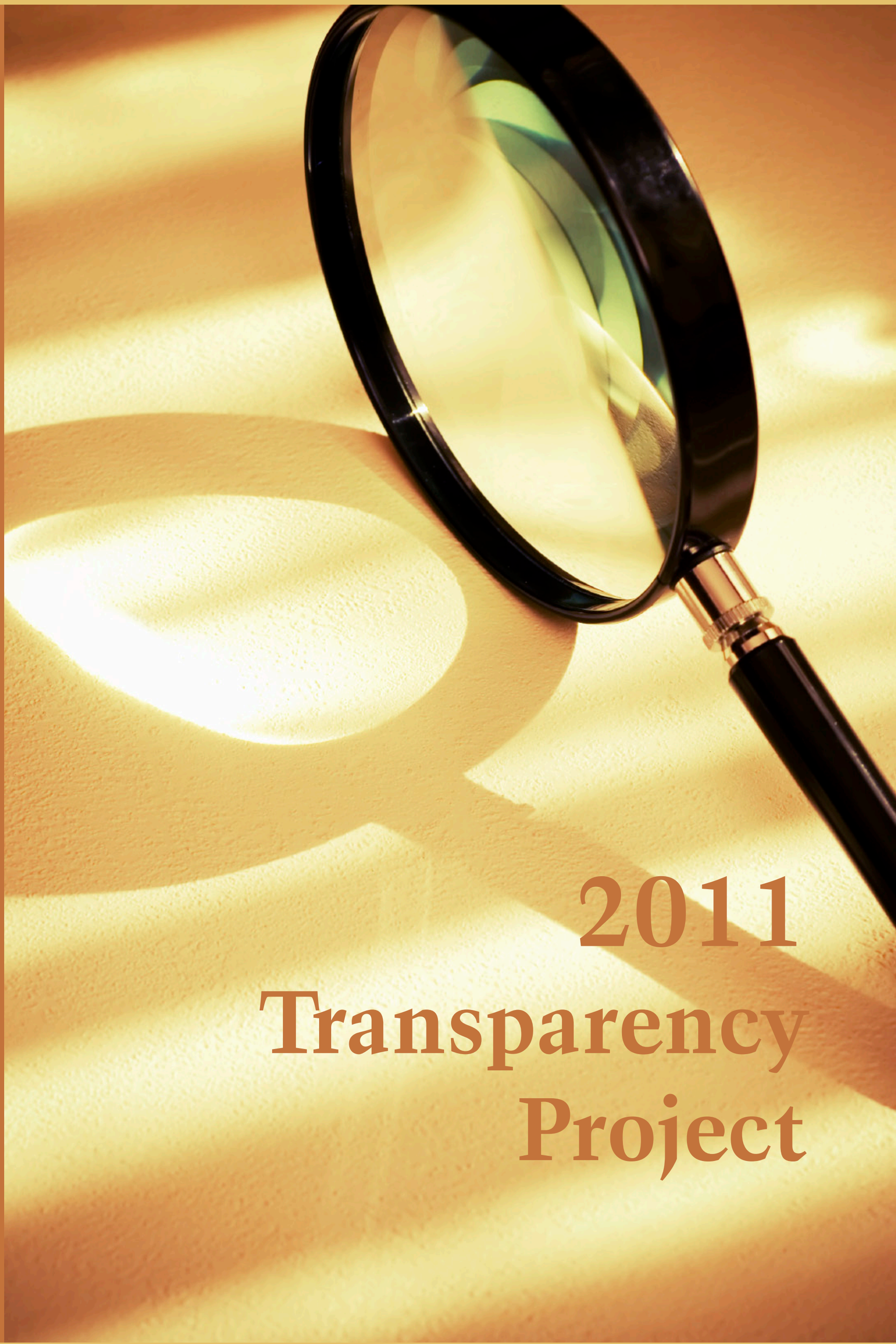
DEBT RELIEF
Performance and Satisfaction Information Report

Cambridge
Credit
Counseling
Corp.



2011 Transparency Project

This report is the result of Cambridge Credit Counseling's Transparency Project.

For more information about this project, visit www.cambridgecredit.org/transparency.

EXECUTIVE SUMMARY

Years of questions about the debt relief profession from regulators, creditors, legislators and consumers have led to an undeniable truth: members of this profession, including Cambridge, have never adequately explained our services, nor have we presented conclusive evidence of their benefit. Cambridge developed the Transparency Project to promote a better understanding of the services we provide to the public – what we do well, and what we still need to improve.

Cambridge believes that our agency must at all times be focused on each consumer's best interests. It is our responsibility to provide help that addresses the consumer's concerns, to answer their questions openly and honestly, to administer comprehensive and appropriate advice and, when necessary, to provide timely and effective debt management services. At the same time, it is our duty to ensure that all of our activities are consistent with the best practices of the profession, and to work toward improving those practices wherever and whenever possible. We see the Transparency Project as a logical extension of these responsibilities.

Because the purpose of this report is to present and explain all facets of Cambridge's credit counseling and debt management programs, we've gathered and displayed as much data as possible from our internal systems about the outcomes of our services. We've also presented the results of survey information gathered and stored on a third-party website. In assembling this report, Cambridge has identified both the strengths and weaknesses of our data collection capabilities, and we plan to address the shortcomings as time and our budget allow. Nevertheless, a good deal of what can currently be measured indicates that the majority of consumers who reach out to our agency are receiving benefits in one form or another. The more subjective indicators demonstrate that consumers overwhelmingly value our agency's services.

The report begins by explaining the counseling process, including an analysis of factors that commonly lead a consumer to contact the agency for credit counseling and debt management services. The report displays key data related to DMP enrollment and establishment, including the suitability and savings benefits of a DMP, and the mechanism for establishing and verifying creditor benefits. Another section examines the reinforcement of financial education during enrollment, with statistics indicating the number of clients who begin to budget, track spending and save money. There is also data that details program outcomes, based on how successful the DMP was in improving the financial situation of consumers, and why some consumers have not completed their enrollment within their projected timeframe. The next section of the report reveals satisfaction levels for the agency's counseling and DMP support services. There is also a description of the agency's efforts to educate the community at large, including information about Cambridge's seminars and video series.

The report concludes with an appeal to all other debt relief agencies to present their performance data in an effort to publicly demonstrate the value and effectiveness of their work.

SECTION I:
THE INITIAL COUNSELING EXPERIENCE

Reasons consumers seek credit counseling

Cambridge provides free education and personalized counseling to anyone who contacts the agency. Counselors typically begin a counseling session by asking the consumer why they were seeking assistance. This information is incorporated in the personalized Action Plan that the consumer develops with their counselor. Chart 1, below, illustrates the greatest areas of concern for consumers contacting our agency during 2010.

In most cases consumers listed multiple reasons for contacting our agency. As a result, the overall percentages shown above add up to more than 100%.

