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Accord and satisfaction agreement sample

Accord and satisfaction example. Accord and satisfaction agreement example.

Accord and satisfaction agreements are cited by some entities in breach of contract lawsuits. 3 min read What is accord and satisfaction affirmative defense? An accord and satisfaction is an agreement to solve a claim in which the parties to a contract agree on new terms which may be less stringent than the ones in the original contract. The party with a claim usually receives less than what is owed to settle the claim.

Whereas, as an accord and satisfaction of the obligations of First Corporation to provide such debt financing and for the full release of any and all obligations and liabilities of First Corporation to Second Corporation or the Shareholders including but not limited to those contained in the Interim Agreement and Option Agreement, First Corporation has agreed to make a final payment to Second Corporation of \$_____.

Now, therefore, for and in consideration of the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

I. Accord and Satisfaction.

A. Payment. First Corporation hereby delivers with this Agreement to Second Corporation and the Shareholders a check or cashier's check in the amount of \$_____ in full satisfaction and extinction of any and all obligations of First Corporation to Second Corporation and the Shareholders, jointly and severally, including but not limited to any other debt to provide debt financing to Second Corporation, as evidenced in Section _____ of the Option Agreement.

B. Receipt. Second Corporation and the Shareholders, jointly and severally and on behalf of their officers, directors, shareholders, employees, attorneys, agents, heirs, executors, administrators and assigns, agree to accept such payment, as described in Paragraph A above, in full satisfaction and extinction of any and all obligations of First Corporation to Second Corporation and the Shareholders including but not limited to any other debt to provide debt financing to Second Corporation, as evidenced in Section _____ of the Option Agreement.

C. Second Corporation and the Shareholders further agree that this constitutes full satisfaction and extinction of any and all obligations, of any kind, of First Corporation to Second Corporation or the Shareholders which may now exist or later be discovered, arising from, relating to, or connected with the Interim Agreement, the Option Agreement, or any related agreements or from

II. Release and Indemnification.

A. Release. This Agreement shall constitute a full and final settlement of all of Second Corporation's and the Shareholders' claims, demands, disputes and controversies with First Corporation, and Second Corporation and the Shareholders do now release First Corporation, its agents, attorneys, officers, directors, employees, and assigns, from all claims, demands, acts or omissions and any causes of action, known or unknown, suspected or unsuspected, which may now exist or later be discovered, arising from, relating to, or connected with the Interim Agreement, the Option Agreement, or any related agreements or from

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Even after an accord and satisfaction agreement, it is still possible for one of the parties in the contract to take legal action for breach of the original contract. When used as an affirmative defense, it is the responsibility of the party being sued to prove that an accord and satisfaction agreement was actually done. The Use of Accord and Satisfaction as a Defense in Breach of Contract Lawsuits Accord and satisfaction agreements are cited by some entities in breach of contract lawsuits. Disagreements usually occur when one party claims that it has been given less than what they believe to be owed. This may prompt the creditor to file a breach of contract lawsuit. The Uniform Commercial Code (UCC) lists the following conditions for satisfaction of an accord and satisfaction agreement: The person in good faith gave something to the creditor as full satisfaction of the debt The original amount of the debt was not liquidated or subject to a dispute The creditor got the payment The payment or accompanying written communication contains a "conspicuous statement" to the effect that the amount given will lead to full satisfaction of the original debt But the settlement will not be valid in any of the following scenarios: If the debtor proves that before the amount was sent, the debtor was sent a conspicuous statement that informed him that any payment sent as full satisfaction is to be sent to a designated person, office, or place and the payment was not sent to that person, place, or office. If the creditor proves that he repaid the payment given to him as full payment within 90 days. Requirements for Using the Accord and Satisfaction Defense For an entity to use the accord and satisfaction defense in the courts, it must generally prove the following: That there is an agreement between the parties. That there is a dispute between the parties. Evidence of the fact that the parties intentionally agreed to solve an existing obligation with a lesser payment.

Agreement for Accord and Satisfaction with Amount of Claim Undetermined

Agreement made on the _____ day of _____, 20____,
between _____ of _____,
(Name of Creditor) (Street Address, City, County, State, Zip Code)
referred to herein as Creditor, and _____ of _____,
(Name of Debtor)
(Street Address, City, County, State, Zip Code) referred to herein as Debtor.

1. Basis of Debt. Creditor, over a number of years, has advanced moneys to Debtor in various amounts and at various periods of time, commencing on _____ up to and including _____, the total amount of which cannot be determined because of the insufficiency or inadequacy of the records of both parties.

2. Settlement. The parties desire to make a complete and final settlement between them of their accounts.

3. Amount to be Paid. It is agreed that Debtor shall pay to Creditor \$_____, and Creditor shall accept this amount, in full and complete satisfaction of the indebtedness of Debtor resulting from the advances mentioned above.

4. Payment Schedule. Debtor shall make payment to Creditor of the above-mentioned amount by payment in cash on or before _____.

5. Effect of Full Payment. On full payment by Debtor to Creditor of \$_____, as provided above, the original indebtedness of Debtor to Creditor, resulting from the advances described in Section 1 above, shall forever be cancelled and discharged.

WITNESS our signatures as of the day and date first above stated.

By: _____ By: _____
(Signature of Debtor) (Signature of Creditor)
(Printed Name of Debtor) (Printed Name of Creditor)

That payment has been accepted. The creditor communicated to the debtor that acceptance of the lesser amount shows satisfaction with the previous agreement. Accepting the payment, if the payment is accompanied by a communication that the lesser amount settles the debt, may imply acceptance of the new terms of the agreement. Accord and Satisfaction in Cases of Payment in Full Notations Businesses that have contractors should carefully examine checks or drafts sent with the notation "payment in full." This is because acceptance of such checks or drafts may be construed as accepting an accord and satisfaction agreement.



