



NATIONAL FOUNDATION FOR
CREDIT COUNSELING

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NFCC PRESS RELEASE

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NFCC SUPPORTS FTC'S FINAL RULE TO PROTECT CONSUMERS WHEN REACHING OUT FOR HELP WITH CREDIT CARD DEBT

Silver Spring, MD - The National Foundation for Credit Counseling (NFCC), the nation's oldest and largest network of nonprofit financial education and credit counseling agencies, applauds the Federal Trade Commission's rule announced yesterday afternoon to protect consumers from predatory and anti-consumer practices that are rampant in the debt settlement industry.

"Every day, consumers are bombarded with false and misleading ads on TV and radio for companies promising a quick and easy way out of debt," said Susan C. Keating, president and CEO of the NFCC. "However, instead of providing real solutions, the FTC has found that many of those companies charge huge fees in advance while providing little in the way of actual assistance to consumers. The FTC's rule will curtail misleading debt settlement company ads, ban advance fees, and ensure that consumers receive information and disclosures before signing up and paying for debt settlement services. The NFCC strongly supports the FTC and its efforts to protect consumers from the predatory practices of debt settlement companies."

Provisions of the FTC's new Telemarketing Sales Rule include the following:

- Debt relief companies will be required to make specific disclosures to consumers;
- They will be prohibited from making misrepresentations, and
- The Telemarketing Sales Rule will be extended to cover calls consumers make to these firms in response to debt relief advertising.

Additionally and perhaps most notably, for-profit companies that sell debt relief services over the telephone may no longer charge a fee before they settle or reduce a consumer's credit card or other unsecured debt. The common practice of charging a fee in advance of any service being delivered often left well-intended consumers worse off than when they began.

Taken in totality, the multiple provisions of the rule offer significant protections to consumers, helping them to more fully understand their rights and make informed decisions when resolving their financial distress.

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The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation's largest and longest serving national nonprofit credit counseling organization. The NFCC's mission is to promote the national agenda for financially responsible behavior and build capacity for its Members to deliver the highest quality financial education and counseling services. NFCC Members annually help four million consumers through close to 830 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC Member, call (800) 388-2227, (en Español (800) 682-9832) or visit www.nfcc.org. Visit us on Facebook at <http://www.facebook.com/NFCCDebtAdvice> and on Twitter at <http://twitter.com/NFCCDebtAdvice>.