



# National Association of Certified Credit Counselors

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## Certified Debt Specialist Outline

1. Book one: The power of negotiation
  - a. Section I: The industry
    - i. History of debt settlement
    - ii. The debt settlement process
      1. Notifying the creditors
      2. Establishing a savings account
      3. Paying the creditors
    - iii. The debt settlement client
      1. Communicating with creditors
      2. Budget counseling
    - iv. Debt settlement versus debt management plans
  - b. Section II: Negotiation and conflict management for the debt settlement industry
    - i. Nature of conflict
      1. Parties involved
        - a. Creditor
        - b. Debtor/client
        - c. Debt specialist
      2. Figure 1: Different needs of parties
      3. The costs of conflict
        - a. Decreased productivity
        - b. Lowers morale and motivation
        - c. Paralyzes the decision-making process
        - d. Competitive processes
        - e. Misperception and bias
        - f. Emotionality
        - g. Decreased communication
        - h. Blurred issues
        - i. Rigid commitments
        - j. Magnified differences, minimized similarities
        - k. Escalation of the conflict
    - ii. Ways to resolve conflict
      1. Understand your conflict management style
        - a. Yielding/accommodating
        - b. Avoiding/inaction
        - c. Competing/domineering
        - d. Collaborating/problem solving
        - e. Compromising
        - f. Figure 2: The Dual Concern Model

2. Issue importance
  3. Time pressure
  4. Relationship importance
  5. Handle your emotions
    - a. Communication differences
    - b. Structural differences
    - c. Personal differences
  6. Negotiate
- iii. Negotiation
1. The nature of negotiation
  2. Planning for negotiations
    - a. Set goals
    - b. Set limits, target, and opening bids
    - c. Establish bargaining mixes
    - d. Figure 3: The bargaining zone
    - e. Understand your alternatives
    - f. Define your underlying interests
    - g. Understand the flow of negotiation
    - h. Assess your constituencies
    - i. Analyze the other party
    - j. Choosing strategies and tactics
    - k. Figure 4: Choosing a strategy
- iv. Distributive negotiations
1. Softball tactics
    - a. Make extreme offers and small concessions
    - b. Avoid take-it-or-leave-it approaches
    - c. Change your counterpart's resistance point by influencing their beliefs about the value of the deal
    - d. Guard information carefully and try to get as much information from the other party
    - e. Manage your emotions
    - f. Make them feel that the settlement point is the best they can get
    - g. Avoid commitments
    - h. Provide alternatives
    - i. Assume the close
    - j. Explode offers
    - k. Use sweeteners
  2. Hardball tactics
    - a. Good cop/ bad cop
    - b. Lowball/highball
    - c. Bogey
    - d. Nibble
    - e. Chicken

- f. Intimidation
- v. Integrative negotiations
  - 1. Depersonalize the problem
  - 2. Focus on interests, not positions
  - 3. Create a list of possible options by redefining the problem set
  - 4. Table 1: Refocusing the problem set
  - 5. Brainstorm
  - 6. Take time out to cool off
  - 7. Explore your differences
  - 8. Keep decision tentative until all aspects of the final settlement are complete
  - 9. Validate the other's perspective
  - 10. Be motivated and committed to work together
  - 11. Reframe the negotiation situation
    - a. Point out the advantage of adopting a different frame
    - b. Point out the disadvantage of the current frame
    - c. Use stories, analogies, or metaphors to help the other party reframe
    - d. Table 2: Types of frames
- vi. Negotiation with problem people
  - 1. Types of problem people
    - a. Bullies
    - b. Avoiders
    - c. Withdrawers
    - d. High rollers
    - e. Wad shooters
  - 2. Ways to deal with problem people
    - a. Get their attention
    - b. Call a spade a spade
    - c. Put their fears to rest
    - d. Insist on playing by the rules
    - e. Put the ball in their court
    - f. Use the silent treatment
    - g. Do the sidestep
    - h. Meet the enemy head-on
    - i. Refuse to be punished
    - j. Ask questions
    - k. Point out the consequences

Appendix A: Self-assessment: Your conflict management style

Appendix B: The negotiator quiz

Appendix C: The planning process

## 2. Book two: Keys to Success

### a. Module One: Defining the role of the financial counselor

#### i. Unit one: The components of financial well-being

1. Self-assessment: Financial well-being checklist
2. Objective and subjective measures of financial well-being
3. Self-assessment: Money and you

#### ii. Unit two: Establishing the client/counselor relationship

1. Five stages of counseling
2. Process and outcome goals
  - a. The human/business model
  - b. Interactive scenario
  - c. Exercise 1: Best and worst interactions
3. Five types of communication
4. Common barriers to communication
5. Ten ways to improve communication

