied with their benefits than their counterparts who responded in 2008.

These results could reflect a general uneasiness with the total program experience in 2008 (as further explained in Section VI of this report), or that the interest rate and payment reductions granted during this period were considered insufficient. Once again, the lower marks were reported during a period of economic recession, and this may also have affected the mindset of the consumer. Even in 2008, however, nearly half of the respondents were very satisfied with their benefits and more than 85% were at least satisfied.

Primary Reasons for Enrollment (2008 v. H1 2013)

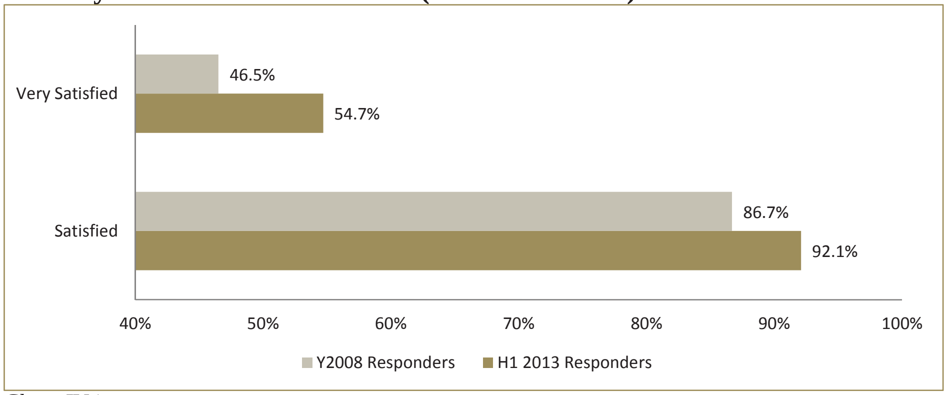

Chart IV.1

Proposal Acceptance Levels

Recent enhancements to Cambridge's processes have led to a greater acceptance of proposals by common creditors than what was witnessed in prior Transparency Reports. In H1 2013, 88.3% (see Chart IV.2) of the payment proposals made on behalf of our agency's clients were accepted by their creditors.

Perhaps more important, the number of proposals that were denied because an increased payment was needed also diminished. As discussed in Transparency Report 7, there can be a breakdown of trust in the agency's ability to deliver appropriate solutions when proposals are declined by common creditors. A similar loss of trust is experienced when a counselor has to inform the new client that a higher monthly payment is required. Chart IV.3 demonstrates the improvement at all levels for proposal acceptance.

Proposal Acceptance (H1 2013)

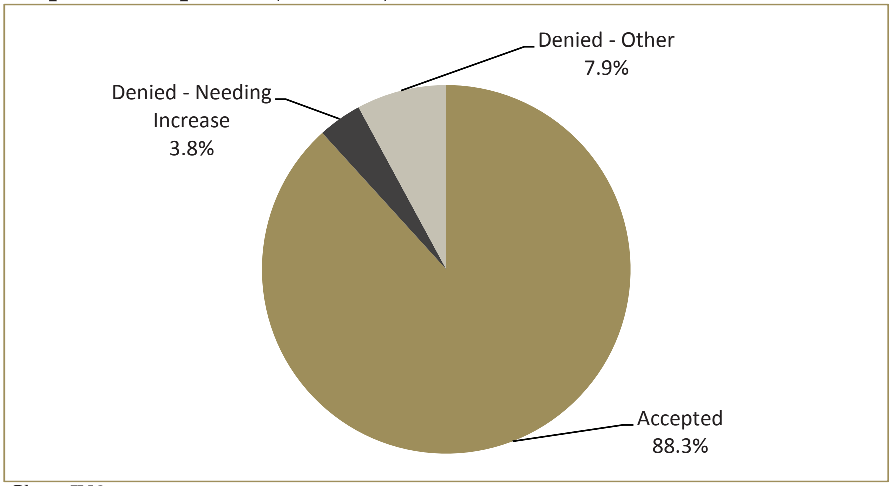

Chart IV.2

Establishing trust with clients early in their program is essential, particularly if the client is unsure if the DMP is the appropriate solution for them. Preserving trust is one reason Cambridge conducts a review of a client's account during the fourth month of enrollment. This audit is designed to make sure that the appropriate benefits have been granted and there is nothing hindering the client's success on the program. For accounts that reached this threshold during the first half of 2013, the following results were observed:

Historical Comparison of Proposal Acceptance (H1 2012 - H1 2013)

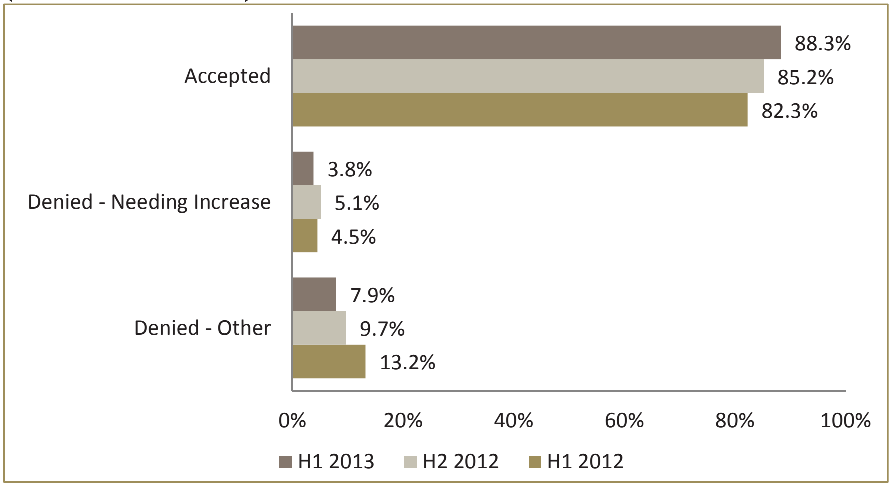

Chart IV.3

- 96.9% of common creditors had accepted Cambridge's proposed arrangements and were extending benefits
- 0.7% of creditor accounts received late or over-limit fees
- 39.3% of creditor accounts were considered past due

This data is, at some level, reassuring. Less than 1 in 100 accounts are being assessed any fees at all, and the majority of denied proposals have been resubmitted and are, at this point, receiving appropriate benefits. The percentage of accounts considered past-due remains high, though it has slightly improved over what was observed during 2012 (In H1 2012 this percentage was 41.5%; for H2 2012 it was 41.2%.).

