

Consumer Credit Counseling Service of Orange County

2008 Annual Report



**People
Who
Care**



Message from the President



Dear Friends,

2008 was a year of change and successes. We found ourselves in the midst of the housing crisis, with an unrelenting demand for housing counseling. Our grants to offset the costs of this need, while greatly increased over last year, were far less than sufficient; however, our staff stepped up and did everything possible to help. Our goal of 30% housing counseling was surpassed by nearly 100%, with 60% of our counseling clients addressing housing issues. Bankruptcy also climbed dramatically; with the implementation of a new online program, we were able to meet that need and substantially increase revenue.

With the help of our creditor partners -- particularly CitiBank and Bank of America -- our funding improved dramatically over 2007. We continue to face the difficulties of a changing environment, but see this as a challenge to be met. Our Board of Directors continues to keep up with these changes and strives to keep CCCS-OC ahead of the community issues and needs.

With re-accreditation facing the agency in 2009, we will be reviewing our mission: how well we are meeting the needs of Orange County and doing the job that we have set out to do. These challenges are ongoing and keep the staff, the board and myself invigorated and motivated.

James L. Frannea

President/CEO



Volunteer Program

Consumer Credit Counseling Service of Orange County has developed a volunteer program to enhance our programs that assist consumers in becoming financially successful, and to help fulfill our mission statement. Our volunteers play a vital role within the company.

Community Partners

His House
City of Irvine
Public Libraries
Habitat for Humanity
City of Laguna Niguel
South County Outreach
Coordinating Committee
Shelter for the Homeless
Anaheim Housing Authority
Reverse Mortgage Coalition
Santa Ana Housing Authority
State of California Employment
Family Self Sufficiency Program
Orange County Rescue Mission
Santa Ana Unified School District
Affordable Housing Clearinghouse
Women's Transitional Living Center II
Orange County Association of Realtors
Fashion Institute of Design & Merchandising
North Orange County Community College District
Brea Community Center, Family Resource Center
City of Santa Ana Community Development Agency
North Orange County Regional Occupational Program
Neighborhood Housing Services of Orange County
South Orange County Community College District
AARP Reverse Mortgage Education Project
Coastline Regional Occupational Program
City Community Development Agencies
California State University, Long Beach
Garden Grove Unified School District
California State University, Fullerton
Orangewood Children's Foundation
Orange County Housing Authority
Costa Mesa Federal Credit Union
Orange County AIDS Foundation
Irvine Unified School District
Mariposa Women's Center
Crown Financial Ministries
National Charity League
Wescom Credit Union
Volunteer Exchange
Chapman University
Thomas House
Mercy House
Irvine ACE

The purpose of the program is to help individuals, families, schools, organizations, and businesses fully utilize all that CCCS-OC has to offer through the commitment of the volunteers' time, energy, and talents. The program will strive to improve our partnership and involvement with the community, and enhance the image and effectiveness of CCCS as a responsible and valuable contributor to the well-being of the population we serve.

CCCS-OC is grateful for its current roster of 21 active volunteers who are truly making a difference!



Diana Nguyen, Evans Elementary Student, receiving her NFCC regional Poster Contest Award

Education

In 2008 the Education Department continued to expand our community outreach, strengthen our commitment to youth, and increase attendance at our classes. CCCS-OC's spoke to 12,393 Orange County residents at least a one-hour personal financial management workshop.



Youth Education:

CCCS-OC has made a strong commitment to help young people learn to avoid financial difficulties by prevention education. We believe that early education about personal financial management will help lead young consumers to develop proper habits for a financially successful life. In 2008, the Education Department taught 6,709 students about credit and budgeting in over 65 high schools and 10 colleges.

Housing Education:

With Orange County's median home priced dramatically decreasing, many consumers feel excited about the possibility of being a homeowner. Through our partnership with Santa Ana Housing Authority, Affordable Clearinghouse and Anaheim Housing Authority, our First Time Homebuyer class helps consumers realize that their dream is possible. With the help of local realtors and lenders, the confusing home buying process is simplified. Additionally, CCCS-OC implemented a new class addressing the recent foreclosure problem in Orange County to provide basic information about the many alternatives to foreclosure.

With the help of local realtors and lenders, the confusing home buying process is simplified. Additionally, CCCS-OC implemented a new class addressing the recent foreclosure problem in Orange County to provide basic information about the many alternatives to foreclosure.