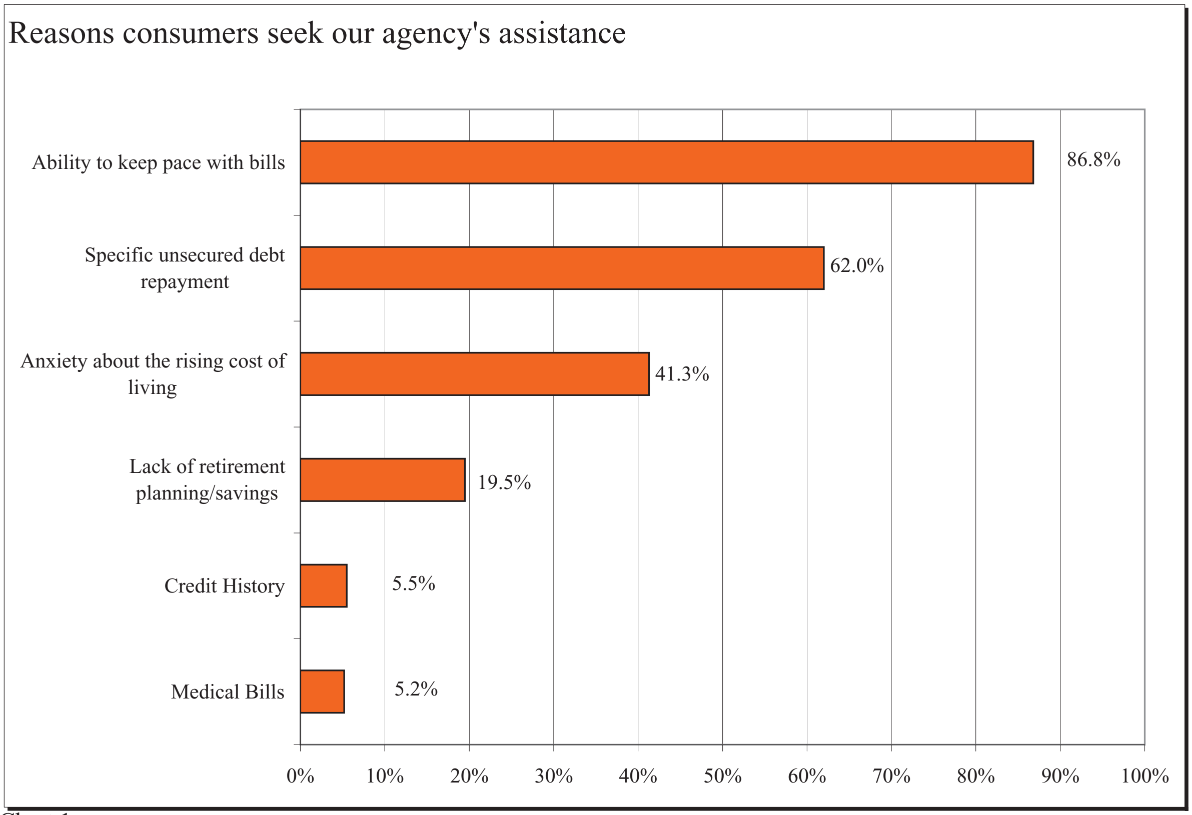


Chart 1

The highest-ranking item, “Ability to keep pace with bills” is a concern for 86.8% of those contacting the agency. This seems an obvious indication of the urgent circumstances that many consumers are facing; they seek help because they’ve lost a degree of control over their financial situation. While worries about rising prices and a lack of preparedness are concerns of significant numbers of those looking for help, the majority are in trouble now and feel they need help immediately. The second-most cited concern, “Specific unsecured debt repayment,” is shared by nearly two-thirds of the consumers who reach out to Cambridge, and indicates that one bill, in particular, has caused the consumer to lose control of their budget.

THE INITIAL COUNSELING EXPERIENCE

Root cause analysis of consumer's situation

The next step is to determine the root causes of the consumer's situation. Once again, our data indicates that there are often several factors that combine to bring about a consumer's hardship. Chart 2 displays the primary reasons for consumer hardship, as determined by the counselor.

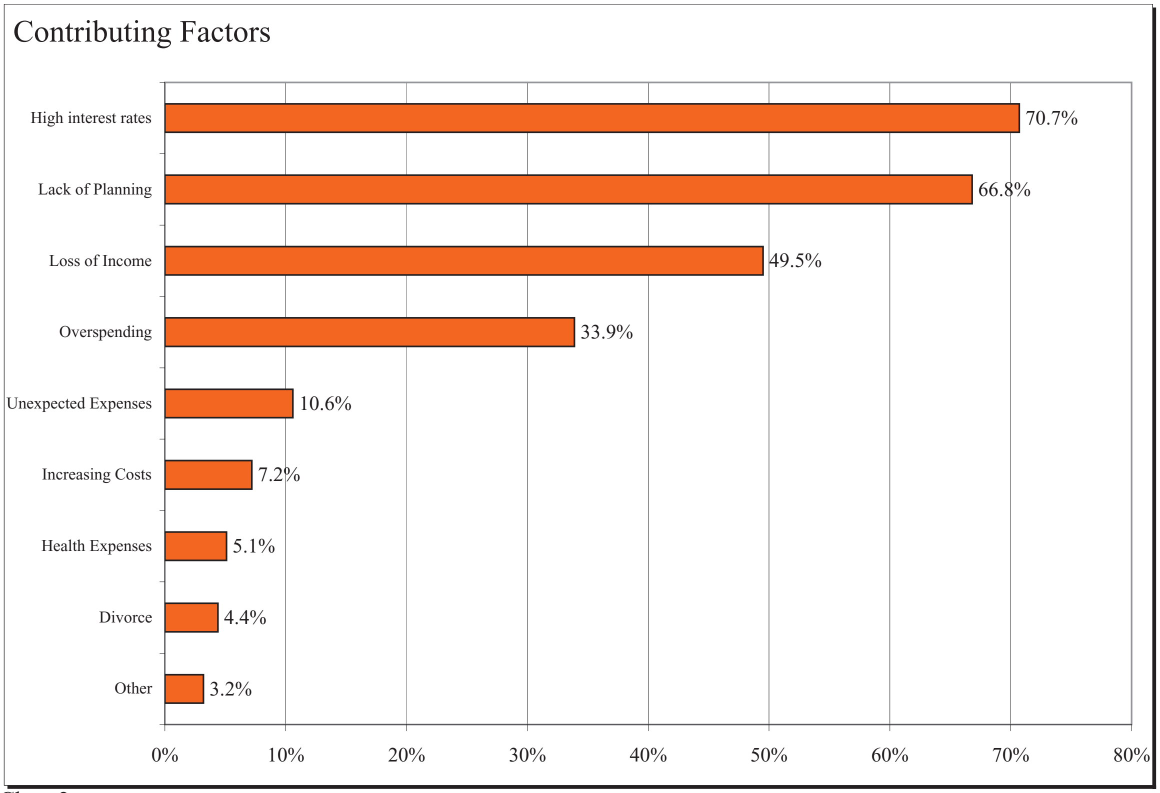


Chart 2

The two largest factors contributing to consumer hardship are "High Interest Rates" and "Lack of Planning." These results indicate that consumers lack the financial savvy to properly manage the credit extended to them. For instance, nearly all consumers who listed "Lack of Planning" reported never having constructed a budget – indicating unfamiliarity with basic financial tools that could have helped avoid hardship.