The Effects of Denied Proposals

To reinforce the point made concerning the relationship between proposal acceptances, the establishment of trust, and overall outcomes, Cambridge returned to historical data to determine the actual level of effectiveness. First, in Table IV.1, clients who enrolled in the first six months of 2008 were broken into outcome categories, and the average number of denied proposal received during the first two months of enrollment were calculated.

Denied Proposal by Outcome (H1 2008)

Category	Average Denied	Average Need Increase
90-Day Refund	0.89	0.41
Still Active	0.98	0.36
Filed Bankruptcy	1.24	0.45
Complete	0.88	0.24
Incomplete	1.23	0.38
Average	1.08	0.33

Chart IV.1

The results, for the most part, seem to validate the premise: The average client who did not complete their plan (Incomplete and Filed Bankruptcy) had 39.8% more denied proposals, on average, than those who completed their plan. Those who were still active (having added on debt or been late with a payment) also had a relatively low number of denied proposals when compared with those who did not complete their DMP. The one anomaly is seen in the clients designated as 90-Day Refunds. While this group represents a small fraction of overall client enrollments during this period, the fact that they did not have more denied proposals than those still active or completed seems to indicate something else was occurring. The answer may be found in the second column of the table.

The 90-Day Refund clients experienced a larger number of the denial reason, "Needs Increase" than those clients who were Still Active or Complete. In fact, the number is very close to the mark recorded for those clients who ended up filing for bankruptcy and similar to the level seen for those with a status of Incomplete. In addition, Incomplete clients had an average of 58.3% more proposals denied needing an increase than those who completed. The percentage is even worse (87.5%) when Completions are compared with those who filed for bankruptcy.

Chart IV.4 further explains the effect denied proposals have on overall outcomes by showing the number of payments made for the same group of clients (H1 2008) grouped by the number of overall denied proposals and the number that were denied needing an increase.

Denied Proposal Effects on Payments (H1 2008 Enrollees)

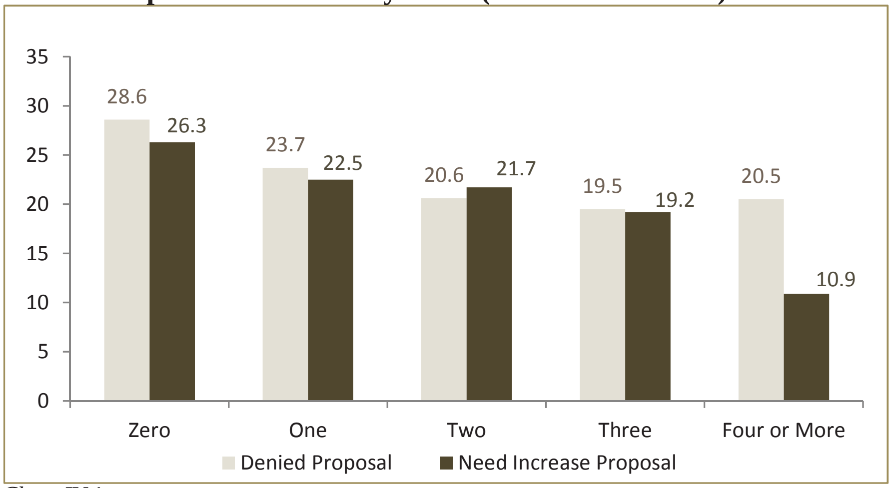

Chart IV.4

The data indicates that, on average, a single denied proposal seems to reduce the length of time a consumer remains on the program by 4 months (The same is true when a single proposal was denied because an increased payment was required.). This drops to 8 full payments when a second denied proposal was experienced. This data only considers proposals denied early in the program – not for accounts added later or resubmissions made after the expiration of internal plans.

Adoption of Sound Financial Practices

Cambridge continually strives to improve the delivery of its educational messages. This is done in an effort to increase the percentage of clients who adopt sound financial practices. These efforts have been successful, according to client feedback, as illustrated in Chart V.1.

The Reviewed/Revised Budget and Developed Plan to Save measures both increased by approximately 10% over the performance measured five years earlier. These increases can also be seen in the data previously shown in Chart III.6 – the initial counseling session is more thorough than in the past. By connecting more effectively with the clients through a more detailed analysis of the factors contributing to their hardship, clients are more likely to stick to and revise their budget based on their circumstances. Similarly, the greater number of goals identified encourages the client to build savings to accomplish them.

