

CDRI ACCREDITATION BEST PRACTICES CHECKLIST (January 2023)

For the purposes of this Checklist, “Member” shall include company seeking accreditation, and all affiliates, parents, subsidiaries, and any other businesses under management or control by Member which offer front-end or back-end debt settlement services. The accreditation audit is conducted by BSI Group America Incorporated.

Member Name: _____ **SMO:** _____ **Date:** _____

Requirement	Notes	NC
I. CDRI BASIC REQUIREMENTS – All Members		
<p>a) All Members shall make available on all websites owned or controlled by Member a street address for its headquarters, main telephone contact number(s), and at least one email contact address.</p>		
<p>b) Website should include a blanket disclosure stating clearly that Member makes no guarantees regarding performance (e.g., that debts will be lowered by a specific amount or percentage or that client will be debt free within a specific period of time).</p>		
<p>c) Member consumer-facing website(s) shall be compliant with the Americans with Disabilities Act and functionality should be checked against the minimum prescribed standards Web Content Accessibility Guidelines (WCAG 2.1) or then current standards. Auditor to check site against testing site such as www.webaccessibility.com or www.audioeye.com.</p> <p>If site shows at least 90% compliance or the member attests they are, ask them to produce evidence from an outside agency to show their testing was against WCAG 2.1.</p>		

d) All Members shall be open for business a minimum of 40 daytime business hours Monday through Friday and will post clearly its hours of operation to all websites in order to demonstrate a policy of availability for client response and support.

e) Independent Employee/Agent Certification: In states where such employee/agent certification is required as a condition to offer debt settlement services to consumers, Members shall obtain certification by an independent certification organization that satisfies each state's requirements for debt-management services education and training for employees (and third parties where applicable) in all required operational areas, which may include Sales & Marketing, Enrollment Operations, Negotiations/Settlement, and Customer Service.

Reoccurring Training: All Members shall provide formal compliance training (i) to all new employees/agents no later than 90 days of hire and (ii) to all sales and settlement agents on an annual basis. All such compliance training shall incorporate applicable requirements of the Telemarketing Sales Rule, Fair Credit Reporting Act, Fair Debt Collection Practices Act, Telephone Consumer Protection Act, Unfair, Deceptive, Abusive Acts and Practices, and relevant state and federal data privacy standards and laws.

****Auditor will review training records as evidence of each relevant employee being trained on the specific requirement and the date of training****

f) All Members shall have a regularly updated business continuity plan in place that addresses the company's operations in event of emergency or natural disaster. Evidence of annual review of plan shall be maintained.

****Member is expected to provide evidence of the annual review****

g) All Members shall not discriminate on the basis of race, color, religion, sex, marital status, national origin or ancestry and shall make available to prospective clients and employees notice that they do not discriminate. Said policy shall be clearly displayed on Member's website(s).

h) All Members that provide back-end debt settlement servicing shall maintain applicable state licenses required to provide back-end servicing and can evidence proof of current licensure or authority to operate.

II. SALES AND CONTRACT REQUIREMENTS – Sales only

The following requirements and procedures shall apply to all Members in the sales process and acquisition of consumers to debt settlement services.

a) Members shall ensure that its retention policy contains at a minimum:

1. Copies of signed, written agreements with current Clients are accessible at all times until the client either graduates or terminates the program, and which point —

Copies of all documents, correspondence and payment records of all previous clients, including transferred, canceled, and/or terminated shall be retained for not less than 5 years from the date of transfer, cancellation or termination for any reason.

b) All Members shall provide each client with a copy of the Client Agreement at enrollment and shall maintain and make available to the client upon request a copy of the agreement for a period of 5 years following client's graduation or termination.

c) All current versions of the Member/Applicant's client agreements shall comply with the following:

1. clearly and conspicuously discloses fees to client;
2. does not charge upfront fees and specifies in the agreement that client will not be billed any fees for debt relief services before each of the following are satisfied:
 - i. the debt relief service successfully settles or otherwise alters the terms of at least one of the consumer's debts;
 - ii. there exists a valid settlement or modification agreement between the consumer and creditor consented to by the consumer; and
 - iii. the consumer has made at least one payment to the creditor as a result of the agreed settlement, modification or restructuring negotiated by the debt relief provider.

d) Confirm Member's client agreement and corresponding policies and procedures allow only for fees charged to consumer to be a flat percentage based upon either the amount saved as a result of the settlement or a fee based upon the client's enrolled debt.

