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DIVISION 3. OBLIGATIONS [1427 - 3273.69] (*Heading of Division 3 amended by Stats. 1988, Ch. 160, Sec. 14.)*

PART 1. OBLIGATIONS IN GENERAL [1427 - 1543] (*Part 1 enacted 1872.)*

TITLE 4. EXTINCTION OF OBLIGATIONS [1473 - 1543] (*Title 4 enacted 1872.)*

CHAPTER 4. Accord and Satisfaction [[1521.] - 1526] (*Chapter 4 enacted 1872.)*

[1521.](#) Section Fifteen Hundred and Twenty-one. An accord is an agreement to accept, in extinction of an obligation, something different from or less than that to which the person agreeing to accept is entitled.

(*Amended by Code Amendments 1873-74, Ch. 612.*)

[1522.](#) Though the parties to an accord are bound to execute it, yet it does not extinguish the obligation until it is fully executed.

(*Enacted 1872.*)

[1523.](#) Acceptance, by the creditor, of the consideration of an accord extinguishes the obligation, and is called satisfaction.

(*Enacted 1872.*)

[1524.](#) Section Fifteen Hundred and Twenty-four. Part performance of an obligation, either before or after a breach thereof, when expressly accepted by the creditor in writing, in satisfaction, or rendered in pursuance of an agreement in writing for that purpose, though without any new consideration, extinguishes the obligation.

(*Amended by Code Amendments 1873-74, Ch. 612.*)

[1525.](#) It is the public policy of this State, in the best interests of the taxpayer and of the litigant, to encourage fair dealing and to promote justice by reducing litigated matters to the lowest level of jurisdiction.

In case of a dispute over total money due on a contract and it is conceded by the parties that part of the money is due, the debtor may pay, without condition, the amount conceded to be due, leaving to the other party all remedies to which he might otherwise be entitled as to any balance claimed.

If any conditions are attached to the payment, this section shall not be deemed to have limited the remedies available to the other party under other provisions of law on the original amount claimed.

(*Added by Stats. 1963, Ch. 1495.*)

[1526.](#) (a) Where a claim is disputed or unliquidated and a check or draft is tendered by the debtor in settlement thereof in full discharge of the claim, and the words "payment in full" or other words of similar meaning are notated on the check or draft, the acceptance of the check or draft does not constitute an accord and satisfaction if the creditor protests against accepting the tender in full payment by striking out or otherwise deleting that notation or if the acceptance of the check or draft was inadvertent or without knowledge of the notation.

(b) Notwithstanding subdivision (a), the acceptance of a check or draft constitutes an accord and satisfaction if a check or draft is tendered pursuant to a composition or extension agreement between a debtor and its creditors, and pursuant to that composition or extension agreement, all creditors of the same class are accorded similar treatment, and the creditor receives the check or draft with knowledge of the restriction.

A creditor shall be conclusively presumed to have knowledge of the restriction if a creditor either:

- (1) Has, previous to the receipt of the check or draft, executed a written consent to the composition or extension agreement.

(2) Has been given, not less than 15 days nor more than 90 days prior to receipt of the check or draft, notice, in writing, that a check or draft will be tendered with a restrictive endorsement and that acceptance and cashing of the check or draft will constitute an accord and satisfaction.

(c) Notwithstanding subdivision (a), the acceptance of a check or draft by a creditor constitutes an accord and satisfaction when the check or draft is issued pursuant to or in conjunction with a release of a claim.

(d) For the purposes of paragraph (2) of subdivision (b), mailing the notice by first-class mail, postage prepaid, addressed to the address shown for the creditor on the debtor's books or such other address as the creditor may designate in writing constitutes notice.

(Added by Stats. 1987, Ch. 1268, Sec. 1.)