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## **2011 Annual Report – Colorado Debt-Management Services Providers**

This is a composite of all reports made to the Administrator of the Uniform Consumer Credit Code, pursuant to 12-14.5-211(c)(8), C.R.S., from registered Debt-Management Providers. This information has not been independently verified.

### **2011 General Information**

Number of Providers reporting data for 2011: 47 <sup>1</sup>

Total number of agreements Colorado consumers entered into during 2011: 6,372

<b>Total Activity for 2011 by Provider Type</b>	<b>Credit Counseling <sup>2</sup></b>	<b>Debt Settlement <sup>3</sup></b>
Total Number of Agreements	5,111	1,261
Average Amount of Debt per Consumer at enrollment	\$20,531	\$26,541
Average Term of Agreement	49.5 months	37.6 months
Average Fees Collected <sup>4</sup>	\$203.05	\$918.23

### **2011 Credit Counseling Activity**

Money received from Colorado Consumers: \$97,678,115.00  
 Money paid to Creditors: \$92,153,064.00

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Number of Agreements	5,111	6,626	8,164	6,436	7,034
Percent of Completed Agreements <sup>5</sup>	0.76%	2.84%	6.20%	14.59%	25.50%
Percent of Active Agreements	79.36%	61.77%	45.00%	22.98%	8.78%
Percent of Terminated Agreements	19.88%	35.39%	48.80%	62.43%	65.72%

1. Of this number, 38 are credit counseling providers, 7 are debt settlement providers, and 2 provide both services.
2. Credit counseling providers work with a consumer's creditors to establish a debt management plan that may include interest rate reductions, lower fees, and lower monthly payments. Plans typically provide full repayment of the principal amount of debt enrolled in the plan. Consumers make monthly payments to credit counseling providers. This money is held in the provider's trust account. Funds are then disbursed monthly to creditors on behalf of the consumer.
3. Debt settlement providers negotiate with a consumer's creditors to settle debts for less than the full balance owed. Debt settlement providers do not make regular payments to creditors. Instead, consumers make monthly deposits into savings or special purpose accounts. Once a certain balance in the account has been achieved, the debt settlement provider attempts to reach a settlement with each creditor for less than the full balance owed.
4. Maximum allowable charges for credit counseling providers may not exceed \$50 for a monthly service fee and a one time \$50 initial set up fee. State law allowed debt settlement providers to charge aggregate fees totaling 18% of enrolled debt (including a set up fee not exceeding 4% of enrolled debt), however as of October 27, 2010, the Federal Trade Commission's Telemarketing Sales Rule was amended to prohibit for-profit debt settlement and credit counseling providers from collecting fees until a debt has been settled. A similar advance fee prohibition to the DMSA took effect on July 1, 2011.
5. "Completed agreements" means all debts settled or paid.

## **2011 Debt Settlement Activity**

Total Amount of Debt Covered Under Debt Settlement Agreements:   \$33,467,842.00

For Debt Settled in 2011:

Original balance at time of enrollment:	\$22,569,658.00
Balance of debt at time of settlement:	\$26,594,457.00
Settlement amount paid:	\$11,470,022.00

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Total Number of Agreements	1,261	2,180	2,087	1,455	950
Percent of Completed Agreements	0.40%	4.90%	11.16%	23.71%	30.21%
Percent of Active Agreements	62.25%	36.47%	26.98%	12.51%	7.79%
Percent of Terminated Agreements	37.35%	58.63%	61.86%	63.78%	62.00%