

# Settlement Agreement & Mutual Release

- 🔊 This agreement is useful for completing the renegotiation of a deal... perhaps you offer to pay a reduced amount of a long-standing invoice... perhaps you have a complex problem that can be solved with a few payments...
- 🔊 It's written to be between a "buyer" and a "seller", but you can easily modify these party names.
- 🔊 at the end of the day you want to be done, complete with this organization and you want to be sure that it never rears its ugly head again.

Date **[Month, Day, Year]**

To:  **Name]**

From: **[Owner/Founder]**  
**[Company]**

Subject: **Settlement Agreement & Mutual Release**

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Thank you very much for this opportunity to make everything right between our companies.  
Attached are two copies of the "Settlement Agreement & Mutual Release."

I believe that everything we agreed upon is included and spelled out clearly.  
We recommend that you also have it reviewed by your own qualified legal counsel.

Time is of the essence.  
Please sign and return it to me asap.  
Thank you very much for your cooperation.

# From JIAN

## NOTICE:

We wish we could provide an agreement that was tailored *exactly* to your business. While this is not always possible, we feel that we've come very close and that this document provides you with the head-start that you need to get your deal moving. Nevertheless, we must make this disclaimer:

- 🚫 **Do Not Use This Agreement 'As-Is.'**
- 🚫 **This Agreement Is Not Legal Advice.**
- 🚫 **Read it Thoroughly and Make All Appropriate Changes to Fit Your Requirements.**
- 🚫 **You Should Have this Agreement Reviewed and Approved by a Qualified Attorney at Law Before Using It.**
- 🚫 **JIAN Accepts No Liability for the Effectiveness of This Document For Your Purposes.**

## Free Access to Attorneys, Accountants & Consultants in Your Area

We're building a network of business experts who are eager to help you when you need it. They can review your work, make suggestions, handle unique situations and introduce you to influential people. On our website you can search by expertise and location, then e-mail or jump straight to their website. Although they are professionals and charge for their services, most offer an initial consultation free of charge. They're in your area also, you can contact them directly.


- Please visit our website under [Expert Referral Network](#).

## Ongoing Update Service Keeps You Current


Things change, laws change, the world changes... new ideas come along all the time. When you register, you can access our website to get updates and changes... like new and improved spreadsheets and documents. They can be downloaded directly to your computer.

- Please visit our website under [Updates](#).
- Remember to bookmark our website: [www.JIAN.com](http://www.JIAN.com)

## Editing Your Sample Contract

Since this entire agreement is formatted in Word, you can edit it like any other Word document. You can jump from variable to variable by clicking the above  green arrows (JIAN Menu) which will take you forward / backward and highlight the entire sample text identified within the “[ ]” brackets – simply edit / type-over with your information.

To make sure you have filled in all the variables, use Word's 'FIND' function to locate any “[ ]” which may contain an unedited variable.

- Click the  icon in the JIAN menu above to turn the expert comments on/off.
- Upon completion, delete any unnecessary blank lines that remain.
- You may format this document any way you like.
- Delete this page.

# Settlement Agreement & Mutual Release

This Settlement Agreement and Mutual Release (“Settlement Agreement”) is made as of

the Effective Date: [Date]

by and between [Company Legal Name] (“[Company]” or “Seller”)

located at [Address]  
[City], [State] Zip Code]

and [Buyer] (“Buyer”).

Located at [Buyer Address]

## Summary

Pursuant to the [Seller’s] Agreement (“Agreement”) between Buyer and Seller, dated [Date of Agreement], Buyer agreed to pay the total amount of [Amount Spelled Out] dollars (\$x,xxx), for various [products/services] provided by Seller; and

- Buyer has failed to pay the amounts owing under the Agreement; and
- Seller has agreed to a reduced sum of [Amount Spelled Out] dollars (\$x,xxx) (the “Settlement Amount”) in consideration for prompt and timely payment of the Settlement Amount.

