



Get out of debt safely, legally, and with peace of mind without bankruptcy.

A photograph of a woman with blonde hair, wearing a blue denim shirt, sitting at a wooden desk. She has her hands pressed against her face, appearing distressed or overwhelmed. On the desk in front of her is an open laptop, a green calculator, a blue pen, and several white envelopes, some with red 'PAID' stamps. The background shows a wooden chair and a wall with a light switch.

The Two Trillion Dollar Credit Crisis

(and how you can avoid it!)

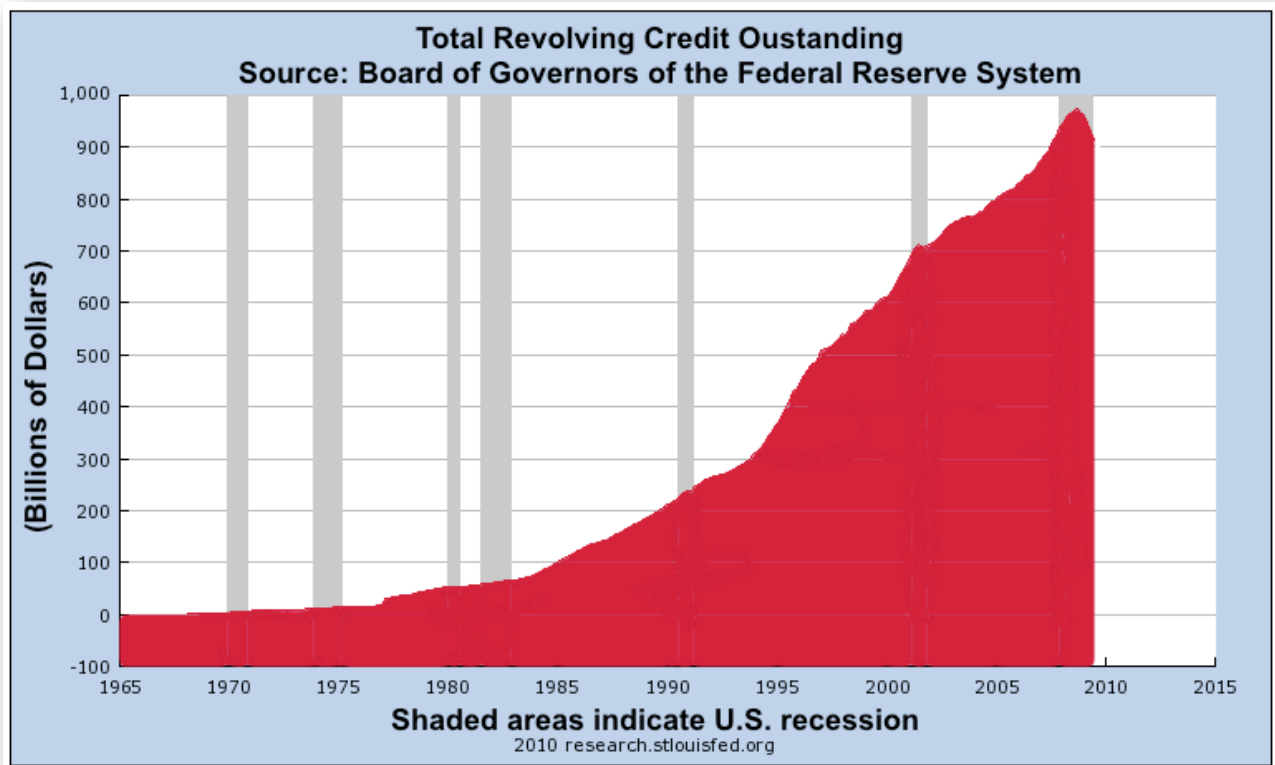


The Problem

Consumers in the United States are in debt to the tune of over \$2 trillion.

Jobless rates continue to hover around 10 percent, and the long-standing way of cutting into debt--refinancing your home--is more difficult than ever thanks to slumping housing values.

Credit card companies constantly change their interest rates and rules, adding new fees and stacking the deck against the American public. The average person could never be expected to understand, let alone read, every small print change that comes along from their creditors. Inching along by making minimum payments may take you upwards of 30 years to reach a zero balance.



The Marketing of Credit

Americans have a long history of being comfortable with debt. Until the 1980s bank credit credit cards were a status symbol: they were offered only to those people with high credit ratings and good fiscal responsibility. Then banks, department stores and other lenders offered rewards for taking out lines of credit, marketing cards to people with lower incomes and credit scores. This practice is continued today by department stores offering on-the-spot savings to people taking out a line of credit.

- About 43% of American families spend more than they earn each year.
- Average households carry some \$8,000 in credit card debt.
- Personal bankruptcies have doubled in the past decade.

