PAYMENT AGREEMENT

This Payment Agreement (this "Agreement") is made on _____, 20____ (the "Agreement Date"). It sets out a plan for the Debtor to pay, in installments, a debt the Debtor already owes the Creditor. No new money is lent under this Agreement.

Creditor (the party owed the money): _____, mailing address _____.

Debtor (the party who owes the money): _____, mailing address _____.

1. THE ORIGINAL DEBT

The Debtor owes the Creditor for the following (the "Original Debt"): _____. Invoice, account or other reference: _____.

As of the Agreement Date, the Debtor owes the Creditor $_____ on the Original Debt (the "Amount Owed"). The Debtor acknowledges that the Amount Owed is a valid debt that is due and owing and knows of no defense, offset or counterclaim that would reduce it.

2. DOWN PAYMENT

The Debtor will pay a down payment of $_____ on or before _____ (write "none" if there is no down payment). If it is not received by that date, the Creditor may cancel this Agreement by written notice and collect the rest of the Original Debt as if this Agreement had never been signed.

3. PAYMENT SCHEDULE

The amount to be paid in installments is $_____ (the "Balance"). The Debtor will pay the Balance in _____ installments of $_____ each, due (check one) [ ] monthly [ ] every two weeks [ ] weekly, beginning on _____. The final installment of $_____ is due on _____. If a due date falls on a weekend or legal holiday, the payment is due on the next business day.

Payments go to the Creditor's mailing address above, or another place the Creditor names in writing, by _____ (payment methods). Each payment is applied first to any late charge, then to interest, then to the Balance.

4. INTEREST, PREPAYMENT AND LATE CHARGE

(Check one) [ ] No interest accrues on the Balance. [ ] Interest accrues on the unpaid Balance from the Agreement Date at a fixed rate of _____% per year, and the installment amount above includes it.

The Debtor may pay all or part of the Balance early at any time without penalty.

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If an installment is not received in full within _____ days after its due date, the Debtor will pay a late charge of $_____ (write "none" for no late charge). The Creditor will never collect interest or charges above the highest amount the law allows; any excess is applied to the Balance or refunded.

5. COLLECTION ON HOLD AND CREDIT REPORTING

While no Event of Default exists, the Creditor will not sue on the Original Debt, will not refer it to a collection agency or attorney, and will stop demands for payment other than reminders and notices this Agreement allows. If a lawsuit is already pending (court and case number: _____), the Parties will (check one) [ ] ask the court to put it on hold [ ] have the Creditor dismiss it without prejudice.

(Check one) [ ] The Creditor does not report this debt to credit bureaus and will not start while no Event of Default exists. [ ] The Creditor may report this debt accurately, will not report a new delinquency while no Event of Default exists, and will report it as paid with a zero balance within 30 days after the last payment.

6. DEFAULT AND REMEDIES

An Event of Default occurs if the Debtor does not pay an installment in full within _____ days after the Creditor delivers written notice that it is overdue, or breaks another promise in this Agreement and does not correct it within that time after notice.

After an Event of Default that is not cured, the Creditor may (check one) [ ] declare the entire unpaid Balance immediately due [ ] sue for each installment as it falls due and goes unpaid. The Creditor's promises under "Collection on Hold" end. (Check one) [ ] The Debtor pays the Creditor's reasonable collection costs and attorney fees, as the law allows. [ ] Each Party pays its own fees.

7. EFFECT ON THE ORIGINAL DEBT

(Check one) [ ] The Original Debt is on hold while no Event of Default exists. After an uncured Event of Default, the Creditor may enforce this Agreement or collect the Original Debt on its original terms, with credit for every payment made. [ ] This Agreement replaces the Debtor's obligation on the Original Debt, and the Creditor's only claim is under this Agreement.

When the Debtor has made every payment, the Original Debt is paid in full and the Creditor releases the Debtor from any further claim for it.

8. GENERAL TERMS

The laws of the State of _____ govern this Agreement. Any lawsuit about it will be brought in the courts serving _____ County. The Creditor may assign its rights after written notice to the Debtor; the Debtor may not assign its duties. This Agreement is the entire agreement about payment of the Original Debt and can be changed only in a writing signed by both Parties. If a court finds any part unenforceable, the rest stays in effect. This Agreement may be signed in counterparts and electronically.

Additional terms: _____

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Note: several state usury laws cap interest on a forbearance of an existing debt as well as on a loan. Check your state's limit before you add interest or a late charge.

SIGNATURES

Creditor

Signature: _____ Date: _____

Printed Name: _____

Debtor

Signature: _____ Date: _____

Printed Name: _____

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