

JUSTICE FOUNDATION

California Debt Settlement System

FDCPA Violations, Settlement Negotiation, and Collector Defense

Delivered with your free evaluation response.

Educational use only. Not legal advice.

How to Use This Kit

This kit gives you three advantages over a typical debtor: knowledge of your legal rights, a documented violation record worth money, and a settlement negotiation system that gets results. Work through Section 1 first — documenting violations before you negotiate gives you leverage that changes what collectors will accept.

Section 1 — FDCPA Violation Tracker

Document Every Violation — Each Worth Up to \$1,000

Violation Log — Fill In for Every Contact

Date: _____ Time: _____ Phone number: _____

Collector name (if given): _____

Company name: _____

What was said (exact words if possible): _____

Violation type (see list below): _____

Witness (if any): _____

Evidence (voicemail saved? call recorded?): _____

FDCPA Violations — Check Every One That Applies

Violation	Law
Called before 8am or after 9pm in your time zone	15 U.S.C. §1692c(a)(1)
Called your workplace after being told not to	15 U.S.C. §1692c(a)(3)
Repeated calls with intent to harass (3-5+ calls/day)	15 U.S.C. §1692d(5)
Threatened arrest or criminal prosecution	15 U.S.C. §1692e(4)
Threatened action they cannot legally take	15 U.S.C. §1692e(5)
Misrepresented the amount owed	15 U.S.C. §1692e(2)
Contacted you after written cease and desist	15 U.S.C. §1692c(c)
Contacted third parties about your debt	15 U.S.C. §1692c(b)

Failed to verify debt after written request	15 U.S.C. §1692g
Rosenthal Act — same violations by ORIGINAL creditors	Cal. Civil Code §1788

Section 2 — Statute of Limitations Calculator

California's 4-Year Clock

How to Calculate

- Step 1: Find the date of your LAST PAYMENT on the account
- Step 2: Find the date of FIRST DEFAULT (first missed payment)
- Step 3: The SOL clock starts on whichever is LATER
- Step 4: Count 4 years forward
- Step 5: If that date has passed — the debt is TIME-BARRED

CRITICAL WARNING: Making ANY payment on a time-barred debt restarts the clock. Even \$1 can restart the 4-year statute of limitations. Never pay on an old debt without first calculating the SOL.

Time-Barred Debt Settlement Range

Time-barred debt settles for 10-25 cents on the dollar. The collector cannot sue. You have all the leverage. A written lump-sum offer at 10-15 cents is frequently accepted within 2-3 weeks.

Section 3 — Debt Validation Demand Letter

Debt Validation Demand — FDCPA §1692g / Civil Code §1788.52

[Date — send within 30 days of first contact, by certified mail]

[COLLECTOR NAME AND ADDRESS]

Re: Debt Validation Demand — FDCPA 15 U.S.C. §1692g / California Civil Code §1788.52

I am writing to formally dispute the above-referenced debt and request complete validation.

Pursuant to 15 U.S.C. §1692g, please provide:

1. The name and address of the original creditor
2. The original account number
3. The amount owed at the time of charge-off
4. Complete itemization of all fees and interest added since charge-off

Pursuant to California Civil Code §1788.52, please also provide:

5. Complete chain of title — all assignments from original creditor to current owner

6. Copy of the original credit agreement bearing my signature
7. Complete account payment history

All collection activity must cease until complete validation is provided.
Failure to provide complete validation will result in a complaint to the CFPB and potential FDCPA litigation.

[YOUR NAME — do not sign; print only]
[YOUR ADDRESS]

Section 4 — Cease and Desist Template

Cease and Desist Letter

[Date — send by certified mail, keep tracking number]

[COLLECTOR NAME AND ADDRESS]

Re: Cease All Communications — FDCPA 15 U.S.C. §1692c(c)

Pursuant to the Fair Debt Collection Practices Act, 15 U.S.C. §1692c(c), I hereby demand that you immediately cease all communications with me regarding account number [ACCOUNT].

