Payment Plan Agreement

1. Parties

This Payment Plan Agreement (the "**Agreement**") is made and entered into on **[Date of the agreement: _____]** (the "**Effective Date**") by and between:

[Creditor's full legal name: _____], [Creditor's legal status: _____], whose mailing address is [Creditor's mailing address: _____] and whose email address for notices is [Creditor's email for notices: _____] (the "**Creditor**"); and

[Debtor's full legal name: _____], [Debtor's legal status: _____], whose mailing address is [Debtor's mailing address: _____] and whose email address for notices is [Debtor's email for notices: _____] (the "**Debtor**").

If a guarantor signs this Agreement under Section 19, that person is the "**Guarantor**". The Creditor and the Debtor are each a "**Party**" and together the "**Parties**". If more than one person signs as Debtor, each of them is jointly and severally liable for every obligation of the Debtor under this Agreement, and the Creditor may enforce this Agreement against any one of them for the full amount due.

2. Background

2.1 The Debtor owes the Creditor money arising from the following transaction or relationship: [What the debt is for: _____] (the "**Original Debt**").

2.2 The Original Debt arose under the following contract, invoice, account or judgment: [Original contract, invoice or judgment: _____] (the "**Original Agreement**"). If no written agreement exists, "Original Agreement" means the arrangement described in Section 2.1.

2.3 The Debtor has not paid the Original Debt in full and has asked the Creditor to accept payment over time. The Creditor is willing to accept payment in installments, and to hold back from collection action while the Debtor keeps to the schedule, on the terms and conditions of this Agreement.

2.4 The Parties enter into this Agreement to fix the amount owed, to set a written schedule for paying it, and to state clearly what happens if a payment is missed. In consideration of the mutual promises in this Agreement, the Parties agree as follows.

3. Definitions

In this Agreement, the following words have these meanings:

"Agreed Balance" means the amount stated in Section 4.1 as owed on the Effective Date.

"Business Day" means any day other than a Saturday, a Sunday or a federal legal holiday in the United States.

"Due Date" means each date on which the down payment or an installment is due under Section 5, Section 6 or Schedule A.

"Event of Default" means any of the events listed in Section 20.

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"Installment" means each regular payment the Debtor must make under Section 6.

"Notice of Default" means a written notice that meets the requirements of Section 21.

"Payment Schedule" means the schedule of the down payment and Installments set out in Section 6 and Schedule A.

"Total of Payments" means the sum of the down payment and all Installments scheduled under this Agreement, as stated in Section 6.1.

"Unpaid Balance" means, at any time, the Agreed Balance plus any interest accrued under Section 7, less all payments the Creditor has received and applied under Section 11.

Headings are for convenience only and do not affect the meaning of this Agreement. Words in the singular include the plural and the reverse. "Including" means "including without limitation". A reference to a Section or Schedule is to a section of or schedule to this Agreement. The Schedules form part of this Agreement.

4. Acknowledgment of the debt

4.1 Agreed Balance. The Debtor acknowledges and agrees that, as of the Effective Date, the Debtor owes the Creditor **[Agreed Balance owed today: _____]** on the Original Debt (the "Agreed Balance"), made up as follows: [Breakdown of the Agreed Balance: _____].

4.2 Only stated amounts. The Agreed Balance includes only amounts that the Original Agreement expressly authorizes or that the law permits. No interest, fee, charge or expense is added to the Agreed Balance unless it is listed in Section 4.1 or is expressly stated in this Agreement.

4.3 Reserved disputes. The Debtor disputes the following items, which are not included in the Agreed Balance and which neither Party waives by signing this Agreement: [Items the Debtor disputes: _____]. If the entry is "None", the Debtor confirms that the Debtor has no dispute about the Agreed Balance as of the Effective Date. A reserved item may be resolved only by a separate written agreement signed by both Parties or by a court or other forum under Section 31.

4.4 Effect on limitation periods. The effect of this Agreement, and of any payment under it, on a statute of limitations is governed by the law of the governing state. Some states require any acknowledgment of, or promise to pay, a debt barred by a statute of limitations to be in a writing signed by the debtor, and some states provide that an acknowledgment or promise made after the limitation period has expired does not restart, revive or extend it. Nothing in this Agreement revives or extends a limitation period where the law of the governing state does not allow it. Section 14.4 applies to any time-barred debt.

5. Down payment

5.1 The Debtor will pay the Creditor a down payment of **[Down payment: _____]** on or before **[Down payment due date: _____]**. If no down payment applies, this entry reads "$0.00" and Sections 5.2 and 5.3 do not apply.

5.2 This Agreement takes effect on the Effective Date, but the Creditor's forbearance under Section 14 begins only when the Creditor has received the down payment in cleared funds. If the down payment is not received in full by the date in Section 5.1, the Creditor may, by written notice to the Debtor given within 30 days after that date, cancel this Agreement. On cancellation, the Parties return to their positions

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under the Original Agreement, and any amount the Debtor paid under this Agreement is credited against the Original Debt.

5.3 The down payment is credited to the Unpaid Balance on the day the Creditor receives it in cleared funds. It is not a fee, deposit or charge and is never refundable once credited, except as Section 5.2 or the law provides.

6. Installment payments

6.1 Payment Schedule. After the down payment, the Debtor will pay the remaining Unpaid Balance, or, while the settlement under Section 16.1 remains available, the rest of the settlement amount, in **[Number of installments: _____]** Installments of **[Amount of each installment: _____]** each, payable [How often installments are due: _____]. The first Installment is due on **[First installment due date: _____]** and the final Installment is due on **[Final installment due date: _____]**. The Total of Payments, meaning the amount the Debtor will have paid when the Debtor has made all scheduled payments, is **[Total of Payments: _____]**. The number, amount and timing of every scheduled payment are also set out in Schedule A. If Section 6.1 and Schedule A differ, Schedule A controls.

6.2 When a payment counts as made. A payment is made on the day the Creditor receives it at the place or account named in Section 9. A payment by check counts as made on the day the Creditor receives the check, as long as the check is honored on first presentment.

6.3 Weekends and holidays. If a Due Date falls on a day that is not a Business Day, the payment is due on the next Business Day, and no late charge or interest for late payment accrues for that delay.

