



AFCC Uniform Program Disclosure Statement

Consumer First Financial is a member of the American Fair Credit Council and has agreed to follow industry “best practices,” as endorsed by the AFCC, including disclosure of the following matters as an integral part of its contract with consumers.

Consumer First Financial provides consumers with a debt resolution service more popularly known as debt settlement. Debt settlement is the negotiation of less than full balance settlements of unsecured debt on behalf of consumers who are experiencing financial hardship. **Consumer First Financial** wants you to understand both the potential benefits and risks that may arise out of your debt settlement program and to be sure you have reasonable expectations regarding all potential outcomes.

BY SIGNING BELOW, YOU ARE CONFIRMING THAT Consumer First Financial HAS EXPLAINED TO YOU, AND YOU UNDERSTAND, ALL THE ISSUES SET FORTH BELOW. If you wish to discuss or comment on any of these disclosures or discuss any aspect of your debt settlement program, please email us at info@americanfaircreditcouncil.org with your contact information and the AFCC compliance department will respond to you as quickly as possible.

1. **You are enrolling into a debt settlement program.** The objective of your debt settlement program is for **Consumer First Financial** to negotiate mutually agreeable resolutions between you and each of your creditor(s) for the resolution of your unsecured debt(s), which are itemized as part of your enrollment agreement and are referred to as Enrolled Debts. You understand and acknowledge that no specific results can be predicted or guaranteed.
2. **You will be responsible for saving sufficient funds to enable Consumer First Financial to negotiate debt resolutions on your behalf.** In order for **Consumer First Financial** to negotiate on your behalf, you must adhere to a regular schedule of deposits. These funds will be deposited into a separate FDIC-insured bank account that you and only you will control. Under no circumstances will **Consumer First Financial** have custody or control of the funds you set aside.
3. **The savings program necessary to settle your debts is detailed in your enrollment agreement.** Summaries of the minimum monthly savings amount and the estimated period needed to settle all of your debts have been prepared for you. Actual resolution amounts, and the period required to settle all of your debts are likely to vary, possibly substantially, from these estimates, based on creditor behavior, your ability and willingness to keep to your deposit schedule and other factors.
4. **While most creditors and collectors are eager to negotiate with debt settlement service providers, Consumer First Financial cannot force creditors to negotiate with them or to accept an offered settlement.** Communications with creditors are handled on a case by case basis. Some creditors may not be contacted for several months after you enroll.
5. **Consumer First Financial is not a credit counseling service and does not make regular payments on your behalf to your creditors.** Your creditors may continue to pursue collection efforts on delinquent accounts while you are enrolled in a debt settlement program. Such collection efforts can include phone calls and letters to you, sending delinquent accounts to collection agencies or even filing a lawsuit against you.
6. **Your debt settlement program assumes an effort that will continue for many months.** The time needed to produce a settlement of a given debt depends on several factors. These include (a) your financial hardship, (b) the age and balance of the accounts that you owe, (c) the funds you have available to pay to your creditors for a settlement and (d) the willingness of your creditors to enter into debt settlement negotiations. While no guarantees can be given, generally the more money you are able to set aside the sooner **Consumer First Financial** will be able to start negotiating settlements for you.
7. **Fees paid to a debt settlement services provider such as Consumer First Financial are not available to pay creditors.** The fees paid to **Consumer First Financial** are intended to compensate them for their efforts and will only be refundable to the extent they have not been deemed to have been earned in the manner described in the Client Agreement. Those fees are not being set aside or held in escrow to fund debt settlements.
8. **Consumer First Financial is not a law firm and does not and cannot provide legal advice or counsel, and your signature, below, acknowledges that you have been advised of this. Should you be sued, you should consult with a lawyer licensed to practice in your jurisdiction.**



9. **You have told us that you are in a verifiable state of financial hardship and are unable to meet, on an ongoing basis, the minimum periodic payments required by your creditors to pay off your debts.** If you do not make the minimum periodic payments on your debts your delinquencies will likely be reported to the consumer reporting agencies as late, delinquent, charged-off or past due balances. Your creditor may also raise the interest rate on your account and impose other penalties, such as late fees, over-limit fees and the like. Until your account is charged off, your account balance may continue to grow as your creditor adds accrued interest and fees and penalties, and, if negotiations are unsuccessful, you could be called upon to pay the entire balance. Even if we are successful in negotiating a less than full balance resolution for you, your creditor may report to the credit reporting agencies that the account was “settled for less than the full amount.”
10. **When your creditor agrees to settle a debt, a savings of \$600 or more (meaning at least \$600 less than what you owe at the time of settlement) may be reported by your creditor to the IRS as Discharge of Indebtedness income.** You should consult your tax advisor to determine whether your individual circumstances require you to include any Discharge of Indebtedness Income in your reportable income, or whether you qualify for an insolvency exclusion. For more information on tax ramifications to you personally, refer to the IRS website www.irs.gov IRS Publication 908-“Bankruptcy Tax Guide” and IRS Form 982, Reduction of Tax Attributes Due to Discharge of Indebtedness.

To summarize, each case is unique and results, dependent as they are upon both your ability to set aside sufficient funds and your creditor’s willingness to negotiate a less than full balance settlement, may be expected to vary widely. For consumers in verifiable states of financial hardship, a debt settlement program can be a very effective way to resolve unsecured debt but it is not a painless process and no guarantees as to settlement amounts or timing can be given.

Finally, we encourage you to report any concerns with your debt settlement program directly to the AFCC via email: info@americanfaircreditcouncil.org.

Please sign below indicating you have read and understand the AFCC Uniform Program Disclosure Statement.

Client Signature

Date

Print Name