

DEBT SETTLEMENT LETTER

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Introduction

When a defaulter does not pay the loan installments, usually after negotiations, a particular amount of the loan is agreed to be repaid by the debtor. After the debtor makes the necessary payments, he is issued a debt settlement letter by the concerned authorities.

Debt Settlement Letter Tips

The following tips will help you to write a debt settlement letter:

- The exact amount paid by the debtor should be mentioned in the letter.
- The letter should be short, precise and clear.

Sample Debt Settlement Letter

To

Raju Kulkarni,
34, bank Street,
Hebbal,
Bangalore

Dear Mr.Kulkarni,

This letter is to inform you that the loan you owed to the bank is cleared after negotiations. You have made a payment of 90 percent of the total loan amount which is Rs 4,45, 450. We understood your genuine concerns over the non repayment of the loan amount and discussed with our legal officer. We spoke to you several times and gave you enough time to repay the suggested amount.

We are happy to receive payment from your side within the stipulated time. You are free from anymore repayments towards your loan. This letter can be considered as a clearance letter and you will receive a letter by our legal consultant as well.

We seek fruitful association in future

Thanking you,

Yours Sincerely,

Praveen Mistri

Debt Settlement Letter Template

To,

_____ (customer's name)

_____ (customer's address)

From:

_____ (Your name)

_____ (Your address)

Date _____ (date of writing letter)

Dear Mr. /Ms _____ (name of the concerned person),

This letter is to inform you that you are no longer a defaulter and the bank has accepted the payment you made towards your loan. The initial loan amount was _____ (mention amount) and after negotiations with you and our legal consultant, it is decided as _____ (mention new amount).

Our company understands your concerns over non repayment of the loan. We appreciate your cooperation with our authorities in this regard. The cheque you have issued in the name of our organization towards the loan repayment will be cleared in a couple of days and after that we shall send you a final settlement letter from our legal officer.

We would like to have a fruitful association with you in future as well. We have tried our best to keep your credit history clean so that you will not encounter any problems in case you want to go another loan from any financial institution.

We once again appreciate your efforts and patience in settling this loan and contributing for the mutual benefit.

Yours Sincerely,

_____ (Your name)

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