



# THE novadebt CONNECTION

A Garden State Consumer Credit Counseling Organization

March 2005

## What Our Clients Are Saying...

“This program was a life line for me. I was utterly overwhelmed by expenses. My financial situation was brought on by depression. Spending was my “drug” so to speak. It helped me to get through some rough times. I was addicted to the relief it offered, although temporary. When I at last received psychological counseling and was able to at last stop the spending, I was already in way over my head. I dreaded the ringing of the phone because it so often was creditors wanting me to send money I didn’t have. The only thing I could manage was the minimum payments. That in itself was a hardship. I was headed for the poor house without a doubt. A dear friend of mine told me about a program he got into which was of tremendous help getting his finances under control. I followed his lead and found Garden State Consumer Credit Counseling, now Novadebt. In all seriousness, it saved my life. The stress of all the debt was at times just too much to carry. Now I have one monthly payment. I get no calls from debt collectors. I can see the light at the end of the tunnel. I was told it would take about 5 years to pay my debts off when I signed on to this service. That seems to hold true. I am indeed forever grateful to have found this help. I never had to declare bankruptcy and I can stand on my own. That is a wonderful feeling! Thank you.”

## Community Impact

Source: Becky Winters, Education Consultant for Novadebt

From the start of 2005, Novadebt assisted members of our communities in need of help, both near and far away. No one escaped seeing the devastation to those who lived through the Tsunami catastrophe on December 26, 2004. Novadebt employees were quick to respond, along with support from another non-profit organization with whom our agency is affiliated. One type of counseling service offered by our agency is housing counseling. The Homeownership Preservation Foundation is a non-profit organization with whom we work in this regard. Encouraged by their challenge to match all funds donated by Novadebt employees two to one, a total donation of \$3,588 was made to Samaritan’s Purse towards their Tsunami Relief effort to those individuals whose lives have been forever changed.

Closer to home...what does everyone’s attention turn to during the month of January each year??? Tax filing, of course!! In our continued effort to service those families and individuals in need, a group of approximately 15 employees received training from the Internal

Revenue Service to support a Volunteer Income Tax Assistance (VITA) center in our Freehold, New Jersey office location. After passing a test for certification, these volunteers are preparing Federal tax returns for those individuals whose gross income for 2004 was less than \$36,000. There is no fee for the service. If you are in the Monmouth or Ocean County area of New Jersey, and meet these qualifications, call our office at 1-800-772-4557 to set up an appointment. Preparers will be available on Wednesdays from 10:00 a.m. to 2:00 p.m and Thursdays from 10:00 a.m. to 7:00 p.m. from now until April 8, 2005.

We continue with various ongoing projects. Our Adopt A Platoon is near the North Korean border. We communicate weekly and in January, we sent a toiletries package filled with items our soldiers may otherwise have trouble getting. February is targeted for “Free Time Fun”. Who knows what else next month will bring!!



## Employee Spotlight ... TONY ZAMBRANO

Novadebt’s employee spotlight for March shines on **Tony Zambrano**.

Tony began employment with Novadebt in January of 2000. He is a Client Care Specialist who is a large asset to the Client Care Team and is viewed as a resource for his co-workers. He is very mindful of others and always maintains a calm disposition. He is thorough in his decisions

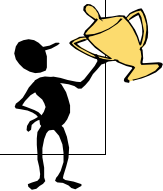
and creative in offering solutions to others. He is patient in his approach with all situations involving clients and creditors. Tony always offers assistance to clients and co-workers when they are trying to achieve their goals. He takes extra time with clients to understand and sympathize with their hardship in order to offer them comfort and support.

Tony is a part of Novadebt’s Outreach Team. Just to name a few Outreach efforts that Tony was involved in, he

helped plan the Walk for Breast Cancer and assisted at the YMCA for the United Way Day of Caring. When the Outreach Team first began, he devoted hours each week to researching new contacts and continues to do so today.

