



The Independent Counselor

March 2010

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eNEWSLETTER OF THE ASSOCIATION OF INDEPENDENT CONSUMER CREDIT COUNSELING AGENCIES

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

The President's Corner

by David C. Jones, Ph.D.

On January 21, 2010 the Supreme Court rendered its decision on the Citizens United v. Federal Elections Commission. That decision revised many long-established laws and regulations and caused many states and federal agencies to abandon legal and regulatory actions that were in process. There are also a number of changes that may affect non-profit associations. On February 18, I represented AICCCA members at a conference in Washington, D.C. hosted by Veneble, LLC entitled: **"Citizens United: How the Supreme Court's Decision Will Impact Associations and Their Members."**

The conference was well-attended. The presenters were Veneble partners George Constantine and Ronald Jacobs who have in-depth knowledge in this sector. Before I get into the content of the conference, you may wish to gain some background by reviewing several sources: 1) The New York Times exclusive on-line commentary entitled "What Is the First Amendment For" by Stanley Fish and dated February 1, 2010 (9:30 pm) issued on the Opinionator.; 2) Proposed Rules by the Federal Elections Commission published in the Federal Register Vol. 75, No. 27 dated Wednesday, February 10, 2010.; and 3) the FEC Notice released February 5, 2010 entitled "FEC Statement on the Supreme Court's decision in Citizen's United v. FEC."

Prior to January 21, Corporations were prohibited from making independent expenditures under federal law. There were also limits on total non-profit association political activity. For 501 (c) (4) and 501(c) (6) entities, the activity could not be a "primary" activity and for 501(c) (3) entities, there was an outright ban on such activity. Under the new ruling, corporations still may not make contributions (they still have to use PACs for this) but they may make independent expenditures and engage in electioneering communications as long as they are funded by general treasury funds. The FEC has now decided that these new rules apply to labor unions as well. 501 (c) (4) and 501(c) (6) entities may become more involved in the political process as well.

Associations are expected to have an increased role because for-profit entities either: 1) may not want to be viewed as being involved in politics; 2) may not want to be highly visible, especially if they are in highly regulated industries; or 3) may be restricted by shareholder actions. This may mean that 501 (c) (4) and 501(c) (6) entities could receive funding for political activities from their for-profit members. In our case, 501(c) (3) entities are still banned from political activity as the tax laws have not changed under this decision. However,

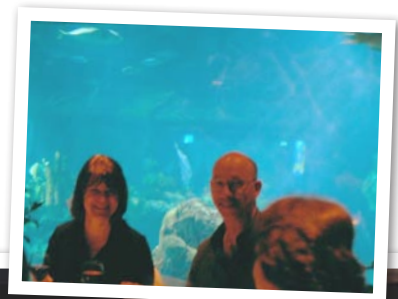
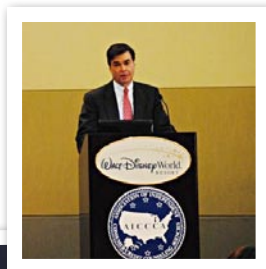
it is likely that the association or any of its members could provide general information regarding a proposed law or regulation on its web site and in other general communications. We still may not advocate for or against any candidate for office.

In an attempt to put some teeth back in the law, Senator Charles Schumer and Congressman Chris Van Hollen have introduced new legislation that is intended to: 1) Prevent foreign corporations (including those with U.S. facilities) from influencing U.S. elections; 2) Prevent government contractors from spending money on elections; 3) Prevent corporate recipients of TARP funds from spending money on elections; 4) Require corporate CEOs to identify that they are behind political ads (similar to politicians in their ads); 5) If ads are placed by “shadow groups” (this could be certain associations), the top corporate donors must appear in the ads they funded; 6) Prevent corporations from coordinating their activities with candidates or political parties; and 7) Significantly enhance the requirements for full disclosure of all political expenditures. In the current political environment, your guess is as good as mine as to whether this bill will pass or not.

AICCCA Mid-Winter Conference Report and Upcoming Conference Schedule

by Shari Bedker, Executive Director

Thank you to all the attendees, creditors, vendors and speakers who participated in AICCCA’s 17th Mid-Winter Conference in Orlando and made it such a successful conference!