6.4 Final Installment. The final Installment will be adjusted up or down by the amount needed to pay the exact Unpaid Balance on its Due Date (or, while the settlement under Section 16.1 remains available, the exact settlement amount less all payments received), including any rounding difference, so that no amount remains owing once the Debtor has made every scheduled payment and paid any late charge properly incurred under Section 8.

6.5 Statements and receipts. The Creditor will give the Debtor a written or electronic receipt for each payment within 10 days after receiving it if the Debtor asks for one, and will give the Debtor a written statement of the Unpaid Balance and of every payment received within 10 Business Days after a written request. The Creditor will keep accurate records of all payments for at least two years after the Unpaid Balance is paid in full.

6.6 Completion. Within 30 days after the Unpaid Balance is paid in full, the Creditor will send the Debtor a written confirmation that the Original Debt and all obligations under this Agreement are paid in full, will return or cancel any unused postdated checks, and will end any automatic payment authorization under Section 10.

7. Interest

7.1 Rate. The Unpaid Balance, excluding any late charges, bears simple interest at **[Annual interest rate: _____]** per year from the Effective Date until paid. If the rate is "0%", this plan is interest-free, the Creditor charges no interest and no other finance charge, and Sections 7.2 and 7.3 do not apply.

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7.2 Method. Interest is calculated on the actual Unpaid Balance outstanding each day, on the basis of a 365-day year and the actual number of days elapsed. Interest is not compounded and is never charged on interest or on late charges. The Installment amount in Section 6.1 already includes the interest scheduled to accrue if every payment is made on its Due Date.

7.3 Finance charge. Interest and any other charge the Debtor pays as an incident to or a condition of this extension of credit are a finance charge, meaning the dollar cost of the credit. No finance charge applies other than the interest stated in Section 7.1.

7.4 Legal maximum. The Parties do not intend to charge or collect interest above the maximum rate the law of the governing state allows. If any interest charged or collected would exceed that maximum, the rate is reduced to the maximum lawful rate, and any excess already paid is credited to the Unpaid Balance or, if the Unpaid Balance has been paid, refunded to the Debtor within 30 days.

7.5 Servicemember rates. Any lower rate that applies under Section 25 to a Debtor in military service, or to a covered member of the armed forces or a dependent, overrides the rate in Section 7.1 for as long as that Section requires.

7.6 No interest on default except as stated. After an uncured Event of Default, interest continues to accrue at the rate in Section 7.1 only. This Agreement provides for no default rate and no increase in the rate.

8. Late charges, returned payments and costs

8.1 Grace period. Each Installment may be paid without any late charge at any time within **[Grace period in days: _____]** days after its Due Date (the "**Grace Period**"). A payment received on the last day of the Grace Period is on time.

8.2 Late charge. If any Installment, or any part of it, is not received by the end of its Grace Period, the Debtor will pay a late charge of **[Late charge per late installment: _____]** for that Installment. Only one late charge may be imposed for each Installment, however long it remains unpaid. A late charge is not interest and is not added to the balance on which interest accrues. The late charge stated in this Section is the only dollar or percentage charge that may be imposed before maturity for a late payment.

8.3 No pyramiding. The Creditor will not impose or collect a late charge on any payment that is otherwise a full payment for the applicable period and is paid on its Due Date or within its Grace Period, when the only delinquency is an unpaid late charge from an earlier Installment. An unpaid late charge remains owing and may be collected separately, but it never makes a later on-time payment late.

8.4 Returned payments. If any check, electronic transfer or other payment is returned unpaid or reversed for any reason other than the Creditor's error, the payment is treated as not made. The Debtor will pay a returned payment fee of **[Returned payment fee: _____]**, but only if, and only up to the amount that, the law of the governing state allows, and will make the payment again by certified funds, money order or another method the Creditor accepts within 7 days after the Creditor gives notice of the return. After two returned payments in any 12-month period, the Creditor may require that all later payments be made by certified funds or electronic transfer.

8.5 Collection costs. The Debtor will pay the Creditor's reasonable costs of collection, including reasonable attorney's fees and court costs, only after an uncured Event of Default under Section 22, and

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only to the extent the law of the governing state allows. In any lawsuit or arbitration about this Agreement, the prevailing Party may recover its reasonable attorney's fees and costs from the other Party.

8.6 No other charges. The Creditor will not charge or collect any interest, fee, charge or expense in connection with this Agreement or the Original Debt unless it is expressly authorized by this Agreement or permitted by law. Charges for checking, processing or accepting payments by the methods in Section 9 are not imposed.

9. Method and place of payment

9.1 Method. The Debtor will make each payment by [Payment method: _____], or by any other method the Creditor agrees to in writing. Payments must be made in United States dollars.

9.2 Place of payment. Payments by mail or in person must be delivered to [Address or account for payments: _____], or to any other address the Creditor names by written notice given at least 15 days before the next Due Date. A payment sent to an address that the Creditor has stopped using, but within 15 days after a change of address notice, is treated as received on the day it would have reached the old address.

9.3 Cash payments. If the Creditor accepts a payment in cash, the Creditor will give the Debtor a signed written receipt at the time of payment showing the date, the amount and the Unpaid Balance after the payment.

9.4 Postdated checks. The Debtor is not required to give postdated checks. If the Debtor chooses to give the Creditor checks dated after the day they are delivered, the Creditor will not deposit, or threaten to deposit, any check before the date written on it. If the Creditor is a debt collector, it will not accept a check postdated by more than five days unless it notifies the Debtor in writing of its intent to deposit that check not more than ten nor less than three Business Days before the deposit. The Creditor will keep unused postdated checks secure and will return or destroy them when the Unpaid Balance is paid or this Agreement ends. This Section 9.4 does not apply where Section 25.4 bars postdated checks for a covered member of the armed forces or a dependent.

9.5 Payment records. Each Party should keep proof of every payment made or received, such as bank records, canceled checks, money order receipts and confirmation messages, until at least two years after the Unpaid Balance is paid in full.

10. Optional automatic payments

10.1 Optional. Paying by automatic transfers from a bank account is optional. The Creditor does not condition this payment plan, or any extension of credit, on the Debtor's agreement to pay by preauthorized electronic fund transfers, and the Debtor may choose any other method in Section 9 instead.