DMP ENROLLMENT AND BENEFIT ESTABLISHMENT

Reasons a consumer needs a DMP

Following an analysis of the consumer's budget, including all incomes, assets and liabilities, the counselor will suggest appropriate options to suit the situation. One of these options may be a debt management plan, or DMP.

Consumers who opt to enroll in a DMP often do so because the particular benefits that such programs provide will help them return to a financially stable situation. In addition to reduced interest rates, fee elimination and payment reduction, these programs are predicated on affordable monthly payments that help the consumer regain control of their budget.

Chart 3, below, displays the reasons why consumers opted to enroll in a debt management plan. The data was gathered from a random sampling of Cambridge's 2010 client base. The surveys ask the respondent to "Please rank the reasons that best describe why you became a Cambridge Client."

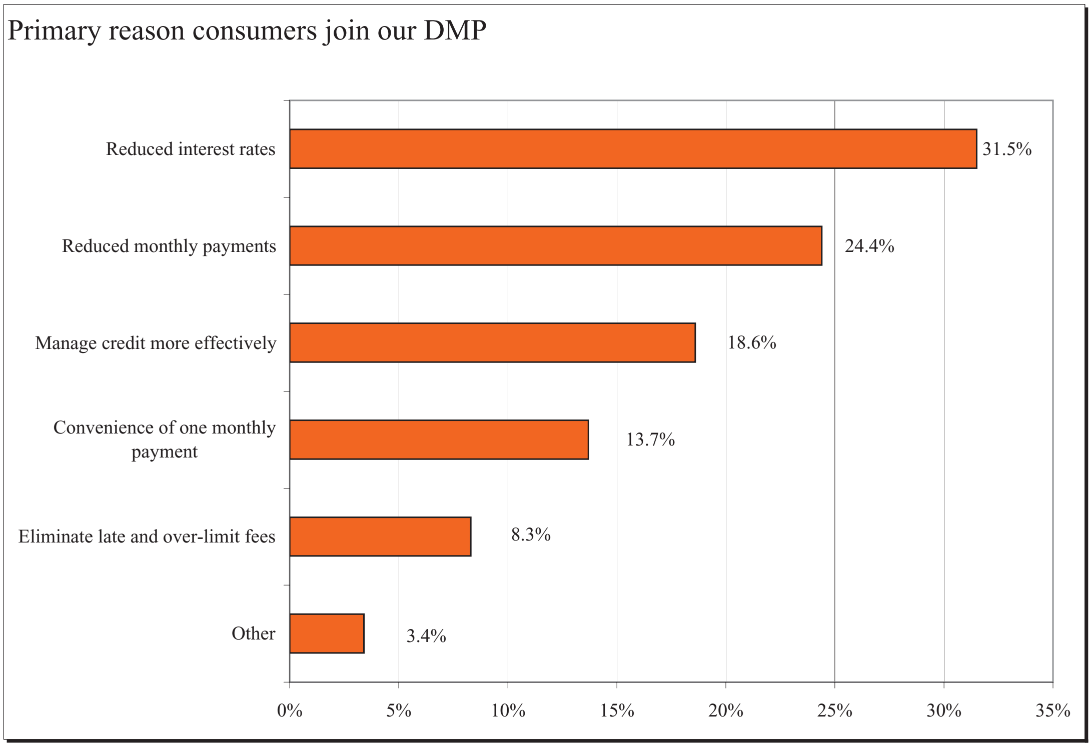


Chart 3

The data indicates that 55.9% of clients enrolled because of reduced interest rates or payments, reinforcing the results of previous surveys in which clients reported their perception that the DMP is a mechanism for making payments affordable. Less popular reasons, such as more efficient credit management and simplified payment arrangements, suggest that some clients need the discipline of a structured repayment plan in order to regain control of their budget.

SECTION II:
DMP ENROLLMENT AND BENEFIT ESTABLISHMENT

DMP Suitability

It is essential that debt management plans be offered only to consumers who are suitable candidates for such programs. In 2010, 34% of the consumers who reached out to Cambridge were provided with the debt management plan option, and 23% of these consumers actually enrolled in a DMP; a significant increase over prior years that can likely be ascribed to the country's deepening economic recession.

There are several methods to track consumer suitability for debt management plan enrollment. The first approach involves measuring all those consumers who maintained enrollment through their first three months, since creditors will generally grant benefits only to those clients who do so. In 2010, 94.87% of all DMP enrollees satisfied this qualification, affirming that their monthly payment through the plan was affordable.

Cambridge tracks a second suitability indicator by performing a comprehensive audit of each client's account at the four-month mark of enrollment to ensure that appropriate creditor benefits have actually been granted. The extension of benefits is evidence that the creditor agrees that the debt management plan is a suitable option for their client. In 2010, 98% of Cambridge's DMP client accounts were receiving creditor benefits by this review.

It is also important to note that individuals who completed a budget with their counselor but were not viable DMP candidates still received a detailed Action Plan diagnosing their unique situation and providing recommendations for improvement. All of these consumers were able to participate in our agency's post-counseling program, which provides ongoing counseling at no additional cost.

Savings through a debt management plan

Though frequently confused with settlement plans, debt management plans are significantly different. DMPs allow consumers to repay their creditor obligations in full, typically at reduced interest rates and without fees, while receiving ongoing counseling and education.

Graph 1, below, indicates how a DMP makes a consumer's situation more manageable. The figures are based on average interest rate and payment reductions obtained by clients who enrolled in 2010.

The amount saved each month over the original obligation allows clients to pay non-DMP bills that may otherwise have gone unpaid, and/or to work toward developing savings that could be used for emergencies, rather than of resorting to credit to handle such situations. Debt management plan savings also reduce the likelihood of a consumer falling into bankruptcy.

