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DEBT SETTLEMENT AGREEMENT

THIS DEBT SETTLEMENT AGREEMENT ("Agreement") is made and entered into on this ___ day of _____, *20*,

BY AND BETWEEN:

1. [Full Legal Name of Creditor], of [Residential Address], a Ghanaian adult of sound mind and legal capacity, hereinafter referred to as the **"Creditor"** (which expression shall, where the context so admits, include his/her heirs, executors, administrators, legal representatives and assigns);

AND

2. [Full Legal Name of Debtor], of [Residential Address], a Ghanaian adult of sound mind and legal capacity, hereinafter referred to as the **"Debtor"** (which expression shall, where the context so admits, include his/her heirs, executors, administrators, legal representatives and assigns).

The Creditor and the Debtor shall hereinafter be collectively referred to as the **"Parties"**, and individually as a **"Party."**

RECITALS

WHEREAS, the Debtor is indebted to the Creditor in the amount of GHS [Insert Total Amount Owed] (the "Outstanding Debt") arising from [describe nature of original obligation: e.g., a loan advanced on [Date], a previous credit transaction, or personal borrowing arrangement];

WHEREAS, the Debtor acknowledges and admits liability for the full amount of the Outstanding Debt and has expressed a desire to settle the same on revised terms due to [Insert Reason: e.g., financial hardship, cash flow constraints, or other just cause];

WHEREAS, the Creditor, without waiving any legal rights or remedies, is willing to accept a structured or discounted settlement of the said debt under the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual covenants, obligations, and representations contained herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties agree as follows:

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CLAUSE 1 – PURPOSE OF AGREEMENT

1.1 The primary purpose of this Agreement is to formally document a revised payment arrangement whereby the Debtor undertakes to pay the Creditor the agreed sum of GHS [Insert Agreed Settlement Amount] in full and final satisfaction of the Outstanding Debt.

1.2 This Agreement is further intended to:

- Prevent the need for litigation or debt recovery proceedings;
- Provide clarity, structure, and security for the repayment plan;
- Establish legal consequences for default;
- Ensure fairness and enforceability under the laws of the Republic of Ghana.

CLAUSE 2 – DEFINITIONS

In this Agreement, unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

2.1 "Agreement" refers to this Debt Settlement Agreement, including any schedules, attachments, addenda, and lawful modifications made in writing and signed by both Parties.

2.2 "Creditor" means the individual entitled to receive repayment of the Outstanding Debt and identified in the Introduction.

2.3 "Debtor" means the individual legally obligated to repay the Outstanding Debt and identified in the Introduction.

2.4 "Outstanding Debt" refers to the total amount originally owed by the Debtor to the Creditor, being GHS [Insert Amount], prior to any settlement agreement.

2.5 "Settlement Amount" means the mutually agreed sum of GHS [Insert Agreed Amount] that the Debtor agrees to pay, and the Creditor agrees to accept, in full satisfaction of the Outstanding Debt, conditional upon full and timely payment.

2.6 "Settlement Date" means the final date by which the Debtor must complete all required payments under this Agreement, being [Insert Date].

2.7 "Installment Plan" refers to a structured schedule of periodic payments (weekly, monthly, or otherwise) by which the Debtor agrees to discharge the Settlement Amount.

2.8 "Default" means the failure of the Debtor to comply with any term of this Agreement, including non-payment, late payment, dishonored cheques, or false representations.

2.9 "Final Release" refers to the Creditor's written confirmation that the debt has been fully settled, thereby discharging the Debtor of further liability with respect to the original Outstanding Debt.

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2.10 "Governing Law" refers to the applicable laws of the Republic of Ghana, including statutes governing debt recovery, contract formation, and enforcement.

2.11 "Notice" means any written correspondence or communication served by one Party to the other under the terms of this Agreement.

CLAUSE 3 – SETTLEMENT TERMS

This section outlines the agreed-upon debt amount and payment structure for the settlement of the outstanding debt between the Creditor and Debtor.

3.1 Outstanding Debt and Settlement Amount

(a) The Creditor and Debtor agree that the total **Outstanding Debt** owed by the Debtor is **[$Total Debt]**.
(b) In full and final settlement of the Outstanding Debt, the Creditor agrees to accept **[$Settlement Amount]** (the "Settlement Amount"), which shall serve as full satisfaction of all obligations under the debt.