As we are in the planning stages for the 17th Annual Conference, if you have any topics or speakers you think would be of particular interest to you and the other attendees, please email me at sbedker@aiccca.org. I really appreciate the attendees who took time to complete the post-conference survey. We received some excellent topic ideas and feedback.

Our **17th Annual Conference** will be held in Washington, D.C. on July 21-23, 2010 at the The Four Seasons Hotel, Washington, D.C. **D.C.'s only 4 star, 5 diamond hotel** Reduced Room Rate of \$245, until June 20, 2010 or block is full, whichever occurs first. For reservations, call 202-944-9157, reference "AICCCA 2010"

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!

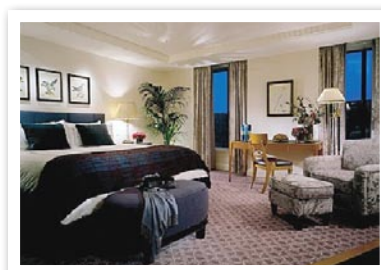


Like to plan ahead?!

The location for the **18th Mid-Winter Conference** has been confirmed! We will be at the SandPearl Resort (www.sandpearl.com) in Clearwater Beach, Florida, **January 19-21, 2011**. The SandPearl is a 4 diamond beachfront resort 15 miles from the Tampa airport. We have an extraordinary rate of \$199 per night that includes in-room and public space internet. The hotel has a full service spa PLUS restaurants, shopping and the beach are right outside the hotel doors!



We are back at the Four Seasons Hotel **for the 18th Annual Conference, July 20-22, 2011** (some of you may like it so much from July 2010, you may still be there!)



I look forward to seeing you in D.C., Florida (or both!) in 2010 and 2011.

CARD Act Transforms Consumer Credit Landscape as New Regulation of CCAs Remains Possible in Senate Financial Reform Bill

by Philip Corwin, AICCCA Credit Representative

When we published our last newsletter on pending legislative and regulatory developments:

- The House had just passed broad financial reform legislation that included creation of an independent Consumer Financial Protection Agency (CFPA) with direct regulatory authority over non-profit credit counseling agencies (CCAs) and enforcement authority for a wide range of existing consumer credit laws. Their version of the CFPA contains an Office of Financial Literacy with the power to establish certification standards for all providers of consumer financial education and counseling.
- Senate Banking Committee Chairman Chris Dodd had just withdrawn his original proposal for a companion Senate bill on financial regulatory restructuring and entered into bipartisan negotiations to attempt to reach consensus on a revised bill – with creation of the independent CFPA being the major sticking point between Republicans, Dodd, and the White House.
- The Federal Trade Commission (FTC) had completed a Public Forum on its proposed amendments to the Telemarketing Sales Rule to further regulate providers of for-profit debt relief services, with debt settlement activities as its principal target.

In the intervening months very little has changed on these matters – yet the entire landscape for consumer credit has been transformed as provisions of the historic CARD Act legislation regulating the credit card industry took effect on February 22, 2010, and the Senate seems poised to finally engage on a reform bill.

The major provisions of the Credit Card Accountability, Responsibility and Disclosure (CARD) Act substantially restrict the ability of credit card issuers to re-price credit that has already been extended. Interest rates cannot generally be increased during the first year after a borrower opens an account, and after that rate increases can only affect new charges. Any payments above the minimum due each month must be applied to the portion of unpaid debt subject to the highest interest rate. Issuers must provide card holders with at least 45 days notice of changes in interest rates and fees, with borrowers able to cancel the card before the changes take effect and pay it off under the old terms. Borrowers must affirmatively opt-in to conduct transactions that take them over their credit limit and thereby trigger fees – and those over-limit fees are capped at one per billing cycle. Finally, applicants under 21 years of age must either provide evidence of sufficient income or have a co-signer. The law also expands consumer disclosure in several ways.

