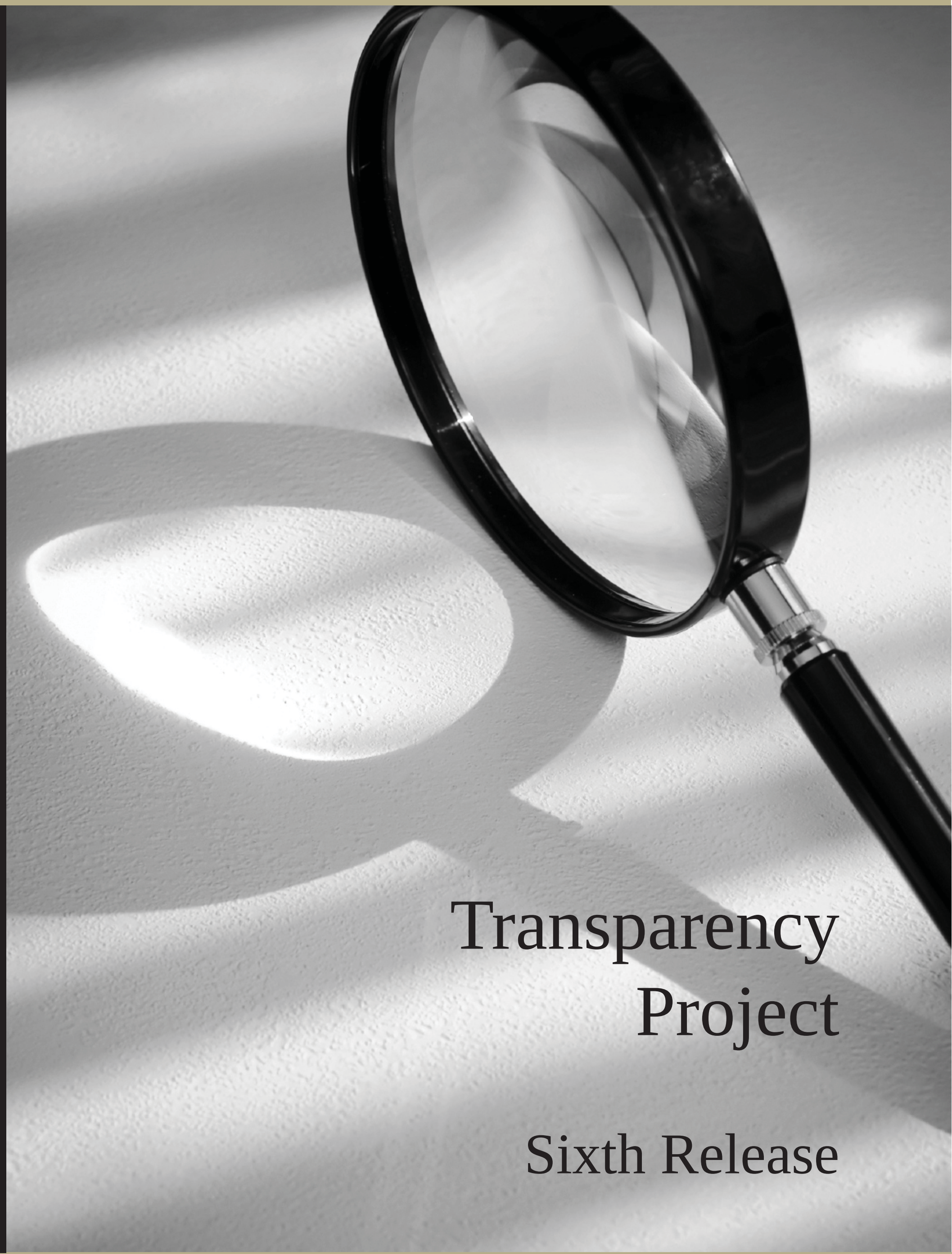
DEBT RELIEF

Performance and Satisfaction Information Report

CAMBRIDGE
CREDIT
COUNSELING
CORP.



Transparency Project

Sixth Release

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

www.cambridge-credit.org/transparency.html

EXECUTIVE SUMMARY

This *Debt Relief Performance and Satisfaction Information Report* is the sixth release made in connection with Cambridge Credit Counseling's Transparency Project, an initiative designed to explain the services our agency provides to public, and to openly display the various outcomes achieved.

This is the first report presented on a biannual schedule. Cambridge has shifted away from quarterly reporting for two important reasons. First, it allows for a clearer observation of long-term trends for client performance and satisfaction. Second, combining two quarters' worth of responses to our survey findings increases the confidence level in the data.

This particular report focuses on the benefits of personalized counseling and, specifically, how individualized assistance is crucial to restoring consumers to financial health. This has proven to be true both on the counseling level and in the delivery of debt management program services. This report also compares clients with little or no flexibility in their budget at the time of enrollment to those who had a distinct amount allocated for savings. Finally, we've included a discussion of what some consider a controversial topic: creditor donations to non-profit counseling agencies.

Among the sixth report's highlights:

- For the first half of 2012, 86.81% of clients with tighter budgets were able to make their first three program payments, just 4.5% below the average early performance of all clients.
- 95.3% of all common creditor accounts are properly enrolled by the fourth month of enrollment, and fewer than 3% are receiving any fees.
- Clients who enrolled in the first two quarters received interest rate reductions averaging 14.49%. As a result, the average new client's payment was $141.58 less than what they had been paying on their own.
- Cambridge waived or reduced 26.8% of initial fees and 36.0% of monthly fees for clients enrolled during the first six months of 2012.
- 94% of DMP enrollees who began to budget found that the practice helped them manage their finances. In addition, 89.3% of clients who adopted the expense-tracking methods recommended by their counselor identified ways to reduce their expenses.
- 54.3% of clients who enrolled during the first half of 2007 either completed their debt management plan in full, or discontinued Cambridge's services only as they neared completion.
- Clients whose initial budget showed little or no room for savings nevertheless completed the program at an impressive 43.9%.
- Overall client satisfaction with the credit counseling experience was at 96.6% for the first half of the year, while the Client Services satisfaction rate was 95.1%.

As always, the data presented here is unfiltered. Readers of past reports may note that some individual metrics have declined. Cambridge feels it would be a disservice to neglect these points and would be inconsistent with the goals and intentions of the Transparency Project. To secure consumer confidence in the credit counseling profession, *all* data must be presented.

SECTION I:
THE INITIAL COUNSELING EXPERIENCE

Reasons consumers seek credit counseling

Previous editions of this report have focused on the changing characteristics of the consumers reaching out to Cambridge. The recognition of such shifts in consumer priorities is crucial for several reasons.

First, it helps the agency identify the best way to reach out to *other* individuals who need help. Many consumers have told us they were unaware of the variety of credit and housing counseling services that Cambridge offers, and that these services can help them with problems not traditionally associated with our industry. Second, tracking consumer concerns allows agencies to tailor their public outreach and make the best possible use of their own resources.

Third, staying abreast of consumer priorities also allows an agency to research and expand its partnerships. Identifying why people are looking for help should encourage an organization to examine how it currently addresses client concerns and determine how to improve the content and quality of its responses. This goes above and beyond what is illustrated in Chart 1. For instance, the most common concern, *Ability to keep pace with bills*, is shared by 91% of those seeking help. But which specific obligations are causing them to fall behind? What Cambridge found, increasingly, is that the most troublesome bills - mortgages, utilities, medical bills and student loans, are outside our traditional areas of expertise. Providing guidance about these types of expenses requires additional research on the agency's part, and/or the referral of consumers to other non-profits that have superior information and experience to offer.

