



The Independent Counselor

June 2010

eNEWSLETTER OF THE ASSOCIATION OF INDEPENDENT CONSUMER CREDIT COUNSELING AGENCIES

To Get Help Now Call, 1-866-703-TRUST AICCCA (866-703-8787)

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The President's Corner

David C. Jones, Ph.D.

Why is it taking so long to get a Less-Than-Full-Balance Program Implemented?

As you know, Federal legislation will soon be enacted that is likely to deal a serious blow to the debt settlement industry. Many of the practices that have been used by debt settlement firms will be forbidden and there is significant likelihood that debt settlement services will be severely restricted or even unavailable for many consumers. While the AICCCA has been very critical of many debt settlement industry practices and has been highly vocal about the harm that consumers have suffered as a result of those practices, there remains a need for some form of debt settlement for some consumers and for their creditors.

With the level of personal bankruptcies again reaching the annual level of more than 1.5 million filings, it is clear that more has to be done to provide the relief that all stakeholders obviously need. One approach has been offered by Dr. Bob Manning's Debt Relief Program (DRP). This program has been recognized by the State of Utah and is being viewed with interest by other State legislators and Attorneys General. We have been carefully reviewing the DRP as have a number of creditors. It is not yet clear whether this program or another approach that seeks to provide Less-Than-Full-Balance (LTFB) relief for consumers and their creditors will be the right answer.

Phil Corwin, our Creditor Relations Representative, recently met with Senator Chuck Schumer's office to discuss the consumer protections that may be needed in the wake of pending debt settlement legislation. There is definitely congressional interest in some form of LTFB program and there is also a new awareness of the issues that surround such a program. It is clear that the so-called 60/60 provisions of the BAPCPA have never been realistically addressed. It is also clear that the FFIEC rules that make implementation of such a program difficult for creditors need to be addressed.

And, there is a growing realization that the credit counseling industry must now turn away a large percentage of consumers who ask for help because there is no LTFB program available short of the visionary but somewhat restricted programs that have been put in place by Bank of America and by J.P. Morgan/Chase. Clearly, more has to be done and now is the time. Neither credit grantors nor the general public can continue to support a personal bankruptcy level of over 1.5 million individuals. The debt settlement industry recognized this and provided their solution. Unfortunately, that solution was sometimes worse that

the problem for consumers. But the problem won't go away just because some of the solutions are outlawed.

So here we are at the grand junction of an endangered debt settlement industry, unprecedented levels of personal bankruptcy, a struggling economy (both nationally and internationally), and a credit counseling industry trying desperately to meet the needs of a more and more debt-burdened public. The AICCCA is taking the lead in working with Federal legislators and with major creditors to forge a workable solution. Everyone involved knows this needs to be done, even the Consumer Federation of America has agreed to support such an approach. We will be addressing some specifics with the Creditor Advisory Board during our conference in Washington, D.C. We will also continue our work with the U.S. Congress and especially Senator Schumer. We are closer than ever and we won't stop until a viable program is in place for all consumers, all creditors, and all credit counseling practitioners industry-wide.

Time is Running out to Register for AICCCA's 17th Annual Conference! Shari Bedker, Executive Director

The AICCCA 17th Annual Conference will be held in Washington, D.C. July 21-23, 2010 at the Four Seasons Hotel. The hotel is right on the border of Washington and Georgetown with shopping, restaurants and history all within steps of the hotel-there is something for everyone! We already have a terrific registration of leading professionals from Credit Counseling Agencies around the country, representatives from the largest creditors, exhibitors and State and Federal legislators and regulators. The breadth and depth of the topics are once again top-notch! The topics and speakers will be:

State Regulatory Workshop

Jonathan Pompan, Attorney

Venable LLP, Washington, D.C.

Susan Niemiec , Compliance Manager

Novadebt, Freehold, NJ

Carrie Grube-Lybarker, Staff Attorney

South Carolina Department of Consumer Affairs, Columbia, SC

ISO Accreditation Update

Gina McCullough

Novadebt, Freehold, NJ

Chris Carson

Bureau Veritas, Rosemount, MN

Status of Federal Debt Settlement Legislation

Stacy Ettinger, Deputy Staff Director/Counsel of Joint Economic Committee

Office of Senator Charles Schumer (D-NY), Washington, D.C.