10.2 Written authorization. If the Debtor chooses automatic payments, the Debtor will sign or similarly authenticate a separate written authorization that states the account to be debited, the amount and the dates of each transfer. The Creditor will give the Debtor a copy of the signed authorization. Automatic transfers will start only after the Creditor has received the signed authorization.

10.3 Varying amounts. If a scheduled transfer will vary in amount from the previous transfer under the same authorization or from the preauthorized amount, such as for an adjusted final Installment under Section 6.4, the Creditor will send the Debtor written notice of the amount and date of the transfer at

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least 10 days before the scheduled date of that transfer.

10.4 Stopping a transfer. The Debtor may stop payment of a scheduled automatic transfer by notifying the Debtor's bank orally or in writing at any time up to three Business Days before the scheduled date of the transfer, and may revoke the authorization entirely by written notice to the Creditor and the bank. Stopping or revoking a transfer does not cancel or postpone the Installment, which the Debtor must then pay by another method in Section 9 by its Due Date or within its Grace Period.

10.5 Errors. If an automatic transfer is made in the wrong amount or on the wrong date through the Creditor's error, the Creditor will refund the excess or reverse the transfer within 5 Business Days after learning of the error, and no late charge or other charge will result from that error.

11. Application of payments

11.1 Order of application. Unless the law requires otherwise, each payment is applied in this order: first, to interest accrued under Section 7 and then due; second, to the Unpaid Balance of the Agreed Balance; and last, to any unpaid late charge or returned payment fee. Collection costs under Section 8.5, if any, are applied only after an uncured Event of Default and only as the law allows.

11.2 Disputed items. No payment under this Agreement will be applied to any item the Debtor has reserved as disputed under Section 4.3.

11.3 Several debts. If the Debtor owes the Creditor more than one debt and makes a single payment, the Creditor will apply the payment as the Debtor directs in writing at the time of payment. If the Debtor gives no direction, the Creditor will apply the payment to the debt covered by this Agreement. If the Creditor is a debt collector, it will not apply any part of such a payment to a debt the Debtor disputes, and will follow the Debtor's directions where applicable.

11.4 Overpayments. A payment larger than the Installment then due is applied as a prepayment under Section 12.

12. Prepayment

12.1 Right to prepay. The Debtor may prepay all or any part of the Unpaid Balance at any time without any charge or penalty for paying early. No charge will be imposed for paying all or part of the principal balance before the date on which it is due.

12.2 Effect of a partial prepayment. A partial prepayment reduces the Unpaid Balance and is applied to the Installments in reverse order of their Due Dates, so that the plan ends sooner. It does not excuse or postpone the next scheduled Installment unless the Creditor agrees in writing. If interest applies, interest stops accruing on the prepaid amount from the date the Creditor receives it.

12.3 Payoff statement. On written request, the Creditor will give the Debtor, within 10 Business Days, a written statement of the exact amount needed to pay the Unpaid Balance in full on a date the Debtor names, and, while the settlement under Section 16.1 remains available, the settlement amount less all payments received.

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13. Partial payments and full-payment checks

13.1 Partial payments. The Creditor may accept a payment that is less than the full Installment then due. Acceptance of a partial payment is not an agreement to change the Payment Schedule, does not cure a missed Installment unless the shortfall is paid within the Grace Period or the cure period under Section 21, and does not waive any right of the Creditor.

13.2 "Paid in full" notations. The Parties agree that the Original Debt is settled only by full performance of this Agreement or by a separate written agreement signed by both Parties. Any notation such as "paid in full", "full and final settlement" or similar wording on a check, money order or accompanying message does not discharge any part of the Unpaid Balance unless the Creditor agrees in writing.

13.3 Communications about disputed amounts. ANY COMMUNICATION CONCERNING A DISPUTED DEBT, INCLUDING ANY INSTRUMENT TENDERED AS FULL SATISFACTION OF A DEBT, MUST BE SENT TO THE CREDITOR AT ITS ADDRESS FOR NOTICES UNDER SECTION 32, WHICH IS THE DESIGNATED ADDRESS FOR THAT PURPOSE.

13.4 Repayment of a disputed tender. If the Creditor is an individual, or is an organization that has not designated an address under Section 13.3, and the Creditor obtains payment of an instrument tendered as full satisfaction of a claim without agreeing to a settlement, the Creditor may, within 90 days after payment of the instrument, tender repayment of that amount to the Debtor and continue to enforce this Agreement, to the extent the law of the governing state allows.

14. Forbearance while the plan is current

14.1 Forbearance. As long as no Event of Default has occurred and remains uncured, the Creditor will not file a lawsuit, arbitration or other legal proceeding to collect the Original Debt or any amount under this Agreement, will not refer the Original Debt to a collection agency or attorney for collection, and will not sell or assign the Original Debt for collection.

14.2 What forbearance does not limit. Forbearance does not prevent the Creditor from sending statements, receipts, reminders and notices under this Agreement; from protecting its rights in any bankruptcy case, subject to Section 29; or from filing a claim or taking any action needed to keep a lawsuit, lien or limitation period from lapsing, if the Creditor gives the Debtor written notice of that action and takes no step to collect while the plan is current.

14.3 Pending proceedings. If a collection lawsuit or other proceeding about the Original Debt is already pending on the Effective Date, the Creditor will, within 15 days after receiving the down payment, ask the court or forum to stay, dismiss without prejudice or otherwise suspend it, as the Parties agree in writing and the forum allows.

14.4 Time-barred debt. If the Creditor is a debt collector, it will not bring or threaten to bring a legal action against the Debtor to collect a time-barred debt, whether or not the Debtor is in default under this Agreement.

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15. Hardship and modification

15.1 Request. If the Debtor expects to be unable to make a payment because of job loss, illness, injury, military service, a natural disaster or a similar hardship, the Debtor should give the Creditor written notice as early as possible and, where possible, before the Due Date. The notice should describe the hardship, how long it is expected to last and the payment arrangement the Debtor proposes.

15.2 Good faith review. The Creditor will consider each request in good faith and will respond in writing within 10 Business Days. The Creditor is not obliged to agree to a change, but it will not unreasonably refuse a request for a short deferral.

