

SETTLEMENT AGREEMENT

1. 1. Parties

This Settlement Agreement and Mutual Release (the "Agreement") is made effective as of [EFFECTIVE DATE] between [PARTY A NAME], a [ENTITY TYPE OR INDIVIDUAL] located at [PARTY A ADDRESS] ("[PARTY A SHORT NAME]"), and [PARTY B NAME], a [ENTITY TYPE OR INDIVIDUAL] located at [PARTY B ADDRESS] ("[PARTY B SHORT NAME]"). Each is a "Party" and together they are the "Parties." References to a Party include its owners, officers, directors, members, employees, agents, attorneys, insurers, parent and affiliated entities, predecessors, successors, heirs, and assigns. Each Party represents that the individual signing below has full authority to bind that Party to this Agreement.

2. 2. Recitals and Description of the Dispute

The Parties entered into or were involved in the following relationship or events: [BACKGROUND — describe the contract, transaction, or incident, with dates]. A dispute arose between them concerning [DESCRIPTION OF THE DISPUTE, e.g., alleged non-payment of invoices totaling \$[AMOUNT], alleged defective work at [LOCATION], alleged breach of Section [X] of the [CONTRACT NAME]] (the "Dispute"). [IF LITIGATION IS PENDING: The Dispute is the subject of the action captioned [CASE CAPTION], Case No. [CASE NUMBER], pending in [COURT] (the "Action").] Each Party denies the allegations and claims of the other. The Parties wish to avoid the cost, delay, and uncertainty of continued dispute and have agreed to resolve the Dispute on the terms below.

3. 3. Settlement Payment

[PAYING PARTY NAME] will pay [RECEIVING PARTY NAME] the total sum of [SETTLEMENT AMOUNT] (the "Settlement Payment") in full and final resolution of the Dispute. The Settlement Payment will be made as follows: [SELECT — a single payment due within [PAYMENT DEADLINE, e.g., 14 days] after this Agreement is fully signed / an initial payment of \$[INITIAL AMOUNT] due by [DATE] followed by [NUMBER] monthly installments of \$[INSTALLMENT AMOUNT] due on the [DAY] of each month beginning [FIRST INSTALLMENT DATE]]. Payment will be made by [PAYMENT METHOD] to [PAYEE NAME AND ACCOUNT OR ADDRESS]. Non-monetary consideration, if any, is as follows: [NON-MONETARY TERMS, e.g., return of equipment, completion of remedial work by [DATE], cancellation of outstanding invoices, or "None"]. Time is of the essence for every payment under this Section.

4. 4. Default and Acceleration

If any payment is not received within [CURE PERIOD, e.g., 10 days] after written notice of non-payment is given to the paying Party, the paying Party is in default and the entire unpaid balance of the Settlement Payment becomes immediately due, together with interest at [DEFAULT INTEREST RATE] per annum from the date of default or the maximum rate permitted by law, whichever is less. In the event of default, the receiving Party may [SELECT — file the stipulated judgment attached as Exhibit A in the amount of \$[STIPULATED AMOUNT] less payments received / bring an action to enforce this Agreement / reinstate the released claims described in Section 5]. The prevailing Party in any enforcement action may recover its reasonable attorney fees and costs. Acceptance of a late payment does not waive the right to enforce this Section for a later default.

5. 5. Mutual Release of Claims

Effective on receipt of the Settlement Payment in full, each Party fully and forever releases, acquits, and discharges the other Party from any and all claims, demands, causes of action, liabilities, damages, losses, costs, and expenses, including attorney fees, of every kind and nature, whether known or unknown, suspected or unsuspected,

at law or in equity, arising out of or relating in any way to the Dispute and to the relationship, contract, or events described in Section 2, from the beginning of time through the Effective Date. Each Party intends this release to be as broad as permitted by law with respect to the Dispute, and each releases the other from claims sounding in contract, tort, statute, and equity alike.

6. 6. Waiver of Unknown Claims

Each Party understands that it may later discover facts different from or in addition to those it now knows or believes to be true regarding the Dispute, and agrees that the releases in Section 5 remain fully effective notwithstanding any such discovery. Each Party expressly waives the benefit of any statute, rule, or common-law doctrine that would preserve claims it does not know or suspect to exist at the time of signing, including California Civil Code section 1542 and any comparable provision of any other jurisdiction. This waiver is a material inducement for each Party to enter into this Agreement.

7. 7. Claims Not Released

The releases in this Agreement do not extend to: (a) obligations created by this Agreement itself, including the obligation to make the Settlement Payment; (b) claims arising from conduct occurring after the Effective Date; (c) rights that cannot be released as a matter of law, including any right to file a charge with or participate in an investigation by a government agency; and (d) the following expressly preserved matters: [PRESERVED CLAIMS, e.g., ongoing warranty obligations under Section [X] of the underlying contract, a separate open account, or "None"]. Where a Party retains a right to participate in a government proceeding, that Party waives any individual monetary recovery arising from the released subject matter.

8. 8. No Admission of Liability

This Agreement is a compromise of disputed claims. Neither the Settlement Payment nor any term of this Agreement is, or may be construed as, an admission of liability, fault, wrongdoing, or the validity of any claim or defense by any Party, and each Party expressly denies liability. This Agreement and all negotiations, statements, and drafts leading to it are confidential settlement communications and are inadmissible in any proceeding for any purpose other than to enforce this Agreement, to the extent permitted by applicable rules of evidence.

