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# Introduction

This Conditional Contract ("Contract") is made and entered into as of August 9, 2025, by and between Docupal Demo, LLC, a United States company with its principal place of business at 23 Main St, Anytown, CA 90210 ("Docupal Demo"), and Acme, Inc, a United States business with its principal address at 3751 Illinois Avenue, Wilsonville, Oregon - 97070 ("ACME-1").

## Overview of Conditional Contracts

A conditional contract is an agreement where one or both parties' obligations hinge on a specific event occurring or not occurring. This contrasts with standard contracts, where obligations are typically immediate and unconditional. The enforceability of a conditional contract is directly tied to whether the condition is met.

Conditional contracts are frequently used in various business scenarios. Real estate transactions often use them, with the sale contingent on a satisfactory home inspection or the buyer obtaining financing. Financing agreements themselves may be conditional, requiring certain financial milestones to be met. Employment offers can be conditional on passing a background check or drug test. Insurance policies represent another common application, where coverage is conditional upon the occurrence of an insured event. Clear definitions, realistic timelines, and good-faith negotiation are crucial for avoiding disputes in conditional contracts.

# Definitions and Interpretation

## Definitions

For the purposes of this Conditional Contract, the following terms shall have the meanings respectively ascribed to them below:

- **Condition Precedent:** An event or circumstance that must occur or be satisfied before a specific obligation under this Contract becomes binding on a Party.
- **Fulfillment:** The complete and satisfactory occurrence or performance of a Condition Precedent, as determined in accordance with the terms of this Contract.
- **Material Adverse Change:** A change in the business, assets, condition (financial or otherwise), or operations of a Party that is significant and detrimental to its ability to perform its obligations under this Contract.
- **Waiver:** The voluntary relinquishment of a known right or remedy by a Party, expressly communicated in writing.

## Interpretation

This Contract shall be interpreted in accordance with the following principles:

- The headings are for convenience only and do not affect interpretation.
- Words importing the singular include the plural and vice versa.



- References to persons include bodies corporate and unincorporated associations.
- Any ambiguity in the interpretation of the conditions within this Contract will be resolved through good faith negotiation between Docupal Demo, LLC and ACME-1.
- If good faith negotiations do not resolve the ambiguity, the principles of contract interpretation under the governing law of this contract will apply.
- This contract shall be interpreted and enforced in accordance with the laws of the State of California, without regard to its conflict of laws principles.

## Conditions Precedent and Subsequent

This section outlines the conditions that must be satisfied before the obligations of this contract become fully effective (conditions precedent) and those that, if not maintained, could lead to the termination of this contract (conditions subsequent).

### Conditions Precedent

The following conditions must be met before DocuPal Demo, LLC and ACME-1 are obligated to perform their respective duties under this agreement.

- **Financing:** ACME-1 must secure the necessary financing to fulfill its obligations under this contract. This financing must be obtained on or before a specific date to be determined.
- **Due Diligence:** DocuPal Demo, LLC must complete its due diligence review of ACME-1 to its satisfaction. The completion of this due diligence must occur on or before a specific date to be determined.

If either of these conditions is not met by the specified date, this contract shall terminate. In the event of termination due to unmet conditions precedent, neither party will have any further obligation to the other. Any deposits made by ACME-1 will be returned.

### Conditions Subsequent

The continued validity of this contract is subject to the following condition subsequent:

- **Licenses and Permits:** ACME-1 must maintain all required licenses and permits necessary for its operation and the performance of its obligations under this agreement. Failure to maintain these licenses and permits will constitute a breach of contract. This breach will give DocuPal Demo, LLC the right to terminate this agreement upon written notice to ACME-1.

## Rights and Obligations of the Parties

This section defines the rights and obligations of DocuPal Demo, LLC and ACME-1 under this Conditional Contract. The rights and obligations of both parties are contingent upon the fulfillment of specific conditions.



## Conditions Precedent and Subsequent

This contract is contingent on the conditions explicitly stated herein. No other implied conditions apply. ACME-1's right to acquire DocuPal Demo, LLC is triggered upon securing successful financing. DocuPal Demo, LLC's obligation to transfer ownership is suspended until this financing condition is met.

