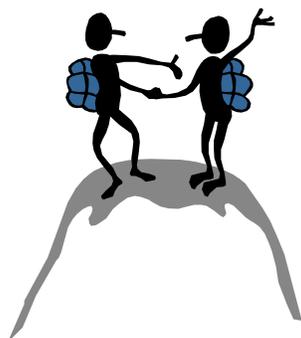


**Debt
Management
Program**



Client Handbook



We hope you benefitted from the time you spent with your counselor. You have been given a lot of information and we understand that you may be feeling a little overwhelmed. Please take a few minutes to read through this booklet, and then keep it for future reference. Hopefully it will have answers to most of your questions. If the answer is not in this booklet, please call our office at 815-338-5757. Staff members are available to help you with any problems or questions you may have. Communication is the key to your success. **Our goal is to help you get out of debt.**



THE DMP PARTNERSHIP

The Debt Management Program, DMP, serves a dual role of helping you repay your debts and helping creditors receive the money owed to them. The DMP is a cooperative effort among clients, CCCS, and creditors. Within this partnership we each have certain responsibilities to fulfill.

CLIENT RESPONSIBILITIES

- Make your deposit on or before the agreed-upon due date (no cash nor personal checks)
- Keep open lines of communication among CCCS, your creditors, and yourself
- Make an appointment to meet with your counselor if your situation has changed
- Advise CCCS of any change in:
 - Your address or phone number
 - The address/phone number of a creditor we are paying on your behalf
 - Employment or income available to fund the plan
 - Additional changes made by your creditors, either voluntarily or involuntarily
 - Lawsuits filed by your creditors or any pending legal action
 - Any circumstance that might keep you from making your payment on a timely and regular basis

You are still obligated and responsible to your creditors. CCCS of Northern Illinois can and will assist you with advice when needed. The ultimate success of this plan depends on managing your money in order to cover all priority accounts (judgments, child support, fines, and secured debt) as well as all remaining creditor accounts.

CCCS RESPONSIBILITIES

- Act as a liaison between you and your creditors in establishing a repayment program
- Notify your creditors of your participation in the DMP (after all the necessary documents are in order and in accordance with creditor policies). If a credit card company rejects payment terms through CCCS, we will notify you promptly. Note that collection agencies

and medical creditors will rarely respond to a DMP proposal, so we will only notify you if they actually reject the proposal or payment.

- Disburse your deposit to each of your creditors as scheduled (determined by your deposit due date)
- Provide periodic status reports detailing payments we have made on your behalf
- Resolve complaints. Our agency respects the right of a client to complain when dissatisfied with the quality or content of our services. All staff members of CCCS of Northern Illinois will make every effort to resolve a complaint in a prompt and courteous manner.
- Provide ongoing support and problem resolution. Your original counselor is part of a team that will help you with problems that may arise. Since counselors are usually in session throughout the day, they may not be able to speak with you immediately. Please leave your name and phone number and the counselor will return your call as soon as possible. **If you need to change something about your automatic withdrawal**, please make sure you speak to someone about the change rather than leaving a message, so that we can make the change in a timely manner.



CREDITOR ASSISTANCE

At CCCS, we realize that the success of a DMP is dependent upon the cooperative efforts of clients, CCCS, and creditors. In fact, voluntary contributions from the creditors help us keep client fees as low as possible.

Most of our funding comes from voluntary contributions from creditors who participate in DMPs. Since creditors have a financial interest in getting paid, many are willing to make contributions to help fund our agency. These contributions are usually calculated as a percentage of payments you make through your DMP – up to ten percent (10%) of each payment received. However, your accounts with your creditors will always be credited with one hundred percent (100%) of the amount you pay through us and we will work with all your creditors regardless of whether they contribute to our agency.

We negotiate with your creditors to the best of our ability for the most favorable and equitable results. We **cannot** guarantee, however, that they will agree to grant any or all of the following requests:

- Accept repayment terms
- Suspend or reduce finance charges and late fees
- Ask their collection agencies to cooperate with CCCS by accepting the DMP
- Report CCCS accounts positively to the credit bureaus
- Place CCCS accounts in a special collection category
- Contact CCCS immediately if a payment is missed, rather than call you
- Send a letter of support to you
- Consider granting future credit after the program is completed



DEPOSITS

WHEN?