Status of the Implementation and Impact of the CARD Act

Nessa Feddis, Vice President and Senior Counsel

American Bankers Association Government Relations Division, Washington, D.C.

Nick Bourke, Manager, Safe Credit Cards Project

Pew Health Group, Washington, D.C.

Benjamin K. Olson, Senior Attorney

Board of Governors of the Federal Reserve System
Division of Consumer and Community Affairs, Washington, D.C.

Moderator: Philip Corwin, Attorney

Butera & Andrews, Washington, D.C.

Health Care Strategies For Families In Debt

Paul Caliendo, President and CEO

Preferred Medical Claim Solutions, Scottsdale, AZ

Update from the EOUST's Office on the Credit Counseling and Debtor Education Front

Wendy Tien, Deputy Assistant Director for Review & Oversight
Executive Office of the United States Trustee, Washington, D.C.

Is it Soup yet? Preventing Counselor Burnout

Shelley Murphy, Director of Program Services

Piedmont Housing Alliance, Charlottesville, VA

Lobbying for Your Agency: Avoiding the Tax and Legal Pitfalls

George Constantine

Venable LLP, Washington, DC

What's New at the IRS?: What New Guidance Means for Credit and Housing Counseling Agencies

Jeffrey S. Tenenbaum, Esq., Partner

Venable LLP, Washington, DC

Creditors participating in Breakout sessions: Bank of America, HSBC, American Express, Capital One, Chase, Resurgent

Please [click here](#) to register today! I look forward to seeing everyone in D.C.

Public Relations News

Four of the top financial websites, **Bankrate.com**, **Creditcards.com**, **Yahoo.com** and **FoxBusiness.com**, continue to turn to Dave Jones and the AICCCA membership for help with several recent stories to help consumers struggling with debt and personal financial issues. AICCCA has also been in the news in recent months in a number of large media venues, including the **Los Angeles Times**, the **Chicago Tribune** and **ABC News**. **AARP's May Bulletin** story "Money for Life - 12 Smart Ways to Find Financial Freedom at Any Age" included a mention of AICCCA and the website as a resource for approximately 30 million readers. **CBS Money Watch**, along with a number of other media outlets, picked up our June news release on early warning signs of debt trouble. **CBS Money Watch** included a quote from Dave, along with the AICCCA website information. Most recently, Dave and the AICCCA website appeared in a comprehensive June debt settlement cover story in **USA Today**.

Financial Regulatory Reform Bill Sanctions Potential New Regulation for Non-Profit Credit Counseling Agencies, but Imposes No New Restraints on For-Profit Debt Settlement Companies

Philip Corwin, Butera & Andrews, AICCCA Creditor Representative

As this newsletter goes to press House and Senate Conferees are engaged in extended negotiations to hammer out a final version of H.R. 4173, the “Restoring American Financial Stability Act of 2010”. Consistent with this Congress’ preference for “comprehensive” legislation, the underlying bill that is the focus of these negotiations has grown to an astounding 1,974 pages – guaranteeing that no member of the Conference Committee has read every provision, much less fully understands their interaction with one another and present law. Nonetheless, the White House has strongly requested that conferees complete their work by June 24th, when President Obama is scheduled to leave for a G-20 economic conference, and that the final bill be ready for his signature by the July 4th weekend. Conferees appear likely to comply with that deadline.

One of the most hotly contested provisions of the reform bill is the creation of a new Consumer Financial Protection Agency (CFPA) with sweeping rulemaking, supervisory and enforcement powers over all providers of financial products and services to U.S. consumers. Despite fierce banking industry opposition there is no doubt that the CFPA will be established, although there are remaining differences over its independent enforcement powers, and whether it will be free-standing or housed within – but essentially independent of – the Federal Reserve.

