

STREET



July

^ &

full

all

NFCC

CCCS,

DMP"). Since

FTC

Valerie Yates, Esq.
July 23, 1996
Page 3

of the creditors who impose certain requirements and often provide funding to ~~FCU~~ members for their efforts in developing DMPs. Therefore, ~~FCU~~ is also considering a policy which would require any general discussion of DMPs to ~~include~~ the dual ~~role~~ which ~~FCU~~ members serve in responding to the needs of consumers and creditors when setting up a DMP.

Next, the NFCC is considering a more uniform policy for its members in regard to the disclosure they provide consumers on the length of time necessary to pay off their debts under a DMP. NFCC members presently vary their policies in regard to information provided to DMP clients regarding the length of time for a DMP and a more uniform policy in this regard ~~would~~ be beneficial to consumers. The NFCC considers the reasonable estimate of the length of time to pay out a DMP, assuming the client makes all payments in a timely manner, as a critical piece of information for consumers who are overwhelmed by debt and desperate for a solution. Therefore, the NFCC is considering a policy that would require its members to provide to consumers a reliable estimate of the duration of a DMP at the time that a consumer enters into the DMP program.

Many of NFCC'S current members are presently using software systems which could provide a print-out that provides an accurate estimate based on a creditor-by-creditor breakdown of continuing interest charges. For example, enclosed please find a typical estimate provided to consumers by the CCCS of the Gulf Coast Area in Houston, Texas ("Houston disclosure"). NFCC proposes that it will adopt a policy which would require offices on the Houston software system to provide the Houston disclosure. NFCC also proposes that offices not presently operating under the system be encouraged to implement a DMP duration disclosure similar to the present Houston disclosure as soon as possible. Meanwhile, for those NFCC members who cannot presently provide a Houston disclosure, NFCC proposes that these offices provide a disclosure to consumers of the DMP length, so that consumers would be advised that the DMP could take as many as forty eight (48) or sixty (60) months (as relevant) to pay out or complete.

The NFCC is considering adopting these proposals on DMP duration as NFCC policies. By adopting these policies, ~~FCU~~ members would be required to follow the policy or face sanctions such as termination of NFCC membership. The policy would require ~~FCU~~ members to provide a reliable estimate on DMP duration prior to a consumer's first DMP deposit. We request an FTC staff opinion on whether or not these proposed policies on DMP duration would be appropriate and legal under FTC regulations and statutes that apply to NFCC and its members.

We request an FTC staff opinion on the above proposed policies regarding (1) disclosure of creditor fundings through "fair share", (2) the dual role served by NFCC'S members in setting up a DMP, and (3) DMP duration. These policies would ~~serve~~ to disclose important information that could benefit consumers ~~who~~ are considering a DMP. The additional information required by these policies is factual and will assist consumers

Valerie Yates, Esq.

July 23, 1996

Page 4

MILES & STOCKBRIDGE

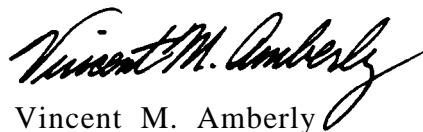
A PROFESSIONAL CORPORATION

who are faced with a difficult choice of options to overcome serious financial problems that they face. These proposed policies and further consumer education efforts should benefit consumers attempting to overcome their debt related problems. The NFCC Board of Trustees is scheduled to meet in mid-September and would like to consider the adoption of the above two policies at that time, to become effective for NFCC members on January 1, 1997. We would appreciate an FTC staff opinion on these issues in time for consideration by the NFCC Board of Trustees meeting in September.

Finally, NFCC is also interested in providing additional consumer education to consumers who may need information about how DMPs work and the likelihood of success that a DMP will have given the significant consumer debt, and often insolvency, facing many consumers who consider entering into a DMP. We understand that the FTC may be considering some consumer education efforts in this area and the NFCC would welcome the opportunity to work with the FTC staff to provide consumer education on the various alternatives available to consumers in financial trouble.

If you should have any questions regarding the above request for a staff opinion, please call me. Meanwhile, thank you in advance for your cooperation.

Very truly yours,



Vincent M. Amberly

laIVMA/

cc: Mr. ~~Barent~~ S. Abernethy, III