15.3 Deferral. By written agreement, the Creditor may defer up to **[Maximum number of deferred installments: _____]** Installments during the term of this Agreement. A deferred Installment is added to the end of the Payment Schedule, and Schedule A is updated in writing. No fee is charged for a deferral, and interest, if any, continues to accrue only at the rate in Section 7.1.

15.4 Modification. Any other change to the Installment amount, the Payment Schedule or the Agreed Balance must be made in a written amendment signed by both Parties under Section 34. Until a change is signed, the existing Payment Schedule applies.

15.5 Military service. A Debtor who enters military service and wants the benefit of the interest limit in Section 25 must give the Creditor written notice and a copy of either the military orders calling the Debtor to military service and any orders further extending it, or any other appropriate indicator of military service, such as a certified letter from a commanding officer, no later than 180 days after the date of the Debtor's termination or release from military service.

16. Settlement discount and release

16.1 Settlement amount. If the Debtor pays every scheduled payment in full on or before its Due Date or within its Grace Period, the Creditor agrees to accept **[Settlement amount if every payment is on time: _____]** in full satisfaction of the Agreed Balance. If the entry is "Not applicable", the Debtor must pay the full Agreed Balance and Sections 16.2 to 16.4 apply only to the release.

16.2 Loss of discount. If an Event of Default occurs and is not cured under Section 21, any settlement discount under Section 16.1 ends, and the full Agreed Balance, less all payments received, becomes the Unpaid Balance.

16.3 Release. When the Creditor has received all payments due under this Agreement, the Creditor releases the Debtor, and any Guarantor, from all further liability for the Original Debt and the Agreed Balance. The release does not cover any item reserved as disputed under Section 4.3, unless a separate written agreement resolves it, or any obligation that arises after the Effective Date and is unrelated to the Original Debt.

16.4 Mutual release of plan claims. On completion, each Party also releases the other from any claim arising out of the making or performance of this Agreement, except claims for breach of the obligations in Sections 6.6, 17, 28 and 30, which survive.

16.5 Tax effect. Any part of the Agreed Balance forgiven under Section 16.1 may be taxable income to the Debtor. Section 28 applies.

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17. Credit reporting

17.1 Status. [Credit reporting statement: _____]

17.2 Accuracy. If the Creditor furnishes information about this Agreement to any consumer reporting agency, it will not furnish information that it knows or has reasonable cause to believe is inaccurate, and will report the account as current for as long as no Event of Default has occurred and remains uncured.

17.3 Disputed information. If the Debtor disputes the completeness or accuracy of any information the Creditor has furnished, the Creditor will not furnish that information to any consumer reporting agency without notice that the Debtor disputes it.

17.4 Negative information. If the Creditor is a financial institution that regularly and in the ordinary course of business furnishes information to a nationwide consumer reporting agency, it will give the Debtor written notice before, or no later than 30 days after, it furnishes negative information about this account, such as a late or missed payment.

17.5 Completion. When the Unpaid Balance is paid in full, a Creditor that reports the account will update it to show that it is paid, or settled if Section 16.1 applies, within 30 days.

18. Optional security

18.1 Collateral. To secure payment of the Unpaid Balance, the Debtor grants the Creditor a security interest in the following property (the "**Collateral**"): [Collateral: _____]. If the entry is "None", this Agreement is unsecured and the rest of this Section does not apply. Where Section 25.4 applies, the Collateral may not include the title of a vehicle unless the Creditor is a bank, savings association or credit union.

18.2 Security agreement. This Section is a security agreement. By signing this Agreement, the Debtor authenticates it and confirms that the Collateral is described above. The Debtor authorizes the Creditor to file any financing statement or notice that the law requires to perfect the security interest, and the Creditor will file a termination or release within 20 days after the Unpaid Balance is paid in full.

18.3 Excluded property. The Collateral does not include, and the Creditor takes no nonpossessory security interest in, the Debtor's household goods, other than a purchase money security interest in goods bought with credit extended under this Agreement. The Collateral also does not include any wages, any property exempt from attachment or execution under applicable law, or the Debtor's principal dwelling.

18.4 Debtor's duties. While the Unpaid Balance remains, the Debtor will keep the Collateral in good condition, will keep it insured against loss and damage for at least its replacement value if it is a vehicle or equipment, will not sell, lease or transfer it without the Creditor's written consent, and will tell the Creditor promptly in writing of any loss, damage or change of location.

18.5 Enforcement. After an uncured Event of Default, the Creditor may enforce its security interest only by the procedures the law of the governing state provides, including any required notice before sale and any right of the Debtor to redeem the Collateral. Any surplus from a disposition of the Collateral belongs to the Debtor.

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19. Optional guarantor

19.1 Guarantor. [Guarantor's full name: _____], of [Guarantor's mailing address: _____], signs this Agreement as Guarantor. If the entry is "None", this Section does not apply.

19.2 Notice to Cosigner first. If the Creditor is a lender or a retail installment seller, the Creditor will give the Guarantor the Notice to Cosigner in Schedule B, as a separate document containing that statement and no other, before the Guarantor becomes obligated. The Guarantor signs the acknowledgment of receipt in Schedule B before signing this Agreement.

19.3 Guarantee. The Guarantor unconditionally guarantees to the Creditor the full and punctual payment of every amount the Debtor owes under this Agreement. If the Debtor does not pay an amount when due and does not cure under Section 21, the Guarantor will pay it within 15 days after the Creditor's written demand.

19.4 Notices to the Guarantor. The Creditor will send the Guarantor a copy of every Notice of Default at the same time it sends it to the Debtor, and the Guarantor may cure any default on the Debtor's behalf within the same cure period.

19.5 Changes. The Creditor and the Debtor may agree to a deferral under Section 15.3 without the Guarantor's consent. Any amendment that increases the Agreed Balance, the interest rate or the Installment amount binds the Guarantor only if the Guarantor signs it.

19.6 Writing required. This guarantee is a promise to answer for the debt of another person and is enforceable only because it is in a writing signed by the Guarantor.