Category	On Own	Through DMP	Reduction/Savings
Annual Percentage Rate	21.6%	8.0%	13.7%
Average monthly debt payments	$798.00	$605.30	$192.70
Average monthly interest charged	$283.16	$101.30	$181.86

Graph 1

The monthly debt payment indicated in Graph 1 also includes the average monthly fee Cambridge charges for the administration of a DMP. The fee is based on several factors. First, Cambridge maintains its own "75/8/50" fee model. (The maximum initial/enrollment fee that Cambridge charges is $75.00. The monthly fee is no more than $8.00 per creditor enrolled, up to a maximum of $50.00 per month.) In addition to this internal guideline, Cambridge adheres to each state's laws regarding fees that can be charged. Finally, Cambridge will reduce or eliminate a client's fees based on their financial situation. For clients who enrolled in 2010:

- Cambridge's average initial fee was $41.55
- Cambridge's average monthly fee was $24.99
- Cambridge waived or reduced 26.7% of initial fees
- Cambridge waived or reduced 26.5% of monthly fees

Fair Share funding

Many non-profit credit counseling agencies receive "fair share" donations from creditors to help support their community education and counseling efforts. Several years ago, fair share contributions could be substantial, but that is no longer the case. For each monthly payment made during 2010, Cambridge received an average of $12.32 in support from the client's creditors.

Creditor Proposal Acceptance

Cambridge has developed a sophisticated set of account enrollment procedures, ensuring that benefits are established for the maximum number of creditor accounts. After a consumer is enrolled in a DMP, proposals are sent to the new client's creditors requesting that benefits be extended. The chart below shows the results of Cambridge's efforts to increase benefit extension. The data represents first proposal responses from creditors who accept electronic proposals from June to December 2010.

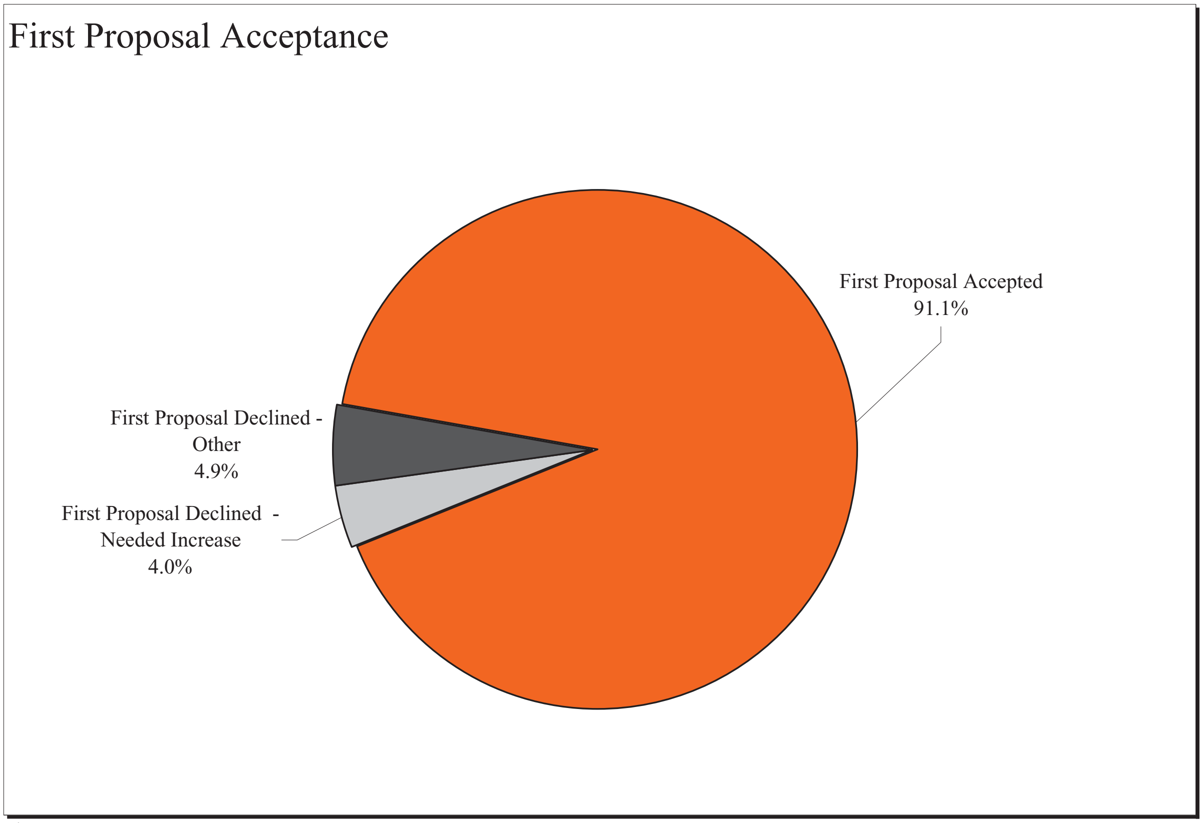


Chart 4

DMP ENROLLMENT AND BENEFIT ESTABLISHMENT

Benefit Verification

As mentioned previously, client accounts are audited after four months to verify that each creditor account has been properly enrolled and is running efficiently. This review is called the Benefits Verification Audit. Audit results indicate that, by the fourth month of enrollment:

- More than 98% of our clients' common creditor accounts are properly enrolled
- Less than 0.2% are receiving any late or over-limit fees

Delinquency issues

It is important to note that many consumers who contact credit counseling agencies do so after already having missed one or more payments to their creditors, resulting in their being past due. A number of accounts fall past-due as a result of the transition from paying creditors at different times each month to a once-a-month payment schedule, or in a delay from the start of counseling to DMP enrollment and the first payment being drafted and disbursed, which can take up to several weeks. The consumer plays a key role at this stage, as they must contact their creditors to change any due dates that aren't aligned with their proposed single monthly payment and disbursement.

A past-due status can be one of the most confusing issues for a consumer to understand while on a DMP. For example, an account may or may not be reported as behind on a consumer's credit report, even though a past-due notice already appears on the consumer's credit card statement. If these issues aren't explained clearly and appropriate follow-up actions taken, the consumer's trust in the agency may erode, causing the consumer to lose faith in the debt management plan's potential outcomes. Open and effective communication about past-due statuses on the consumer's credit card statements is therefore essential.

In 2010, 29.8% of common creditor accounts audited during the fourth month of enrollment had some level of delinquency status, even though the program was running effectively (98% of the common creditors had all of their benefits in place). There are three ways these accounts can be remedied:

1. Eligibility for re-age through a DMP – Some creditors extend this benefit through DMP enrollment if the enrollee is otherwise eligible to receive such a concession.
2. Will be brought current in time – If the consumer remains committed to the DMP, the scheduled payments will eventually make up the past-due amounts and bring the account current.
3. Additional payment amounts – If the first two options do not apply, the consumer will be advised to send additional amounts to their creditors to bring an account current. Cambridge will work out a plan with the consumer to send extra funds, either in a lump sum or in installments over time.

