

September 25, 2002

Association Membership Standards

All members of the association must adhere to the following standards:

I. LEGAL STATUS

1. Agency must be a non-profit 501(c)(3) organization.
2. Must meet all applicable licensing, registration, bonding and statutory requirements in states where business is conducted.
3. Must maintain an independent board, the majority of which cannot be employees, or related to other board members or employees of the organization.

II. AVAILABILITY

1. Agency must provide services to those who desire it regardless of age, race, creed, religion, employment, marital status or financial status. All services must be provided within a reasonable amount of time since inquiry, and at times convenient to the public.

III. COUNSELORS

1. Must be properly trained and qualified to provide clients with a quality financial education experience.
2. Must be certified by an organization acceptable to the Association within 12 months of the date of hire.
3. Must provide a comprehensive, one-on-one money management counseling interview following a prospective client's request for counseling services, and provide a written assessment and action plan to the client as applicable to the service provided.
4. Counselor compensation cannot be based on outcome of counseling process.

IV. FEES

1. All services must be available to the public regardless of ability to pay and at no time should a person be refused service due to an inability to pay.
2. Fees to clients should be as low as possible, and should consider the financial situation of the client.
3. Agency may not charge a fee for credit repair nor be affiliated with an organization that does.

V. EDUCATION

1. Agency must provide a community resource for educational materials and information concerning personal finance and debt issues.
2. Agency shall allocate a reasonable percentage of operating expenses to develop, foster and/or provide a variety of community educational programs (beyond counseling) on money management, budgeting and the intelligent use of credit.

VI. ACCREDITATION

1. Agency must be accredited by an approved third-party, currently either COA or ISO, and must be re-certified at least annually.

VII. REPORTING

1. All financial books and records of an association member, including all client deposit accounts, must be audited annually within 180 days of the close of the member's fiscal year. Each agency shall provide a copy of its audit opinion letter, if unqualified, and its entire report of auditors, if qualified for any reason.
2. Agency must make reasonable amounts of statistical data available to the association in order to allow proper presentation of essential information to outside parties.

VIII. BUSINESS PRACTICES

1. Agency will fully comply with the association's Best Practices Guidelines. (Best Practices Guidelines are outlined on page 4).
2. Agency must not engage in deceptive or false advertising and in all cases should adhere to the highest standards of honesty and fairness.
3. Any materials that discuss debt management plans must include a disclosure regarding the agency's dual role in serving the needs of consumers and creditors.
4. Prior to the receipt of the client's first deposit, an agency must provide each client enrolling in a debt management plan with a reliable estimate of the length of time it will take to complete the plan. This must be provided in writing and identify all creditors included in the plan, the amount owed to and the proposed payment to each creditor, and the anticipated number of months to liquidate the debt.
5. Third parties providing services to an agency are to be held to the same standards as the agency, including, but not limited to, standards for fees and counselor certification.
6. On an annual basis, there will be an independent third party audit of the agency's operating practices to ensure compliance with the standards. Among other things, the audit will confirm the quality of counseling services delivered (as evidenced by quality assurance reports), as well as ensure the agency consistently conducts thorough client financial analyses, screens clients in order to make appropriate debt management plan recommendations, and conducts regular internal quality reviews to ensure a comprehensive counseling process during and after the counseling session. (Note: Details of the third party audit procedures to be developed.)

IX. CLIENT FUNDS

1. Agency must carry adequate insurance or bonding on all employees with access to agency or client funds, with coverage based on the level of funds handled by the agency. Member agencies must add the association to their respective Certificate of Insurance bonding policies for the purpose of receiving notice of any potential lapse in coverage due to non-payment of premium.

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2. All client funds must be kept in a separate trust account in an FDIC insured, or equivalent, bank or financial institution.