Date: [Insert Date]

To: [Creditor Name or Collection Agency]
Address: [Street Address]
City, State, Zip: [City, State, Zip Code]

Re: Formal Notice of Debt Settlement Offer

Account Number: [Insert Account Number]

Total Outstanding Balance: $[Insert Total Amount]

To Whom It May Concern,

I am writing this letter to formally propose a settlement for the debt mentioned above. I am currently experiencing financial hardship and am unable to pay the full balance at this time.

I offer to pay a one-time, lump-sum payment of **$[Insert Settlement Amount]** as a full and final settlement of this account. This offer is made on the condition that, upon receipt of this payment, you agree to:

- Consider the debt paid in full and satisfied.
- Release me from any further liability or obligation regarding this account.
- Update the status of this account with all credit reporting agencies to reflect the debt as "Paid in Full" or "Settled in Full."
- Cease all collection activities and legal actions.

If you accept this offer, please provide a written response on your company letterhead confirming your acceptance of these terms. Please do not send any funds until I receive your written confirmation.

This offer is valid for [Insert Number] days from the date of this letter. This proposal is for settlement purposes only and does not constitute an admission of the validity of the debt.

Sincerely,

[Your Signature]
[Your Printed Name]
[Your Address]
[Your Phone Number]