

FAQs for the NonProfit Debt Adjusting Survey

1. What are “settled” debts?

Generally, “settled” means a debt management plan that has been paid in full (completed). However, for purposes of the questions on sheet 1, “settled” will mean any amount paid to a creditor. You do not separate individual creditors out of the DMP for purposes of determining what was “settled.” Take the total amount of debt enrolled in the DMP by the individual debtor and subtract the amount that was paid by the individual debtor before they terminated the contract, went inactive, or cancelled. Terminated means a client has ceased to make payments or specifically cancels the DMP.

For example, for line 6, if the client had \$10,000 in debt but paid \$2,000 before terminating the DMP, you would add that client to the column indicating 1-24% of debt was settled.

For example, for line 7, if you had 10 clients that terminated services in 2015 with 5 settling 0% of their debt and 5 settling 1-24% of their debt, you would put 50% in the column for 0% settled and 50% in the column for 1-24% settled.

2. For purposes of Sheet 2, column D (Status of Debt), of the survey, what do the terms “active,” “terminated,” or “settled” mean?

“Active” means a debtor that is still in the process of making payments and has not specifically cancelled the DMP. “Terminated” means a client has ceased to make payments or specifically cancels the DMP. “Settled” means a debt management plan that has been paid in full (completed).

3. How do debt adjusters fill out columns E and F (Sheet 2, Information about Individual Debtors)? Is it appropriate to note these columns as “not applicable” or “N/A”?

We understand that debt adjustment using a DMP is always a “paid in full” situation (amount owed by consumer is never negotiated to a lesser amount) but may include negotiations to lower interest rate, extend term, waive late fees, etc. For sheet 2, you will create a sheet for each consumer who you provided debt adjustment services for in 2015. It is possible that one of these consumers “settled” (paid in full) their debt in 2015. If that is the case, you would need to indicate the amount they paid in column E (even though it will likely be the amount they originally owed). For column F, you would not need to enter anything (or enter n/a) UNLESS the consumer paid less to the creditor than the amount they owed originally.

4. For debt adjusters who calculate fees on the basis of a flat monthly fee per client (i.e. \$14 per month) is it appropriate to note this on line 5 for ‘Debt 1’ and note ‘N/A’ for line 6, Debt 2, etc. for a given debtor?

Note your flat fee on line 6, column J and explain that it is a flat fee on line 6, column K. You do not need to repeat this or put N/A for the remaining debts.