

THE 5 STEPS OF THE DEBT COUNSELLING PROCESS

Step 1: You complete an application form and provide us with the details of all your Credit Providers. (Consultations are usually done telephonically and by e-mail, but can also be done in person.)

Step 2: We determine whether you are over-indebted, in other words, do your monthly expenses exceed your monthly income? (You have to be over-indebted to qualify for Debt Review.)

Step 3: If you are over-indebted, we shall inform all your Credit Providers and the Credit Bureaus that you are under Debt Review. Your Credit Providers will also be requested to provide us with a Certificate of Balance (COB) in respect of your accounts. (You will immediately start to pay a single provisional reduced monthly instalment in respect of all your Credit Providers which will be affordable to you)

Step 4: After receiving all the COB's, we will restructure your payment plan and negotiate with your Credit Providers where necessary. After negotiations with your Credit Providers, your new restructured payment plan will be sent to all your Credit Providers and this new payment plan will take effect. (Your restructured payment plan will reduce your monthly debt repayments to an affordable amount, leaving you with sufficient money for your living expenses.)

Step 5: We will instruct our specialist attorneys to apply at court in order to make your restructured payment plan a court order. You will not have to appear in court yourself, as your Debt Counsellor will be the applicant in the matter, unless the particular magistrate requires your presence. (The process will now be completed and you **must ensure that your monthly payments are made timeously in order to prevent Credit Providers from taking action against you.**)

DEBT COUNSELLING FEE GUIDELINES

The Debt Counsellor may receive the following amounts in respect of consumers who have applied for debt counselling:

- 1.1. An application fee, limited to the amount prescribed in terms of Schedule 2 (2) of the Act, recoverable directly from the consumer upon receiving an application for debt review;
- 1.2. A rejection fee of R300.00 (excluding VAT) in respect of consumers whose applications have been rejected in terms of section 86(7)(a);
- 1.3. A restructuring fee of the lesser of the first instalment of the debt re-arrangement plan or a maximum of R6000.00 (excluding VAT), in respect of a consumer whose applications have been accepted in terms of 86(7) (b) or 86(7) (c). 100% of the fee is payable at the first instalment.
- 1.4. A monthly after-care fee of 5% (excluding VAT) of the monthly instalment of the debt re-arrangement plan up to a maximum of R400.00 (excluding Vat), for a period of 24 months, thereafter reducing to 3% (excluding VAT) of the monthly instalment, to a maximum of R400.00 (excluding VAT), for the remaining period of the debt re-arrangement plan.
- 1.5. Should the consumer withdraw from the process after completing stages 1.3 above, a fee equal to 75% of the restructuring fee as per 1.3 above is payable by the consumer.
- 1.6. The legal fee for the order may only be deducted in the 2nd month after the amount in 1.3. above has been paid. If the consumer's affairs cannot be resolved through a consent order, there are additional costs for further legal processes (approximate legal fees of R6000.00).
- 1.7. The applicable fees and related debt counselling services will be set out in an addendum to Form 16, which needs to be explained to the consumer and signed by him/her.

DOCUMENTS REQUIRED BY CLIENT

1. **ID DOCUMENT** - Applicant & Spouse.
2. **LATEST SALARY ADVICES/PAY SLIPS** - Applicant & Spouse
(3 months for fixed salary/6 months for commission or weekly employee)
3. **MARRIAGE CERTIFICATE** - Applicant & Spouse
(Decree of Divorce/ Anti nuptial contract(ANC)/ Marriage Certificate/Death Certificate if Widow/Widower)
4. **BIRTH CERTIFICATES/ID** of dependants(LIST only OWN biological children scholars/student (under 21)
5. **BANK STATEMENTS** – 3-6 Months for Applicant & Spouse
6. **GARNISHEE ORDERS/LETTERS OF DEMANDS/SUMMONSES**
7. **PROOF OF EXPENSES: WATER & ELECTRICITY ACCOUNTS, RATES & TAXES ETC**
8. **STATEMENTS OF ACCOUNTS ALL COMPANIES YOU OWE MONEY:**
9. **BRING ALL CREDIT CARD & CLOTHING ACCOUNTS CARDS**

We are here to help you not judge you. People from all walks of life get into debt from time to time and need help in resolving the situation. It is nothing to be ashamed of. We will analyse your finances, looking at income and expenditure and then coming up with a recommended solution to deal with your debt, leaving you enough money to cover your priority debt/secured loans and living expenses.

