DEBT RELIEF

Performance and Satisfaction Information Report

Cambridge Credit Counseling Corp.

Transparency Project

Ninth 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 Report is the ninth 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 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 second half of 2013, which has been reviewed for recent client performance; and the second half of 2008, which has been reviewed to illustrate long-term client outcomes.

The eighth edition of this report was presented in a different format that was designed to analyze and highlight those factors that contributed to Debt Management Plan (DMP) success or failure. This report features a return to our original approach, by which we follow a consumer as they receive counseling, enroll in a Debt Management Plan, repay their obligations and receive financial education.

Among the highlights of this report:

- A profile has been created to illustrate the typical condition of consumers prior to contacting Cambridge, including their average debt level of $19,605, number of accounts (5.8), and debt payment ($628.30).
- Only 22.2% of all consumers who contact Cambridge for assistance during the reporting period enrolled in a Debt Management Plan. The majority of those who didn't enroll simply needed budgeting advice or an answer to a specific financial question.
- At the fourth month of enrollment, a benefits verification audit found that 96.9% of creditor accounts were receiving appropriate benefits, and only 1% were being assessed fees of any kind.
- The interest rate for common creditors was reduced by 56.5% when enrolled on a DMP, from 21.8% to 10.6%.
- The typical monthly DMP payment was $141.58 less than the payment the client was making prior to enrollment.
- Cambridge reduced or waived 35% of all initial and 36.2% of all monthly fees for DMP enrollees.
- 42.9% of clients enrolled during the second half of 2008 completed the program. Another 4.8% are either still active or have departed the program more than halfway through their DMP.
- Cambridge achieved satisfaction scores above 97% for both their Credit Counseling (98.6%) and DMP Support (97.3%) services.
- During the reporting period, educational materials were downloaded more than 32,000 times from the Cambridge online Financial Wellness Center. Our educational videos, housed on Youtube.com, were viewed more than 18,000 times.

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 that doing so would be inconsistent with the goals and intentions of the Transparency Project.

SECTION I:
THE INITIAL COUNSELING EXPERIENCE

The consumer prior to contact

Appreciating the value credit counseling represents starts with understanding the consumer's condition at the time of their first call. Each of the individuals who reach out to an agency like Cambridge Credit Counseling has unique concerns, debt types, and debt loads, of course, but our experience and data gathering processes have allowed us to gather and sort information based on any number of criteria.

As Chart I.1 illustrates, there was a great deal of diversity in the debt levels of consumers seeking our services. Some clients enrolled with as little as $500 in debt, while the largest enrolled debt was nearly $175,000. The average debt load for clients enrolling in the second half of 2013 was $19,605. The median, on the other hand, was closer to $12,300.

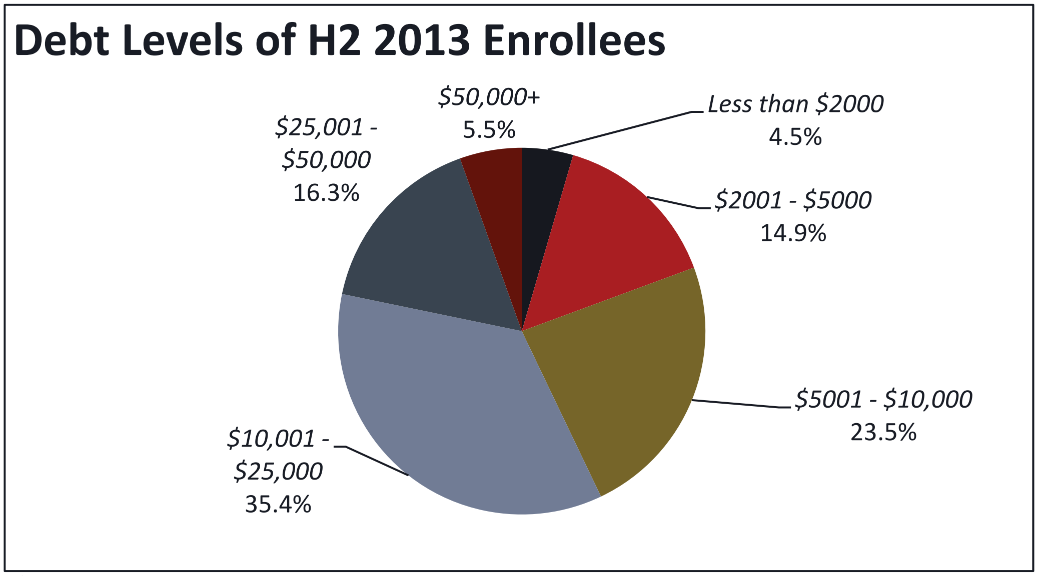

Chart I.1

The same diversity can be found in the *types* of debts that consumers enrolled in their Debt Management Plan, or "DMP." In the second half of 2013, Cambridge enrolled credit card accounts, collection accounts, accounts that were already the subject of a court judgment, medical bills, discontinued utility bills, and pay day loans. As might be expected, consumers with unsecured debt problems oftentimes also have secured debt burdens, i.e., debts secured by collateral. These types of debts cannot be enrolled in a Debt Management Plan, but our counselors will provide appropriate advice and referral options for consumers seeking assistance with secured debt.

The sheer number of accounts enrolled in a typical DMP also varied. The average client enrolled 5.8 accounts in their Debt Management Plan, ranging from a single debt all the way up to 38 different creditor accounts. In fact, almost 6.3% of new clients in H2 2013 enrolled only one account, while 13.8% enrolled more than 10 debts.

During this same reporting period, the average consumer contacting Cambridge for the first time was making monthly debt payments of $628.30. Considering the average debt burden enrolled, this constitutes a monthly payment of approximately 3.2% of the balance(s). The variety in the type of debt and the level of delinquency among these clients can cause this percentage to fluctuate significantly. Consumers regularly approach us with collection or pay day loan debt, for which 100% of the payment is due at the time they contact us, to low interest debt on which the consumer is only making minimum payments, making little headway toward reducing their balances.

Reasons consumers seek credit counseling

The first thing a counselor must do when speaking with a consumer is determine which financial issues concern them the most. It is the counselor's responsibility to address these concerns during the counseling session. Enumerating these issues at the start of the counseling experience is a good way to promote consumer engagement, and it also helps the counselor build a professional and productive relationship with the consumer.

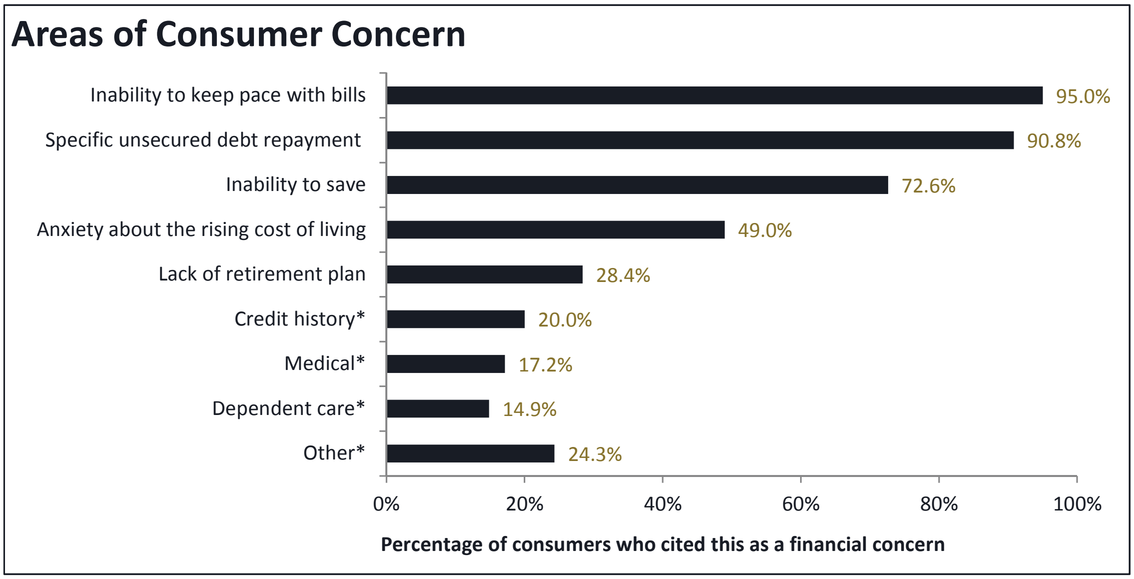

Chart I.2

Chart I.2 presents an overview of the most commonly cited concerns during H2 2013 counseling sessions, as captured from each consumer's individualized Action Plan. It is important to note that not all of these sessions resulted in DMP enrollments (In fact, only about 20% did.) so this data does not necessarily represent the characteristics of DMP enrollees.