NOW THEREFORE, in consideration of the renegotiation and further mutual promises made per this Agreement, Seller and Buyer (collectively referred to as the “Parties”) hereby agree as follows:

🔊 This is possibly the longest run-on sentence in the world

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned do hereby release and forever discharge each other, and each of their (as applicable) past and present subsidiaries, affiliates, parent companies, successors, assigns, directors, officers, employees, agents, representatives, shareholders, lawyers, insurers, heirs, and all persons acting by, through, under or in concert with them, or any of them, jointly and severally, (collectively, the “Releasees”) of and from any and all action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, covenants, promises, liability, obligations, claims, demands, rights of subrogation, contribution and indemnity, damages, loss, cost or expense, direct or indirect, of any kind or nature whatsoever, known or unknown, fixed or contingent, state or federal, under common law, statute or regulation, liquidated or unliquidated, suspected or unsuspected, claimed or concealed, and without regard to the date of occurrence (referred to herein as “Claims”), which each party may now or hereafter have against the other or any of the Releasees, by reason of any act, cause, matter or thing whatsoever from the beginning of time to the effective date of this Agreement.

🔊 This may seem onerous, but the Seller needs some leverage if the buyer fails to pay again even after a good faith renegotiation.

## 1. Breach of Agreement; Validity of Agreement; Admission of Liability

Buyer acknowledges that the Agreement is valid and that Buyer breached the Agreement. Buyer agrees that this Settlement Agreement shall be admissible in any proceeding as evidence of liability of Buyer in the event that Seller is required to pursue further legal action to enforce its rights under this Settlement Agreement.

🔊 ~ OR ~

## 2. No Admission

The parties acknowledge that the payment of consideration, referred to herein, is made solely for the purpose of purchasing peace, and eliminating possible involvement in protracted litigation based upon disputed claims and does not constitute an admission or concession by any of the parties of any liability on account of any of said claims, liability for which is expressly denied by Buyer.

## 3. Promise to Pay

In full settlement of the amounts owed under the Agreement, Buyer shall pay to Seller the sum of ten thousand dollars (\$XXX) on or before the following dates as follows:

- a. To Be Received by [Date]: [Amount Spelled Out] (\$x,xxx);
- b. To Be Received by [Date]: [Amount Spelled Out] (\$x,xxx);
- c. To Be Received by [Date]: [Amount Spelled Out] (\$x,xxx);
- d. To Be Received by [Date]: [Amount Spelled Out] (\$x,xxx);
- e. To Be Received by [Date]: [Amount Spelled Out] (\$x,xxx);
- f. To Be Received by [Date]: [Amount Spelled Out] (\$x,xxx);
- g. To Be Received by [Date]: [Amount Spelled Out] (\$x,xxx);
- h. To Be Received by [Date]: [Amount Spelled Out] (\$x,xxx);
- i. To Be Received by [Date]: [Amount Spelled Out] (\$x,xxx);
- j. To Be Received by [Date]: [Amount Spelled Out] (\$x,xxx); and
- k. To Be Received by [Date]: [Amount Spelled Out] (\$x,xxx).

## 4. Failure to Pay Amounts Due Under Settlement Agreement

In the event that Buyer fails to pay any of the amounts owing pursuant to this Settlement Agreement or fails to make any payments on a timely basis, Seller's agreement to accept a reduced Settlement Amount is null and void and Buyer agrees that all amounts owing under this Agreement shall be due immediately.

## 5. Mutual Release of All Claims

In consideration for their faithful performance of the terms of this Settlement Agreement, the parties, for themselves, their successors, assigns do hereby relinquish, waive, release, acquit and forever discharge each other of and from any and all claims, disputes, actions, charges, contractual obligations, complaints, causes of action, rights, demands, debts, damages, or accountings of whatever nature, at law or in equity, known or unknown, asserted or not asserted, which they have now or may have in the future against one another, based on any actions or events which occurred prior to the date of this Settlement Agreement, including the remaining amounts owing under the Agreement, any claims for lost profits or for attorneys' fees and costs. Such release of claims is contingent on full and timely payments under this Settlement Agreement. Buyer's failure to pay the amounts due under the Settlement Agreement shall render this release null and void.

## 6. Covenant Not to Sue

Seller and Buyer covenant and agree that they will never, individually or with any person or in any way, commence, aid in any way, except as required by due legal process, prosecute or cause or permit to be commenced or prosecuted against each other any action or other proceeding based upon any claim which is the subject of this Release. This Release shall be deemed breached and a cause of action shall be deemed to have accrued immediately upon the commencement or prosecution of any action or proceeding contrary to this Release.

## 7. Civil Code Section 1542

🔊 If you are not in California, you will need to modify this section – perhaps leave in the code provision and either leave out the state reference or look up the specific reference for your state.

