



Standards Update:

New Section

Financial Education and Counselling Services CA-FEC

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Issue: New Section

Effective Date: February 1, 2008

Discussion: Based on research and response from the field, this New Section has been added to meet an identified need among service providers. The standards are based on available research and practice wisdom. This Standards Update applies to all organisations whose Accreditation Agreement has been received by COA on or following February 1, 2008. For all other organisations, this Standards Update is optional.

New Section

Definition: Financial Education and Counselling services provide educational services and programmes to assist consumers with money management, budgeting, knowledge of resources needed to acquire housing, and the prudent and intelligent use of credit, and can include services related to housing, bankruptcy, and debt management plans.

Note: Throughout this section, **clients** are persons who use, receive, or benefit from services and educational programmes and for whom a client file has been created. **Consumers** are persons, groups, or organisations who could use, receive, or benefit from services and educational programmes and for whom a client file has not been established, for example, potential clients.

Note: Throughout this section Debt Management Plan is referred to as DMP.

CA-FEC Clients who receive Financial Education and Counselling services learn to solve financial problems and gain personal financial management skills.

Service Initiation

CA-FEC 1

Clients participate in an individualised assessment to determine a customized course of service for their financial situation.



New Section (cont'd)

CA-FEC 1.01

Prompt, responsive screening practices:

- a. ensure equitable treatment; and
- b. support timely initiation of services.

CA-FEC 1.02

An organisation that provides services via the telephone or Internet:

- a. documents authorisation from the consumer permitting the organisation to provide financial telephone counselling; and/or
- b. has a process for ensuring confidentiality and verifying consumer identity.

NA The organisation only provides in-person services.

CA-FEC 1.03

The organisation does not deny consumers access to services.

Interpretation: Services cannot be denied for any reason, including the need for counselling without a DMP, unemployment, self-employment, or types of debt.

CA-FEC 1.04

Assessments conducted during the initial counselling session include:

- a. a preliminary evaluation of the request for service and client goals;
- b. an evaluation of income, expenses, assets and liabilities, as appropriate; and
- c. determination of the need for related service referrals when the person cannot be served, or cannot be served promptly.

Interpretation: Assessments are completed within timeframes established by the organisation.



New Section (cont'd)

CA-FEC 1.05

Assessments are responsive to cultural factors brought to the attention of the counsellor and identify resources that can increase service participation and support the achievement of agreed upon goals.

Interpretation: Cultural factors may include geographic location, language of choice, and the person's religious, racial, ethnic, and cultural background. Other important factors that contribute to a responsive assessment may include attention to age, sexual orientation, and developmental level.

CA-FEC 1.06

Assessments include a review of the client's housing status, including an affordability analysis and any potential threats to safe and adequate housing.

Interpretation: When housing costs represent a substantial portion of the client's net income; when housing is threatened due to rent, mortgage, property tax, and/or utility delinquencies; or when other conditions exist that threaten the client's housing status, the organisation provides appropriate housing counselling and education and/or provides referrals to other organisations within the client's community that provide appropriate housing counselling and education services.

Service Philosophy

CA-FEC 2

The service develops a philosophy that:

- a. sets forth a logical approach for how services will meet consumer needs; and
- b. guides the development and implementation of services based on programme goals and the best available evidence of service effectiveness.



New Section (cont'd)

Information about Services

CA-FEC 3

Clients receive information about the nature, scope, and limitation of the services provided and associated service fees.

CA-FEC 3.01

Clients receive information about:

- a. what services will be available and when;
- b. how the organisation can support the achievement of desired outcomes; and
- c. the benefits, risks, alternatives, and consequences of planned services.

CA-FEC 3.02

Clients receive a privacy policy and disclosure statement that includes:

- a. how the organisation obtains funding;
- b. the organisation's procedures for obtaining the client's credit report, and the potential impact service may have on credit reports, as applicable;
- c. how confidential information is stored and used;
- d. the complaint tracking and resolution process;
- e. debt relief options the client may pursue including working directly with creditors, a debt management programme, and attorney-assisted options; and
- f. disclosure of fees for the initial session.

Interpretation: A copy of the privacy policy and disclosure statement is provided to all clients upon initiation of in-person sessions and at the conclusion of telephone or Internet sessions.



New Section (cont'd)

CA-FEC 3.03

Organisations that charge fees:

- a. do not deny service based on inability to pay;
- b. do not charge fees in advance of service;
- c. establish reasonable fees for services; and
- d. ensure the fee structure complies with applicable federal and state law.

NA The organisation does not charge fees.

Development of an Action Plan

CA-FEC 4

The client participates in developing an action plan, based on assessment results, that identifies methods for achieving service goals.

