

PAYMENT PLAN AGREEMENT

This is a customizable starting template, not a finished legal document. Replace every [BRACKETED] field with your specifics, delete or adapt any clause that does not fit your arrangement, and have a licensed attorney in the governing jurisdiction review it before you or anyone else signs. CyberSygn is not a law firm and this template is not legal advice.

This Payment Plan Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and between:

[CREDITOR LEGAL NAME], located at [CREDITOR ADDRESS] (the "**Creditor**"); and

[DEBTOR LEGAL NAME], located at [DEBTOR ADDRESS] (the "**Debtor**").

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

Recitals. The Debtor owes the Creditor an outstanding balance arising from [DESCRIBE UNDERLYING OBLIGATION, e.g. unpaid invoices, a prior loan, goods or services delivered] (the "**Underlying Obligation**"). The Parties wish to establish a structured schedule under which the Debtor will repay that balance in installments rather than in a single lump sum, and to confirm the consequences if payments are not made. In consideration of the mutual promises below, and the Creditor's agreement to accept installment payments and forbear from immediate collection, the Parties agree as follows.

1. Acknowledgment of Debt

1.1 Outstanding balance. The Debtor acknowledges and agrees that, as of the Effective Date, the Debtor owes the Creditor the principal sum of [\$ TOTAL AMOUNT OWED] (the "**Outstanding Balance**") on account of the Underlying Obligation.

1.2 No dispute. The Debtor confirms that the Outstanding Balance is due and owing, is not subject to any setoff, counterclaim, or defense known to the Debtor as of the Effective Date, and represents a genuine and undisputed obligation.

1.3 Purpose of this Agreement. This Agreement does not extinguish or replace the Underlying Obligation; it establishes a payment schedule for satisfying it. On full performance under this Agreement, the Underlying Obligation will be deemed satisfied in full as provided in Section 7.

2. Payment Schedule

2.1 Installments. The Debtor will pay the Outstanding Balance, together with any interest under Section 3, in [NUMBER] installments of [\$ INSTALLMENT AMOUNT] each, except that the final installment will equal the remaining unpaid balance.

2.2 Due dates. Installments are due on the [e.g. 1st] day of each [month / other period], beginning on [FIRST PAYMENT DATE] and continuing until the Outstanding Balance and all accrued interest are paid in full (the "**Final Payment Date**," currently estimated as [DATE]).

2.3 Application of payments. Unless applicable law requires otherwise, each payment will be applied first to any accrued late charges, then to accrued interest, and then to principal.

2.4 Method of payment. Payments will be made by [CHECK / ACH / CARD / OTHER METHOD] to [PAYMENT INSTRUCTIONS]. The Debtor is responsible for ensuring each payment is initiated early enough to be received on or before its due date.

2.5 Prepayment. The Debtor may prepay all or any part of the Outstanding Balance at any time without penalty. Prepayments are applied to the remaining installments in inverse order of maturity unless the Parties agree otherwise in writing.

3. Interest

3.1 Interest rate. The unpaid Outstanding Balance accrues interest at an annual rate of [e.g. 0% / a stated rate], calculated on the remaining unpaid principal, beginning on the Effective Date.

3.2 Usury limit. In no event will interest charged under this Agreement exceed the maximum rate permitted by applicable law. If any interest charged is found to exceed that maximum, the excess will be applied to reduce principal or refunded to the Debtor, and the rate will be reduced to the highest lawful rate.

3.3 No interest option. If the Parties intend a zero-interest arrangement, they should so state in Section 3.1; the Creditor should confirm with counsel whether any imputed-interest or disclosure rules apply to its situation.

4. Late Payments and Default

4.1 Late charge. If any installment is not received within [NUMBER, e.g. 10] days after its due date, the Debtor will pay a late charge of [\$ AMOUNT or % of the overdue installment], to the extent permitted by applicable law.

4.2 Events of default. Each of the following is an "Event of Default": (a) the Debtor fails to pay any installment when due and does not cure within [NUMBER] days after written notice; (b) the Debtor breaches any other material obligation in this Agreement and does not cure within [NUMBER] days after written notice; or (c) the Debtor files or becomes the subject of a bankruptcy or insolvency proceeding.

4.3 Acceleration. On an Event of Default, the Creditor may, by written notice and to the extent permitted by applicable law, declare the entire remaining Outstanding Balance, plus accrued interest and late charges, immediately due and payable.

4.4 Collection costs. To the extent permitted by applicable law, the Debtor will reimburse the Creditor for reasonable costs of collection of amounts past due, including reasonable attorneys' fees and court costs actually incurred.

5. Creditor's Forbearance

5.1 Forbearance. So long as no Event of Default exists, the Creditor agrees to forbear from commencing or continuing collection efforts on the Underlying Obligation and to accept the installment payments described above.

5.2 No waiver of remedies. The Creditor's forbearance is limited to the terms of this Agreement. The Creditor does not waive any right or remedy that arises on an Event of Default, and any partial or late payment the Creditor accepts does not waive the Creditor's right to require timely payment of all later installments.

6. Representations of the Debtor

6.1 Authority. The Debtor represents that the Debtor has full authority to enter into this Agreement and that this Agreement is a valid and binding obligation enforceable against the Debtor.

6.2 **Ability to pay.** The Debtor represents that the Debtor reasonably believes, based on current circumstances, that the Debtor will be able to make the payments described in Section 2.

6.3 **Notice of inability to pay.** The Debtor will notify the Creditor in writing promptly if the Debtor anticipates being unable to make any scheduled payment, so the Parties may discuss whether to modify the schedule.

7. Satisfaction and Release

7.1 **Satisfaction.** On the Creditor's receipt of all installments, accrued interest, and any late charges due under this Agreement, the Outstanding Balance and the Underlying Obligation will be deemed paid and satisfied in full.

7.2 **Confirmation.** On the Debtor's written request after satisfaction, the Creditor will provide a written statement confirming that the Outstanding Balance has been paid in full and releasing the Debtor from further liability on the Underlying Obligation.

8. General Provisions

8.1 **Entire agreement; amendment.** This Agreement is the entire agreement between the Parties on its subject and supersedes prior discussions. It may be amended only by a writing signed by both Parties.

8.2 **Governing law and venue.** This Agreement is governed by the laws of the State of [STATE], without regard to its conflict-of-laws rules. The Parties submit to the exclusive jurisdiction of the state and federal courts located in [COUNTY, STATE].

8.3 **Notices.** Notices must be in writing and sent to the addresses above (or as updated in writing) and are effective on receipt or, if mailed, [NUMBER] days after deposit in the mail, postage prepaid.

8.4 **Assignment.** The Debtor may not assign this Agreement without the Creditor's prior written consent. The Creditor may assign its rights to receive payment on written notice to the Debtor.

8.5 **Severability and waiver.** If any provision is unenforceable, the rest remains in effect. A Party's failure to enforce a provision is not a waiver of that provision or any other.

8.6 **Joint and several liability.** If more than one person signs as Debtor, each is jointly and severally liable for all obligations under this Agreement.

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

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CREDITOR	DEBTOR
Signature: _____	Signature: _____
Printed name: [NAME]	Printed name: [NAME]
Title (or N/A): [TITLE]	Title (or N/A): [TITLE]
Date: _____	Date: _____
_____	_____

Template provided by CyberSygn. Not legal advice. CyberSygn is not a law firm. Consult a licensed attorney in your jurisdiction before relying on this document.