

Payment Plan Agreement Template

A formalized installment agreement template covering the total amount owed, payment schedule, terms, and default clauses. Replace the `{{tokens}}` with your account details before sending. Customization guidance is below.

The agreement

PAYMENT PLAN AGREEMENT

This Agreement is made between:

CREDITOR (SERVICE PROVIDER):

- Name: [Your Name / Company Name]
- Address: [Your Address]
- Phone: [Your Phone]
- Email: [Your Email]

DEBTOR (CUSTOMER):

- Name: `{{customer_name}}`
- Business Name (if applicable): [Customer Business Name]
- Address: [Customer Address]
- Phone: [Customer Phone]
- Email: [Customer Email]

1. OUTSTANDING DEBT

The Debtor acknowledges owing the Creditor a total amount of **{{total_amount}}** arising from:

- Invoice Number(s): **{{invoice_numbers}}**
 - Original Invoice Date(s): **{{invoice_dates}}**
 - Original Due Date(s): **{{original_due_dates}}**
 - Amount Outstanding as of [Date]: **{{total_amount}}**
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2. PAYMENT SCHEDULE

The Debtor agrees to pay the outstanding debt by installment as follows:

Payment 1: **{{payment_1_amount}}** due **{{payment_1_date}}**

Payment 2: **{{payment_2_amount}}** due **{{payment_2_date}}**

Payment 3: **{{payment_3_amount}}** due **{{payment_3_date}}**

[Continue as needed for additional installments]

Final Payment: **{{final_payment_amount}}** due **{{final_payment_date}}**

Total Schedule Duration: [Number] months, from [Start Date] to **{{final_payment_date}}**

PAYMENT METHOD:

Payments should be made to:

- [Payment details: bank account, check address, or payment portal]
 - Reference: Invoice **{{invoice_numbers}}** or this Agreement date
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3. INTEREST OR ADDITIONAL FEES

{{interest_clause}}

4. CONDITIONS OF THIS AGREEMENT

This agreement is conditioned on:

- Debtor making all payments on or before their due dates
- Debtor maintaining communication and promptly notifying Creditor of any payment difficulties
- No additional invoices being submitted by Creditor unless previously agreed in writing

- Debtor remaining current on any other obligations to Creditor
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5. DEFAULT

If the Debtor fails to make any payment within **5 business days** of the due date:

- The Creditor may consider this agreement breached and may pursue immediate collection of the full remaining balance (no further installments permitted)
 - The Debtor may be liable for collection costs, attorney fees (where permitted by law), and recovery agency fees
 - The matter may be referred to a collections agency or attorney
 - The Debtor's credit rating may be adversely affected
 - Interest or late fees may accrue on the remaining balance at the rate specified in Section 3
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6. MODIFICATION

No modification of this agreement is valid unless made in writing and signed by both parties. Either party wishing to renegotiate (e.g., adjust payment amounts, dates, or frequency) must request in writing.

7. GOVERNING LAW

This agreement is governed by the laws of [Your Jurisdiction]. Disputes arising from this agreement shall be resolved [by negotiation / mediation / in the courts of [Your Jurisdiction]].

8. ENTIRE AGREEMENT

This agreement constitutes the entire understanding between the parties regarding this debt and supersedes all prior communications or agreements on the subject.

SIGNATURES

By signing below, both parties acknowledge they have read this agreement, understand its terms, and agree to be bound by it.

CREDITOR:

Signature: _____ Date: _____

Print Name: _____

Title: _____

DEBTOR:

Signature: _____ Date: _____

Print Name: _____

Title (if business entity): _____

This agreement is intended to formalize an arrangement between the parties. It should be retained by both parties as evidence of the agreed payment schedule and default terms.

Key provisions to customize

Make sure to fill in or adapt these sections for your situation:

- Total debt amount and original invoice reference
- Specific payment schedule with individual due dates and amounts
- Interest or late-fee terms (if any) accruing during the payment plan
- Default trigger (payment missed by X days) and consequences (full balance due, collection referral, attorney fees)
- Requirement for payment method and reference
- Signature line for both creditor and debtor

Before you send

BEFORE YOU CREATE AND SEND THIS AGREEMENT:

1) Review your contract and jurisdiction. Payment terms, default clauses, interest rates, and remedies vary significantly by location. Some jurisdictions limit late fees or require specific language. Have a lawyer review the agreement if the amount is substantial or the customer is in a jurisdiction you do not know well.

- 2) Check your business relationship.** A formalized payment plan signals that you are serious about recovery but willing to negotiate. This is appropriate after informal reminders have failed and you want to avoid collections escalation. Make sure both parties genuinely want to resolve the matter through installments.
- 3) Set realistic terms.** The schedule should reflect what the customer can actually pay. If the schedule is too aggressive, it will fail and you will be back at square one. If it is too long, you risk further deterioration of the account or business failure on the Debtor's end.
- 4) Document the default trigger clearly.** Specify how many days late a payment can be before you consider the agreement breached. Common triggers are 5–10 business days. Be clear about consequences (full balance becomes due immediately, collections agency referral, etc.).
- 5) Get it signed.** Email the signed agreement to both parties and file it with your account records. It is evidence of the agreed terms and of good-faith negotiation if the matter later escalates.
- 6) Set internal reminders.** Track each payment due date internally so you can follow up promptly if a payment is missed.
- 7) Watch for communication.** If the customer misses a payment and does not contact you within your default window, enforce the terms by written notice and escalate if necessary.

ADAPT THE TEMPLATE TO YOUR SITUATION:

- If the Debtor is a business entity, you may want to add personal guarantees (where permitted).
- If interest is permitted under your contract, specify the rate and whether it accrues during the payment plan or only after default.
- If you will accept partial or irregular payments, document that flexibility in writing.
- If the customer disputes any invoices in the original amount, resolve those disputes before signing the plan.

When in doubt, have a lawyer in your jurisdiction review the agreement before sending it.

Stop chasing payments manually

collect.ac automates your entire collection sequence and never exceeds what your contract allows. Try it free at collect.ac.