



# Required Practices for Accredited AFCC Members Checklist

Company and Location \_\_\_\_\_ Date \_\_\_\_\_ SMO \_\_\_\_\_

General/AFCC Administrative Requirements – ALL		NCR
1. Collect and check against the affidavit provided to AFCC <ul style="list-style-type: none"> <li>▪ all of the registered and dba names of all the companies operating under the name of your company</li> <li>▪ the official address and phone number.</li> </ul> <i>Get signed attachments</i>		
2. Obtain an affidavit by the Member that in the past 3 years, the member has not the subject of any action by a governmental body or governmental unit which resulted in the imposition of any civil or criminal penalty, whether by settlement, judgment or order, under any debt adjusting, debt pooling, prorating, credit service organization, unfair and deceptive trade practices, false advertising, consumer deception law or regulation or any other law or regulation of similar definition or words of similar import that was based on admission of guilt by the Member. <i>Get signed attachment</i>		
3. Confirm the number of active clients. Member shall show how this number is calculated (generally proven by viewing reports generated by their operations software). This shall be emailed to <a href="mailto:info@americanfaircreditcouncil.org">info@americanfaircreditcouncil.org</a> after every audit.		

Basic Requirements – ALL		
1. All Members shall make available on their websites a street address for their headquarters, a main telephone number, an email contact address and the AFCC Web Disclosures Document. <i>For all d/b/a's, check all websites</i>		
2. All Members shall be open for business a minimum of 40 daytime business hours Monday through Friday and will post their hours of operation clearly on their website.		



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<p>3. All Members shall have formal and continual training for each of its applicable staff in Sales, Operations, Negotiations and Customer Service which will include access to the Fair Debt Collection Practices Act. <i>Review training records</i></p>		
<p><b>Client Agreements - SALES</b></p>		
<p>1) Ensure that retention of client agreements are as follow:  a) Copies of written agreements with current Clients are accessible at all times until the clients either completes or terminates the program.  b) copies of non-current clients and pass through clients are kept for at least 4 years</p>		
<p>2) Review all current versions of client agreements to confirm that company specifies in the agreement that they are not charging consumers any fees for debt relief services on an account before:  a) the company successfully settles or changes the terms on that account;  b) there is a settlement agreement, debt management plan, or other agreement between the consumer and the creditor that the consumer has agreed to on that account; and  c) the consumer has made at least one payment on that account to the creditor as a result of the agreement negotiated by the debt relief provider.</p>		
<p>3) Discuss with sales representatives and review sales collateral to confirm evidence that company is not charging fees in contradiction to (2) above.</p>		
<p>4) All Members shall provide the client a copy of the Client Agreement and maintain a copy of the agreement for a period of 4 years after the client either completes or terminates the program.</p>		
<p>5) All Client Agreements shall include:  a) The AFCC Disclosure Document.  b) A comprehensive list of every debt at the time of enrollment including the Creditors' names and identifying information.</p>		



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<ul style="list-style-type: none"> <li>c) The approximate total of all such debts.</li> <li>d) The total amount of all fees, or the method for calculating such fees, to be paid by the Client to the Member or to any other person, over the term of the agreement.</li> <li>e) The estimated amount of money needed to fund settlements.</li> <li>f) The estimated number of installments necessary to fund the Program.</li> <li>g) The name, physical address and telephone number of the Member.</li> <li>h) A description of the services to be provided by the Member.</li> <li>i) Clearly defined cancellation policies and procedures.</li> <li>j) A clear and conspicuous rescission statement in the contract with the heading 'Notice of Cancellation. Upon client request a form must be provided that contains instructions on how to communicate with ease the client's decision to rescind the agreement.</li> </ul>		
<p>4. Ensure that clients sales package include the following:</p> <ul style="list-style-type: none"> <li>a) A copy of the completed current agreement</li> <li>b) A notice on the client grievance procedure that is communicated in writing to the client</li> </ul>		
<b>Marketing Standards - SALES (#1 FOR BACK END IF THEY HAVE A WEBSITE)</b>		
<p>1. Verify AFCC affiliation by:</p> <ul style="list-style-type: none"> <li>a) Verifying that all websites owned by the Member and which displays the AFCC logo has the link to the published AFCC disclaimer</li> <li>b) Review evidence that the link for AFCC is working during the business week</li> </ul>		
<p>2. Verify that Member is not engaged in any sales or marketing that uses any unfair or deceptive representations by checking that</p>		



