

IOU (ACKNOWLEDGMENT OF DEBT)

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This IOU and Acknowledgment of Debt (this "IOU") is made as of [DATE] (the "Effective Date") by and between:

[DEBTOR FULL NAME], an individual residing at [DEBTOR ADDRESS] (the "Debtor"), the person who owes the money; and

[CREDITOR FULL NAME], an individual residing at [CREDITOR ADDRESS] (the "Creditor"), the person to whom the money is owed.

Debtor and Creditor are each a "Party" and together the "Parties."

Recitals. Creditor has provided or advanced money or value to Debtor, and Debtor acknowledges owing that amount and wishes to record the debt and the terms of repayment in writing. This IOU is intended to be a simple, binding written acknowledgment of the debt. In consideration of the value received and the mutual promises below, the Parties agree as follows.

1. Acknowledgment of Debt

1.1 Amount owed. Debtor acknowledges and agrees that Debtor owes Creditor the sum of [AMOUNT IN WORDS] ([\$AMOUNT]) (the "Debt").

1.2 Reason for debt. The Debt arises from [REASON, e.g. a personal loan advanced on (date), goods or services provided, money paid on Debtor's behalf].

1.3 Unconditional acknowledgment. Debtor confirms that the Debt is genuinely owed, that Debtor received the corresponding value, and that Debtor has no current claim, set-off, or defense against the Debt as of the Effective Date.

2. Repayment Terms

2.1 How the Debt will be repaid. Debtor will repay the Debt as follows [choose one]: (a) in a single payment of the full amount on or before [DUE DATE]; or (b) in [NUMBER] installments of [\$INSTALLMENT] each, beginning on [FIRST PAYMENT DATE] and continuing on the [DAY] of each [period] until paid in full.

2.2 Method of payment. Debtor will pay Creditor by [METHOD, e.g. cash, check, bank transfer, payment app]. A payment is credited when actually received by Creditor.

2.3 Application of payments. Payments are applied first to any accrued interest or late fees (if any apply under Section 3) and then to the remaining Debt.

3. Interest

3.1 Interest. The Debt [will not bear interest / will bear simple interest at [RATE]% per year] beginning on [DATE]. If no rate is filled in, no interest applies.

3.2 **Maximum lawful rate.** Any interest charged will never exceed the maximum rate permitted by applicable law, and any excess will reduce the Debt or be refunded. The Parties acknowledge that maximum lawful rates vary by jurisdiction.

4. Late Payment

4.1 **Late payments.** If a payment is more than [NUMBER, e.g. 10] days late, Debtor will pay a late fee of [DOLLAR AMOUNT], to the extent permitted by applicable law.

4.2 **Effect of missed payment.** If Debtor misses a payment and does not cure within [NUMBER] days after Creditor's written request, Creditor may treat the entire remaining Debt as immediately due and payable.

5. Prepayment and Forgiveness

5.1 **Prepayment.** Debtor may repay all or part of the Debt early at any time without penalty, which reduces any interest that would otherwise accrue.

5.2 **Forgiveness only in writing.** Creditor may forgive all or part of the Debt only by a writing signed by Creditor. No oral statement reduces or cancels the Debt. The Parties acknowledge that forgiveness of debt may have tax consequences.

6. Default and Collection

6.1 **Default.** Debtor is in default if Debtor fails to pay any amount when due and does not cure within [NUMBER] days after written notice, or if Debtor becomes insolvent or files for bankruptcy.

6.2 **Collection costs.** To the extent permitted by applicable law, Debtor will reimburse Creditor's reasonable costs of collecting the Debt after a default, including reasonable attorneys' fees and court costs.

7. Acknowledgments by Debtor

7.1 **Voluntary.** Debtor confirms that Debtor signs this IOU voluntarily, understands its terms, and has had the opportunity to ask questions or seek advice.

7.2 **Binding obligation.** Debtor confirms that this IOU is a binding obligation and not a gift, and that Debtor's obligation to repay binds Debtor's estate, heirs, and personal representatives.

7.3 **Survival.** Debtor's obligation to repay survives until the Debt is fully paid or forgiven in writing.

8. General Provisions

8.1 **Governing law and venue.** This IOU is governed by the laws of the State of [STATE], without regard to its conflict-of-laws rules. Any dispute will be brought in the courts located in [COUNTY, STATE].

8.2 **Joint and several liability.** If more than one person signs as Debtor, each is jointly and severally liable for the full Debt.

8.3 **Assignment.** Creditor may assign the right to collect the Debt on written notice to Debtor. Debtor may not assign its obligation.

8.4 **Notices.** Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt.

8.5 **Entire agreement; amendment.** This IOU is the entire agreement between the Parties about the Debt and supersedes any prior understanding. It may be amended only by a writing signed by both Parties.

8.6 **Severability and waiver.** If any provision is unenforceable, the rest remains in effect. Creditor's failure to enforce a provision is not a waiver.

8.7 **Counterparts and electronic signature.** This IOU may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one document.

IN WITNESS WHEREOF, the Parties have signed this IOU as of the Effective Date.

DEBTOR (owes the money)

CREDITOR (owed the money)

Signature: _____

Signature: _____

Printed name: **[NAME]**

Printed name: **[NAME]**

Title: N/A

Title: N/A

Date: _____

Date: _____

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