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Save the Date for 16th Mid-Winter Conference

Our next conference will be January 21-23, 2009 ON SOUTH BEACH in Sunny Miami, Florida! We have a wonderful price (about half the price of other beachfront hotels) for accommodations and have reserved a block of beachfront rooms, while available. So, plan for it now and be there for the industry's best credit counseling venue. It's sure to benefit your agency and your employees far beyond the cost to participate. For Hotel Reservations, contact The Palms South Beach at 800-550-0505 and ask for the AICCCA block of rooms for the reduced rate of \$209 single/double.

Mark Your Calendars! July 15-17, 2009 AICCCA's 16th Annual Conference.

We once again have reserved rooms at the beautiful, centrally located J.W. Marriott Hotel in the heart of Washington, D.C. for AICCCA's 16th Annual Conference. To make reservations before the hotel fills up, please contact the hotel at 202-393-2000 and ask for the AICCCA block of rooms. The reduced rate is \$279 single/double until June 23, 2009 or the block is filled, whichever comes first.

President Bush visits AICCCA Member Novadebt to promote the Hope Now Alliance

By Joel Greenberg, Novadebt

On March 28, 2008 President George W. Bush visited AICCCA member agency Novadebt to promote the Hope Now Alliance. This initiative was first announced by the President at the end of 2007. It is a partnership of counseling agencies, loan servicers and government agencies created to help homeowners facing mortgage default during the current crisis.

President Bush spent nearly 2 hours at Novadebt's home office in Freehold, New Jersey. He led a roundtable discussion with members of the Hope Now Alliance and heard the stories of 2 individuals whose mortgages were saved through the efforts of the Home Ownership Preservation Foundation Hotline 888-995-HOPE. This hotline has handled hundreds of thousands of calls since its inception and has been able to obtain loan modifications for over 35% of those callers.

After the roundtable meeting, the President was given a tour of the office and met most of the 150 employees on the premises. He wound up his visit with a press conference where he encouraged the use of the 888-995-HOPE hotline number and introduced the two homeowners who were helped by the Hope Now Alliance. On conclusion, the President stopped for a line of photo opportunities and then he was off with the Marine One helicopter contingent.

Reverse Mortgages and Counseling

By Chuck Stanley, Money Management International

Reverse mortgages and reverse mortgage counseling are hot topics in the counseling world these days. Here is some information about both:

Reverse Mortgages: Reverse Mortgages are a way for seniors, age 62 or higher, to access the equity they have established in their home. In general the senior can take monthly payments or establish an equity credit line. The loan does not require payment until after the senior passes away so the senior does not have to make payments on the loan, but can still live in the home. The home must be the primary residence of the senior. There are two general categories of reverse mortgage loans: Home Equity Conversion Mortgages (HECMs) and proprietary products. HECMs are the most common product in the market and are HUD backed loans. Proprietary products are being introduced at a rapid pace and are the fastest growing part of the market. In order to take out a HECM loan, HUD requires seniors to receive counseling from a HUD approved counseling agency. Proprietary lenders have also followed suit and generally see the value of educating seniors before they enter into a loan.

Reverse Mortgage Counseling: In order to provide reverse mortgage counseling, an agency must be a HUD approved, housing counseling agency. HECM counseling follows a strict protocol regulated by HUD. The average session runs 60 to 90 minutes and provides a wide variety of required information to seniors. HUD has recently asked a number of agencies to test a new, more involved and complex counseling protocol that will be put into effect later this year. As of October 1st, all counselors who provide HECM counseling must be HUD HECM certified. The testing is quite involved and only about 60% of those who take the test pass it the first time, so be sure to study hard! Annual update training is provided by AARP and NeighborWorks in order for counselors to maintain their certification. Many seniors prefer and request in person counseling, phone counseling is also permitted, however, Internet counseling is not allowed by HUD for reverse mortgage counseling. Funding for reverse mortgage counseling, in the past, primarily came from HUD grants and lender funding but was inconsistent at best. HUD recently announced, in a Mortgagee Letter, that borrower pay is now allowed but the maximum amount of \$125 is recommended and hardship allowances must be made to waive the fee for seniors who cannot afford to pay. A new law was recently passed and signed into law that prohibits lenders from funding reverse mortgage counseling.

For more information on Reverse Mortgages you should go the web site for the National Reverse Mortgage Lenders Association at www.nrmlaonline.org. For more information regarding reverse mortgage counseling go to the HUD website at www.hud.gov or the website of the National Housing Counseling Association at www.learnreverse.org.