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<p>a) performance statements are supported by past performance  b) general savings claims (e.g. “reduce debts by 50%”) are discouraged. To the extent that general savings are used, the company must provide its backup methodology for calculating the savings claims used in marketing. The methodology must base savings claims off enrolled balance, it must incorporate fees charged, and it must factor in dropouts as having received no savings.</p> <p>For example, take a scenario in which \$1,000 of consumer debt was enrolled in 2007, and looking back 3 years later, \$500 of the original enrolled debt was settled for \$250, the other \$500 was not settled because the client dropped out or removed the account. Assume there were fees paid of \$100. The total savings on the \$1,000 after fees would have been \$150, or a savings of 15% of the original \$1,000. The only permissible general savings claim in this scenario would be 15%.</p>		
<p>3. All Members shall disclose verbally to a prospective client all the prescribed AFCC disclosures prior to any signing of a Client Agreement.</p>		
<p>4. All Members shall conduct an initial review of a consumer’s debts and his/her monthly budget.</p>		
<p>5. All Members shall describe the methodology of the debt relief program to each potential client so that he/she can make an informed decision as to whether or not the program is a viable and affordable option.</p>		
<p>6. All Member advertising content (and data supporting the claims made) shall</p>		



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be saved for a minimum of four years.		
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<b>Pre-Contract (SALES)</b>		
1. Verify that:  a) all sales reps have the AFCC disclosures on hand b) the training for new sales reps includes a section that requires that sales reps cover the AFCC disclosures at the earliest possible time		
2. Check randomly client files to verify that :  a) Member's employees conduct a formal in depth review of the debts of a consumer by verifying the information through third party information <i>e.g. credit reports, statements</i>		

<b>Post-Contract (BACK END)</b>		
1. Obtain a copy of the policy and observe that an underwriting process is taking place to establish whether or not a debt relief program is a viable option for each potential client.		

<b>Servicing the Clients and Service Delivery Procedures (ALL)</b>		
1. Members shall have <b>written</b> policies and procedures that include the following elements: <ul style="list-style-type: none"> <li>▪ Job descriptions for all hourly and supervisory personnel</li> <li>▪ Days and hours of operation</li> </ul>		



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<ul style="list-style-type: none"> <li>▪ Methods of communication with Clients</li> <li>▪ Guidelines for timeliness and accuracy of service;</li> <li>▪ The maintenance of records in a retrievable format</li> <li>▪ The documentation of communications with Clients and actions taken on their behalf</li> <li>▪ An internal Client dispute resolution policies and process that provides for prompt resolution of any Client dispute</li> <li>▪ The process to be used to measure the performance of the service and service delivery</li> <li>▪ The acceptable benchmark for the above performance</li> <li>▪ The feedback communication of the above performance to staff and managers</li> <li>▪ The establishment of a performance improvement review process</li> <li>▪ Procedures to prevent unauthorized access to or misuse of a Client's confidential information</li> </ul>		
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<p><b>Negotiation of Clients Debts (BACK END)</b></p>		
<p>1. Members shall have in place <b>written</b> documentation of:</p> <ol style="list-style-type: none"> <li>a) A process to obtain a Client's approval of each settlement, before any fees are charged on that settlement.</li> <li>b) An internal procedure for the periodic review of a Client's progress through its Program.</li> <li>c) The procedure to obtain written settlement agreements that contains language of final debt forgiveness or satisfaction before payment is made to the Creditor.</li> <li>d) A written procedure describing the necessary steps for handling an account in which the creditor is represented by an attorney.</li> <li>e) The process to notify the Client or to ensure Creditors are paid on or before the due date(s) set forth in the settlement terms.</li> <li>f) The internal procedure to provide Clients with copies or access to copies of each settlement agreement achieved and if applicable, proof of</li> </ol>		