#### iii. Unit three: Rapport building

1. Essential components
  - a. Empathy
  - b. Genuineness
  - c. Positive regard
2. Developing empathy
  - a. Understand the effects of counseling on clients
  - b. Increase awareness and sensitivity of client cultural differences
3. Conveying genuineness
  - a. Self-disclosure
  - b. Immediacy
4. Showing positive regard
  - a. Enhancing statements
  - b. Non-verbal behaviors

#### iv. Unit four: Active listening

1. The components of active listening
  - a. What you say
  - b. What you do
  - c. What you observe
2. Reflective and non-reflective listening
  - a. Exercise in creating reflective statements
  - b. Four specific techniques for reflective listening
  - c. Examples of non-reflective listening
3. Verbal statements and verbal behavior
  - a. Exercise in identifying client emotions
  - b. Listening skills self-assessment

#### v. Unit five: Asking the right questions

1. Habits of good interviewers
2. Open-ended questions

- a. Reasons for asking open-ended questions
    - b. Examples of open-ended questions
    - c. Exercise for creating open-ended questions
  - 3. Closed-ended questions
    - a. Reasons for asking closed-ended questions
    - b. Exercise for creating closed-ended questions
- vi. Key words from module one
- b. Module two: Taking control of finances
  - i. Unit one: The problem-solving process
    - 1. The problem-management/opportunity-development model
      - a. Client-centered
      - b. Open-systems
      - c. Specifically compliments financial problem solving
    - 2. Problem solving: A natural process
      - a. Steps from awareness of problem to commitment to solution
      - b. Exercise for identifying client problem-solving processes
    - 3. Problem solving through counseling
      - a. When the client is now
      - b. Where the client wants to go
      - c. How to get there
  - ii. Unit two: Where the client is now
    - 1. Calculating net worth
      - a. What do you own
      - b. What do you owe
      - c. Equity sheet
    - 2. Tracking income and expenses
      - a. Reflective questions about budgeting
      - b. Monthly budget worksheet
      - c. The importance of keeping a spending record
      - d. Customizing expense categories
    - 3. Analyzing the budget
      - a. Budget scenario
      - b. Using a spending percentage guideline
      - c. Reflective questions regarding budget scenario
    - 4. Debt-to-income ratio
      - a. How to calculate
      - b. Different types used for different purposes
    - 5. Spending personality assessment
      - a. Identifying your personality
      - b. Ways to overcome destructive behaviors
    - 6. Money relationships
      - a. "Money talk" reflective assessment
      - b. Three A's of money relationships
  - iii. Unit three: Where the client wants to go

1. Life-cycle planning
  - a. Career planning
  - b. Savings planning
  - c. Retirement planning
  - d. Debt planning
  - e. Insurance planning
  - f. Investment planning
  - g. Estate planning
2. Long-term financial goals
  - a. Paying for an education
  - b. Buying a home
  - c. Saving for retirement
3. Goal setting
  - a. Components of viable goals
  - b. Keys to attaining goals
4. Needs versus wants
  - a. Maslow's Hierarchy of Needs
  - b. Exercise 1: Does spending reflect values
5. Making decisions
  - a. Information gathering
  - b. Processing information
  - c. Choice and execution
- iv. Unit four: How the client will get there
  1. Bandura's Self-Efficacy
    - a. Outcome expectations
    - b. Self-efficacy expectations
  2. Rotter's Locus of Control
    - a. Internal locus of control
    - b. External locus of control
    - c. Self-assessment: Rotter's Locus of Control scale
  3. Overcoming self-defeating behaviors
  4. Becoming solution focused
    - a. Reframing
    - b. Specific solution-focused techniques
  5. Created a spending plan
    - a. Primary benefits
    - b. Monthly spending plan worksheet
  6. Economizing
    - a. Substituting
    - b. Conserving
    - c. Cooperating
    - d. Utilizing community resources
    - e. Exercise in cutting costs
- v. Key words from module two

- c. Module three: Demystifying consumer credit
  - i. Unit one: Credit basics
    - 1. How credit works
      - a. The system of lending and borrowing
      - b. Rules and risks
    - 2. Key players
      - a. Consumers
      - b. Merchants
      - c. Lenders
      - d. Federal government
    - 3. Types of credit
      - a. Secured
      - b. Unsecured
      - c. Installment
      - d. Non-installment
    - 4. Types of credit cards
      - a. Bank cards
      - b. Travel and entertainment cards
      - c. Merchant cards
      - d. Secured credit cards
    - 5. Finance charges
      - a. APR
      - b. Balance calculation methods
    - 6. "Hidden fees"
      - a. Transaction fees
      - b. Late fees
      - c. Over-the-limit fees
      - d. Pay-off fees
      - e. Annual fees
      - f. Charges for cash advances
    - 7. Grace periods
      - a. Typical grace period
      - b. Full grace period
      - c. No grace period
    - 8. Current credit card trends
      - a. Universal default
      - b. Increased minimum payments
      - c. Shrining grace periods
    - 9. Truth in Lending Act
    - 10. Preventing credit card debt
  - ii. Unit two: Choosing credit wisely
    - 1. Qualifying for credit—ASAP
      - a. Ability
      - b. Stability