Increase of Financial Practice Adoption (H1 2013 v. H1 2008)

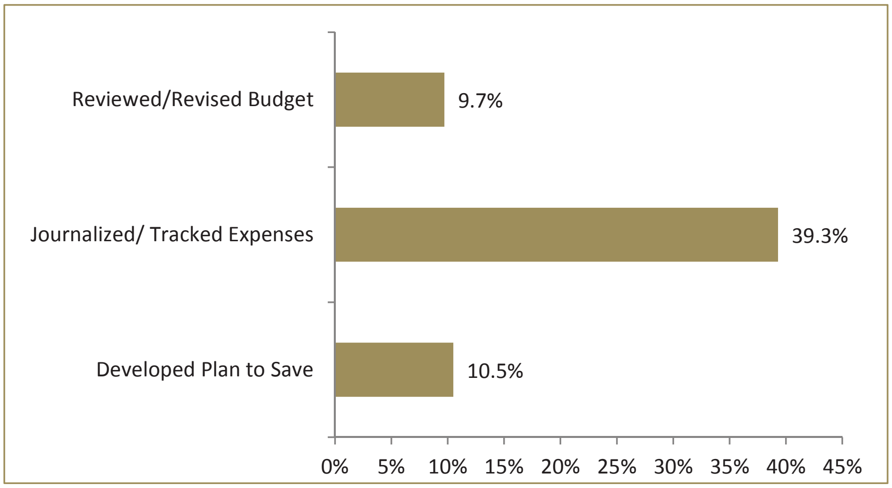

Chart V.1

The giant spike in Journalized/Tracked Expenses can be directly tied to a drastic change in the presentation of this particular financial practice. Until recently, Cambridge promoted the pen-and-paper tracking of expenses (Journalizing) in a manner that may have seemed laborious to some consumers. Since then, this presentation has been revamped to encourage the use of bank statements and online banking to make this easier on the consumer. Whereas the consumer would once have needed to carry their expense tracking journal with them, they are now able to use tracking sheets downloaded from the Cambridge website and follow the purchases they make with their debit card.

Success of Adopting Sound Financial Practices

The other element that is crucial in persuading consumers to adopt and maintain better financial practices is to help them recognize the merits of the counselor's advice. For the first half of 2013, as seen in Chart V.2, the satisfaction and success rates tied to the adoption of these practices were quite high.

Not surprisingly, the numbers clearly indicate that those clients who adopted better financial practices felt they are beneficial. In addition, 87% of clients who tracked their spending were able to identify expenses in their monthly budget that could be reduced. While the number of clients who actually started

Satisfaction/Success Levels for Sound Financial Practices (H1 2013)

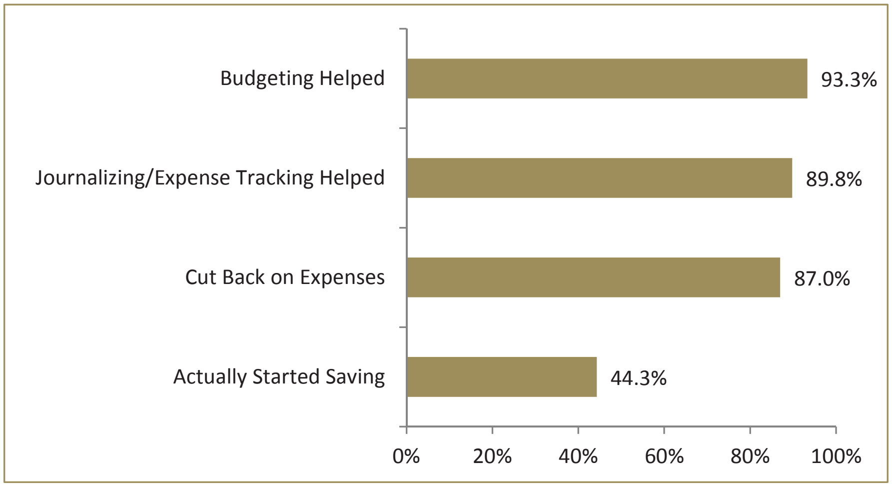

Chart V.2

to build savings by the fourth month of enrollment (the time of the Counseling Efficiency Survey) was relatively low (44.3% developed a plan to save), this is somewhat to be expected, since the client is still adjusting to the DMP.

Following improvements to Cambridge's initial and post-counseling processes, it can be anticipated that those who have adopted these practices should also be satisfied or successful at a higher rate in 2013 than in 2008. Chart V.3 compares the first six months of 2013 to the first six months of 2008.

Increase in Satisfaction/Success Levels for Sound Financial Practices (H1 2013)

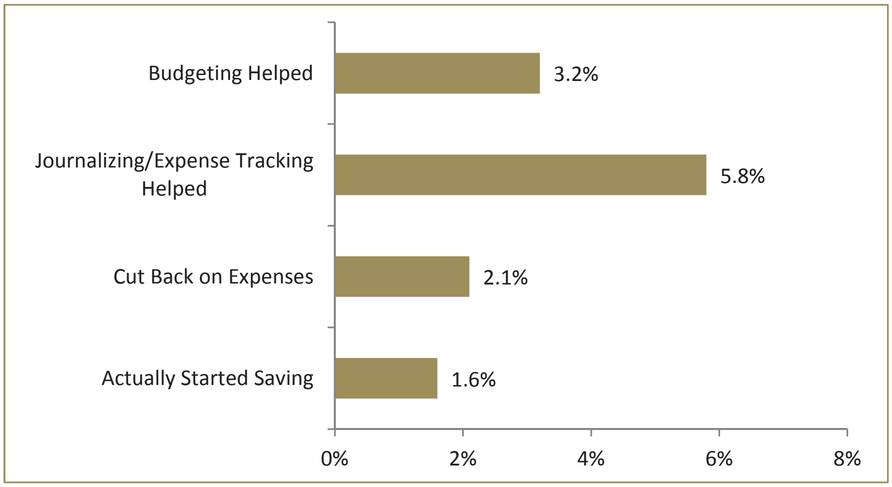

Chart V.3

The biggest increase, not surprisingly, is related to Journalizing/Expense Tracking. In 2013, those clients who engaged in this process found it to be more rewarding than did their 2008 counterparts.

Long-Term Effects of Practice Adoption

Several previous reports in this series have already examined the correlation between the adoption of better financial practices and client completion rates. It seemed appropriate to revisit this topic for a moment, to see the connection between client engagement and performance.

A review of Table V.1 illuminates several points. First, for 2005 enrollments, there was a 5.5 payment difference between those who budgeted and those who did not. The difference was even more significant for those who Tracked Expenses/Did not Track Expenses (7.7 payments), and those who had Started Saving (7.6) and Plan to Start Saving (2.8) than those who did not plan to save. In fact, for 2005 enrollees, those clients who did not adopt better financial practices performed worse than the average client.

