

# DEBT SETTLEMENT AGREEMENT

THIS DEBT SETTLEMENT AGREEMENT is made this ..... day of..... 20...

BETWEEN

[name of the creditor] of [address] (hereinafter called "the creditor") of the one part  
and

[name of the debtor] of [address] (hereinafter called "the debtor") of the other part

WHEREAS the debtor is indebted to the creditor the full amount of [insert the full debt amount] in relation to Account/Bill No [#]

WHEREAS the debtor is incapable of paying the said full amount and requested the creditor to pay [agreed amount] instead and the creditor hereby accepts to receive that amount to settle the debt according to the terms of this agreement

THEREFORE in consideration of the mutual covenant and promise made by the parties hereto, the creditor and debtor agree as follows

## Acknowledgment of debt

The debtor agrees and acknowledges that he is indebted to the creditor the full amount of [insert the full debt amount] in relation to Account/Bill No [#]

## Settlement amount

The creditor agrees to accept from a debtor a total final payment of [\$\$] as full payment of outstanding debt.

## Mode of payment

The debtor will make Debt Settlement Payments by [mode of payment- check, direct deposit et.] by -Lump sum, on or before [due date] or Installments: [specify the number of payments, amounts, and due dates]

If the Debtor fails to make any payment by its due date listed above, this Agreement will immediately become void.

## Post payment obligations

After the Debtor has completed the payment, the Creditor shall

- discharge the Present Debt as paid in full
- update/modify its internal records to denote Debtor's Account associated with the Debt as paid in full
- take all reasonable steps to get the outstanding debt removed from the Credit Reporting Agencies. Furthermore, the Creditor declares that they will not provide any extra information that could impair the Debtor's credit record.

## Severability

If any provision of this Agreement or the application thereof shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this Agreement nor the application of the provision to other persons, entities, or circumstances shall be affected, thereby, but instead shall be enforced to the maximum extent permitted by law.

## Governing law

This Agreement shall be under the governing law of the State of [name of the State]

IN WITNESS WHEREOF the parties hereto have set their hands hereunto and respectively signed these presents the day, month, and year hereinafter appearing.

Creditor's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Debtor's Signature: \_\_\_\_\_ Date: \_\_\_\_\_