FREQUENTLY ASKED QUESTIONS

[Why use Debt Counselling?](#)

"Debt Counselling was formally introduced by the National Credit Act to help over-indebted consumers, especially in our current economic crisis. The goal of Debt Counselling is to develop a repayment plan which is affordable to you, as well as acceptable to all your credit providers. It is there to help you, so why not make use of it?"

[How long will it take before I actually experience relief?](#)

"You will immediately experience the relief that Debt Review offers. Within the first 5 days, we will work out a provisional repayment plan for you which you will be able to afford. In terms of the provisional repayment plan, you will make a single payment to a Payment Distribution Agency, who will distribute the money according to your plan. During the first 60 working days, your Credit Providers will not be allowed to implement action against you. During this time we will prepare your final repayment plan."

[Will I have to engage in a consultation in person at the offices of AE?](#)

"No, the whole process can be finalized telephonically and by e-mail, no matter where you stay in South Africa."

[How does AE manage to lower my payments?](#)

"In terms of the National Credit Act we, as Debt Counsellors, are allowed to lower your monthly payments by extending your repayment periods and in some cases by lowering your current interest rate. "

[What if Debt Counselling is not the ideal situation for my circumstances?](#)

Should we believe that Debt Counselling is not the best option in your particular circumstances, we will refer you to one of our preferred service providers to assist you with the most appropriate process, whether it is sequestration or perhaps selling your property.

[Which debts are excluded from debt review?](#)

Service accounts cannot be included under debt review. This means that cell phone contracts, child support, water and electricity, RENT, DSTV contracts, and school fees cannot be included under debt review.

[I have heard some negative rumours about Debt Counselling. Does Debt Counselling really work?](#)

Debt Counselling evolved a great deal since it was launched in June 2007 by the National Credit Act. As is the case with the implementation of almost all new legislation, all the grey areas in the Act had to be found and tested in court in order to have the Act run smoothly. We are convinced that the industry has already reached the point where Debt Counselling is now running the way it was intended to by the legislator. We have successfully helped thousands of people since the inception of Debt Counselling back in 2007 and we are happy to see that more and more people are realizing that the system is working. So the answer is yes, Debt Counselling does work. In some isolated cases there were some bad apples in the industry in the form of Debt Counsellors who were in it for a quick buck. Most of these bad apples have since been worked out of the system, ensuring a dependable industry that is helping thousands of South Africans to deal with their financial distress. South Africa has managed to bring Debt Counselling to a point where it is regarded as one of the most successful of its sort in the world. It is imperative that you choose the correct Debt Counsellor though, as we are of the opinion that there are still certain Debt Counsellors in the industry who do not possess the necessary skills, competence and experience to offer you the full benefits that Debt Counselling can offer.

[What happens if my Credit Providers do not accept my Debt Review?](#)

If we feel that your offer towards your Credit Providers is reasonable, then we will endeavour to convince the court that the Debt Review must be made an order of court, even if your Credit Providers do not agree. If your Credit Providers take action against you in these circumstances, then the monthly payments that should go towards those particular Credit Providers may in certain circumstances be used to defend such actions. At the end of the day the Credit Providers just want their money, so should your repayment plan be reasonable, it is very unlikely that the Credit Providers will not accept it.

[If I am placed under Debt Review, will my Credit Providers still contact me?](#)

"As soon as you apply for Debt Review at AE, we will within 5 days (usually less than 48 hours) notify all your Credit Providers that you are under Debt Review and from that point onward they must, by law, communicate with your Debt Counsellor and not with you directly. It does unfortunately happen from time to time that some Credit Providers take a chance by making contact with our clients directly, but when that happens, you can merely refer them to your Debt Counsellor who will deal with the matter further. "

[How would I know that I need Debt Counselling?](#)

"The mere fact that you are reading this means that you will most probably benefit from Debt Counselling. The golden rule is not to wait too long before you contact us. The earlier you come to us, the easier it would be to find a solution for you. You can only benefit from contacting us."