Number of Payments Per Client by Counseling Efficiency Response (2005 and 2008)

Category	Y2005 Pmnts	Y2008 Pmnts
Budget	35.5	34
Did not Budget	30	29.6
Expense Tracking	38.3	33.7
Did not Track Expenses	30.6	33.1
Started Saving	38.3	33.4
Plan to Start Saving	33.5	35.4
No Plan to Save	30.7	30.2
Overall Portfolio	33	24.7

Table V.1

This is drastically different for the 2008 enrollees. It appears that simply participating in the survey resulted in greater success. For the most part, the degree of performance difference between financial practice adopters and those who did not adopt is not as steep as seen among 2005 enrollees. Regardless of how they responded to these questions (and which practices they adopted), the average 2005 enrollee made between 4.9 and 10.7 more payments than their average 2008 counterpart.

The Effect of Client Engagement on Completion

Cambridge’s counselors continually emphasize the importance of adopting sound financial practices throughout the client’s repayment term. As described in Section IV, the enrollee’s counselor conducts a number of comprehensive post-counseling sessions during the early stages of enrollment in order to maximize the effective delivery of this message.

What was not fully explored was the role that enrollee engagement plays in the outcome of the program. The difference in results experienced by consumers who adopted the recommended financial practices and those who did not report having done so is quite dramatic, as Chart 11 illustrates.

Chart 11 compares responses from fully engaged clients who completed their DMP during the second half of 2007 with the overall portfolio. It is remarkable that even the answer with the smallest variance – those who developed a plan to save money but had not done so during their fourth month – shows an increase of more than 17%.

What is not included, understandably, is feedback from those enrollees who did not respond to the survey. This group includes those clients who cancelled within the first few months of the program, prior to completing their Post-Counseling sessions, who would never have received this survey. Their completion rates are, of course, much lower than those illustrated in chart 11. Without long-term adoption of sound financial practices it can be assumed that these consumers will continue to be vulnerable to economic challenges.

The effect of this level of engagement is also illustrated in the average number of payments made to Cambridge during the client’s enrollment term, as seen in Chart 12. Once again, the average enrollee from the second half of 2007 made considerably fewer payments than did those who responded to our surveys. The average 2007 client made 10 fewer payments than those engaged clients who reported that they had begun budgeting and 17 fewer payments than those engaged clients who were able to build savings during their first four months of enrollment.

SECTION VI:

PROGRAM SATISFACTION

Understanding the client's perception of the services they're receiving is also an essential element for improving the assistance provided to the consumers. Cambridge has been collecting satisfaction data for both its Credit Counseling and Client Services departments for years. While the general satisfaction level has been extremely high for both elements, there was a period in which it declined for both metrics.

Credit Counseling Satisfaction

Chart VI.1 shows the Satisfaction and Excellent levels going back to 2006. All Satisfaction Scores, including the most recent reporting period, show the client's satisfaction level above 97%, with more than 60% rating their experience as Excellent. The only exceptions occur in an eighteen-month period starting in H1 2008.

Since this data is culled from the Counseling Efficiency surveys sent four months after enrollment, the clients would have enrolled toward the end of 2007 through the very start of 2009. This encompasses the primary long-term reporting period of H1 2008.

In fact, the lowest ebb in Excellence (indicated by the red box) is for responses from H2 2008 – the half of the year in which most H1 2008 enrollee responses would be recorded. While it still seems relatively positive that more than half of responders rated their counseling experience as excellent, and 19 out of 20 were satisfied, these still represent the only dip experienced over the seven years shown.

Credit Counseling Satisfaction and Excellence Trending

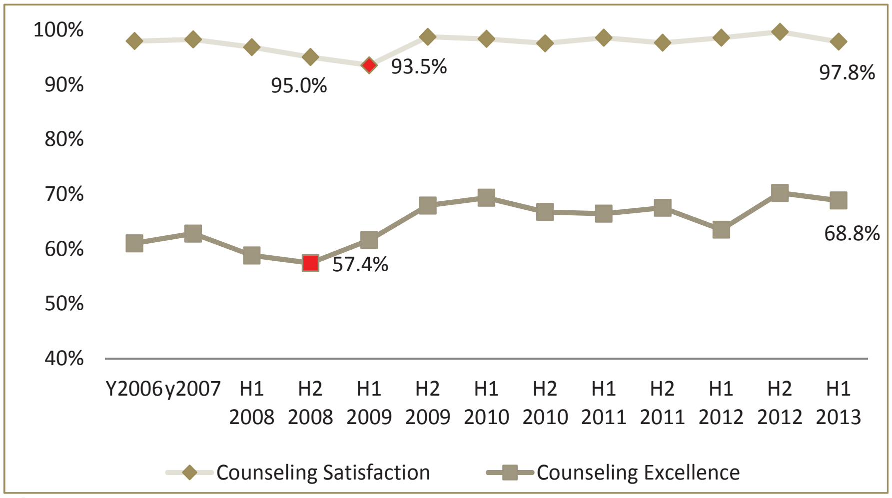

Chart VI.1

Client Service Satisfaction Levels

A similar phenomenon occurs in the metrics related to client support satisfaction from the same period. Chart VI.2 shows an even more severe dip during the second half of 2008 than what was witnessed for Credit Counseling. Satisfaction saw a five-point decline, while 17% fewer responders rated the client service as Excellent.

