



# National Association of Certified Credit Counselors

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## Certified Credit Counselor Outline

### Core Curriculum: Keys to Success

1. Module One: Defining the role of the financial counselor
  - a. Unit One: The components of financial well-being
    - i. Self-assessment: Financial well-being checklist
    - ii. Objective and subjective measures of financial well-being
    - iii. Self-assessment: Money and you
  - b. Unit Two: Establishing the client/counselor relationship
    - i. Five stages of counseling
    - ii. Process and outcome goals
      1. The human/business model
      2. Interactive scenario
      3. Exercise 1: Best and worst interactions
    - iii. Five types of communication
    - iv. Common barriers to communication
    - v. Ten ways to improve communication
  - c. Unit Three: Rapport building
    - i. Essential components
      1. Empathy
      2. Genuineness
      3. Positive regard
      4. Awareness and sensitivity of client cultural differences
  - d. Unit Four: Poverty, cultural and socioeconomic variables
    - i. Variables that perpetuate poverty
      1. The high cost of poverty
      2. Breaking the cycle of poverty
    - ii. Developing empathy
      1. Understanding the effects of counseling on clients
    - iii. Conveying genuineness
      1. Self-disclosure
      2. Immediacy
    - iv. Showing positive regard
      1. Enhancing statements
      2. Non-verbal behaviors
  - e. Unit Five: Active listening
    - i. Essential components of active listening
      1. What you say
      2. What you do
      3. What you observe

- ii. Reflective and non-reflective listening
          - 1. Exercise in creating reflective statements
          - 2. Four specific techniques for reflective listening
          - 3. Examples of non-reflective listening
        - iii. Verbal statements and verbal behavior
          - 1. Exercise in identifying client emotions
          - 2. Listening skills self-assessment
  - f. Unit Six: Asking the right questions
    - i. Habits of good interviewers
    - ii. Open-ended questions
      - 1. Reasons for asking open-ended questions
      - 2. Examples of open-ended questions
      - 3. Exercise for creating open-ended questions
    - iii. Closed-ended questions
      - 1. Reasons for asking closed-ended questions
      - 2. Exercise for creating closed-ended questions
    - iv. Demographic data
  - g. Key words from Module One
2. Module Two: Taking control of finances
  - a. Unit One: The problem-solving process
    - i. The problem-management/opportunity-development model
      - 1. Client-centered
      - 2. Open-systems
      - 3. Specifically complements financial problem solving
    - ii. Problem solving: A natural process
      - 1. Steps from awareness of problem through commitment to solution
      - 2. Exercise for identifying client problem-solving processes
    - iii. Problem solving through counseling
      - 1. Where the client is now
      - 2. Where the client wants to go
      - 3. How to get there
  - b. Unit Two: Where the client is now
    - i. Calculating net worth
      - 1. What do you own
      - 2. What do you owe
      - 3. Equity sheet
    - ii. Tracking income and expenses
      - 1. Reflective questions about budgeting
      - 2. Monthly budget worksheet
      - 3. The importance of keeping a spending record
      - 4. Customizing expense categories
    - iii. Analyzing the budget
      - 1. Budget scenario
      - 2. Using a spending percentage guideline

- 3. Reflective questions regarding budget scenario
  - iv. Debt-to-income ratio
    - 1. How to calculate
    - 2. Different types used for different purposes
  - v. Spending personality assessment
    - 1. Identifying your personality
    - 2. Ways to overcome destructive behaviors
  - vi. Money relationships
    - 1. "Money talk" reflective assessment
    - 2. Three A's of money relationships
- c. Unit Three: Where the client wants to go
  - i. Life-cycle planning
    - 1. Career planning
    - 2. Savings planning
    - 3. Retirement planning
    - 4. Debt planning
    - 5. Insurance planning
    - 6. Investment planning
    - 7. Estate planning
  - ii. Long-term financial goals
    - 1. Paying for an education
    - 2. Buying a home
    - 3. Saving for retirement
  - iii. Goal setting
    - 1. Components of viable goals
    - 2. Keys to attaining goals
  - iv. Needs versus wants
    - 1. Maslow's Hierarchy of Needs
    - 2. Exercise 1: Does spending reflect values
  - v. Making decisions
    - 1. Information gathering
    - 2. Processing information
    - 3. Choice and execution
- d. Unit Four: How the client will get there
  - i. Bandura's Self-Efficacy
    - 1. Outcome expectations
    - 2. Self-efficacy expectations
  - ii. Rotter's Locus of Control
    - 1. Internal locus of control
    - 2. External locus of control
    - 3. Self-assessment: Rotter's Locus of Control scale
  - iii. Overcoming self-defeating behaviors
  - iv. Becoming solution focused
    - 1. Reframing