Not surprisingly, and as was openly predicted by the card industry as the legislation was considered, issuers have changed many of their practices to maximize income and minimize losses in the context of these legislated changes of card pricing. Credit lines have been pared back – and accounts have been

canceled for the riskiest borrowers. Fixed interest rates have been changes to variable, and both interest rate and fee structures (including new fees for not using a card for a designated period of time) have been increased in advance of the law's effective date – according to creditcards.com, the average APR in mid-February was 14.2 %, up from 12.1 % six months prior, while rates for subprime borrowers had rocketed from 14.3% to 24.9% in the same period. And annual fees for having a card are swiftly returning after a long absence, with 35% of all cards now subject to them, and some issuers now charging application fees to those seeking a card. Meanwhile, zero interest balance transfer offers appear a thing of the past because of the new requirement directing all excess payments to the balance carrying the highest interest rate; in fact, many new balance transfer offers now contain transfer fees as high as 5% of the balance. Despite these defensive tactics the CARD Act is expected to reduce industry income by more than \$10 billion per year, at least in the short term. And the industry's ability to recoup at least part of that decline through higher interest rates and fees is in doubt given consumers' pullback on credit use and account consolidation in the face of continuing economic uncertainty.

From the viewpoint of credit counselors, the significance of all this is that borrowers, especially the most risky, will face a more difficult time aggregating very substantial debt balances before they run out of credit or their ability to repay, simply because unsecured credit will be harder to come by. Whether this results in fewer clients seeking assistance from CCAs – but perhaps with greater ability to structure a workable DMP – remains to be seen.

While unintended, media attention to card industry practices as the CARD Act took effect has played directly into the continuing debate on the CFPA. The Senate bill's progress has been a cliffhanger. Chairman Dodd appeared on the verge of introducing another partisan bill in February (albeit one including compromises on several key issues worked out by bipartisan duos of Banking Committee members) when Sen. Corker announced that he was entering into negotiations with Dodd - after Ranking member Shelby walked away over CFPA independence – and was willing to be the only Republican to vote for a bill if need be. Shelby subsequently returned to final discussions and a new bill is expected to be introduced in the first week of March. Latest reports indicate that both Dodd and the Obama Administration are no longer wed to the CFPA being a stand-alone independent agency – but are willing to see it housed within the Treasury Department or a new consolidated banking regulator only if it has significant autonomy and robust enforcement authority. Whether even Senator Corker can vote for that remains to be seen.

The stark differences in viewpoint are well illustrated by two dueling editorials of February 25, 2010. *The Wall Street Journal* opined:

President Obama's financial consumer agency would have the power to set its own budget, collect fees, dictate how financial products are structured and sold, demand unlimited information from banks, and judge products as "abusive" or "unfair," no matter how many consumers want them—all without regard to the safety and soundness of the banks that offer them.

The new agency would not replace all the other banking regulators. Instead it would supplement them, ensuring conflicting directives to the regulated banks. For these reasons and more, the idea has stirred opposition from small-town bankers and skeptical taxpayers...

In the Senate, the ranking Republican on the Banking Committee, Richard Shelby, has been willing to give consumer regulators a voice alongside safety-and-soundness experts within a new bank regulator. But he's not willing to let consumer protection trump all other concerns. We're guessing Mr. Dodd would have gone for Mr. Shelby's deal until Team Obama made clear that an independent bureaucracy, free from the constraints of sound banking, was essential.

If Senate discussions now yield anything like the planned Obama consumer regulator, the result will be huge new costs for the economy and unknown risks for the taxpayer. Wall Street couldn't care less, but Main Street will pay the bill for this experiment for many years to come.

The New York Times saw things quite differently:

The Credit Card Accountability, Responsibility and Disclosure Act, signed into law last spring, was supposed to put an end to many of the deceptive practices that allowed credit card issuers to bleed customers dry. The most important provisions went into effect earlier this week, but credit card companies have already found ways to evade the law. Congress and federal regulators need to do a lot more.

For starters, that means creating a strong and flexible Consumer Financial Protection Agency that could react quickly to all-too-common scams and evasions. The bill that would create this agency has passed the House, but it is being stonewalled by Senate Republicans under heavy lobbying from the financial industry...

Congress cannot pass a new law for every new scam the industry comes up with. What the country clearly needs is a strong, fully engaged Consumer Financial Protection Agency that protects Americans from abusive, deceptive and predatory lending practices.