These results are based on Quality Survey responses, meaning the clients who responded could have enrolled at any time. The data indicates that, at this particular point in time, there was something that caused almost ten percent of

Client Service Satisfaction and Excellence Trending

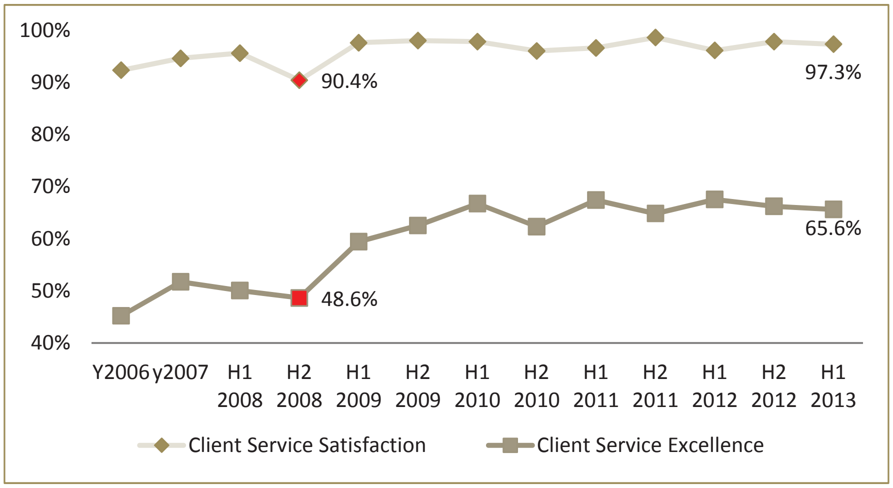

Chart VI.2

Cambridge enrollees to lose confidence in the agency. The second half of 2008 was, of course, the height of the financial crisis, and it can be deduced that there is a connection between these two events.

Client Service Satisfaction Performance

Satisfaction levels play a significant role in long-term client performance. Just as with any service, dissatisfaction usually leads to a discontinuation of the service. The reasons clients leave will be discussed further in section VII, but for now an examination of performance by survey response seems sufficient.

Number of Payments Made Per Client by Respsonse

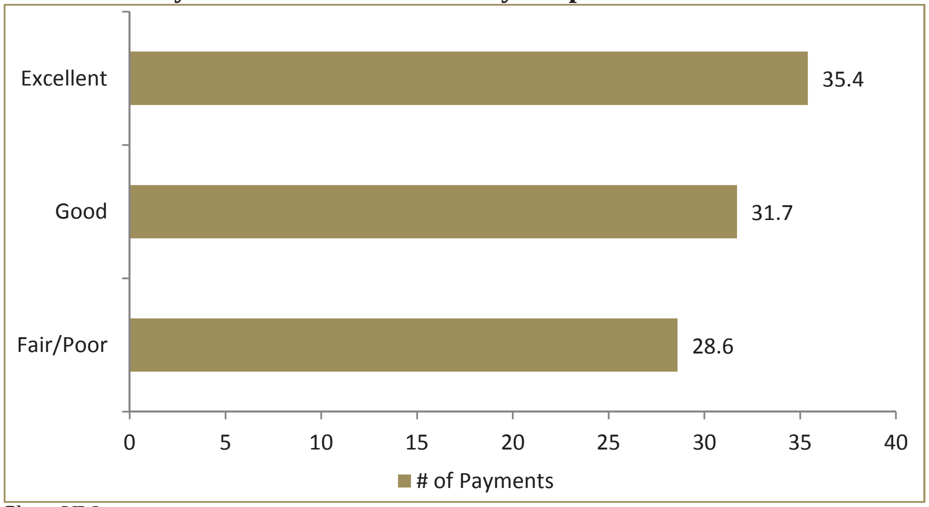

Chart VI.3

Chart VI.3 displays the Counseling Satisfaction Levels for all responders who enrolled in June 2008 or earlier. The difference of 6.6 payments between those rating the counseling as "Excellent" and those rating "Fair" or "Poor" is to be expected. The 3.7 payment gap between Excellent and Good is actually a bit surprising. Overall, more clients rated the service as "Excellent" than "Good."

Chart VI.4 takes a look at the same group of clients and examines the outcomes related to each rating. It is here that a surprising anomaly emerges. Fair/Poor responders actually completed at a rate 50% higher than those who responded that their counseling experience was good. This is also intriguing in light of the fact that, on average, the Fair/Poor responders made fewer payments.

Increase of Financial Practice Adoption (H1 2013 v. H1 2008)

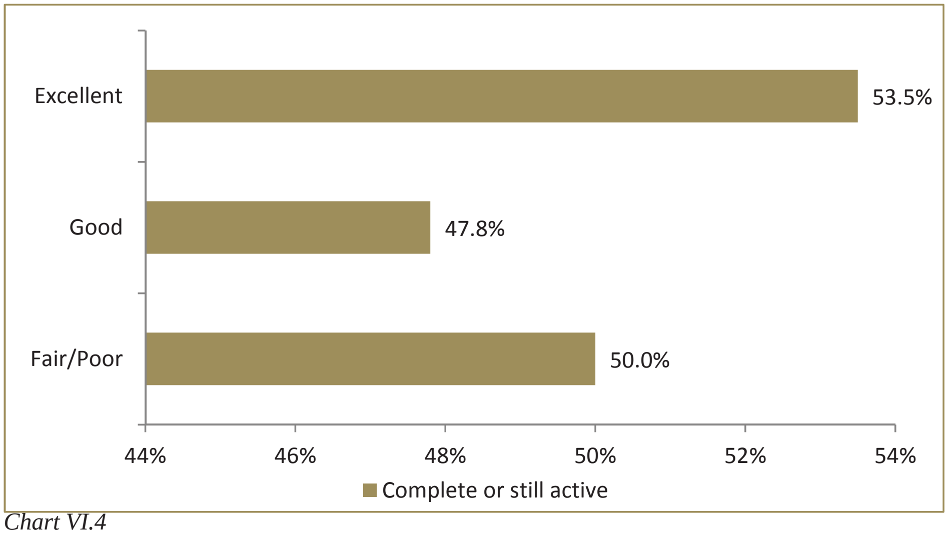

Chart VI.4

While no simple explanation exists for this inconsistency, it should be noted that fewer than 10% of responses are Fair/Poor, rendering this data less statistically sound than the other response levels.

