

**Date:** [Insert Date]

**Lender Name:** [Insert Financial Institution Name]

**Lender Address:** [Insert Street Address, City, State, Zip]

**Borrower Name:** [Insert Borrower Name]

**Property Address:** [Insert Property Address]

**Account Number:** [Insert HELOC Account Number]

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## MUTUAL AGREEMENT FOR HELOC BALANCE FORGIVENESS

This agreement confirms the mutual understanding between [Lender Name] ("Lender") and [Borrower Name] ("Borrower") regarding the Home Equity Line of Credit (HELOC) referenced above.

**1. Balance Forgiveness:** The Lender agrees to forgive the remaining principal balance of \$[Insert Amount], along with any accrued interest, fees, or penalties associated with this account.

**2. Release of Lien:** Upon execution of this agreement, the Lender agrees to release the mortgage/lien held against the property located at [Property Address] within [Number] days. The Lender will file the necessary satisfaction of mortgage documents with the local county recorder's office.

**3. Settlement of Claims:** This agreement serves as a full and final settlement of the debt. The Borrower is hereby released from any further financial obligation or liability regarding this HELOC account. The Lender agrees not to pursue further collection actions or sell the debt to a third party.

**4. Credit Reporting:** The Lender agrees to report the status of this account to the major credit bureaus as "Settled in Full," "Satisfied," or [Insert Other Status] within [Number] days of this agreement.

**5. Tax Implications:** The Borrower acknowledges that the forgiven debt may be considered taxable income by the IRS. The Lender will issue a Form 1099-C (Cancellation of Debt) if required by law. The Borrower is advised to consult a tax professional.

**6. Entire Agreement:** This document constitutes the entire agreement between the parties and supersedes any prior oral or written communications.

### Signatures:

\_\_\_\_\_  
[Borrower Name], Borrower

Date: \_\_\_\_\_

\_\_\_\_\_  
[Authorized Representative Name], for [Lender Name]

Title: \_\_\_\_\_

Date: \_\_\_\_\_