Fee Based Classes:

At the end of 2008 Get Checking was discontinued nationally. CCCS-OC began a new program called CheckWise that is also available online. CCCS-OC also reached out to local businesses to offer our fee-based seminars to their employees.

Community Outreach:

We continued to represent CCCS-OC at community, health, employee, and student fairs throughout Orange County. Through these activities over 2,600 Orange County residents became familiar with our services and programs.



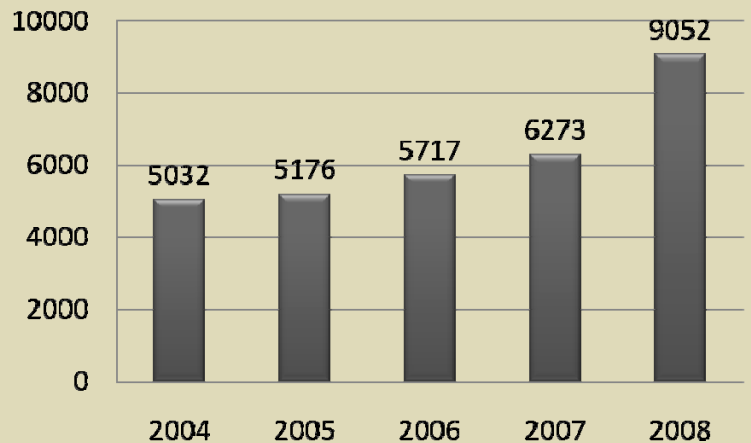
Counseling Services

Demand for all types of one-on-one counseling, especially housing, skyrocketed in 2008. The increase in sessions from just over 6000 in 2007 to over 9000 in 2008 necessitated a 30% increase in counseling staff to begin to meet the demand - but we have yet to meet the true need for counseling in beleaguered Orange County. Thankfully, significantly increased grant funding and creditor contributions enabled us to expand service provision throughout our target population.

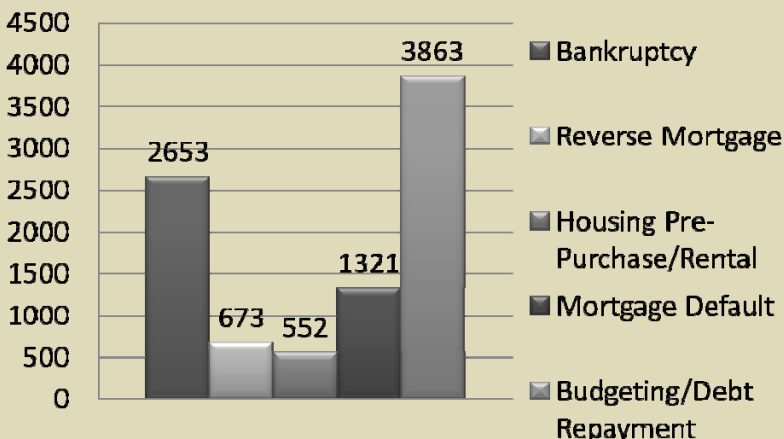
Our NFCC-certified counselors underwent heavy additional training in 2008 to meet the growing complexity of credit, budgeting, housing, and debt management issues. As always, every client received a full 75-minute financial analysis including diagnosis of their problem, budget examination, debt repayment options, referrals, and a detailed written action plan. On an even higher level, though, the extra training allowed counselors to evaluate clients for the many ever-changing special programs being developed and revised at an unprecedented rate in 2008 by creditors and mortgage lenders/servicers.

Orange County consumers in need of assistance truly benefited from our community-based local focus in 2008, as the demand for in-person counseling increased dramatically. The multifaceted problems facing the population - high costs of living coupled with adjustable mortgage payment increases, growing unemployment, stagnant wages, and heavy debt loads - increased the need for in-depth personal assistance. As a result, non-bankruptcy in-person sessions jumped from 48% in 2007 to 62% at the end of 2008. Telephone counseling was still available for the 21% of clients who requested it, as well as internet counseling for the remaining 17%.

Counseling Sessions Conducted by Year



2008 Counseling Sessions by Type



New efficiencies in online bankruptcy counseling enabled us to meet this demand with less increased staffing than would normally be required. In fact, bankruptcy counseling exploded in 2008 in response to the growing recession, increasing over 250% to over 2600 certificates issued. As predicted in last year's annual report, internet counseling delivery predominated, with nearly 75% of sessions taking place online. Over 1200 of these were issued with a new online portal implemented in the last few months of the year, and we expect this new system to enable continued growth in this area.