3.2 Payment Terms

(a) The Debtor agrees to pay the Settlement Amount according to the following payment schedule:

Payment Number	Due Date	Amount ($)	Payment Method
1	[Date]	[$Amount]	[Method]
2	[Date]	[$Amount]	[Method]
…	…	…	…
Final	[Date]	[$Amount]	[Method]

*(Attach a full **Payment Schedule Addendum** if necessary.)*

(b) Payments shall be made via ☐ **Bank Transfer OR** ☐ **Check OR** ☐ **Cash OR** ☐ **Other [Specify]** to the Creditor's designated account.
(c) If the Debtor fails to make any scheduled payment within **[Number] days** of the due date, the Creditor ☐ **may OR** ☐ **may not** reinstate the full Outstanding Debt.

3.3 Effect of Full Payment

(a) Upon the Creditor's receipt of the full Settlement Amount, the Outstanding Debt will be considered **paid in full**.
(b) The Creditor agrees to provide the Debtor with a **Debt Satisfaction Letter** confirming that no further amounts are due and that the debt has been fully settled.

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3.4 Settlement Fee (If Applicable)

(a) The Creditor agrees to waive any additional fees, penalties, or interest beyond the Settlement Amount, **except as outlined in Clause 3 (Default and Consequences)**.
(b) The Debtor ☐ **may OR** ☐ **may not** be required to pay a **settlement processing fee** of **[$Amount]**, which will be included in the total Settlement Amount.

CLAUSE 4 – RELEASE OF LIABILITY

This section outlines the conditions under which the Creditor agrees to release the Debtor from any further financial obligations related to the Outstanding Debt upon successful settlement.

4.1 Full Satisfaction of Debt

(a) Upon the Creditor's receipt of the full **Settlement Amount**, the debt shall be considered **fully satisfied**, and no further payments shall be required from the Debtor.
(b) The Creditor agrees to:

- **Release the Debtor from any further liability** related to the Outstanding Debt.
- **Not pursue any legal action or collection efforts** for any remaining balance.
- **Not assign or sell the debt** to any third-party collection agency.

4.2 Debt Forgiveness and Non-Pursuit of Remaining Balance

(a) The Creditor acknowledges that, upon payment of the Settlement Amount, any **remaining balance of the Outstanding Debt shall be forgiven**.
(b) The Creditor ☐ **shall OR** ☐ **shall not** report the debt as **"Settled in Full" OR "Paid in Full"** to credit bureaus.

4.3 Debt Satisfaction Letter

(a) Within **[Number] days** of receiving the full Settlement Amount, the Creditor shall provide the Debtor with a **Debt Satisfaction Letter** stating that the debt has been settled and that no further obligations remain.
(b) The letter shall confirm that the Creditor will **not take any further action** against the Debtor regarding the settled debt.

CLAUSE 5 – DEFAULT AND CONSEQUENCES

This section outlines the consequences of non-payment or failure to comply with the agreed-upon settlement terms and the remedies available to the Creditor.

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5.1 Default by Debtor

The Debtor shall be considered in **default** under this Agreement if:
(a) The Debtor **fails to make any scheduled payment** within **[Number] days** of the due date.
(b) The Debtor provides **false or misleading information** related to their financial status.
(c) The Debtor **attempts to dispute or reverse** payments made under this Agreement without cause.

5.2 Consequences of Default

If the Debtor defaults:
(a) The Creditor may declare this Agreement **null and void**, reinstating the full Outstanding Debt minus any payments received.
(b) The Creditor ☐ **may OR** ☐ **may not** pursue legal action or resume collection efforts for the remaining balance.
(c) Any payments made before default ☐ **shall OR** ☐ **shall not** be credited toward the Outstanding Debt.
(d) The Creditor ☐ **may OR** ☐ **may not** report the default to **credit bureaus**, which may negatively impact the Debtor's credit score.

5.3 Right to Cure Default *(If Applicable)*

(a) The Debtor shall have **[Number] days** from receiving a **Notice of Default** to cure the default by making the required payment(s).
(b) If the Debtor fails to cure the default within the allowed time, the Lender may proceed with **full legal enforcement** of the debt.

CLAUSE 6– CONFIDENTIALITY AND NON-DISCLOSURE

This section ensures that the terms of this Debt Settlement Agreement remain confidential and are not disclosed to unauthorized parties.

6.1 Confidentiality of Settlement Terms

(a) Both the **Creditor and Debtor** agree to keep the terms and details of this Agreement **strictly confidential** and not disclose them to any third party except:

- Legal or financial advisors.
- Credit reporting agencies (if applicable).
- As required by law, court order, or government authority.

(b) Any **breach of this confidentiality clause** may result in legal consequences, including but not limited to damages or voiding of the settlement terms.