Some of these results seem obvious. For example, if a consumer wasn't worried about being able to make their bill payments, then it's unlikely that they would be looking for assistance. 19 out of 20 consumers indicated that their inability to keep pace with their bills was their greatest financial concern. The same was true for concerns regarding unsecured debt repayment.

The total number of concerns exceeds 100% because most consumers have more than one financial burden or stress. In fact, the average consumer reported more than four concerns during the initial counseling process.

Diagnosis

After the counselor has identified what caused the consumer to reach out to our agency, they'll attempt to determine the underlying cause(s) of the consumer's financial situation. Whether these causes are habitual or circumstantial, they all need to be addressed during the counseling session in order to provide the consumer with an accurate and comprehensive plan of action.

Chart I.3 displays those factors most commonly cited during root-cause analysis for H2 2013 sessions. The biggest factor, *High Interest Rates*, contributed to the hardship of four-out-of-five consumers counseled. Also, the items

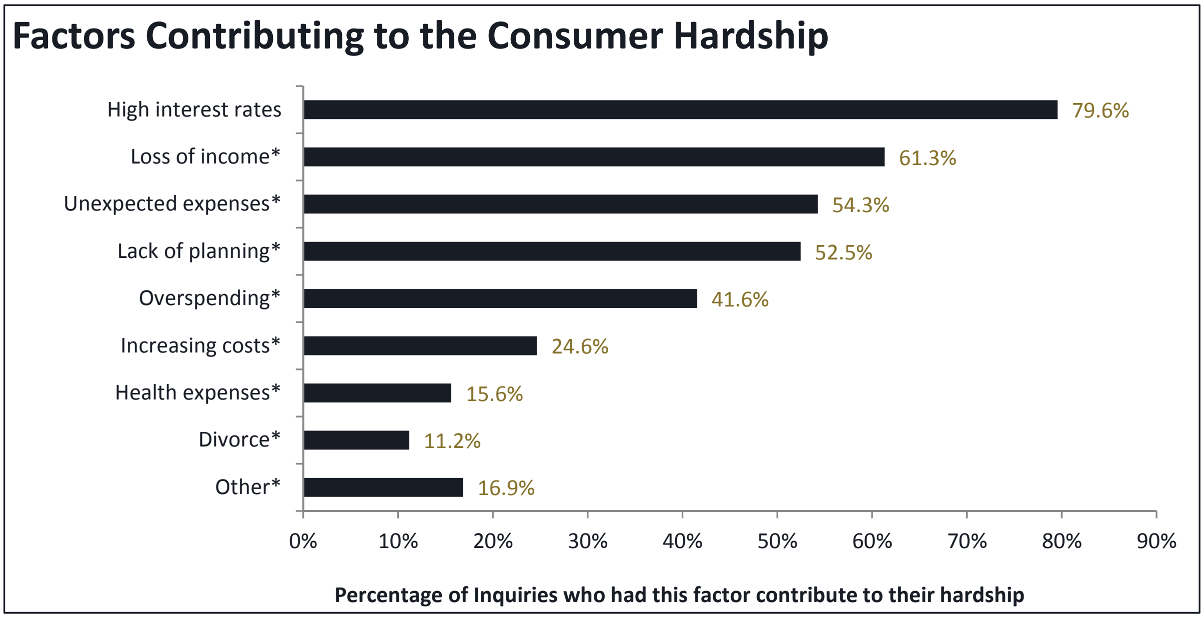

Chart I.3

Loss of Income, *Unexpected Expenses* and *Lack of Planning* were recognized as hindering the financial situation of more than half of the consumers counseled during the final six months of 2013.

Again, please note that his data was culled from the personalized Action Plans that were developed for *all* consumers who completed a counseling session. On average, our counselors identified 3.5 factors as contributing to the consumer's situation.

Recommendations

During the second half of 2013, roughly one-in-five consumers (22.2%) who contacted our agency ended up enrolling in a Debt Management Plan. The other 77.8% still received advice and a series of recommendations in an individualized Action Plan. Chart II.1 shows the recommendations made for all H2 2013 consumers, whether or not they enrolled in a DMP.

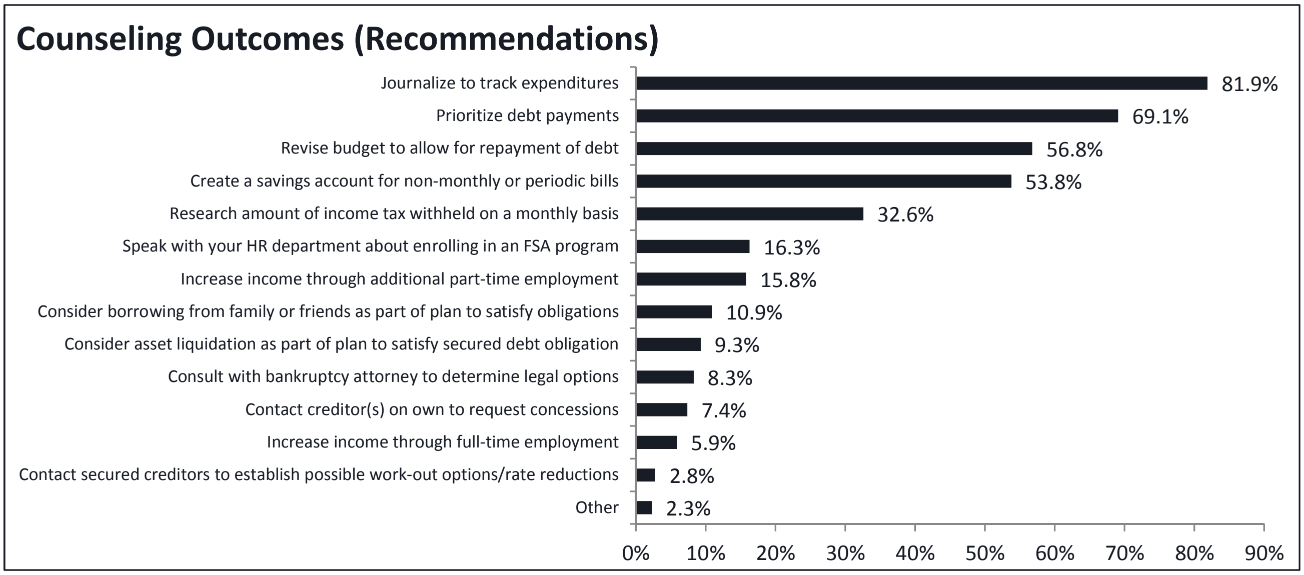

Chart II.1

The average consumer's Action Plan included 3.7 recommendations suited to their circumstances. More than half of all consumers counseled needed to accurately track their expenses, review and prioritize the payments they need to make, revise their budget to accommodate the repayment of their debt, and build savings to handle bills that fluctuate from month to month.

Suitability

For a variety of reasons, not all consumers are appropriate for enrollment in a DMP. Their expenses may far exceed their income, for example, or their particular creditors may not grant account concessions. It is the counselor's responsibility to determine if enrollment is appropriate based on all of these factors, since each has a direct correlation to program success. Cambridge employs several different metrics to monitor the counselor's ability to make an accurate fitness assessment.

After enrollment, perhaps the most precise measure is one we refer to as "Suitability," a mark that is reached when the consumer has made their first three monthly payments to Cambridge. 89.5% of H2 2013 enrollees met this threshold, a one-point decline from the first half of that year. Chart II.2 shows the historical trend of this measurement since the start of 2011.