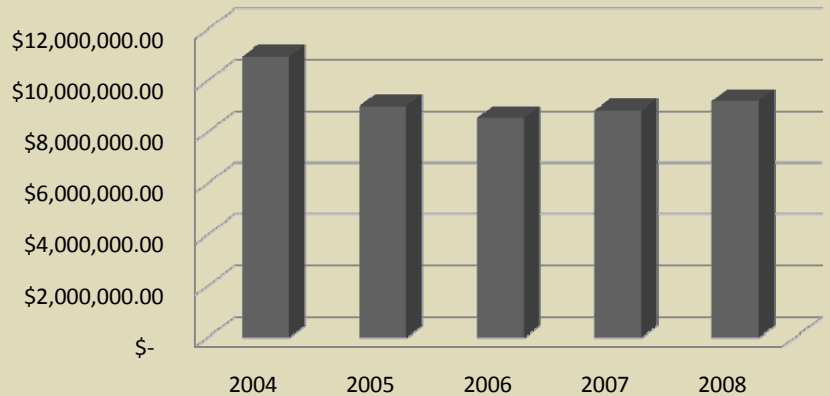
Debt Management Program

The huge focus on the housing crisis in 2008 put pressure on our capacity to help those burdened by unmanageable unsecured debt. Indeed, Debt Management Plan enrollments were the result of only 11% of the total counseling sessions provided. Yet we still managed to maintain our level of active Debt Management Plan clients at nearly 1600 and even increase our disbursements to creditors by over 4% from the previous year. Nearly 1000 new clients were enrolled in the DMP, with a similar number completing or closing their program.

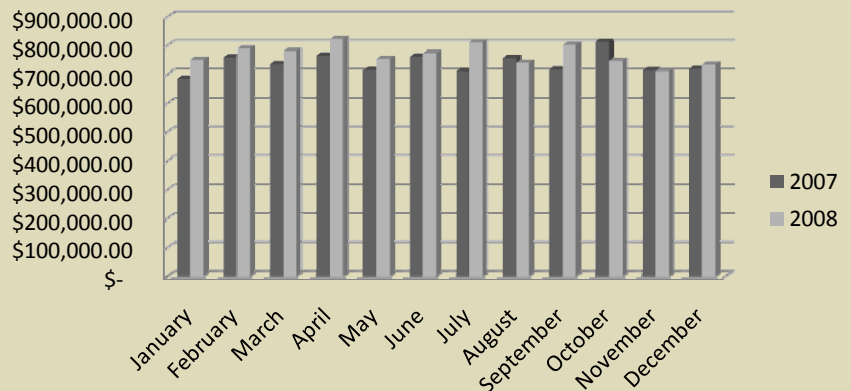
While the median income in Orange County fell 12% in the last year alone, over 80% of all our clients' household incomes still fall below that level. Our typical DMP client in 2008 had an annual gross income of just over \$38,000 per year with an average of nearly \$19,000 total unsecured debt on the program spread among 6 creditors. While the typical monthly DMP payment on that amount of debt would be about \$450, the high levels of unsecured debt among our high-end clients brought the average monthly DMP payment up to \$580. Poor money management was still the top cause of financial problems for our DMP clients, but it was closely followed in 2008 by income reduction and increased living expenses (often housing-related).

The most difficult obstacle to successfully enrolling clients on the DMP has increasingly become the deterioration of creditor concessions. In the past few years, many creditors have eroded the benefits of paying through a DMP by giving weaker or nonexistent reductions in interest rates and requiring higher minimum payments. Faced with little incentive for participating in the DMP, more and more clients opt for bankruptcy. The NFCC's new Concessions Call to Action issued late last year, calling on creditors to renew their commitment to supporting the DMP, appears to be turning this around. We are optimistic that as consumers resolve their housing problems and turn to their other debt issues, 2009 could bring new life to the DMP.