SECTION III:
CHANGING CONSUMER SPENDING & SAVINGS HABITS

Changing consumer financial habits

Cambridge's proper role extends well beyond assisting consumers in the repayment of their debt. As a 501(c)(3) non-profit agency, our primary role is educating consumers. In many cases, this means providing counseling to help alter the consumer's financial behavior, helping them avoid future overextension. Cambridge does this by reinforcing sound financial principles regarding the tracking of expenses, the development and maintenance of working budgets, and the development of a plan to build savings.

The counselor begins this process in the first counseling encounter, and continues to provide appropriate advice and education throughout the relationship. Cambridge also provides post-counseling activities during the first three months, financial check-ups every six months, free educational workbooks, DVDs, and online videos, and continued access to our agency's online financial wellness center, www.goodpayer.com.

Chart 5 represents all 2010 responses for Counseling Efficiency Surveys, which are sent to all clients four months after enrollment. The questions asked include:

- Since speaking with your counselor, have you continued to develop your budget?
- Since speaking with your counselor, have you started to track your expenses?
- Have you created a plan to help build savings?

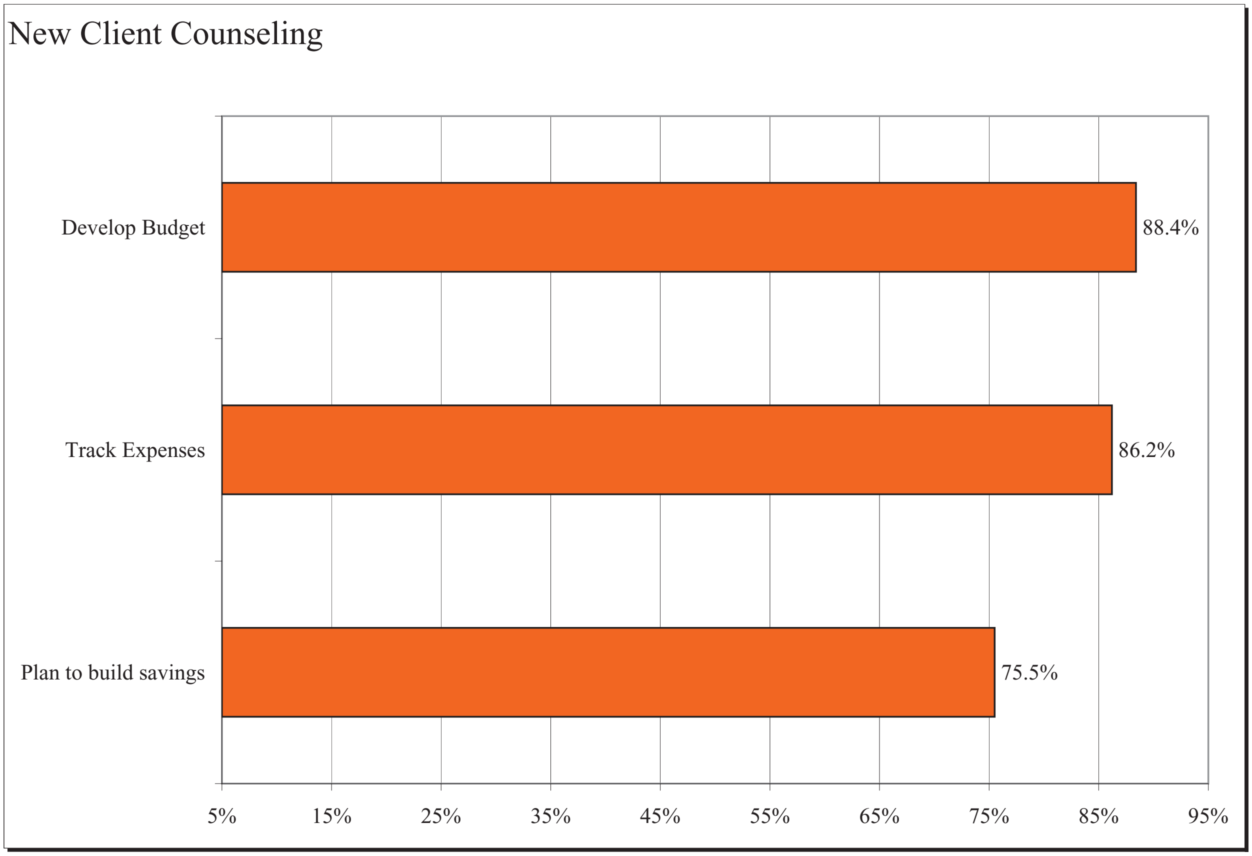


Chart 5

CHANGING CONSUMER SPENDING & SAVINGS HABITS

Cambridge monitors the progress of our clients with Financial Check-ups every six months following enrollment. These check-ups feature questions that help the counselor gauge the client's situation and how diligently they have been following the recommendations made during previous counselor sessions. Chart 6 displays the 2010 responses to questions about whether the client has, in the past six months:

- Reviewed or revised their budget
- Kept track of their expenses
- Been able to build savings

