

MEMORANDUM

To: Subscribers to *NAFCU's Collections Manual for Credit Unions*

From: Sheshunoff Information Services

Subject: Highlights

Enclosed is your 2008 Update No. 1 to *NAFCU's Collections Manual for Credit Unions*. This update provides new and revised information on the following topics:

- The Mortgage Forgiveness Debt Relief Act of 2007 generally allows taxpayers to exclude income from the discharge of debt on their principal residence. Debt reduced through mortgage restructuring, as well as mortgage debt forgiven in connection with a foreclosure, qualifies for this relief. The act is discussed in Chapter 2, and we provide a copy of the IRS worksheet.
- Not all foreclosure starts result in the customer's loss of the home. In Chapter 12, we provide guidance on workouts, which can give a customer the time and guidance necessary to make up the missed payments.
- We all know the mortgage market has changed! In Chapter 12, we give recent statistics on delinquencies.
- As with other types of fraud, the collections department is in a unique position to identify mortgage fraud. We discuss the warning signals for fraud in Chapter 12 and provide worksheets for identifying and reporting mortgage fraud.