I. GENERAL INFORMATION

Course title : Credit and Collections  
Code and number : FINA 3130  
Credits : Three (3 credits)  
Academic Term :  
Professor :  
Office hours :  
Office phone : (787) 250-1912 Ext. 2493  
Email address :  

II. COURSE DESCRIPTION:

Analysis of the nature and function of credit and the importance of the effective administration of personal and commercial credit. Discussion of the basic principles, legal aspects, and the evaluation and decision to grant credit. Includes the credit and collection department’s responsibility for the assessment of risk and control of collections. Prerequisite: FINA 2100.

III. OBJECTIVES

a. Present methodologies for results-driven credit and collection process for better account/ portfolio management  
b. Develop a basic understanding of credit management and apply the concepts, systems and techniques across a range of credit environments in order to: identify, measure, manage and mitigate credit management  
c. Understand and apply the fundamental accounting principles and techniques that affect credit management  
d. Develop a broad understanding of the legal context and structures in which businesses operate and be able to apply relevant aspects of contract and commercial law  
e. Develop an understanding of the national and international economic environment within which credit and risk management best in class business organizations function  
f. Develop a general understanding of credit management best practices.
IV. CONTENT

a. The levels and kinds of risks in extending credit (Consumer, Commercial, Unsecured, Secured)
b. Types of credit terms and credit exposures (Consumer/Commercial products, Lines, Term Loans)
c. Qualities and responsibilities of a credit person/department (Different functions within the Credit Administration function)
d. Determining credit worth and credit terms for debtors (Credit analysis, repayment ability concept, cash flow lending, primary/secondary sources of repayment)
e. Credit processing and documentation (credit structuring)
f. Objectives of a collection management System (Collections management critical concepts, front end collections, back end collections, remedial credit management, loss mitigation)
g. Principles of account/portfolio management (account management concepts)
h. Developing a responsive collection program by identifying and managing critical factors
i. Steps and stages of the collection process
j. Aging of Receivables (vintage analysis, regulatory requirements, charge offs)
k. Types of debtors and their characteristics (5 C’s of credit)
l. Collection practices (collection campaign management)
m. Developing more pro-active and results driven receivables efforts (principal collections metrics, KPI's)
n. Preparing collection letters
o. Measuring the results of your collection efforts (managerial reporting)

V. ACTIVITIES

a. Discussion of assigned problem sets
b. Presentation of one case study
c. Readings of articles in financial journals

VI. EVALUATION

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<thead>
<tr>
<th>Grade</th>
<th>Activity</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>A</td>
<td>Exams</td>
<td>60%</td>
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<tr>
<td>B</td>
<td>Attendance</td>
<td>30%</td>
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<tr>
<td>C</td>
<td>Case Studies and homework</td>
<td>10%</td>
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A few ungraded problem sets will be distributed. Credit for class participation is at the discretion of the Professor. Conversion of your overall percentage into a letter grade will be:
VII. SPECIAL NOTES

A. Special Accommodations

Students who require special accommodations must request these services at the beginning of the course or as soon as they notice that they need help. Students can access this service with Professor Jose Rodriguez, Coordinator of Students with Special Needs at the Guidance and Counseling Office on the first floor at Metro’s Student Center.

B. Plagiarism

Plagiarism, dishonesty, fraud and any other type of manipulation or inappropriate behavior related with academic performance are unacceptable in our institution. Disciplinary actions will be taken on students found guilty of such practice as established in Chapter V, article 1, Section B.2 of the Student’s Rules and Regulations handbook. http://metro.inter.edu/servios/documentos/reglamentosestudiantes2006.pdf

Interamerican University has very strict regulations regarding plagiarism (using the ideas or words of others without giving proper credit), so it is important that you specifically read Chapter 5, article 1, Section B.2c of the Student Rules and Regulations Handbook. This section clearly explains what plagiarism is. In addition, it explains the types of sanctions students are exposed to when they commit it.

C. Use of Electronic Devices

Cellular (mobile) telephones and any other electronic device that could interrupt the teaching-learning process or disrupt a milieu for academic excellence will be deactivated. Critical situations will be dealt with in an appropriate manner. The use of electronic devices that permit the accessing, storing or sending of data during tests or examinations is prohibited.
VIII. EDUCATIONAL RESOURCES

A Textbook:


B References:

1. HUD Handbooks, Servicing Guide and Servicer Loss Mitigation Program
2. VA Servicing Guide and Servicer Loss Mitigation Program
3. Agencies Servicing Guide and Servicer Loss Mitigation Programs
4. Fair Debt Collection Practices Act
   (http://www.ftc.gov/os/statutes/fdcpa/fdcpact.shtm)
5. Dodd-Frank Wall Street Reform and Consumer Protection Act
   (http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf)

IX. BIBLIOGRAPHY CURRENT AND CLASSICAL

a. Videos:

b. Videos from The Wall Street Journal:


C. A Short History of US Credit Defaults - http://mises.org/daily/5463