

FSA Credit Counseling Service



Debt Management Program

Client Handbook

Client Number: _____

Confidentiality

All services provided by CCS are strictly confidential. You have been asked to sign a "Release of Information" allowing us to discuss your situation with your creditors. Other releases will not be made. Should we need to discuss your finances or Debt Management Plan (DMP) with anyone other than a creditor involved in the DMP, we will ask you for specific direction and permission to do so. Should you want us to discuss your DMP for something else (such as a mortgage application), please call and give us specific permission to do so.

Client Rights

As a client of CCS, you have the right to:

- Receive our help preparing a household budget
- Elect to withdraw from participation in your DMP
- Refuse any and all services
- Know the status of your account with CCS
- Receive a regular written accounting of your DMP
- Expect us to look into your complaints
- Know the cost of services and how much you must pay
- Consult with your attorney or personal financial planner
- Suggest changes in our services
- All civil rights guaranteed by state and federal law and regulation

Client Responsibilities

As a client we expect you to:

- Be on time with your deposits
- Provide accurate and timely information concerning your finances to your Counselor
- Follow the rules and guidelines of the Debt Management Program as discussed in the Client Handbook
- Not acquire additional debt without knowledge and permission of your Counselor
- Be considerate of the rights of other clients and staff

Client Fees

We do not charge fees for our counseling sessions. Each client participating in a DMP is asked to pay a fee of \$25 per month to help offset expenses of operating our office. There is also a \$35.00 startup fee that may be paid at the time you enter the program and make your first payment. The set up fee can be included in your first monthly payment.

Credit Counseling Service of North Central Indiana

*a program of
Family Service Association of Howard County, Inc.*

618 South Main Street
Kokomo, Indiana 46901

(765) 454-7290
(800) 832-3595

Hours
Monday - Thursday
9:00 AM - 5:00 PM
Friday
9:00 AM - 3:00 PM

CCS is a not-for-profit community service dedicated to helping people gain control of their finances.



Where can I find more information about money management?

Visit your local library or bookstore. Another good source is the County Extension Service. Also, we have a variety of pamphlets and handouts, which may help you.

Whom should I contact if I have questions or problems?

You can contact any member of the CCS staff to assist you with most problems. It is very important to remember that the Counselor is not always available immediately to answer your questions, therefore always ask the office staff your questions first.

Please remember that the office staff can often help you solve problems.

Unless your situation is one that involves something like your household budget or a serious problem with a creditor, please see if the office staff can help

Problems with late charges or incorrect balances can be handled very efficiently by the office staff.

Normally, your Counselor is in session assisting other people with their debt problems and may not be able to assist you or return your call immediately. You may leave a message for your Counselor, or, in many cases, other members of the CCS staff can help you. You can also reach your Counselor by email. If you wish to use the email to keep in contact with your Counselor, please ask for their email address.



Miscellaneous

When there are differences on your monthly statement from CCS and the monthly bill from your creditors (there will normally be some difference when the creditor charges interest), please update us on the balance every three months or so. You can do this by sending in the bill (or a copy of it) or simply listing the information we need on a sheet of paper and sending it in to us. The information we need is creditor name, account number if multiple accounts with the same creditor, the balance showing, the date of the billing statement, and the date and amount of payments posted on that statement.

The information in this Client Handbook has been adapted from a handbook developed by the Consumer Credit Counseling Service of Saint Louis, Missouri.



Where do I go from here?

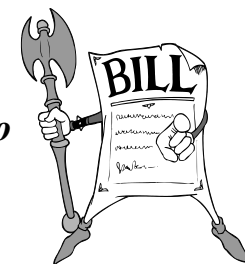
By coming into our office and seeking help with your indebtedness, you have taken the most difficult step toward getting out of debt. Most people consider family finances a very personal and private part of their lives and do not wish to discuss them with anyone. You are commended for keeping your appointment and seeking professional help.