20. Events of default

Each of the following is an "**Event of Default**":

20.1 the Debtor fails to pay any Installment, the down payment or any other amount due under this Agreement in full by the end of its Grace Period, and does not cure the failure within the cure period under Section 21;

20.2 a payment is returned or reversed under Section 8.4 and the Debtor does not make it again within the time in that Section;

20.3 the Debtor sells, transfers or allows a third party to take the Collateral, if any, without the Creditor's written consent, or fails to keep it insured as Section 18.4 requires, and does not cure that failure within the cure period under Section 21;

20.4 any statement the Debtor made in Section 27 was materially false when made; or

20.5 the Debtor fails to perform any other material obligation under this Agreement and does not cure the failure within the cure period under Section 21.

A Debtor's filing of a bankruptcy petition is governed by Section 29 and is not by itself an Event of Default that allows any act to collect while the automatic stay is in effect.

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21. Notice of default and right to cure

21.1 Notice of Default. Before declaring an Event of Default, the Creditor will give the Debtor, and any Guarantor, a written Notice of Default under Section 32. The Notice of Default will state: the missed payment or other failure; the exact amount needed to bring the plan current, itemized by Installment, late charge and any returned payment fee; the method and place for paying it; and the last day to cure.

21.2 Cure period. The Debtor may cure by paying the amount stated in the Notice of Default, or by remedying the other failure, within **[Cure period in days after a Notice of Default: _____]** days after the Notice of Default is given. If the Debtor cures in time, the default is treated as never having occurred, this Agreement continues as if no default had occurred, and any settlement discount under Section 16.1 remains available.

21.3 Limit on cure rights. The Debtor may cure a payment default under this Section no more than three times in any 12-month period. After the third cured payment default in a 12-month period, the next missed payment, if not paid by the end of its Grace Period, is an Event of Default without a further cure period, but the Creditor must still give the Notice of Default in Section 21.1 before using any remedy in Section 22.

21.4 Good faith. Each Party will act in good faith in the performance and enforcement of this Agreement, including in giving and responding to a Notice of Default.

22. Remedies after default

22.1 Acceleration. After an Event of Default has occurred and has not been cured within the cure period, the Creditor may, by a further written notice to the Debtor, declare the entire Unpaid Balance, plus accrued interest and any late charges properly incurred, immediately due and payable. The Creditor may accelerate only for an uncured Event of Default listed in Section 20. This Agreement does not allow acceleration at will or because the Creditor deems itself insecure.

22.2 Reinstated balance. If the Creditor accelerates, any settlement discount under Section 16.1 ends, and the amount due is the full Agreed Balance, plus interest under Section 7, plus late charges properly incurred under Section 8, less all payments received.

22.3 Collection. After acceleration, the Creditor may collect the amount due by any lawful means, including a lawsuit in the forum in Section 31, enforcement of any security interest under Section 18.5, and a demand on any Guarantor under Section 19. Collection costs and attorney's fees are recoverable only as Section 8.5 provides.

22.4 Rights under the Original Agreement. After acceleration, the Creditor may, instead of enforcing this Agreement, enforce the Original Agreement for the amount then owed on it, less all payments received under this Agreement, but may not recover the same amount twice.

22.5 Reinstatement. The Creditor may, at its option and in writing, reinstate this Agreement after acceleration if the Debtor pays all past-due amounts. A reinstatement is not a waiver of any later default.

22.6 Cumulative remedies; lawful means. The Creditor's remedies are cumulative and may be used in any order, but only by lawful means and only after notice and an opportunity to be heard in any court proceeding. The Creditor will not use any remedy that this Agreement or the law prohibits.

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23. Consumer protections

23.1 No confession of judgment. This Agreement does not contain, and the Debtor does not give, any cognovit or confession of judgment, warrant of attorney, or other waiver of the right to notice and the opportunity to be heard in the event of suit or process on this Agreement.

23.2 No waiver of exemptions. Nothing in this Agreement waives or limits any exemption from attachment, execution or other process on real or personal property held or owned by, or due to, the Debtor, except as to property that is subject to a security interest granted in Section 18 in connection with this obligation.

23.3 No wage assignment. The Debtor does not assign any wages or other earnings to the Creditor. Any payroll deduction the Debtor chooses to arrange is a voluntary payment method that the Debtor may revoke at any time.

23.4 No household goods security. The Creditor takes no nonpossessory security interest in the Debtor's household goods other than a purchase money security interest.

23.5 Holder notice. If the Creditor is a seller of goods or services and this Agreement is a consumer credit contract for the purchase of those goods or services, the following notice applies and is printed here in bold type of at least ten points:

NOTICE: ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

23.6 Rights preserved. Nothing in this Agreement waives any right or remedy the Debtor has under federal or state consumer protection law. If a provision of this Agreement conflicts with such a law, the law controls.

23.7 Debt collector disclosure. If the Creditor is a debt collector under the federal Fair Debt Collection Practices Act, the following statement applies: **THIS COMMUNICATION IS FROM A DEBT COLLECTOR.** If this Agreement is the Creditor's first written communication with the Debtor about the Original Debt, it also states: **THIS IS AN ATTEMPT TO COLLECT A DEBT, AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.**

24. Truth in Lending disclosures

24.1 When this Section applies. This Section applies only if the Creditor regularly extends consumer credit, meaning that it extended consumer credit more than 25 times (or more than 5 times for credit secured by a dwelling) in the preceding calendar year, or in the current calendar year if it did not reach that number in the preceding year, and this Agreement is consumer credit that carries a finance charge or is payable by written agreement in more than four installments, not counting the down payment. It does not apply to credit extended primarily for a business, commercial or agricultural purpose, to credit extended to anyone other than a natural person, or to credit above the annually adjusted threshold amount, unless that credit is secured by real property or by personal property used or expected to be used as the Debtor's principal dwelling.

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24.2 Disclosure statement. Where this Section applies, the Creditor has given the Debtor, before the Debtor signed this Agreement, a separate written Truth in Lending disclosure statement, made clearly and conspicuously in a form the Debtor may keep, showing at least: the **amount financed**, meaning the amount of credit provided to the Debtor or on the Debtor's behalf; the **finance charge**, meaning the dollar amount the credit will cost the Debtor; the **annual percentage rate**, meaning the cost of the Debtor's credit as a yearly rate; the payment schedule, meaning the number, amounts and timing of the payments; the **total of payments**, meaning the amount the Debtor will have paid when the Debtor has made all scheduled payments, which is the sum of the payments in that payment schedule and does not include a down payment paid at signing, so it can differ from the Total of Payments in Section 6.1; the late payment charge in Section 8.2; whether a charge may be imposed for paying early, which under Section 12.1 it may not; and the fact that the Creditor has or will acquire a security interest, if Section 18 applies.