## Obligations Upon Fulfillment

Upon fulfillment of all stated conditions, both DocuPal Demo, LLC and ACME-1 are obligated to perform their respective duties as outlined in this agreement. This includes, but is not limited to, ACME-1's obligation to provide the agreed-upon consideration and DocuPal Demo, LLC's obligation to transfer ownership and control of the company.

## Consequences of Non-Fulfillment

If the conditions outlined in this contract are not fulfilled by the agreed-upon date, both DocuPal Demo, LLC and ACME-1 will be released from their obligations under this agreement. Neither party will have any claim against the other for damages or specific performance, unless the non-fulfillment is due to a breach of this agreement or a failure to act in good faith.

## Specific Rights and Obligations

- **DocuPal Demo, LLC:** DocuPal Demo, LLC retains all rights of ownership and control of the company until the conditions are met and the transaction is completed. DocuPal Demo, LLC is obligated to maintain the company's operations in the ordinary course of business and to refrain from taking any actions that would materially impair the value of the company.
- **ACME-1:** ACME-1 has the right to conduct due diligence and to monitor DocuPal Demo, LLC's compliance with this agreement. ACME-1 is obligated to use its best efforts to secure the necessary financing and to fulfill its obligations under this agreement in a timely manner.

## Fulfillment and Notice Procedures

This section details the procedures for demonstrating the fulfillment of conditions and providing necessary notices between DocuPal Demo, LLC and ACME-1.

### Evidence of Fulfillment

Fulfillment of the financing condition will be evidenced by ACME-1 providing DocuPal Demo, LLC with a copy of a bank commitment letter. Satisfaction of the due diligence condition will be evidenced by ACME-1 providing DocuPal Demo, LLC with written approval.



## Notification Procedures and Timelines

ACME-1 must notify DocuPal Demo, LLC of securing financing within five (5) business days of receiving the bank commitment letter. DocuPal Demo, LLC must notify ACME-1 of completing due diligence and its approval within five (5) business days of the completion of the due diligence process. All notices must be in writing and delivered via email or certified mail to the addresses listed in this agreement. The date of the email or the date of confirmed receipt of the certified mail will serve as the date of notification.

## Breach, Remedies, and Consequences

### Breach of Contract

Failure by ACME-1 to make reasonable efforts to satisfy the conditions outlined in this contract constitutes a breach. Any action taken by ACME-1 that prevents these conditions from being met also constitutes a breach. A breach occurs if Docupal Demo, LLC fails to perform its obligations once the conditions are satisfied.

### Remedies for Breach

If ACME-1 breaches this agreement, Docupal Demo, LLC may seek legal remedies. These remedies include specific performance, which compels ACME-1 to fulfill its obligations. Docupal Demo, LLC may also seek monetary damages to cover losses resulting from ACME-1's breach. If Docupal Demo, LLC breaches the agreement, ACME-1 has similar rights to seek specific performance or monetary damages. Any pursuit of remedies is subject to the limitations detailed within this contract.

### Consequences of Non-Fulfillment

If the conditions of this contract are not fulfilled, the agreement may terminate. Neither Docupal Demo, LLC nor ACME-1 will have any further obligations to each other, except for those that specifically survive termination as stated in this contract. Failure to meet conditions does not automatically constitute a breach, but a lack of good-faith effort to fulfill the conditions will be considered a breach.

### Dispute Resolution

Any disputes arising from a claimed breach of this contract will be resolved through binding arbitration. The arbitration will be conducted in accordance with the rules of the American Arbitration Association (AAA). The decision of the arbitrator will be final and binding on both Docupal Demo, LLC and ACME-1. Each party will bear its own costs associated with the arbitration, unless the arbitrator determines otherwise.





## Breach Types and Remedies

# Termination and Cancellation

This Conditional Contract between DocuPal Demo, LLC and ACME-1 may be terminated under specific circumstances. These circumstances primarily involve the non-fulfillment of conditions or a breach of contract.

### Conditions for Termination

This contract can be terminated if the agreed-upon conditions precedent are not satisfied by the dates specified within this agreement. Either party may initiate termination if such conditions remain unmet. Furthermore, a material breach by either DocuPal Demo, LLC or ACME-1 will constitute grounds for termination. A material breach includes, but is not limited to, failure to perform obligations outlined in this contract that significantly affect the benefits reasonably expected by the other party.

