

CONSUMER RECOVERY NETWORK



Home | About Us | Services | Consult | FAQ | Blog | Press/News | Ask Us!

Debt Settlement Truth and Transparency Measures – AACC

Public Information

Debt Settlement Truth and Transparency Measures

—AACC

The following report is published as part of CRN's commitment as a member of the American Association of Credit Counselors.

1. What is the cost of the program?

CRN offers both a product and a service. Our unique business model provides our customers with flexibilities missing from the design of many *debt relief options and services*.

First, we show consumers how to confidently and competently **settle debts themselves**. The benefit is you keep your cost low, while having unlimited access to a pro as a guide through the entire process.

Performance fees associated with having a company settle debts on your behalf can and should be avoided where possible. Saving money in fees means those dollars will go towards the settlements with your creditors and you can be out of debt and harm's way that much faster.

The cost for the CRN product and ongoing educational support is menu based.

Second, we provide full service settlement to all CRN members. Our fee for this service is **15% of what we save you on a specific account**. As a further benefit, your **DIY** membership costs will be applied as an offset to future earned contingency fees. You may be encouraged to voluntarily consider donating the 15% of savings performance fee to a charitable cause depending on your state of residency.

The CRN product can be mixed with our full settlement service. You may find you settle with some of the creditors who have straight forward policies for working with you, and allow CRN to handle some of the more complicated scenarios that can arise. The flexibility built into our program is one of the unique reasons for our member's ongoing success.

Please visit the following page for more information about the costs and benefits available to becoming a CRN member: <http://consumerrecoverynetwork.com/debt-settlement-services/>.

2. What percentage of your clients settle at least some of their debt?

Successful settlements are often a function of timing. Your account must be in advanced stages of delinquency in order to optimize your savings results. New CRN members having enrolled in recent months will not have typically settled an account prior to the 4th or 5th month of missed payments. With this in mind, and *based on data up to 12/31/10*:

Percentage of Clients who settle at least some of their debt: **75%**

Readers may be interested to note that over half of the completed accounts in our data base have been settled by our members. Using the information and tools found in our product, combined with the ongoing and unlimited support delivered by your assigned CRN specialist, who provides continuing education and real time updates, you can be just as successful!

4. What percentage of clients drop out before completion?

Percentage of clients who have asked us to place their file on hold, requested a refund, or who are coded as inactive: **11.2%**

CRN offers both a full and limited refund for its program which reduces risks to you. If you experience a financial setback during your efforts to get out of debt, you also have the option of asking us to place your file on hold where you can later pick up where you left off.

Members who do not return our calls and emails for a period of 2 months are marked inactive until we hear back from them.

The 11.2% drop out figure is exclusive of full product refund requests honored and clients who at one time were allowed to enroll with dramatically reduced partial payment and who shortly thereafter failed to maintain contact.

5. For those who complete the program, what was the average length of time in the program?

CRN endorses and advocates our product and service only be used by individuals who can, prior to engaging in the settlement process, confidently estimate completion in 18 months (24 months in rare situations). It is important to get through the settlement process as quickly as can be accomplished.

Average days in program: **285 days**

Any consumer reading this who is aware that many (if not most) service providers in our industry endorse triple (and longer) the CRN average program length should consider that longer program lengths are often the result of higher fees charged by our competitors. Lower costs result in shorter program lengths and more rapid success for you!

6. What is your average settlement amount?

This is something of a "loaded" question for CRN due to our business model and requires some explanation.

First, Federal laws enacted in 2010 require that this statistic, if used in promotion, must also include fees paid by consumers as part of the settlement average. Because our product and ongoing education costs are not part of a paid for full settlement service, but in fairness should be included, we have added a 5% "fudge factor" to the below percentage. This 5% is more than inclusive of CRN membership costs.

Second, were it not for CRN being a member of the **AACC** which requires this transparency measure be made public by its members, we would not provide it. CRN has never published our aggregate settlement percentage before. Every individual's results will vary and should be estimated and outlined to each person using established criteria. We have always provided this type of detail to our members. *Up to now, we have left publishing percentages (whether real or fake) to the marketers and "hype-sters" in our field.*

With all that out of the way and inclusive of settlements accomplished by our members and by CRN negotiating on our member's behalf:

Average settlement amount is historically: 41.37%

Warning: Do not interpret this savings percentage as results that you should expect. In order to arrive at an average it is obvious that some settlements are higher, and some lower.