24.3 Acknowledgment. By initialing here, the Debtor confirms receipt of that disclosure statement before signing: Debtor's initials [Debtor's initials for Truth in Lending disclosures: _____]. If this Section does not apply, the entry reads "Not applicable".

24.4 Contract reference. The Debtor should refer to this Agreement for information about nonpayment, default, the right to accelerate the maturity of the obligation, and prepayment rebates and penalties, which are covered in Sections 12, 20, 21 and 22.

24.5 Electronic delivery. If any disclosure required by law to be given in writing is delivered electronically, the Creditor will first obtain the Debtor's affirmative consent to electronic delivery in the manner the federal E-SIGN Act requires, and the Debtor may withdraw that consent at any time by notice under Section 32.

25. Servicemember protections

25.1 Pre-service obligations. If the Debtor, alone or jointly with the Debtor's spouse, incurred the Original Debt before entering military service, then while the Debtor is in military service, and for one year after it ends if the Original Debt or this Agreement is secured by a mortgage, trust deed or other security in the nature of a mortgage, the Unpaid Balance will not bear interest above 6 percent per year. Interest above that rate is forgiven, and the Creditor will reduce the Installment amount by the forgiven interest. The Debtor must give the notice in Section 15.5 to receive this protection, and the Creditor will apply it effective as of the date on which the Debtor was called to military service.

25.2 Covered members. Sections 25.2 to 25.5 apply if the Debtor is a covered member of the armed forces or a dependent of a covered member, and the Creditor is engaged in the business of extending consumer credit under the federal Military Lending Act. Where they apply: the military annual percentage rate ("**MAPR**") under this Agreement will not exceed 36 percent; the Debtor is not required to submit to arbitration, and no provision of Section 31 that would require arbitration applies; the Creditor will not impose onerous legal notice provisions or demand unreasonable notice from the Debtor as a condition for legal action, and Section 31.1 does not limit the Debtor's right to start a proceeding; the Debtor does not waive any right to legal recourse under any state or federal law, including the Servicemembers Civil Relief Act; and the Debtor may prepay all or part of the Unpaid Balance without any penalty or fee, as Section 12.1 already provides.

25.3 Military Lending Act disclosures. Where Section 25.2 applies, the Creditor has given the Debtor, before the Debtor became obligated under this Agreement, (a) a statement of the MAPR and (b) a clear

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description of the Debtor's payment obligation. The Creditor gave this information in writing, in a form the Debtor can keep, and also orally, either in person or through a toll-free telephone number the Debtor could call for that purpose. Schedule A is the description of the Debtor's payment obligation. The statement of the MAPR is as follows:
"Federal law provides important protections to members of the Armed Forces and their dependents relating to extensions of consumer credit. In general, the cost of consumer credit to a member of the Armed Forces and his or her dependent may not exceed an annual percentage rate of 36 percent. This rate must include, as applicable to the credit transaction or account: The costs associated with credit insurance premiums; fees for ancillary products sold in connection with the credit transaction; any application fee charged (other than certain application fees for specified credit transactions or accounts); and any participation fee charged (other than certain participation fees for a credit card account)."

25.4 Prohibited security and payment methods. Where Section 25.2 applies, and despite Sections 9.4 and 18: (a) the Creditor will not take, hold or use postdated checks, or any other method of access to the Debtor's deposit, savings or other financial account, except as 32 C.F.R. § 232.8(e) allows, such as requiring an electronic fund transfer to repay credit with an MAPR of 36 percent or less; (b) the Creditor will not take the title of a vehicle as security for the Unpaid Balance, unless the Creditor is chartered or licensed under federal or state law as a bank, savings association or credit union; and (c) the Creditor will not require the Debtor to establish a military allotment to repay the Unpaid Balance. Any postdated check the Creditor already holds will be returned to the Debtor.

25.5 Priority. This Section overrides any other provision of this Agreement that conflicts with it.

26. No admission of liability

26.1 Compromise. This Agreement is a compromise of the amount and terms of payment of the Original Debt. Except for the Debtor's acknowledgment of the Agreed Balance in Section 4.1, nothing in this Agreement is an admission by either Party of any fact, fault or liability concerning any disputed matter, including any item reserved under Section 4.3.

26.2 Negotiations. Offers, statements and conduct made during the negotiation of this Agreement, and of any hardship request under Section 15, are compromise negotiations. The Parties agree that they may not be offered to prove or disprove the validity or amount of a disputed claim, to the extent the applicable rules of evidence so provide.

26.3 Use of this Agreement. Either Party may use this Agreement itself as evidence in any proceeding to enforce it.

27. Representations and warranties

27.1 By each Party. Each Party represents to the other that: it has full legal capacity and authority to enter into this Agreement; if it is a company, the person signing for it is authorized to do so; this Agreement is a valid and binding obligation of that Party; and it has read and understood this Agreement and had the opportunity to consult an attorney of its choice before signing.

27.2 By the Debtor. The Debtor represents that the information the Debtor gave the Creditor about the Debtor's income, assets and circumstances in negotiating this Agreement is true and complete in all material respects, and that the Debtor expects to be able to make every scheduled payment. If Section 18 applies, the Debtor represents that the Debtor owns the Collateral free of any other lien, except as

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disclosed to the Creditor in writing.

27.3 By the Creditor. The Creditor represents that it owns the Original Debt, or is authorized to collect it and to enter into this Agreement for its owner, that it has not sold or assigned the Original Debt to anyone else, and that the Agreed Balance includes only amounts lawfully owed.

27.4 No reliance. Each Party enters into this Agreement relying only on the statements in this Agreement and not on any other statement or promise.