Notwithstanding the efforts of AICCCA and another coalition of non-profit CCAs, the grant of authority to the CFPA continues to provide it with the power to impose new regulations on non-profit CCAs, essentially ending the non-profit exemption that has exists under the FTC Act. The possibility of narrowing this grant of power in Conference, given current political realities, is nil. Hopefully, the non-profit counseling and education sector will be far down the list of CFPA’s priorities for new regulatory initiatives, and it will conclude that the existing combination of compliance with IRS tax-exempt organization regulations plus EOUST and HUD oversight and additional state regulation is more than sufficient to adequately protect consumers. The final version of CFPA may also include provisions that would allow it to conduct research on consumer financial counseling and education, and to establish an Office of Financial Literacy to develop goals for programs offered by that sector.

The grant of authority to the CFPA would also clearly allow it to regulate the controversial for-profit debt settlement industry, which is already the subject of a pending FTC rulemaking action that would outlaw its practice of hefty advance fees; reportedly, the FTC will reportedly publish final amendments to that regulation by July 20th. Not content to await the outcome of that process, Sen. Charles Schumer (D-NY) introduced S. 3264, the “Debt Settlement Consumer Protection Act of 2010”, on April 27th.

The Congressional Research Service has summarized the provisions of S. 3264 as follows:

- Amends the Consumer Credit Protection Act to prohibit debt settlement providers from providing a debt settlement service or receiving a fee from a consumer without a signed written contract meeting specified requirements.
- Prohibits debt settlement providers from engaging in certain acts or practices, including: (1) making loans or offering credit or soliciting or accepting any note, mortgage, or negotiable instrument other than a check signed by the consumer and dated no later than the date of signature; (2) taking a confession of judgment or power of attorney to confess judgment against the consumer or appearing as the consumer or on the consumer's behalf in any judicial or non-judicial proceedings; (3) taking any release or waiver of an obligation to be performed on the part of the debt settlement provider or any right of the consumer; (4) receiving any third-party compensation for providing the consumer with a debt settlement service; or (5) purchasing debts or engaging in debt collection.
- Permits debt settlement providers to charge enrollment and settlement fees, but no others.
- Requires a debt settlement provider who receives funds from a consumer to hold them for a consumer settlement account in a properly designated trust account in a federally insured depository institution not affiliated with the provider.
- Permits a consumer to cancel a contract with a debt settlement provider at any time, in accordance with specified requirements and procedures.
- Declares void and unenforceable: (1) a consumer's waiver of any consumer protection or right provided under this Act; and (2) any contract for a debt settlement service that does not comply with this Act.
- Prohibits a debt settlement provider from engaging in certain advertising, marketing, or other communication practices except in accordance with specified requirements.
- Authorizes the Federal Trade Commission (FTC) to prescribe rules governing advertising and marketing practices, record retention, and provision of accountings to consumers, as well as debt relief service rules.
- Subjects a debt settlement provider to civil liability (including punitive damages) for noncompliance with this Act.
- Empowers the FTC to enforce this Act. Authorizes a state to bring a civil action in federal court on behalf of its residents for noncompliance with this Act.

Following review of an advance draft of the bill, AICCCA's Board of Trustees authorized a statement of enthusiastic support of S. 3264 in advance of its introduction:

The Association of Independent Consumer Credit Counseling Agencies (AICCCA) enthusiastically endorses the "Debt Settlement Consumer Protection Act" (S. 3264) introduced by Senator Charles Schumer (NY), and urges its swift enactment. AICCCA members are well aware of the many consumers who have been seen their personal finances and credit histories suffer substantial and unnecessary damage as a result of the misrepresentations, nondisclosures, and billing practices of debt settlement companies and therefore recognize the need for effective consumer protection legislation in this area. AICCCA hopes to work with Senator Schumer and his Congressional colleagues to perfect the legislation's intent to in no way adversely affect legitimate non-profit and tax-exempt credit counseling

agencies, which are already subject to extensive and effective regulation at both the state and federal levels.

Sen. Schumer had hoped to offer the entire text of S. 3264 as an amendment to the financial reform bill, but there were hundreds of amendments filed against that legislation and cloture was invoked to end further debate and the offering of additional amendments before he had an opportunity to do so. The bill has been referred to the Banking Committee where regular order would consist of a hearing followed by a markup, in which the Committee would consider amendments and then vote on reporting the bill for full Senate consideration.