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payment.		
<b>Creditors (BACK END)</b>		
1. Establish Creditor Policies and Procedures and adhere to their own set of systems of communications with creditors. This system shall include standards for response time to communications from various creditor inquiries.		
2. Be open to creditor inquiries and have readily available by phone and in writing an explanation on how the debt relief program works. <i>Should have something in writing prepared to send upon request</i>		
<b>Client Funds (ALL)</b>		
1. No Preferred or Affiliate Member shall receive money directly from a client or exercise direct control over funds of a client for the purpose of distributing payments to or among one or more creditors of the client in full or partial payment of the client's obligations.		
<b>Reseller and Subcontracting Requirements (ALL)</b>		
1. Members shall adopt policies and procedures to ensure that subcontractors, with whom they contract, comply with all applicable standards and take appropriate action to remedy any non-compliance. <i>Typically a back end processor and/or bank e.g., Global, or CFT</i>		
<b>Record Keeping (ALL)</b>		
1. All Members shall: <ul style="list-style-type: none"> <li>a) follow a record retention policy that ensures records of all Client contracts and transactions including those stored electronically are preserved for a minimum of 4 years from the date the Client completes or otherwise terminates the Member's Program;</li> <li>b) maintain a record keeping system to account for all client contacts and</li> </ul>		



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<p>transactions;</p> <p>c) prevent records from being altered or destroyed;</p> <p>d) provide policies and procedures for correcting erroneous information in records;</p> <p>e) safeguard records from damage or deterioration;</p> <p>f) recover or reconstruct damaged or deteriorated records; and</p> <p>g) protect records from unauthorized access.</p>		
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### Document History

Rev 0	8/1/06	Original Issue
Rev 1	10/6/06	<ul style="list-style-type: none"> <li>-Client Agreements 1 – removed required to have <u>hard copies</u> of agreements available</li> <li>-Client Agreements 4 – removed countersign requirements</li> <li>-Marketing Stds 2 – changed wording to say must disclose if claims of savings do not include fees</li> <li>-Marketing Stds 4 – removed word “comprehensive”</li> </ul>
Rev 2	4/6/07	-Client Agreements 3 j, revised requirement to send the cancellation notice with the contract
Rev 3	1/21/08	-Client Agreements 3k removed - The full legal name and legal address of the Services Provider.
Rev 4	6/15/08	<ul style="list-style-type: none"> <li>- Changed record retention time of contracts to 4 years</li> <li>- Indicated what applies to sales offices vs back end providers</li> <li>- Added affidavit as attachment</li> </ul>
Rev 5	3/30/09	<ul style="list-style-type: none"> <li>- Added requirement to check client count</li> <li>- Marketing Standards – 1 b, clarified</li> <li>- updated AFCC logo</li> </ul>
Rev 6	8/4/09	Updated email address for AFCC contact in section 1



**DECLARATION**

In connection with the certification process of \_\_\_\_\_  
(the "Applicant") for certification with The American Fair Credit Council  
("AFCC"), the undersigned, \_\_\_\_\_ certifies as follows:

1. The information set out in this Declaration is truthful, complete and accurate in all respects.
2. Before executing this Declaration, the undersigned has completed a thorough investigation to insure that the information set out in this Declaration is truthful complete and accurate in all respects.
3. The undersigned holds the position of \_\_\_\_\_ for Applicant and is authorized on behalf of Applicant to complete this Declaration.
4. Exhibit A to this Declaration contains all of the registered names of the companies operating under Applicant. For this purpose, a registered name is any name registered with the Secretary of State in any State where Applicant is legally authorized to do business or any name for which a fictitious name statement has been filed with a county recorder's office in any jurisdiction where Applicant is legally authorized to do business.
5. Exhibit B to this Declaration lists the official address and phone number of Applicant.
6. In the past 3 years, Applicant has not the subject of any action by a governmental body or governmental unit which resulted in the imposition of any civil or criminal penalty, whether by settlement, judgment or order, under any debt adjusting, debt pooling, prorating, credit service organization, unfair and deceptive trade practices, false advertising, consumer deception law or regulation or any other law or regulation of similar definition or words of similar import that was based on admission of guilt by the Applicant.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Print Name: \_\_\_\_\_

**EXHIBIT A**

All of the registered names of the companies operating under Applicant:

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**EXHIBIT B**

The official address and phone number of Applicant:

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