

FREEDOM FINANCIAL LAW

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DEBT SETTLEMENT SERVICES AGREEMENT

THIS AGREEMENT, by and between the undersigned(s), hereinafter referred to jointly and severally as "Client", and Dominic DeSandro, Esq., d/b/a Freedom Financial Law, hereinafter referred to as "Agent", is made and entered into on the dates indicated on the last page hereof.

1. RETAINER OF SERVICES:

Client hereby retains Agent, as Client's agent, and grants and assigns to Agent the exclusive right to plan and execute a debt settlement program for Client and negotiate with Client's creditors and to settle those creditors' claims of unsecured debt owed by Client (and as listed by Client in the Confidential Client Profile submitted as part of this Agreement and as accepted by Agent's initials thereon, "Client's Debt")

2. AGENT SERVICES AND FEES:

A. CONSULTING SERVICES: Agent shall review Client's debts, assets, income, and personal circumstances of financial hardship; explain the general workings of the various options in debt elimination, review Client's financial needs and goals, discuss the best method of participation in Agent's debt settlement program, assist Client in the completion of the forms used to collect all necessary data on Client and Client's debt, and assist Client in review of this agreement and all ancillary documents required. For these services Agent shall charge a CONSULTING FEE.

CONSULTING FEE: Client shall pay a nonrefundable one percent (1%) of Client's debt (\$100 minimum) as part of Client's Initiating Payment (see Paragraph 10) when submitting this agreement for acceptance.

B. PROGRAM PREPARATION SERVICES: Agent shall open a Client file; instruct Client in program participation; advise Client on handling communications with creditors; establish a trust account for Client's Settlement Deposits; contact all of Client's creditors announcing Agent as the only contact for debt settlement; review Client's debts and formulate a sequenced plan of debt negotiation estimated to complete settlement of all Client's debt within the program period established. For these services Agent shall charge a RETAINER FEE.

RETAINER FEE: Four percent (4%) of Client's debt shall be paid with Client's Initiating Payment and/or by paying, until paid in full, one percent (1%) out of each of Client's monthly Settlement Deposits, with the remainder of each Settlement Deposit accumulating in Client's trust account.

C. MAINTENANCE SERVICES: Agent shall draft and/or monitor funds Client has contributed through monthly Settlement Deposits; remit monthly statements to Client on the balance and activity in Client's trust account; and be available for Client's inquiries during the program. For these services Agent shall charge a MAINTENANCE FEE.

MAINTENANCE FEE: Each month Agent shall collect a fee equal to one dollar (\$1) per thousand dollars of debt Client has placed in the program for negotiation and settlement, with a minimum monthly fee of \$20 and maximum monthly fee of \$40.

D. NEGOTIATION SERVICES: Agent shall: work with Client and the creditors to direct, as much as possible, all collection calls to Agent; maintain continuing contact with creditors: inform, explain, and persuade Creditors of the debt settlement policies of Agent; continue to plead Client's hardship to Creditors and other Collectors that may handle Client's debts; negotiate the lowest settlements possible; obtain written settlement offers from creditors; obtain Client settlement approval (unless otherwise pre-approved) of these offers; remit funds to creditor; and notify Client of settlements. For these services Agent shall charge a NEGOTIATION FEE.

NEGOTIATION FEE: For each settlement made with each creditor Agent shall be paid twenty five percent (25%) of the "Client debt savings", which is the difference between the then current creditor's debt claim and the agreed amount which the creditor accepts as full settlement of its claim. This fee is earned and due upon receipt by Agent of a written settlement offer of Creditor which is either pre-approved by Client or approved by Client at the time of the settlement.

Example:	Creditor's debt claim: \$1000	Negotiation Fee calculation: (\$600 X 25%) = \$150
	Settlement amount: <u>400</u>	Settlement Amount: <u>\$400</u>
	Client debt savings: \$ 600	Total settlement cost: (55% of debt) \$550

3. SETTLEMENT DEPOSITS:

Client will regularly and continuously contribute on a fixed date(s) each month, a fixed amount of money (SETTLEMENT DEPOSIT) for payment of Client's Retainer Fee, and Maintenance Fee, the remainder to accumulate in a TRUST Account to pay Debt Settlements and Negotiation Fees. Said SETTLEMENT DEPOSITS shall be in the amount indicated in Paragraph 10 of this Agreement. Client authorizes Agent to draft funds from Client's personal bank account as set out in the attached Authorization for Funds Transfer to make said deposits. Client understands that Agent cannot execute negotiations in a timely and proficient manner if Client does not consistently contribute these SETTLEMENT DEPOSITS.