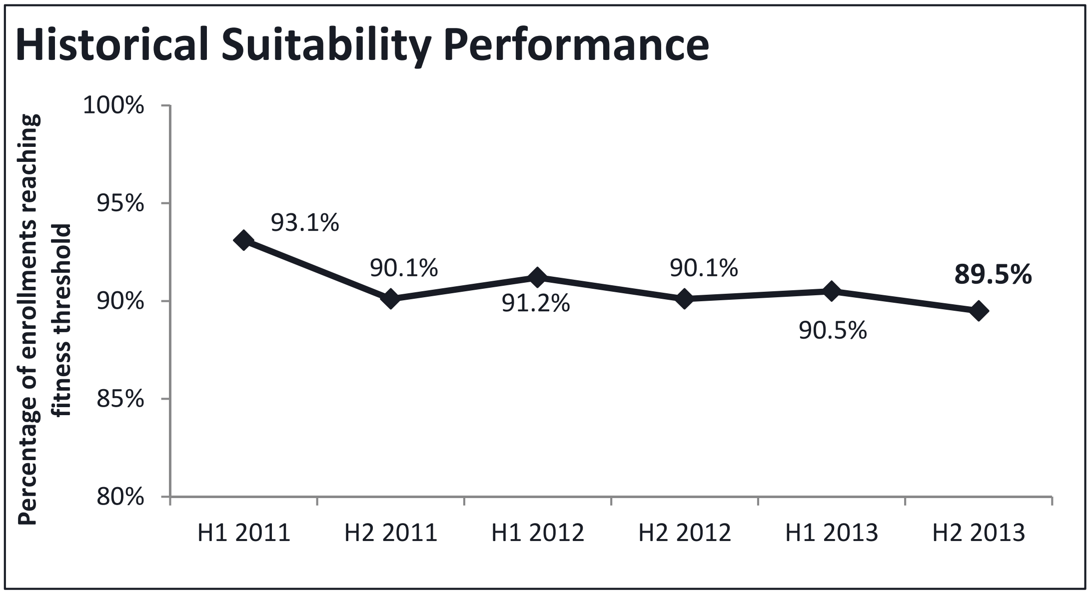

Chart II.2

Creditor Acceptance

Another indicator of appropriateness is the acceptance of the payment proposal made to the consumer's creditors. After a consumer enrolls, Cambridge sends a formal request to the creditors requesting that concessions be granted in the form of reduced interest and/or fees. As Chart II.3 indicates, 86.7% of our initial payment proposals made to our clients' creditors were accepted.

This acceptance rate represents a slight dip from the 88.3% recorded during the first half of 2013. Chart II.4 shows how this percentage has fluctuated over the past two years.

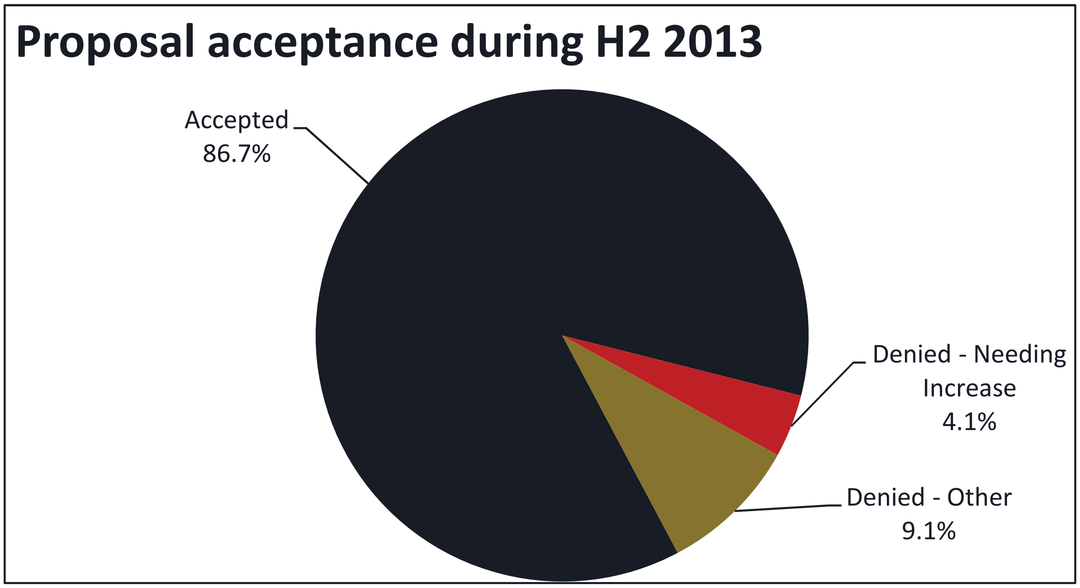

Chart II.3

Roughly 1 out of 25 proposals was denied because the creditor required a higher monthly payment before they would agree to grant concessions. This is a small amount, but is still a matter of concern for our agency. We track and follow creditor policies very closely to maintain a high proposal acceptance rate, as this helps prevent delays for those consumers seeking immediate relief.

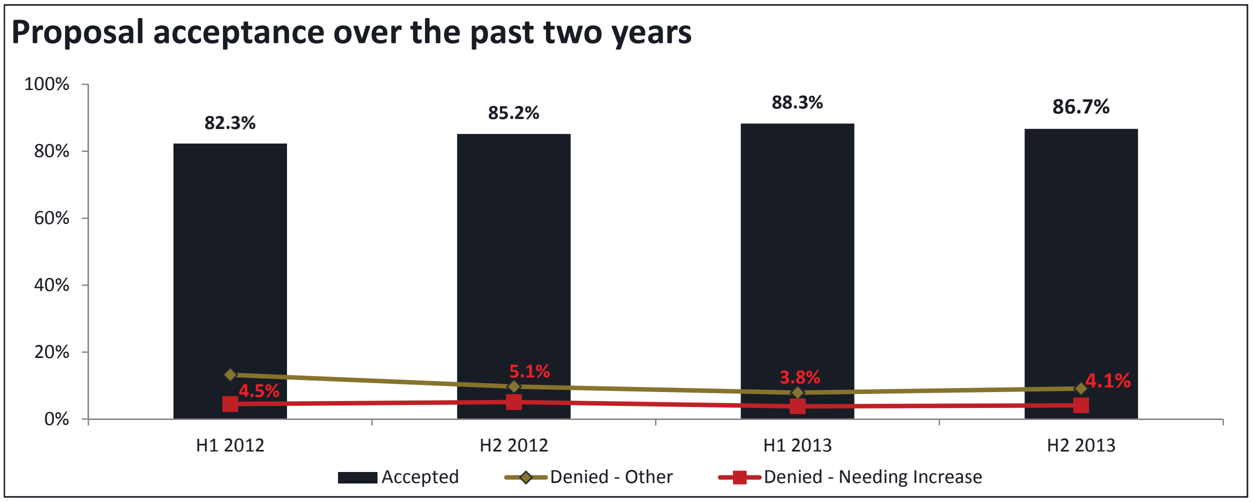

Chart II.4

Benefits Verification

Four months after each client's enrollment, a comprehensive audit is performed to ensure that appropriate benefits have been established. This audit looks at proposal acceptance, past-due status, the posting of payments, and whether any fees are being assessed.

