

Debt Settlement Services Provider Annual Report

READ ALL INSTRUCTIONS PRIOR TO ENTERING REPORT DATA

Background

Pursuant to Section 2 of Chapter 281 of the Acts of 2011, registered debt settlement providers are required to provide data and other information to the Commissioner of Financial Regulation. The annual reports cover the business conducted by the Registrants during the immediately preceding year.

THE ANNUAL SUBMISSION IS DUE ON MARCH 15th; however, if you need additional time to file the report, you may request an extension, along with the date you anticipate the report will be filed. If you renewed your Maryland registration recently, you will receive a copy of the reporting instructions and the annual reporting package by email. Registrants may obtain the reporting package and a copy of the Maryland Debt Settlement Services Act directly from our website using the following link:

www.dllr.state.md.us/finance/industry/debtsettlement.shtml.

General Instructions for Filing the Annual Report

Format: The annual report must be completed in the EXCEL workbook developed by the Office of the Commissioner of Financial Regulation. Each Registrant must enter the data and other information in the columns, as designated in the workbook. **DO NOT CHANGE THE COLUMNS OR ADJUST THE FORM IN ANY MANNER.** The workbook is divided into Section A (individual account level data) and Section B (aggregated data) and is formatted to record up to 75,000 line entries. If a Registrant needs more lines than one worksheet will accommodate for Section A, the Registrant must create a duplicate worksheet with identical headings. Registrants may obtain the worksheets at the following web address:

Submission Procedures: On or before March 15th, Registrants must electronically mail the annual report to the dedicated email box below. Upon receipt of the report, the Registrant will be sent an acknowledgement of the report filing.

debtsettlementinfo@dllr.state.md.us

As the information is confidential, please password protect the workbook and forward the password in a second email. Registrants that need to make other arrangements for delivery of the annual report or password must contact [Betty McBride](mailto:Betty.McBride@Maryland.gov) at Betty.McBride@Maryland.gov or by phone at 410-230-6150.

Instructions for the Workbook

Information about Registrant

Please provide the (1) legal name of the Registrant, (2) registration number with the Office of the Commissioner of Financial Regulation, and (3) name, telephone number, and email address of the individual who is responsible for the entry of the data and the submission of the annual report. That individual will serve as the contact person with the Office of the Commissioner for purposes of the annual report.

Completing Section A

Section A requires information relating to individual consumer accounts **for Maryland consumers**. In general, Registrants must disclose account information for each consumer separately, based on the debt settlement services activities during the immediately preceding calendar year. The following provides specific guidance on the information in the applicable column:

- **General Consumer Information** - For each consumer to whom the Registrant has provided debt settlement services during the immediately preceding calendar year, enter the following information: (1) the consumer's first name, (2) the consumer's last name, (3) the control or reference number (the "Customer Number") that the Registrant has assigned to the consumer, (4) the number (the "Agreement Number") that the Registrant has assigned a debt settlement services agreement with that consumer, and (5) the number (the "Debt Account Number") that the Registrant has assigned to each debt covered a debt settlement services agreement. If a Registrant does not generally assign Customer Numbers, Agreement Numbers, or Debt Account Numbers, the Registrant must assign those numbers for the purpose of the workbook.

Most agreements are likely to cover multiple debts. To ensure that each principal amount of debt corresponds to the correct consumer and agreement in the workbook, enter the consumer's first and last name and the corresponding Agreement Number, Customer Number, and Debt Account Number on each line in which a principal debt amount is entered. If the consumer has multiple agreements (as in the example below), there will be multiple agreement numbers, each with one or more debts. Alternatively, all debts may be under one agreement.

- **Principal Amount of Enrolled Debt** – For each agreement, enter the amount of the debt *at the time the debt settlement services agreement was signed*. PLEASE NOTE – The date that the debt settlement services agreement was signed may be prior to the reporting period (the immediately preceding calendar year). The annual report covers ALL consumers served during the year, regardless of enrollment date.

EXAMPLE: Mr. Johnson has two different agreements with the Registrant – one with three debts enrolled and one with two. See illustration below.

Consumer Name (First)	Consumer Name (Last)	Customer Number (Each Customer)	Agreement Number (Each Settlement Agreement)	Debt Account Number (Each Enrolled Debt Account)	Principal Amount of Enrolled Debt
Johnson	Jack	50-0001	111	R-2312	\$ 15,000.00
Johnson	Jack	50-0001	111	R-3582	\$ 4,500.00
Johnson	Jack	50-0001	111	I-5436	\$ 10,000.00
Johnson	Jack	50-0001	222	R-3585	\$ 4,500.00
Johnson	Jack	50-0001	222	I-3586	\$ 2,000.00
Smith	Jane	41-5705	345	I-5096	\$ 15,654.00
Walker	Steve	41-0075	125	R-450076	\$ 1,500.00
Walker	Steve	41-0075	125	R-450076	\$ 200.00

- **Agreement Date** – In this column, enter the date on which settlement agreement was signed by the consumer. PLEASE NOTE – The enrollment date may be prior to the reporting period (the immediately preceding calendar year). The annual report covers ALL consumers served during the year, regardless of enrollment date. Use format *xx/xx/20xx*.
- **Creditor Suit** – For each debt, indicate whether the creditor has filed suit with respect to the debt. Enter "yes" or "no" only.
- **Drop Out Date** - For each agreement, as applicable, enter the date on which the consumer became inactive in, cancelled, or terminated the agreement. Use format *xx/xx/20xx*.
- **Debt Status** – For each debt, indicate if the status of the debt is active, inactive, settled, or cancelled.
- **Expected Completion Date** – If an agreement is active, enter the date on which the consumer is expected to satisfy each debt under the agreement. Use format *xx/xx/20xx*.