After receiving this letter, you may contact me only once — to confirm you are ceasing contact or to notify me of a specific legal action you intend to take.

Any further communication beyond that single notification will constitute a violation of 15 U.S.C. §1692c(c) and will be documented for purposes of an FDCPA lawsuit.

[YOUR NAME — print only, do not sign]

[YOUR ADDRESS]

Section 5 — Settlement Negotiation System

The Three-Tier Structure

Tier	When to Use
Tier 1 — Opening offer	20-25% for active debt with violations. 10-15% for time-barred debt.
Tier 2 — Counter offer	5-10 cents higher than Tier 1 if they reject
Tier 3 — Final position	Your absolute maximum — do not exceed without reconsidering options

Settlement Offer Letter Template

[Date]

[COLLECTOR NAME AND ADDRESS]

Re: Settlement Offer — Account Number [ACCOUNT]

I am writing to propose full and final settlement of the above-referenced account.

I offer \$[AMOUNT] as a lump sum payment in complete satisfaction of this account.

This offer is contingent on:

1. Written confirmation of acceptance before payment is sent
2. Account to be reported as 'settled' and 'closed' to all three credit bureaus
3. Release of all further claims on this account
4. Written settlement agreement provided before payment

Please respond within 14 days. If I do not receive a written response, I will consider this offer withdrawn.

[YOUR NAME]

[CONTACT — email or address only, no phone]

Section 6 — Lawsuit Response Guide

If You Are Served with a Collection Lawsuit

You have 30 days to file a written response. Missing the deadline = automatic default judgment = wage garnishment and bank levy. The 30-day clock starts when you are personally served.

Affirmative Defenses to Raise

- Statute of limitations — if debt is older than 4 years from last payment
- Lack of standing — plaintiff may not have proper chain of title to sue
- Improper service of the complaint
- Failure to comply with FDCPA validation requirements
- Account stated — the amount claimed is incorrect
- Payment — the debt was paid or settled

Section 7 — Garnishment Exemption Toolkit

California Garnishment Limits

California limits wage garnishment to the lesser of 25% of disposable earnings OR the amount by which disposable earnings exceed 40 times the state minimum wage per week. For lower-wage workers, this floor provides significant protection.

Exempt Income — Cannot Be Garnished

- Social Security benefits
- SSI and disability payments
- Unemployment insurance
- State disability insurance (SDI)
- Public assistance / CalWORKs

How to Claim Exemption

File a Claim of Exemption with the levying officer (county sheriff) within 10 days of the notice of levy. State that the garnishment would prevent you from providing necessities of life for yourself or dependents. A hearing is scheduled. Most creditors negotiate a payment plan rather than fight an exemption hearing.

Section 8 — 12 Claude AI Prompts

Claude AI Prompt — Violation Analysis and Settlement Leverage

My debt collector situation:

- Collector name: [NAME]
- Original creditor: [NAME]
- Debt type: [CREDIT CARD / MEDICAL / AUTO / OTHER]
- Amount claimed: \$[AMOUNT]
- Date of last payment (approximate): [DATE]
- Violations I have documented: [LIST]

Please: (1) Calculate whether the debt is time-barred under California's 4-year SOL,
(2) Assess the value of my documented violations as settlement leverage,
(3) Give me a recommended settlement offer range with rationale,
(4) Draft the settlement offer letter for my specific situation,
(5) Tell me whether I should also send a cease and desist or validation demand first.

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Claude AI Prompt — Lawsuit Response Strategy

I was served with a debt collection lawsuit.

- Plaintiff (who is suing): [NAME – original creditor or debt buyer]
- Amount claimed: \$[AMOUNT]
- Original creditor: [NAME]
- Date of last payment: [DATE]
- Date served: [DATE]
- Any attached exhibits: [DESCRIBE]

Please: (1) Tell me whether the SOL defense applies,
(2) List every affirmative defense I should raise in my answer,
(3) Tell me how to challenge the plaintiff's standing if they are a debt buyer,
(4) Help me decide whether to fight the case or negotiate settlement now.

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