

January 15, 2010

Federal Trade Commission
Office of the Secretary
Room H-135 (Annex T)
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: FTC Staff Questions in Response to Public Comment

Dear Allison,

Following are the answers to questions you asked in your letter dated December 22, 2009. Please let me know if you have any additional questions.

1(a) How long have you been enrolling consumers in DMPs?

GreenPath has been enrolling consumers in DMPs since 1961.

1(b) Have you made significant changes in your programs since you began offering DMPs?

Over the years our counseling has become much more comprehensive and we provide consumers with much more education today. But the biggest changes stem from advances in technology. For example: accepting client deposits via electronic funds transfer, sending payments and proposals to creditors electronically, disbursing client payments to creditors daily, and offering clients on-line access to their account information. We are also able to more proactively manage client accounts on a real-time basis. For example, based on client deposit amounts and payment due dates, we can predict a potential missed creditor payment and begin working with the client to address the issue long before the client actually misses the payment.

Over the years, beginning in the late 1990's, creditor interest rates and minimum payments amounts for DMP clients have increased. However, in 2009, many of the major credit card companies began offering improved concessions in an effort to make DMPs affordable for more consumers.

1(c) What percentage of your clients enroll in DMP vs. other products or services?

The percentage varies widely for the three main types of counseling sessions we conduct. In 2009, 21.1 percent of consumers in our credit and debt counseling sessions enrolled in a DMP; 6.4 percent of consumers in our housing counseling sessions enrolled in a DMP; and less than one percent of consumers in our bankruptcy counseling sessions enrolled in a DMP.

1(d) Does your company offer any options allowing consumers to pay less than the full balance of their debts?

At this time, only one major creditor offers a less-than-full-balance DMP option. Only a very small number of GreenPath consumers (less than 50) are enrolled in this program, which is provided by that creditor as part of a normal GreenPath DMP (with no additional fees or requirements). The program does not reduce any principal debt, but will eliminate a percentage of fees and finance charges. Our understanding is that, since no principal debt is eliminated, the consumer does not have any tax liability.

2(a) How many total accounts have consumers enrolled in DMPs?

13,328 GreenPath DMPs were started in 2009. Those DMPs included 75,485 credit cards. Consumers who wanted help with secured debts and other types of debt also enrolled 27,244 additional accounts that we handled as part of their program (even though we don't receive creditor contributions on those payments).

2(b) How much total debt have consumers enrolled in DMPs?

In 2009, consumers enrolled \$298,044,495 of credit card debt on GreenPath DMPs. Consumers who wanted help with secured debts and other types of debts also enrolled \$249,061,896 of additional debt that we handled as part of their program (even though accounts like auto loans, utilities and mortgages typically do not get paid off).

2(c) How much total debt have consumers extinguished through DMPs?

In 2009, GreenPath disbursed \$221,677,202 to creditors on behalf of our DMP clients.

2(d) How many total consumers have enrolled in DMPs with the company?

In 2009, 13,328 consumers enrolled in a GreenPath DMP.

3(a) For all consumers who complete DMPs, what is the average value of concessions that consumers receive?

In 2009, our average DMP client began the program with about \$38,000 in credit card debt. They were paying an average of 21 percent interest on each account prior to coming to GreenPath. If this average client stopped using their credit cards and made the minimum payment each month, about \$880, it would take them about 81 months to liquidate their debts. On the GreenPath DMP, the average interest rate is reduced by about 50 percent, to 10 percent. If this average client made the same \$880 monthly payment on a DMP, they would liquidate their debts in about 50 months --- 30 months more quickly than on their own --- and pay about \$25,000 less than they would pay on their own. And this savings does not reflect any of the late fees and overlimit fees waived by creditors, which are typically \$39 each month.

3(b) For all consumers who enroll in DMPs, what is the average value of concessions that consumers receive?

The average DMP client stays on the program for about 25 months. Based on the averages identified in 3(a), the average client would save about \$8,700 in interest in the first 25 months of the program. Assuming that they close the program after 25 months, their interest rates go back to 21 percent, and they pay off their debts on their own, the average client will have paid a total of \$18,000 less thanks to the DMP. This includes the amount they saved on the program, plus the savings they received from liquidating faster (due to the smaller balances they had when they reverted back to their original interest rates). This savings does not reflect any of the late fees and overlimit fees waived by creditors, which are typically \$39 each month.

4(a) What is the total fee that your company charges to consumers for your services?