[Will I lose my house or my vehicle when I am placed under Debt Review?](#)

Debt Review cannot make you lose your home or your vehicle. It can however save your home and vehicle, but this will obviously depend on your unique circumstances. Factors that will determine this will include the following:

- Have you received a Section 129 letter from your Credit Provider, and if so, how long ago? If you receive a Section 129 letter from your Credit Provider, you will have 10 working days in which you can obtain the services of a Debt Counsellor, who will endeavour to save the asset.
- Have you been served with a summons in respect of your mortgage bond or vehicle finance?
- How many vehicles do you have and what are they used for? Quad bikes and Jet ski's will for example be regarded as luxury vehicles and might have to be returned to the bank.
- Are you giving your full cooperation in the program?

The bottom-line remains that you will always be in a better position to keep your home and your vehicle when you are under Debt Review, rather than trying to fight off the banks yourself.

[How long will I remain under Debt Review?](#)

It is different for everybody, as every individual's situation is unique. In order to lower your monthly instalments, we have to extend your repayment periods. In some cases we manage to convince Credit Providers to also lower their interest rates, which means that your repayment period will not be stretched too much. Your debt repayment plan will indicate exactly when your last day of payment will be. If you however manage to get a substantial salary raise or inherit a lump sum of money for instance and you are in a position to pay off all your debt or make a better payment arrangement with your Credit Providers, you can contact us and we will end your Debt Review on your instruction and inform the Credit Bureaux to remove the Debt Review flag behind your name.

[What are the costs involved with being placed under Debt Review?](#)

"Our fees are regulated by the National Credit Regulator and are very reasonable, as the idea is to get you out of debt. The fees will be explained to you in detail once you contact us. The important thing to remember here is that our fees and disbursements are included in your affordable debt repayment plan."

[Would I have to appear in court in order to make my Debt Review an order of court?](#)

No, you do not have to appear in Court, as your Debt Counsellor will be the applicant and you will merely be a respondent. As soon as our attorneys notify us of the outcome, we will immediately notify you of same. In the unlikely event that the magistrate does request your presence, it would merely be to establish certain facts. You will not be questioned by any attorneys or anything like that, as this would merely be a court application and not an action procedure.

[Will my employer know that I am under Debt Review?](#)

No. We never contact clients at work unless asked to do so.

[Can I be "blacklisted" by Credit Providers whilst I am under Debt Review?](#)

"No, whilst you are under Debt Review, your Credit Providers will not be in a position to "blacklist" you. If the "blacklisting" took place before you applied for Debt Review, it will however reflect on your credit record. This is a further reason why you should rather apply earlier than later for Debt Review."

[Can I apply for Debt Review if I am unemployed?](#)

"In order to be placed under Debt Review, you have to have a monthly income that puts you in a position to make a reasonable offer to your Credit Providers. If you are therefore unemployed and you do not receive any other income, like rental income or pension, Debt Review is not the ideal solution for you. There are other solutions available that might be beneficial for you, so you can still contact us."

[I've been summoned to court, can AE still help me?](#)

"You can still contact us. There might be other means of assisting you. The sooner you contact us, the better our chances are for finding a workable solution for you."

[What if I already have judgments against me?](#)

"You can still contact us. There might be other means of assisting you. The sooner you contact us, the better our chances are for finding a workable solution for you."

[Can I apply for more credit or use my credit cards while I am under Debt Review?](#)

"No. The idea is to get you debt free and therefore you will not be allowed to incur further debt whilst you are under Debt Review. Once your obligations towards your Credit Providers have been satisfied, we will issue you with a clearance certificate and you will be in a position to apply for credit again."

[How will Debt Review influence my credit record and will I be able to apply for credit again in the future?](#)

Whilst you are under Debt Review, a flag indicating that you are under Debt Review will be present behind your name at the Credit Bureaux. Once you have satisfied your debt obligations, we will instruct the Credit Bureaux to remove the flag and there will be no indication that you have ever been under Debt Review. If you however do not apply for Debt Review, the situation is much worse. If you skip monthly instalments on any of your Credit Agreements, whether it is a Mortgage Bond or a mere clothing account, this will be listed as non payments. For purposes of obtaining credit in the future when you are back on your feet again, it would therefore be an obvious choice to rather opt for Debt Review than to try and juggle your Credit Providers by paying them less than your original instalment or not paying all of them timeously.