Total Dollars Disbursed Back to Creditors by Year



Dollars Disbursed Back to Creditors by Month



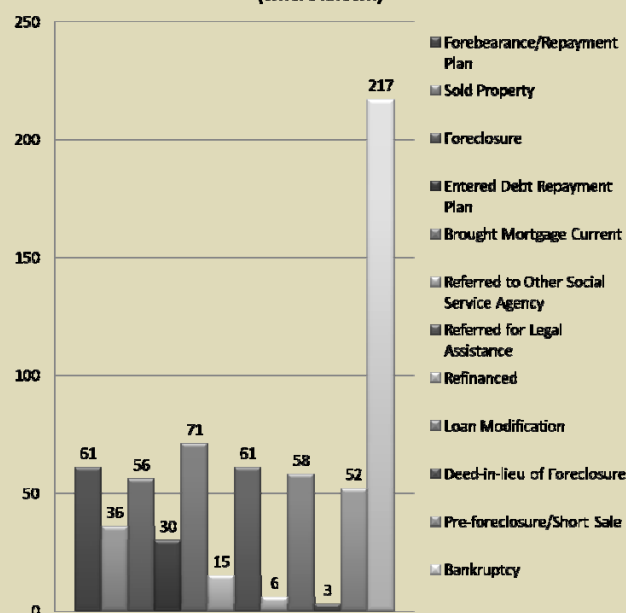
Housing Counseling

While the housing crisis storm clouds were quite threatening in 2007, they really thundered into a maelstrom in 2008. Our goal of addressing housing concerns in 30% of our clients became laughable as the percentage of clients with housing problems escalated to nearly 60% by the end of the year. Over half the housing clients seen - over 1300 - were in danger of losing their homes to foreclosure, with another 1200 split evenly between those looking to utilize home equity via a reverse mortgage and those looking to locate/secure/maintain rental housing and/or purchase a home in the future.

Clients struggling with mortgage default issues were dealt a severe double-blow in 2008. Many homeowners who obtained adjustable rate mortgages during their heyday a few years back were facing large payment increases. Many had expected to refinance their way out of that problem, but drastically declining home values - decreases of 20% to 40% in just one year in some areas - meant refinancing was no longer an option. With home prices declining at that rate, many homeowners were also underwater, and could not sell their homes due to negative equity. This left them with few options.

Healthy amounts of new funding via the National Foreclosure Mitigation Counseling program via NeighborWorks awarded by Congress, in addition to continued HUD funding, helped us hire and provide significant additional training of counselors to equip them to advise such clients and work with their lenders.

Mortgage Default Counseling Outcomes (where known)



Financials

Revenue from Operations

	2008	2007
Creditor Contributions	\$399,642	\$360,729
Foundation and Grants	\$448,829	\$150,964
Programs Service Fees	\$579,753	\$502,952
Education Programs	\$55,475	\$50,891
Donated Office Facilities	\$22,500	\$22,500
Interest Income	\$946	\$64
Other	(\$1,259)	(\$4,083)
Total Revenue from Operations	\$1,505,886	\$1,084,017

Operational Expenses

	2008	2007
Education Program Services	\$245,252	\$258,362
Counseling Services	\$541,345	\$498,845
Debt Repayment Services	\$518,544	\$549,718
Total Program Services	\$1,305,141	\$1,306,925
Management and General	\$246,645	\$234,897
Total Operational Expenses	\$1,551,786	\$1,541,822

2008 Board of Directors

Officers

President, CEO
James L. Frannea
CCCS of Orange County

Chairperson
Ron Novello
Director, County of Orange (retired)

First Vice-Chair
Jeannie Trinh Luong, J.D.
Consultant, Excel R.E., Inc.

Second Vice-Chair
Cheryl Borden
National Sales Executive
MSN I Network

Secretary
Bob Lansley
Broker, The Villas Realty

Vice-Chair, Finance
Jim McKown

Members

Donald R. Booth, Ph. D.
Professor of Economics
Chapman University

Mark H. Cheung
Attorney
WU & Cheung, LLP

Kathleen Dutton
Certified Retirement Counselor
Independent Capital Management, Inc.

Sandra B. Escala
Attorney
Wildish & Nialis

Barclay N. Greene, CPA CFE
Certified Public Accountant
Certified Fraud Examiner

Ed Monge
Human Resources
Chapman University

Barbara Mora
Director, In Home Service
Orange Senior Citizens Community Center

Roger Morris
President
R.H. Morris Insurance

Tom Oliver
Senior Manager Operations
Hyundai Motor Finance Company

Robert Reyes
Broadview Mortgage

Francis D. Suh
Territory Manager
TBI Mortgage

Company Managers

Jim Moll
CFO/ Director of Operations

Natalie Lohrenz
Director of Counseling and Housing

Kelly Rogers
Director of Education

Angela Thomas
Administrative Services Manager

Consumer Credit Counseling Service of Orange County

People Who Care.™

Mission Statement

Consumer Credit Counseling Service of Orange County is dedicated to assisting consumers achieve financial stability through education and counseling.