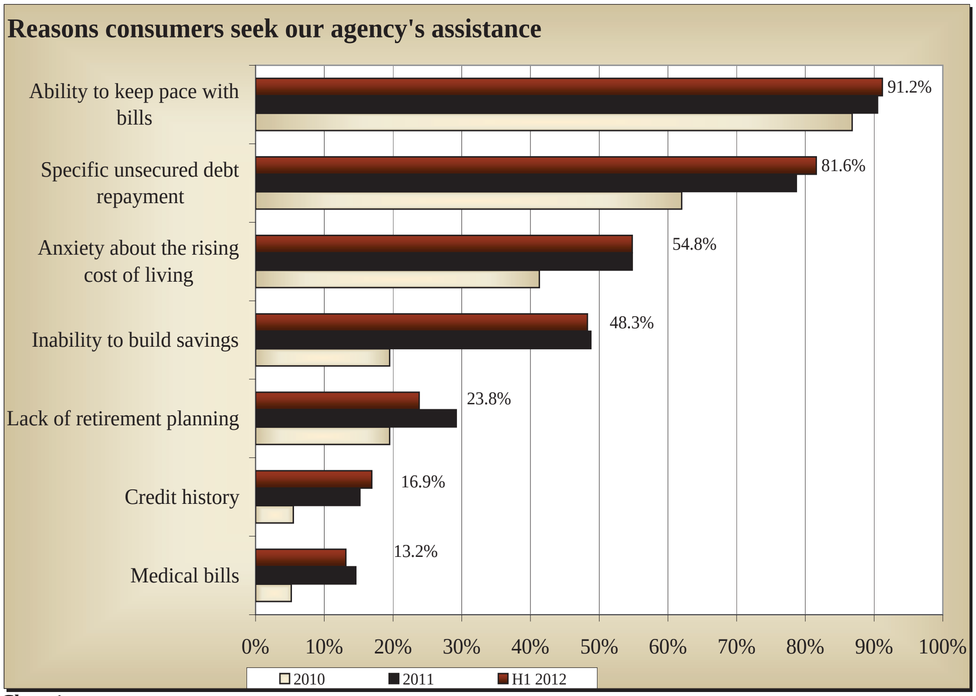


Chart 1

Root cause analysis of consumer's situation

Chart 1 illustrates our clients' concerns – what drove them to contact Cambridge during the first half of 2012. Recognition of these concerns is important, but it is not counseling. True counseling begins by digging into the root causes of these concerns. How did the consumer arrive at this point?

Chart 2 displays the factors that counselors identified as contributing to the financial difficulty of consumers who contacted our agency during the first six months of 2012. Determining the root causes of a consumer's hardship is one of the benefits of personalized counseling experience. Many consumers are incapable of distinguishing between the true cause of their difficulty and other behaviors that are simply making matters worse.

THE INITIAL COUNSELING EXPERIENCE

At first glance the *Contributing Factors* may not seem to directly correspond to the *Areas of Concern*, but this is, in fact, the point. It is the responsibility of the counselor to make an honest assessment of the consumer's problems. This often involves confronting the consumer with factors that fall outside of their perspective.

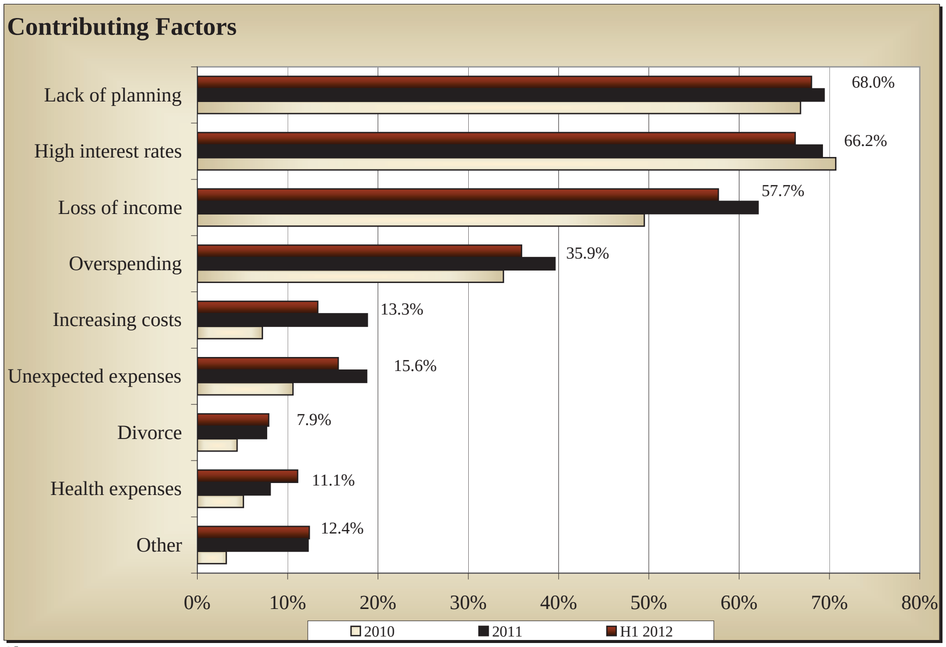


Chart 2

For instance, a consumer may not see that one of the causes of their inability to remain current with their obligations is their lack of preparedness. Yet, that is the case for more than two-thirds of those people who contacted Cambridge during the first half of 2012. These consumers are failing to budget, or, if they are budgeting, are not doing so effectively, often failing to account for all of their expenses.

Similarly, a less frequently reported factor, *Overspending*, can sometimes be difficult to diagnosis. Many consumers are unaware that they are spending excessively on certain items. Fortunately, for those who enroll in a DMP, we can see the benefit of expense tracking – 89.3% of those who track their expenses identify line items in their budget that can be reduced or eliminated.

Several of the factors displayed in Chart 2 are overlooked or misreported by consumers during their initial conversation with our counselors. Divorced individuals, in particular, are prone to citing other causes for their financial difficulty. While the ability of the counselor to identify these underlying reasons can be crucial to a client's success, the counselor must also possess the communication skills necessary to convince the consumer of these truths.

SECTION II:
DMP ENROLLMENT

Qualification

As mentioned earlier, enrollment in a debt management plan (DMP) is only one of many options offered by our credit counselors. Chart 3 indicates that only 28% of consumers are presented with the DMP option. This statistic is itself somewhat misleading, as enrollment is often presented as one of several options for a consumer to consider. In fact, only slightly more than half (54.8%) of this 28%, or 15.5% of all consumers who contacted our agency, enrolled in Cambridge's debt management plan in the first six months of 2012.

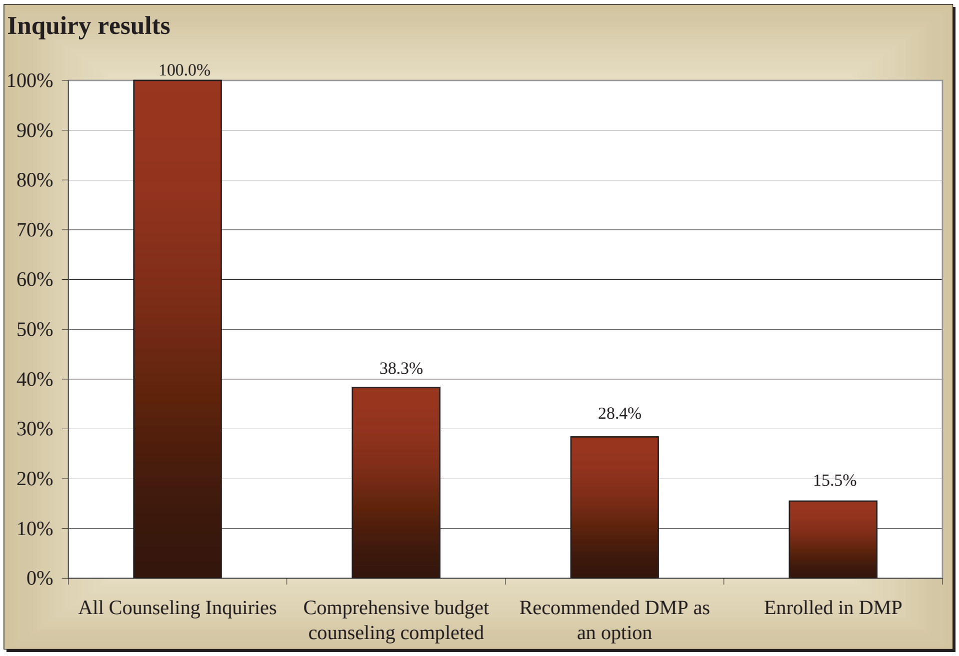


Chart 3

Many different factors, of course, go into the mental calculations counselors make when determining the appropriateness of a DMP. A full budget analysis must first be developed with the consumer. This analysis includes a hard look at the individual's expenses. The counselor will make recommendations that, if adopted, will ease the consumer's budget problems, helping them more effectively manage their debt. This is particularly valuable for consumers who, at first glance, might not be able to afford to repay their obligations. The value of the personalized counseling experience can be seen clearly when these consumers are able to avoid bankruptcy.

