TEMPLATE

Payment Plan Agreement

This is a template, not legal advice

This document is a general-purpose template provided for information only. It is not legal advice, it does not create a lawyer–client relationship, and nobody has reviewed it against your situation.

Laws differ by country, state and province, and they change. A clause that is standard in one place can be unenforceable — or illegal — in another. Terms that are ordinary between two businesses can be void in a consumer or employment context.

Read every clause before you use it, fill in every blank, and delete anything that does not apply. For anything high-value, unusual, or that you could not afford to lose a dispute over, have a qualified lawyer in your jurisdiction review it before it is signed.

How to use this template

1. Read it end to end and delete any clause that does not apply to you. Blanks are shown as a grey label on a line.
2. Need the other party to sign too, with an audit trail and a tamper-evident seal? That is what the paid product does.

Payment Plan Agreement

This Payment Plan Agreement (this "Agreement") is made on [Date] between [Creditor full legal name] of [Creditor address] ("Creditor") and [Debtor full legal name] of [Debtor address] ("Debtor").

Creditor and Debtor enter into this Agreement to restructure an existing debt owed by Debtor to Creditor into a fixed schedule of installment payments, on the terms set out below.

1. Acknowledgment of Existing Debt

Debtor acknowledges and agrees that, as of [Debt as-of date], Debtor owes Creditor the sum of [Outstanding balance, e.g. $4,500.00] (the "Debt"), arising from [Origin of the debt, e.g. unpaid Invoice #1042 for consulting services delivered, or an unpaid personal loan made on a stated date] .

Debtor agrees that the Debt is valid, currently due, and owed without any offset, counterclaim or defense of any kind as of the date of this Agreement. This acknowledgment is a material part of the consideration for Creditor agreeing to accept payment of the Debt in installments rather than demanding immediate payment in full.

2. Installment Schedule

In place of immediate payment in full, Creditor agrees to accept, and Debtor agrees to pay, the Debt in [Number of installments, e.g. 6] installments as follows: [Installment amount, e.g. $750.00] due on [First payment date] and on the same day of each [Payment interval, e.g. month] thereafter, until the Debt is paid in full, with any final installment adjusted as needed to bring the balance to zero.

Payments shall be made by [Payment method, e.g. bank transfer to an account Creditor designates] and are applied first to any accrued late fees, then to interest (if any), then to the outstanding principal balance of the Debt.

Interest accrues on the outstanding balance of the Debt at a rate of [Interest rate, e.g. 0% (no interest) or 5% per annum] from the date of this Agreement until paid in full.

3. Prepayment

Debtor may prepay any part of the outstanding balance at any time without penalty. A prepayment reduces the principal balance but does not change the due date or amount of the next scheduled installment unless Creditor agrees otherwise in writing.

4. Late Payments

If any installment is not received within [Grace period, e.g. 5] days of its due date, Debtor shall pay a late fee of [Late fee, e.g. $50 or 5% of the overdue installment] for that installment, in addition to the amount otherwise due.

5. Default and Acceleration

Debtor is in default under this Agreement if any installment is not paid in full within [Cure period, e.g. 10] days after its due date, or if Debtor becomes insolvent, makes an assignment for the benefit of creditors, or has a bankruptcy petition filed by or against Debtor that is not dismissed within 60 days.

On any default, the entire unpaid balance of the Debt, together with any accrued interest and unpaid late fees, becomes immediately due and payable in full, without further notice or demand, at Creditor's election. Creditor's decision not to accelerate after one default does not waive the right to accelerate after a later default.

On acceleration, Creditor may pursue any remedy available under this Agreement, under the original obligation described in the clause below, or under applicable law, including collection of the accelerated balance.

6. Effect on the Original Obligation

This Agreement restructures the manner and timing of payment of the Debt. It replaces and supersedes any prior payment terms, due dates or demand for immediate payment associated with the Debt described above.

This Agreement does not release, waive, novate or otherwise extinguish the underlying obligation, agreement or transaction that gave rise to the Debt, and does not release Debtor from any other duty, representation or liability under it (for example, any warranty, indemnity or performance obligation unrelated to payment). If Debtor pays the Debt in full according to this Agreement, the payment obligation described in this Agreement is satisfied; any other rights either party has under the original obligation are unaffected except as this Agreement expressly states.

7. Costs of Collection

If this Agreement is referred to an attorney or collection agency for collection after a default, Debtor shall pay Creditor's reasonable costs of collection, including reasonable attorneys' fees, to the extent permitted by applicable law.

8. No Waiver

No delay or failure by Creditor in exercising any right under this Agreement is a waiver of that right, and Creditor accepting a late or partial payment on one occasion does not waive Creditor's rights with respect to any other payment or any later default.

9. Governing Law

This Agreement is governed by the laws of [Governing law, e.g. the State of Delaware] , without regard to its conflict-of-laws principles.

10. General

This Agreement is the entire agreement between Creditor and Debtor concerning repayment of the Debt, and replaces any earlier understanding about how or when the Debt would be paid. It may only be amended in a writing signed by both parties.

If any provision of this Agreement is held unenforceable, the rest continues in force. This Agreement binds and benefits each party's heirs, executors, administrators, successors and permitted assigns.

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 agreement with the terms above, the parties have signed below on the dates written beside their signatures.

Creditor

Signature: ______________________________

Printed name: ______________________________

Company: ______________________________

Title: ______________________________

Date: ______________________________

Debtor

Signature: ______________________________

Printed name: ______________________________

Company: ______________________________

Title: ______________________________

Date: ______________________________