### Cancellation Procedure

To cancel this Conditional Contract, the party seeking termination must provide written notice to the other party. This notice must be delivered at least thirty (30) days before the intended termination date. The notice should clearly state the reason for termination, referencing the specific condition or breach that justifies the cancellation. The receiving party has the right to remedy the breach during this thirty-day period, if applicable. If the breach is remedied to the satisfaction of the notifying party, termination may be averted. However, some clauses may stipulate unique procedures, which will supersede the general procedure outlined here.

## Miscellaneous Provisions

### Governing Law

This contract will be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflict of laws principles.

### Dispute Resolution

Any dispute arising out of or relating to this contract will be resolved through good faith negotiation. If negotiation fails, the parties agree to pursue mediation before resorting to binding arbitration. The location of mediation or arbitration will be [Specify Location], unless otherwise agreed.

### Amendments

This contract may be amended only by a written instrument signed by both Docupal Demo, LLC and ACME-1. No modification or waiver of any provision shall be effective unless in writing and signed by both parties.



## Force Majeure

Neither party shall be liable for any failure to perform its obligations under this contract if such failure is caused by an event beyond its reasonable control, including, but not limited to, acts of God, war, terrorism, civil unrest, labor disputes, or governmental regulations. In the event of such delay, the date of delivery or time for completion shall be extended by a reasonable period of time, not to exceed 90 days. If the force majeure event continues for more than 90 days, either party may terminate this contract upon written notice to the other party.

## Entire Agreement

This contract constitutes the entire agreement between Docupal Demo, LLC and ACME-1 relating to the subject matter hereof, and supersedes all prior or contemporaneous communications and proposals, whether oral or written, between the parties with respect to such subject matter.

## Notices

All notices and other communications under this contract must be in writing and will be deemed to have been duly given when (a) delivered personally, (b) sent by certified or registered mail, return receipt requested, or (c) sent by reputable overnight courier service, to the addresses set forth in the introductory paragraph of this contract, or to such other address as either party may designate in writing from time to time.

## Severability

If any provision of this contract is held to be invalid or unenforceable, such provision will be struck and the remaining provisions will be enforced.

## Counterparts

This contract may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

# Signatures and Execution

This Conditional Contract shall become effective as of the last date of execution by the parties below.

## Execution

DocuPal Demo, LLC and Acme, Inc. agree to the terms and conditions outlined in this Conditional Contract. This agreement is executed in good faith with the intention to be legally bound.

	DocuPal Demo, LLC	Acme, Inc.
Signature		



	DocuPal Demo, LLC	Acme, Inc.
Printed Name	[Name]	[Name]
Title		
Date		

## Notarization

Both signatures must be notarized to be considered fully executed. While witnesses are recommended, they are not required for the execution of this Conditional Contract.

## FAQs and Best Practices

This section addresses frequently asked questions and provides best practices for drafting and managing conditional contracts.

### Avoiding Common Pitfalls

Several pitfalls can undermine a conditional contract. Unclear condition language creates ambiguity. Ensure conditions are specific, measurable, achievable, relevant, and time-bound (SMART). Unrealistic timelines can lead to breach. Conduct thorough due diligence before setting deadlines. Inadequate due diligence may result in unforeseen obstacles. Fully investigate all aspects relevant to the condition's fulfillment.

### Effectively Negotiating Conditional Terms

Effective negotiation is crucial for a successful conditional contract. Clearly define each condition. Use objective metrics to determine fulfillment. Allocate risks appropriately between DocuPal Demo, LLC and ACME-1. Negotiate in good faith to address concerns and find mutually agreeable solutions.

### Best Practices for Drafting and Using Conditional Contracts

- **Clarity is Key:** Define all terms precisely. Ambiguity can lead to disputes.
- **Objective Metrics:** Use measurable criteria for condition fulfillment.
- **Risk Allocation:** Clearly assign responsibility for risks.
- **Good Faith Negotiation:** Be willing to compromise.
- **Due Diligence:** Conduct thorough investigations.
- **Regular Communication:** Keep all parties informed of progress.
- **Amendment Process:** Include a clear process for modifying the contract.
- **Contingency Planning:** Address potential unforeseen events.
- **Legal Review:** Seek advice from legal counsel.

By following these best practices, DocuPal Demo, LLC and ACME-1 can minimize risks and maximize the chances of a successful conditional contract.