The counselor's insight also proves valuable when the consumer begins expense-tracking activities following the initial counseling session. If the individual also enrolled in a DMP, the counselor will conduct three additional sessions to guide them through this process. Even if the consumer elects not to enroll, they are still contacted within six weeks to see if they've been able to follow the Action Plan provided at the conclusion of their initial consultation.

Appropriateness/Suitability

As discussed in previous editions of this report, one measure of *Suitability* is the client's ability to make their first three program payments. It is a confirmation that the client had the financial capacity to make their payment, as well as the discipline to do so on time and in full. Thus, clients who made these payments were confirmed as suitable candidates for a DMP. A creditor's acceptance of the proposed plan is the other significant factor used to measure Suitability. Over the last several years, creditor criteria have become far more exacting in many respects. In light of the generous concessions granted to those consumers who do meet these criteria, this trend is understandable

Chart 4 displays client suitability data recorded over the last 30 months. While the historic percentage is down from the peaks recorded in 2010 and early 2011 – it appears to be leveling off after a poor second half of 2011.

The last release featured an examination of many factors that could have caused the drop in this metric. One criterion which was not examined was the consumer's initial budget. For clients who became eligible for this metric during the first half of 2012 (and thus enrolled between October 2011 and March 2012), 5.7% had initial budgets that showed an inability to afford a DMP. Cambridge will consider offering the DMP option to a consumer whose initial budget shows negative savings only when the consumer and counselor have identified reasonable and sufficient reductions in expenses. In fact, the consumer will only be allowed to enroll if they have signed a document acknowledging that they will implement such changes.

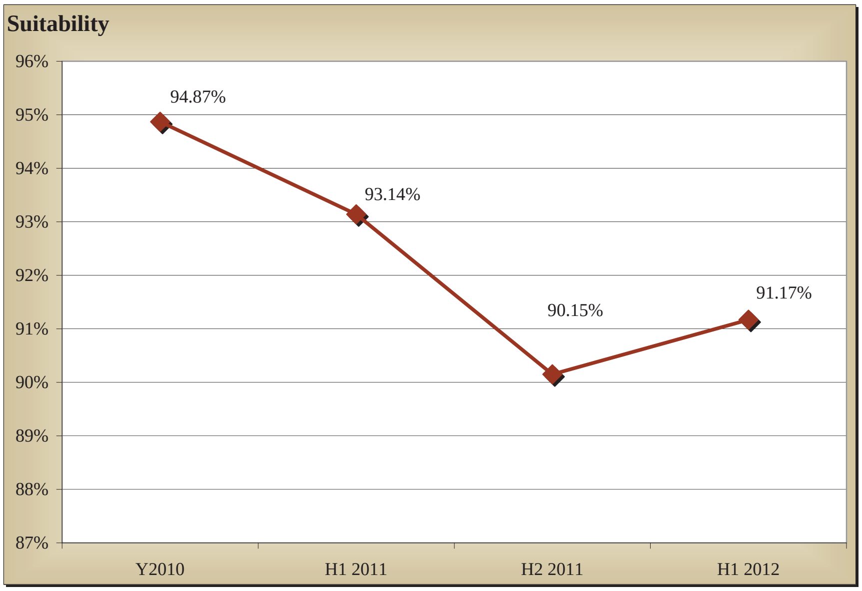


Chart 4

The data indicates that these clients reached the suitability threshold at roughly the same rate as consumers whose initial budget indicated they had sufficient funds *without* making changes. 91.56% of clients with positive savings in their initial budget successfully completed their first three months, while 86.81% of enrollees with negative savings levels prior to budget reductions satisfied the suitability threshold. The reason these clients were able to succeed is further evidence of the value of personalized counseling. The individual's budget was tight, but, working with the counselor, the consumer identified expenses they were able to reduce or eliminate. Coupled with the concessions granted by the individual's creditors, the consumer was able to meet their obligations during this transitional phase and to find breathing room in their budget.

Creditor proposal acceptance

The acceptance rate of the first payment proposals made on our new clients' behalf continues to decline. The acceptance rate recorded in the final quarter of 2011 was 86%. The 3.7% decline shown in Chart 5 is quite alarming.

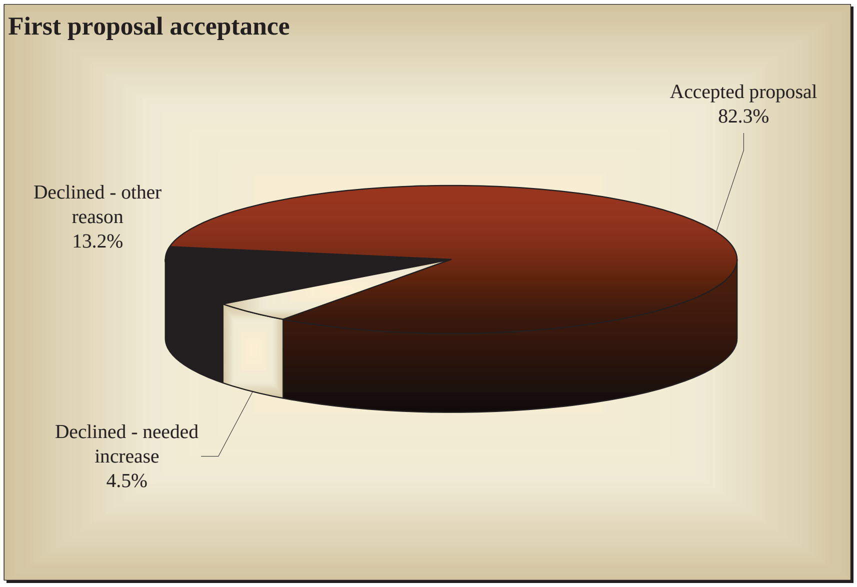


Chart 5

As displayed below in Table 1, the two reasons most often responsible for a denied proposal involved payments that required an increase, and consumer ineligibility (typically because they had previously received concessions from that particular creditor). Taken together these two items account for 46% of all proposal denials.

Denial Reason	% of Total	% of Declines
Needs Increase	4.53%	25.56%
Previously Extended	3.63%	20.51%
Promo rate	1.79%	10.10%
Not eligible	1.47%	8.33%
With third party	0.70%	3.93%
Invalid Social/Name	0.54%	3.04%
Internal Program	0.41%	2.32%
Additional Information Needed	0.31%	1.76%
Other	4.33%	23.33%

Table 1

The *accounts needing increase* can be particularly distressing to individuals on a tight budget, because the amount of the required increase could throw the consumer's budget out of balance. It also causes distrust between the enrollee and the agency.

So why do these accounts require an increased payment before the creditor will agree to grant concessions? In the past, balances provided by the consumer during the enrollment process were often found to be smaller than what the creditor reported. This issue was rectified years ago when Cambridge began pulling credit reports to verify account balances (and the rest of the account information). Today, the issue seems to be related to other denial factors.

For instance, a growing percentage of payment proposals requiring an increase are triggered by insurance being billed on the account. Although counselors ask the consumer if they have credit protection insurance on the account prior to determining the payment, this type of insurance goes by a number of different names. Oftentimes the consumer is not aware they have been paying for such insurance.

Previously Extended (that is, the consumer already received concessions on a prior occasion) is also influenced significantly by other factors. At Cambridge, slightly more than 10% of enrollments during the first half of 2012 were actually re-enrollments, meaning these clients were previously on our DMP and, at some point, experienced an extreme hardship that caused them to discontinue our services. When these clients regain their financial footing, some creditor policies will not allow them to re-enroll any account for which concessions had been granted. In addition, clients who had been enrolled on a particular creditor's internal program may also be considered ineligible for further assistance. Often the client was never aware or had forgotten that they had received a promotional rate. Cambridge still sends proposals on these accounts with the understanding that they will be declined by the creditor.