CA-FEC 4.01

The client is the primary source of information about the need for service.

Interpretation: Additional information from sources such as credit reports, creditor statements, utility bills, mortgage statements, or pay stubs should be sought to help confirm and enhance the accuracy of the assessment. In order to obtain a complete financial picture, the organisation also may collect information related to the client's employment, education, buying habits, significant expenditures, current and expected future income, secured and unsecured debt, health and other life issues that may affect their financial situation, and any significant changes in their earnings, assets, liabilities, and expenses, including the reason for those changes.



New Section (cont'd)

CA-FEC 4.02

An action plan is developed with the client based on the assessment findings that:

- a. focuses on timely resolution of the needs presented; and
- b. considers the urgency of the problem and the length of service required to achieve appropriate results.

Interpretation: The client should receive a copy of the action plan, and the organisation maintains another copy in the client's file.

CA-FEC 4.03

The action plan contains:

- a. a preliminary evaluation of the request or need for services, including identifying information;
- b. a summary of the client's financial situation including assets, liabilities, income, living expenses, debt, and housing;
- c. the client's goals, actions necessary for achieving those goals, and their responsibilities;
- d. a statement describing the array of options available to the client, including bankruptcy, as applicable; and
- e. referrals made for other services, as applicable.

Interpretation: Information listed above may be included in other related documents, such as the client's budget.

CA-FEC 4.04

The organisation develops a spending plan or budget with each client that prioritizes individual needs such as housing costs, utilities, food, and transportation.

Financial Education and Counselling Services

CA-FEC 5

The organisation supports and delivers a variety of counselling and education services on family money management, budgeting, and the prudent, intelligent use of credit.



New Section (cont'd)

CA-FEC 5.01

The organisation educates clients and provides general information about:

- a. their rights;
- b. public and non-profit resources that can offer assistance; and
- c. applicable laws and regulations.

CA-FEC 5.02

Counselling and education services offer the full range of options to address debt problems, and include information about:

- a. negotiating directly with creditors on payment or interest rate relief;
- b. changing buying habits;
- c. strategies for saving money;
- d. custom designed payment plans; and
- e. advantages and challenges of all options, including bankruptcy, DMPs, and self-administered payment plans.

CA-FEC 5.03

Education programmes include information that addresses, as applicable:

- a. money management and budgeting;
- b. affordable levels of debt and debt warning signs;
- c. appropriate use of credit and alternatives to credit use;
- d. types, sources, and costs of credit and loans;
- e. solving credit problems;
- f. obtaining and understanding credit reports;
- g. re-establishing credit; and
- h. alternatives to bankruptcy.



New Section (cont'd)

CA-FEC 5.04

Clients are educated about the advantages of developing a budget, including how to:

- a. establish short and long-term financial goals and how to achieve them;
- b. calculate gross and net monthly income; and
- c. identify and classify monthly expenses as fixed, variable, or periodic.

CA-FEC 5.05

Money-management education includes information about:

- a. how to maintain adequate financial records;
- b. making decisions about purchases based on wants and needs;
- c. maintaining insurance coverage; and
- d. saving for emergencies, periodic expenses, and long-term goals.

CA-FEC 5.06

The organisation provides, either directly or through contractual arrangements:

- a. counselling and education programmes to a wide range of age groups in educational settings, in public settings, and in the potential service area; and
- b. information about its services to potential referral sources, such as employee assistance programmes and social service organisations.

Interpretation: Audiences can include high schools, trade schools, adult education programmes, colleges and universities, civic organisations, religious organisations, and the military, if located in the area.

CA-FEC 5.07

The organisation measures the effectiveness of counselling and education programmes.

Interpretation: Evidence of effectiveness may be established through, for example, pre- and post-testing, exit interviews, and in the case of long-term programmes, such as DMPs, credit scores may be utilised.



New Section (cont'd)

Housing Counselling and Education Services

CA-FEC 6

The organisation provides housing counselling and education services to inform and prepare the client for achieving and maintaining homeownership.

NA The organisation does not provide any housing counselling and education services.

CA-FEC 6.01

The organisation provides clients with pre-purchase homebuying counselling and education that includes;

- a. how to assess readiness to purchase a home;
- b. the benefits and responsibilities of owning a home;
- c. an overview of the homebuying and mortgage loan process;
- d. how to calculate the affordability of owning a home; and
- e. the importance of setting financial goals and maintaining good credit.

Interpretation: The organisation assists in developing a budget that identifies projected costs of homeownership to help the client assess his or her readiness to purchase a home.

NA The organisation does not provide pre-purchase homebuying counselling and education.