Senate Republicans who continue to block this essential reform — putting the interests of the financial industry ahead of American consumers — should pay a political price for their misplaced priorities.

It is difficult to imagine that the 111th Congress can end without enactment of any financial reform legislation in the wake of the greatest financial crisis since the Great Depression. Politicians facing re-election would certainly like to check this box before facing the voters. And the banking and securities sector would generally welcome the certainty of knowing what the new rules will be rather than seeing this debate spill into the next Congress -- and also hope that reform bill enactment will mark the beginning of a reduction in public ire toward "Wall Street", especially if a bill credibly ends "too big to fail" and the

prospect of future bailouts. But bankers are also loathe to permit the creation of an agency with far-ranging regulatory authority, independent of explicit Congressional direction and safety and soundness concerns, to dictate the marketing and pricing of consumer financial products.

For CCAs, the critical question remains less whether there is a CFPA or some other new consumer agency, free-standing or not, but whether it has a new grant of authority to foist another layer of regulation on the non-profit counseling industry. For the answer to that, stay tuned. Meanwhile, AICCCA will continue to do its best to assure that non-profit agencies are not subjected to unnecessary and burdensome new regulatory requirements that divert financial and management resources away from serving clients in dire financial need.

What Creditors Want Now

by Mike Morency, Peregrin Services

The so-called “Great Recession” has taken its toll on the economy and the consumer. In the same time, Banks (Issuers) have not been able to focus on helping consumers with new products, services, and strategies because nearly all of their efforts have been focused on compliance. Since the CARD Act was enacted in 2009, not many non-compliance projects made it to the priority list ahead of CARD Act items. Now that most of the CARD Act requirements are in place, creditors will turn their attention back to the business of credit, collections, and recovery. After all, charge-offs are the highest ever right now.

Counseling Vs. DMP Enrollment

So what do card issuers expect from you going forward? First, credit counseling must offer real solutions, because banks must find ways to help people pay their debts. If an agency is to be a counselor, banks want to see the value of that counseling (versus other collections strategies, for example). Does it help my consumer avoid charge-off or bankruptcy to get counseling? Does counseling help the bank as well or better than other techniques? If you are a good counselor, how about you do the counseling and I’ll do the collecting? Are you being a resource (a “go-to”) or are you being a “broker”? Here’s the deal: If your agency is doing “token” counseling, really just enrolling people in DMP’s, then as a creditor I’m going to look for other ways to get that consumer to make those payments at a lower cost. (Quick test on your counseling versus your DMP enrollments: How much time do you spend after the counseling session with those who don’t sign up for a DMP?)

Proof of counseling value

On the other hand, if your agency is doing counseling, showing people how to repay even if they don’t get onto a DMP, you are really are helping the bank’s collectors. But the bank can’t just believe you about your counseling – they need proof. (And that is a tragedy of the credit counseling industry: There is a dearth of data to prove that counseling actually helps, and even more of a shortage of data to show that one agency’s methods of counseling and followup are any better or worse than any other agency.)

Or prove your DMP cost/benefit

So the difference then comes down to DMP's and a simple cost/benefit comparison. Is the amount that you recover through DMP's greater than what I could collect on the same population. Into this equation must balance fairshare, the cost of any benefits provided, any increase in losses by consumers who did not modify behavior once pressure was relieved by going onto a DMP, additional losses incurred by potentially ineffective payment compliance techniques by your agency (aka retention), and a host of other tradeoffs, including potential losses the bank might experience if counseling was not available to consumers in trouble. And that is matched up against real numbers, such as projected recoveries against charge-offs, known settlement values, even what debt buyers will pay for "uncollectible" debt.

How will you be differentiating your agency and your association? That's what creditors want now. That's what you need now.

Consumer Complaints Spur Government Action and Focus on Financial Education

by Jonathan L. Pompan, Esq., Venable LLP, Washington, D.C.

The role of credit counseling agencies in assisting consumers in financial distress has received a lot of positive government and media attention. Before the economic crisis, the public most often heard about credit counseling only in the context of broader discussions about consumer debt and repayment alternatives or bankruptcy.