Finally, it is worth noting the increase in *Not Eligible* denials. Most of these are due to a single major creditor that has changed its policy on accounts with certain contractual terms, now barring them from enrollment. Neither the credit counseling agency nor the client will be aware if any account has these terms until the proposal is returned from the creditor.

Cambridge will continue to monitor proposal denials and to take appropriate action in the best interest of those consumers seeking relief through a debt management plan.

Benefits Verification

The enrollment process officially comes to an end four months into a client's term, when Cambridge completes a Benefits Verification audit. This comprehensive review of each client's account serves a dual purpose, allowing us to ensure that each enrolled account is receiving all appropriate creditor concessions, and to judge the effectiveness of our enrollment protocols and procedures.

DMP ENROLLMENT

The results for audits conducted during the first half of 2012 indicate that:

- 95.3% of common creditor accounts are properly enrolled.
- 97.3% of accounts are not receiving any fees.
- 41.5% of accounts are still, to some degree, past due.

The 95.3% acceptance rate of account concessions continues a recent decline in this metric. During the first half of 2011 this rate was nearly 1.5% higher. There are several causes for this trend, including the tightening of creditor requirements and the level of delinquency when an account is enrolled. Cambridge will continue to work with the client to present the best course of action for handling debts that are not receiving concessions.

In some cases concessions may be granted at a future date. This is often happens for accounts that were denied because they once carried a temporary promotional rate. In other instances, if the client will never be eligible – if their creditor will not allow an account to be re-enrolled, or when contractual terms agreed to when the account was opened make it ineligible for the program – Cambridge may recommend that the account be removed from the plan. The decision is always the client's to make in these scenarios, and many opt to keep an account enrolled for the sake of convenience. All recommendations and decisions would be made prior to the four-month audit, but if the accounts remain on the plan they would be included in this statistic.

The levels of accounts receiving fees and the number considered past-due have moved in a positive direction. The past-due percentage remains high, and is most likely the result of economic pressures. In all situations, if an account is identified as past-due, Cambridge will explain the situation to the client and present the options for returning the account to a current status. It is important to note that the vast majority of accounts that are past due are still receiving concessions and are not receiving fees.

SECTION III:
ACCOUNT BENEFITS AND FAIR SHARE EXPLANATION

Savings and Costs of a DMP

Table 2 is a breakdown of the savings experienced by an average enrollee during the first half of 2012. The client's typical monthly payment decreased by nearly 25%, and their interest rate was reduced by two-thirds.

Category	On own	Through DMP	Reduction/Savings
Annual Percentage Rate	22.39%	7.90%	14.49%
Average monthly debt payments*	$574.00	$432.42	$141.58
Average monthly interest charged	$330.90	$116.76	$214.14
*Note: Average Monthly debt payment through DMP includes average monthly fee			

Table 2

The *Through DMP* column in Table 2 includes Cambridge's monthly fee. Cambridge maintains a fee structure that is compliant in every state where we assist consumers. Even where state laws are more permissive, our agency's initial fees will never exceed $75.00 and monthly fees will never exceed $50.00. In fact, the majority of Cambridge's clients pay substantially lower fees. For the first half of 2012, the average fees were less than half of these caps:

- The average initial fee was just $32.87.
- The average monthly fee was just $24.97.

In addition, Cambridge's fee structure allows for each fee to be further reduced or waived based on the client's level of hardship. During the first half of 2012, Cambridge waived or reduced:

- Initial fees for 26.8% of new clients
- Monthly fees for 36.0% of new clients

Fair Share Funding

Although the majority of Cambridge's revenues are derived from the fees paid by our clients, Cambridge also receives donations from the credit granting community. These contributions, commonly referred to as "Fair Share," are grants in aid made in recognition of the valuable educational services provided by non-profit credit counseling agencies.

Fair share funding isn't a recent innovation; it actually has a long history. Years ago, many counseling agencies were focused on housing issues, but when it became apparent that some consumers were having difficulty managing their credit, the lending community asked that we expand our services to include personal finance. To support the transition, some creditors made donations of as much as 15% of the funds received from clients who enrolled in an agency's debt management program. If a client made a payment of $100, the creditor would contribute $15 to the nonprofit to support the financial education and account services they provided.

Since then, Fair Share has undergone some significant changes. To help ensure the impartiality of the counseling non-profit agencies provide, the IRS now carefully regulates contributions, limiting such funding to less than 50% of an agency's total revenues. (In 2011, Cambridge received just 43% of its revenue from Fair Share or creditor foundation grants.) Capping a decade-long trend of declining contributions, some creditors have ceased funding agencies altogether, while others have discarded their percentage formula, opting instead to base their donations solely on the quality of the education an agency provides to consumers and to their community. Although Fair

Share contributions have been reduced to roughly 4% of the amount of payments remitted, the education Cambridge provides has actually increased. Over the last ten years, we've counseled more than 300,000 consumers, and our community outreach programs, delivered at no cost to a variety of high schools, colleges, and non-profit social service agencies, have been provided to another 200,000 individuals.

Even at today's diminished levels, creditor contributions still play a crucial role in helping non-profit agencies fulfill their mission of promoting a more knowledgeable and financially responsible America. *Every* consumer who contacts Cambridge is offered comprehensive one-on-one counseling, the chance to review their budget with a trained professional, and the opportunity to develop an Action Plan with strategies appropriate to their circumstances. Yet fully 72.6% of the consumers who contact Cambridge annually *aren't* offered the option of enrolling in a debt management plan – they simply receive free counseling. Fair Share funding helps us offset the cost of providing these services to individuals who are facing financial challenges, but who will never become a client of our agency.

It's also important to bear in mind that, despite improved efficiencies in nearly every department, providing counseling services is still a costly, labor-intensive enterprise. The average initial conference lasts about 90 minutes and is supported by subsequent sessions to reinforce the importance of maintaining the established budget and following the Action Plan. At Cambridge, the counseling professionals who conduct these sessions have an average of ten years' experience, but they still must receive continuing education to maintain their various certifications and keep abreast of issues that affect consumers.

There are similar demands on the technology side of the business, where clients, creditors and regulators have come to expect a high level of efficiency. To that end, Cambridge has developed its own computerized client management system, requiring ongoing programming, maintenance, auditing and off-site redundancy. To gain economies of scale, Cambridge offers services in 46 states, but that also means dedicating staff to deal with forty-six different sets of statutory and regulatory requirements, and securing appropriate levels of bonding and insurance. Lately, it has also meant hosting an increasing number of expensive on-site audits, as state banking departments look to recoup their operating expenses in a time of serious budget shortfalls. If the costs of maintaining our agency infrastructure were to be paid by consumers alone, the resulting fees would prohibit significant numbers from receiving the assistance they need. Fair share funds help avoid that scenario. We're proud to note that, in keeping with our charitable mission and despite the increasing costs of maintaining our agency, Cambridge was able to waive 35.33% of its monthly fees in 2011.

Unfortunately, the costs of operating a non-profit agency in today's economic environment are overlooked by some critics, who consider us beholden to the creditor community. In truth, credit counseling agencies are working *with* creditors and consumers alike, sharing the ultimate goal of helping distressed individuals and families regain their financial stability and allowing them to help build a stronger economy. A few consumer advocates have also questioned why creditors don't provide these services themselves. The truth is, they lack the infrastructure and bottom-line motivation to provide a comprehensive counseling approach. The internal programs that exist focus solely on the debt held by that particular creditor, offering no remedy for additional lines of credit or for the host of factors that might be impacting an individual's budget at any given moment. Credit counselors take the time to consider the full range of issues that a consumer presents, providing options and education appropriate to their concerns. Though they've decreased steadily over the last ten years, Fair Share contributions continue to allow agencies to provide services at a fraction of their true cost. Without such support, millions of Americans would lose valuable allies in their struggle to maintain financial independence.

Newly enrolled clients

After client accounts are audited and benefits confirmed, Cambridge sends a survey to the client to determine the effectiveness of their counseling experience.