Meanwhile, a companion bill, H.R. 5387, was introduced in the House by Rep. Luis Gutierrez, Chairman of the Financial Services Committee's Subcommittee on Financial Institutions and Consumer Credit. Unfortunately, that proposal may be folded into a larger package of consumer protections -- which would tend to increase the level of controversy and time needed for consideration.

Summing up, as Congress continues to address the fallout of the largest recession since the Great Depression by enacting the largest package of financial law since the 1930s, it appears that a general grant of authority to further regulate the non-profit counseling and education sector will precede the final adoption of any pending regulation or legislation aiming to curb the excesses of the for-profit debt settlement industry. This result seems paradoxical, but such are the ways of Washington.

Fast Payment of Credit Card Debt

Mike Morency, Peregrin Services

Bifurcation

Credit card chargeoffs rose, while credit card debt outstanding declined at a 12% annualized rate in April. This is bifurcation: the splitting of the credit card universe into two parts: them that has and them that don't. Much more than debt settlement, this is what is having a huge impact on traditional credit counseling.

Them that has...

April was the 19th straight month of decline in credit card debt, now at the lowest level since March 2006. People who can pay it off, are paying it off. They are not spending, they are not adding to their debt, they are not getting in trouble. They are getting out of debt as fast as they can. And for some of them, that's not even fast enough. Need more proof? Delinquency rates (30+ days) are the lowest since 2008. So them that has are paying it off, and don't need credit counseling now.

Them that don't ...

But, chargeoffs are near their all time high. The 1st quarter of 2010 was a near an all time high, over 10% for more than a year. And serious delinquencies on high risk mortgages declined in April for only the first time in four years. So them that does not have, ain't paying. And a recent CardHub study showed that most of the reduction in credit was due to the having to write off bad debt. So for a bank, a big warning sign is if you miss payment or stop paying altogether. Repeat: Missing a payment is a BIG warning sign of a high potential for chargeoff.

What does this mean for you?

Either a cardholder is paying down their debt, or they are not. If they are not paying it down, banks will try everything to keep the payments coming – to be sure they at least keep paying something. But collectors (and by extension, the collections department of any big card issuer) frequently perceive that it takes a long time for a payment to be made through a credit counseling program. Because a collector would rather get paid something now than risk waiting for a payment through credit counseling, the cardholder will likely be offered special payment - arrangements that would have been considered pretty generous in earlier years. So before you even get to talk to the consumer, the bank is trying to make sure something gets paid. You perceive this as an internal program. Maybe, but this is why.

What can you do?

Work with your consumers to get something to their creditors faster. 60 days is not going to do it when a collector can get a payment in within 15 days. Even if a consumer is not going to a DMP, tell them to work with their creditors. Most of all, have this data to show your creditor contacts how you are helping their customers avoid chargeoff.

Last issue: the value of counseling. This issue: fast payment.

Next Issue: attrition.

Reflections on Five Years of the Uniform-Debt Management Services Act

*Jonathan L. Pompan, Esq. and
Jeffrey S. Tenenbaum, Esq., Venable LLP, Washington, D.C.*

Congress is poised to enact financial regulatory reform that will more than likely result in a new regulator of consumer financial products and services, including credit counseling. While it will be months, if not years, from the date of creation of the new agency to the actual issuance of regulations by the agency, there are a number of legal issues looming over the industry, most notably those surrounding the potential scope, breadth and depth of new regulations that such a federal regulator may propose.

Of critical importance is how this new federal agency may seek to regulate the credit counseling industry. At the same time, Congress, the Obama Administration, the Federal Trade Commission (“FTC”), state Attorneys General, and others are taking an active interest in the workings of the industry and in protecting consumers from false and misleading advertising related to debt relief services – including credit counseling.