As larger banks swallowed up smaller ones, they also purchased outstanding debts including lines of consumer credit. The recent (and arguably still ongoing) recession has affected other sources of revenues for banks, increasing their reliance on credit card interest and fees in order to make profits. In fact, there are so few credit issuers now that the three largest issuers--Bank of America, Citibank, and Chase--control over 60% of outstanding consumer credit card debt. Consumers are faced with fewer choices when it comes to obtaining lines of credit.

Credit card companies also market heavily toward young people both in and out of college. They offer free giveaways such as t-shirts and other “prizes” to students taking out a low-limit credit card. This practice has driven down the average age at which consumers adopt credit cards.

An April 2009 Sallie Mae report showed that 84% of the student population overall have credit cards, an increase of approximately 11% since 2004, and only 2% of undergraduates have no credit history whatsoever. Fully one half of college undergraduates had four or more credit cards, and seniors graduated with an average credit card debt of more than \$4,100.

The Interest and Fees Factor

A Demos.org report from 2007 showed that from 1989 to 2004, the percentage of cardholders incurring fees due to late payments of 60 days or more increased from 4.8% to 8.0%. The average late fee rose from \$25.90 in 2008 to \$28.19 in 2009, and have been reported by Consumer Action to be as high as \$39 per incident.

Over-limit fees are also a factor: the average over-limit fee as reported by Consumer Action in 2008 was \$29.13, with 92% of cards including a fee for exceeding the credit limit. Fully 100% of student cards include over-limit fees.

Interest rates are generally subject to change at the discretion of the credit issuer: 93% of cards allow the issuer to raise any interest rate at any time by changing the account agreement, according to the Pew Safe Credit Cards Project. Only 8% of cards with such penalty rate conditions offered to restore the original rate terms when payments were made on-time, and that restoration took approximately 12 months to go into effect.

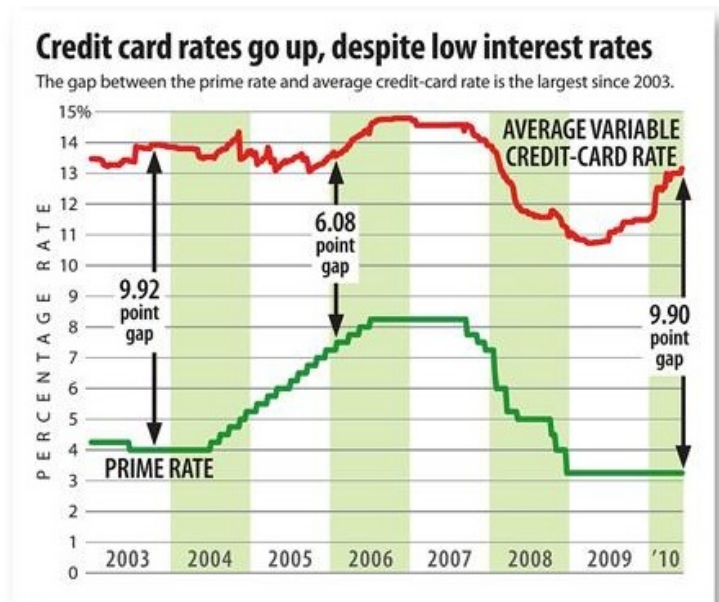
- Late fees rose from \$25.90 in 2008 to \$28.19 in 2009
- The average over-limit fee was \$29.13 in 2008
- 93% of cards allow the issuer to change rates and fees at any time
- There is no federal or state-mandated limit on the fees credit card issuers may charge

Overall the average APR on new credit card offers was 14.10% as of May 2010, while the average rate on a card carrying a balance was 14.67%. As of July 2009 the average interest rate for purchases was 12.93%, ranging anywhere from 4.25% to 22.99%.

The federal government has played its part with a series of moves to deregulate the credit industry, removing caps on interest rates and penalty fees. In 1978 the Supreme Court ended consumer interest rate limits and the federal usury (the lending or practice of lending money at an exorbitant interest) law. Then in 1996 a Supreme Court ruling ended state-regulated limits on credit card fees. As of now, only nonprofit credit unions have their interest rates capped at 15%. Private banks face no such limits on the rates and fees they can charge customers, making them a major source of bank profits.

The Big Picture

In all, 609.8 million credit cards are held by U.S. consumers, with the average cardholder maintaining 3.5 cards, according to a report issued



SOURCE: Bankrate.com

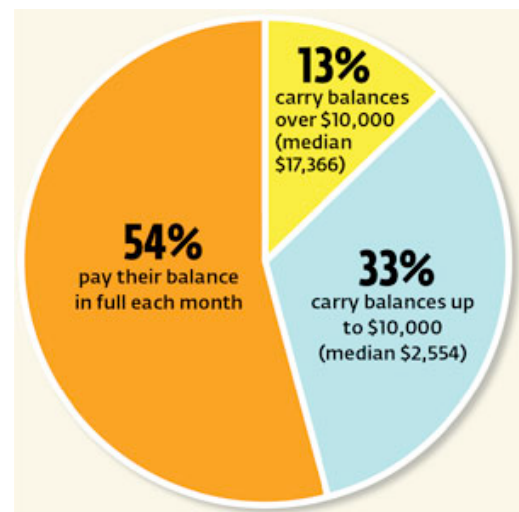
RICH CLABAUGH/STAFF

earlier this year by the Federal Reserve Bank of Boston.