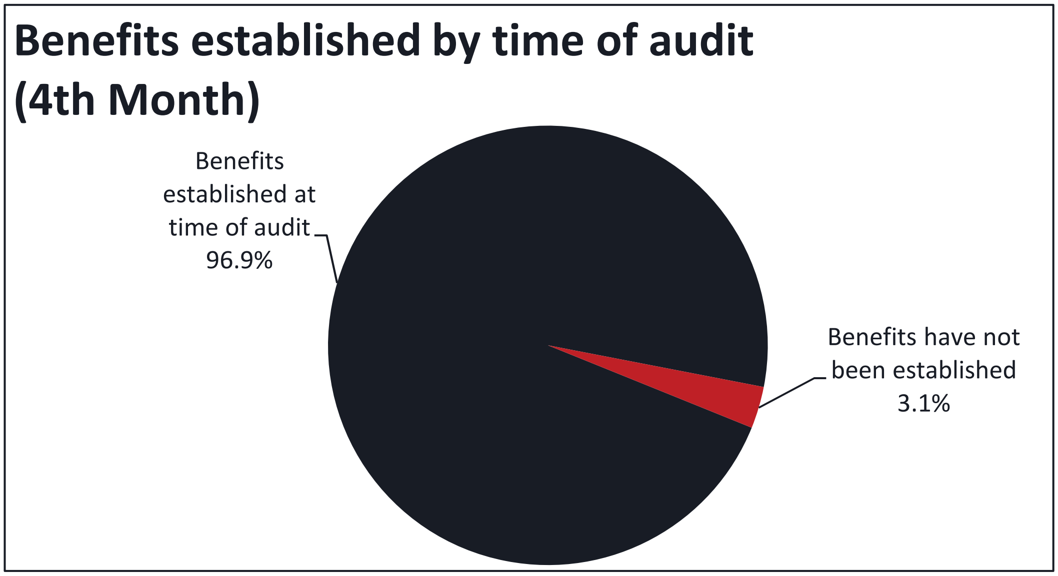

Chart II.5

As Chart II.5 shows, nearly 97% of accounts are already receiving benefits at the four-month mark, while roughly 3% are still awaiting concessions. Delays are usually the result of a unique creditor policy. For example, some clients enroll accounts that were established under promotional terms, such as a zero-percent interest rate on a particular product.

Many creditors will not allow these accounts to be enrolled until the promotional period has expired. A number of creditors have very strict re-enrollment criteria; if a consumer misses more than one payment or has previously been enrolled in any kind of debt relief plan, they will not issue concessions a second time.

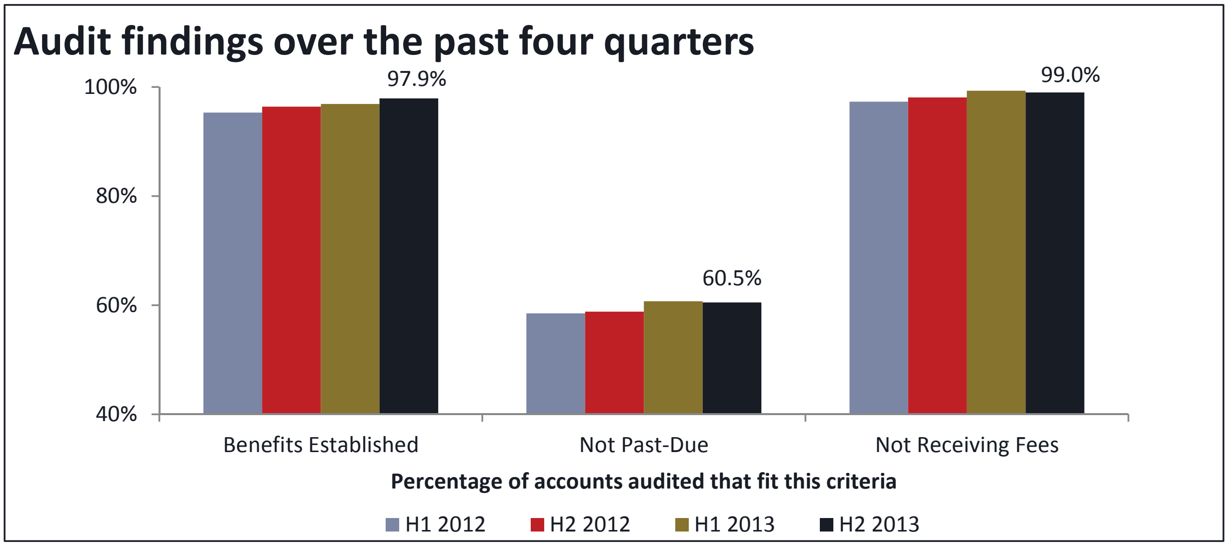

Chart II.6

Chart II.6 presents an even more comprehensive view of benefits verification audit results. Over the past 4 reporting periods, each of the three most important measures - benefits establishment, accounts not past-due, and accounts not receiving late fees, has shown consistent improvement. Roughly 60.5% of accounts reviewed in H2 were considered current by their creditor, and only 1% of accounts were receiving any additional fees other than interest being charged.

SECTION III:
ACCOUNT BENEFITS AND ADMINISTRATION

Savings and Cost of a DMP

The two most practical benefits of a Debt Management Plan are the reduction of interest rates and the resulting reduction in the monthly payment. High interest rates, typically brought on by imperfect payment histories, make it more difficult for clients to pay off their debt. (Remember, nearly 80% of consumer Action Plans featured this as a factor contributing to the individual's hardship.) Table III.1 indicates that clients who enrolled in a DMP during the final six months of 2013 had annual interest rates of roughly 22%. Based on the average balances for these accounts, a full 56.5% of their monthly payment was going toward interest.

Category	On own	Through DMP	Reduction/Savings
Annual Percentage Rate	21.8%	10.6%	**11.2%**
Average monthly debt payments	$628.30	$462.32*	**$141.58***
Average monthly interest charged	$355.27	$172.99	**$182.28**

Table III.1

The interest rate reductions experienced by these same clients reduced the amount of interest being charged by more than half (51.3%). The more money being sent toward the balances, the faster those balances can be paid down, saving the client time and money.

You may recall that the most-cited concern of clients was their *Inability to Keep Pace with Bills*. Table III.1 also shows the typical reduction in payment for the average client after enrollment in a Debt Management Plan. For new H2 2013 clients, their monthly payment was reduced by 22.5%, a savings of more than $140.00 over their previous monthly charges.

As shown above, the *Average monthly debt payments* row incorporates the DMP fee in the two columns marked with an asterisk. Cambridge maintains a fee structure that is compliant with state laws everywhere we assist consumers. Even when state laws are more permissive, our agency's initial and monthly fees never exceeded $75.00. In fact, a majority of Cambridge's clients pay substantially smaller fees. During the second half of 2013:

- The average initial fee was $35.61.
- The average monthly fee was $24.40.

Cambridge's policies also allow for each fee to be further reduced or waived, based on the consumer's level of hardship. During the second half of 2013:

- Initial fees were waived for 17.1% of enrollees and reduced for an additional 17.9%.
- Monthly fees were waived for 3.2% of enrollees and reduced for an additional 34.0%.

Fair Share Funding

Like most non-profit credit counseling agencies, Cambridge's education and counseling efforts are supported, in part, by what are commonly known as "fair share" contributions from the creditor community. For every monthly client payment we disbursed in the second half of 2013, an average fair share donation of $15.09 was received. During the year, Cambridge remained well within the limits imposed by IRS Code 501(q), which requires that agencies ensure the independence of their counseling by receiving less than 50% of their revenue from such creditor contributions. In the second half of 2013, Cambridge received just 27.9% of its revenue from traditional fair share donations. In fact, even when other types of grants are considered, the percentage is just 41.7% of our revenues. The majority of our revenue continues to come from the consumers we serve.

SECTION IV:

ALTERING CONSUMER SPENDING HABITS

Efficiency of Initial Counseling and Post-Counseling Activities

While the most immediate benefit of a DMP remains the concessions granted by the creditor(s), the benefit with the greatest long-term effect is likely to be the education and advice provided to the client, both during counseling and over the course of their enrollment. The one-on-one counseling sessions that each consumer participates in allows their counselor to recognize which financial habits need further attention and to deliver education specific to those needs.