July 21, 2005 marks the fifth anniversary of the approval of the Uniform-Debt Management Services Act¹ (“UDMSA”), which offered credit counseling agencies the promise of consistent state regulation of debt management plans. After years of work, the UDMSA was approved by the National Conference of Commissioners on Uniform State Laws in 2005, and Utah¹ became the first state to adopt the Act in 2006. Since then, the UDMSA has been adopted in six additional jurisdictions, Colorado², Delaware³, Nevada⁴, Rhode Island⁵, Tennessee, and the U.S. Virgin Islands.⁶

The UDMSA requires registration, provides specified disclosures in agreements, and authorizes enforcement authority. In each of the jurisdictions that have enacted the UDMSA, the requirements have generally been stiffer than the prior requirements for credit counseling agencies. All but Colorado and the Virgin Islands had existing regulatory requirements, although some exempted tax-exempt nonprofit credit counseling agencies from these requirements (e.g., Nevada).

The UDMSA was originally drafted to address consumer protection issues that arose in the ten-year period prior to the drafting sessions and to enable the states to take a uniform approach to the regulation of the credit counseling and debt settlement industries. Consumer groups and many in the nonprofit credit counseling industry agreed with the spirit of the requirements based on these promises and the belief that the UDMSA would remove unnecessary regulatory burdens and establish a baseline for consumer protection.

Five years later, credit counseling agencies are left wondering, “What happened to the promise of uniformity?” Debt management plan services are now regulated in virtually every state by one or more state-specific statutes. Looking back on what we know now, it may be that the UDMSA was based on a laudable premise, but attempted to do too much without considering the practical impact on those already in compliance with the law. Moreover, since its availability for consideration by the states, adoption of the law has been spotty despite an increase in the scope and breadth of statutes that regulate the industry. .

Overall, today 49 states have what we consider to be a debt adjusting statute, which are the primary state laws that regulate the industry. In 2005, out of the states that had debt adjusting statutes, about 25 required licensing. That number has since risen to about 37. Moreover, the number and diversity of proposals for additional reforms currently being considered in state legislatures are too numerous to detail here, but over the last five years easily number in the hundreds. In 2010 alone, for example, various versions of the UDMSA have been introduced in at least half-dozen states, and there are additional proposals that take other approaches to regulating the industry.

While the existing state laws are far from uniform, these laws include provisions that cover such areas as licensing/registration, fee restrictions, written agreement requirements, certification requirements, consumer education requirements, prohibitions on various activities including offering “other services” and most compensated referrals. These laws also frequently include enforcement provisions that provide for a private right of action – something that is extremely significant and should not be understated.

Unlike the harm that the UDMSA sought to prevent, it is much harder to quantify the impact of the UDMSA and whether its goals have been realized. One justification for regulation is often that instituting a more complex regulatory framework can weed out bad actors. Indeed, a number of companies – both credit counseling and debt settlement entities – have likely been forced to cut back on the number of states in which they work as a result of the institution of the UDMSA. Those that have decided to operate in UDMSA states must adhere to the requirements of the statute or otherwise risk enforcement actions

and/or private (including class action) lawsuits. While we are aware of a number of enforcement actions and non-public investigations that have resulted in settlements (e.g., Colorado), we are not aware of any private lawsuits yet under the UDMSA in states in which it is effective. We also are not aware of any reported court decisions yet involving the statute. There almost certainly will be, in time, of course. That is not to say, however, that there have not been any unintended consequences for credit counseling agencies.

As a result of the rush by the states to regulate debt management services of all types in the face of the economic downturn, the increase in state debt adjusting law requirements has resulted in increased costs of doing business for many credit counseling agencies. Five or ten years ago, credit counseling agencies did not require much in the way of dedicated in-house compliance staff. The adoption of the UDMSA and registration requirements, along with other state debt adjusting laws, however, created more of a need for dedicated compliance staff to ensure that the various state requirements are satisfied and to stay abreast of industry developments. When you take into account the legal and reputational risk of non-compliance with the UDMSA requirements, most would argue that such costs become money well spent.

