Date: [Insert Date]

Creditor Name: [Insert Creditor/Collection Agency Name]
Account Number: [Insert Account Number]
Total Outstanding Balance: $[Insert Amount]

Subject: Confirmation of Debt Settlement and Balloon Payment Agreement

Dear [Insert Contact Name or Department],

This letter serves as formal confirmation of the agreement reached between [Insert Debtor Name] and [Insert Creditor Name] on [Insert Date Agreement was Made] regarding the settlement of the above-referenced account.

The parties have agreed to settle the total outstanding balance for the reduced sum of $[Insert Total Settlement Amount]. The payment schedule is as follows:

- **Installment Payments:** [Number of Payments] monthly payments of $[Amount] starting on [Start Date].
- **Balloon Payment:** One final lump-sum payment of $[Insert Balloon Amount] due on or before [Insert Due Date].

Upon receipt of the final balloon payment, [Insert Creditor Name] agrees to consider the debt settled in full. The creditor shall then:

1. Release [Insert Debtor Name] from all further financial obligations regarding this account.
2. Update the account status with all relevant credit reporting agencies to reflect the account as "Settled in Full," "Paid in Full," or "Account Paid for Less than Full Balance" within [Number] days of the final payment.
3. Cease all collection activities and legal actions related to this debt.

Please acknowledge your agreement to these terms by signing below and returning a copy of this letter to me, or by providing an official confirmation on company letterhead.

Sincerely,

____
[Insert Debtor Name]
[Insert Address]
[Insert Phone Number]

Accepted by Creditor Representative:

Name: ___________________________
Title: ___________________________
Date: ___________________________