

Novation agreement: transfer debt to new debtor

This novation is dated: [date]

:

[Name of Creditor]

(')

of / whose registered office is at [address],

[]

And

[Name of Present Debtor]

('the ')

whose registered office is at [address],

[]

And

[Name of New Debtor]

('the ')

whose registered office is at [address],

[].

Background

The Present Debtor owes the Creditor the sum of A\$ [000] on the terms set out in a contract dated [date] (the "Contract"), a

.

The Present Debtor wants to re-

.

The parties have agreed to transfer the rights and obligations of the Present Debtor under the Contract to

.

The Creditor consents to the substitution of the New Debtor for

.

It is now agreed as follows:

1. Definitions

"Contracts" means the contracts described in the Schedule.

"Claim" means an existing dispute between the Contractor and his counter-

.

2. Novation

In consideration of the advantage each of the

/ []:

2.1. The New Debtor is substituted for the Present Debtor under the Contract as if the New Debtor

2.2. The New Debtor

2.3. The Creditor agrees to this

3. Changes to the Contract

3.1. Paragraph [number] of the

3.2. Paragraph [number] of

[15] %.

3.3. Any reference in the Contract to the website
"www.mybusinessmaycrash.com.au"

" . . . "

[14 , 500]

3.4. [As additional consideration for this agreement, the Old Debtor will pay

\$ [5 ,

000]

1st

2000

31st

2099].

4. Indemnities

4.1. [The New Debtor agrees to indemnify the Creditor from all loss,
damage,

(

)

,

].

AND/OR

4.2. [The Present Debtor agrees to indemnify the Creditor from all loss, damage, cost or expense () , ()].

OR

4.3. [The Creditor releases and discharges the Present]].

5. Claims

5.1. The Present Debtor now transfers to the New Debtor and the New

, :

5.1.1 The New Debtor indemnifying the Present Debtor in respect of any ,

;

5.1.2 The Present Debtor shall account to the New

[] .

5.2. Nothing in this Agreement shall operate

.

6. Further assistance

Each of the parties undertakes to do , , .

7. Counterparts

This agreement may be executed in any number of counterparts

8. Entire understanding

9. Dispute resolution

10. Miscellaneous matters

10.1.

10.2.

10.3.

10.4.

For, and on behalf of []

print name

For, and on behalf of []

print name

The schedule: disputes between the Present Debtor and the Creditor

[

].

Explanatory notes:

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Paragraph specific notes:

Note: numbering refers to paragraph numbers.

2 It is important that the price (or “consideration”) for the deal can be expressed in some other way than cash. This acknowledgment that each party has received an advantage is sufficient to enable any party to sue on the agreement without it being signed as a deed. We advise that you do not edit this paragraph.

3 The deal resulting in the agreement may have other terms which should be included for the sake of completeness. Such terms may relate to the completion of a contract of service, or provision of goods or a change in the terms of debt.

At paragraph 3.3 and 3. 4

4 It is for you to negotiate who is to indemnify whom. First, ask yourself whether there is some known conflict or issue between any two of the parties. If yes, decide who is to carry the ongoing liability. Next, consider the type of contract and the value. If it is possible that there may be some liability appearing out of the woodwork, ask yourself who should pay for it.

The most common provision in a novation agreement is for the incomer to be

5 Existing claims can be covered in any way you wish. However, it would be unusual for a new debtor to step in and take over pre-existing liabilities.

End of notes