

# ***FREEDOM FINANCIAL LAW***

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## **STATEMENT OF HARDSHIP Instructions**

You agreed to pay your debts under the circumstances existing at the time you incurred them but, for reasons beyond your control, these circumstances have changed. You are too honorable to simply ignore your obligations, but are unable to pay your debts “as agreed”.

However, when debtors fail to pay as agreed, creditors assume the worst, that is, they are being “stiffed” by deadbeat debtors who are really able to afford to make their payments. Their collection tactics will operate on this basis. Their attitude toward settlement will be similar unless our negotiator is prepared.

Therefore, it is important for you to prepare a STATEMENT OF HARDSHIP to enable our negotiator to explain to the creditors the seriousness of your financial crisis so as to convince them that there is no reasonable alternative to agreeing to a reduced settlement. On occasion we may even send your statement to the creditor.

A sample hardship statement has been included to help you. A blank form has been provided, but it is better if you can TYPE YOUR STATEMENT, and sign and date it. It should be clear, detailed, yet condensed in describing your circumstances.

Include relevant information regarding:

1. How your income has been reduced: due to lay-off, business downturn, reduced hours, illness, or increased debt payments due to use of credit cards by other persons.
2. Your income has suffered from catastrophe (divorce, business failure, theft, accident).
3. That your debt was not indulgent, that is, it was to help with medical expenses, help with basic necessities (food, gas, auto maintenance), or family emergencies.
4. That it has been impossible to keep up with the debt service.
5. That your prospects of a return to the same income are not good, or to happen soon..
6. Describe ongoing health problems and disability that affects your earning ability.
7. That you have exhausted all alternatives: savings, home sale, refinancing, attempts to increase income, no family members that can help.
8. You have been advised that you qualify for bankruptcy but don't “want” that option.
9. Yet, you want to pay the creditors but realize debt settlement is the only option due to your situation.
10. How the stress of the debt has affected the quality of life for you and your family.