Tony just got engaged on February 7, 2005, so in his spare time, he will be planning a wedding.

Thank You, Tony, for being a part of Novadebt’s team!!!!



# Is Refinancing Your Mortgage Right For You?

Source: Dan Slocum, Training Manager for Novadebt

Every day commercials and advertisements urge us to refinance our mortgage and consolidate our other debts into the mortgage. These commercials talk about lower interest rates and lower monthly payments. Before deciding if a refinance is right for you, consider the reason for the refinance. Generally speaking, refinancing makes sense if you reduce your current mortgage rate, shorten the term of your mortgage, convert from an adjustable rate to a fixed rate, or have major expenses such as college tuition or home repair/improvement. Consolidating credit cards, auto loans, personal loans, medical bills, etc. usually turns out to be the wrong choice for most people. Here are some reasons why:

1. While the mortgage rate may be lower than the credit card or auto loan rates, you will be paying these debts off over a 15 to 30 year pe-

riod. This means that you will usually end up paying more in actual interest due to the longer term. Do you want to be paying off a car for the next 30 years?



2. In the event of a serious financial or personal hardship, it is easier for a mortgage lender to foreclose than it is for an unsecured or auto lender to sue you and seize your home in the event of non-payment. In other words, you put your home at a higher risk when you consolidate unsecured debt into a mortgage.
3. Home equity represents the largest asset most Americans have. Refinancing eats into that equity and, if you refinance of-

ten, you may find that your largest asset (the equity your home) is gone.

4. Refinancing and consolidating will not help unless you change how you handle your household finances. If you consolidate and continue to run up credit card debt, your monthly expenses will actually increase as the credit card bills roll in.

If, after reviewing the reasons for refinancing, you decide to proceed, shop around for the best rates and terms. Your credit history and credit score will largely determine what your rate and terms will be. Remember that there will be closing costs that can run into several thousand dollars. Better yet, contact us before you make the decision. We will be happy to look at your situation, review your credit report, as well as your credit score, and help guide you through this major decision. Together we can make sure that refinancing your mortgage is right for you!

## FAST CASH COMES AT A COST

Source: American Center for Credit Education



Every year around this time, tax preparation offices sprint to life, most of them heralding "instant refunds" on signs posted outside their buildings. "Instant" cash can be a tempting proposition; however, before you go rushing into a tax preparation office with W-2s in hand, you may want to consider the following:

- Instant refunds might be more appropriately named "instant loans". On average, consumers spend nearly \$1 billion dollars annually in order to receive tax refund cash. Many tax preparation companies can charge exorbitantly high interest rates—as much as 264 percent or higher—because they do not adhere to state usury rates. These companies can side-step state usury laws by offering short-term loans (instant refunds) through nationally-chartered banks. In effect, consumers who receive a tax refund have already given the government an interest-free loan, only to pay interest to get their money back a few days quicker.
- Because tax preparation fees and the interest on instant cash are deducted from an anticipated refund, you receive less money than you normally would from the state and federal government.
- If the IRS should deny or reduce your tax refund, you may receive a lower than anticipated refund, or no refund at all. Nevertheless, you are still responsible for paying off the refund loan. And the longer it takes to pay off the loan, the more fees you will pay. If you are unable to pay off the loan immediately, you may be subjected to debt collections and even damage your credit rating.
- Some tax preparation companies market to potential car buyers. In some cases, these companies work with car dealerships to offer "instant refunds", which may be applied toward the purchase of a car. In reality, the company may be offering a high interest loan for the down payment on the car.
- If you are willing to abandon the traditional paper return sent via the U.S. mail and instead file electronically, you'll get the money almost as fast as you would with a refund anticipation loan and get it without paying any loan fees or interest.



Avoiding the need for instant gratification means more money in your pocket.

*"The Novadebt Connection" does not assume responsibility for any advice given. It is up to the reader to determine if advice is safe and suitable for their own situation.*