9. 9. Dismissal of the Pending Action

[IF LITIGATION IS PENDING] Within [DISMISSAL DEADLINE, e.g., five business days] after the Settlement Payment is received in full, the Parties will file a stipulation and proposed order dismissing the Action with prejudice, with each Party bearing its own attorney fees and costs except as otherwise stated in this Agreement. Each Party will sign any document reasonably necessary to accomplish the dismissal, including any required withdrawal of counterclaims, releases of lis pendens, satisfactions of judgment, or dismissals of related administrative charges. The court will retain jurisdiction to enforce this Agreement to the extent permitted by applicable rules. [IF NO LITIGATION IS PENDING: No action is pending, and each Party agrees not to file one on the released claims.]

10. 10. Confidentiality

The Parties will keep the terms of this Agreement, including the Settlement Payment amount, strictly confidential and will not disclose them to any third party, except: to attorneys, accountants, auditors, tax authorities, insurers, and lenders who need the information and are instructed to maintain its confidentiality; to a spouse or domestic partner; as required by law, regulation, subpoena, or court order; or as necessary to enforce this Agreement. If disclosure is compelled, the disclosing Party will give the other Party reasonable written notice in advance where legally permitted so that protective relief may be sought. If asked about the Dispute, each Party will say only that

the matter has been resolved. Breach of this Section entitles the non-breaching Party to injunctive relief and to [LIQUIDATED DAMAGES AMOUNT OR "actual damages"].

11. 11. Non-Disparagement

Neither Party will make, publish, or encourage any statement — oral, written, online, or to the press — that disparages, denigrates, or reflects negatively on the other Party, its products, services, personnel, or business practices, in connection with the Dispute or the relationship described in Section 2. Each Party will remove or request removal of any existing public review, post, or complaint concerning the Dispute within [REMOVAL PERIOD, e.g., 10 days] of the Effective Date, to the extent it has the ability to do so. Nothing in this Section prohibits truthful testimony compelled by law, communications with a government agency, or statements made to enforce this Agreement.

12. 12. Tax Treatment and Reporting

Each Party is solely responsible for the tax consequences of the Settlement Payment to it and has not relied on any tax advice from the other Party or its counsel. The Parties will report the Settlement Payment as required by law, and the paying Party will issue any information return, including IRS Form 1099, that applicable law requires. The allocation of the Settlement Payment among categories of claimed damages, if any, is as follows: [ALLOCATION, e.g., \$[AMOUNT] for property damage, \$[AMOUNT] for contract damages, \$[AMOUNT] for attorney fees, or "The Parties have not allocated the Settlement Payment"]. Each Party will indemnify the other against any tax, penalty, or interest assessed against the other as a result of the first Party's own reporting position.

13. 13. Representations, Warranties, and Voluntary Execution

Each Party represents and warrants that: it has full authority to enter into this Agreement and to grant the releases given here; it is the sole owner of the claims it is releasing and has not assigned, pledged, or transferred any of them; no other person or entity has any right to assert a released claim through it; it has not filed any action, charge, or complaint relating to the Dispute other than as disclosed in Section 2; and it is not relying on any statement, promise, or representation outside this Agreement. Each Party further represents that any lien, subrogation interest, or third-party claim relating to the Dispute has been disclosed here: [DISCLOSED LIENS, or "None"] and will be satisfied by the Party subject to it. Each Party also acknowledges that it has read this Agreement in full, understands its terms and their consequences, has had at least [CONSIDERATION PERIOD, e.g., 10 days] and the opportunity to consult counsel of its own choosing and has either done so or knowingly chosen not to, and is signing voluntarily and without duress, coercion, or undue influence. This Agreement is the product of negotiation, and no provision will be construed against either Party as the drafter.

14. 14. Governing Law, Enforcement, 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 state or federal courts located in [VENUE COUNTY AND STATE], to whose jurisdiction the Parties consent. This Agreement, with any exhibits, is the entire agreement between the Parties regarding the Dispute and supersedes all prior negotiations, offers, and understandings, and it may be modified only in a writing signed by both Parties. If any provision is held unenforceable, the remainder stays in effect and the provision will be narrowed to the extent necessary, except that if the releases in Section 5 are held unenforceable, the Party that received the Settlement Payment will return it. This Agreement binds and benefits the Parties and their successors, heirs, and permitted assigns.

15. 15. Signatures

By signing below, each Party confirms it has read and understood this Agreement and agrees to be bound as of the

Effective Date. [PARTY A NAME]. Signature: _____. Printed Name: [SIGNER NAME].
Title: [TITLE]. Date: [DATE]. [PARTY B NAME]. Signature: _____. Printed Name:
[SIGNER NAME]. Title: [TITLE]. Date: [DATE]. APPROVED AS TO FORM (if represented): Counsel for
[PARTY A]: _____. Counsel for [PARTY B]: _____. This Agreement
may be signed in counterparts, and electronic or scanned signatures have the same effect as originals.

16. Disclaimer

This template is provided for general informational purposes only and is not legal advice. Settlement agreements are enforced under state law and certain categories — employment and discrimination claims, claims involving minors or estates, workers compensation, class actions, and matters requiring court approval — carry specific procedural requirements, mandatory disclosures, or revocation periods. Confidentiality and non-disparagement terms are restricted in some states, particularly for harassment and abuse claims. Tax treatment of settlement proceeds can be significant. Consult a licensed attorney and a tax advisor before signing a settlement of any consequence. Use of this template does not create an attorney-client relationship with ScanContract.

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