28. Tax consequences

28.1 Forgiven amounts. If the Creditor accepts less than the full Agreed Balance, whether under Section 16.1 or by a later agreement, the forgiven amount is, in general, taxable income to the Debtor for the year in which the debt is canceled. Exclusions apply in some cases, including when the discharge occurs in a bankruptcy case or while the Debtor is insolvent.

28.2 Reporting. If the Creditor is an applicable financial entity and cancels $600 or more of the debt, the Creditor will file Form 1099-C for the Debtor as federal tax rules require. The Debtor will give the Creditor the Debtor's taxpayer identification number on request for that purpose.

28.3 No tax advice. Neither Party gives the other tax advice. Each Party is responsible for its own taxes arising from this Agreement and should consult its own tax adviser.

29. Bankruptcy

29.1 Automatic stay. If the Debtor files a petition under the federal Bankruptcy Code, the Creditor will stop every act to collect, assess or recover any claim against the Debtor that arose before the bankruptcy case began, including any payment under this Agreement, for as long as the automatic stay is in effect, unless the bankruptcy court grants relief from the stay.

29.2 Creditor's rights preserved. The Creditor may file a proof of claim, take part in the bankruptcy case and seek any relief the Bankruptcy Code allows. Nothing in this Agreement limits any right the Creditor has in the bankruptcy case.

29.3 Recovered payments. If any payment the Debtor made under this Agreement is recovered from the Creditor as a preference or otherwise in a bankruptcy case, the Debtor's obligation for that amount, and any Guarantor's guarantee of it, is reinstated to the extent the law allows.

29.4 Guarantor. The Debtor's bankruptcy does not by itself release any Guarantor, but the Creditor will act toward a Guarantor only as the law and any order of the bankruptcy court allow.

30. Confidentiality

30.1 Confidential terms. Each Party will keep the terms of this Agreement, and the financial information the other Party disclosed in negotiating it, confidential, and will not disclose them to anyone except: the Party's attorneys, accountants, tax advisers, lenders and insurers who need to know them and are bound to keep them confidential; a Guarantor; a permitted assignee under Section 33; a court, arbitrator or government agency in a proceeding about this Agreement; a consumer reporting agency under Section 17; or as the law requires.

30.2 Personal information. The Creditor will use the Debtor's personal information only to administer

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and enforce this Agreement and will protect it with reasonable security measures.

30.3 Duration. This Section continues for two years after the Unpaid Balance is paid in full or this Agreement ends, whichever is earlier.

31. Dispute resolution

31.1 Talk first. Subject to Section 25.2, if a dispute arises about this Agreement, a Party will give the other written notice describing it. The Parties will try in good faith to resolve the dispute by direct negotiation for at least 15 days after the notice before starting any proceeding, except where a Party needs urgent relief to prevent irreparable harm or a limitation period from expiring.

31.2 Mediation or arbitration by later agreement. After a dispute arises, the Parties may agree in writing to refer it to mediation or to binding arbitration. Neither Party is required to arbitrate unless both Parties sign a written agreement to arbitrate after the dispute arises. Any written arbitration agreement the Parties sign is enforceable as the Federal Arbitration Act provides. A covered member or dependent under Section 25.2 is never required to arbitrate.

31.3 Courts. Unless the Parties agree otherwise under Section 31.2, any lawsuit about this Agreement will be brought in a court of competent jurisdiction located in [County and state for lawsuits: _____], or, if the Debtor is a consumer, in the county where the Debtor lives or signed this Agreement if the law requires. A claim within the limit of a small claims court may be brought there.

31.4 Class and representative claims. Nothing in this Section waives any right of the Debtor to join or bring a class or representative action where the law gives that right.

32. Notices

32.1 Form. Every notice under this Agreement, including any Notice of Default, acceleration notice and change of address, must be in writing and delivered to the other Party at the address stated in Section 1, or at any new address a Party gives by notice under this Section, by one of these methods: personal delivery; first-class mail, postage prepaid; certified mail, return receipt requested; a nationally recognized overnight courier; or email to the email address stated in Section 1, if the receiving Party has consented to electronic notices under Section 37.

32.2 When given. A notice is given: on delivery, if delivered personally or by courier; three Business Days after mailing, if sent by first-class or certified mail; and on the day sent, if sent by email before 5:00 p.m. in the recipient's time zone on a Business Day without a delivery failure message, and otherwise on the next Business Day. A Notice of Default sent by email must also be sent by first-class mail on the same day.

32.3 Copies. Any notice to the Debtor under Sections 21 and 22 is also sent to any Guarantor at the address in Section 19.1.

32.4 Changes of address. Each Party will notify the other of a change of mailing or email address within 10 days after the change.

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33. Assignment and transfer

33.1 By the Creditor. The Creditor may assign or transfer its rights under this Agreement, but only subject to all of the Debtor's rights and defenses under this Agreement and the law, including Section 23.5 where it applies. The Creditor or the assignee will give the Debtor written notice of any assignment within 15 days after it, stating the name and address of the new payee. Until the Debtor receives that notice, payments made to the Creditor count as payments to the assignee.

33.2 Forbearance binds assignees. Any assignee takes subject to Section 14 and to the Payment Schedule, and may not accelerate or start collection action except after an uncured Event of Default under Sections 20 to 22.

33.3 By the Debtor. The Debtor may not assign or delegate the Debtor's obligations under this Agreement without the Creditor's written consent.

33.4 Successors. This Agreement binds and benefits the Parties and their heirs, personal representatives, successors and permitted assigns.

34. Amendment and no waiver

34.1 Written amendments only. This Agreement, including Schedule A, may be amended, and any right under it may be waived, only by a writing signed by the Party against whom the amendment or waiver is enforced. An oral statement, a course of dealing or an email that is not signed does not change this Agreement.

34.2 Late payments accepted. If the Creditor accepts a late, partial or irregular payment, or delays or does not use any right or remedy, the Creditor does not waive the right to require full and timely payment of every later payment or to use that right or remedy later.

34.3 Single waiver. A waiver of one default is not a waiver of any other or later default.

35. Severability

35.1 If any provision of this Agreement is held invalid, illegal or unenforceable in any respect, that provision will be limited or reformed to the minimum extent needed to make it enforceable, consistent with the Parties' intent, and all other provisions remain in full force and effect.