- 2. Specific solution-focused techniques
    - v. Creating a spending plan
      - 1. Primary benefits
      - 2. Monthly spending plan worksheet
    - vi. Economizing
      - 1. Substituting
      - 2. Conserving
      - 3. Cooperating
      - 4. Utilizing community resources
      - 5. Exercise in cutting costs
  - e. Key words from Module Two
3. Module Three: Demystifying consumer credit
  - a. Unit One: Banking basics
    - i. Why banking is important
      - 1. Required documents
      - 2. Choosing a bank or credit union
      - 3. Types of accounts
        - a. Savings
        - b. Checking
      - 4. ATM and debit cards
    - ii. New banking relationships
      - 1. Starter accounts
      - 2. Rebuilding banking relationships
    - iii. Consumer Reporting Agencies
    - iv. FDIC and NCUSIF
    - v. Overdrafts
    - vi. Alternative financial services
    - vii. Bank on / Resource Guide
    - viii. Interest
      - 1. Simple interest
      - 2. Compound interest
      - 3. Rule of 72
  - b. Unit Two: Credit basics
    - i. How credit works
      - 1. The system of lending and borrowing
      - 2. Rules and risks
    - ii. Key players
      - 1. Consumers
      - 2. Merchants
      - 3. Lenders
      - 4. Federal government
    - iii. Types of credit
      - 1. Secured
      - 2. Unsecured

- 3. Installment
    - 4. Non-installment
  - iv. Types of credit cards
    - 1. Bank cards
    - 2. Travel and entertainment cards
    - 3. Merchant cards
    - 4. Secured credit cards
  - v. Finance charges
    - 1. APR
    - 2. Balance calculation methods
  - vi. "Hidden fees"
    - 1. Transaction fees
    - 2. Late fees
    - 3. Over-the-limit fees
    - 4. Pay-off fees
    - 5. Annual fees
    - 6. Charges for cash advances
  - vii. Grace periods
    - 1. Typical grace period
    - 2. Full grace period
    - 3. No grace period
  - viii. Current credit card trends
    - 1. Universal default
    - 2. Increased minimum payments
    - 3. Shrining grace periods
  - ix. Truth in Lending Act
  - x. Preventing credit card debt
- c. Unit Two: Choosing credit wisely
  - i. Qualifying for credit—ASAP
    - 1. Ability
    - 2. Stability
    - 3. Assets
    - 4. Performance
  - ii. Shopping for a credit card
    - 1. Credit card features to look for
    - 2. Credit card features to avoid
    - 3. Resources for online shopping
  - iii. Exercise for comparing credit card offers
  - iv. The Equal Credit Opportunity Act
  - v. The true cost of credit
- d. Unit Three: Using credit wisely
  - i. Exercise 1: Reading the billing statement
  - ii. Wise credit management
    - 1. Communicating with creditors

- 2. Resolving billing problems
      - 3. Typical billing errors
      - 4. Sample letter: Correcting billing errors
    - iii. How to cancel a credit card
      - 1. Steps for cancelling a card
      - 2. Common reasons for cancellation
    - iv. Identity theft (ID theft)
      - 1. Current outlook
      - 2. Ways to prevent ID theft
  - e. Unit Four: Understanding credit reports
    - i. Getting a credit report
      - 1. Fair Credit Reporting Act
      - 2. Fair and Accurate Credit Transactions Act
      - 3. Sample request letters
    - ii. Reading a credit report
      - 1. Different formats at three credit bureaus
      - 2. Different types of information recorded
      - 3. Hard and soft inquiries
    - iii. Resolving credit report errors
      - 1. Common credit reporting errors
      - 2. Process for disputing errors
      - 3. Sample letter for disputing errors
    - iv. Obligations of credit bureaus
    - v. Rights under the Fair Credit Reporting Act
  - f. Unit Five: Credit scoring
    - i. How credit scoring works
      - 1. FICO scores
      - 2. Other types of scoring
    - ii. What a FICO score considers
      - 1. Payment history
      - 2. Amounts owed
      - 3. Length of credit history
      - 4. New credit
      - 5. Types of credit in use
    - iii. Top ten reasons for a low score
    - iv. Tips for raising a score
    - v. What does NOT go into a FICO score
    - vi. Facts and fallacies
  - g. Key words from Module Three
4. Module Four: Understanding and dealing with debt
  - a. Unit One: Getting into debt
    - i. Sources of debt
      - 1. Easy access to credit/money
      - 2. Consumer culture

