

**NFCC/FCAA  
Counselor Emergency Response Program  
(CERP) Protocol  
Train the Trainer Discussion**

April, 2020



**NFCC-FCAA**  
*Driving Innovation*

# Agenda

- Background
- CERP Defined
- CERP Counseling Protocol
- Examples
- Appendix
  - Creditor Notification Process

# Goal of CERP Train the Trainer Discussion

## To provide a common framework for each agency's training:

- Information relevant to all agencies regardless of CMS
- Background understanding why the Counselor Emergency Response Program (CERP) is needed
- Definition of the CERP Protocol and how to apply it
- The CERP process for Agencies and Counselors
- The CERP notification process for Creditors

## Background on CERP

- The NFCC and FCAA, together with the entire credit counseling sector seek a remedy to the significant economic disruption that has accompanied the nation's and world's response to COVID-19.
- The nonprofit credit counseling sector has very quickly unified and developed a proactive, standardized approach called the Counseling Emergency Response Program (CERP).
- CERP primarily deals with credit card debt at the top 20 creditors/banks, and focuses on 60-day payment deferrals for consumers with Virus Related Hardships (VRHs), affecting all each creditor account simultaneously.
- CERP's protocol is designed to assist our existing DMP clients, as well as new clients in need of immediate relief and a long-term solution.
- This centralized approach, administered through credit counselors, will enable rapid and efficient delivery of consistent consumer relief

# CERP Protocol Definition

- Consumers affected by COVID-19-related economic turmoil will experience both short-term economic disruptions requiring unique treatments as well as long term debt management needs. To assist these consumers and bolster the resilience of the credit recovery system, counseling under the Counseling Emergency Response Program (CERP) Protocol will be available at no cost to the consumer.
- Counselors will document that the consumer is experiencing a Virus Related Hardship (VRH) as well as record the VRH impact category. Counselors will not provide specific detail of a consumer's VRH to creditors. Counselors will not under any circumstances transmit or share a consumer's sensitive medical information including COVID-19 diagnosis with creditors or any third party.
- Counselors will evaluate the consumer's financial situation leveraging the CSP Protocol. As the impacted consumer may be an existing DMP client or a new client, there are dispensations for both including payment deferrals up to 60 days, EMS (Extended Modification Solution), as well as traditional DMPs are available as part of CERP. Counselors will assess the severity of the hardship and determine the need for a payment reduction or payment deferral. Agencies will notify the creditors of the VRH to facilitate the payment deferral or reduction.
- Agencies will receive from each creditor a one-time payment of \$25 per credit account for consumers who qualify for payment deferral to offset loss of fair share revenue not generated due to \$0 payment. Agencies will follow-up with the consumer during the deferral period, to determine next steps dependent on consumer's circumstances.
- In addition to the \$25 per account financial support, creditors may also grant additional support to CERP consumers by offering a special circumstance 'freeze' to credit reporting, a temporary stop to aging, a waiver of interest, and a suspension of late/over limit fees (these approaches could vary by creditor).

## We build it, and the creditors “may” come!

We are assisting consumers during uncertain times, many creditors have yet to finalize their COVID-19 response.



Definitive answers on every creditor may not be available, creditors are progressing at varying speeds with their decision making. We will have regular updates and will share what we know when we know it. At first, this will be daily.

Not every creditor is ready, they are onboard, but not operationally ready. We have to move forward and help to the best of our ability.