If the Member's fee is based upon the client's enrolled debt, confirm:

_____ 1. The percentage fee charged to each individual enrolled creditor account bears the same proportional percentage as to the total enrolled debts; and

_____ 2. Fees earned are determined based upon a percentage of the original enrolled balance and NOT upon the balance due at time of settlement.

e) Discuss with sales representatives and review sales collateral to confirm evidence company is not charging fees in violation of TSR ban on upfront fees.

f) All Client Agreements must include the following at a minimum:

- _____ 1. A comprehensive list of every debt at the time of enrollment including the Creditors' names, account numbers, and other identifying information;
- _____ 2. The approximate total debt load of enrolled accounts;
- _____ 3. 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;
- _____ 4. Disclosure that the Client has the ability to leave/cancel the debt settlement program at any time with no penalty;
- _____ 5. Disclosure regarding the potential impact of debt settlement on a client's creditworthiness, including negative treatment;
- _____ 6. Admonishment that creditors may continue to attempt contact with Client for payment of enrolled debts during the duration of the program including the use of litigation;
- _____ 7. Disclosure that enrolled accounts may accrete due to interest and creditor fees;
- _____ 8. Disclosure of potential tax implications of discharged debt;
- _____ 9. The estimated amount of money needed to fund settlements. All such estimates must be based upon actual settlement results delivered to clients historically by the Member for each creditor;
- _____ 10. The estimated number of deposits necessary to fund the Program;
- _____ 11. The name, physical address and telephone number of the Member;
- _____ 12. A description of the services to be provided by the Member;

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_____ 13. Clearly defined cancellation policies and procedures that comply with all federal and state laws, including most prominently the TSR requirements with ability of consumer to withdraw from program at any time with no penalties;

_____ 14. Unequivocally outlines and asserts customer's full right, title and control over special purpose account and deposits thereto; and

_____ 15. Disclosure that customer is not being told or advised to stop making payments to creditors, whether enrolled or otherwise;

_____ 16. A clear and conspicuous rescission statement with heading "Notice of Cancellation." Upon request of client, a form must be provided that contains instructions detailing how to communicate with ease the Client's decision to rescind the agreement.

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SALES GENERALLY – Marketing Standards

a) All savings claims are substantiated and all marketing includes disclaimer that performance claims are based upon information provided by the company, however each case is unique and results may vary.

b) Advise member that the marketing may be reviewed by independent counsel to ensure compliance with federal and state regulations (to be directed by CDRI and through their coordination).

c) Verify that member has a qualification process for all prospective clients which presents and provides education on various debt relief options, including without limitation (credit counseling, debt settlement, debt consolidation and bankruptcy).

d) All Members shall disclose to each and every prospective client either verbally, via the CDRI Uniform Program Disclosure Statement or via a written disclosure that is consistent with the CDRI Uniform Program Disclosure Statement, all prescribed TSR disclosures, including adherence to the fee collection requirements of the Telemarketing Sales Rules, prior to any execution of a Client Agreement.

e) All Members shall conduct an initial review of a consumer's debts and monthly budget.

f) All Members shall describe the methodology of the debt settlement program to each potential client so that client may make an informed decision as to whether or not the program is a viable and affordable option.

e) All Members shall retain all advertising content and supportive data for a minimum of 4 years from the date of dissemination to the stream of commerce. Members shall make such advertising materials and supportive data accessible for review upon request of CDRI.

SALES – Pre-Contract Requirements

a) Members must verify the following:

_____ 1. All sales representatives have readily available the mandated disclosures (as per Marketing Standards d) either physically or digitally;

_____ 2. New sales representative training includes modules which require the representative cover the mandated disclosures prior to a customer executing a Client Agreement.