- 3. Lack of financial literacy
    - 4. Financial setbacks
    - 5. Uncontrolled spending
  - ii. The psychology of spending
    - 1. Competitive spenders
    - 2. Compulsive spending
    - 3. Co-dependent spending
    - 4. Narcissistic spending
    - 5. Revenge spending
  - iii. Predatory lending
    - 1. Current outlook
    - 2. Characteristics of predatory loans
  - iv. Gambling and addictions
    - 1. Assessment of the National Council on Problem Gambling
    - 2. Signs of problem gambling
    - 3. Self-assessment: Are you a problem gambler?
  - v. The condition of indebtedness
    - 1. Types of debtors
    - 2. Different ways of dealing with debt
- b. Unit Two: Debt collection
  - i. Types of collectors
    - 1. Credit grantors
    - 2. Collection agencies
    - 3. Attorneys
  - ii. What they can do
    - 1. Revoke credit privileges
    - 2. Damage credit rating
    - 3. Sue to collect debt
  - iii. Communication with creditors
    - 1. Prevent harassment
    - 2. Requesting termination of contract—Fair Debt Collection Practices Act
    - 3. Disputing billing errors—Fair Credit Building Act
  - iv. Fair Debt Collection Practices Act
    - 1. What agencies cannot do
    - 2. Guidelines for collection agencies
- c. Unit Three: The consequences of unpaid debt
  - i. Foreclosure
    - 1. Avoiding foreclosure
    - 2. Common mortgage workouts
  - ii. Eviction
    - 1. Avoiding eviction
    - 2. Renter's rights
  - iii. Automobile repossession
    - 1. Description of process

- 2. The deficiency balance
    - 3. Options
  - iv. Utility shut-offs
    - 1. Requirements of service providers
    - 2. Reducing utility bills
    - 3. Consumer rights
  - v. Lawsuits
    - 1. Judgment liens
    - 2. Wage garnishment
    - 3. Bank seizures
- d. Unit Four: Getting out of debt
  - i. Resolving the debt
    - 1. Consumer workouts
    - 2. Debt consolidation loans
    - 3. Credit counseling
    - 4. Debt settlement
    - 5. Budget counseling
- e. Unit Five: Bankruptcy
  - i. Chapter 7
    - 1. Eligibility
    - 2. Overview of process
    - 3. Questions and answers
  - ii. Chapter 13
    - 1. Eligibility
    - 2. Overview of process
    - 3. Comparing Chapters 7 and 13
  - iii. Reasons for filing the two types of bankruptcies (chart)
  - iv. The Bankruptcy Abuse Prevention and Consumer Protection Act
    - 1. Survey of changes
    - 2. The bankruptcy client
  - v. Pre-bankruptcy counseling
    - 1. U.S. Trustee guidelines
    - 2. The four components of sessions
    - 3. Considering financial/human factors for decision making
    - 4. Action plan template
    - 5. Avoiding the unauthorized practice of law
  - vi. Pre-discharge debtor education
    - 1. Budget development
    - 2. Money management
    - 3. Using credit wisely
    - 4. Consumer information
  - vii. After bankruptcy
    - 1. Monitoring credit report
    - 2. Re-establishing credit



- f. Key words from Module Four
5. Appendices
- a. Ethics
    - i. Defining ethics
    - ii. Business and personal ethics
    - iii. Counseling versus therapy
    - iv. Crisis intervention
      - 1. Imminent danger emergencies
      - 2. Non-imminent danger emergencies
      - 3. Making a 911 call
    - v. Code of ethics
  - b. Consumer resources
    - i. Consumer assistance organizations
    - ii. Federal Trade Commission offices
    - iii. Consumer information websites
  - c. Consumer protection legislation
    - i. The Equal Credit Opportunity Act
    - ii. The Truth in Lending Act
    - iii. The Fair Credit Billing Act
    - iv. The Fair Credit Reporting Act
    - v. The Fair Debt Collection Practices Act
    - vi. The Servicemembers Civil Relief Act
    - vii. The Uniformed Services Employment and Reemployment Rights Act
6. References
7. Supplemental curriculum: Credit Counseling Today
- i. Section One: From credit card to credit counseling
    - 1. A short history of the credit card
    - 2. The need for credit counseling
      - a. Insolvency events
      - b. Economic factors
      - c. Deregulation
      - d. The behavioral debtor
  - ii. Section Two: Between legal advice and therapy
    - 1. Credit counselors do not practice therapy
      - a. Definitions
      - b. Using counseling skills
    - 2. Credit counselors do not give legal advice
      - a. Examples of unauthorized practice of law (UPL)
      - b. Minimizing the risk of UPL liability
    - 3. Roles of the credit counselor
      - a. Affecting positive change
      - b. Promoting financial literacy
      - c. Providing support
      - d. Linking clients to resources
    - 4. Promoting financial literacy

- iii. Section Three: The debt management plan (DMP)
  - 1. How a debt management plan works
    - a. Creditor concessions
      - i. Lowering or eliminating interest rates
      - ii. Re-aging accounts
      - iii. Eliminating late or over-the-limit fees
    - b. Supporting and maintaining of the plan
      - i. Billing errors
      - ii. Payment not received by creditor
      - iii. Changes to the DMP
    - c. Appropriateness of the DMP
      - i. The amount of debt
      - ii. The type of debt
      - iii. The client's current financial situation
    - d. Benefits to the creditor
      - i. Alternatives to collections
      - ii. Alternatives to bankruptcy
      - iii. Perception of willingness to work with consumer
    - e. Responsibilities of the client
      - i. Making regular, timely payments
      - ii. Monitoring monthly statements
      - iii. Keeping agency informed of changes
  - 2. Frequently asked questions
  - iv. Glossary of key words