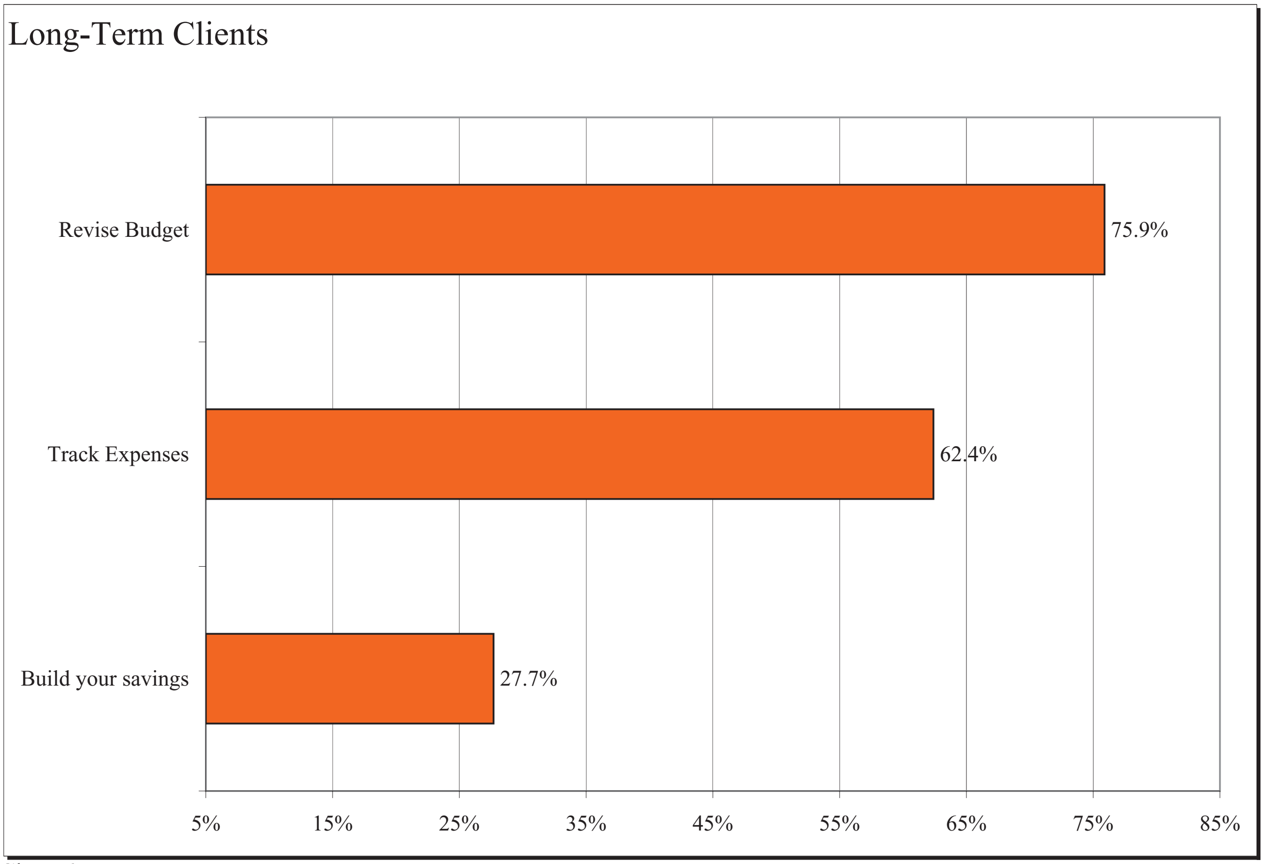


Chart 6

The data indicates that long-term DMP enrollees have incorporated the majority of the financial practices recommended by their counselor. While budgeting and expense tracking show positive results, the ability to build savings remains a challenge for many clients. The same financial check-ups indicate that 49.8% of 2010 respondents had to use their savings to cover an emergency. While it is unfortunate that these consumers had to access their savings, it is a positive development that they had savings to cover the unexpected expense. The alternatives would be financing the emergency using high-interest credit, or discontinuance of the DMP and potential bankruptcy.

SECTION IV:
LONG-TERM DMP PERFORMANCE

Length of DMP Enrollment

In 2010, the average Cambridge client's debt management plan was calibrated to pay off their debt in 53 months. Although each client's situation is unique, the average Cambridge client:

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- Completes the program in 41 payments, and
- Remains on the program for 33 months. (This number is lower, since it includes clients who fall off the program.)

The completion number is arrived at by examining clients who enrolled in 2005. The five-year timeframe was chosen because there is an industry expectation that a standard DMP be established for no more than 60 months. This timeframe is also required by several states, and by creditor policies that have been communicated to the industry. The program duration number is also taken from 2005 enrollments.

Completing the DMP

Cambridge's DMP is designed to pay-in-full all of the client's credit obligations, however, as their program winds down, a significant number opt to directly pay off a single remaining creditor, often after receiving a tax return. Others, whose debts are now within their means to pay – typically after an increase in income, leave the program and pay off multiple creditors.

Chart 7 is once again based on clients who enrolled in 2005. Some are still active clients because they added accounts to their debt management plan, or for other factors, but data indicates that these clients are maintaining progress in their adjusted plans.

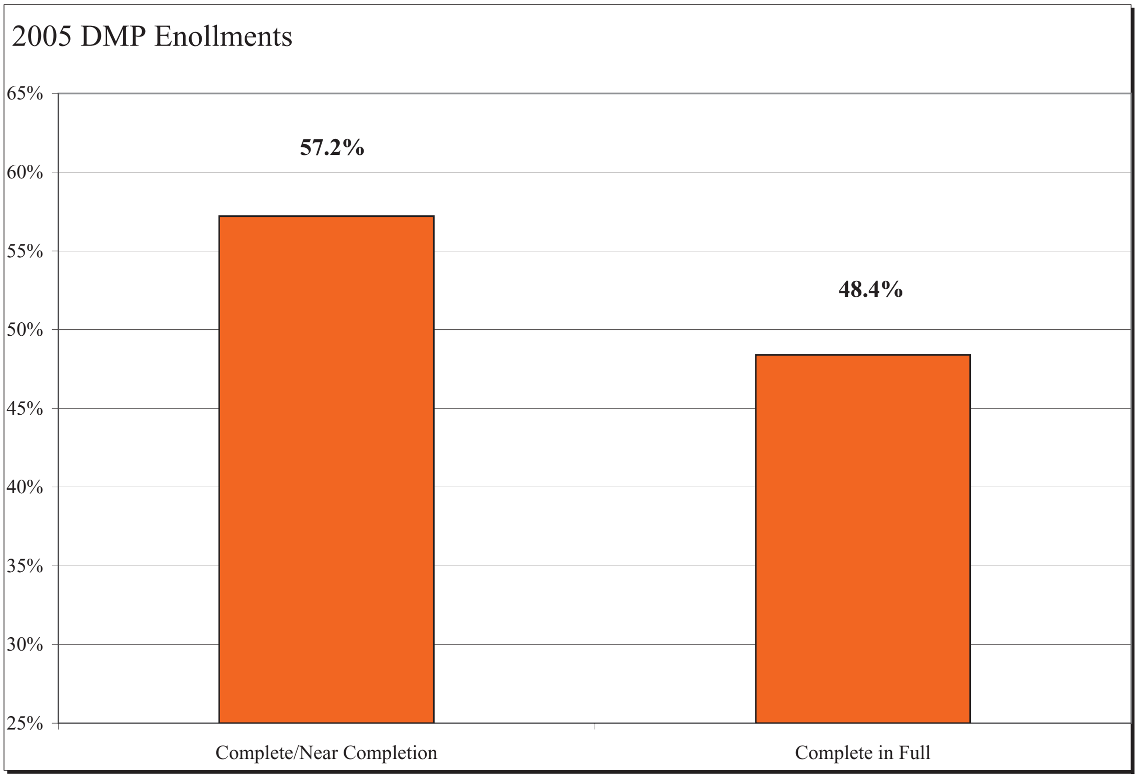

Chart 7

LONG-TERM DMP PERFORMANCE

The numbers above do not include those who felt confident enough in their situation to engage in a self-administered plan due to their improved situation as a result of a DMP, as well as the education and counseling they have been provided. As discussed earlier, the primary reason consumers contact a credit counseling agency is their inability to keep pace with their bills. One of the primary functions of the DMP is to return the consumer to a sense of control they had previously lost. While these consumers may be considered successes, they do not meet the criteria established above as Complete or Near Complete.

Clients leaving incomplete

Unfortunately, our clients' financial circumstances change with some frequency. This is undoubtedly due, in part, to the repressed economy of the past three years. If continuation on the debt management plan is no longer an option, the counselor will re-examine the client's situation to recommend additional options that may be better suited to the new circumstances.