Congress Enacts Housing Rescue Package with Significant Role for Counselors

By Philip S. Corwin, AICCCA Creditor Representative

On July 30th President Bush signed Public Law 110-289, the "Housing and Economic Recovery Act of 2008" (HERA). Members of the House and Senate overcame their usual partisan differences to pass the final bill by votes of 272-152 and 72-13 respectively, and the White House backed off an earlier veto threat over a provision authorizing \$4 billion in state and local government block grants to redevelop abandoned and foreclosed homes, The political and economic stakes were simply too high for Congress to leave for a longer-than-usual summer recess – and the two national party conventions – without taking decisive legislative action aimed at stemming the continued nationwide decline in home prices, and calming the financial markets' concerns that the housing market's bottom, and the full tally of collateral damage, will not be reached until well into 2009.

One key HERA provision for the financial education and credit counseling sector is its authorization of \$100 million for the Neighborhood Reinvestment Corporation (NRC) to engage in foreclosure mitigation activities. AICCCA member agencies seeking to participate in this effort must coordinate with non-profit organizations operating national or statewide toll-free foreclosure prevention hotlines. Other counseling-related provisions require HUD to establish and conduct a demonstration program to test the effectiveness of alternative forms of pre-purchase homeownership counseling for eligible homebuyers, and the Secretary of Defense to develop a counseling program to prevent or forestall foreclosures of homes owned by military personnel.

HERA's centerpiece is a new Federal Housing Administration (FHA) Hope for Homeowners program, with the FHA provided with \$300 billion in new insurance authority to facilitate the purchase and refinancing of troubled mortgages where the noteholder agrees to a significant write-down on the face amount owing and where the assisted homeowner agrees to share fifty percent of future equity appreciation with the government. Eligible mortgages must have been originated prior to January 1, 2008, and the principal amount of the new loan cannot exceed \$550,440. Best estimates are that this new authority will assist up to 400,000 troubled homeowners; while significant, it still represents just a small portion of mortgages in jeopardy – 1 in 171 U.S. households received a foreclosure filing in the second quarter of 2008 alone, and those 740,000 properties were more than the double the number in the corresponding quarter of 2007.

The housing crisis also brought an end to a years' long struggle to impose stiffer regulation and capital requirements on Fannie Mae and Freddie Mac, the two government sponsored enterprises (GSEs) that stand behind a combined total of \$5 trillion in mortgage backed securities. The stock value of the two GSEs has declined more than ninety percent from their highs, after accounting scandals forced them to restate \$billions in earnings, and as their dwindling capital looked increasingly insufficient to support their tarnished portfolios. HERA essentially authorizes a government bailout of the GSEs by eliminating the prior \$2.25 billion ceiling on their line of credit from the government; providing the Treasury Department with the authority to purchase equity in them; and allowing the Federal Reserve to consult with their new independent regulator, the Federal Housing Finance Agency (FHFA), in regard to capital standards and other safety and soundness measures. While welcome, other HERA provisions regarding Fannie and Freddie appear to be at odds with the goal of strengthened capital – for example, it increases the conforming loan limit for mortgages available for purchase by them to \$625,000, and siphons off a small portion of their income flow for a new Affordable Housing Trust Fund to subsidize the Hope for Homeowners program as well as a new homeownership assistance for low-income individuals (otherwise known as subprime borrowers). As of late August it was not yet clear whether the capital markets would provide sufficient new funding to the GSEs to eliminate any need for the Treasury to actually use its bailout authority. Should the government be forced to actually provide a large equity infusion to prevent their collapse it will surely set off a new and heated inside-the-beltway debate over whether Fannie and Freddie should be nationalized, or be broken up and fully privatized as much smaller entities lacking any implicit government backing in the future.

Other significant provisions of HERA include amendments to the Truth-in-Lending Act to improve mortgage disclosures, and the establishment of a national licensing and registry system for all residential loan originators.

It will be some time before HERA's ability to stabilize the housing and financial markets can be assessed. What is abundantly clear, however, is that for the second time in three years, following on the enactment of bankruptcy reform in 2005, Congress has made financial counseling a key component of legislation aimed at assisting troubled borrowers. And this time they have backed up that directive with a \$100 million authorization.

Public Relations News

By Ken Scott, AICCCA Press Representative

Dave Jones was interviewed for a story on Creditcards.com regarding the second annual Creditcards.com "Taking Charge" telephone poll. Dave was one of several experts interviewed to speak to the issues regarding credit cards raised by the poll. One such issue was that three out of four persons polled wanted the government to regulate the credit card industry more closely. Dave's quotes on the topic: "The credit card industry has been given ample opportunity to police itself." "The ABA and the large credit card companies have tremendous amount of clout and the very best people in the business lobbying on Capitol Hill. We're fighting some huge and powerful lobbies and I don't know if that can be overcome or not." Read the entire story at <http://www.creditcards.com/credit-card-news/taking-charge-survey-regulation-1276.php>

Recently, we coordinated interviews with several member agency counselors and Creditcards.com for an additional story regarding the "Taking Charge" poll. The story is expected to be published in September.

Upcoming Events • How to Join AICCCA • www.aiccca.org

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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.

September 2008

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