Now the stories are focused on how counseling services are making a difference in the lives of consumers and of the government and credit counseling agencies working together. The President, Congress, state and local officials have all turned to credit counseling agencies to assist consumers in financial distress with services such as housing counseling, budget counseling, financial literacy and more.

Everyone in the credit counseling sector can cite examples, big and small, of how credit counseling agencies are relieving the burdens of government and providing needed services to consumers. Further, consumer need and government mandates on the industry to address credit and debt issues outpace public grant money and funding from other sources.

But at the same time, complaints of consumer fraud related to credit and debt is on the rise. According to a recently released report by the Federal Trade Commission ("FTC" or "Commission"), the top complaints filed by consumers last year with the FTC were:

FTC 2009 CONSUMER COMPLAINTS BY CATEGORY

Rank	Category	No. of Complaints	Percentages
1	Identity Theft	278,078	21%
2	Third Party and Creditor Debt Collection	119,549	9%
3	Internet Services	83,067	6%
4	Shop-at-Home and Catalog Sales	74,581	6%
5	Foreign Money Offers and Counterfeit Check Scams	61,736	5%
6	Internet Auction	57,821	4%
7	Credit Cards	45,203	3%
8	Prizes, Sweepstakes and Lotteries	41,763	3%
9	Advance-Fee Loans and Credit Protection/Repair	41,448	3%
10	Banks and Lenders	32,443	2%
11	Credit Bureaus, Information Furnishers and Report Users	31,629	2%
12	Television and Electronic Media	26,568	2%
13	Health Care	25,414	2%
14	Business Opportunities, Employment Agencies and Work-at-Home Plans	22,896	2%
15	Computer Equipment and Software	22,621	2%
19	Debt Management and Credit Counseling	13,401	1%

Source: Federal Trade Commission Consumer Sentinel Network Data Book (February 2010) (available at <http://www.ftc.gov/sentinel/reports/sentinel-annual-reports/sentinel-cy2009.pdf>)

As the above chart shows, about 24% of all complaints logged over the past year were related to credit and debt categories (See #2, 5, 7, 9, 10 and 11 above).

Interestingly, however, the report shows that while financial related services are spurring complaints, debt management and credit counseling were toward the bottom, ranking 19th out of 30 primary categories that are tracked. In fact, complaints specifically about credit counseling were lower than those of credit cards, debt collectors, banks and lenders and nearly two-thirds of the all other categories. While the FTC's report is just one barometer of what consumers are encountering, a closer look at the numbers shows just how dramatic the differences are among some of the categories.

FTC Consumer Sentinel Network Complaints Selected Category Details CY 2007 through 2009

Product / Service	CY- 2007	Percentage	CY - 2008	Percentage	CY - 2009	Percentage
Credit Cards	7,030	0.67 %	13,237	1.08%	45,203	3.40 %
Third Party and Creditor Debt Collection						
Creditor Debt Collection	20,097	1.91 %	26,643	2.17%	32,182	2.42 %
Third Party Debt Collection	71,011	6.76 %	78,914	6.44%	88,263	6.63 %
Count/Percentage:	<u>89,940</u>	<u>8.56%</u>	<u>104,746</u>	<u>8.55%</u>	<u>119,549</u>	<u>8.99%</u>
Banks and Lenders	26,279	2.50%	22,948	1.87%	32,443	2.44%
Debt Management\Credit Counseling	3,421	0.33 %	6,758	0.55%	13,401	1.01 %

Source: Federal Trade Commission Consumer Sentinel Network Data Book (February 2010) (available at <http://www.ftc.gov/sentinel/reports/sentinel-annual-reports/sentinel-cy2009.pdf>)

It is against this backdrop that the FTC recently announced that it has stepped up efforts to protect consumers affected by the economic downturn with increased outreach and enforcement. The FTC also has requested additional authority to make the agency “more effective.”

For example, the FTC and other governmental agencies and national consumer groups kicked off National Consumer Protection Week (“NCPW”) on Monday, March 7. For the week, the FTC and its partners have taken a page from the mission of consumer credit counseling agencies and adopted a theme of “Dollars & Sense: Rated “A” for All Ages.” NCPW 2010 promotes free resources to help people protect their privacy, manage money and debt, avoid identity theft, understand credit and mortgages, and steer clear of frauds and scams.

