DEBT SETTLEMENT AGREEMENT

1. 1. Parties

This Debt Settlement Agreement (the "Agreement") is made effective as of [EFFECTIVE DATE] between [CREDITOR NAME], a [ENTITY TYPE OR INDIVIDUAL] located at [CREDITOR ADDRESS] (the "Creditor"), and [DEBTOR NAME], a [ENTITY TYPE OR INDIVIDUAL] located at [DEBTOR ADDRESS] (the "Debtor"). References to the Creditor include its owners, officers, employees, agents, servicers, collection agents, attorneys, successors, and assigns. Each Party represents that the person signing below has full authority to bind that Party. Account or reference number: [ACCOUNT NUMBER].

2. 2. Recitals — The Debt

The Debtor owes the Creditor money arising from: [ORIGIN OF THE DEBT, e.g., unpaid invoices under the [AGREEMENT NAME] dated [DATE]; a promissory note dated [DATE]; goods delivered on [DATE]; a judgment entered on [DATE] in [COURT], Case No. [CASE NUMBER]] (the "Debt"). As of [BALANCE DATE], the outstanding balance is: principal [PRINCIPAL AMOUNT]; accrued interest [INTEREST AMOUNT]; late fees and charges [FEES AMOUNT]; collection or legal costs [COSTS AMOUNT]; TOTAL BALANCE [TOTAL BALANCE] (the "Full Balance"). The Debtor [SELECT — acknowledges the Full Balance is owed / disputes the Full Balance but wishes to resolve the matter]. The Parties wish to settle the Debt on the terms below to avoid the cost, delay, and uncertainty of collection or litigation.

3. 3. Settlement Amount

The Creditor agrees to accept [SETTLEMENT AMOUNT] (the "Settlement Amount") in full satisfaction of the Full Balance, representing a reduction of [FORGIVEN AMOUNT] from the Full Balance. The Settlement Amount is payable in accordance with Section 4. The Creditor's agreement to accept the Settlement Amount is expressly conditioned on timely payment in full; until the Settlement Amount is paid in full, the Full Balance remains due and this Agreement does not reduce, waive, discharge, or novate the underlying obligation. No interest will accrue on the Settlement Amount so long as payments are made on time.

4. 4. Payment Schedule

The Debtor will pay the Settlement Amount as follows: [SELECT — a single lump-sum payment of $[AMOUNT] due on or before [DUE DATE] / an initial payment of $[INITIAL AMOUNT] due on or before [INITIAL DUE DATE], followed by [NUMBER] consecutive [MONTHLY OR BIWEEKLY] payments of $[INSTALLMENT AMOUNT] each, due on the [DAY] of each period beginning [FIRST INSTALLMENT DATE], with a final payment of $[FINAL AMOUNT] due on [FINAL DUE DATE]]. Payments will be made by [PAYMENT METHOD] to [PAYEE NAME AND PAYMENT DETAILS]. A payment is considered made when funds are received and clear, not when sent. Time is of the essence for each payment. The Debtor may prepay all or part of the Settlement Amount at any time without penalty.

5. 5. Application of Payments and Waiver of Interest and Fees

All payments will be applied first to the Settlement Amount and not to interest, late fees, or collection costs, none of which will accrue or be charged during the term of this Agreement so long as the Debtor is not in default. On payment of the Settlement Amount in full, all remaining principal, accrued interest, late fees, and collection and legal costs comprising the Full Balance are waived and forgiven. Payments received after a default are applied to the Full Balance rather than the Settlement Amount, without reinstating this Agreement, unless the Creditor agrees otherwise in writing. The Creditor will provide a written statement of the remaining Settlement Amount within

[STATEMENT PERIOD, e.g., 10 days] of a written request by the Debtor, not more than [STATEMENT FREQUENCY, e.g., once per quarter].

6. 6. Default and Reinstatement of the Full Balance

The Debtor is in default if any payment is not received within [CURE PERIOD, e.g., 10 days] after its due date, if any payment is reversed or returned for insufficient funds, or if any representation in Section 11 proves materially false. The Creditor will give written notice of default to the Debtor at the address in Section 1, and if the default is not cured within [NOTICE CURE PERIOD, e.g., 10 days] of that notice, this Agreement terminates and the Creditor may pursue the Full Balance less all payments actually received, together with interest and costs as permitted by the original obligation and applicable law. In that event the Creditor may [ADDITIONAL DEFAULT REMEDIES, e.g., resume collection activity, file suit, enter the stipulated judgment attached as Exhibit A, or enforce the existing judgment]. Acceptance of a late or partial payment does not waive the right to declare a later default.

7. 7. Release and Satisfaction on Payment in Full

Effective automatically on the Creditor's receipt and clearance of the Settlement Amount in full, the Creditor fully and forever releases and discharges the Debtor from the Debt and from all claims, demands, causes of action, and liabilities arising from or relating to the Debt, whether known or unknown, and waives any right to collect the forgiven portion of the Full Balance from the Debtor or from any guarantor. Within [SATISFACTION PERIOD, e.g., 15 days] after payment in full, the Creditor will deliver to the Debtor a written statement confirming the Debt is settled and satisfied and will, where applicable, file a satisfaction of judgment, release any lien or UCC filing securing the Debt, and withdraw any claim filed with a court or collection agency. This release does not take effect unless and until the Settlement Amount is paid in full.