All of our credit/debt counseling and housing counseling is free of charge. There is not a standard total fee that is charged to each consumer for a DMP. Fee calculation laws vary by state, and total fee amounts vary depending on how many months the consumer makes payments on their DMP. In 2009, the average monthly DMP fee charged by GreenPath was \$33.21.

Consumers receive value from the DMP very quickly after enrollment (waived late fees, waived overlimit fees, lower interest rates, collection calls stopped). Regardless of the length of their agreement, they can terminate their DMP at any time with no responsibility for paying any future monthly maintenance fees.

4(b) When do you charge the fee to consumers? If the fee is charged in parts over the course of a program, please explain when amounts are collected, including over how many months the fee is collected.

The DMP setup fee (\$0 to \$50) is charged one time as part of the consumer's initial deposit. If the consumer decides to purchase Credit When Credit Is Due, that one-time \$50 charge is also part of the initial deposit. The monthly DMP maintenance fee is charged on the client's deposit date or the anniversary date when they set up their program (depending on the laws in their state of residence).

4(c) How much have consumers who have completed the program paid in fees in total?

Below is a breakdown of total revenue received during the total life of the program for all DMP clients who closed their program in 2009:

Closing Reason	Client Count	Setup Fees	CWCID Fees	Monthly Fees	Closing Fees	Amount sent to creditors
Client deceased	78	\$ 2,804	\$ 1,850	\$ 74,587	\$ -	\$ 964,642
Client successfully paid in full all debts	4302	\$ 137,563	\$ 131,380	\$ 6,192,073	\$ 5,475	\$ 101,127,352
Program closed due to contract completion	117	\$ 4,018	\$ 4,235	\$ 232,691	\$ -	\$ 3,399,610
Client is able to continue debt repayment on his/her own	2492	\$ 83,691	\$ 65,625	\$ 2,073,124	\$ 25,150	\$ 34,358,972
Client has informed us of their intent to file bankruptcy	1680	\$ 49,394	\$ 42,445	\$ 918,723	\$ 14,450	\$ 18,715,861
False Start - Please disregard proposal, client did not implement program.	120	\$ 4,592	\$ 2,200	\$ 18,910	\$ 975	\$ 262,052
Majority of creditors not willing to approve proposed payment plan	60	\$ 1,789	\$ 1,550	\$ 12,416	\$ 350	\$ 80,836
Program closed due to missed deposits, client dropped out of program	2933	\$ 98,383	\$ 74,035	\$ 1,923,645	\$ 29,600	\$ 25,373,734
Totals	11782	\$ 382,234	\$ 323,320	\$ 11,446,169	\$ 76,000	\$ 184,283,059

4(d) How much have consumers who have dropped out of the program before completion paid in fees in total?

See 4(c).

4(e) What percentage of consumers pay no fees because they do not have the ability to pay?

GreenPath does not enroll consumers on a DMP unless we can balance their budget, which includes the monthly maintenance fee. We do not enroll any \$0 fee DMPs. In case of a hardship situation, we will reduce or waive fees for a limited number of months on a case-by-case basis. Hardships may include temporary loss of employment, risk of losing their home or car, or disability or other medical situation. We always provide counseling, develop a budget and action plan, and offer education materials free of charge to all consumers.

4(f) What is your definition of inability to pay?

Temporary hardship as described in 4(e).

5(a) Of clients who have been enrolled in the program for 60 months or longer, what percentage have completed it?

9,691 consumers enrolled in a GreenPath DMP in 2003. Only 515 were still DMP clients in 2009. 335 went on to successfully pay in full all debts on the DMP, and 180 are still actively paying on their DMP.

5(b) Of clients who enrolled in the program at least 36 months ago, what percentage are still active?

12,464 consumers enrolled in a GreenPath DMP in 2006. 4,774 were still DMP clients 36 months later, and 3,811 are currently active as of January 2010. The 963 clients who closed their DMP between the 36-month mark and January 2010 did so for the following reasons:

- 12 - Client deceased
- 644 - Client successfully paid in full all debts
- 1 - Program closed due to contract completion
- 120 - Client is able to continue debt repayment on his/her own
- 41 - Client has informed us of their intent to file bankruptcy
- 145 - Program closed due to missed deposits

5(c) Of clients who enrolled in the program at least 60 months ago, what percentage are still active?

See 5(a).

Please let me know if you have any additional questions. Thanks.

Sincerely,

Richard A. Bialobrzewski
Director of Government/External Relations and Communications