# CERP High-Level View

On the major components of CERP this is where we are with creditor buy-in today:

## CERP Status

-  Not there yet
-  Some buy-in
-  Buy-in anticipated
-  Too soon to rate

CERP Component	Status	Comments
Four options – 1A, 1B, 2A, 2B (includes EMS and Payment Deferral)		Creditors generally are providing these types of concessions, but some not will run through creditor counseling initially. Consumers may need to call or log-on to creditors.
No increase in negative credit reporting		CFPB has provided clear guidance and creditors seem to be following
No aging		Follows credit reporting in most creditor systems
No fees (late, over limit, return)		This is relatively straight-forward for creditors to stop
No interest		Generally this is still applying. Creditor system challenges.
Peregrin process		Creditors are trying to find the capacity to do this. We have a few, but much more work needed
\$25 per account per creditor one-time payment		Creditors are not there yet. We have a couple, but billing is important to illustrate the volume and value-proposition

# CERP Protocol – Counselor and Agency Process

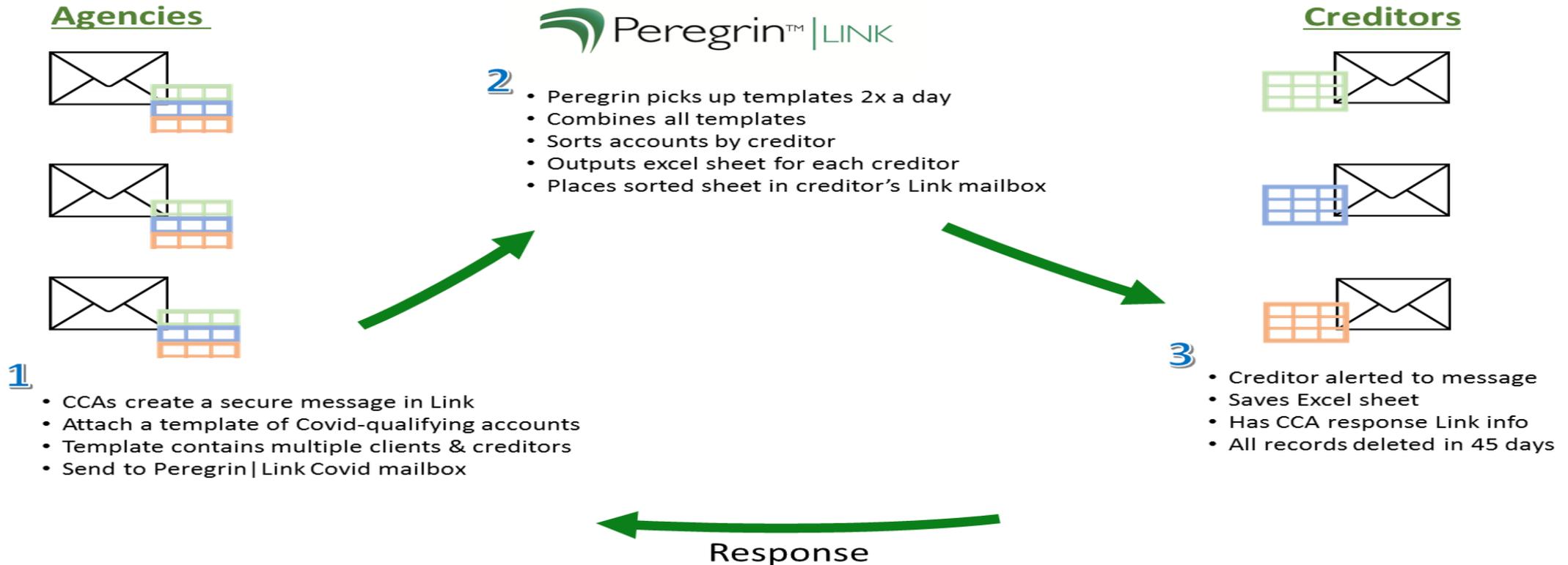
- **Establish that a consumer is experiencing a Virus Related Hardship (VRH).**
- **VRH Impact Categories:**
  1. Job Loss
  2. Income Impacted
  3. Expenses Increased
- **Complete budget assessment per CSP Protocol**
- **Depending on hardship severity, the following CERP Protocol options are available:**
  1. For current DMP clients:
    - A. If client can't afford normal DMP payment, enroll client in EMS with reduced payment. CERP allows for a waiver of the EMS requirement of 4 month DMP entry.
    - B. If client can't afford reduced payment or any payment for at least 2 months, then enroll client in a 30-60-90 day payment deferral.
  2. For new client (no DMP):
    - A. If client's budget allows for full repayment of debts, enroll client in a DMP
    - B. If client's budget doesn't afford DMP payments, then enroll client in 30-60-90 day payment deferral and schedule follow-up for DMP evaluation