Cambridge tracks the reasons consumers fail to completely satisfy their obligations. Since looking at 2005 enrollments does not accurately reflect the performance of Cambridge's current support services, the numbers presented below were culled from a non-conformance tracking mechanism for consumers leaving in 2010, regardless of the date of enrollment.

In 2010, Cambridge lost the following percentages of its client base to the following reasons:

- Filed for bankruptcy – 2.6%
- Cannot afford to make payments – 2.8%
- Joined a settlement program or enrolled with another credit counseling agency – 0.3%
- Dissatisfied with creditor benefits – 0.3%
- Dissatisfied with Cambridge's service – 0.3%
- Declined to provide a reason / Unique reasons – 10.4%

SECTION V:
CREDIT COUNSELING AND DMP SUPPORT SATISFACTION

Satisfaction with Counseling and Support Services

Cambridge recognizes that, in order for a consumer to accept and implement the advice of their counselor and to remain committed to a repayment plan, they must trust the agency providing those services. Building this trust is a crucial factor in the success of any organization, and it is essential for the clients' success, as well.

Cambridge surveys all clients after their fourth month of enrollment to determine the effectiveness of their initial counseling experience. Chart 8 illustrates the level of client satisfaction with their counseling experience, as well as the percentage who rated their experience as "Excellent."

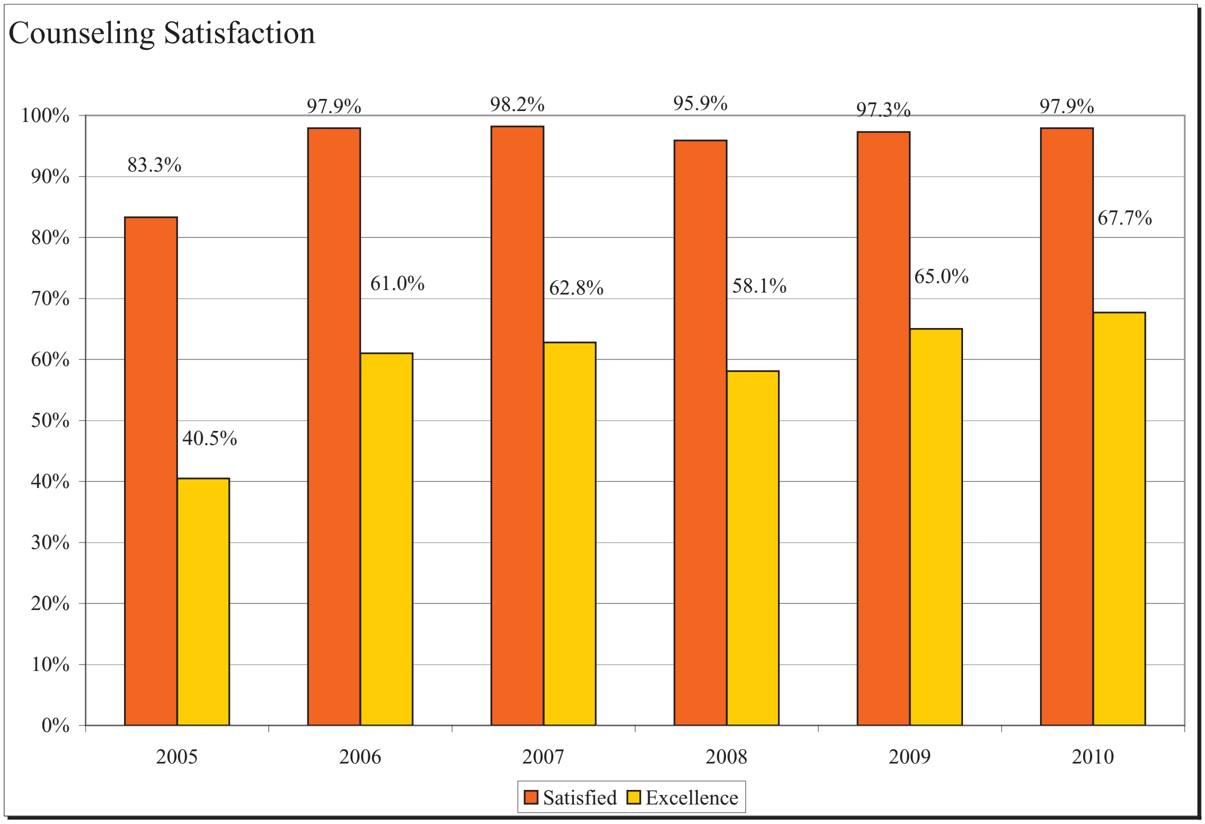

Chart 8

Cambridge feels that the increases in our agency's satisfaction numbers are the result of a variety of program enhancements implemented since 2005, including additional counselor training, third-party certification, the implementation of our post-counseling process, and revised educational materials that reinforce our counselors' advice. As indicated above, the percentage of clients rating their counseling experience as "Excellent" rose from 40.5% in 2005 to 67.7% in 2010.

In addition, four times per year, a random group of Cambridge clients is surveyed to determine their satisfaction with the support they've received during their time on the program. Chart 9 details the increase in client satisfaction since 2005.

