

February 16, 2010  
Mr. Paul Sanford  
Executive Secretary  
Federal Financial Institutions Examination Council  
L. William Seidman Center  
Mailstop: D8073a  
3501 Fairfax Drive  
Arlington, VA 22226-3550

Re: **Federal Financial Institutions Examination Council (FFIEC)  
Reverse Mortgage Products: Guidance for Managing Compliance and Reputation Risks  
Docket No FFIEC-2009-0001**

Dear Mr. Sanford:

Consumer Credit Counseling Service of Greater Atlanta, Inc. (CCCS)<sup>1</sup> appreciates the opportunity to respond to the Federal Financial Institutions Examination Council's (FFIEC) proposed "Reverse Mortgage Products: Guidance for Managing Compliance and Reputation Risks" ("the Guidance").

#### **CCCS Position**

CCCS supports many aspects of the Guidance concerning Reverse Mortgages, and believe they serve and protect the best interests of those clients considering or seeking a reverse mortgage. However, CCCS disagrees with:

- The assertion of risk, as to the Existence and Effectiveness of Consumer Credit Counseling, that [counseling] may not be adequate in all cases, in part because it may be more difficult for counselors to assess a borrower's understanding of the product over the telephone, and
- The attending recommendation that "Institutions should also strongly encourage borrowers to obtain counseling in person."

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<sup>1</sup> Consumer Credit Counseling Service of Greater Atlanta, Inc. (CCCS) is a 501(c)(3) non-profit organization that helps individuals and families of all backgrounds and income levels avoid and conquer financial crisis. Founded in 1964, CCCS is a leader in expanding financial opportunities for underserved families. We are an affiliated member of the National Foundation for Credit Counseling (NFCC), the largest and oldest credit counseling organization in the U.S. We are accredited by the Council on Accreditation for Children and Families (COA) we are an approved housing counseling agency of the US Department of Housing & Urban Development (HUD), we are members of the Homeownership Preservation Foundation (HOPE), and are an approved agency of the Executive Office of the United States Trustee (EOUST) to provide bankruptcy counseling and education under the Bankruptcy Abuse Prevention and Consumer Protection Act – 2005 (BAPCPA).

We believe that CCCS is well positioned to offer comment on the Guidance given our significant position in the reverse mortgage counseling sector, as evidenced by:

- Our designation by HUD as a national intermediary for reverse mortgage counseling;
- Our receipt of one of the largest grant funding awarded to any agency in 2009 for reverse mortgage counseling;
- Our invitation by HUD to participate in the development of the certification process for reverse mortgage counselors that is currently in use nationwide.

Based on our significant experience in this area, we respectfully disagree with the contention that counselors have greater difficulty assessing a borrower's understanding of the reverse mortgage product over the telephone than in face-to-face counseling.

- In a 2006 research study on the **"Effectiveness of Credit Counseling Phase One: the impact of Delivery Channels for Credit Counseling Services"**<sup>2</sup>, researchers Staten and Barron concluded, among other findings, that:
  - Clients vary in their preference for the channel of delivery of counseling, and
  - "Face-to-face clients have, at best, no statistically significant difference in outcome from telephone clients."
- The fallacy of the superiority of face-to-face counseling is further refuted in a 2009 study **"An Analysis of the Effectiveness of Counseling via the Internet"**<sup>3</sup>, which compared counseling delivered on the Internet as compared to telephone or face-to-face.
  - This study found that counseling through the Internet produced outcomes equivalent to those realized for clients in face-to-face and telephone counseling.

Based on these studies, we contend that clients are served equally well by telephone as in face-to-face encounters, and many will benefit from the ability to choose among multiple channels of service delivery.

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<sup>2</sup> Evaluating the Effectiveness of Credit Counseling Phase One: the impact of Delivery Channels for Credit Counseling Services May 31, 2006. Michael E. Staten Distinguished Professor, Director: Credit Research Center McDonough School of Business Georgetown University; and; John M. Barron, Loeb Professor of Economics, Department of Economics, Krannert School of Management, Purdue University (May 31, 2006)

<sup>3</sup> Evaluating the Effectiveness of Credit Counseling Phase One: the impact of Delivery Channels for Credit Counseling Services May 31, 2006. Michael E. Staten Distinguished Professor, Director: Credit Research Center McDonough School of Business Georgetown University; and; John M. Barron, Loeb Professor of Economics, Department of Economics, Krannert School of Management, Purdue University (May 31, 2006)

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Telephone counseling has the added advantage of offering access to service 24 hours per day, and in multiple languages, which cannot practically be provided through face-to-face counseling.

Furthermore, in many reverse mortgage counseling sessions, a family member, often residing in another city or state, will participate with the senior obtaining the counseling. Telephone offers the opportunity to conduct a single session involving all relevant parties, ensuring the best interests of the clients.

Finally, many seniors have physical mobility and/or transportation limitations impeding access to in-person counseling services. Restricting (or even “strongly encouraging”) counseling to be delivered in face-to-face sessions would severely impact the ability of clients to avail themselves of these valuable counseling resources.

### **Conclusion**

CCCS appreciates the changes the FFIEC is considering in Reverse Mortgage Products in an effort to secure its viability to serve the market well into the future. Based on the information we have provided in this response, CCCS requests that the proposed changes embrace and support reverse mortgage telephone counseling as an effective and efficient delivery channel for consumers, and remove from the Guidance the statement to “strongly encourage borrowers to obtain counseling in person.”

Sincerely,

A handwritten signature in cursive script, reading "Suzanne E. Boas".

Suzanne Boas

President

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