## CERP Protocol – Counselor and Agency Process

- **Proposals will not be processed for CERP clients, except in the case of 2A.**
- **There should be a waterfall treatment approach for current DMP clients with additional COVID-19 hardships:**
  1. Regular DMP reduction treatment
  2. EMS reduction (1A)
  3. Deferment treatment (1B)
- **There should be a waterfall treatment approach for new clients with COVID-19 hardships:**
  1. Traditional DMP (2A)
  2. Deferment treatment (2B) with enrollment in DMP after deferral, possible start to DMP with EMS payment level

# CERP Protocol – Counselor and Agency Process

- All CERP accounts, including those classified 2A, will be captured on a template (called the CERP Notification Template) and sent to PeregrinLINK for systematic daily notification to select individual major creditors per diagram below.



- The CERP Notification Template as well as CERP Notification Template User Guide and Definitions can be viewed in Appendix A.

# CERP Protocol – Counselor and Agency Process

- Agencies will forward the CERP Notification Template (Template) to Peregrin via PeregrinLINK.
- Peregrin will consolidate the Template files at least once a day. After sorting accounts by creditor, Peregrin will then make available each creditor's list of accounts from each Template via PeregrinLINK.
- Creditors will access PeregrinLINK to download their list, any questions on individual items will be directed back to the agency's COVID-19 mailbox on PeregrinLINK.
- Since many creditors are still working out COVID-19 plans, and may not be offering all CERP Protocol options as of yet, we have developed a tracking tool spreadsheet called CERP Creditor Programs to communicate to agencies what support creditors are providing to clients with a virus related hardship.
- We expect creditors plans to change and evolve, so we will update this document often, probably daily at first. Please plan to check this information often.
- Many creditors are asking that consumers contact them directly to document their virus related hardship and receive their relief. Creditors are experiencing long wait times in their call centers, you may want to suggest the client access the creditor website for more efficiency in obtaining their assistance.

# CERP Protocol – Counselor and Agency Process

Creditors	CERP Options					Creditor COVID-19 support			
	1A EMS	1B Deferral	2A DMP	2B Deferral	Comments	Freeze Credit Reporting	No Aging	Waive Interest	No Late/ OL Fees
American Express	NO	NO	YES	NO	30 day option for all (skip pymt), DMP Client can miss additional pymt before default	No	No	No	Yes
Bank of America	YES	NO	YES	NO	Can do 60-day online and via IVR. Virus specific	Yes	Yes	No	Yes
Capital One and Cap One Retail	YES	NO	YES	NO	30 day option "skip pay" virus specific. No deferral for DMP	Yes	Yes	No	Yes
Chase Bank Credit Cards	YES	NO	YES	NO	EMS--4 month waiver waived to any DMP prior to March 1. For Deferment, consumer must call Chase	Yes	Yes	No	Yes
Citibank Credit Card and Citi Retail	YES	YES	YES	YES	30 day option for all	No	No	No	Yes
TD Bank Retail/Shoppers Charge	YES	NO	YES	YES	90-day deferral for current and 1 missed payment. No DMP	Yes	Yes	No	Yes
Wells Fargo Bank	YES	YES	YES	YES	Asked about receiving POA/LOA for each	Yes	Yes	Yes	Yes