Your full payment is due at the Woodstock office (400 Russel Court) every month on or before the agreed date so we can disburse your deposit promptly. *Please allow for mailing and processing time when sending deposits.* **If mailing your payment, please use our post office box (see below).** On-time deposits are critical to creditor cooperation with the DMP.

HOW?

Deposits must be made by cashier's check or money order payable to CCCS, or auto-withdrawal. We cannot accept personal checks or cash. Be sure to keep your customer copy of the money order or cashier's check. In case of a dispute, we may need this for documentation or you may need it to request a refund from the issuer if the deposit is lost in the mail.

Please print your name and client number on the face of the money order/cashier's check.

WHERE?

Deposits are accepted at our Woodstock office (400 Russel Court) only. We have a night drop for deposits made after hours. You may also mail deposits to:

CCCS of Northern Illinois
P.O. Box 885
Woodstock, IL 60098

INCREASING THE MONTHLY DEPOSIT

We encourage you to monitor your situation regularly and, when you are financially able, to increase the money going to your creditors. This might be possible due to a raise, tax refund, or paying off a car. The larger your deposit, the sooner you will be debt free. If you have a preference as to which creditor or creditors receive the extra money, let us know, otherwise we will apply the extra at our discretion in compliance with our creditor agreements.

The CCCS DMP uses a payment acceleration method. As each account balance is paid off, the payment portion is applied to one or more of the remaining creditors, thus increasing their payments. Your deposit stays the same unless you have a change of circumstances. A review with a counselor will be required if it is necessary to change your monthly deposit. Changing your monthly deposit should be considered only in case of extreme long-term emergency. **Signed paperwork four business days in advance is required to make any changes in automatic withdrawals. You should also confirm with us by phone that we have received the paperwork.**

DIRECT PAYMENTS

All creditor payments must be made through CCCS unless otherwise authorized. If a creditor requests or demands other payment arrangements, please refer the creditor to us and call CCCS immediately. Provide us with the company's name, the person's name that you spoke with, and the direct telephone number.

Direct payment to one creditor creates an unfair payment situation for the remaining creditors, and other creditors may cancel their repayment agreements. Some creditors will drop you from their program if the payment comes from you rather than through us. If you are dropped from their debt management plans by your creditors, your monthly payment will return to normal and the interest rates will likely increase and late and over limit fees will resume. Another disadvantage for you is that payments made outside CCCS do not show on your CCCS payment history, and some creditors use this payment history for future credit-granting decisions.

IF YOU CAN'T MAKE A DEPOSIT

If you must miss a deposit or make a partial deposit due to unavoidable circumstances, call your counselor as soon as possible to explain the situation. We will put your ACH withdrawal on hold for that current month, you will need to send us a money order for that payment, and then something in writing informing us when we can resume your normal withdrawals. Creditors call when there are irregularities, and having this information helps us obtain their patience and cooperation during times of hardship. Without knowing your plans, we must refer creditor questions directly to you for an explanation.

Be aware that many creditors have very strict requirements for staying on their debt management plans, and even one missed or partial payment may be enough for them to drop you and increase your interest rates and fees, even if there are compelling reasons for the missed or partial payment.

A counselor will attempt to contact you if there are missed deposits to see how we can help. If we are not successful in establishing communication, our only choice is to suspend the Debt Management Program. If we do that, we may notify your creditors that we are no longer working with you. At this time, they will also likely drop you from their debt management plans.

If there is a drastic change in your income, such as a job loss, loss of second income, or a major increase in your basic living expenses (e.g. medical bills), contact us to schedule a review appointment. **DO NOT GIVE UP.** In some cases, something can be arranged. Regular deposits should continue to be made by your due date until your review appointment if at all possible.

Please be aware that creditors who waive or reduce interest and/or finance charges may reinstate them if there is a missed payment, even if there are compelling reasons for the missed payment.