As of June 2010, the total U.S. consumer debt was \$2.42 trillion dollars, and according to an April report from Fitch Ratings the U.S. credit card default rate was 13%, and the 60-day delinquency rate was 4.27%. Today the average American household carries approximately \$8,000 in credit card debt, and personal bankruptcies have doubled in the past decade.

Numbers like this must be qualified, however. The nearly \$2 trillion in debt is owed by about 45% of American households. That same Federal Reserve Bank of Boston survey indicated that nearly 24% of American households have no credit cards, and another 31% reported paying off their most recent credit card bills in full. In fact, the largest debts of \$21,400 or more are carried by 1% of households.

While the national average numbers paint a slightly rosier picture, the numbers are still troubling. According to a VIP Firm analysis, more than a third of people owing over \$10,000 in credit card debt have household incomes under \$50,000, and 13% of those who owe that much earn less than \$30,000 per year.



What this all means is that millions of Americans are effectively overdosing on debt, whether as a means of just getting by or as a result of runaway consumerism and a culture of living beyond their means.

The Path to Recovery

A personal financial crisis is one of the most stressful things that can happen in life. The unexpected happens, and many people have come to rely on credit cards as a way of getting by. Other people simply choose to live beyond their means, going for instant gratification rather than planning for their future.

Credit Card Relief™ created the first attorney-driven debt compromise program. A licensed attorney not only has the knowledge and experience to mediate debt, but also

the power and credibility with creditors that may not be afforded to the average consumer.

The Tools

Credit Card Relief™ is an attorney program focused strictly on achieving successful debt mediation outcomes for its clients. Having a team of attorneys and underwriters working on your behalf provides you with protection from harassment and from having to go it alone to make sense of complicated financial documentation.

- In business since 1999
- 100% FTC compliant
- Successfully settled over \$160 million in unsecured debt

Credit Card Relief™ does not collect any fees up front.

Your contributions to eliminating your debt are held by a national bank, who acts as an independent, third-party trust. Only you and the bank can access these funds: not us, not your creditors. Once the trust fund reaches an adequate level dependent upon the amount of your debt, you and your attorney can authorize the Trust to make payments to your creditors. We only collect our fees once your debt is settled.

Throughout the course of our program, the law firm is constantly monitoring your debts to contact creditors at the most opportune time. Our Professional Services Department is available any time to answer questions and receive any new information on your accounts so that we remain fully aware of your situation and can help manage the best outcome for you. We get to know our customers as people, so we can empathize with your situation and make constructive suggestions to help you manage the situation.

The Track Record

Credit Card Relief™ is 100 percent compliant with all the new Federal Trade Commission rules and regulations on who can be a debt mediation agent and how these companies must do business. Of the 446 Better Business Bureau offices and more than 13,000 federal, state and local regulatory agencies, we have zero unresolved complaints.

The Promise

We won't sugar-coat the message: **it will take time, money, responsibility and sacrifice to erase your debt.** Our program requires a change of habits and lifestyle, moving away from living outside your means and into a new way of thinking and budgeting.

What we can promise is that we do what we say we're going to do. We operate with the consumer's best interests in mind, and we will work hard on your behalf to eliminate your debt. Completion of our program will leave you free of your enrolled debts, ultimately aid your credit rating, and put you on the road to a better, more stress-free life.

About Credit Card Relief™

Credit Card Relief™ has been in business since 1999, and through our long-standing relationships with over 40,000 creditors, we have successfully settled over \$160 million in unsecured debt for more than 28,000 consumers.

We are 100 percent compliant with Federal Trade Commission guidelines, and zero outstanding complaints with any of the 446 Better Business Bureau offices and more than 13,000 federal, state and local regulatory agencies. Consumer contributions are held in a third-party, independent trust fund, secured by a national bank.

For more information please contact Credit Card Relief™:

Indianapolis Office:
5656 W. 74th Street
Indianapolis, IN 46278
phone: 866-501-8571
fax: 317-610-4057

Chicago Office:
39 S. LaSalle Street, Ste. 1420
Chicago, IL 60603
phone: 866-501-8571
fax: 317-610-4057

Office hours are 8:30 a.m. - 5:00 p.m. Eastern Standard Time

Credit Card Relief™
Not Available in all states.
Void where prohibited by law.

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