So where are we? Today, the UDMSA provides legislatures and policymakers with a model approach to regulating debt-management services. Other states, state Attorneys General, and other state regulators looking for “best practices” in regulating debt management have, directly or indirectly, used the model law as a reference. In contrast, before 2005, enforcing credit counseling regulations was not as high a priority with some state regulators and state Attorneys General. In states with the UDMSA, the profile of debt management regulation has been raised to a new level. Moreover, the consumer protection issues widely written about in the years leading up to the UDMSA no longer permeate the credit counseling industry. Instead, it seems as if the debt settlement industry is now the leader when it comes to reports of consumer protection issues, while the credit counseling industry is considered a “white knight” to a number of those companies’ former customers.

Where the UDMSA perhaps succeeds most is as a benchmark for what potential federal regulation could look like under a new regulator for financial products and services. Alternative approaches also are available, and some may argue that the full UDMSA at the federal level may not be needed if state legislatures continue to advance reforms targeted at debt settlement and for-profit providers. The results of the FTC’s pending rulemaking covering for-profit providers of debt relief services⁹ and whether the debt settlement industry overhauls its practices to comply with what will almost certainly be stricter requirements also will weigh into the analysis.

Nevertheless, if the promise of the UDMSA is to be realized, the industry will need to focus on several key areas going forward:

- **Examine the Scope and Restrictions.** The “off-the-shelf” version of the UDMSA would allow for-profit and nonprofit corporations to provide debt management plans and debt settlement services. How will

that change in the coming years? Are you able to provide the types of services that consumers in financial distress need? For example, the UDMSA prohibits the sale of a number of products and services, but some of these products and services may be needed by consumers. Should states that consider the UDMSA allow for-profit companies to provide debt management services? Should state regulation address “counseling-only” or housing counseling services¹⁰?

- **Watch Out for Lawsuits and Consider the Costs.** While we are not aware of any reported cases brought by private plaintiffs under the UDMSA yet, a private right of action is permitted under the UDMSA. The cost of defending private (particularly class action) lawsuits by clients en masse could literally cripple credit counseling agencies that already are operating on slim budgets. Which raises the question, considering the costs to comply with the UDMSA, should states consider alternatives to the enforcement mechanisms provided in the UDMSA? Should the private right of action be removed?
- **Impossible Compliance Requirements.** Certain aspects of the UDMSA are considered by some to be virtually impossible to comply with or outright overkill. States reviewing the UDMSA should consider the UDMSA from the standpoint of the risks it seeks to control and not imagined concerns that could, but have never, occurred in the industry. For example, do only providers that obtain compensation from creditors truly need to be covered by the statute, which is its current scope? What about zero-deductible insurance policies? Is the UDMSA superior to the existing state regulatory scheme?
- **Uniform Administration and Interpretation.** With seven jurisdictions enforcing the UDMSA, there is no good reason why there are seven different registration applications and interpretations, rather than a uniform registration process and uniform interpretations. (Years ago, state Attorneys General created a uniform registration form for the state charitable solicitation registration process; that would be an excellent model to follow here.) Further, the legislative comments to the UDMSA – which the drafters of the UDMSA put enormous time and thought into – are rarely followed or even acknowledged by state regulators. Policymakers and regulators should communicate with each other and with the industry on these issues, and vice versa.

As we mark this fifth anniversary and reflect on the intent initially raised by the UDMSA, it is time that credit counseling agencies renew their efforts to ensure that state debt adjusting laws are reasonable and focused on consumer protection. Despite the lack of widespread adoption, the impact of the UDMSA has been significant. If the collective efforts of consumer advocates and other supporters (including some credit counseling agencies) are successful, the UDMSA may very well become the law in other states. Policymakers should be mindful though of making it overly difficult for credit counseling agencies to serve consumers. Credit counseling agencies, for their part, must be mindful that there are both enforcement and litigation risks, as well as complex compliance requirements,

and should continue to dedicate staff to compliance efforts and dedicate resources for legal review. Finally, it is safe to predict that as the credit counseling industry continues to evolve, the legal and regulatory landscape also will continue to evolve. Accordingly, credit counseling agencies should continue to actively participate in the legislative and regulatory process at both the state and federal levels. As Congress, possible future federal regulators, and additional states consider how to police the industry, they might just be looking at the UDMSA.