- c. Assets
    - d. Performance
  - 2. Shopping for a credit card
    - a. Credit card features to look for
    - b. Credit card features to avoid
    - c. Resources for online shopping
  - 3. Exercise for comparing credit card offers
  - 4. The Equal Credit Opportunity Act
  - 5. The true cost of credit
- iii. Unit three: Using credit wisely
  - 1. Exercise 1: Reading the billing statement
  - 2. Wise credit management
    - a. Communication with creditors
    - b. Resolving billing problems
    - c. Typical billing errors
    - d. Sample letter: Correcting billing errors
  - 3. How to cancel a credit card
    - a. Steps for cancelling a card
    - b. Common reasons for cancellation
  - 4. Identity theft (ID theft)
    - a. Current outlook
    - b. Ways to prevent ID theft
- iv. Unit four: Understanding credit reports
  - 1. Getting a credit report
    - a. Fair Credit Reporting Act
    - b. Fair and Accurate Credit Transactions Act
    - c. Sample request letters
  - 2. Reading a credit report
    - a. Different formats at three credit bureaus
    - b. Different types of information recorded
    - c. Hard and soft inquiries
  - 3. Resolving credit report errors
    - a. Common credit reporting errors
    - b. Process for disputing errors
    - c. Sample letter for disputing errors
  - 4. Obligations of credit bureaus
  - 5. Rights under the Fair Credit Reporting Act
- v. Unit five: Credit scoring
  - 1. How credit scoring works
    - a. FICO scores
    - b. Other types of scoring
  - 2. What a FICO score considers
    - a. Payment history
    - b. Amounts owed

- c. Length of credit history
      - d. New credit
      - e. Types of credit in use
    - 3. Top ten reasons for a low score
    - 4. Tips for raising a score
    - 5. What does NOT go into a FICO score
    - 6. Facts and fallacies
  - vi. Key words from module three
- d. Module four: Understanding and dealing with debt
  - i. Unit one: Getting into debt
    - 1. Sources of debt
      - a. Easy access to credit/money
      - b. Consumer culture
      - c. Lack of financial literacy
      - d. Financial setbacks
      - e. Uncontrolled spending
    - 2. The psychology of spending
      - a. Competitive spenders
      - b. Compulsive spending
      - c. Co-dependent spending
      - d. Narcissistic spending
      - e. Revenge spending
    - 3. Predatory lending
      - a. Current outlook
      - b. Characteristics of predatory loans
    - 4. Gambling and addictions
      - a. Assessment of the National Council on Problem Gambling
      - b. Signs of problem gambling
      - c. Self-assessment: Are you a problem gambler?
    - 5. The condition of indebtedness
      - a. Types of debtors
      - b. Different ways of dealing with debt
  - ii. Unit two: Debt collection
    - 1. Types of collectors
      - a. Credit grantors
      - b. Collection agencies
      - c. Attorneys
    - 2. What they can do
      - a. Revoke credit privileges
      - b. Damage credit rating
      - c. Sue to collect debt
    - 3. Communication with creditors
      - a. Prevent harassment

- b. Request termination of contract—Fair Debt Collection Practices Act
        - c. Dispute billing errors—Fair Credit Building Act
      - 4. Fair Debt Collection Practices Act
        - a. What agencies cannot do
        - b. Guidelines for collection agencies
  - iii. Unit three: The consequences of unpaid debt
    - 1. Foreclosure
      - a. Avoiding foreclosure
      - b. Common mortgage workouts
    - 2. Eviction
      - a. Avoiding eviction
      - b. Renter's rights
    - 3. Automobile repossession
      - a. Description of process
      - b. The deficiency balance
      - c. Options
    - 4. Utility shut-offs
      - a. Requirements of service providers
      - b. Reducing utility bills
      - c. Consumer rights
    - 5. Lawsuits
      - a. Judgment liens
      - b. Wage garnishment
      - c. Bank seizures
  - iv. Unit four: Getting out of debt
    - 1. Resolving the debt
      - a. Consumer workouts
      - b. Debt consolidation loans
      - c. Credit counseling
      - d. Debt settlement
      - e. Budget counseling
  - v. Unit five: Bankruptcy
    - 1. Chapter 7
      - a. Eligibility
      - b. Overview of process
      - c. Question and answers
    - 2. Chapter 13
      - a. Eligibility
      - b. Overview of process
      - c. Comparing Chapters 7 and 13
    - 3. Reasons for filing the two types of bankruptcies (chart)
    - 4. The Bankruptcy Abuse Prevention and Consumer Protection Act
      - a. Survey of changes