CA-FEC 6.02

Clients receive counselling and education regarding home financing that address:

- a. appropriate types and sources of mortgage loans;
- b. understanding how lenders evaluate credit and determine mortgage readiness;
- c. how to avoid predatory loans;
- d. resources available to assist with home purchases;
- e. what to do if the loan is denied; and
- f. loan closing costs and procedures.

Interpretation: The organisation reviews the client's credit report, when available, to provide a greater understanding of how lenders evaluate credit and determine mortgage readiness.

NA The organisation does not provide pre-purchase homebuying counselling and education.



New Section (cont'd)

CA-FEC 6.03

Education and counselling prepare clients to shop for and select a home by providing information about:

- a. the professionals involved in the real estate and homebuying process;
- b. making an offer;
- c. the purchase contract;
- d. home inspections; and
- e. escrow funds.

NA The organisation does not provide pre-purchase homebuying counselling and education.

CA-FEC 6.04

Housing education and counselling address home maintenance and financial management topics including:

- a. homeowner rights and responsibilities;
- b. organisations that provide resources to assist with financial issues;
- c. costs associated with utilities, taxes, insurance, and maintenance;
- d. energy efficiency;
- e. community involvement;
- f. refinancing, reverse mortgages, home equity loans, and home improvement loans; and
- g. calculating home equity.

NA The organisation does not provide home maintenance counselling and education.

CA-FEC 6.05

Clients receive information to prevent or resolve mortgage delinquency that addresses, as applicable:

- a. identification of the status of the client's mortgage;
- b. a budget that includes a review of income, living expenses, and other debts;
- c. the repercussions of a defaulted mortgage and foreclosure;
- d. the client's options to resolve the mortgage crisis; and
- e. services available that can provide assistance and relief for the client's current crisis.

NA The organisation does not provide mortgage delinquency counselling and education.



New Section (cont'd)

CA-FEC 6.06

The organisation provides information regarding rental options, including:

- a. HUD rental, rent subsidy programmes, and other federal, state, and/or local assistance;
- b. fair housing;
- c. landlord tenant laws;
- d. lease terms;
- e. rent delinquency; and
- f. housing search resources.

NA The organisation does not provide rental counselling and education.

CA-FEC 6.07

Clients receive counselling and education regarding reverse equity mortgages that includes:

- a. the benefits and disadvantages of a reverse equity mortgage;
- b. client eligibility;
- c. payment options;
- d. the fees and associated costs of the reverse equity mortgage product;
- e. time sensitivity issues related to the mortgage; and
- f. indicators for foreclosure, such as death, sale of the property, or insurance or tax delinquency.

NA The organisation does not provide reverse equity mortgage counselling.

CA-FEC 6.08

Organisations assist homeless individuals, as needed, and provide information and services, either directly or through referral, regarding transitional housing, emergency shelters, and other emergency services.

Note: See also CA-FEC 11 regarding Referrals and System Collaborations.



New Section (cont'd)

Debt Management Plans

CA-FEC 7

The organisation works with the client to develop and manage a debt management plan to satisfy creditor obligations, and resolve the client's financial problems.

Note: DMPs are developed for clients based on their needs.

NA The organisation does not provide debt management plans.

CA-FEC 7.01

The client participates in the development of a DMP that includes:

- a. permission to contact client's creditors to verify obligations and negotiate adjustments and payment schedules; and
- b. a payment schedule and budget for the repayment period.

CA-FEC 7.02

All DMPs:

- a. reflect the client's best efforts to repay debts he or she currently can afford;
- b. are established for no longer than 60 months without management approval or as provided by state law; and
- c. advise the client to close all lines of credit and refrain from obtaining future credit without consulting with the organisation.

Interpretation: Based on individual client needs, the organisation may advise the client to retain one active credit card in good standing for emergency situations.

CA-FEC 7.03

Clients receive and sign written materials from the organisation that disclose:

- a. whether DMPs are used for secured, unsecured, or both forms of debt; and
- b. the dual role DMPs serve in helping clients repay debts and creditors receive monies owed to them.

CA-FEC 7.04

Written materials disclose:

- a. client responsibilities;
- b. an enumeration of debts included in the plan and the proposed payment for each creditor;
- c. the total debt owed as disclosed by the client, and the total DMP debt; and
- d. the organisation's procedures for sending proposals to creditors.



New Section (cont'd)

CA-FEC 7.05

Written materials also disclose:

- a. that a creditor's contribution to the organisation, if any, will not affect the organisation's willingness to work with the client's creditors;
- b. that the client's account is always credited with 100 percent of the amount paid;
- c. that the client is responsible for alerting the organisation to any discrepancies between its statement to the client and the amount posted on the statement from the creditor; and
- d. the impact of late or missed deposits to creditor payments and concessions.