4. SETTLEMENT ACCOUNT (Trust Account):

A Trust Account will be opened in Client's name or for Client's benefit and will be used for the accumulation of remainder of the SETTLEMENT DEPOSIT. Agent will have, and is given sole transactional authority for this account to use the funds therein exclusively for the purpose of paying Agent's fees and Creditor settlements and negotiation fees. Client may make additional deposits (above Client's semi-monthly or monthly settlement deposits) to this account to increase funds available to settle Client's debts. Agent will provide Client with monthly statements showing the deposits made and withdrawals. On completion of this program any of Client's funds remaining will be remitted to Client.

5. RESPONSIBILITIES OF CLIENT:

- A. Client warrants that all information provided to Agent by Client is complete and accurate regarding all creditors, income, debts, employers or other pertinent personal financial information.
- B. Client shall keep Agent informed of all changes in Client's income and debt, and all circumstances affecting Client ability to continue making Settlement Deposits; as well as Client's address, telephone numbers, email address, and all contact information necessary so that Agent can contact Client within twenty four hours as necessary for settlement consultation with Client. Client acknowledges that, in order for Agent to properly perform its services, Client cannot, and will not, provide any information to creditors, or participate in settlement activity not approved by Agent.
- C. Client agrees that Client shall not contact any creditor or creditor's representative to negotiate any settlement on Client's own behalf, unless approved in writing by Agent.
- D. Client shall make all Settlement Deposits, and payment of fees due, regularly and on time.
- E. Client shall not open or use any credit card accounts during the term of this Agreement.

6. PRE-AUTHORIZED SETTLEMENT APPROVAL: CLIENT(S) INITIALS: _____

- A. Client acknowledges that often the creditor will place a short time frame within which an accepted offer must be paid, and delays in contacting the Client for approval can result in expired offers. To avoid this difficulty Client and Agent agree to a pre-authorized limit where Agent may accept and pay for a settlement offer on behalf of Client without notice to the Client.
- B. Client hereby pre-authorizes Agent to accept an offer of settlement, from any creditor, that is equal to fifty percent (50%) or less of the then current debt claim of the creditor, and without notice to Client.
- C. Client understands that the Agent Negotiation Fee, in computing the total cost of the settlement to Client, will be in addition to the fifty percent (50%) pre-authorization limit. Agent may, without notice to Client, remove funds from Client's trust account or bank account where Client's Settlement Deposits have accumulated, to pay the Creditor its settlement amount and to pay Agent its Negotiation Fee.

- D. All settlement offers from creditors above fifty percent (50%) of the then current debt claim, must be approved by Client before acceptance or payment by Agent.