This survey asks if the client has:

- Implemented the recommendations in their personalized Action Plan
- Visited Cambridge's online financial wellness center (GoodPayer.com)
- Viewed our free Your Money 2.0 educational videos
- Created or adjusted their budget
- Begun to track expenses
- Developed a reasonable savings plan

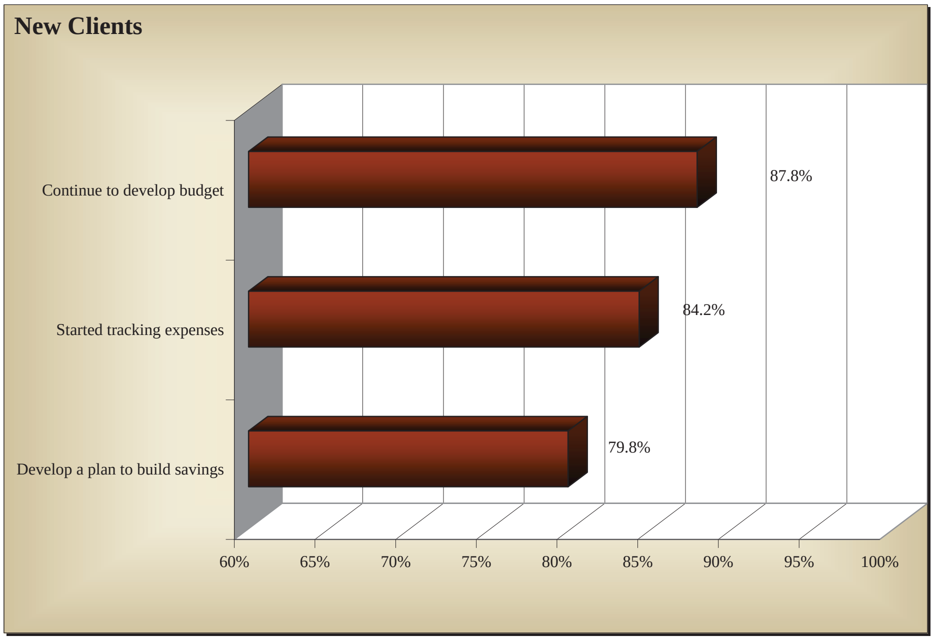


Chart 6

Chart 6 indicates the levels of success Cambridge has had in persuading recently enrolled clients to adopt the last three items on this list.

In addition, the survey asks whether the client found these practices beneficial. Results indicate that:

- 94% of clients who incorporated recommended budgeting practices felt the activity helped them improve their ability to manage their finances.
- 91.5% of clients who had begun using the expense-tracking techniques recommended by their counselor felt the activity helped them improve their ability to manage their finances.
- 89.3% of expense-tracking clients identified methods they could use to reduce their expenses.
- 96.7% of all respondents were satisfied with the educational resources and materials that Cambridge provided.

These numbers are also reflective of the benefits of personalized counseling. The clients were able to adopt these practices because they were presented with plans and strategies that were appropriate to their circumstances. The counselor was also able reinforce the importance of these practices during the three post-counseling sessions, which are generally conducted during the third, seventh and eleventh week of each client's enrollment.

Long-term DMP enrollments

Although an education in sound financial practices provides the consumer with a foundation they may have lacked, the immediate goal of counseling is to change the individual's financial behavior. This often requires that the consumer correct or eliminate those activities that produced their difficulties (unless the individual was a victim of circumstances beyond their control), and it always means they must continue to budget, track expenses and build savings, incorporating these practices into their lifestyle.

Cambridge monitors the success of these changes using a financial check-up survey that is sent to all clients every six months. Chart 7 indicates the levels of long-term clients maintaining these practices.

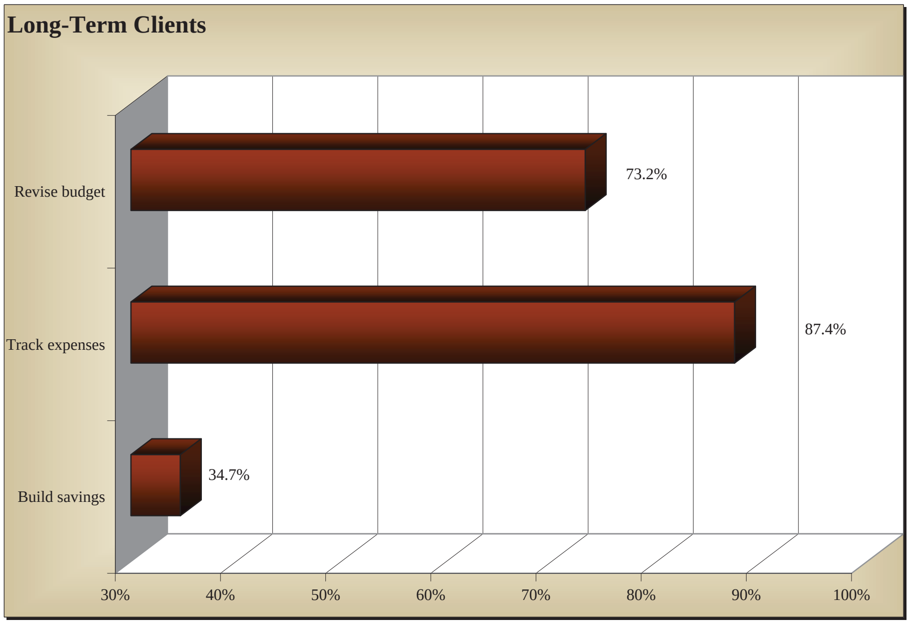


Chart 7

The survey asks about the client's activities over the preceding six months, corresponding to the last time the survey was sent. The results indicate that nearly three-fourths of all clients are maintaining a budget and that more than 87% are still tracking their expenses. And while the percentage of clients who are building savings during their enrollment is relatively low (fewer than 35%), there are other factors that influence this particular metric.

For instance, 45.7% of respondents used funds from savings to cover an emergency during the past six months. (While this is unfortunate, it is one of two important purposes of building savings, the second being goal achievement). A number of clients also use savings to pay off secured debt with higher interest rates. Some clients also send extra funds to Cambridge in order to complete their DMP earlier.

SECTION V:
LONG-TERM DMP PERFORMANCE

Length of DMP enrollment

Each consumer is presented with an estimated repayment term before they enroll in a debt management plan. This estimate gives the consumer an idea of how long they will need to remain committed to making the monthly payment being presented to them. The average term for those who enrolled on a DMP during the first six months of 2012 was 49.38 months, or a little over four years.

This is, of course, simply an estimate of the time that would be needed to complete their DMP. To look at how long an average client remained on the program, we examine the results of clients who enrolled 5 years ago, in this case, all clients who enrolled during the first six months of 2007. This group of clients took an average of 41.15 months to complete their enrollment terms.

This statistic reflects only those clients who completed their DMP. Again, for all clients who enrolled during the first six months of 2007, the average length of enrollment was 27.36 months.

Completing the DMP

It is important that a consumer does not maintain any unrealistic expectations of the results of a debt management plan. While the savings, both in dollars and time, have been shown to be quite substantial, completion requires a good deal of commitment on the part of a consumer who is likely to be unaccustomed to financial discipline. This fact, coupled with the unexpected twists and turns of our uncertain economy, can make the completion of a DMP a true challenge.

