



THE novadebt CONNECTION

A Garden State Consumer Credit Counseling Organization

July 2005

What Our Clients Are Saying...

“Just a note to tell you how happy I am with the service I have received with your company and especially that of Debbie Hanat. I am paying off some of my accounts, but still remain with your company for 2 other accounts. You have a very gracious staff and that comes in very handy when one is feeling very low about not being able to pay their bills. I certainly will recommend your company to anyone who needs help, as I have.”

JS, California



Community Impact

Source: Becky Winters, Education Consultant for Novadebt

According to the American Heritage Dictionary, the term “Outreach” is defined as, “The act or process of reaching out; a systematic attempt to provide services beyond conventional limits, as to a particular segment of a community.” Recent efforts by Novadebt employees truly exemplify what “Outreach” means to our organization.

Angela Spears is a credit counselor in our Freehold, NJ office. A short time ago, she spoke to a senior citizen who resides in Monmouth County, NJ. This individual felt as though she was being harassed by creditors and treated like a “criminal”, therefore causing her much concern and stress. After completing the counseling session, Angela felt so strongly about personally assisting this caller that she obtained permission from company management to go to the caller’s home and work out a plan of action, reassuring her that there was help and she did not have to do this alone. Angela “reached out beyond conventional limits” and is a perfect example of the caring and compassionate staff that works for our agency and answers your calls every day.

Novadebt sponsored our second Blood Drive in conjunction with the Central Jer-

sey Blood Bank. As with our first blood drive, our employees provided a service to a “particular segment of a community” by donating blood for those who are in need, especially during these summer months. Neighboring businesses were also able to participate, as the “Bloodmobile” parked directly in our Freehold, NJ location parking lot. When the drive was completed, everybody gained something...those in need of the blood received a donation and those who felt good about the “gift of life” had provided it. We reach out to various community segments, whether it is the Pediatric Health Clinic children we read to while they are waiting to see a doctor, those who are fed at food shelters, our platoon troop serving in Iraq, or residents of the nursing home whom we celebrate their “Birthday Wishes”, to a name a few. It is a natural extension of our agency mission to assist “families and individuals in need.”



Employee Spotlight ... Denise Kinder

Novadebt’s employee spotlight for July shines on **Denise Kinder**.

Denise began employment with Novadebt in June 2000. As a counselor for the Housing Department, she provides counseling in areas of mortgage default, pre-purchase, and reverse mortgage.

This year, Novadebt served as a tax processing site for the VITA program in New Jersey. Denise was one of the twelve employees who participated in the training and was able to assist consumers with their taxes. Denise showed true dedication and compassion for all of the

community members in need of this service.

Denise is an active member of Novadebt’s Outreach team. She organized our first blood drive and due to its success, she organized our second blood drive in June. She also participated in the United Way Day of Caring by volunteering to participate in building a home for Habitat for Humanity.

Denise has always shown her dedication to the company. She is always the first to jump in and initiate any new program that the company implements. She consistently stays on top of new changes and suggests new ideas to better serve our clients. She

always rises to the occasion whether it be volunteering for overtime to help her department or volunteering for workshops to help educate the community. She constantly builds new relationships with potential lenders, with a strong emphasis regarding reverse mortgage counseling. Denise is always willing to help and go the extra mile.

In Denise’s spare time, she enjoys spending time with her children and going to the beach.

Thank you Denise, for being a part of Novadebt’s team!



If you have any comments, questions, or suggestions for future news bulletins, please email bulletin@novadebt.com.



How Direct Debit Can Help You...

Source: Dan Slocum—Training Manager for Novadebt

Last month, I wrote about account reaging and its importance to our clients. As a reminder, reaging helps you in two ways:

1. It stops late fees and over limit fees and allows more of your payment to go towards principal. This shortens the time it takes to pay off your debt.
2. The creditor reports your account as current with the credit reporting agencies.

As you can see, these benefits are crucial to a financial recovery plan. Federal regulations and creditor policies limit the number of times an account can be reaged, so once you have achieved that benefit, keeping on track with your payments should be a priority. This is where Direct Debit can be a great tool for you.

Direct Debit is a plan in which you authorize Novadebt to debit your checking account each month on your payment due date. This eliminates the chance that you may forget to mail the payment, resulting in a late payment. You also don't have to worry about mail delays. Last year, you may remember that Florida had 4 hurricanes in a period of 5 weeks. These storms created mail delays and lost mail which in turn, caused client payments to be late through no fault of their own. Since Direct Debit does not require mailing a check, these types of problems can be reduced. Of course, a Direct Debit means that you must have a sufficient balance in your checking account on the day the transaction takes place.

Today, the security of personal information is on everyone's mind. Experts agree that Direct Debit is as safe as placing a check in the mail. These transactions are directly between banks, which are required by law to follow strict Federal Reserve Bank regulations concerning the privacy of the information and the transaction in general.

Thousands of our clients use Direct Debit each month for one simple reason—it works! Call us at 1-800-772-4557 to speak with a Client Care Specialist who will help you get started with your Direct Debit plan.

Terminating Private Mortgage Insurance

Source: American Center for Credit Education—ACCE



If you're a homeowner, you may be unnecessarily shelling out several hundred dollars a year without realizing it.

If you put less than 20% down when you purchased your home, you are likely paying what is known as private mortgage insurance, or PMI. PMI protects the lender from complete loss if you default (fail to make payments) on your mortgage. While the lender enjoys the protection of PMI, you pay the PMI premium. In other words, the premium you pay for PMI does not benefit you in any way. And PMI costs can add significantly to your monthly payment amount—you can expect to pay approximately \$1,500 per year, or \$125 monthly, for a \$200,000 home mortgage. If possible, you will want to eliminate this extra expense.

Fortunately, the Homeowners Protection Act of 1998 (which went into effect July 29, 1999) states that a lender must automatically terminate your PMI when you reach 22% equity in your home, or you can request that it be removed when you reach 20% equity in your home. Equity refers to the difference between what you owe on your home and its current market value. For example, if the current market value on your home is \$100,000 and you owe \$80,000, then you have \$20,000 in equity.

A lender, however, will only take into account the principle you have paid on the mortgage when determining whether you are eligible to terminate PMI. You may be able to terminate PMI premiums sooner if your home has appreciated and you are able to prove this by obtaining an appraisal, which typically costs somewhere between \$300 and \$600. If the appraisal reveals that your home has appreciated to the point where the loan-to-value ratio (the amount you owe versus the current market value) has fallen 80% or below, then you can notify your lender of the appraisal results and request that your PMI be terminated.

There are some exceptions to this, however. If your loan is considered "high-risk", if you have not been current on your payments within the year prior to your request for termination, or if you have other liens on your property, you may not be eligible to cancel your PMI. Also, some loans, including government-insured FHA or VA loans, or loans with lender paid PMI will not be subject to the provisions of the Homeowner's Protection Act. If you signed your mortgage before July 29, 1999, you can request to have PMI canceled once you exceed 20 percent equity in your home, but federal law does not require your lender or mortgage provider to cancel the insurance.

If you are in doubt as to whether you are currently paying PMI, contact your lender or mortgage provider for details. Mortgage providers must provide a telephone number for all of their mortgage borrowers to call for information about terminating PMI.



"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.