



**EDITION I VOLUME II
DECEMBER MMV**

2846 Johnson St NE
Minneapolis, MN 55418
612-789-4341
www.JimHollisterAgency.com
E-Mail: jhollister04@msn.com

Welcome to our new Newsletter. You can also view it on our website.

In this issue...

Happy Holidays Our wishes for you and your family.
It's Time to Review.... Don't forget to review your insurance.
Home Mortgages ... Credit card payments increase January 2006!



FARMERS



HAPPY HOLIDAYS

Jim, Linda and David wish you Happiness and Joy this Holiday Season. May your New Year be the **very best** it can be.



It's time to Review your Insurance

As a service to our clients we offer the Farmers Friendly Review. The only constant in life is "things change", and we recognize that your life situations change as well. The Farmers Friendly Review is designed to go over your existing policies, revise them if necessary, eliminate double coverage's or fill in gaps. Call for an appointment, or at least review by telephone.

Be sure to check out our new website! www.JimHollisterAgency.com We update the site regularly.



JIM HOLLISTER

2846 Johnson St. NE
Minneapolis, MN 55418



New bankruptcy laws took effect in October 2005 make it more difficult to wipe out certain types of debt through the bankruptcy process, especially for middle- and upper-income households. But in some instances, they will also help consumers pay off their debts more quickly, saving on interest payments. The new laws are meant to give consumers incentives to manage their debt prudently and to curb previous abuses of the bankruptcy system.

Here are the major changes to the law:

Strict means test

According to the American Bankruptcy Institute, more than 70 percent of Americans who file for bankruptcy do so now under Chapter 7 of the U.S. Bankruptcy Code. Chapter 7 allows individuals to cancel outstanding unsecured debt, such as credit card and medical bills. But under the new law, most households earning more than their state's median income will have to file under Chapter 13, which requires a plan to pay off at least some of the outstanding debt. The court will apply a strict means test to determine who is eligible to file under Chapter 7. For the first time, individuals filing for bankruptcy will have to document income with pay stubs and tax returns. Creditors will be able to review these items and can challenge any discrepancies in court.

Revised debt payment plans

Individuals filing a debt payment plan under Chapter 13 of the Bankruptcy Code will see changes including:

- The time period required to make payments on pre-existing debt will grow from three years to five. This means households will have to pay back a greater percentage of what they owe.
- Debtors will have to repay the full amount of loans on cars purchased within the 30 months immediately prior to filing for bankruptcy. In the past, the court could lower those payments and the interest rate.
- No one will be allowed to file a Chapter 13 petition more than once every two years. Previously, there was no limit on how often an individual could file.

Mandatory debt counseling

The new law requires debtors to receive credit counseling at their own expense six months before filing. The goal is to encourage consumers to pay back debts rather than simply walk away. Consumers with little resources to repay loans will be encouraged to file for bankruptcy, but others will be challenged to create repayment plans to extinguish outstanding debts. The new law also requires consumers to take a financial-management course after filing for bankruptcy. For information on choosing a credit counselor, visit the Web site of the [Federal Trade Commission](#).

Higher minimum credit card payments

Federal banking regulators are pushing credit card issuers to raise their minimum monthly payment by the beginning of 2006. Credit card companies will have to collect a "reasonable" amount of principal each month, which is typically thought to be at least one percent of the outstanding balance. Currently, about 11 percent of all cardholders pay only the minimum amount required by the card issuer each month. Although it means higher monthly payments, consumers will pay off their debt much quicker, thus paying less interest. A new provision in the law will also require credit card companies to let cardholders know how long it will take to pay off their debt if they pay only the minimum required amount each month.

Rising legal costs

Chapter 7 legal fees typically come in between \$500 and \$1,000, whereas a Chapter 13 filing can cost \$1,500 to \$2,000. But under the new law, attorney's fees are likely to rise because lawyers will be required to sift through tax returns and pay receipts to verify income. If they miss material amounts of income or assets, the attorneys can be subject to penalties.

What does this mean to you?

Monthly payments on your credit cards are going to double starting with January 2006 statements. If you carry any large balances now might be the time to refinance your home and consolidate your debt into one low monthly payment. I can design a plan to fit your needs and most likely cut your monthly payments.

How much will it cost?

We offer low fees, and can include those fees in your loan. You can literally close your loan with no money out of you wallet. Just sign and go! Call today for an appointment.