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6.2 Non-Disparagement Clause *(If Applicable)*

(a) The Debtor ☐ **shall OR** ☐ **shall not** publicly discuss, post online, or make negative statements about the Creditor regarding this settlement.
(b) The Creditor ☐ **shall OR** ☐ **shall not** disclose or share negative information about the Debtor beyond what is required for lawful credit reporting.

6.3 Third-Party Communications

(a) The Creditor agrees **not to sell, transfer, or assign** the settled debt to any third-party collection agency.
(b) The Debtor agrees not to involve any third party in dispute resolutions unless required by law.

CLAUSE 7 – GOVERNING LAW AND DISPUTE RESOLUTION

This section establishes the legal framework under which this **Debt Settlement Agreement** is governed and the procedures for resolving any disputes between the parties.

7.1 Governing Law

(a) This Agreement shall be governed by and construed in accordance with the **laws of the State of [State]**, without regard to conflict-of-law principles.
(b) Any legal proceedings related to this Agreement shall be initiated and heard in the appropriate courts of **[Jurisdiction]**.

7.2 Dispute Resolution

(a) The parties agree to resolve any disputes **through negotiations** in good faith before taking legal action.
(b) If the dispute cannot be resolved through direct negotiation within **[Number] days**, the parties agree to participate in ☐ **Mediation OR** ☐ **Binding Arbitration OR** ☐ **Court Litigation**.
(c) If arbitration is selected, the dispute shall be handled by **[Arbitration Association Name]** in accordance with its rules, and the arbitrator's decision shall be ☐ **Final and Binding OR** ☐ **Subject to Appeal**.

7.3 Attorneys' Fees and Costs

(a) If a legal action arises from this Agreement, the **prevailing party** shall be entitled to recover **reasonable attorneys' fees, court costs, and related expenses**.
(b) If arbitration is chosen, each party shall bear their own arbitration costs **unless otherwise determined by the arbitrator**.

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CLAUSE 8 – MISCELLANEOUS PROVISIONS AND FINAL TERMS

This section includes additional legal provisions governing this **Debt Settlement Agreement**, including amendments, severability, and contract execution.

8.1 Entire Agreement

(a) This **Debt Settlement Agreement**, including any **attached schedules, addenda, and amendments**, constitutes the **entire understanding** between the Creditor and the Debtor regarding the settlement of the Outstanding Debt.
(b) It supersedes all prior oral or written agreements, discussions, and informal arrangements between the parties concerning the debt.

8.2 Amendments and Modifications

(a) No modifications or amendments to this Agreement shall be valid unless **made in writing and signed** by both the Creditor and the Debtor.
(b) Any verbal agreements or informal understandings **shall not be legally binding** unless properly documented in an addendum to this Agreement.

8.3 Severability

(a) If any provision of this Agreement is found to be **invalid, illegal, or unenforceable**, the remaining provisions shall remain in full force and effect.
(b) The parties agree to replace any unenforceable provision with a valid provision that most closely reflects the original intent of the Agreement.

8.4 Waiver of Rights

(a) Failure by either party to enforce any provision of this Agreement **shall not be considered a waiver** of their rights under this Agreement.
(b) Any waiver must be in **writing and signed** by the waiving party.

8.5 Notices

(a) Any **formal notices** required under this Agreement shall be in writing and delivered by:

- **Personal delivery**
- **Certified mail (return receipt requested)**
- **Email (if both parties agree in writing to electronic notice)**
  (b) Notices shall be deemed **effective upon receipt** or, if sent by certified mail, **three (3) business days after mailing**.
  (c) The designated contact information for notices is as follows:

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CREDITOR:
[Creditor's Name]
[Creditor's Address]
[Creditor's Phone Number]
[Creditor's Email]

DEBTOR:
[Debtor's Name]
[Debtor's Address]
[Debtor's Phone Number]
[Debtor's Email]

8.6 Electronic Signatures and Counterparts

(a) This Agreement ☐ **may OR** ☐ **may not** be executed electronically.
(b) Electronic or digital signatures shall be **legally binding** and have the same effect as handwritten signatures.
(c) This Agreement may be executed in **multiple counterparts**, each of which shall be deemed an original, but all together shall constitute one agreement.

SIGNATURES

IN WITNESS WHEREOF, the parties have executed this **Debt Settlement Agreement** as of the date first written above.

CREDITOR:

[Creditor's Name]
Signature: _____
Date: _____

DEBTOR:

[Debtor's Name]
Signature: _____
Date: _____

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