



DEBT REVIEW INFORMATION BROCHURE

ABOUT DEBT MASTERS

We are pleased to welcome you to Debt Masters. **We have assisted South African consumers in achieving financial freedom since 2008.**

Johann Wasserman is our registered debt counsellor with the National Credit Regulator (NCR), holding registration number **NCRDC3409**.

The National Credit Act (Act 34 of 2005) (commonly referred to as the "**NCA**"), as amended by Act 19 of 2014 and Act 7 of 2019 (commonly referred to as the "**NCAA**"), **governs the provision of our services**.

OUR OFFICES

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WHEN TO CONSIDER DEBT REVIEW

The consumer should consult a Debt Counsellor when he or she becomes aware that they are unable to meet their monthly financial obligations, or in situations where the consumer has already defaulted on payment on a particular credit agreement. In accordance with Section 129 of the NCA, the credit provider may have notified them of the default and referred them to a debt counsellor, among others.



DEBT REVIEW INFORMATION BROCHURE

PURPOSE OF DEBT REVIEW

Debt Review is a voluntary, consensual process where a registered Debt Counsellor assists an over-indebted consumer or a consumer who is experiencing or is likely to experience difficulty meeting all of their obligations under their credit agreements in a timely manner. The purpose of this program is to assess the consumer's financial position and lifestyle in order to make certain recommendations in order to mitigate indebtedness. Consequently, an order is then made by a tribunal or magistrate court to rearrange the consumer's financial obligations. By doing so, consumers are able to settle their debt over a period of time by paying a single, reduced, and affordable monthly payment. It is essential that the consumer adheres to the repayment plan and refrains from incurring additional debt in order for the process to be successful.

BRIEF OVERVIEW

The debt review process begins with the consumer completing our contact form below, requesting both a free call-back from our team of specialists, as well as professional assistance to help with the process.

As a next step, the consumer is required to complete and submit the required **Application Form** (Form 16), the **Power of Attorney Form**, as well as provide all the required **supporting documents**, such as the consumer's identity document, proof your income (recent payslip or bank statements), proof of residence, marriage certificate (if married), all correspondence from credit providers including Section 129 Notices and any details pertaining to previous legal action. Additionally, similar information regarding the consumer's spouse may be requested where applicable.

Our Debt Counsellor will then assess all documents submitted and determine whether the consumer's monthly expenses and debt exceed their monthly income. In this case, a rescue plan will be drafted and implemented.

During the next 60 business day period (3 months), no legal action may be taken against the consumer who will be fully protected against repossession of their assets, while the Debt Counsellor proposes a restructured payment plan to all creditors listed by the consumer.

The consumer should be aware that creditor accounts involving legal action that have already been initiated prior to the start of the Debt Review Process will not be considered. It will be the Debt Counsellor's responsibility to negotiate an acceptable agreement when legal action has already been initiated.



DEBT REVIEW INFORMATION BROCHURE

HOW THE DEBT REVIEW PROCESS WORK

The debt review process can be summarised in **6 steps:**

1. The over-indebted consumer submits Form 16 and the relevant information to Debt Masters, where a registered Debt Counsellor will receive and evaluate the application.
2. To inform all creditors that the consumer has applied for a debt review, Debt Masters will send Form 17.1 within five business days.
3. Upon receiving certificates of balance (COBs) from various credit providers, the Debt Counsellor will verify the information provided by the consumer. A series of documents will be sent to the consumer during this process, which must be completed and returned. This is necessary in order for Debt Masters to proceed with the consumer's debt review application.
4. In order to determine whether the consumer is indeed over-indebted, the Debt Counsellor will now formally assess the consumer's application, which entails an examination all the consumer's essential monthly expenses and deducting them from the consumer's monthly income. After deducting these expenses, the surplus is offered to the consumer's creditors as a monthly repayment. According to Section 86(7)(a) of the NCA, the Debt Counsellor must reject the application if the consumer is not over-indebted.
5. The consumer qualifies to be placed under Debt Review if indeed found to be over-indebted, resulting in the Debt Counsellor sending Form 17.2 to the consumer's credit providers and credit bureaus, informing them that a proposed debt restructuring and repayment plan will be presented to them within 30 business days for their consideration and approval.
6. When a consumer's credit providers have reviewed and approved the debt restructuring plan, the matter is referred to a Magistrate Court under Section 86(8) of the NCA or the National Consumer Tribunal under Section 138 of the NCA, in order to obtain an order declaring the consumer to be over-indebted. The attorney handling the matter will contact the consumer.