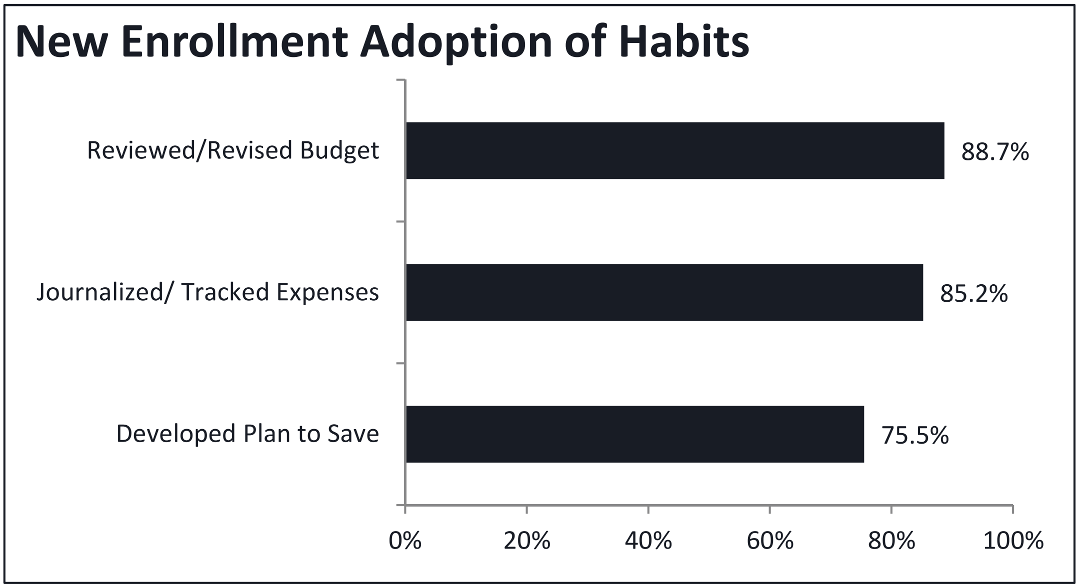

Chart IV.1

After the initial counseling session has concluded and the client has enrolled in a DMP, they will receive three post-counseling sessions, which are held at the three-week, seven-week, and eleven-week marks of the client's enrollment. These sessions are conducted to reinforce the education provided relative to budgeting, expense-tracking, savings-building and financial goal development. Following these sessions, during the fourth month of enrollment, these clients are surveyed to determine whether they've adopted improved financial practices. Chart IV.1 shows survey responses received during the second half of 2013.

It is crucial that these practices become a matter of habit, not simply an activity attempted at the onset of a debt management plan and soon afterward discarded. To achieve this end, the counselor must ensure that the advice they provide is appropriate, that they are able to explain why these financial practices would be beneficial for the consumer. Second, the consumer has to recognize for themselves that these activities work, that they will see the benefit the counselor described. As Chart IV.2 illustrates, survey responders during H2 2013 witnessed varying levels of success, depending on the measure.

Budgeting and expense-tracking results are encouraging. Nearly 95% of clients who budgeted stated that it helped, while 92% said the same about expense-tracking. Nearly 17 out of 20 of those clients who began to formally track their expenses found items they could reduce or eliminate. On the down side, slightly fewer than half of those who had developed a plan to build savings had actually started putting money away by the time they took the survey.

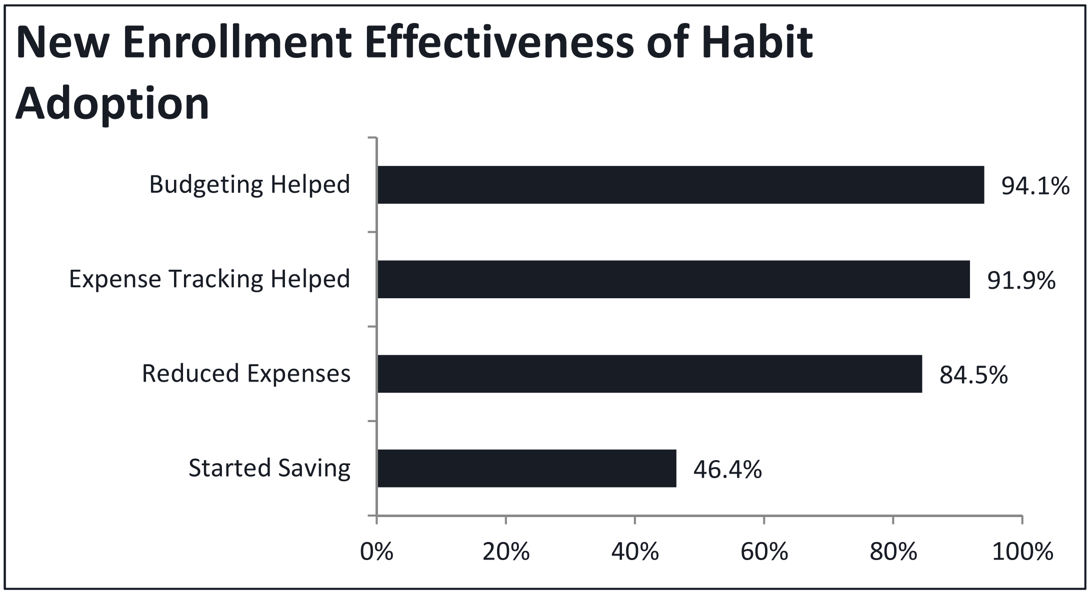

Chart IV.2

Long-Term DMP Enrollment

Cambridge continues to offer support for our clients' budgeting, expense-tracking, and savings efforts throughout their enrollment. Every six months, clients are asked to participate in a Financial Check-up, which asks that they report on their financial practices over the preceding six months. The Check-up also encourages additional counseling for anyone who'd like to participate. As shown in Chart IV.3, the majority of our clients continue to maintain improved budgeting and expense-tracking practices throughout their enrollment.

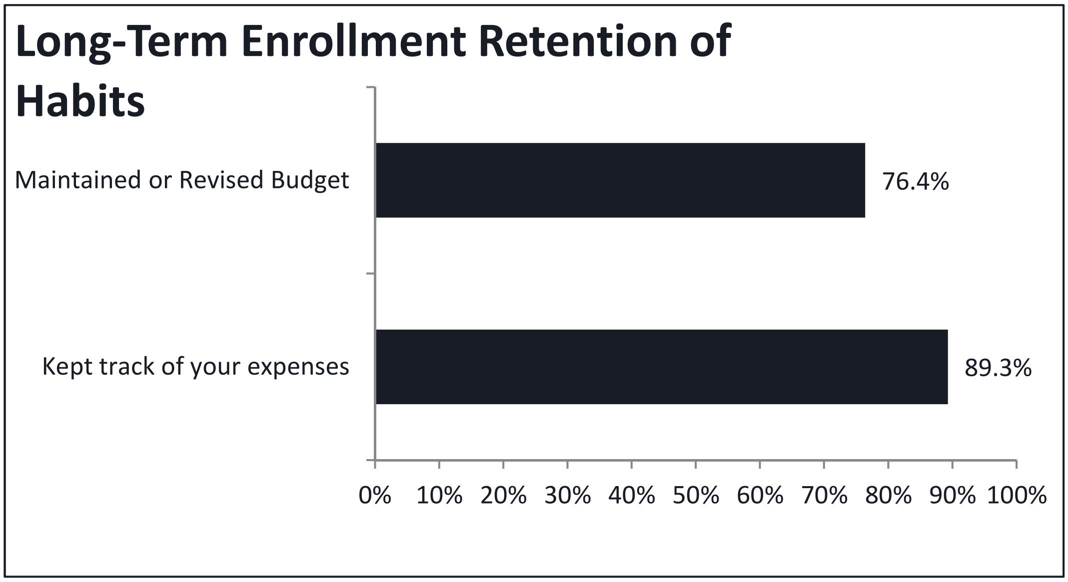

Chart IV.3

Cambridge measures the long-term benefit of maintaining these practices. Responders continue to see results from the majority of these practices, as witnessed in Chart IV.4.