****Auditor to review training material or training records to evidence compliance****

b) Randomly review client files to verify that Member’s employees conduct a formal, in-depth review of the debts of a consumer by verifying the information provided by client through third-party information (e.g., credit reports, financial statements)

c) Sales scripts of Member must comply with the following:

_____ 1. Each script used for new prospective clients must clearly explain the performance-based program and be consistent with client facing agreement;

_____ 2. Each script must clearly outline and define alternatives to debt settlement the client may qualify for, i.e., bankruptcy, consolidation or credit counseling or the script may state that there are other alternatives and that those alternatives will be clearly explained to the consumer by written disclosure.

III. POST-CONTRACT SERVICING

Members shall ensure compliance with the applicable policies and procedures of CDRI in the service of contractual debt-settlement agreements in accordance with the following:

Post Contractual Verifications (Back End)

Prior to commencement of services and funding of any Special Purpose Accounts, Member shall verify through an established underwriting procedure that ensures the debt-settlement program is a viable option for each potential client.

Client Servicing and Delivery Standards (All)

Members shall generate and maintain **written** policies and procedures that include, at a minimum, the following elements:

1. Methods of communication with Clients which should include (i) the timing of each follow-up call; (ii) minimum number of touch points throughout the program; (iii) and topic/proposed verbiage of each call.
2. An internal Client dispute resolution policy and procedure that provides for prompt resolution of any Client dispute;

Negotiation of Client Debts (Back End)

Members shall have in place written documentation outlining the following:

- _____ 1. A process to obtain a Client's approval of each settlement before any fees are charged on that settlement;
- _____ 2. An internal procedure for the periodic review of a Client's progress through its Program;
- _____ 3. The procedure to obtain written settlement agreements which memorialize language or final debt forgiveness or satisfaction before payment is made to the Creditor;
- _____ 4. A written procedure describing the necessary steps for handling an account for which the creditor is represented by an attorney;
- _____ 5. The process to notify the Client or to ensure Creditors are paid on or before the due date(s) set forth in the terms of settlement; and
- _____ 6. The internal procedure to provide Clients with copies or access to copies of each settlement agreement achieved and when applicable, proof of payment.

Creditor Policies (Back End)

Members shall have established Creditor policies and procedures and adhere to the same in communications with creditors. These policies and procedures shall include, at a minimum, the following:

- (1) Written policy in place as to standards for response time to communications from various creditor inquiries.
- (2) May not include cease and desist notices sent to creditors from Member, or
- (3) Member may not advise customers to notify creditors of changes in address or phone number in effort to divert communication from the creditor to the debt settlement provider, rather than the Client.

Client Funds (All)

No Principal 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.

Requirements (All)

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.

****Examples include banks, lead providers, advertising partners, back-end and front-end providers****

Record Keeping (All)

Members shall have in place a **written** procedure for each of the following:

- _____ 1. A record retention policy that ensures records of all Client Contracts and transactions including those stored electronically are preserved for a minimum of 5 years from the date the Client graduates or otherwise terminates the Member's Program, or the length of time required by law (whichever is greater);
- _____ 2. Maintain a record keeping system to account for all client contacts and transactions;
- _____ 3. Prevent records from being altered or destroyed;
- _____ 4. Safeguard records from damage or deterioration;
- _____ 5. Recover or reconstruct damaged or deteriorated records; and
- _____ 6. Protect records from unauthorized access

IV. INFORMATION TECHNOLOGY

IT Protocols

Members shall install and take adequate measures to safeguard the operation and integrity of all confidential information, which shall include, at a minimum, the following which should be evidenced by **written** policy.

_____ 1. Ensure protocols are in place for regular and systematic archival storage of all company records, transactions, communications, and confidential information;

_____ 2. Ensure all prospective and enrolled client communications are recorded and properly maintained;

_____ 3. Properly notify all interested parties that communications with Company are recorded and stored;

_____ 4. Reasonably restrict access to client confidential information to appropriate employees for legitimate business purposes;

_____ 5. Take reasonable steps to ensure that client confidential information cannot be inappropriately duplicated by Company staff;

_____ 6. Ensure security measures are in place to protect the integrity of the Company's electronic systems; and

_____ 7. Ensure all data collected is secured as dictated by the standards of the industry where private data is collected and disseminated.