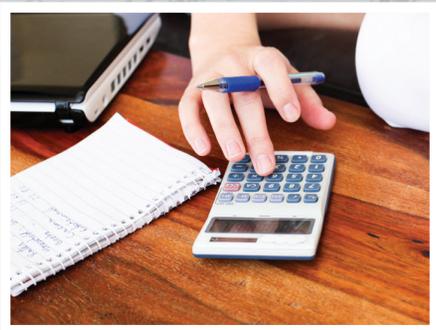


Assessment

Before you give a DMS provider any money or sign any documents, a DMS provider **MUST** have one of its employees, a debt management counselor, provide you with a one-on-one financial counseling session. The counseling session includes a discussion about your debts, income, expenses, savings, etc. The counselor may obtain a copy of your credit report and create a budget for you. Based on all of this information, the counselor will determine whether the DMS provider can help you manage your consumer debt.

Agreement and Payment

If you decide you want to hire a DMS provider, **before you pay any money to the DMS provider**, they **MUST** provide you with a written notice that pre-bankruptcy credit counseling is required if you elect to file for bankruptcy and information on counseling options and a debt management services agreement.



Your Protection Under MD Law

In Maryland, DMS providers **MUST** be licensed by the Commissioner of Financial Regulation. Consumers should **work only with a DMS provider that is licensed in Maryland**. To determine whether a DMS provider is licensed, visit: labor.maryland.gov/finance/industry/licsearch.shtml

FORWARD INQUIRIES OR COMPLAINTS TO:
Office of the Commissioner of Financial Regulation
Consumer Services Unit
500 North Calvert Street, Suite 402
Baltimore, Maryland 21202

(410) 230-6077 or toll free 1-888- 784-0136
Fax: 410-333-3866

Email: DLFRComplaints-DLLR@maryland.gov
Fax (410) 333-0475

Website: labor.maryland.gov/finance/

Website complaint form:
labor.maryland.gov/finance/consumers/comphow.shtml

DEBT MANAGEMENT SERVICE PROVIDERS

What You Need to Know as a Maryland Consumer



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Tiffany P. Robinson, Secretary
Antonio P. Salazar, Commissioner



OFFICE OF THE COMMISSIONER
OF FINANCIAL REGULATION

Maryland Department of Labor

What you need to know about Debt Management Services.

Debt Management Services

OVERVIEW

Debt management service (“DMS”) providers offer services to assist in budgeting and paying off debt. It is important for you to know your rights before agreeing to work with a company claiming it can help with any debt management issues.

What is Debt Management?

In general, debt management is the service provided by a DMS provider to you, in which you pay a DMS provider a set amount each month, and the DMS provider distributes that amount to your creditors. The DMS provider negotiates with your creditors to establish a payment plan and the amount of the payments.

How can a DMS Provider help me with my debt?

A DMS provider may be able to help by negotiating with your creditors on your behalf. A DMS provider may be able to negotiate a lower interest rate, a lower monthly payment, or other terms for you. However you must make the monthly payments arranged by the DMS agency to ensure benefiting from the negotiated terms.



Debt Management Services Agreement

If you decide to use the services of the DMS provider, a debt management services agreement **MUST** be signed by you and the DMS Provider.

IMPORTANT PROVISIONS INCLUDE:

- The name, address, and phone number of both you and the DMS provider
- The DMS provider’s Maryland Debt Management Services license number
- A description of all services that the DMS provider will provide for you and the cost of these services. The DMS provider may charge you an initial, **one time consultation fee not to exceed \$50**. The DMS provider may also charge you a monthly fee of \$8 per creditor, but the monthly fee **may not be more than \$40 per month**
- A disclosure that signing the agreement may impact your credit rating and credit scores
- A notice of your right to cancel the agreement **at any time without a penalty**
- A list of the creditors that the DMS provider reasonably expects will not participate in the payment plan the DMS provider is creating for you
- A schedule of the payments **you must make to the DMS provider**, including the amount and due date of each payment
- The name and address of the financial institution where your payments to the DMS provider will be held before the DMS provider sends the payments to your creditors
- A disclosure that the DMS provider is properly insured in the event that the DMS provider violates Maryland law and you are financially harmed

“Prohibited Practices”

Debt Management Companies **MAY NOT:**

- Purchase any of your debts or obligations
- Lend money or provide credit to you
- Obtain a mortgage or other security interest in property owned by you
- Require a voluntary contribution from you for any of the DMS provider’s services
- Make any false, misleading, or deceptive statements to you regarding the DMS provider’s services
- Structure an agreement that would result in you owing a higher principal amount (the original amount of debt that does not include interest) than when you originally signed the agreement
- Offer you money, gifts, bonuses, premiums, rewards, or other compensation for signing the agreement or for referring a prospective customer to the DMS provider;
- Charge for or provide any insurance
- Submit a proposal to any of your creditors to lower the amount you owe unless you decide that the compromise benefits you, and you provide your written approval to the DMS provider

Additional Information

- If you sign a plan with a DMS provider and consolidate your bills into one payment, **DO NOT** apply for more credit, or try to open a new credit card.
- Stick with your budget plan and make the payments to pay off your debt, even though it may seem like a long time before you will be debt-free.
- If your financial situation changes, whether good or bad, contact your DMS provider to discuss how the changes will affect your plan.
- Compare the payment amounts on your quarterly statement from the DMS provider to the monthly statements you receive from your creditors to make sure the payment amounts are the same.