8. 8. Suspension of Collection Activity

So long as the Debtor is not in default, the Creditor will suspend all collection activity relating to the Debt, including collection calls, letters, referrals to collection agencies, and the commencement or prosecution of any lawsuit, and will instruct any agent or servicer acting on its behalf to do the same. Any pending action relating to the Debt will be [SELECT — stayed by stipulation / dismissed without prejudice on execution of this Agreement / dismissed with prejudice on payment in full]. The Creditor will not sell, assign, or transfer the Debt to a third party during the term of this Agreement, and any permitted transfer will be expressly subject to this Agreement. Nothing in this Section limits the Creditor's right to resume activity after an uncured default.

9. 9. Credit Reporting

If the Creditor reports the account to consumer reporting agencies, the Creditor will, within [REPORTING PERIOD, e.g., 30 days] after payment of the Settlement Amount in full, report the account as [REPORTING STATUS, e.g., "paid — settled for less than the full balance" / "paid in full" / "account closed, zero balance"], and will report the balance as zero. The Creditor makes no representation about the effect of this reporting on the Debtor's credit score and will report only information that is accurate, as required by the Fair Credit Reporting Act. The Creditor will not report the account as delinquent for any period covered by timely payments under this Agreement. Any request to delete accurate tradeline information is not agreed to unless expressly stated here: [ADDITIONAL REPORTING TERMS, or "None"].

10. 10. Tax Consequences and 1099-C Reporting

The Debtor understands that forgiveness of debt may be treated as taxable income and that the Creditor may be required to file IRS Form 1099-C, Cancellation of Debt, reporting the forgiven amount where it meets or exceeds the applicable reporting threshold. The Creditor will file any information return required by law and will send a copy to the Debtor at the address in Section 1. Each Party is responsible for its own tax consequences and has not relied on tax advice from the other Party or its counsel. The Debtor is encouraged to consult a tax advisor, including about exclusions that may apply, such as insolvency or bankruptcy. Neither Party will characterize the settlement in a way that is inconsistent with the amounts reported.

11. 11. Representations and No Admission

Each Party represents that it has full authority to enter into this Agreement; that it has not assigned, pledged, or transferred any claim relating to the Debt except as disclosed here: [DISCLOSED ASSIGNMENTS, or "None"]; and that it is signing voluntarily, without duress, after having read this Agreement and having had the opportunity to consult counsel. The Debtor represents that the financial information provided to the Creditor in connection with this settlement is true and complete in all material respects, and that the Debtor is not contemplating a bankruptcy filing except as disclosed here: [DISCLOSURE, or "None"]. This Agreement is a compromise of a disputed or uncollected obligation and is not an admission of liability, fault, or wrongdoing by either Party.

12. 12. Confidentiality

The Parties will keep the terms of this Agreement, including the Settlement Amount and the amount forgiven, confidential, and will not disclose them except to attorneys, accountants, tax authorities, lenders, and auditors who need the information, to a spouse or domestic partner, as required by law or valid legal process, in connection with credit reporting or tax reporting required by this Agreement, or as necessary to enforce this Agreement. If disclosure is compelled, the disclosing Party will give reasonable advance written notice to the other Party where legally permitted. Neither Party will publicly disparage the other in connection with the Debt or this settlement.

13. 13. Governing Law and General Provisions

This Agreement is governed by the laws of the State of [GOVERNING STATE], without regard to conflict of laws rules, and any action to enforce it will be brought in the courts located in [VENUE COUNTY AND STATE]. This Agreement, with any exhibit, is the entire agreement between the Parties regarding the Debt and supersedes all prior offers, statements, and understandings, including any oral promise about credit reporting or forgiveness, and may be modified only in a writing signed by both Parties. If any provision is held unenforceable, the remainder stays in effect. This Agreement binds and benefits the Parties and their heirs, successors, and permitted assigns, and the prevailing Party in any action to enforce it may recover reasonable attorney fees and costs to the extent permitted by law.

14. 14. Signatures

By signing below, each Party confirms it has read and understood this Agreement and agrees to be bound as of the Effective Date. CREDITOR: [CREDITOR NAME]. Signature: ______________________. Printed Name: [SIGNER NAME]. Title: [TITLE]. Date: [DATE]. DEBTOR: [DEBTOR NAME]. Signature: ______________________. Printed Name: [SIGNER NAME]. Date: [DATE]. [OPTIONAL GUARANTOR ACKNOWLEDGMENT: The undersigned guarantor consents to this Agreement and confirms that the release in Section 7 extends to the guarantor on payment in full. Signature: ______________________. Printed Name: [GUARANTOR NAME]. Date: [DATE].] This Agreement may be signed in counterparts and electronic signatures have the same effect as originals.

15. Disclaimer

This template is provided for general informational purposes only and is not legal or tax advice. Consumer debt collection and settlement are regulated by the federal Fair Debt Collection Practices Act, the Fair Credit Reporting

Act, the Telemarketing Sales Rule for debt relief services, and state statutes that may license or restrict debt settlement activity, cap fees, and govern what may be reported. Forgiven debt above the IRS reporting threshold is generally taxable unless an exclusion such as insolvency applies. Statutes of limitation matter: making a payment on a time-barred debt can restart the clock in some states. Consult a licensed attorney and a tax advisor before signing. Use of this template does not create an attorney-client relationship with ScanContract.