CREDIT COUNSELING AND DMP SUPPORT SATISFACTION

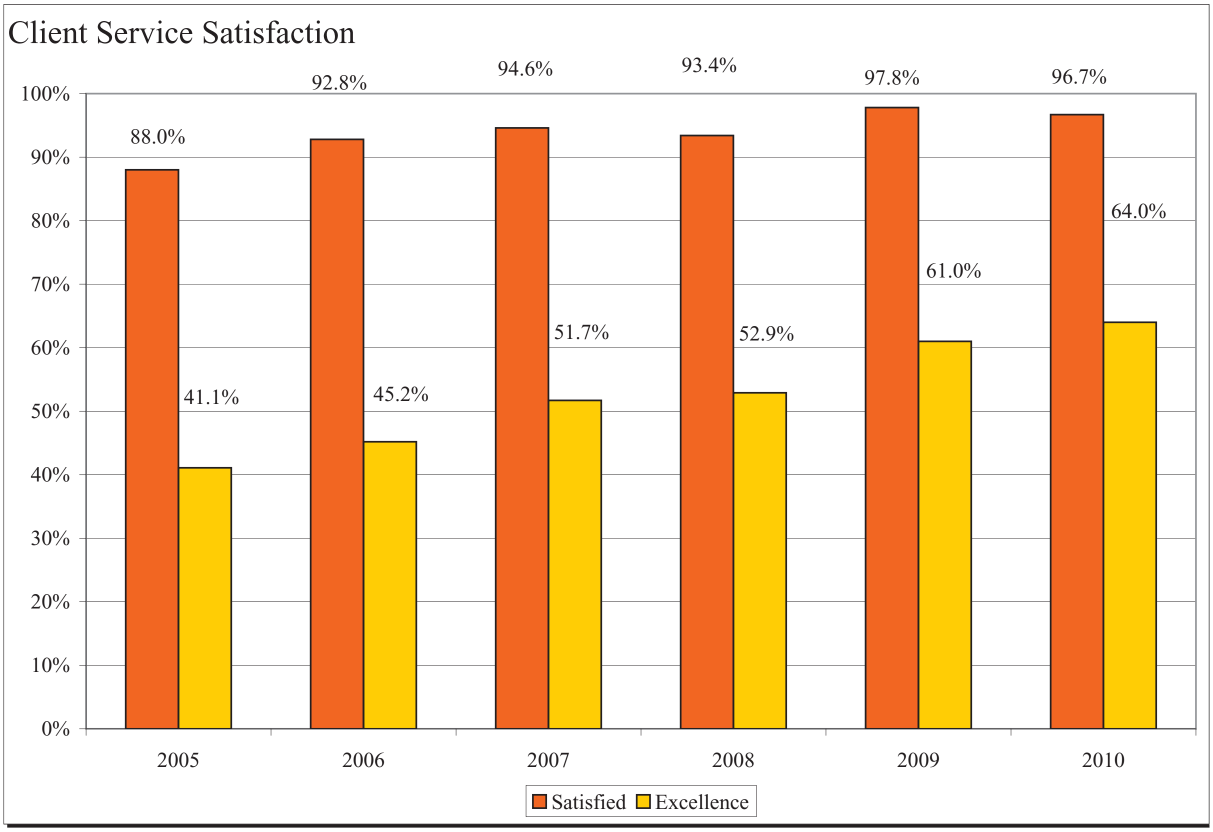

Chart 9

The apparent increase in satisfaction can once again be credited to program enhancements, in this case to DMP support processes. In particular, this can be attributed to procedural enhancements, revised membership materials, introductory calls explaining the mechanics of the DMP, and the unusual step of requiring third-party certification of our agency's customer service representatives as credit counselors.

Cambridge uses a third-party website to receive and store our survey results to ensure that data remains impartial.

SECTION VI:
COMMUNITY OUTREACH

Community Seminars

While the majority of this report focuses on one-on-one credit counseling and the consumer experience while enrolled in a DMP, this does not represent a full picture of the agency's efforts to promote financial literacy.

Cambridge conducts a variety of free financial literacy seminars throughout the communities of Massachusetts and Connecticut. In 2010, Cambridge's Education Department presented 416 seminars and community outreach events, educating more than 5,214 individuals and families. To determine the effectiveness of these seminars, separate tests are administered whenever possible at the start and conclusion of these seminar programs. Chart 10 shows the improvement in scores as a result of the seminar material.

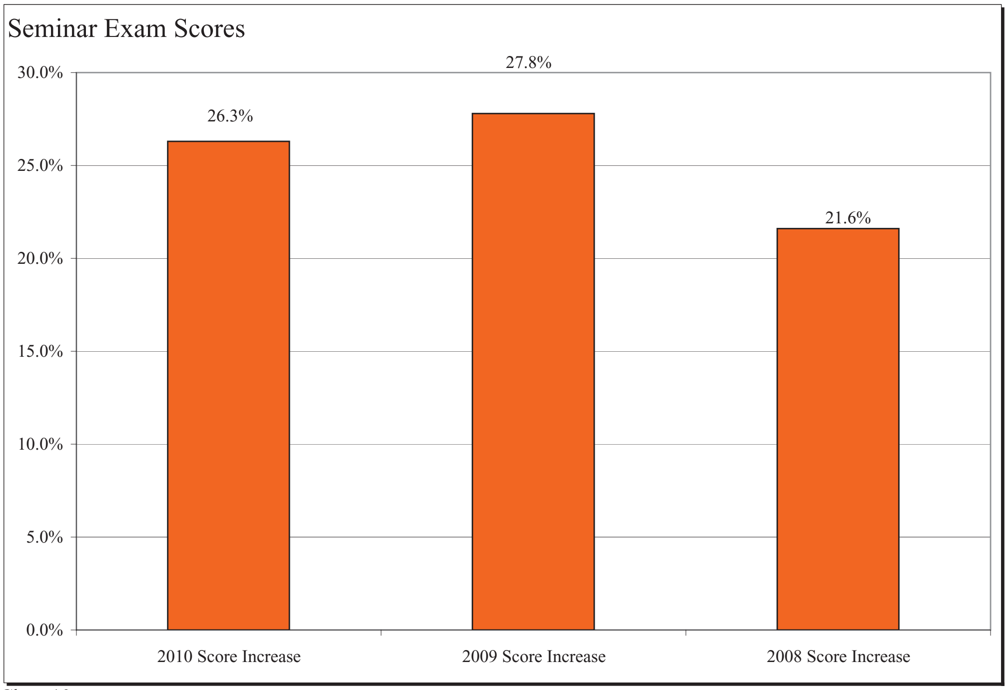

Chart 10

Financial Wellness Center

Cambridge maintains an online resource center, Goodpayer.com, which contains roughly 150 pages of articles covering a wide range of financial topics. It also provides downloadable versions of our guidebooks and lesson plans, as well as contact information for agencies that offer services beyond Cambridge's expertise. In 2010, a total of 19,796 consumers visited the site. The following were the most popular resources downloaded in 2010:

- Learn Now or Pay Later Adult Guide (also available on Cambridge's home site) – 24, 941
- Learn Now or Pay Later Young Adult Guide (also available on Cambridge's home site) – 10,322
- "Driving as if Your Budget Depends On It" (article) – 6,212
- Monthly Budgeting Worksheets – 3,347

Your Money 2.0

Cambridge launched its new online video series, Your Money 2.0, on February 23, 2009. The weekly program highlights the most relevant financial stories of the day, and provides insight as to how these events may affect the average consumer. The videos can be found on the popular website, Youtube.com, and are offered for free to financially themed sites across the Internet. In 2010, Cambridge's online videos were viewed 39,829 times.

CONCLUSIONS

The data presented in this first report clearly shows the value of Cambridge's credit counseling services and debt management program. Cambridge intends to provide updates to this information each Quarter (in February, May, August and November), and we are committed to expanding and improving the range and depth of information we present in subsequent releases.

It is crucial that all members of the debt relief profession be open and honest about the work they do and about the benefits they provide to consumers. Cambridge encourages other organizations to share similar performance and satisfaction metrics to demonstrate the effectiveness of their efforts. The transparent sharing of information will benefit consumers, regulators, legislators and consumer advocates who are unsure of the services we provide, the costs of such services, and the expectation of success. Providing such information will also encourage agencies to explore and share methods to improve the effectiveness of their services, which will benefit consumers in the long run.

In the spirit of openness, Cambridge invites any agency or individual who may have questions about this initiative to contact us at (888) 694-7491, or at transparency@cambridgecredit.org.