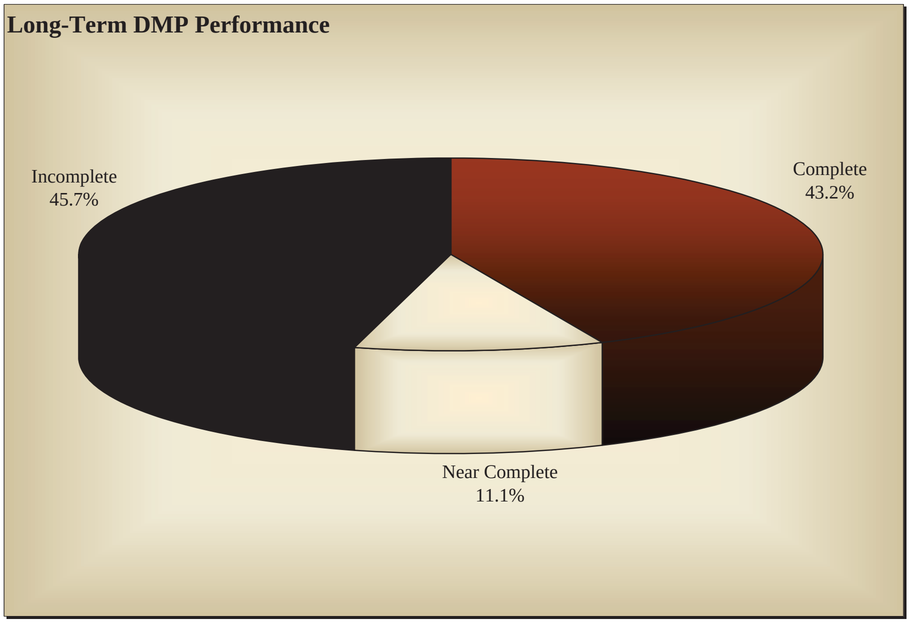


Chart 8

Nevertheless, a high percentage of consumers manage to complete their plan, as Chart 8 illustrates. More than 43% of DMP enrollees from the first two quarters of 2007 paid their debts in full, while another 11% were confirmed to be either nearing completion before their departure from Cambridge's services or are still actively using the service.

Clients leaving incomplete

Chart 9 presents the reasons clients chose to leave the program prior to paying their accounts in full. The data shown is culled from clients departing during the first quarter of 2012; therefore, it does not directly correspond to the clients referenced in Chart 8.

This is done out of fairness to our current counseling efforts. It is of greater benefit to the organization to understand the current reasons why Cambridge clients are unable or unwilling to remain committed to their DMP than to examine such information from the historical perspective described earlier.

A slight majority of these clients' motives remain unknown, but this percentage is shrinking. At the time of our last report, this percentage stood at 65.8%. The decline indicates that Cambridge's efforts to procure these reasons from departing clients have improved, but still fall short of our expectations.

The reason why gathering this information is difficult is that many clients will not contact our agency when they are experiencing financial hardship; instead they let their account fall into an inactive status. Evidence of this can be found in the area that increased the most: *Bankruptcy/ Financial Difficulty* rose 3.2%.

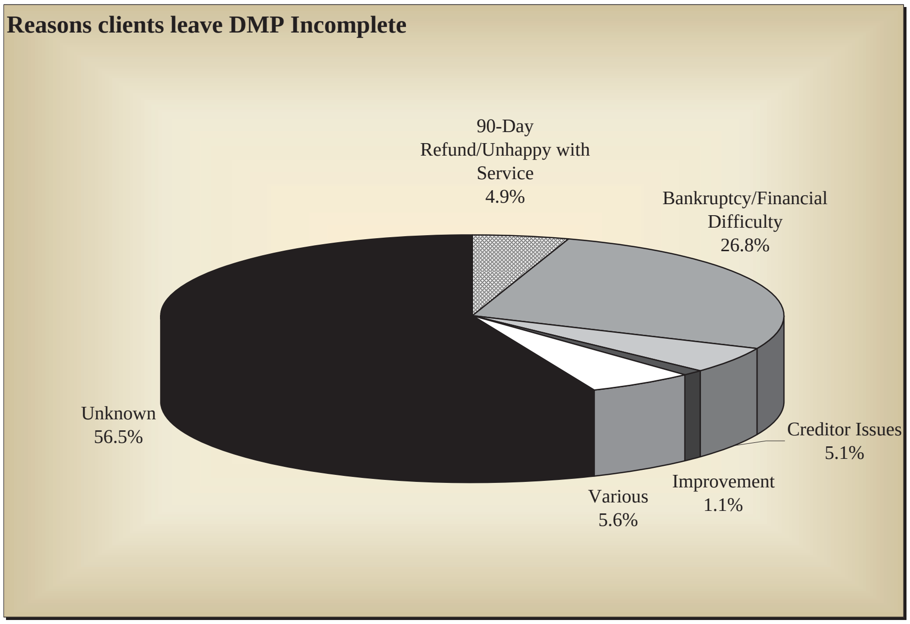


Chart 9

Previous editions of this report determined that *Bankruptcy/Financial Difficulty* departures are most often the result of an unforeseen hardship or event (from *Loss of Income* or *Unexpected Expenses*), and not from a misdiagnosis during the initial counseling session.

Clients leaving incomplete

When the consumer first contacts Cambridge a budget is developed, based on the consumer's current expenses and before any recommendations are made by their counselor. This initial budget is simply a starting point, used to help the counselor understand the spending habits and obligations of the consumer. The counselor reviews this information with the intention of making recommendations for the best course of action, understanding that changes will likely have to be made. These initial budgets generally fall into one of four categories.

Some initial budgets indicate that the consumer already has ample means to pay their bills; they simply need to make a few adjustments, which the counselor will suggest. These individuals are not offered the option of enrollment in a debt management plan.

Other initial budgets indicate that there is insufficient income to meet expenses, and that reasonable reductions and creditor concessions would still leave the consumer far short of the break-even point. The counselor will offer appropriate advice, possibly including seeking additional income through a second job or charitable relief program, the liquidation of assets, borrowing from friends or relatives, consultation with a bankruptcy attorney, or any combination of these.

Some consumers present budgets that reflect barely enough income to meet expenses. Again, reasonable reductions will be suggested, as appropriate. If certain creditor criteria are met, these consumers may be presented with the option of debt management plan enrollment, along with other remedies for their difficulty.

Similarly, some consumers will present an initial budget that falls just short of the individual's monthly expenses. If sufficient reductions can be identified and the consumer attests, in writing, that they are willing to make them, the individual may be presented with the DMP option. Chart 10 indicates how those clients succeed when compared with clients whose initial budget could accommodate the DMP payment. Because the percentage of clients whose initial budget shows negative savings (the amount the client could put toward savings was less than zero) is so small, all client enrollments from 2005 and 2006 were utilized for this report.

It is testament to the effectiveness of personalized counseling that these percentages are as close as they are. Nearly 47% of clients whose initial budget reflected negative savings completed the program in full or are still active and nearing completion. Without the individualized counseling experience and the concessions granted by their creditors, these consumers would have been forced to explore other options, perhaps bankruptcy. Indeed, Cambridge's records indicate only a 2.3% deviation between clients with positive savings (3.3% of enrollees) and those with negative savings (5.6%) eventually filing for bankruptcy.

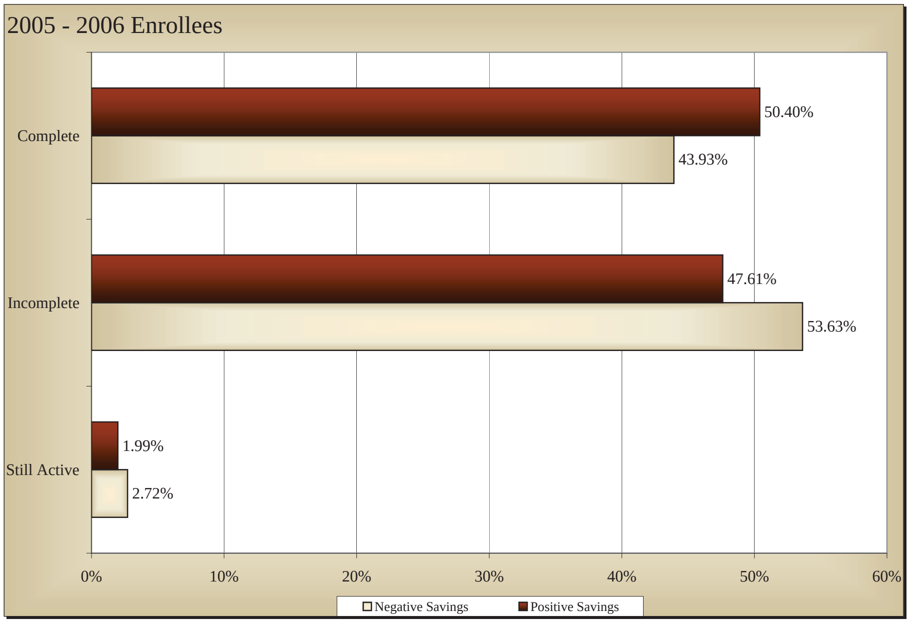


Chart 10

SECTION VI:

CREDIT COUNSELING AND DMP SUPPORT SATISFACTION

Counseling Satisfaction

Cambridge measures the counseling satisfaction level of its clients at two different points. The first is fixed, occurring four months into the client's debt management plan. The second measurement is taken later, at a random point during their enrollment. This is crucial because the perception of the client's counseling experience can change over time, typically due to their recognition of the long-term benefits experienced through the DMP and the subsequent counseling they have received.