Typically, the **debt review process takes 60 business days (3 months)** from the date of application.

Once the court has granted the order, the consumer will be protected from any legal action taken by their credit providers. Over the term of the agreement, the consumer will only be required to make **one monthly, affordable payment** until the debt is entirely repaid. In addition to providing regular statements to the consumer, the Payment Distribution Agency (PDA) facilitates all payments to creditors on behalf of the consumer's Debt Counsellor.



DEBT REVIEW INFORMATION BROCHURE

A **clearance certificate** will be issued to the consumer once the debt has been fully repaid over the term of the agreement. Credit bureaus will be notified that the consumer is now debt-free.

In its most basic form, a debt review provides a long-term solution to a consumer's financial difficulties, providing immediate relief while giving them legal protection against their creditors.

THE CONSEQUENCES OF DEBT REVIEW

The **advantages** of debt review are as follows:

1. In the first 60 business days following the consumer's application for debt review, the credit provider may not enforce the credit agreement against the consumer by taking legal action.
2. The consumer only has **one fixed monthly, affordable payment**.
3. Under the NCA, consumers are protected from blacklisting while they are under debt review.
4. Under the NCA, the consumer and their assets are protected from creditors while they are under debt review. All correspondence with creditors is handled by the Debt Counsellor.
5. The debt review process allows the consumer to **take a break from credit**.

The **disadvantages** of debt review are as follows:

1. The consumer may not incur any further debt whilst under debt review.
2. The consumer will be listed as having applied for debt review on all registered credit bureaus.
3. The consumer is responsible for the fees charged by the Debt Counsellor, Attorney, and Payment Distribution Agency (PDA); however, these fees are included in the restructured payment plan, and are not required to be paid upfront by the consumer.
4. To settle all debts, the consumer must adhere to any restructured repayment orders issued by the Magistrate's Court or National Consumer Tribunal. In this way, the credit score of the consumer will improve after the debt review process. This is because it will reveal the consumer's future ability to repay a mortgage or debt.
5. A consumer may withdraw his application for debt review only prior to the Debt Counsellor issuing a declaration of over-indebtedness (Form 17.2) or upon receipt of a clearance certificate confirming that all debt has been repaid.



DEBT REVIEW INFORMATION BROCHURE

OTHER CONSUMER RESPONSIBILITIES

1. The consumer is responsible for immediately completing and signing the **Debit Order Cancellation Form** (included with Form 16), and returning it to Debt Masters. In the absence of this action, a double deduction could occur. A consumer who experiences any problems with their bank in this regard is advised to close the account and open a savings account with a different bank. If the consumer does not cancel the debit or stop order, the bank will continue to debit the consumer's account.
2. The consumer is responsible for checking the monthly payment schedule in accordance with the court order. The purpose of this is to ensure that all creditors have been paid and to notify Debt Masters of any errors that have occurred. A monthly statement will be sent to the consumer by the Payment Distribution Agency (PDA) via SMS or e-mail.
3. It is the consumer's responsibility to immediately notify Debt Masters, as well as ALL creditors, if any of his or her personal details change during the Debt Review process.
4. Consumers are responsible for ensuring that debit orders are successfully processed every month. In this way, the PDA will be able to pay the consumer's creditors on their behalf. Debt Masters should be informed immediately if the consumer's debit order is not successful, so that creditors will not take legal action against you. Unless the consumer pays regularly as required by the court order, Debt Masters cannot be held responsible for creditors taking legal action.
5. Debt Masters recommends that consumers **DO NOT SIGN ANYTHING** other than the forms provided by Debt Masters. This is because creditors cannot repossess the furniture, vehicle, or house of a consumer without a court order.
6. Whilst under debt review the consumer is not allowed to obtain any further credit.