When faced with financial difficulties, it is sometimes hard to face facts. One must, however, eventually deal with one's creditors. Frustration, anger, fear, and confusion may be what you are feeling, but you are the only one who can turn the situation around. Your debts are your responsibility.

The Debt Management Program (DMP) established for you by your Counselor provides the link between you and your creditors. Your Counselor and the CCS staff are available to help with any problems or questions you or your creditors may have during the life of the program.

What can I do to help my Debt Management Plan?

- Keep in touch and let us know immediately if any problems arise.
- Mail your deposits on time. **Send cashier's checks or money orders only.** No personal checks or cash are accepted.
- Inform us immediately of any change in your name, address, telephone number, marital status, or employment.
- Monitor your creditors' statements to ensure that CCS payments are being properly credited. Where applicable, check to see if interest reductions have been properly made and that late charges and over-limit fees have been properly recorded. Also, keep us informed of any accounts turned over to collection agencies.



What should I avoid if I want my program to go smoothly?

- If you don't understand something about your creditors' statements or our mailings, don't panic; **CALL US!**
- Don't miss payments or make late payments to CCS for any reason. If you do, your creditors will resume their regular collection procedure of telephone calls and letters, contacting you directly. Most creditors will terminate their participation in your DMP after two missed payments in a year. Some will do this after only one missed payment! If a creditor drops you from their program, they may not allow you to re-enter.
- Don't make any payments directly to your creditors. Send all payments, even if they are late or extra payments you might be able to make, through CCS.
- Don't apply for any additional credit without the prior consent from your Counselor. If you do, you will place your Debt Management Program in jeopardy.

Will CCS contact my creditors?

Yes. After you have agreed to the program and made your first deposit, CCS will mail a proposal letter to each of the creditors on the program. This letter will advise the creditor that you have sought debt relief assistance through CCS and request the creditor's support and cooperation. The proposal letter will identify your account number, your total indebtedness, the number of creditors in the program, the proposed repayment amount, and the date by which the creditor may expect a payment.

What if a creditor does not accept the plan?

If a creditor does not accept the proposed payment arrangement, someone from our office will contact you to work out other arrangements.

Will my creditors still call me?

During the first month or two of the DMP, creditors may still call you even though you are paying your bills through CCS. Do not refuse to talk to them. Remember, getting out of debt involves the cooperative efforts of your creditors, CCS, and you. Do not negotiate with those creditors on your Debt Management Program; ask them to call CCS. If a creditor indicates that they will not work with CCS, call our office immediately. Try to get the name and call-back phone number of the person who calls.



Will creditors stop interest on my accounts?

Some creditors do stop or reduce finance charges. Most creditors will stop charging late fees and over-limit fees as long as the proposed DMP is adhered to. However, it is important for you to remember that **most creditors do not stop interest**. Some creditors may require 2-3 or more consecutive payments before they will grant concessions. Your Counselor will generally tell you which creditors fall into this group. Here again, should you have questions, please call.

When is my deposit due to CCS?

Your deposit must be in our office by the due date each month. Normally that is the 14th. Many clients are on a regular weekly or bi-weekly payment basis. These plans should be adhered to. Any time that you can not make your required deposit, you should call our office.

If I need additional help in working with my budget, will CCS help me?

Absolutely! Call the office to set up an appointment with your Counselor.

How is CCS funded?

CCS is funded by contributions from the business community. We receive no governmental or United Way funding. Most of your creditors have found it to be in their best interest to support us financially while we help you get out of debt. However, CCS will work with any creditors regardless of whether they support CCS financially or not. All we ask is that they cooperate in helping us help you get out of debt.

How long will it take to get out of debt?

There is no simple answer to this question because each client's situation is different. A very rough estimate to determine the number of months to payout is to divide the amount of debt on your Debt Management Program by your monthly CCS payment. Such factors as creditors who continue to impose finance charges, applying funds from creditors who have been paid off to creditors who still have a balance, and increasing your payment amount all contribute to varying the time it will take to pay off all of your debts.