The survey responses received during the first half of 2012 are shown in Chart 11. There is little variance (1.8%) between these metrics.

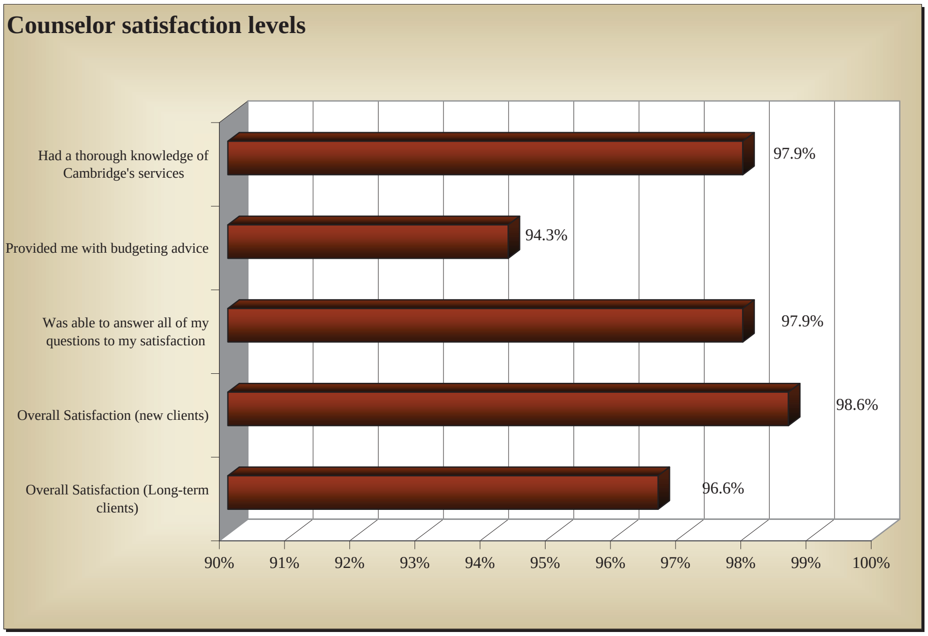


Chart 11

There is some weakness in this data, since the same clients aren't surveyed each month. Satisfaction rates have remained remarkably consistent over time for both surveys, however, and in several years the long-term client rate was higher than the new client rate. Going back as far as 2008, the variation between these two metrics has never been greater than 3%.

The long-term client surveys also ask for opinions regarding specific aspects of the counseling experience. This helps diagnose root causes of client discontent for the marginal numbers who are dissatisfied. These questions are geared toward the personalization of the advice given by the counselor, asking the client to "Please respond to the following statements regarding your experience with your counselor"

- My counselor thoroughly explained Cambridge's services.
- My counselor provided me with appropriate budgeting advice/tips regarding my financial situation.
- My counselor was able to answer all of my questions to my satisfaction.

Responses to these items during the first half of 2012 are also found in Chart 11.

DMP Support Satisfaction

There are several factors that led to Cambridge changing the release of this report from a quarterly to a biannual basis. The first is that some data trends are harder to spot from a quarter-to-quarter perspective. (This is particularly evident when examining the shifts in consumer requirements, which were discussed in Section I.) The other factor deals with the confidence level and interval of some of the data.

When initially reviewing first quarter data for internal reporting purposes, an anomaly appeared in our survey data. The

CREDIT COUNSELING AND DMP SUPPORT SATISFACTION

Client Satisfaction levels for long-term clients dropped precipitously, from 98.48% seen during the fourth quarter of 2011 to 91.53%. A near seven-point drop generally is cause for alarm, particularly in such a short span of time after a long period of stable levels.

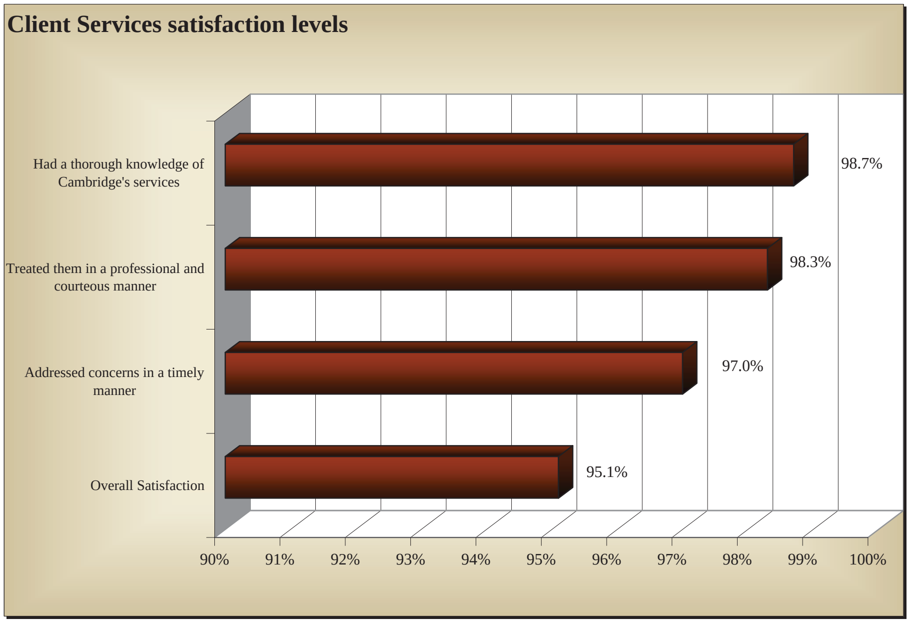


Chart 12

While conducting an analysis of this data, a different type of weakness was discovered. Surveys are sent to a random set of clients each quarter, so the response rate is crucial to determining how confident we can be that the data reflects the opinions of our entire client base. The percentage of respondents to the surveys sent during the first quarter of 2012 was lower than usual. This allowed responses outside of the norm to affect the results to a much greater degree.

If we only used first quarter data to determine our satisfaction levels, we could only be 99% confident that the data was within 8.3% of being correct. Such a margin of error, expressed as (+/-), is commonly attached to political polling data. The variation is called the confidence interval.

With the confidence interval so high, Cambridge felt it would be imprudent to panic about the results. The poor responses were still analyzed to see how satisfied they were with other elements of the service, including counseling and supporting materials. The next quarter's results came in with a higher response percentage and a return to our typical satisfaction rate, 98%.

The results shown in Chart 12 are for both quarters, thus increasing the confidence and interval to suitable levels. Cambridge can be 99% confident that this data is within +/- 3.5% of being accurate.

Another measure of satisfaction is the willingness of current clients to recommend friends and family members to our agency for assistance. Cambridge also includes a question on its Quality Survey to gauge this enthusiasm. The results for the first half of 2012 are shown in Chart 13.