SECTION VII:
NEGATIVE OUTCOMES

There are two ways to interpret outcomes on a DMP. The first is to take all enrollments from a particular period of time and examine their outcomes. This is the method that was used in the first section of this report. The second way to examine outcomes is to look at all of the clients who left during a reporting period. There is no direct correlation between these two datasets because clients complete, or depart incomplete, after different durations of enrollment.

Reasons Why H1 2008 Enrollments Discontinued the DMP

The first examination will look at the 60.3% of H1 2008 enrollments who did not complete their DMP with all accounts paid in full or who were still actively participating at the time of reporting. This includes those designated as Incomplete and those designated as more than 50% complete from Chart I.1.

The most obvious issue with the data shown in Chart VII.1 is that nearly two-thirds of abandoning clients provide no reason for their departure. There are two reasons for this phenomenon. First, consumers who are no longer able to afford their bills generally shun contact with groups they perceive as trying to collect on that debt. (The consumer, of course, does not owe Cambridge these funds – it is their creditors that require the monthly payments.) When someone misses a payment because they lack the necessary funds, they often don't see the use in answering the phone or responding to a written message.

Non-Graduate Complete Reasons for Departure (H1 2008 Enrollments)

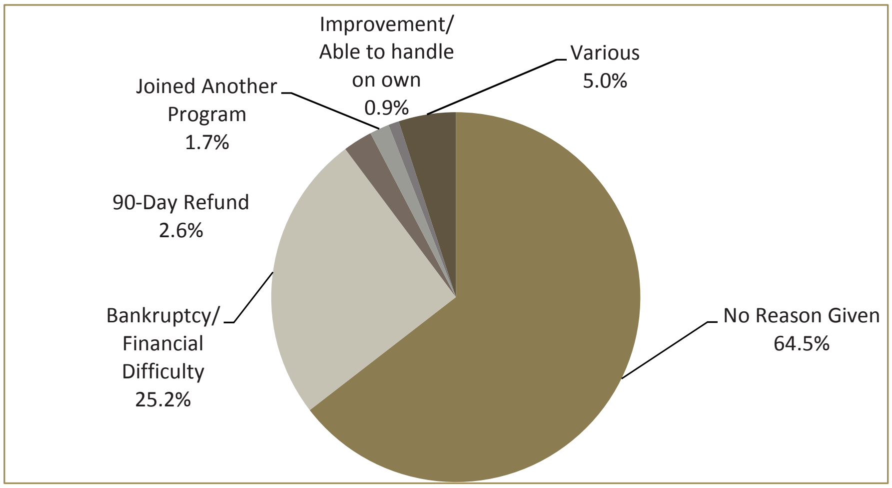

Chart VII.1

The second reason is related to the debt relief environment in the years following H1 2008, when there were a number of debt relief scam operators besieging troubled consumers. While many groups continued to work in the best interest of consumers, until the Federal Trade Commission revised its Telemarketing Sales Rule in October 2010, many consumers who would have benefitted from DMP enrollment were lured away from legitimate organizations and enrolled in plans that had a much lower chance of success. These groups would often instruct consumers not to speak to their creditors or the credit counseling agencies they had been enrolled with. Consumers who left for any other type of debt relief program are tracked under the Joined Another Program category.

The next biggest category involves clients who left because they could not afford even the reduced payment through a DMP. Many of these clients had experienced a job loss and immediately filed for bankruptcy. This is probably true for more than the 25.2% of incomplete departures, as discussed earlier.

Why Clients Who Left the Program in H1 2013 Discontinued the DMP

Examining the reasons clients departed during the current reporting period (H1 2013) may be a better indicator of the agency's current level of service, though these clients could have enrolled during any point of time.

In some respects, Chart VII.2 is very similar to Chart VII.1. The largest grouping is still the clients who depart without providing the agency with a reason, though this percentage is slightly reduced as a result of some procedural changes the agency enacted. When coupled with those departures relating to financial hardship, the percentages of all departures are actually quite similar (H1 2008 enrollees had 89.7% leave for these combined reasons. For H1 2013 departures, this percentage was 88.0%).

Since the FTC's new rules have gone into effect, the number of clients departing for other services has diminished sharply. While other legitimate debt relief options still exist, they are generally not promoted in a manner that encourages current DMP clients to discontinue their plan.

The one factor missing from this chart is the percentage of all departures that are leaving incomplete. This was established for the H1 2008 enrollments earlier in this report, but for those whose DMP enrollment ended in the first half of 2013, this was a considerably smaller portion. In fact, more than two-thirds (67.5%) of clients leaving during these six months did so by fulfilling their obligations to their enrolled creditors. These completions could have started their enrollment at any point, but in general it indicates that completions should, as time progresses, constitute a larger percentage of overall departing clients.

Non-Graduate Complete Reasons for Departure (H1 2013 Departures)

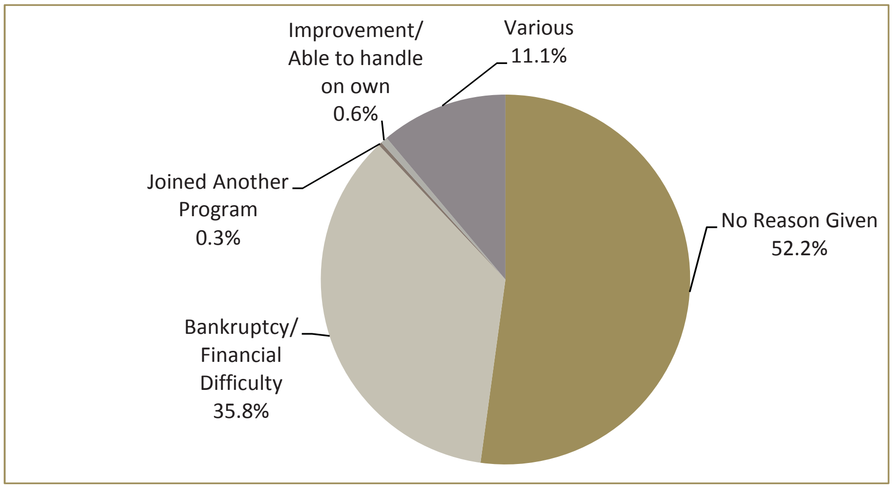

Chart VII.2

CONCLUSIONS

Cambridge Credit Counseling conceived its Transparency Project as a way of communicating to the public what they should know about credit counseling, intending to clear up misconceptions about what our services can do and explaining our typical results.