35.2 If a charge, rate or remedy is held unenforceable, the Unpaid Balance and the Payment Schedule remain enforceable without it, and any amount collected under the unenforceable provision is credited to the Unpaid Balance or refunded to the Debtor.

36. Entire agreement

36.1 Entire agreement. This Agreement, including its Schedules and any disclosure statement given under Section 24, is the entire agreement between the Parties about the payment of the Original Debt, and replaces all earlier discussions, proposals and agreements about that subject.

36.2 Original Agreement. The Original Agreement remains in effect except as this Agreement changes it. If this Agreement and the Original Agreement conflict about the amount owed, the payment terms, interest, charges or remedies for nonpayment, this Agreement controls for as long as it is in effect. If the Creditor accelerates under Section 22, Section 22.4 applies.

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36.3 Interpretation. This Agreement was negotiated by both Parties, and no provision will be construed against a Party because that Party drafted it.

37. Counterparts and electronic signatures

37.1 Counterparts. This Agreement may be signed in any number of counterparts, each of which is an original and all of which together are one agreement. A signed copy delivered by email as a PDF or by another electronic means is as effective as an original.

37.2 Electronic signatures. This Agreement may not be denied legal effect, validity or enforceability solely because an electronic signature or electronic record was used in its formation. Each Party agrees that its electronic signature on this Agreement or on any amendment is binding.

37.3 Electronic records and notices. Where a law requires information to be given to the Debtor in writing, the Creditor will give it electronically only if the Debtor has affirmatively consented to electronic delivery after receiving the statement the federal E-SIGN Act requires, and has not withdrawn that consent. Before consenting, the Debtor has been told that: (a) the Debtor may receive any notice or record under this Agreement on paper instead; (b) the consent covers every notice, statement, receipt and other record under this Agreement, and any disclosure under Section 24, for as long as this Agreement is in effect; (c) the Debtor may withdraw the consent at any time by notice under Section 32, without any fee, condition or other consequence, and may update the email address for notices under Section 32.4; (d) after consenting, the Debtor may ask for a paper copy of any electronic record at no charge; and (e) to open and keep the records, the Debtor needs an email account, a device with internet access and software that can open and save PDF files. By initialing here, the Debtor consents to receive notices and records under this Agreement by email at the address in Section 1: Debtor's initials [Debtor's initials consenting to email notices: _____]. The consent takes effect only when the Debtor confirms it by replying, from that address, to an email from the Creditor that attaches a PDF copy of this signed Agreement, which shows that the Debtor can open records in the form the Creditor will use. If the Creditor changes these hardware or software requirements in a way that creates a material risk that the Debtor cannot open or keep later records, the Creditor will tell the Debtor the new requirements and the Debtor's right to withdraw consent without any fee, and will ask the Debtor to confirm consent again in the same way.

37.4 Copies. Each Party will receive a complete signed copy of this Agreement, including its Schedules.

38. Governing law

38.1 This Agreement is governed by the laws of the State of **[Governing state: _____]**, without regard to its conflict of laws rules, and by applicable federal law.

38.2 The Parties choose that state because it is where the Debtor lives or where the Original Debt arose. Any limit on interest rates, late charges, attorney's fees or collection practices under the law of that state, or of the state where the Debtor lives if that law applies by its own terms, applies to this Agreement.

38.3 Time is of the essence for every payment under this Agreement, subject to the Grace Period, the cure period and any deferral agreed under Section 15.

IN WITNESS WHEREOF, the Parties have signed this Payment Plan Agreement on the dates written below, intending to be legally bound. Each signer confirms that they have received a complete copy of

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this Agreement, including Schedule A and, if a Guarantor signs, Schedule B.

CREDITOR: [Creditor's full legal name: _____]
By (signature):
Name and title of signer: [Name and title of the person signing for the Creditor: _____]
Date signed: [Date the Creditor signs: _____]

DEBTOR: [Debtor's full legal name: _____]
Signature:
Date signed: [Date the Debtor signs: _____]

GUARANTOR (only if Section 19 applies): [Guarantor's full name: _____]
Signature:
Date signed: [Date the Guarantor signs: _____]

SCHEDULE A: PAYMENT SCHEDULE

This Schedule forms part of the Payment Plan Agreement dated [Date of the agreement: _____] between [Creditor's full legal name: _____] (Creditor) and [Debtor's full legal name: _____] (Debtor).

Agreed Balance on the Effective Date: [Agreed Balance owed today: _____]**Annual interest rate:** [Annual interest rate: _____]**Down payment:** [Down payment: _____], due on [Down payment due date: _____]**Number of Installments:** [Number of installments: _____]**Amount of each Installment:** [Amount of each installment: _____]**Frequency:** [How often installments are due: _____]**First Installment due:** [First installment due date: _____]**Final Installment due:** [Final installment due date: _____]**Grace Period:** [Grace period in days: _____] days after each Due Date**Late charge per late Installment:** [Late charge per late installment: _____]**Total of Payments:** [Total of Payments: _____]**Settlement amount if every payment is on time:** [Settlement amount if every payment is on time: _____]

Installment list (number, Due Date, amount):
[List of every installment: _____]

The final Installment may be adjusted under Section 6.4. Any deferral under Section 15.3 or amendment under Section 34 is recorded by a revised Schedule A signed by both Parties.

Initials: Creditor [Creditor's initials on Schedule A: _____] Debtor [Debtor's initials on Schedule A: _____]

SCHEDULE B: NOTICE TO COSIGNER

Use this Schedule only if a Guarantor signs under Section 19. If the Creditor is a lender or a retail installment seller, print the notice below on a separate page that contains nothing else, and give it to the Guarantor before the Guarantor signs the Agreement or becomes obligated in any other way.

Notice to Cosigner

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this

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responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The creditor can collect this debt from you without first trying to collect from the borrower. The creditor can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of your credit record.

This notice is not the contract that makes you liable for the debt.

Acknowledgment of receipt (sign on a separate sheet, not on the notice page): I, [Guarantor's full name: _____], received the Notice to Cosigner as a separate document before signing the Payment Plan Agreement dated [Date of the agreement: _____].
Guarantor's signature:
Date received: [Date the Guarantor received the Notice to Cosigner: _____]

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