The screenshot shows a web browser window displaying the National Consumer Protection Week 2010 website. The browser's address bar shows the URL <http://consumer.gov/ncpw/>. The website's header includes navigation links for 'Wikipedia', 'Google', 'Weather', 'Temps by hour', 'MapQuest', 'T-Mobile HotSpot', 'Gmail', 'Apple', '.Mac', 'News (1159)', and 'Panera Duke'. The main content area is titled 'Your ticket to National Consumer Protection Week 2010 March 7-13' and features a large blue badge that reads 'Dollars & Sense RATED A FOR ALL AGES'. Below the header, there is a navigation menu with links for 'Home', 'Blog', 'For Kids and Parents', 'For Everyone', 'For Businesses', 'International', 'About Us', and 'Outreach Toolkit'. The main content area is divided into several sections: 'National Consumer Protection Week 2010' with a sub-section 'Dollars and Sense: Rated "A" for All Ages' highlighting consumer education resources; 'NCPW Events' with a link to the 'NCPW Events page'; 'Outreach Toolkit' with a link to the 'Outreach Toolkit'; and 'Featured Resource' with a link to a resource titled 'DELIVERING TRUST/DELIVERING JUSTICE'. A sidebar on the right contains a search box and two sections: 'Recent Blog Posts' with links to various articles, and 'Blog Topics' with a list of categories including Banking, Credit and Debt, For Business, For Kids, Health, Identity Theft and Privacy, Money, NCPW, and Scam Watch.

Perhaps more importantly, however, is the FTC’s ongoing enforcement activities. For example, the FTC and state Attorney Generals have launched a coordinated enforcement effort to shut down mortgage loan modification companies that charge up-front fees and allegedly provide little or no services.

Combined, federal and state law enforcement agencies have brought well over 100 cases against such advertisers within the last year. In addition, the Commission has brought over nineteen lawsuits against for-profit debt relief companies, including five in the last year. The FTC and states also have actively pursued cases involving credit repair, economic stimulus, debt collection and credit card marketing, to name a few.

Further, the FTC is in the process of formulating new rules to address unfair or deceptive practices in mortgage assistance relief services, mortgage advertising and servicing, and debt relief services. Also, in conjunction with the federal banking agencies, the FTC is considering additional rules to protect the privacy of consumers' sensitive financial information.

All this is within the background of a larger debate concerning the Commission's scope of authority. At the end of last year, the House of Representatives passed a bill that would expand the Commission's authority as a part of H.R. 4173, the Wall Street Reform and Consumer Protection Act. That bill would grant the Commission broader powers, including new rulemaking and independent litigation authorities. The Senate is expected to address these issues through FTC reauthorization legislation, which would likely be considered separately from the Senate's financial reform legislation. Depending on what happens, the two bills would likely be married on the Senate floor at a later date.

Considering the number of consumers in need and the demand for services, the government and others ought to increase their financial support for counseling. In the meantime, the FTC and state Attorneys General are especially active in policing debt related services. Even Congress is posed to potentially enhance the FTC's authority in this area (even if it does not create a new "Consumer Financial Protection Agency"). For credit counseling agencies, the takeaways are relatively straightforward: (1) continue to focus on education and counseling; (2) ensure complaints remain low; (3) continue to comply with federal and state law; and (4) seek to educate policymakers to avoid unintended consequences of regulations intended to protect consumers.

Jonathan L. 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. For more information, please contact Mr. Pompan at 202.344.4383 or jlpompan@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.

AICCCA in the News

by Ken Scott, AICCCA Press Representative

AICCCA members and Dave Jones continue to appear regularly in the national media. Recently Dave Jones was interviewed for an Associated Press print piece regarding consumers who are facing financial strain due to taking care of older parents. Dave was also interviewed twice by WalletPop.com for stories about the CARD Act. We continue to make requests to the membership for clients to help reporters personalize their stories. We appreciate the efforts of the membership to identify and send us clients willing to participate. It is a great boost to the credibility of the hard work that all AICCCA members do on behalf of consumers to have their positive experiences included in media stories.