The Parties represent that they are not aware of any claim by either of them other than the claims that are released by this Settlement Agreement. By initialing below, Buyer and Seller acknowledge that they have been advised by legal counsel and are familiar with the provisions of California Civil Code Section 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

(Initials by parties acknowledging Civil Code Section 1542: \_\_\_\_ Buyer \_\_\_\_ Seller).

Buyer and Seller, being aware of such code section, agree to expressly waive any rights they may have under the code, as well as under any other statute or common law principles of similar effect.

Seller and Buyer understand and agree that they may know or suspect that there may exist claims at this time or in the future, which claims are covered by the terms of this Release, the nature of which they have not yet discovered. Future claims covered by the terms of this Release shall be limited to acts or events which have occurred on or  or to the final date of execution of this Agreement. It is expressly understood and agreed that the possibility that such claims exist was explicitly taken into account by Seller and Buyer in determining the amount of consideration to be paid for the giving of this Release, and a portion of said consideration, having been bargained for between the parties with the knowledge of the possibility of such unknown claims, was given in exchange for a full accord, satisfaction and discharge of all such claims.

## 8. General

8.1 **Fees & Costs.** The parties shall bear their own fees and costs incurred connection with the matters being released by this Agreement and the negotiation and documentation of this Agreement.

8.2 **Arbitration.** Any claim for an alleged breach of this Agreement shall be settled by final and binding arbitration by an arbitrator experienced in handling such matters in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall take place in [County] County, [state] or in another location as mutually agreed by the parties.

8.3 **Confidentiality.** Except as may be required by law, [plaintiff] and their attorneys, and any person acting by, through, under or in concert with them, shall keep confidential and not disclose the terms of this settlement to any individual or entity; provided, however, that such information may be disclosed in confidence to [plaintiff]' accountant. Any party may state that this matter has been resolved.

8.4 **Binding Effect.** This Settlement Agreement shall be binding upon and inure to the benefit of the parties' respective heirs, successors, assigns and personal representatives.

8.5 **Non-Assignment.** A party's rights under this Settlement Agreement may not be assigned without the express written consent of the other party, which consent may be given only in accordance with applicable law and regulation.

8.6 **Additional Documents.** The parties agree to execute whatever additional documents as may be reasonably necessary to carry out the terms, conditions and obligations of this Settlement Agreement.

8.7 **Severability.** If any portions of this Settlement Agreement are held invalid and unenforceable, all remaining portions shall nevertheless remain valid and enforceable, to the extent they can be given effect without the invalid portions.

8.8 **Negotiated Transaction.** Each of the parties has participated in the drafting and negotiation of this Settlement Agreement. Accordingly, for all purposes, this Settlement Agreement shall be deemed to have been drafted jointly by the parties.

8.9 **No Representations.** Each Party represents that it has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Settlement Agreement. Neither Party has relied upon any representations or statements made by the other Party hereto which are not specifically set forth in this Settlement Agreement.

8.10 **Counterparts.** This Agreement may be executed in counterparts, and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one agreement, which shall be binding upon and effective as to all parties.

8.11 **No Assignment; Authority.** Seller and Buyer represent and warrant that no other person had or has or claims any interest in the claims referred to above; that they have the right and authority to execute this Release; and that they have the sole right to receive the consideration paid therefore; that they have not sold, assigned, transferred, conveyed or otherwise disposed of any claim, lien or demand relating to any matter covered by this Release. Seller and Buyer agree to indemnify and hold the other harmless from any liability, claims, demands, damages, costs, expenses and attorneys' fees incurred as a result of that party asserting any such assignment or transfer, or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require any consideration other than what is expressly stated in this Agreement as a condition precedent to recovery hereunder.

8.12 **Entire Agreement.** This Settlement Agreement is entered into by each of the parties without reliance upon any statement, representation, promise, inducement, or agreement not expressly contained herein. This Settlement Agreement constitutes the entire agreement between the parties concerning the aforesaid settlement and release of claims, and this Release cancels and supersedes all prior communications or understandings between the Seller and Buyer with respect to the subject matter of this Release.

8.13 **No Oral Modification.** This Settlement Agreement may only be amended in writing signed by Buyer and Seller.

8.14 **Governing Law.** This Settlement Agreement shall be governed by the laws of the State of [State].

### **Understood, Agreed & Accepted**

The Parties have executed this Settlement Agreement and Mutual Release as of the Effective Date first written above.

**BUYER**

**[Company]**

\_\_\_\_\_  
[Name]  
CEO/COO/CFO

\_\_\_\_\_  
[Owner/Founder]  
CEO/COO/CFO

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date