This particular report takes this objective and focuses on several factors that contribute to the success or failure of a Debt Management Plan client. The report concludes that factors such as motive for enrollment, proposal acceptance, level of financial fitness, satisfaction and, in particular, financial practice adoption go a long way to predicting client success. While other factors were less indicative of performance, in the end there was ample evidence of two of the past decade's most destructive trends – the economic collapse and the proliferation of illegitimate debt relief options were at the root of many Debt Management Plan failures.

The improved economic environment and the ongoing push to adopt the best practices of the credit counseling profession should improve the completion percentages for DMP enrollees as time progresses. In fact, there is some evidence of this occurring already in the H1 2013 departure data.

Cambridge is committed to the continued release of performance and satisfaction data in a format that is informative and interesting to the public. We sincerely hope our peers join us in this effort. Cambridge feels that presenting a true picture of the credit counseling profession allows consumers to make an informed decision about their debt relief options. Anyone with questions about this material, or this initiative in general, is encouraged to contact Cambridge at (888) 694-7491, or at transparency@cambridgecredit.org.

APPENDIX

The table below illustrates a month-by-month breakdown of payments being made, indicating the savings achieved by a typical client enrolled in a DMP versus that same client making payments on their own, absent the benefits gained through a DMP. Please note that assumptions about payment consistency, interest rates, and other account specifics have had to be made. For example, it is standard practice that, as a client's account balance decreases, the minimum payment required by the creditor will also decrease. This will extend the timeframe for the consumer making payments on their own and, consequently, increase the amount they need to pay to fulfill their obligation.