Most Americans Do Not Check Their Credit Reports Annually According to CESI Debt Solutions Poll

Submitted by AICCCA Member CESI

Most credit counselors advise checking your credit report once a year. But according to a recent CESI Debt Solutions survey, only 47 percent of Americans reported that they check their credit report annually.

A startling 19 percent said they *never* check their credit report.

“This is an alarming statistic for us,” said Neil Ellington, executive vice president of CESI Debt Solutions. “Many credit reports have errors, and it is important that people track their finances and the accuracy of what the creditors are reporting.”

People may not check their reports because they don’t know how, and think it will impact their rating, he said.

“We hear from clients who have lots of incorrect information about credit reports,” Ellington said. “There are several commonly held beliefs that simply are not true.”

Below are the most common myths CESI counsellors encounter.

Myth #1

“If I check my credit report, my credit rating will go down.”

This is absolutely false. Checking your credit report directly with the credit bureaus will not have a negative impact on your report or score. However, applying for credit can affect your credit rating, so be sure to talk to creditors about that when applying for a car loan, student loan, mortgage or credit card.

Myth #2

“FreeCreditReport.com is the best place to receive a copy of my credit report at no charge.”

Not true. AnnualCreditReport.com is the only official site endorsed by the three national consumer credit reporting companies. It allows you to receive one free credit report each year from each of the three national consumer credit reporting companies.

Myth #3

“My credit report and my credit score are the same thing.”

Wrong. You can receive a free copy of your credit report, but your credit score is not included in this, and there is a small fee to receive it. Your credit score is a reflection of your credit report, and it can vary according to the consumer credit company determining your score.

If you're interested in speaking with a credit counselling expert from CESI, I'd love to connect you with either the CEO (who founded CESI more than a decade ago) or Ellington, the executive vice president who is a 22-year veteran of the finance industry. They can share more myths, questions and insight, as well as elaborate on the information included here.

Homelessness Prevention and Rapid Re-Housing Program is assisting individuals nationwide

Submitted by AICCCA Member Novadebt

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009, which includes \$1.5 billion for a Homelessness Prevention Fund. The purpose of the Homelessness Prevention and Rapid Re-Housing Program (HPRP) is to provide homelessness prevention assistance to households who would otherwise become homeless, many due to the current economic crisis, and to provide assistance to rapidly re-house persons who are homeless. Program resources are targeted primarily to serve households that are in need of temporary assistance and are most likely to achieve financial stable housing, whether subsidized or unsubsidized, outside of HPRP after their program participation concludes. HPRP is focused on housing for homeless and at-risk households. It provides temporary financial assistance and housing relocation and stabilization to individuals and families who are homeless or would be homeless but for this assistance.

The funds allocated under this program are intended to target two populations of individuals facing housing instability:

- The first are individuals or families who are currently in housing but are at risk of becoming homeless if they do not receive temporary rent or utility assistance.
- The second are individuals or families who are experiencing homelessness and need temporary assistance in order to obtain housing and retain it.

The Homelessness Prevention and Rapid Re-Housing Program is NOT a mortgage assistance program. Congress has established other programs to assist those individuals experiencing hardship with the current mortgage crisis.

Novadebt has recently become a participating agency in providing case evaluation and counseling for this program for Monmouth County, NJ residents. We are excited to have been selected to help assist individuals who meet the eligibility requirements. Granted funds have been allocated for these purposes to states, metropolitan cities, urban counties and territories. You may visit the HUD web site at www.HUDHreinfo.org for the complete list of selected HPRP grantee agencies.

In order to receive HPRP-funded financial assistance and/or Housing Relocation and Stabilization services, households must at least meet the following minimum criteria:

1. The household must receive at least an initial consultation and eligibility assessment with a case manager or other authorized representative, such as the designated Novadebt Freehold, NJ counselor, who can determine eligibility and the appropriate type of assistance needed.
2. The household's total income must be at or below 50 percent of Area median Income (AMI) as designated by HUD.
3. The household must be either homeless (for rapid re-housing assistance) OR at risk of losing its housing (for homelessness prevention assistance) AND meet both of the following criteria:
 - a. No appropriate subsequent housing options have been identified
 - b. The household lacks the financial resources and support networks needed to obtain immediate housing or remain in its existing housing.