1. The UDMSA is available at: <http://www.nccusl.org>. For additional information, see “Summary of Provisions in the Uniform Debt-Management Services Act” available at: http://www.venable.com/summary-of-provisions-in-the-uniform-debt-management-services-act-03-24-2006/#_ftn1.
2. Utah Code § 13-42-101 *et seq.* (effective January 1, 2007).
3. Colo. Rev. Stat. § 12-14.5-201 *et seq.* (effective January 1, 2008).
4. Del Code tit. 6 § 2401A *et seq.* (effective January 17, 2007).
5. Nev. Rev. Stat. § 676A (effective July 1, 2010).
6. R.I. Gen. Laws § 19-14.8 (effective July 1, 2007).
7. Tenn. Code Ann § 47-18-5401 *et seq.* (effective July 1, 2010).
8. V.I. Code Ann tit. 12A (effective June 27, 2010).
9. <http://www.ftc.gov/os/2009/07/R411001tsmprm.pdf>
10. In the last several years, a new breed of state regulation has been adopted in about half of the states to address mortgage foreclosure consultants. Many of these statutes reference and exempt licensed “debt adjusters”, but these statutes are not all uniform and do not always easy to reconcile with other statutes within the same state.

Jonathan Pompan, an attorney in the Washington, DC office of Venable LLP, represents nonprofit credit counseling agencies and others in a wide variety of areas including regulatory compliance, as well as in connection with federal and state investigations and law enforcement actions. Jeffrey Tenenbaum chairs Venable’s Credit Counseling and Debt Services practice, as well as its Nonprofit Organizations practice. For more information, please contact Mr. Pompan at 202.344.4383 or jlpompan@venable.com, or Mr. Tenenbaum at 202.344.8138 or jstenenbaum@venable.com.

For more information about this and related industry topics, see www.venable.com/ccds/publications.

This article is not intended to provide legal advice or opinion and should not be relied on as such. Legal advice can only be provided in response to a specific fact situation.

Member News

CESI Debt Solutions Releases Its First Book The Financial Literacy Curriculum serves as aid for people in journey to become debt-free

Raleigh, NC – CESI Debt Solutions, a leading national nonprofit organization that has helped more than 50,000 consumers learn how to achieve financial freedom and provides free phone counseling to anyone who calls about credit card debt, introduced today its first volume of financial education curriculum.

The 100 page book is titled “CESI Debt Solutions University: A Comprehensive Financial Literacy Curriculum.” The CESI team spent eighteen months writing the original content.

“At CESI, we believe that the journey toward a debt-free life is one the most important journeys in your life. It our hope that this curriculum is helpful to anyone in achieving that dream,” says Dr. Diane Chen, Founder and CEO of Consumer Education Services Inc.

The free book contains information and advice on finding your own way out of debt and establishing a plan to prevent debt in the future. Whether married

or single, managing overwhelming credit card bills or simply trying to pay off student loans, living in your dream home or hoping to purchase one, the guide has an invaluable amount of usable information and direction.

The book's eight chapters range from "Strategic Planning" to "How to Build the Budget" to "What to do When Things Go Wrong." It also comes equipped with interactive financial goals, debt to income ratio, and monthly, weekly and daily expenditure worksheets.

The Financial Literacy Curriculum is available for free download on CESI Debt Solutions' website, www.CESIDebtSolutions.org. It is also available to everyone who calls for free phone counseling sessions.

Regardless of person's financial or personal status, CESI's ambition is to improve consumers' quality of life by educating them in debt and money management.

CESI Debt Solutions, a Consumer Education Services, Inc. company, is a nationally accredited 501 (c) 3 non-profit Consumer Credit Agency committed to helping consumers nationwide to become and remain debt-free. A BBB A- rated company, CESI equips consumers with personal financial tools and educational programs that provide solutions for their financial situations, and offers continued support to help consumers make better financial choices every day. Since 1999, CESI has worked with consumers to repay nearly \$2 billion in debt. For more information about CESI Debt Solutions, please visit www.cesidebtsolutions.org.