CA-FEC 7.06

The DMP agreement contains:

- a. the client's signature, made before the initial disbursement;
- b. statement regarding the client's right to cancel the DMP contract within a specified period;
- c. the estimated timeframe for completing service objectives, barring unforeseen developments;
- d. estimated finance charges or creditor fees associated with payment plans or extensions that may increase total indebtedness; and
- e. an estimate of total fees to be paid to the organisation over the term of the agreement.

Interpretation: Information listed above may be included in a similar document, such as an amortisation schedule or payout schedule.

Interpretation: Regarding bullet d, the organisation may indicate that the estimated fees are based on current creditor policies and may change over time.

Administration of the Debt Management Plan

CA-FEC 8

The organisation administers the debt management plan in a manner that ensures proper use of client funds, timely payments to creditors, and client awareness of payments and obligations.

NA The organisation does not provide debt management plans.



New Section (cont'd)

CA-FEC 8.01

In administering the DMP, the organisation:

- a. promptly disburses client funds following a payment schedule in the client's best interests and within no more than 30 business days of receipt or as required by state law;
- b. promptly disburses money in emergency situations;
- c. offers a variety of client deposit options including electronic methods;
- d. immediately corrects information upon knowledge of improper postings;
- e. assumes responsibility for remediating errors caused by its actions; and
- f. ensures the payment schedule does not cause a negative amortization situation.

CA-FEC 8.02

Debt management proposals are sent to creditors:

- a. within a timeframe that meets the client's best interests;
- b. according to the creditor policy;
- c. according to applicable federal and state law; and/or
- d. within five business days of issuance of the first payment, in the absence of creditor policy or law.

CA-FEC 8.03

The organisation provides at a minimum, a monthly status report to active DMP clients that fully discloses their deposit history, disbursement history, any fees charged by the agency, and the balance remaining in the DMP account.

CA-FEC 8.04

DMP clients are informed about the benefits of increasing payment amounts to speed debt liquidation.

CA-FEC 8.05

The organisation maintains ongoing communication with clients by:

- a. being responsive to client questions and concerns;
- b. informing the client of issues that arise;
- c. offering regular progress reviews of programme and budget; and
- d. assisting clients by adjusting their programme and budget when the client indicates a change in financial situation.

Interpretation: Regarding element d, when the creditor's policy is in conflict with the requirements of these standards, the organisation should act in accordance with creditor requirements and with the client's best interest in mind.



New Section (cont'd)

CA-FEC 8.06

The organisation discontinues the DMP after two consecutive missed monthly payments and:

- a. notifies the client in writing of the discontinuation; and
- b. documents the basis for exceptions to discontinuation in the client's file, when exceptions are granted.

Responsible Management of Client Funds

CA-FEC 9

The organisation conducts its fiscal affairs responsibly.

NA The organisation does not provide debt management plans.

CA-FEC 9.01

The organisation makes initial and daily deposits of client funds in a separate account with a federally insured financial institution.

Interpretation: Deposits of client funds should be made daily, unless they are not identified. If they are not identified, all reasonable means to identify them must be undertaken. Additionally, the client's funds should be deposited into an account identified as in trust for the client, i.e., Client Trust Account.

CA-FEC 9.02

The organisation manages the following in accordance with provincial and federal laws and/or banking regulations:

- a. credit balances on accounts;
- b. uncashed checks;
- c. funds left in client deposit accounts;
- d. trust account reconciliation; and
- e. any other client funds.



New Section (cont'd)

Creditor Relations

CA-FEC 10

The organisation demonstrates credibility and accountability to the credit-granting entities that have agreed to participate in a debt management plan.

Interpretation: When the creditor's policy is in conflict with the requirements of these standards, the organisation should act in accordance with creditor requirements and with the client's best interest in mind.

Interpretation: An organisation that uses a third party electronic payment provider is responsible for all of the standards in this section, and:

- a. ensures that the standards are reflected in the contract; and
- b. establishes a process to confirm that contract obligations are being upheld.

NA The organisation does not provide debt management plans.

CA-FEC 10.01

The organisation provides electronic funds transfers at the creditor's request.

CA-FEC 10.02

The organisation:

- a. promptly informs the creditor upon discovery of a posting problem;
- b. promptly refunds to the client or creditor any improperly credited amount; and
- c. either bills the creditor for its fair share and remits the client's gross payment, or deducts the fair share contribution from the client's payment, according to the creditor's requirements.