- **Settlement, Cancellation or Termination Date** – If the account is not active, enter the date in which the debt was settled, cancelled, or terminated as appropriate.
- **Settlement Amount** – If the debt was settled, enter the settlement amount for the debt. The settlement amount is based on the amount NO LONGER OWED. If the debt is settled based on a plan of future payments, the obligation is included in the settlement amount when the payment is made.
- **Savings Amount** – For each debt that has been settled, enter the amount of consumer savings for settling the debt. The “savings amount” should be calculated by subtracting the amount paid to settle the debt from the amount of the debt at the time the debt settlement services agreement was signed.
- **Provider Settlement Fee** – For each debt that has been settled, enter the total settlement fee charged to the consumer.
- **30% Fee Limitation, 20% Maximum** – For each debt that has been settled, enter the dollar amount of the debt settlement services fee that would have been charged, if calculated, based on 30% of the excess principal amount of the debt over the amount paid to settle the debt, up to 20% of the principal amount of the total debt.
- **25% Fee Limitation** – For each debt that has been settled, enter the dollar amount of the debt settlement services fee that would have been charged, if calculated, based on 25% of the principal amount of the total debt.
- **Fee Determination Method** – Indicate the methodology used in calculating the Provider Settlement Fee above.

Completing Sections B and C

Sections B and C of the worksheet are used to report the debt settlement services activities on an aggregated basis. As noted above, Section B is used for contracts entered into **prior the effective date of the amendments to the FTC’s Telemarketing Sales Rule (before October 27, 2010)**. **Section C is used for contracts entered into during the prior calendar year.**

As in Section A, Section B is limited to Maryland consumers. Terminology is the same as Section A of the workbook.

Each data request is numbered with details below:

1. Total number of consumers served (based on Customer Numbers).
2. Total number of consumers who completed a debt settlement program in full (*i.e.* all enrolled debt settled).
3. Total number of consumers who completed a debt settlement program in part (*i.e.* some portion of enrolled debt settled).
4. Total number of consumers who became inactive, canceled or terminated a debt settlement program.
5. Total number of agreements serviced (based on Agreement Numbers).
6. Total number of agreements settled (based on Agreement Numbers).
7. Total number of accounts serviced (based on Debt Account Numbers).
8. Total number of accounts settled (based on Debt Account Numbers).
9. Total principal amount of enrolled debt serviced.
10. Total principal amount of enrolled debt for debts settled during reporting period. As detailed, the principal amount is based on debts NO LONGER OWED. If the debt is settled based on a plan of future payments, an obligation is included in the principal amount until the payment is made to settle the debt.
11. Total settlement amount for debts settled during reporting period. As detailed, the settlement amount is based on debts NO LONGER OWED. If the debt is settled based on a plan of future payments, the settlement amount is included when the payment is made to settle the debt.
12. Total savings amount for debts settled during the reporting period.
13. For consumers who completed a debt settlement program during the reporting period, the savings per account – mean and median in \$.

14. For consumers who completed a debt settlement program during the reporting period, savings per consumer – mean and median in \$.
15. For consumers who completed a debt settlement program during the reporting period, fees paid to Registrant – mean and median in \$.
16. For consumers who completed a debt settlement program during the reporting period, fees paid to Registrant as a % of savings – mean and median.
17. For consumers who became inactive, canceled or terminated a program, savings per consumer, if applicable – mean and median.
18. Consumers who became inactive, canceled or terminated a program, savings per consumer, fees paid to Registrant – mean and median.
19. For consumers who became inactive in, cancelled or terminated a debt settlement program during the reporting period, provide the percentage of consumers who, based on the amount of settled debt (if any) versus the principal amount of enrolled debt:
 - i. Settled 100% of their enrolled debt;
 - ii. Settled 0% of their enrolled debt;
 - iii. Settled up to 20% of their enrolled debt;
 - iv. Settled up to 21-40% of their enrolled debt;
 - v. Settled up to 41-60% of their enrolled debt;
 - vi. Settled up to 61-80% of their enrolled debt;
 - vii. Settled up to 81-99% of their enrolled debt.
20. Please provide a profit and loss statement of debt settlement services provided to Maryland consumers for the previous calendar year prepared by an independent certified public accountant in accordance with generally accepted accounting principles.
21. Please provide a copy of a standard customer contract.

If you have any questions or problems, please contact the Office of the Commissioner of Financial Regulation at 410-230-6150.