Under Construction

# CERP Protocol – Counselor and Agency Process

- In addition to the CERP Protocol options, we have also asked creditors to apply further steps for CERP consumers:
  - Freeze from aging or use of special circumstance (customer service) 2nd re-age for virus-impacted existing DMP client going on EMS and deferment
  - Secure credit bureau reporting pause from creditors for 60 days by applying Metro 2® Natural Disaster Guidance credit reporting accounts for consumers affected by natural disasters (limited use).
- As these benefits become available we will communicate that via the CERP Creditor Guide.
- Agencies will follow-up with the client during the deferral period.
- Prior to deferral conclusion, the agency will offer a new budget counseling session to determine appropriate next steps to repay the debt
- Agencies will perform an account evaluation on all CERP clients at 60 days to identify appropriate next steps based on consumer circumstances.
- Agencies will not charge fees to consumers for CERP deferral cases.
- The NFCC will invoice creditors for a one-time payment of \$25 per credit account for consumers who qualify for payment deferral. The funds will offset fair share revenue not generated as a result of the payment deferral. This process has yet to be finalized.

# CERP Protocol – Disclosures

- For CERP Protocol options 1A, 1B, and 2A agencies should leverage current EMS and DMP disclosures.
- For CERP Protocol option 2B, here a sample disclosure developed by the NFCC:
  - The Counseling Emergency Response Program (CERP) offers you the opportunity to enroll in an up-to-90-day payment deferral across several major credit card companies (creditors). By agreeing to participate in the CERP, you acknowledge that:
    - Interest may continue to accrue on one or more of your credit card balances while you are enrolled in the deferral.
    - Your counselor will work to finalize a deferment for you across your participating creditors simultaneously. You may be able to obtain similar deferral from contacting your creditors directly, and some creditors may require you to contact them directly in order to obtain a deferral.
    - The length of your payment deferrals may vary across creditors. Some creditors only offer a 30-day deferral, while others offer 60 days. Some creditors offer 90-day deferrals.
    - In order to qualify for a payment deferral, you must have a Virus-Related Hardship as a result of the COVID-19 pandemic and related economic disruptions. Qualifying hardships include Job Loss, Income Curtailment, and Increased Expense.
    - While you are enrolled in a deferral, your creditors are required to maintain your account in its current status. That means your account will not “age” – if you are current on your payments at the time of your deferral, you will still be current at the end of the deferral period. If you are currently 60 days past due, you will still be 60 days past due at the end of the deferral. Similarly, your creditors must report each month as a timely payment to the credit reporting agencies. Therefore, your credit rating will not be harmed by enrolling in a deferral.
    - [Credit Counseling Agency] will not charge you a fee to enroll you in the CERP. Your creditors may impose a fee to enroll you in a deferment. In order to support the cost of counseling and enrollment, your agency will bill each of your creditors directly. This billing activity has no effect on the relief you qualify for.

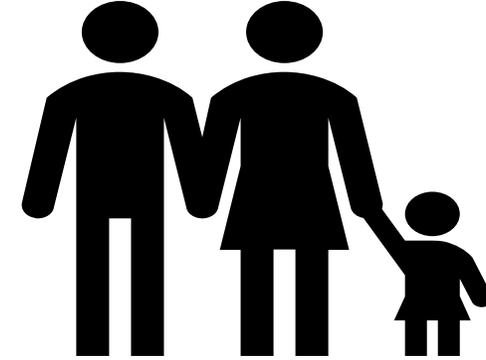
# Example 1

## Current DMP Client Example 1A (EMS)

Original credit card debt - \$25,000

Monthly DMP payment - \$555.59

Months on the DMP - 4



## CERP Hardship Reason #2 – Reduced Income

- Client has to take time off work without pay to care for a spouse
- DMP payment is unaffordable during the period of care and no pay (6 weeks)  
Client has extra funds to assist with reduced short-term payment
- Revised EMS payment of \$280 for two months
- Shortage of \$275.59/month moves the client closer to charge-off
- After two months, family recovery, return to job, and DMP payment. Accounts are \$551.18 past due which will need to be made up if a 2<sup>nd</sup> re-age is not available.
- Minimal Credit Score impact as long as past due amounts are made up, to have accounts reported current on credit reports.
- Agency compensated under normal DMP methodology