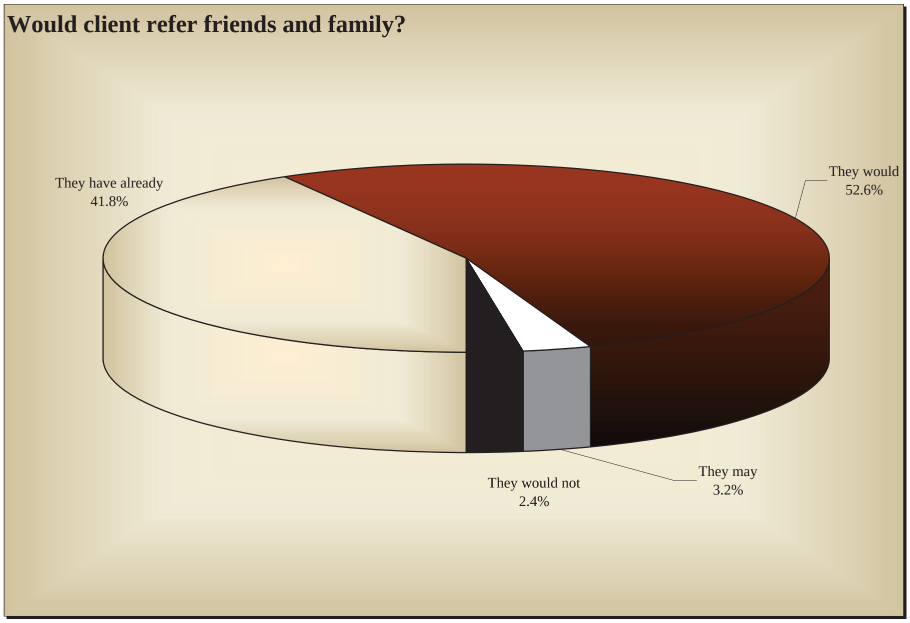


Chart 13

SECTION VII:
COMMUNITY OUTREACH

Community seminars

In keeping with our educational mission, Cambridge does not limit its activities to counseling sessions. Cambridge actively promotes financial literacy in our local community by conducting seminars on a wide variety of topics. During the first half of 2012, Cambridge conducted 218 seminars for 2,437 individuals. Entrance and exit testing indicate that scores improved by an average of 26 points as a result of the education we provided.

Financial Wellness Center

Cambridge maintains the majority of its online education resources on a separate website, www.goodpayer.com. During the first half of 2012, this site was visited by more than 12,000 unique visitors. In additional to financial articles and calculators, this site features free guidebooks and worksheets for consumers to download. During the first two quarters of the year, Cambridge released a third edition of its *Learn Now or Pay Later Guide* for adults, and an updated version of its popular *Driving as if your budget depends on it*. Chart 14 shows the number of downloads for the five most popular items on the goodpayer.com website.

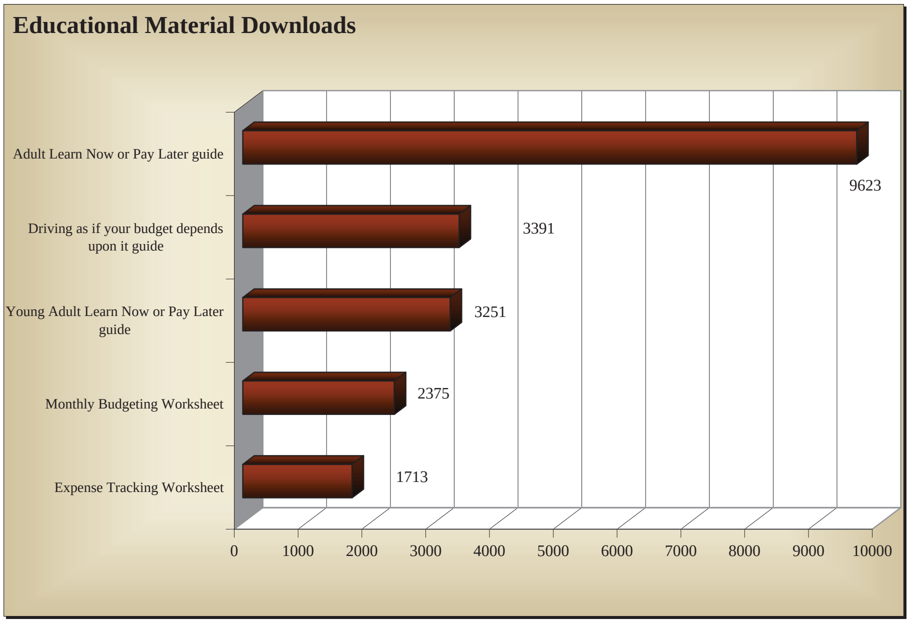


Chart 14

Your Money 2.0

Cambridge also produces a weekly video series about timely financial topics. These videos promote more than basic financial knowledge; they touch upon particular elements of the economy, the psychology of spending and saving, and insight on many financial resources available. The videos are posted on Cambridge's channel on www.youtube.com and are often picked up by financial bloggers and other consumer-friendly websites. Chart 15 displays the most-viewed releases for the first half of 2012.

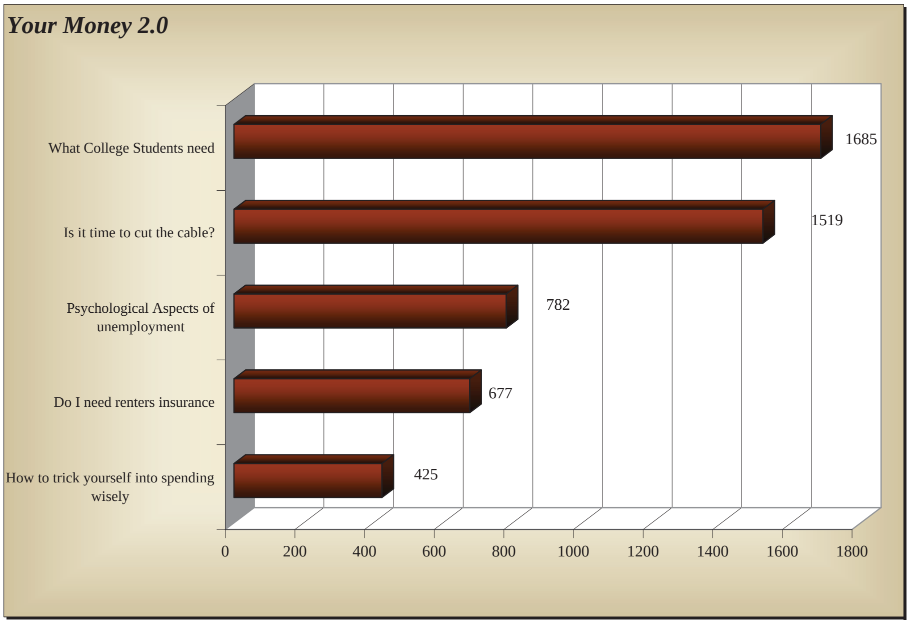


Chart 15

CONCLUSIONS

Cambridge began its Transparency Project to clear up misconceptions about the value and importance of the services provided by non-profit credit counseling agencies. By presenting solid, unbiased data concerning the agency's performance in a linear narrative, Cambridge feels that it can communicate how we impact the lives of those who seek our assistance.

Throughout this report, Cambridge has intended to show the power of personalized counseling. It is our belief that for many of our country's debt burdened consumers, the best course of action is to seek one-on-one counseling from a reputable agency. As evidence, this report begins by explaining the analysis counselors perform to determine the causes of a consumer's hardship. This analysis incorporates the individual's concerns but goes further into the root cause of their burden, occasionally forcing the consumer to face some hard truths about financial decisions they've made. The report essentially follows the counseling process, showing the success counselors have in persuading consumers to adopt effective financial practices, such as budgeting and expense tracking, and how client performance improves when they see first-hand how beneficial these activities can be.

For the first time, we've presented data indicating that consumers with little budget flexibility, even after monthly debt payments are reduced through creditor concessions, are still able to cross the suitability threshold and complete the program at a level nearly on par with consumers whose budgets are more comfortable. We've also demonstrated that the counseling administered and reinforced throughout the DMP leads to behavioral changes – as budgeting and expense tracking metrics remain consistent between new enrollees and long-term clients. Indeed, the effectiveness of one-on-one counseling is also reflected in the counselor satisfaction rates between these same groups.

The other important item discussed in this report involved the support that some creditors provide to credit counseling agencies in the form of fair share donations. An explanation is presented outlining how this funding is used to advance the charitable mission of agencies like Cambridge.

Cambridge is committed to the continued release of performance and satisfaction data, and we sincerely hope our peers join us in this effort. Presenting a true picture of the positive role that credit counseling plays in the lives of millions of consumers nationwide can only help build the trust agencies need to be successful. Anyone with questions about this material is encouraged to contact Cambridge at (888) 694-7491, or at transparency@cambridgecredit.org.