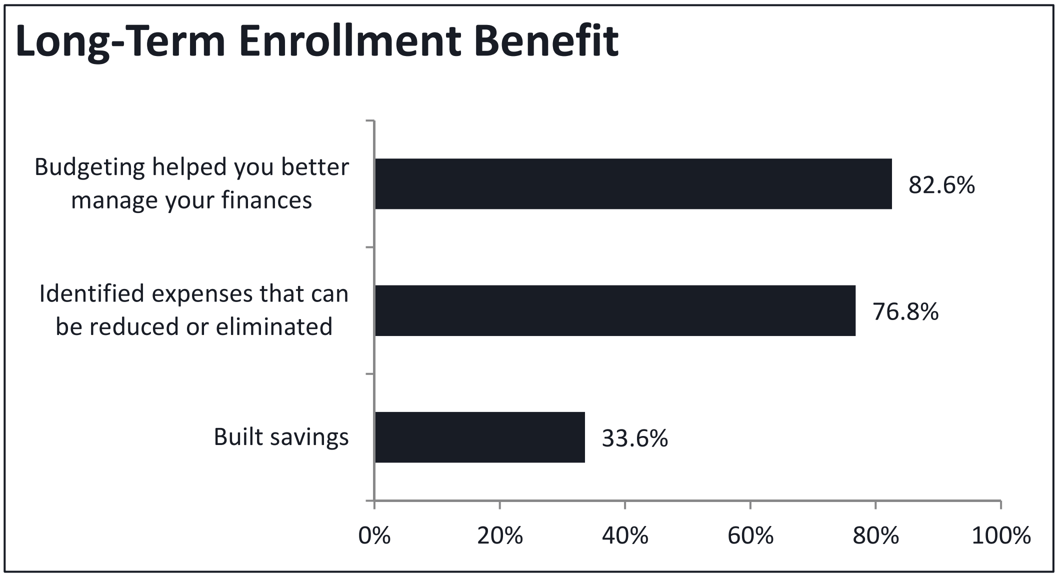

Chart IV.4

Once again, the weakest metric relates to the building of savings. While Cambridge continually works to improve this mark, the truth is that many consumers who enroll in a DMP need to dedicate the amount they've saved through their program to an expense they had formerly neglected, such as life insurance or retirement contributions. And even if the client has not saved in the past 6 months, they may have been able to do so previously. In fact, an additional 35.6% of respondents stated they had savings to cover an emergency. In the past, they would have needed to borrow to cover unexpected expenses. Finally, after their DMP is complete, the client should be able to redirect their program payment into savings.

SECTION V:
LONG-TERM DMP PERFORMANCE

Length of DMP enrollment

Prior to enrollment in a DMP, each consumer is presented with an estimate of the term that would be required to repay the debts that would be included in their plan. This is done to provide them with a sense of how long they will need to remain committed to the terms of the DMP. The average estimated repayment term for clients who started during the second half of 2013 was 47.8 months.

The estimate cannot be precise, simply because the client's behavior can significantly alter the repayment term. For instance, some consumers provide us with incorrect balances, while others occasionally make late payments or choose to enroll a new debt after their DMP has begun. Each of these actions would extend the repayment period. Conversely, repayment term can be reduced whenever the client sends extra funds.

Clients who enrolled in the second half of 2008 - five years prior to the reporting period, were quoted an estimate of 48.3 months to complete their DMP; however, those who completed their plan did so in just 41.7 months on average, more than six months ahead of the estimated term. For the same enrollment period, the total average number of months enrolled was 26.9 months, a figure that includes all clients who didn't complete their repayment term. That figure represents 65.5% of the estimated enrollment term, during which time the client still was able to repay their debt at significantly lower rates. Previous editions of this report have examined the causes of early program completion/termination.

DMP Overall Completions

The ultimate goal of the debt management plan is to assist a debt-burdened consumer in repaying their obligations, while teaching them how to avoid financial pitfalls in the future. As Chart V.1 shows, for the clients who enrolled in the second half of 2008, almost 43% completely fulfilled their payment obligations, while an additional 4.8% were still actively making payments at the time of this report or departed the program more than halfway to that goal.

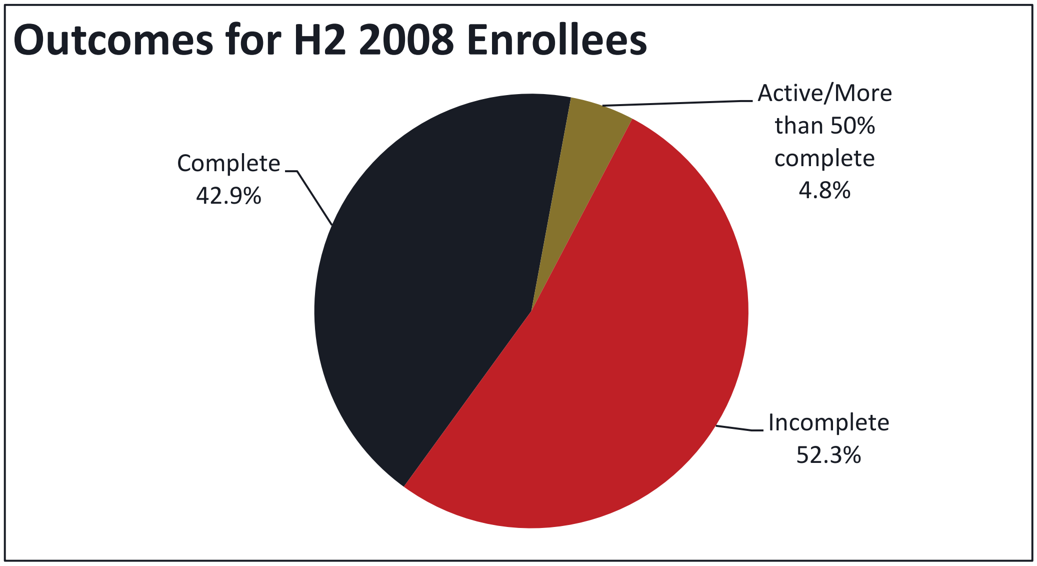

Chart V.1

As Chart V.2 illustrates, the 42.9% completion percentage for this cohort is low historically, but it does represent the first increase over a previous reporting period since the inauguration of the Transparency Project in 2010. A detailed analysis of some of the factors that may have influenced the weak performance can be found in the Eighth Debt Relief Performance and Satisfaction Information Report.

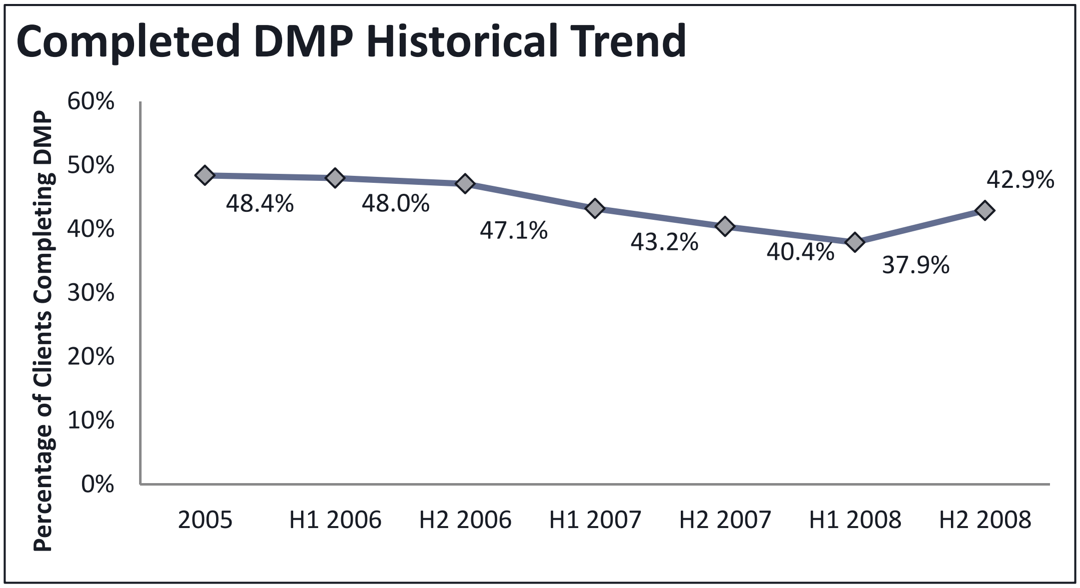

Chart V.2

Nearly 5% of H2 2008 enrollments were either active or more than halfway to completion when they departed the program. Chart V.3 provides a breakdown of this group, indicating that the majority of these clients were still actively making payments toward their debts through the DMP.