On Own					Through Program							Difference
Month	Starting Balance	Interest assessed	Pmnt Made	Revised Balance	Month	Starting Balance	Interest assessed	Pmnt Made	Revised Balance	Fee	Total paid	Savings
1	$20,464.39	$367.51	$628.01	$20,203.89	1	$20,464.39	$166.78	$455.59	$20,175.58	61.56	$517.15	$110.86
2	$20,203.89	$362.83	$628.01	$19,938.70	2	$20,175.58	$164.43	$455.59	$19,884.43	24.89	$480.48	$258.39
3	$19,938.70	$358.07	$628.01	$19,668.76	3	$19,884.43	$162.06	$455.59	$19,590.89	24.89	$480.48	$405.92
4	$19,668.76	$353.22	$628.01	$19,393.97	4	$19,590.89	$159.67	$455.59	$19,294.97	24.89	$480.48	$553.45
5	$19,393.97	$348.28	$628.01	$19,114.24	5	$19,294.97	$157.25	$455.59	$18,996.63	24.89	$480.48	$700.98
6	$19,114.24	$343.26	$628.01	$18,829.49	6	$18,996.63	$154.82	$455.59	$18,695.87	24.89	$480.48	$848.51
7	$18,829.49	$338.15	$628.01	$18,539.63	7	$18,695.87	$152.37	$455.59	$18,392.65	24.89	$480.48	$996.04
8	$18,539.63	$332.94	$628.01	$18,244.56	8	$18,392.65	$149.90	$455.59	$18,086.96	24.89	$480.48	$1,143.57
9	$18,244.56	$327.64	$628.01	$17,944.19	9	$18,086.96	$147.41	$455.59	$17,778.78	24.89	$480.48	$1,291.10
10	$17,944.19	$322.25	$628.01	$17,638.43	10	$17,778.78	$144.90	$455.59	$17,468.08	24.89	$480.48	$1,438.63
11	$17,638.43	$316.76	$628.01	$17,327.18	11	$17,468.08	$142.36	$455.59	$17,154.86	24.89	$480.48	$1,586.16
12	$17,327.18	$311.17	$628.01	$17,010.33	12	$17,154.86	$139.81	$455.59	$16,839.08	24.89	$480.48	$1,733.69
13	$17,010.33	$305.48	$628.01	$16,687.80	13	$16,839.08	$137.24	$455.59	$16,520.73	24.89	$480.48	$1,881.22
14	$16,687.80	$299.69	$628.01	$16,359.47	14	$16,520.73	$134.64	$455.59	$16,199.78	24.89	$480.48	$2,028.75
15	$16,359.47	$293.79	$628.01	$16,025.25	15	$16,199.78	$132.03	$455.59	$15,876.22	24.89	$480.48	$2,176.28
16	$16,025.25	$287.79	$628.01	$15,685.03	16	$15,876.22	$129.39	$455.59	$15,550.02	24.89	$480.48	$2,323.81
17	$15,685.03	$281.68	$628.01	$15,338.70	17	$15,550.02	$126.73	$455.59	$15,221.16	24.89	$480.48	$2,471.34
18	$15,338.70	$275.46	$628.01	$14,986.14	18	$15,221.16	$124.05	$455.59	$14,889.63	24.89	$480.48	$2,618.87
19	$14,986.14	$269.13	$628.01	$14,627.26	19	$14,889.63	$121.35	$455.59	$14,555.39	24.89	$480.48	$2,766.40
20	$14,627.26	$262.68	$628.01	$14,261.93	20	$14,555.39	$118.63	$455.59	$14,218.42	24.89	$480.48	$2,913.93
21	$14,261.93	$256.12	$628.01	$13,890.04	21	$14,218.42	$115.88	$455.59	$13,878.71	24.89	$480.48	$3,061.46
22	$13,890.04	$249.44	$628.01	$13,511.47	22	$13,878.71	$113.11	$455.59	$13,536.24	24.89	$480.48	$3,208.99
23	$13,511.47	$242.64	$628.01	$13,126.11	23	$13,536.24	$110.32	$455.59	$13,190.97	24.89	$480.48	$3,356.52
24	$13,126.11	$235.72	$628.01	$12,733.82	24	$13,190.97	$107.51	$455.59	$12,842.88	24.89	$480.48	$3,504.05
25	$12,733.82	$228.68	$628.01	$12,334.49	25	$12,842.88	$104.67	$455.59	$12,491.96	24.89	$480.48	$3,651.58
26	$12,334.49	$221.51	$628.01	$11,927.99	26	$12,491.96	$101.81	$455.59	$12,138.18	24.89	$480.48	$3,799.11
27	$11,927.99	$214.21	$628.01	$11,514.18	27	$12,138.18	$98.93	$455.59	$11,781.52	24.89	$480.48	$3,946.64
28	$11,514.18	$206.78	$628.01	$11,092.95	28	$11,781.52	$96.02	$455.59	$11,421.95	24.89	$480.48	$4,094.17
29	$11,092.95	$199.21	$628.01	$10,664.15	29	$11,421.95	$93.09	$455.59	$11,059.45	24.89	$480.48	$4,241.70
30	$10,664.15	$191.51	$628.01	$10,227.65	30	$11,059.45	$90.13	$455.59	$10,693.99	24.89	$480.48	$4,389.23
31	$10,227.65	$183.67	$628.01	$9,783.31	31	$10,693.99	$87.16	$455.59	$10,325.56	24.89	$480.48	$4,536.76
32	$9,783.31	$175.69	$628.01	$9,330.99	32	$10,325.56	$84.15	$455.59	$9,954.12	24.89	$480.48	$4,684.29
33	$9,330.99	$167.57	$628.01	$8,870.55	33	$9,954.12	$81.13	$455.59	$9,579.66	24.89	$480.48	$4,831.82
34	$8,870.55	$159.30	$628.01	$8,401.84	34	$9,579.66	$78.07	$455.59	$9,202.14	24.89	$480.48	$4,979.35
35	$8,401.84	$150.88	$628.01	$7,924.72	35	$9,202.14	$75.00	$455.59	$8,821.55	24.89	$480.48	$5,126.88
36	$7,924.72	$142.31	$628.01	$7,439.02	36	$8,821.55	$71.90	$455.59	$8,437.85	24.89	$480.48	$5,274.41
37	$7,439.02	$133.59	$628.01	$6,944.60	37	$8,437.85	$68.77	$455.59	$8,051.03	24.89	$480.48	$5,421.94
38	$6,944.60	$124.71	$628.01	$6,441.31	38	$8,051.03	$65.62	$455.59	$7,661.06	24.89	$480.48	$5,569.47
39	$6,441.31	$115.68	$628.01	$5,928.97	39	$7,661.06	$62.44	$455.59	$7,267.91	24.89	$480.48	$5,717.00
40	$5,928.97	$106.47	$628.01	$5,407.44	40	$7,267.91	$59.23	$455.59	$6,871.55	24.89	$480.48	$5,864.53
41	$5,407.44	$97.11	$628.01	$4,876.54	41	$6,871.55	$56.00	$455.59	$6,471.96	24.89	$480.48	$6,012.06
42	$4,876.54	$87.57	$628.01	$4,336.10	42	$6,471.96	$52.75	$455.59	$6,069.12	24.89	$480.48	$6,159.59
43	$4,336.10	$77.87	$628.01	$3,785.96	43	$6,069.12	$49.46	$455.59	$5,662.99	24.89	$480.48	$6,307.12
44	$3,785.96	$67.99	$628.01	$3,225.94	44	$5,662.99	$46.15	$455.59	$5,253.55	24.89	$480.48	$6,454.65
45	$3,225.94	$57.93	$628.01	$2,655.86	45	$5,253.55	$42.82	$455.59	$4,840.78	24.89	$480.48	$6,602.18
46	$2,655.86	$47.69	$628.01	$2,075.55	46	$4,840.78	$39.45	$455.59	$4,424.64	24.89	$480.48	$6,749.71
47	$2,075.55	$37.27	$628.01	$1,484.81	47	$4,424.64	$36.06	$455.59	$4,005.11	24.89	$480.48	$6,897.24
48	$1,484.81	$26.66	$628.01	$883.46	48	$4,005.11	$32.64	$455.59	$3,582.17	24.89	$480.48	$7,044.77
49	$883.46	$15.87	$628.01	$271.32	49	$3,582.17	$29.19	$455.59	$3,155.77	24.89	$480.48	$7,192.30
50	$271.32	$4.87	$276.19	$0.00	50	$3,155.77	$25.72	$455.59	$2,725.90	24.89	$480.48	$6,988.01
					50	$2,725.90	$22.22	$455.59	$2,292.53	24.89	$480.48	$6,507.53
					50	$2,292.53	$18.68	$455.59	$1,855.62	24.89	$480.48	$6,027.05
					50	$1,855.62	$15.12	$455.59	$1,415.15	24.89	$480.48	$5,546.57
					50	$1,415.15	$11.53	$455.59	$971.10	24.89	$480.48	$5,066.09
					50	$971.10	$7.91	$455.59	$523.42	24.89	$480.48	$4,585.61
					50	$523.42	$4.27	$455.59	$72.10	24.89	$480.48	$4,105.13
					50	$72.10	$0.59	$72.69	($0.00)	24.89	$97.58	$4,007.55