



The ~~novadebt~~ Connection

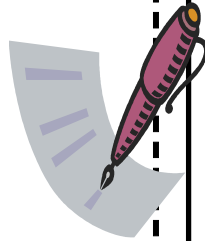
A Garden State Consumer Credit Counseling Organization

November 2005

What Our Clients Are Saying...

“For me, this was a big step. From the outset, the representative I spoke with made me feel very comfortable and, subsequently, everyone I’ve spoken with has been very patient, kind and professional. If there are any changes made to my payment contract, I’m notified in a timely manner and asked to call if I have any questions. In addition, I’m required to read a book on managing money, which, for me, is a step in the right direction. I’m very fortunate to have made the connection with Novadebt and I look forward to paying off my debts and ‘getting the monkey off my back’.”

MV, New York



Community Impact

Source: Becky Winters—Education Specialist for Novadebt

Fall is officially here and with it brings falling leaves, cooler temperatures and the approaching holidays with family and friends. There are many who feel financial strain at this time of year, so the employees here at Novadebt try and reach out to bring a little warmth and sense of compassion to those in need. November finds Novadebt employees donating non perishable food items, along with frozen turkeys, to “Freehold Area Open Door Food Pantry”. Freehold Area Open Door, Inc. (Open Door) is a non-profit 501(c)(3) interfaith agency that provides emergency food, emergency funding, mentoring and scholarships to those in need from the Freehold area. Open Door provides the following 5 programs: a Food Pantry Program, a Lunch Program, an Emergency Funding/Advocacy Program, an After School Program and a Scholarship Program. Collections are made on an ongoing basis in the three weeks before Thanksgiving. While delivering the food to the pantry, we gain a true understanding of the good that comes from our teamwork.

November also begins our involvement in the United Way of Monmouth County’s **Snowflake Wishes** efforts. Each participating Novadebt employee selects a person who will hopefully have their Christmas holiday made a little brighter by a gift selected by their adoptive “Santa”. Last year over 25 employees had a great time shopping and this year, we know that number will be exceeded. Gifts will be collected until the first week of December and delivery of the gifts is coordinated through the United Way, for arrival by the holidays. December’s newsletter will provide an update of our efforts.

Not to be forgotten is our “Adoptive Platoon”, still serving in Iraq. Boxes filled with Thanksgiving treats will be shipped to hopefully bring a smile to those who fight day in and day out for the freedom of others.



The COUNSELING DEPARTMENT at Novadebt...

Novadebt is shining the spotlight on the **COUNSELING DEPARTMENT** for November.

The Counseling Department at Novadebt consistently strives to uphold the mission of the organization “to provide financial education to the public including free housing and credit counseling services to families and individuals in need”. The experience, knowledge and dedication of our counselors helps designate No-

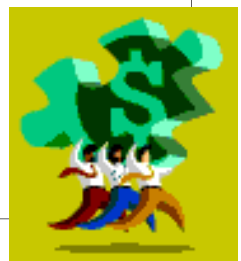
vadebt as one of the best agencies in the industry.

The Counseling Department is responsible for providing caring, professional service to community members throughout the country who are in need of counseling, financial education and resources. It is with great passion that our counselors serve the community each and every day!

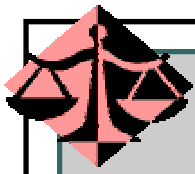
We would not be able to provide the helpful programs that Novadebt

has to offer such as: counseling, money management advice, Credit Report Review, housing counseling, Personal Financial Program, financial education, access to hundreds of community resources and workshops and community outreach, without the devotion of the Counseling Department.

Thank you to all of our counselors 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.



BANKRUPTCY LAW REFORM...What Does It Mean??

Source: Becky Winters—Education Specialist for Novadebt

Changes to bankruptcy law, as a result of the Bankruptcy Abuse and Consumer Protection Act of 2005, became effective on October 17, 2005. This reform is designed to prevent debtors from using the system as a way to avoid their creditors. Bankruptcy filing is one that should not be taken lightly and key changes in the law now require that each individual review their financial situation in detail.

Most applicants must now undergo credit counseling in a government approved program prior to filing. A list of approved credit counseling agencies may be obtained from the U.S. Trustees. Additionally, bankruptcy applicants must meet certain eligibility requirements under a "means test". This means test determines whether you can file bankruptcy under Chapter 7 or

Chapter 13. Under Chapter 13, the debtor enters into a five year repayment plan in which he or she must pay a certain amount of money to creditors, based on a strict expenses-to-income formula.

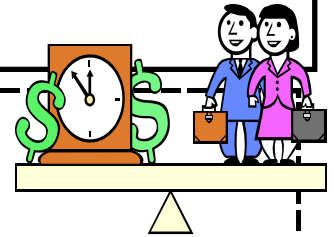
Previously filed federal tax returns are required to show proof that any tax liability has been paid prior to proceeding with bankruptcy filing. Some of the traditional immediate protections from creditors, including most debt collection and lawsuit actions have been eliminated. For example, filing for bankruptcy no longer delays or stops eviction actions, driver's license suspensions, or legal actions for child support or divorce proceedings. New guidelines have been established where a system of re-payment priority has been revised, so that child support

and alimony take priority over any other creditor. Lastly, after bankruptcy proceedings are completed, no debt can be discharged until the bankruptcy debtor participates in a government approved financial management education program. **We are pleased to announce that Novadebt has been approved to provide the education component.** As with the approved credit counseling agencies, you can refer to the U.S. Trustee Program for a list of approved education providers.

Incorporating counseling and education in the bankruptcy process will provide the tools for financial stability for the debtor. Should you have any questions regarding this law reform, call our offices at 1-866-254-2660.

Minimum Payments Are Going Up

Source: Sandy Shore—Senior Counselor for Novadebt



If you are struggling to make your credit card payments now, you may be in for a shock. Banks will be increasing the minimum payments required, under pressure from federal regulators. Currently the minimum payment is set at about 2.5% of the balance each month. The new payment will be about 4%.

Why would they do that, when many consumers are already struggling? Actually, it will help consumers get out of debt. Consider these numbers: If you have a \$10,000 debt at 28%, with the current 2.5% or \$250 minimum payment, you will be paying for 170 years and pay over \$130,000 in interest. If you are not planning to live that long, don't worry...you will have paid the debt many times over, so the credit card company won't be too unhappy. If your interest rates are more reasonable, let's say 10%, you will only have to pay for 20 years. Your interest will be over \$13,000.

With the new regulations, your payment will be 4% or \$400. With the 28% interest rate, you will get out of debt in 20 years and pay about \$4,900 in interest. With the 10% rate, when the payment goes up to \$400, the debt will be paid off in less than 12 years. The interest will be about \$2,600. This is still a lot of money, but not as bad as with the lower minimum payments.

If you are in a Debt Management Plan, this will not affect you since your payment is set to get you out of debt in about 5 years. If you have been paying on the same debt for years, this should be a wake up call. Call us at 1-800-992-4557. We can help.

"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.