

[Your Name]
[Your Address]
[City, State, Zip Code]
[Phone Number]
[Email Address]

[Date]

[Name of Creditor/Collection Agency]
[Address]
[City, State, Zip Code]

RE: Settlement and Formal Debt Clearance

Account Number: [Your Account Number]

To Whom It May Concern,

This letter serves as a formal agreement regarding the settlement of the above-referenced account. I am proposing a one-time, final payment of \$[Insert Amount] to settle the total outstanding balance of \$[Insert Total Balance] in full.

By accepting this payment, [Creditor Name] agrees to the following terms:

- The payment of \$[Insert Amount] is accepted as "Paid in Full" and the remaining balance will be forgiven.
- No further collection actions will be taken against me for this debt.
- The account status will be updated with all credit reporting agencies as "Paid" or "Settled in Full."
- A formal "Debt Clearance Certificate" or letter confirming the zero balance will be sent to me within 30 days of receiving payment.

If you agree to these terms, please sign this letter and return a copy to me. Upon receipt of the signed agreement, I will send the payment via [Certified Check/Money Order/Wire Transfer].

Sincerely,

[Your Signature]

[Your Printed Name]

Creditor Acceptance:

Authorized Signature: _____

Printed Name: _____

Date: _____