RECORDKEEPING

Keep your budget up-to-date. This will keep your spending under control. Maintaining accurate and up-to-date records is a critical factor in successfully completing your DMP in the least amount of time. During your counseling session, a spending plan was developed to allow money for living expenses and creditor payments. It is probably restrictive, and sticking with it may be difficult at first. Keep at it; experts say it takes six to nine months for a budget to work smoothly. You can do it!

Save all status reports from CCCS, as well as your statements from creditors. If your CCCS status report balances are different from your creditor statement balances, it could be due to an inaccurate balance figure at the beginning of your program or to the addition of finance charges or other charges by your creditors. **Please send us copies of your creditor statements every month.** Comparing these statements provides us with important information:

- It verifies that your creditors are receiving payments from CCCS and crediting them properly. If there are no payments showing on your creditor statements after you have started making payments through us, please call our office.
- It helps us to determine whether creditors are giving you the correct interest rate, and whether they are assessing other fees.
- It allows us to update your balances as necessary so that our balances match your creditors' balances.
- We can find out if any of your accounts are past due, and take steps to bring them current if that is possible.

All of this helps us do a better job of helping you.

If you are not receiving statements from your creditors, please contact them to request that they send them to you. If they will not do this, please call them periodically and get the balance on your account, last payment date, last payment amount, and interest rate, **and pass this information on to us.**

If you notice anything problematic about your statements, please bring this to our attention!

Save all money order or cashier's check receipts.

CAUSES OF PROGRAM SUSPENSION



SUSPENSION BY CLIENT WITHDRAWAL

The Debt Management Program is voluntary; you may withdraw at any time. However, if you elect to pay your creditors yourself, instead of through CCCS, remember that CCCS negotiated a

payment, and in some instances a suspension or reduction of interest and late charges. If you decide to begin payment on your own, the monthly payment may return to normal, and the interest rates will increase and other charges will resume.

Should you wish to restart a DMP, you will need to do the following:

- Attend another counseling session
- Have your DMP submitted for CCCS management approval
- Make your deposits on time every month

SUSPENSION BY CCCS

CCCS will suspend (inactivate) your account and may notify your creditors if you fail to follow the basic guidelines of the program. Grounds for suspension are as follows:

Non-payment	Failure to make two consecutive deposits
Partial deposits	Irregular deposits on a consistent basis
New debt	You must not use old accounts or incur new debt while on the DMP. Contact your counselor to discuss an emergency situation
False Disclosure	Supplying false or misleading information to CCCS regarding your income, living expenses, or obligations
Bankruptcy	If you file a petition for bankruptcy, notify us immediately and we will suspend your program



PROGRAM COMPLETION

Prior to completion, we will ask you to contact your creditors to obtain accurate payoff information if we have been unable to get that information. When full and final payment (including principal and interest) on your account has been made, your final statement from your creditor should reflect a zero balance. If not, please notify us, or contact the creditor to request a refund if there is one due you. If you are not receiving regular statements from your creditor, contact them directly to request a paid-in-full letter.

CCCS AND YOUR CREDIT RATING

CCCS has no control over how a creditor reports an account to the credit bureau. For the average client, enrollment in a repayment plan improves the credit rating if they have been behind with their payments. Many creditors report delinquent accounts as current (i.e., “re-age” the account) after three consecutive payments on the DMP. Not all do, however, and those that do not re-age

accounts may eventually report them as “charged off” if the payment they are receiving is less than normal minimums.

Some creditors may report accounts as being paid by a debt management plan or credit counseling service. How future credit grantors view this varies according to the client’s situation at the time, their previous payment history, and the particular views of that lender. Some lenders may see this as derogatory, and some will regard it as a sincere and responsible means of satisfying one’s financial obligations.

Accounts on a DMP are closed, so available credit decreases, and this can negatively impact your credit score. In general, if the accounts are current or marginally past due at the start of the DMP, the credit report may be less than favorable because of going on a DMP.

Only the creditor can verify or modify information they have reported (although you can register a dispute with the credit reporting bureaus). CCCS cannot remove negative information from your credit report, nor will completion of your DMP remove negative information. Adverse credit history stays on your credit report for seven years; bankruptcies can stay on for ten years. **Our primary goal is to help you get out of debt.**