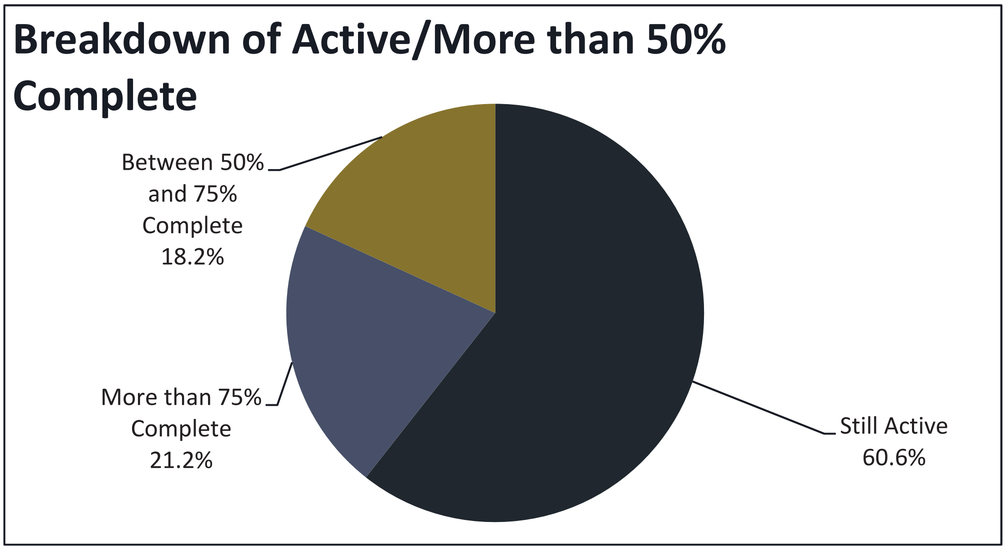

Chart V.3

Negative Client Outcomes

When examining outcomes, Cambridge looks at data from clients who enrolled five years prior to the reporting period, as this group would have had an opportunity to complete their program. When we examine data from clients leaving their program for negative reasons, we look at the most recent reporting period (in this case H2 2013), as this better reflects what is currently occurring for Cambridge clients.

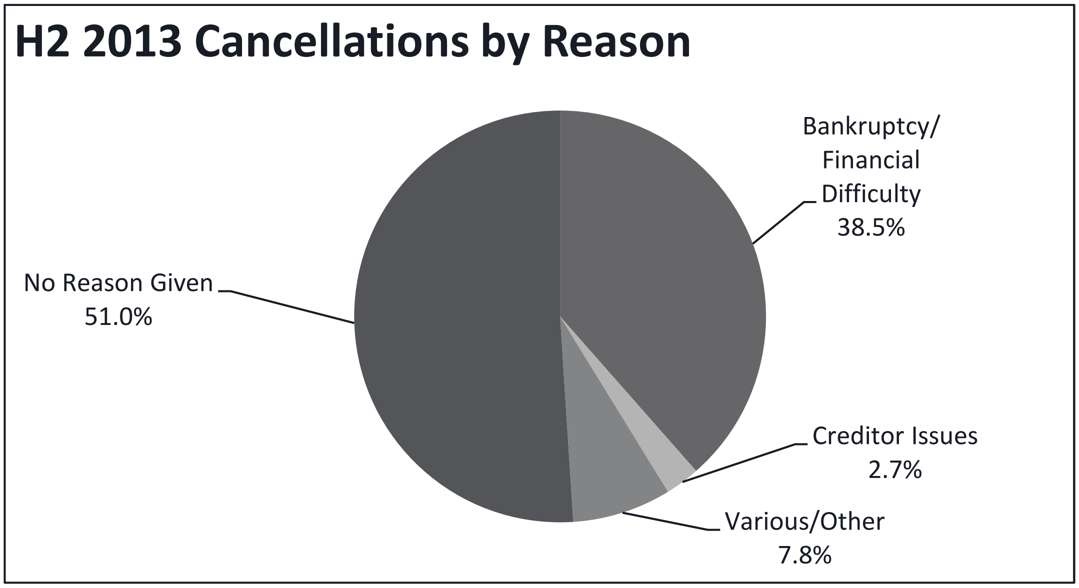

Chart V.4

Chart V.4 is a breakdown of the reasons why clients left without completing the DMP during the second half of 2013. Most leave without providing a reason, despite our agency's efforts to contact these clients after cancellation. It should be noted that clients can terminate their contract at any time, without explanation or further obligation.

SECTION VI:
CREDIT COUNSELING AND DMP SUPPORT SATISFACTION

Counseling Satisfaction

After each client reaches the fourth month of their enrollment, Cambridge surveys them to determine the effectiveness of their counseling experience. We also ask each client to rate their overall satisfaction with their counselor. Respondents in the second half of 2013 indicated a high level of satisfaction (98.6%), and two-thirds rated their counseling experience as *Excellent*. Chart VI.6 displays these scores and provides a historical perspective showing response levels over time.

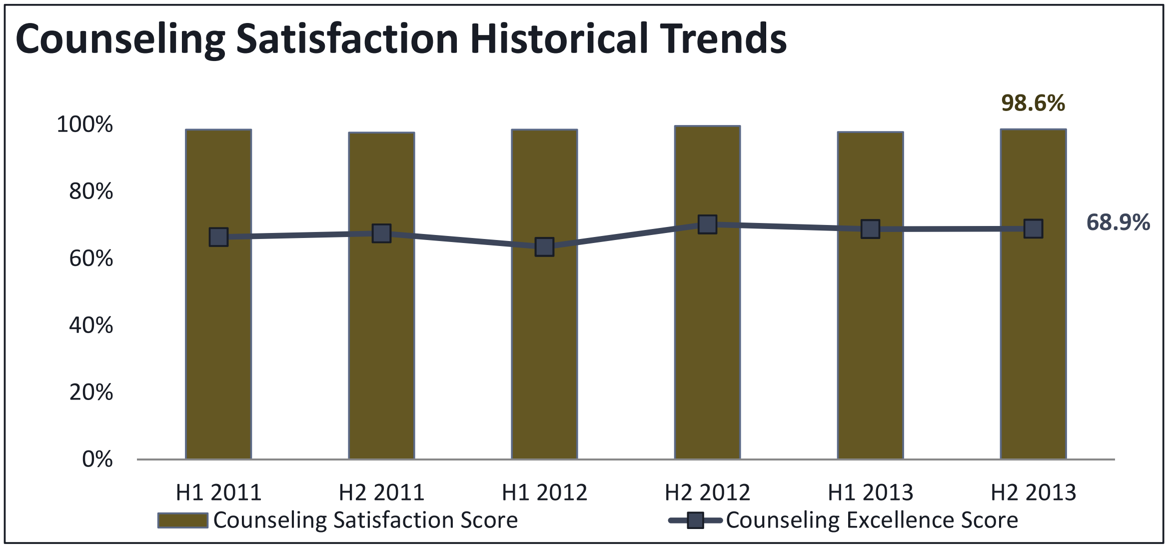

Chart VI.1

DMP Support Satisfaction

Each quarter, Cambridge surveys a random sampling of our entire client base to determine overall satisfaction rates with the support they've received over the course of their enrollment. Once again, respondents for the second half of 2013 gave high grades to their support experience (97.3%), with more than two-thirds rating it *Excellent*. Chart VI.2 displays these scores and shows how these are consistent with performance over the past three years.

