

*DCSD*

## *Debt Counsel for Seniors & the Disabled*

### **MARCH MADNESS**

It's the time of year for you to receive 1099-C forms from your creditors. As you may recall, whenever a debt is not paid for six months, the creditor deems the debt to be a "bad debt" and reports it to the credit reporting agencies and the IRS. By reporting it to the IRS, the creditor will receive a tax credit for the amount written off. For example, if a creditor wrote off one of your debts at \$5,000, the creditor would get a tax credit for \$5,000 and it would be counted as income for you under the IRS rules. That is why creditors are required to send you a 1099-C form so that you know that it was reported to the IRS and how much you should show as income.

However, we have a 1099-C packet that explains how to show the IRS that you are insolvent so that you don't have to pay taxes on the income. The packet also includes all the documents you need to fill out and send the IRS if you receive a 1099-C form from a creditor. If you need a 1099-C packet, please call DCSD at 800-992-3275 and request one be mailed, e-mailed or faxed to you. After you receive the packet, if you have any questions, you can call the IRS Live Telephone Assistance at 800-829-1040. If you are hearing impaired, you can call 800-829-4059. The hours of operation for Live Telephone Assistance are 7 AM to 10 PM in your local time.

**NEED HELP WITH YOUR TAXES?** From February 1 through April 15 each year, the AARP Tax-Aide program which is a free and confidential tax assistance service, is available to help two million low- and moderate-income taxpayers prepare basic tax forms. Free one-on-one counseling and assistance on the telephone and Internet are available. To find a local AARP Tax-Aide, please call 888-227-7669 or visit [www.aarp.org/taxaide](http://www.aarp.org/taxaide).

### **MARCH & APRIL SPECIAL**

If you know someone who is also suffering financially in this difficult economy, you can help a friend, neighbor, relative or other loved one achieve the same peace of mind and restore dignity in his or her life by telling them about our services. You can call (800) 992-3275 for DCSD cards to give to your friends and loved ones. **During the months of March and April, 2011**, if you refer someone to our services and they become a client, you will be given a one-time credit of \$20 on your account. In order to receive the \$20 credit, the person you refer must write on their application that they were referred to DCSD by you.

### **REMINDER**

Please be so kind as to remember to put your client ID number on all correspondence you send to DCSD.

**HAPPY ST. PATRICK'S DAY**

March 2011

# Reverse Mortgages



If you need to protect your home from debt collectors' liens and a reserve of money you can access for emergencies, you may want to consider obtaining a reverse mortgage.

Much has been written about reverse mortgages, both pro and con. The following are some facts to consider if you think a reverse mortgage is something you want to consider.

Reverse mortgages allow people who are at least 62 years old to cash in some of their home equity for a lump sum or regular payouts while staying in the home. As long as borrowers maintain the home and pay the property tax and insurance premiums, the loan doesn't have to be repaid until the last borrower dies, sells the place, or lives elsewhere for 12 months.

Most reverse mortgages are insured through the Federal Housing Administration's Home Equity Conversion Mortgage (HECM) program. Recent changes in that program and heightened competition among lenders are resulting in new loan options and lower up-front costs.

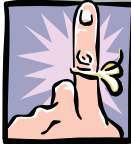
But other costs have increased dramatically, and ballooning finance charges can quickly

drain your home equity. You also risk foreclosure if you can't afford the property tax and insurance and can't work out a repayment plan, under new federal guidelines announced in January.

That's why it's important to fully understand the complex terms of reverse mortgages. Here's what you need to know about three choices being promoted now:

1. Fixed-rate reverse mortgages
2. Adjustable-rate loans
3. Reverse mortgage equity line

If you would like more information you can all DCSD for our detailed fact sheet.



**Don't Forget:**  
Taxes are due  
April 18th!

**DCSD Telephone Directory - Toll Free (800) 992-3275**

Applications/ABC Bank Info: ext. 1402 / Elizabeth  
Additions to Existing Account: ext. 1501 / Gaby  
Billing: ext. 1501 / Gaby  
Creditors: ext. 1403 / Mindy  
Legal Matters: ext. 1400 / Veronica or Leslie  
Refer Family or Friends: ext. 1700 / Sylvia or Bonnie

**Please be ready to provide your client ID number.**

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## Update Your Contact Info!

Have you moved recently, changed your telephone number or got a new e-mail address? Please help us by providing any information that we may not have on file using the form below. **(If you are unsure if we have your current information, please call us before you send this form in.)** Thank you!

Name: \_\_\_\_\_ Client ID: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/ZIP: \_\_\_\_\_

Home Phone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

E-Mail: \_\_\_\_\_