Additionally, program participants who receive HPRP services lasting longer than 3 months must be evaluated and certified per the above criteria at least once every 3 months. It is the goal of this program to present an opportunity to transform the homelessness assistance system in the community from one focused on crisis and emergency assistance (with shelter being the center of service delivery) to one in which housing stability and rapid re-housing are the focus.

New Credit Card Rules Aimed to Help Consumers Could Hurt Them

Submitted by AICCCA member CESI

In February, the second wave of pro-consumer credit card laws go into effect as a result of the Credit Card Act. The intent is to protect credit card holders from abusive fees, penalties, interest rate increases and other changes to terms and conditions. But there are potential pitfalls to the new laws that consumers need to understand.

“If you don’t normally read the information that comes with your credit card statement, you need to start,” said Neil Ellington of CESI Debt Solutions. “Many consumers don’t even know changes are coming.”

According to a recent CESI Debt Solutions survey*, more than one third (36%) of Americans are unaware of the changes that start next month.

Here are two things to be ready for:

Consumers may unknowingly opt-in to changes in credit card terms – and fees

Buyer beware: Always read the fine print in your credit card statement, and don’t toss anything until you are certain it is junk mail.

As of Feb. 22, 2010, credit card companies may no longer impose fees that would put the account over the set limit – unless, the cardholder has agreed to the processing of over-the-limit transactions as a fee. What may catch consumers off guard is that the option to opt-in to receive this “benefit” may be contained within a monthly statement or mailing, and may automatically take effect unless the cardholder opts-out.

“We all heard what you don’t know can hurt you, but what you don’t do can hurt you as well,” said Neil Ellington, CESI Debt Solutions executive vice president. “When you receive ‘account information’ mailers from your credit card company it may appear like too much information, but if you don’t respond you may miss a chance to better your financial situation. The main option will be to determine if you want to ‘opt-in’ to over limit fees. If you already tossed the material you can contact your credit card issuer to get the details on your account.”

It is also important to be wary of calls from creditors asking for your verbal verification to terms on anything.

“When your credit card company calls always ask if they can handle this transaction thru the mail or from their Web site, the answer will inevitably be, ‘yes you can,’” said Ellington. “Then, you’ll have a chance for you to digest the information at your own pace, and you’ll have a detailed track record of your decision.”

87% of Americans report that they are unwilling to co-sign for someone under 21

Also starting this February, consumers under the age of 21 will be required to provide a co-signer on all credit card applications as assurance that debt will be repaid. The national law is being put into place to protect college students and young people from unsolicited credit card offers and also the tendency to accumulate significant debt without the ability to pay it off.

So, will this new law hinder people under the age of 21 from getting a credit card? Results from a new survey show the answer may be a resounding ‘yes.’

According to a recent CESI survey, 87% of the 426 respondents reported that they would be “unwilling to co-sign for someone under the age of 21 to get a credit card,” compared with 10% who said they would co-sign and 3% that responded not applicable.

Here’s the breakdown:

Women were slightly more likely to co-sign than men. Of those respondents who are 30- to 45-years-old, 95% reported they would not sign; 91% of those 46- to 65-years-old reported the same, as well as 93% of those older than 65. Only 42% of respondents 18 to 29 said they wouldn’t co-sign, and 55% said they would (leaving 3% answering N/A). Hispanics were more likely than those who are white, black or “other” to say that they would co-sign.

When asked about practical tips that consumers should consider if they are signing for someone, Neil Ellington, executive VP of CESI, had this to say, “This may bring a new set of problems with co-signers being on the hook for charges that they were not aware of. So, we suggest that co-signers keep the credit limit to a level they feel comfortable repaying if they need to.”

Ellington added, “Another concern is that this provision of the law may make younger applicants seek unconventional sources of lending like payday lenders or pawn shop loans.”

*The CESI Debt Solutions survey was conducted by Public Policy Polling and surveyed 426 Americans during December 28-29, 2009.

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AICCCA’s Members operate over 250 individual offices in 38 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.