[What happens if I get retrenched whilst under Debt Review?](#)

"Unfortunately this would be a big problem with regards to your Debt Review, as you must make your monthly payments in respect of your debt repayment plan. Should this happen and you do not immediately get another income to satisfy your monthly instalment in terms of your debt repayment plan, you must contact us immediately, so that we can look at an alternative solution for you."

[What happens if I get into an accident for example and I cannot pay my monthly Debt Review instalment?](#)

"The determining factor will be reasonableness. If you can prove that you were not in a position to pay, because you were in hospital for instance, we can send a certain notification to the Credit Providers and in all probability it will be accepted and your Debt Review will continue. It is very important to note that Debt Review does not provide payment holidays. Debt Review should never be abused in order to evade your obligations."

[Will Debt Review have a negative impact when you apply for another job in the future?](#)

"No, it should not have a negative impact, because if a new employer does a credit check on you and picks up that you are under Debt Review at the time, it will in our opinion obtain your respect, as the employer will realize that you did the responsible thing when you started to experience financial problems. The alternative would be much worse. If the employer picks up that you have defaults on your credit record and you did nothing about it, it would not send a good message at all."

[Will my insurance policies be affected by Debt Review?](#)

"No, as long as you are not paying too much, we will refer you to FSB accredited broker for a financial analysis. Provision is made in your debt repayment plan for all your insurance policies. In fact, if you have vehicle finance, you will be compelled to have insurance on the vehicle."

[Does AE provide consolidation loans?](#)

"Not at all. Our goal is to get our clients debt free. Further loans will definitely not solve your financial problems"

[What is the difference between Debt Counselling, administration and liquidation?](#)

***Debt Counselling:** is where a Debt Counsellor restructures instalments to allow the consumer to pay his or her debt and meet his / her basic living expenses. Debts are paid monthly.

***Administration:** is a legal process, where the instalments are reduced, but creditors only receive payment every three months and the term of repayment is much longer than under Debt Counselling. Debt must be less than R50 000 to qualify.

* **Liquidation:** is a legal process where assets are sold to try and lessen the debt and the Court will appoint somebody to manage your finances. This is costly and you will be blacklisted for 30 years or until the Court declares you as rehabilitated.

[What is the difference in the case of Sequestration / Judgement?](#)

Sequestration

- There are costs associated with sequestration and your creditors will have to pay them out of your insolvent estate;
- It allows you to write off some of your debt or most of it;
- You lose all your assets;
- It is highly unlikely that you will be able to get credit again without the approval of the trustee (the person appointed by the court to manage your assets);
- You will have to apply to be rehabilitated later, which is not that easy. Usually not before 4 years have elapsed. This means that during the 4 years you cannot qualify for a loan or enter into any credit or financial agreements. Even once you have been rehabilitated you will battle to get credit for another 5 years as the notice of rehabilitation which gets added to your credit record will discourage creditors from lending to you even though they are now allowed to;
- You must first persuade your creditors that sequestration is the best option for them too. Because they pay something towards the costs, they can refuse to do this and then you have to go for the second option.

Judgement

If you are unable to pay your debt and you do nothing, it is very likely that your creditors will take judgment against you. The effect of this could include the following:

- They can attach your assets;
- They can demand a portion of your monthly salary or garnishee order;
- You are listed on the credit bureau;
- The judgment stays in place for 30 years. This means that your creditor has 30 years to collect the debt from you.

Contact us should you require further assistance.

AE ADMINISTRATORS & DEBT COUNSELLORS

P O Box 50049, Aikenstreet, 4251, Office 17, Sheppie Mall, Aikenstreet, Port Shepstone, TEL NO: 039-682-0301/FAX NO: 086-614-0596

email:aeadmin@telkomsa.net, website:http://www.aeadmin.co.za, (NCRDC1276/NCRDC2361)

E&OE

Application-CONSUMER FOR DEBT REVIEW-AE ADMINISTRATORS (NCRDC1276/2361)TEL: 039-682-0301

Please note that:

-On receipt of this application the Debt Counsellor will advise all credit providers and all registered credit bureaus that you have applied for debt review.