Will my DMP be changed during its term?

Periodically your Counselor may ask you for updated information on your situation. While participating in the DMP, you are expected to notify your Counselor should there be any significant changes in your situation. These changes would include a new, better paying job; loss of a job; paying off a large loan not included in the DMP; a change in household size; or anything else that affects your disposable income.

Some creditors will insist that we provide them with a periodic update on your situation. Generally this is not an unfair request since creditors have agreed to participate in your DMP based on your need for a reduced payment. As your finances improve, they would expect an increase in the amount of income left after paying fixed, necessary expenses and therefore an increase in the amount dedicated to debt reduction.

Should an update be needed, your Counselor will contact you to schedule an appointment to do so.

Can I get a credit card from a creditor when the account is paid off through my Debt Management Plan?

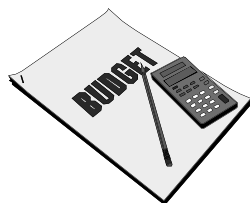
No. During this time your primary objective is to get out of debt. Not until all of your creditors have been completely paid should you even consider getting a credit card. When you have successfully completed your entire repayment plan, there are a number of major lenders willing to consider you for a credit card.

How will working with CCS affect my credit rating?

Any information on your credit report is put there by your creditors. CCS does not report any information to credit bureaus. Many creditors will begin to report to the credit bureau an account as "current" after they have received the first proposed payment from CCS. This does not mean that delinquency information the months prior to entering the Debt Management Program will be changed. Some accounts may continue to show delinquencies however, despite the creditor having accepted the CCS proposal arrangements. If this occurs, CCS will contact the creditor and attempt to have the creditor report CCS payments based on the new terms. Whatever a creditor reports to a credit bureau is determined by their company policies.

Can I be taken to court by my creditors?

Most creditors would prefer to receive payments through CCS rather than resort to the courts. Many stop legal action or hold judgments in abeyance if they are receiving timely payments through CCS. However, if you should receive a summons while in the Debt Management Program, be sure to follow the instructions of the court or your attorney. You may wish to provide the judge or mediator with a copy of your CCS paperwork and the bills that are listed. CCS cannot appear in court with you or on your behalf. You should, however, immediately notify CCS if this should happen.



Must I continue to work a family budget every month?

Yes. During your counseling session, your Counselor explained the fundamentals of establishing a budget and used your personal situation and spending habits as the basis for showing you those things to consider when making a budget. A budget is the fundamental spending plan of how you intend to meet your monthly financial obligations. Unless you continually work your budget and keep track of your expenses, you will probably never get out of debt and be able to live free of financial worries.

May I make my deposit with cash or by personal check?

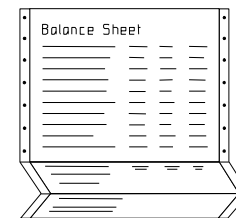
No. Payment must be made with a money order or cashier's check. Personal checks will be returned to you, which only delays sending payments to your creditors. Make them payable to: "CCS" or Credit Counseling Service. Please be sure to write your name legibly and to include your client number.

Why won't you make payment to all my creditors?

CCS is not a bill paying service. Our objective is to help work out a debt repayment plan with those creditors who are willing to work with us. If you have loans which are secured, generally these creditors are unwilling to work with CCS because they may take their collateral back if you can't make the payments.

Will I receive a record of payments to my creditors?

Yes. Each month you will receive a CCS statement showing payments you have deposited, disbursements we have issued to your creditors and an estimated balance. The balances shown on your CCS statement may vary with the balance on each creditor statement. When you came into the program, you gave your Counselor the current balance due each creditor. This became the beginning balance in the program. Since some creditors continue to add finance charges while their customer is paying through CCS, their balance may become larger than what is shown on the CCS statement. If CCS knows the annual percentage rate the creditor is charging, then CCS will program its computer to apply the same rate to its balance. Any wide variance between CCS and creditor balances should be reported to your Counselor. Often our balance will reflect payments just made while your creditors' statements have not yet credited them. Please watch the payment posting date on your bills.