Take Charge America Now Offers Reverse Mortgage Counseling to Senior Homeowners Nationwide

Take Charge America, Inc., a national non-profit credit counseling agency based in Phoenix, is now approved by the U.S. Department of Housing and Urban Development (HUD) to provide reverse mortgage counseling to senior homeowners nationwide.

TCA's certified reverse mortgage counselors help senior homeowners review all of their loan options, understand potential financial implications and ensure they fully understand the loan program. Homeowners in need of counseling can call 1 (866) 750-9618 to set up an appointment. Counseling may be conducted in person or over the phone.

In addition to reverse mortgage counseling, TCA is HUD-approved to provide free housing counseling to Arizona residents at risk of foreclosure and to those who need financial guidance before purchasing a home.

Take Charge America Offers Consumer Support Amid Changing Payday Loan Laws in Arizona

Payday loans carrying exorbitant interest rates are now illegal in Arizona. On June 30, 10-year-old legislation that enabled the state's payday lending industry to thrive will expire. It provided payday loan companies with a special exemption from the 36-percent interest cap, allowing a \$17.85 fee for each \$100 borrowed during a two-week period. Now, it is illegal to provide unsecured

loans with an APR greater than 36 percent, plus a 5 percent administrative fee.

On July 30 and July 1, Take Charge America, Inc., a non-profit credit counseling agency based in Phoenix, hosted a free, two-day phone bank to assist consumers who became entrenched in the payday loan cycle. They were able to talk with certified credit counselors about loan repayment options and alternative methods for funding daily living expenses.

The phone bank was accompanied by a statewide media outreach campaign aimed at educating consumers about payday loan alternatives.

About Take Charge America, Inc.

Take Charge America, Inc., a non-profit financial education, credit counseling and debt management agency, is dedicated to helping consumers nationwide improve their financial futures. It partners with creditors, credit unions, employers, government groups and higher education institutions to reach different segments of the population experiencing a variety of financial challenges. Since its founding in 1987, the company has grown from three to nearly 400 employees. It has helped more than 1.5 million consumers nationwide manage their personal finances and debts. For more information, visit www.takechargeamerica.org or call (888) 822-9193.

American Financial Solutions Offers An Exciting New Service!

American Financial Solutions has partnered with the American Center for Credit Education to provide CheckWise, the most current and comprehensive program for managing a checking account. CheckWise is suitable for individuals who have never had an account, for those who would like to know how to better handle their checking account, and for consumers who would like to re-establish a relationship with a financial institution. CheckWise is offered on-line, 24/7 and is also offered in classroom settings.

A unique tracking system makes CheckWise invaluable. When a student successfully completes CheckWise, his or her name and the date of completion are entered into a national database. This database allows the financial institution to verify a student's completion of the course prior to making any decisions regarding an account.

In addition, banks and credit unions unable to open accounts for consumers may refer them to American Financial Solutions and our certified financial counselors will work with them to clear up outstanding balances. We will provide them with the financial education to manage their checking account responsibly and then we will direct them to reapply to the bank or credit union when financially ready.

American Financial Solutions is a 501(c)(3) nonprofit agency committed to empowering people to improve the quality of their lives through financial education and counseling. Our quality financial literacy programs educate consumers to understand their responsibilities and to make wiser financial decisions. This, in turn, benefits our communities as a whole.

Welcome New Members!

We are pleased to welcome the following 6 agencies as members of AICCCA who have joined in 2010! AICCCA is a national membership organization, established to promote quality and consistent delivery of credit counseling services. The Association fulfills its mission by establishing a consensus among consumer professionals regarding service standards and professional industry conduct, as well as by establishing and maintaining strong relationships with credit management professionals and consumers. If you are interested in joining AICCCA, please contact Shari Bedker at 703-934-6118. sbedker@aiccca.org.

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Consumer Credit of Des Moines
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Upcoming Events • How to Join AICCCA • www.aiccca.org

PMB 626, 13350 Random Hills Road Suite 800, Fairfax, VA 22030-6044

AICCCA's Members operate over 250 individual offices in 50 States which includes some of the largest agencies in the United States. AICCCA members represent over 630,000 consumers on active debt repayment plans and we counsel and train many times that number annually. All our members are Non-Profit agencies.