FEE STRUCTURE

1. As a result of Debt Review, a consumer will only be required to pay one agreed fixed monthly instalment until the debt has been fully repaid.
2. The consumer does not have to pay any upfront fees, as the first monthly payment will cover the costs associated with the debt review application. As part of these costs, you will be charged the debt restructuring fee of the Debt Counsellor, the legal fees of the Attorney representing you in court, as well as the administrative fees charged by the Payment Distribution Agency (PDA) to facilitate the monthly payments to the consumer's creditors.



DEBT REVIEW INFORMATION BROCHURE

3. The Debt Counsellor's restructuring fees are typically included in the first agreed monthly instalment. All legal fees incurred by the appointed attorney are usually included in the second, and sometimes the third instalment, paid by the consumer. The monthly administration costs of PDAs are spread over the repayment period. Therefore, there are no upfront fees to be paid by the consumer. The purpose of these fees is to ensure that the consumer is legally protected throughout the debt review process. These fees will be disclosed to all creditors of the consumer and will form part of the restructuring proposal that will be submitted to the creditors for their consideration and approval.
4. There are **no hidden costs** and the consumer starts saving from the first month.
5. Consumers' debt restructuring fees are directly related to their personal circumstances and the agreed-upon fixed monthly payment amount. The NCA limits the restructuring fee to a maximum of R8000 (excluding VAT). Therefore, if the consumer's monthly instalment is for example R3000, the restructuring fee is R3000 (exclusive of VAT) and not R8000 (exclusive of VAT). According to the NCA, if the instalment is determined to be R10000 per month, the restructuring fee will be limited to R8000 (excl. VAT).
6. Debt Counsellors may be able to reduce consumers' monthly payments, but they are not able to reduce their interest payments. Most creditors do, however, lower their interest rates, resulting in significant savings for consumers. Most consumers are unaware that they also pay a high premium for debt insurance. Consumers can also request the Infusion Declaration and Mandate from Debt Masters to ask their brokers to negotiate a lower insurance premium per month on behalf of them.
7. Last but not least, the payment of the maximum affordable amount (the restructured amount) will begin immediately and there will be no payment holiday.

FREQUENTLY ASKED QUESTIONS (FAQ)

The following are some frequently asked questions by consumers considering a debt review.

1. How long does debt review last?

The period of debt review is influenced by the amount of debt the consumer has, how much the consumer can afford to repay monthly and the consumer's commitment to becoming debt-free. The consumer can shorten the duration of the debt review process by paying off debts with a higher interest rate first, utilizing any lump sums or bonuses for debt repayment, earning an additional income and reducing expenses on a monthly basis. Ultimately, Debt Masters strives to help consumers become debt-free within 60 months. So, how long debt review takes, ultimately depend on the consumer.



DEBT REVIEW INFORMATION BROCHURE

2. How to check if you are under debt review?

A consumer can annually get a free credit report at any of the credit bureaus like **Experian** or **TransUnion**. This report will indicate if the consumer is under debt review or not.

3. Who qualifies for debt review?

The consumer must be a South African citizen in order to qualify for debt review. It is necessary for the consumer to be employed and earn a steady income. In addition, the consumer must be unable to meet all their monthly financial obligations and be approved by a Debt Counsellor as over-indebted. As a final consideration, the consumer must be committed to becoming debt-free. In the event that you are unemployed and have no income, you are not eligible for a debt review.

4. Can I get a loan under debt review?

It will not be possible for the consumer to apply for any further loans. Taking out credit while under debt review is prohibited by law, and it completely defeats the purpose of the debt review process. During a debt review, all major banks and lending institutions will not approve any further loans, as it would be considered reckless lending.