7. ACKNOWLEDGMENTS AND DISCLOSURES:

- A. Agent has provided Client with other written information and Client understands said information.
- B. Client acknowledges that Agent does not provide debt consolidation financing, nor does Agent use Client's funds to make monthly payments, nor does Agent negotiate a repayment plan, but that Agent only negotiates lump-sum settlements at such times as such funds are accumulated by Client.
- C. Client acknowledges that Agent has not and will not advise Client to cease making payments to any creditor. Client acknowledges that Client has lost the ability to pay creditors "as agreed" and any decision to stop making payments to creditors is completely and independently made by the Client.
- D. Client acknowledges that secured debts, government backed loans, IRS debt, tax liens, and mortgages will not be negotiated by Agent under this agreement.
- E. Client acknowledges that interest, late fees or other charges may be added to accounts by creditors until such time as these charges have been terminated by charge-off of the account. However, Agent takes these extra charges into account when making a settlement offer.
- F. Client acknowledges that it is an expected part of the collection process for creditors to eventually charge-off an account and that thereafter the creditor may continue collection itself, assign it to a 3rd party collection agency, or sell the account to a collection agency.
- G. Client acknowledges that creditor is not legally prohibited from pursuing other means of collection including judgments, liens on real property, attachment of liquid assets and garnishment of wages (if state law allows) though this historically occurs, if at all, only in a very small percentage of accounts.
- H. Agent will negotiate with creditor, or continue negotiations with any other representative of creditor.
- I. Client acknowledges that Client's credit score may be adversely affected, but when all accounts are settled, and reported to the credit reporting agencies, credit scores usually rebound.
- J. Client acknowledges that Agent's expressions of the outcome of negotiations are only professional estimates based on historical performance of negotiations with creditors. Client acknowledges that Agent has not made, and does not make, any expressed or implied guarantee of results.
- K. Client acknowledges there can be tax consequences of discharged debt, unless Client is insolvent. An opinion that Client is insolvent is based solely on the accuracy of financial data disclosed by Client.
- L. Client discloses that Client has had satisfactory opportunity to read this Agreement, as well as seek the advice of legal counsel, if Client has so chosen.
- M. Client acknowledges and agrees that no representations, other than those contained herein, have been made and/or induced Customer to enter into this agreement.

8. TERMINATION OF AGREEMENT PRIOR TO COMPLETION OF PROGRAM:

- A. Upon termination by Client or Agent, all fees paid are nonrefundable and all fees due shall be paid.
- B. Client may terminate this agreement at any time upon 15 days written notice to Agent.
- C. Agent may terminate this agreement if Client misrepresents or fails to disclose financial data, or if Client fails to make settlement deposits or pay fees due, or if Client attempts, directly or indirectly, to negotiate settlements or takes any action that impairs Agent's ability to provide services, or in any case upon 90 days written notice to Client.
- D. After all fees are paid Agent will remit to Client all other moneys in Client's Bank/Trust Account.

9. OTHER TERMS OF AGREEMENT:

- A. This Agreement shall also include the following documents: Confidential Client Profile; Limited Power of Attorney; Authorization for Electronic Funds Transfer; Authorization to Obtain Information; and Statement of Hardship. These documents constitute the entire Agreement between the parties and supersede any prior agreement, oral or written, and shall only be modified by a writing signed by the Client and Agent.
- B. Should any provision hereof be determined to be illegal, invalid or unenforceable, then all remaining provisions hereof shall remain valid, enforceable and in full force and effect.
- C. Both parties agree that any dispute that cannot be amicably resolved shall be settled in and under the jurisdiction of the laws of the State of California in the County of San Diego.

10. ACKNOWLEDGMENT OF INITIATING PAYMENT, FEES, AND DEPOSITS:

INITIATING PAYMENT (from Paragraphs 2.A. and 2.B.)

Client shall make an Initiating Payment of _____ (\$ _____)

as follows: _____

\$ _____ of the above sum shall pay the one percent (1%) CONSULTING FEE (from Paragraph 2.A.), and

\$ _____ of the above sum is paid towards the four percent (4%) RETAINER FEE (from Para. 2.B.)

RETAINER FEE (from Paragraph 2.B.)

The remainder of the four percent (4%) RETAINER FEE shall be paid by deducting one percent (1%).

\$ _____, once each month, from the SETTLEMENT DEPOSITS until paid in full.

SETTLEMENT DEPOSITS (from Paragraph 3.)

They shall be begin on _____ and they shall continue and be paid by Client:

Monthly on the _____ day of the month Semi-monthly on the _____ and _____ days of the month
in the amount of \$ _____. in the amount of \$ _____ for each debit.

NOTE: These figures should match those appearing on any AUTHORIZATION for FUNDS TRANSFER

MAINTENANCE FEE (from Paragraph 2.C.)

The sum of \$ _____ will be deducted once per month from Client's SETTLEMENT DEPOSIT.

FOR THE CLIENT(S):

Client's Printed Name

Client's Signature

Date

Client's Printed Name

Client's Signature

Date

ACCEPTED for FREEDOM FINANCIAL LAW:

By: _____

Dominic J. DeSandro, Esq. / Proprietor

Date