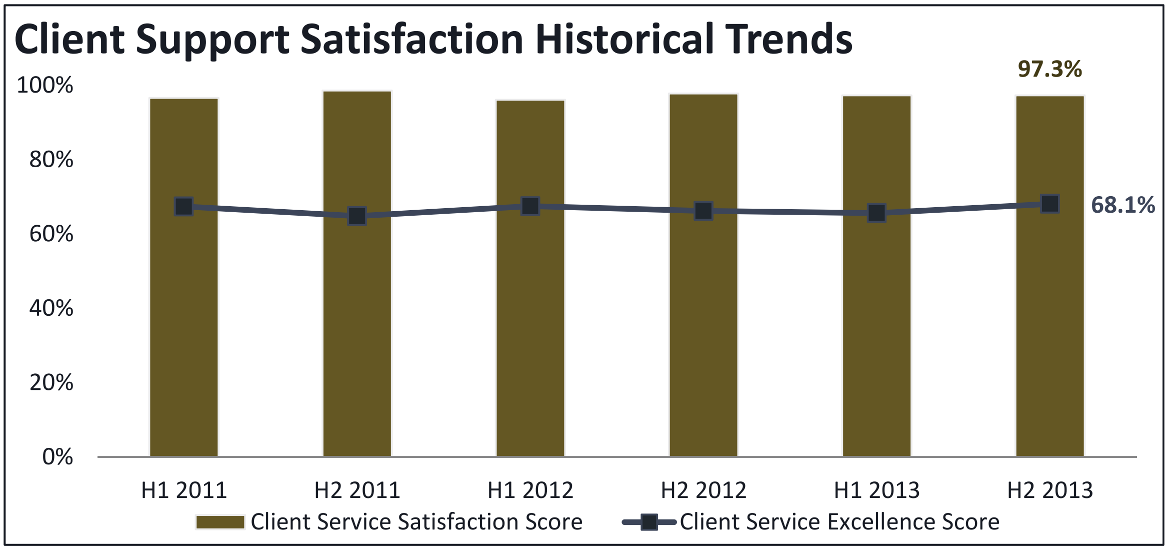

Chart VI.2

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 second half of 2013, Cambridge conducted 242 seminars for a combined audience of 2,623 individuals. Seminars were provided to:

- Veterans groups
- Families living in homeless shelters
- College and trade school students
- Aspiring homeowners
- Pre- and post-release correctional programs

Testing is administered prior to and immediate following a seminar series. Entrance and exit testing indicated that the average participant's score increased by 26.9 points as a result of the education we provided.

Educational Downloads

Cambridge's educational materials are available for free downloading on the Financial Wellness Center page on our website (www.Cambridge-Credit.org/Goodpayer). More than 32,000 free educational items were downloaded from the Cambridge site during the last two quarters of 2013. Chart VII.1 shows the most popular downloads.

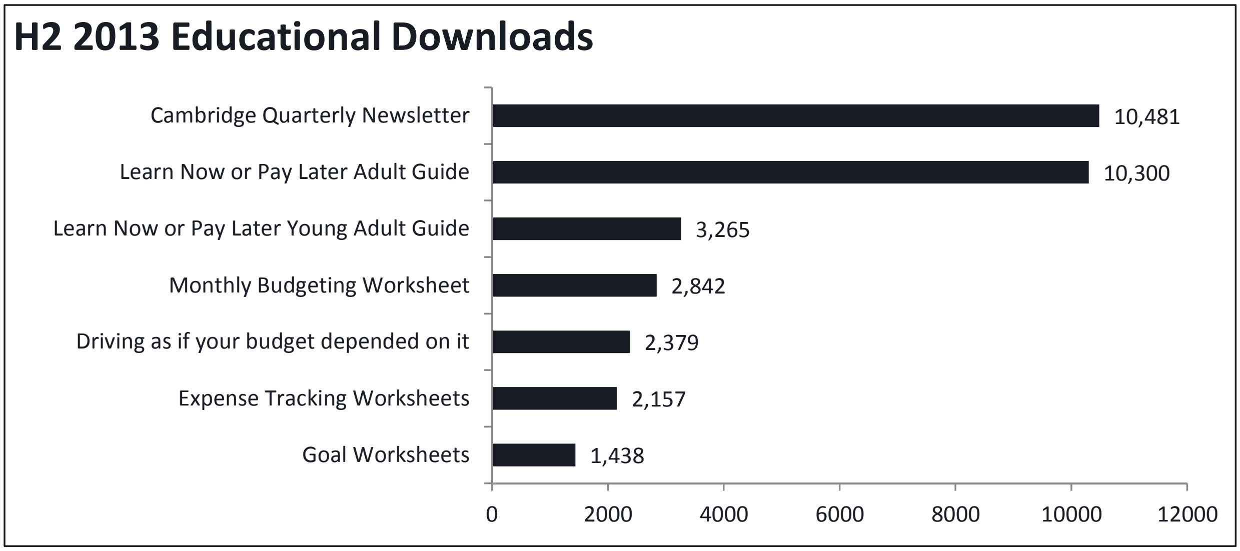

Chart VII.1

Education Videos

Cambridge produces a video series called *Personal Finance 120*, which provides insight and education on timely financial topics. These videos are available on Youtube.com and are e-mailed to existing and former clients to complement their educational experience. In the second half of 2013, these videos were viewed 18,761 times. Chart VII.2 shows the ten, most-viewed videos during those six months.

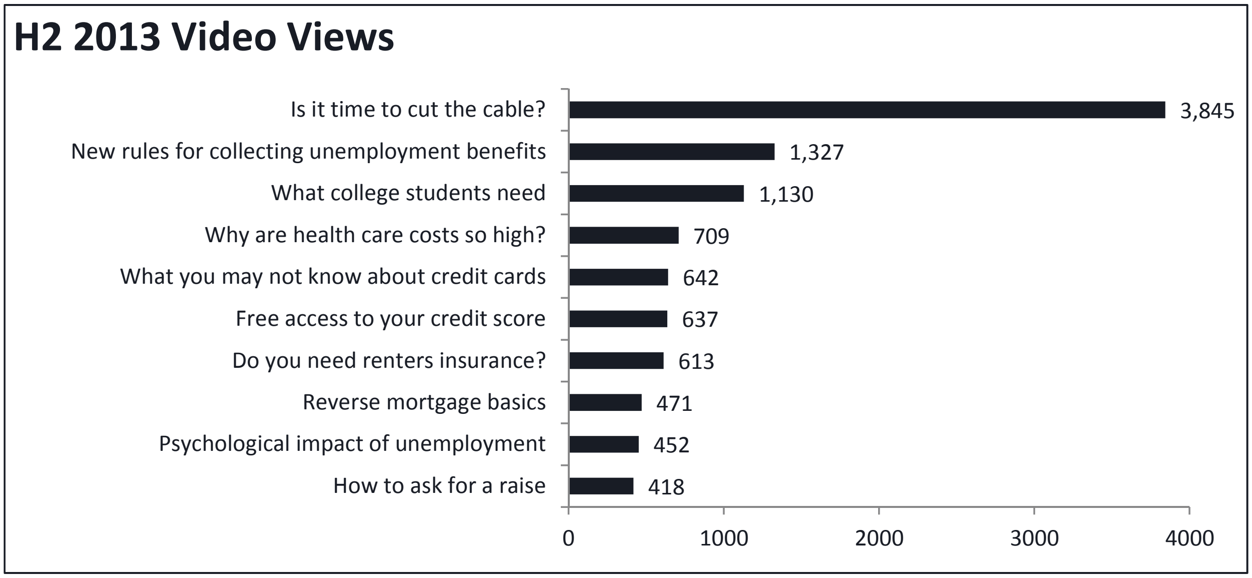
H2 2013 Video Views
Is it time to cut the cable?
New rules for collecting unemployment benefits
What college students need
Why are health care costs so high?
What you may not know about credit cards
Free access to your credit score
Do you need renters insurance?
Reverse mortgage basics
Psychological impact of unemployment
How to ask for a raise
3,845
1,327
1,130
709
642
637
613
471
452
418
0
1000
2000
3000
4000

Chart VII.2

CONCLUSIONS

This ninth Transparency Report includes analysis of Cambridge's performance over four full years. As pointed out in previous reports, overall performance was hindered for 2007 and 2008 enrollments, most likely as a result of the Great Recession and lingering economic issues that have only recently begun to be reversed. This report witnessed the first growth in the completion rate since 2006 enrollments were examined. Other metrics, such as proposal acceptance - both initially and at the time of the benefits audit, also registered improvement.

After repeatedly examining our performance these last few years, and noting how imperceptibly many metrics change from one quarter to the next, Cambridge has decided to change the frequency of these reports. Beginning in 2015, our Transparency Report will be issued annually. This will allow the analysis of potential factors that relate to performance to be reviewed for a larger data set, creating more useable results.

Cambridge is committed to the continued release of performance and satisfaction data, and 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 a more informed decision about their debt management options. We encourage feedback concerning our efforts and welcome any questions about this material. You can reach us by calling (888) 694-7491, or at transparency@cambridgecredit.org.