New Section (cont'd)

CA-FEC 10.03

Within ten working days of discontinuing a DMP, the organisation provides, in writing, to the involved creditors:

- a. notice of the discontinuation;
- b. reasons for discontinuation; and
- c. the client's name, most recent home address, and telephone number on file.

Interpretation: Regarding element c, in some cases not all listed information is available or appropriate to release. In these cases, an explanation should be placed in the client file.

Referrals and System Collaborations

CA-FEC 11

Clients receive referrals to a network of community resources and service providers when additional services are needed.

CA-FEC 11.01

The organisation refers clients to services relevant to financial management and the resolution of credit problems using financial, legal, and self-help resources.

Interpretation: The organisation makes referrals to another service provider when clients request specific times, locations, services, or methods of service delivery (for example, telephone or Internet) that the organisation is not able to provide or promptly provide. When the organisation does not offer DMPs, it should provide information necessary for clients to seek out providers that can meet their needs. In addition, the organisation must make referrals when the client's assessment indicates that supplemental services are necessary. For instance, when clients indicate issues that cannot be addressed by a financial education and counselling service, the organisation should make referrals for evaluations in other social service areas. The organisation also provides clients with access to information on educational opportunities, economic security, transportation, housing, consumer protection, legal referral services, and other community supports through referrals and resource materials.



New Section (cont'd)

CA-FEC 11.02

The organisation develops a comprehensive network of referral sources and provides the names of multiple resources, when available.

Client File Review

CA-FEC 12

The worker and a supervisor or peer team conduct quarterly reviews of a randomly selected sample of client files using indicators that:

- a. are defined and measurable; and**
- b. address important aspects of service delivery.**

Interpretation: The file review must evaluate: the quality of assessment, debt management planning, as appropriate, services provided, results of service in relation to objectives, potential problems, and client retention.

Note: See also CA-PQI 4, Analyzing and Reporting Information.

Truth in Marketing

CA-FEC 13

Services are accurately depicted in the organisation's marketing efforts.

CA-FEC 13.01

The organisation's marketing efforts:

- a. accurately describe services; and
- b. provide relevant contact information, including a current address, on all printed or electronic advertisements.

CA-FEC 13.02

An organisation that uses a vendor to generate consumer leads does not provide incentives for such leads.

Interpretation: This standard requires that the organisation does not base payment to the lead vendor on the number of leads generated. Such a practice may encourage lead vendors to generate leads using statements that do not accurately reflect the organisation's services.

NA The organisation does not use a vendor to generate consumer leads.



New Section (cont'd)

CA-FEC 13.03

Written information explains:

- a. the range of services and options available, including bankruptcy; and
- b. that receipt of financial counselling and education services does not guarantee participation in debt management programme services.

Business Ethics

CA-FEC 14

The organisation and its personnel conduct activities in an ethical manner.

CA-FEC 14.01

The organisation prohibits:

- a. financial incentives for counsellors based solely on the number of DMPs established;
- b. financial penalties for counsellors when clients assume responsibility for debt management or leave the programme; and
- c. making or accepting payment in exchange for referrals.

CA-FEC 14.02

The organisation does not make or negotiate loans on behalf of its clients or purchase client debt.

Personnel

CA-FEC 15

Services are provided by trained and qualified personnel.

CA-FEC 15.01

Supervisory personnel and counsellors have the experience, training, and practical skills to effectively help individuals with financial management or credit problems.

Related Standard: CA-TS 3



New Section (cont'd)

CA-FEC 15.02

All counselling personnel obtain and maintain a nationally recognized counsellor certification status within twelve months of date of hire.

Interpretation: The organisation may wish to check with its member association for national institutions that offer either online or face-to-face certification programmes for counsellors.

Interpretation: Counsellors providing housing counselling maintain appropriate certification.

CA-FEC 15.03

Counselling personnel receive training in financial education and counselling methods and practices before providing services.

Related Standard: CA-TS 1, CA-S 2

CA-FEC 15.04

Personnel receive training on:

- a. organisational structure and policies;
- b. legal issues that affect the delivery of service;
- c. code of conduct, respect for confidentiality, and other ethical standards;
- d. knowledge of community resources and referral networks;
- e. service planning and monitoring tools; and
- f. cultural factors of the service population.

Related Standard: CA-TS 1, CA-TS 2

CA-FEC 15.05

Personnel workloads support the achievement of client outcomes, are regularly reviewed, and are based on an assessment of the following:

- a. the qualifications, competencies, and experience of the worker, including the level of supervision needed;
- b. the work and time required to accomplish assigned tasks and job responsibilities; and
- c. service volume, accounting for assessed level of needs of new and current clients and referrals.