-You will be listed with all registered credit bureaus that you have applied for debt review.

-This form must be accompanied by a list of all credit providers as well as copies of all documents requested.

-Should any documents not be submitted within 10 days of the application being received by the Debt Counsellor, your application will not be accepted.

PERSONAL INFORMATION-APPLICANT:

Full Names:	Marital Status:
Surname:	How Married: (Community of property/Anti Nuptial Contract/Traditional)
Maiden Name:	Date:(divorced/separated):
ID Number:	Race:
email:	Tel (House)
Cell Nr.:	Tel (Work)
Residential Address:(Owner/Tenant)	Postal Address:

NO OF DEPENDANTS: LIST only OWN biological children scholars/student with proof of studies (under 21) Provide BIRTH CERTIFICATES for ALL and REASON why you are responsible for dependant/s not your own?

NAME	AGE	GENDER	RELATIONSHIP	DETAILS
1)				
2)				
3)				
4)				
5)				
6)				
7)				
8)				

SPOUSE'S INFO:

Full Names:	email:		
Surname:	Cell Nr:		
Maiden Name:	Tel (House)		
ID Number:	Tel (Work)		
NEXT OF KIN/FRIEND	NEXT OF KIN/FRIEND		
Names:	Names:		
Relationship:	Relationship:		
Cell Nr:	Cell Nr:		
Tel (Work):	Tel (Work):		
NEXT OF KIN/FRIEND	NEXT OF KIN/FRIEND		
Names:	Names:		
Relationship:	Relationship:		
Cell Nr:	Cell Nr:		
Tel (Work)	Tel (Work)		
APPLICANTS EMPLOYMENT:	SPOUSE'S EMPLOYMENT:		
Employer:	Employer:		
Name of School/Hospital/Station:	Name of School/Hospital/Station:		
Occupation:	Since:	Occupation:	Since:
Tel No:	Employee No:	Tel No:	Persal No:

INCOME:-PLEASE NOTE: PROOF OF INCOME & EXPENSES IS REQUIRED a week before COURT date!!!			
SALARY		FOOD	
PENSION INCOME		RENT/BOND	
SPOUSE INCOME		WATER & ELECT	
CHILD MAINTENANCE		RATES & TAXES	
CHILD/DISABILITY GRANTS		TRANSPORT	
		TELEPHONE	
		LICENSES(Car/SABC TV)	
TOTAL INCOME=		MEDICAL EXPENSES	
EXPENSES:		LIFE/FUNERAL INSURANCE POLICIES(not on payslip)	
SCHOOL FEES		CAR INSURANCE	
SCHOOL TRANSPORT		MEDICAL AID/HOSPITAL PLAN(not on payslip)	
UNIVERSITY/COLLEGE/TECH FEES		FURNITURE/CAR (HP Agreements/Leases)	
HOSTEL FEES			
CHILD MAINTENANCE			
AFTERCARE/DAY MOTHER		TOTAL EXPENSES=	

DEBT OBLIGATIONS:-ALL Credit CARDS/Clothing CARDS to be handed in and NOT USED AGAIN!!

COMPANY:	REF/ACCOUNT NO:	INSTALMENT	BALANCE
1)			
2)			
3)			
4)			
5)			
6)			
7)			
8)			
9)			
10)			
11)			
12)			
13)			
14)			
15)			
16)			
17)			

DECLARATION BY APPLICANT

I declare as follows:

1. I undertake to comply with all requests from the debt counsellor/administrator to assist him/her to evaluate my state of indebtedness and the prospects for responsible debt restructuring;
2. I hereby consent to the submission of my information to all registered credit bureaus by the debt counsellor;
3. I also consent that the debt counsellor/ administrator may obtain my credit record from any/all registered credit bureaus and any other registers which may contain any of my credit information;
4. I undertake not to enter into any further credit agreements, other than a consolidated agreement, with any credit provider until one of the following events has occurred:
 - a. The debt counsellor/administrator rejects my application;
 - b. The court determines that I am not over-indebted; or
 - c. All my obligations under credit agreements as re-arranged are fulfilled
5. I confirm that the information contained in this document is, to the best of my knowledge, true and correct.

Signed at _____ on this _____ of _____ 20 _____

SIGNATURE: _____

SPOUSE: _____