In some cases, a creditor who cashes such a check may need to prove that his acceptance of the check did not constitute an accord and satisfaction agreement if: The check was cashed without knowing about the notation. The creditor struck out or deleted the "payment in full" notation. The H.L. "Brownie" Choate, Inc.

Agreement for Accord and Satisfaction - Disputed Claim for Personal Injuries or Property Damage

Agreement made this _____ (date), between _____ (Name of Claimant) a corporation organized and existing under the laws of the state of _____ (Name of state) and located at _____ (Street address, city, state, zip code) referred to herein as Claimant, and _____ (Name of Obligor) a corporation organized and existing under the laws of the state of _____ (Name of state) and located at _____ (Street address, city, state, zip code), referred to herein as Obligor.

For and in consideration of the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

I. Agreement to Pay.

A. Obligor agrees to pay, and Claimant agrees to accept, \$_____ in full payment of a disputed claim arising from _____ (Description of property damage, injury and property damage) sustained by Claimant in _____ (Date) (on automobile collision/other damage) (or causing injury or damage) that occurred between the parties on _____ (Date of event) for which Claimant (and/or Obligor) is legally liable, and which claimed liability Obligor represents.

B. For full payment of the payment of \$_____ Obligor, Claimant releases and forever discharges Obligor from all claims, demands, acts or omissions and any causes of action, known or unknown, suspected or unsuspected, which may now exist or later be discovered, arising from, relating to, or connected with the dispute between the parties and any related agreements or from

II. Severability. The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provisions. If any provision of this Agreement is held to be invalid, the Parties agree that the remaining provisions shall be deemed to be in full force and effect as if they had been amended by both Parties subsequent to the execution of the invalid provision.

III. No Waiver. The failure of either Party to this Agreement to insist upon the performance of any of the terms and conditions of the Agreement, or the waiver of any breach of any of the terms and conditions of the Agreement, shall not be construed as

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V. Southland Drilling Co., Inc Case Lawsuits can arise when there is a disagreement between the creditor and the debtor about what is enough to settle a dispute. For example, in the H.L. "Brownie" Choate, Inc. V. Southland Drilling Co., Inc case in San Antonio. The case went up to the Texas Supreme Court. When the drilling company damaged the supplier's drilling rig, the supplier settled the dispute by trying to deduct an amount equal to the value of the rig from the amount he owed the drilling company, as was the usual practice. Later the drilling company sent him a check which didn't cover the complete amount but with a notification that the payment has been made in full. But "Brownie" sued to recover the remaining amount. The court ruled that the acceptance and cashing of the check which was offered in "full settlement" meant that "Brownie" constituted an accord and satisfaction of the debt. The laws governing accord and satisfaction contracts vary from state to state. Consult a competent attorney in your state to help you to interpret your state's laws.

If you need help using the accord and satisfaction affirmative defense, you can post your legal need on UpCounsel's marketplace. UpCounsel accepts only the top 5 percent of lawyers to its site. Lawyers on UpCounsel come from law schools such as Harvard Law and Yale Law and average 14 years of legal experience, including work with or on behalf of companies like Google, Menlo Ventures, and Airbnb. An accord and satisfaction is a legal contract whereby two parties agree to discharge a tort claim, contract, or other liability for an amount based on terms that differ from the original amount of the contract or claim. Accord and satisfaction is also used to settle legal claims prior to bringing them to court. An accord and satisfaction is a new agreement that suspends the terms of an existing agreement in favor of a new one. The accord is the agreement on the new terms of the contract, and the satisfaction is the performance of those terms according to the agreement. As long as the parties in an accord and satisfaction meet the new terms, the previous agreement remains suspended. If a party fails to live up to the new terms of an accord and satisfaction then they may ultimately be liable for the more stringent terms of the original contract.



The accord is the agreement on the new terms of the contract, and the satisfaction is the performance of those terms according to the agreement. When there is an accord and satisfaction, and the performance (or satisfaction) has been executed, all prior claims relating to the matter are extinguished.

Accord and satisfaction is a concept from contract law that usually applies to the purchase of a release from a debt obligation. An accord and satisfaction may occur in debt negotiations. For example, Company A has a credit agreement with a bank that is putting pressure on its balance sheet. The bank works with Company A and the original credit agreement is revised.

The new terms might allow Company A to make a larger number of smaller payments, to repay the debt at a lower interest rate, to repay an amount less than the original obligation, or some other arrangement.

If, for some reason, Company A does not deliver on the new terms, it may be liable for the original contract because it did not satisfy the terms of the accord. An accord and satisfaction does not replace the original contract; rather, it suspends that contract's ability to be enforced, provided that the terms of the accord are satisfied as agreed upon. An accord and satisfaction can be used as a form of compromise that benefits both parties when the original terms of a contract cannot be upheld for whatever reason. When an accord and satisfaction is reached to discharge a debt, the creditor still receives some payment of the debt, while the debtor benefits from not being held to the full obligation.

This can apply to everyday life as well as corporate finance. For example, a homeowner hires a contractor to renovate their kitchen for \$30,000. The contract requires a \$12,000 down payment, \$10,000 paid during the renovation process and the remaining \$8,000 to be paid upon completion of the kitchen. However, when the kitchen is complete, the homeowner finds the work shoddy and refuses to pay. An accord and satisfaction can be reached whereby the homeowner agrees to pay \$3,000. Essentially, they are getting a discount on the price of the shoddily constructed kitchen in return for giving up their right to sue. The contractor is paying \$5,000 in order to avoid being sued by the homeowner, and gives up their right to sue for the full \$8,000.

Both parties give something up to limit their downside liability.