What if I can't make a full deposit?

Every effort must be made to make full program deposits by the required due date. To do otherwise indicates a lack of good faith that you are serious about getting out of debt. Remember, your creditors' agreements to the DMP is based on your agreement to make the full adjusted payment on time each month.

When your budget was established, your Counselor designated a set amount for such things as car insurance and other periodic expenses. If you are living within a budget and have included these items, you should be able to pay these large bills and also make your CCS payment. If you need help with your budget, call your Counselor immediately.

What if my deposit is late?

If your deposit is received after the due date, it's very likely that disbursements will not be made to your creditors until the following month. As you can imagine, it is extremely important that your deposits be on time each and every month.

Can I increase my monthly deposit to CCS?

Definitely. Anytime you have the good fortune of having extra money to send to your creditors, you should do so. Remember, our objective is to get you out of debt as soon as possible.



What if I have extra money and want to pay off a creditor early?

When circumstances allow early payment, call us. We will contact your creditors for the final payment amount. Please make these final payments through CCS. Also, don't be upset if your final statement shows a small amount due for finance charges. This frequently happens because of differences in billing cycles. This remaining balance **MUST** be paid to the creditor.

When a debt is paid off, will my deposit be reduced?

No. A major part of the success of any debt reduction effort is to dedicate a minimum amount of money each month to reduction of outstanding debt. In the case of your DMP, this amount is your monthly deposit. As smaller bills are paid off, the amount that was paid to those creditors is "rolled over" to another creditor or creditors. As each debt is paid off, this amount of money, sometimes referred to as a "power payment," grows over time and becomes a very important part of how well your DMP works. This concept is part of the reason some creditors agreed to a lesser payment--they know that in time their payments will increase.

Do I need to make my deposit in the office?

No. We have pre-addressed envelopes for your convenience if you wish to mail deposits. Please allow enough time for the mail to get to us if you use this method. Normally, when you make your deposits in person, you will bring them to our office, our staff will provide you with a receipt. We also have a mail slot in a window on the side of the building. We will be happy to show you the location and there is also a sign on the front door pointing you in the right direction. Please make sure that your payment is in an envelope with your name and client number written legibly on the outside of the envelope.

If I can't make full deposits, will you drop me from the program?

Probably. Making consistent and timely payments is the key to making your DMP work. When you start a Debt Management Program, you are making a commitment to your creditors to get out of debt. They will be expecting you to live up to that commitment. If you miss two consecutive payments or four payments within a 12-month period, you will be dropped from the program.

What happens if I withdraw from the Debt Management Plan?

Your CCS program is a voluntary program involving not only you, but also your creditors and CCS. If you drop out of the program, you lose all of the advantages the program provides: lower monthly payments, lower interest charges, avoiding bankruptcy, learning to live within your means, avoiding unpleasant collection calls, etc. By staying in the program to completion, you will have created a good payment record for yourself, which will indicate to future creditors that you have the ability and the will to meet your financial obligations.



Should you withdraw from your DMP, creditors will return your account to "normal" handling. What this means is that any finance charges that have been reduced or waived will be reinstated, and payments will return to the normal level.

Why did I have to turn in all of my credit cards?

One of the basic rules of getting out of debt is not to incur any additional debt. Not having a credit card in your possession is one way of keeping you from being tempted to use it and incurring additional debt.

Why did I have to give up a credit card that had no balance or one on which I was making a full payment?

Most of your creditors understand that you are having financial difficulties and are giving you a break while in a CCS Debt Management Program by accepting reduced payment. They want to be assured that if they are accepting a reduced payment, that all other creditors are likewise accepting a reduced payment. They simply want to be treated fairly and equitably. It is unfair for one creditor to get a full payment while another is getting a partial payment.