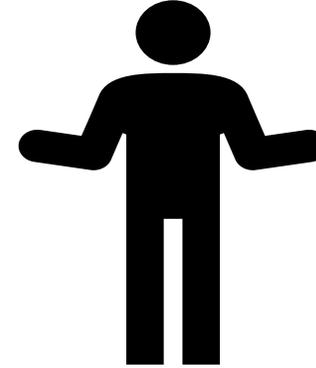
## Example 2

### Current DMP Client Example 1B (60 Day deferral)

Original credit card debt - \$20,000

Monthly DMP payment - \$444.47

Months on the DMP - 6



### CERP Hardship #1 - Job Loss

- Client works as a geologist for an oil production company, already has 3 months delinquency due to reduced hours, which led to the initial DMP
- Client is then terminated from the company with no immediate viable prospects  
Client has no extra funds to assist with move to EMS short-term payment, and needs 60-day deferral to bridge to initial EMS payment
- Revised EMS payment of just \$200 will be implemented after two months
- Account will charge-off, resulting in significant credit score damage, but ongoing payments will be a path back to credit repair while avoiding interest and contact from 3<sup>rd</sup> party debt collectors.
- *Agency compensation will be needed for deferral period. \$25 from each creditor involved (assumption 5, with an average credit card debt of \$4,000 each, \$125 to the agency)*

## Example 3

### New Client Example 2A (Full DMP Repayment)

Credit card debt- \$20,000

Monthly DMP payment- \$449.96



### CERP Hardship #2 – Reduced Income

- Client is a bartender whose hours are reduced to non-customer facing pickup and delivery
- Client was having difficulty making minimum credit card payments, but virus and reduced wages served as a tipping point
- Full DMP payment is affordable despite hardship
- Client has all credit cards but one closed
- Initial credit score falls from 635 to 595, but slowly recovers with consistent payments and progress on the DMP

# Example 4

## New Client Example 2B (New Deferral)

Credit card debt- \$28,000

Target Monthly DMP payment- \$600 (normal income)



### CERP Hardship #1 – Job Loss

- Client drives a taxi in Las Vegas, and was laid off by the cab company
- Was generally 90 days past due on accounts, and the virus-related impact to tourism on the city was a serious setback. Client wants to pay as many debts back as possible
- DMP level is achievable with future income plans, but the initial need for help is large
- Deferral needed for 60 days to start a plan with \$0 payment
- Move to EMS in 3<sup>rd</sup> month and \$300 payment, which will continue for four more months until tourism returns
- All accounts charge-off and credit score falls from 600 to 515. It recovers in 2 years vs 4 years due to full repayment of debts, first on EMS, and increasing to a DMP level
- *Agency compensation will be needed for deferral period. \$25 from each creditor involved (assumption 7, with an average credit card debt of \$4,000 each, \$175 to the agency)*

## Example 5

### New Client Example 2A (Full DMP Repayment)

Original credit card debt - \$25,000

Monthly DMP payment - \$555.59



### CERP Hardship Reason #3 – Expenses Increased

- Client is single mother who is an Emergency Room nurse with two young children.
- Due to school closures and added work hours/overtime she must hire child care.
- Budget was manageable until additional child care costs increase.
- DMP is affordable and will allow client to worry less about financial situation.
- Agency compensated under normal DMP methodology

# CERP Implementation and Program Timeframe

- Program delivery is estimated to begin April 13, 2020
- The CERP will be available for consumers suffering from a VRH that occurred between March 1, 2020, extending through May 31, 2020.
- The termination of the CERP eligibility period may be extended based on need.
- For help desk assistance contact: [nfcc-fcaa-covid@nfcc.org](mailto:nfcc-fcaa-covid@nfcc.org)
- Resource Library: <https://www.nfcc.org/agency-resource/>



Remember,

- Information will evolve and change
- Set the client's expectations, there are lots of moving parts
- Do your best, if you don't know, be truthful
- Creditors will come!

For CERP Notification Template and PeregrinLink  
Instructions, please go to the resource library  
<https://www.nfcc.org/agency-resource/>

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