5. How can I remove my name from debt review?

Consumers will receive a clearance certificate once all their debts have been paid off and the debt review process has been completed. Your Debt Counsellor will inform the credit bureaus, which are legally required to remove the "under debt review" flag within 21 business days of notification, from the consumer's credit profile.

6. Will debt review affect my ability to apply for new jobs?

No. Consumers who are under debt review are not affected when they apply for a new job in the future. You will gain more respect if a new employer checks your credit report and discovers that you are under debt review, as he or she will understand that you took the appropriate action when you encountered financial difficulties.

7. Will my employer know that I am under debt review?

No. Debt Masters will never contact consumers at work unless asked to do so.



DEBT REVIEW INFORMATION BROCHURE

8. Do I need to consult with Debt Masters in person at your offices?

No. It is possible to facilitate and finalize the entire debt review process by phone or by email. Therefore, the consumer may contact Debt Masters regardless of his or her physical location in South Africa.

9. What happens if I am retrenched while under Debt Review?

In terms of the Debt Review process, this would be problematic since the consumer must make monthly payments in accordance with their repayment plan. When this occurs and the consumer is unable to obtain another income to satisfy the monthly instalments under the debt repayment plan, he or she should contact Debt Masters or the Debt Counsellor immediately to discuss an alternative solution.

10. Do I have to appear in court?

No. Debt Masters will obtain the court order on behalf of the consumer without the consumer having to attend any court proceedings. The consumer's reduced debt repayment plan already includes all legal fees associated with the court order.

11. What is the role of the Payment Distribution Agency (PDA)?

It is our policy not to receive or deduct the consumer's monthly instalments, but instead to appoint an experienced Payment Distribution Agency (PDA) to handle the entire payment administration process on behalf of the consumer and to provide monthly statements to the consumer for tracking the progress of debt repayment.

12. How soon will I actually experience debt relief?

Under the Debt Review process, debt relief is experienced immediately. Within the first five business days, Debt Masters will calculate and determine an affordable provisional repayment plan for the consumer. Under the provisional repayment plan, the consumer will be required to make a single monthly payment to a Payment Distribution Agency (PDA). Payments will be distributed by the PDA according to your repayment plan. During the first 60 business days, the consumer's credit providers are prohibited from taking action against the consumer. Through its Debt Counsellor, Debt Masters will prepare a final repayment plan for the consumer. This plan will be submitted to the credit providers and granted by a Magistrate's Court or National Consumer Tribunal.



DEBT REVIEW INFORMATION BROCHURE

HOW TO APPLY

If you would like Debt Master to assist you with your Debt Review application, simply complete and submit our no-obligation call-back online form on our website by typing the below web address in your browser window and click on "**APPLY NOW**" in the top navigation bar:

<https://www.debtmasters.net>

All personal information provided are protected in terms of Debt Master's POPI and PRIVACY policies, which can be obtained from our website by typing any of the below addresses in your browser window:

https://www.debtmasters.net/pdf/dm_popi_policy.pdf
https://www.debtmasters.net/pdf/dm_privacy_policy.pdf

The only compulsory **details required** to request a non-obligation call-back are:

- Your name and surname
- Your mobile or WhatsApp number
- Your email address

DOWNLOADABLE DOCUMENTS

The below documents are available for direct download from the Debt Masters website by typing the following addresses in your browser window:

Debt Review Explainer Brochure

https://www.debtmasters.net/pdf/dm_debt_review_explainer_brochure.pdf

Debt Review Application Form (Form 16)

https://www.debtmasters.net/pdf/dm_debt_review_application.pdf

Debt Review Power of Attorney

https://www.debtmasters.net/pdf/dm_debt_review_power_of_attorney.pdf

Debt Review Debit Order Authorisation

https://www.debtmasters.net/pdf/dm_debt_review_debit_order_authorisation.pdf

National Credit Act & all Amendments

https://www.debtmasters.net/pdf/national_credit_act_and_amendments.pdf