We should point out that CRN has provided full settlement services to residents across the country where no performance fee is paid to our company, but where we request these members donate what our fee would have been to charitable causes in their own community once they are back on track financially. The donations are voluntary, and because we do not track them, or ask for updates and details about them, we do not know the amounts.

7. What is your Customer satisfaction rate?

CRN has not generally tracked or used third party surveys to compile this data. I can say that as president of CRN, I am personally aware of and have handled every complaint with our company. There has yet to be a complaint that was not able to be addressed to the satisfaction of our members.

8. What percentage of clients accounts experience any legal activity for a debt that was included in the program?

When defining legal activity as being sued by a creditor or debt buyer in their pursuit of collecting an unpaid debt: **Less than 2%**

This is based on available data up to 12/31/10.

Very Serious Warning: Less than 2% is a low number, but don't read too much into it! Granted, the comparative number of lawsuits to collect a debt verses the record high number of defaults in recent years is low, but thousands of lawsuits to collect unpaid debts are filed across the country every month. Lawsuits can and do happen.

This risk, in my opinion and experience, has been and will continue to be why many people who are ill suited to attempt it, should avoid the debt settlement option. This is one of the primary reasons CRN will not underwrite a new member whose financial situation and access to funding sources mean they cannot complete all settlements inside of 18 months (24 months in certain circumstances).

The risk that you can be sued is a required disclosure. Marketers and promoters of debt settlement tend to down play the risk of being sued by creditors that you are not paying while holding out to settle with them when you are financially able. Many have developed talking points to help you manage the fear of being sued. Warnings and disclosures about lawsuits, even the low percentage risk of it happening, will generally mean nothing to you if you are sued. Being sued is an emotional event for most people. If you experience being served a summons/complaint, nothing anyone will have said will matter. As far as you're concerned at that point; everyone gets sued because you just did.

You need to carefully assess this risk. You may have creditors who are more prone to sue. You may live in a state where more suits are filed per capita.

Sometimes your risk profile can be identified in advance in order to mitigate the odds one of your accounts is targeted for litigation.

Be sure you speak with a debt settlement service provider who is willing to talk about these risks and how you will be able to overcome them. Or by having access to emergency funds in order to settle if one of your accounts is placed with a collection attorney licensed in your state earlier than normal.

Now that you know you can be sued for unpaid debt before you are able to settle, you should know that lawsuits are routinely settled out of court. The savings is typically not as good as would have been available if that account had not reached the litigation stage of collection

9. What percentage of clients continues to get collection calls while in the program?

100%

All CRN members will continue to get collection calls. It is part of the process. While there are methods to manage and minimize calls, our members know not to attempt to stop them, or to ignore creditors. If you are not talking to creditors in the settlement process you are potentially cutting yourself off from great deals they may offer you at different stages of the collection process.

Creditors and collectors have recovery goals and targets. If in a certain month or quarter they are off of their targets, they may hold what I refer to as a "fire sale". This means that settlement offers will be lowered for a short time frame in order to raise and meet performance measures. You will want to be in a position to take advantage of a situation like this if it occurs. Cutting yourself off from creditor communications, or prematurely allowing a service provider to step in-between you and your creditor is not in your best interests.

10. What are the reasons why clients have left the program before completion?

People discontinue membership when they feel they have a handle on the process and will be able to continue with a remaining account or two on their own.

Experience a material change in their finances, such as being laid off from a job, or drop in income resulting in bankruptcy being the logical next step.

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Your information & email address are kept private at all times. We hate spam too!

Testimonials

"...we now have zero credit card debt"... "We were very pleased, not only with the outcome, but also the education we received through conversations with you and (using) the workbook and CDs...All were in easy-to-understand language and gave clear and simple steps for us to achieve our goals."

"In an industry full of 'bad apples', it's reassuring to know that CRN exists. CRN stands out from the crowd because it's a fair and ethical debt settlement firm that truly helps consumers drowning in debt get some relief."

—Mary Reed, co-author of [Debt Collection Answers: How to Use Debt Collection Laws to Protect Your Rights](#)