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# Introduction and Definitions

## Introduction

This Factoring Agreement (the "Agreement") is made and entered into as of August 9, 2025, by and between DocuPal Demo, LLC, a company organized under the laws of United States, with its principal place of business at 23 Main St, Anytown, CA 90210 ("Factor"), and Acme, Inc, a business organized under the laws of United States, with its principal place of business at 3751 Illinois Avenue, Wilsonville, Oregon - 97070, USA ("Client" or "Seller").

The Factor desires to purchase certain accounts receivable of the Client, and the Client desires to sell such accounts receivable to the Factor, subject to the terms and conditions set forth in this Agreement. This Agreement sets forth the terms and conditions under which the Factor will provide factoring services to the Client.

## Definitions

For purposes of this Agreement, the following terms shall have the meanings set forth below:

- **Receivables:** All present and future rights to payment for goods sold or services rendered by the Client, including, without limitation, all accounts, notes, chattel paper, and general intangibles, and all proceeds thereof.
- **Factor:** Means DocuPal Demo, LLC, including its successors and assigns.
- **Client:** Means Acme, Inc, including its successors and permitted assigns; also referred to as "Seller" in this Agreement.
- **Discount Rate:** The percentage used to calculate the fee charged by the Factor for purchasing the Receivables, as detailed in Schedule A.
- **Collection Account:** A bank account established and maintained by the Factor, into which all payments on the Receivables will be deposited.



# Purchase and Sale of Receivables

Acme, Inc. agrees to sell, and Docupal Demo, LLC agrees to purchase, all of Acme, Inc.'s present and future accounts receivable. These receivables arise from the sale of goods or services by Acme, Inc.

## Transfer of Receivables

Acme, Inc. will transfer receivables to Docupal Demo, LLC immediately upon their creation. This transfer will be documented via a schedule of accounts, provided to Docupal Demo, LLC. This schedule will detail all assigned receivables.

## Eligibility of Receivables

All accounts receivable generated from the sale of goods or services by Acme, Inc. are eligible for purchase under this agreement.

## Notification of Account Debtors

Docupal Demo, LLC has the right to notify Acme, Inc.'s account debtors of the assignment of receivables. Following an event of default, Docupal Demo, LLC may directly notify the debtors. Until an event of default, Docupal Demo, LLC will not notify account debtors without prior written consent from Acme, Inc.

## Rights and Title

Upon purchase, Docupal Demo, LLC will have full and complete ownership of the receivables, including all rights to collect and enforce payment. Acme, Inc. warrants that it has the right to sell the receivables. They also warrant that the receivables are free from any liens, encumbrances, or other claims.

## Repurchase of Receivables

In the event that a receivable becomes subject to a dispute, is uncollectible, or breaches any warranty provided by Acme, Inc., Docupal Demo, LLC has the right to require Acme, Inc. to repurchase the receivable. The repurchase price will be equal to the original purchase price of the receivable, plus any related fees or expenses incurred by Docupal Demo, LLC.



# Representations and Warranties

ACME-1 represents and warrants to Docupal Demo, LLC as follows:

## Validity of Receivables

Each Receivable is a genuine and valid obligation of the Account Debtor. It arises from a bona fide sale of goods or performance of services. All Receivables are free from any liens, security interests, or encumbrances other than those created by this Agreement. ACME-1 has the full right and power to sell and assign the Receivables to Docupal Demo, LLC. The amount of each Receivable is accurately stated on all related invoices and documentation. ACME-1 knows of no facts that would impair the validity or collectability of any Receivable. Each Receivable is legally enforceable in accordance with its terms.

## Compliance and Operations

ACME-1 is in compliance with all applicable laws, rules, and regulations, both state and federal. This includes those relating to the sale of goods or performance of services that generated the Receivables. ACME-1 has obtained all necessary permits and licenses required to conduct its business. ACME-1's financial statements fairly present its financial condition and results of operations. There are no pending or threatened legal actions that could materially affect ACME-1's ability to perform its obligations under this Agreement. ACME-1 will promptly notify Docupal Demo, LLC of any event that could adversely affect the validity or collectability of the Receivables.

## Accuracy of Information

All information provided by ACME-1 to Docupal Demo, LLC, including but not limited to customer data, financial records, and receivable details, is true, accurate, and complete in all material respects. ACME-1 will maintain accurate and up-to-date records of all Receivables.



# Fees, Charges, and Payments

ACME-1 will pay DocuPal Demo, LLC the following fees and charges for the factoring services provided under this Agreement. These fees compensate DocuPal Demo, LLC for the purchase of receivables, the assumption of credit risk, and the administrative services rendered.

## Discount Fee

A discount fee will be applied to each purchased receivable. This fee is calculated as a percentage of the face value of the receivable and represents the cost of advancing funds to ACME-1 before the customer pays. The discount fee will be [Specify Percentage]% of the face value of each approved receivable. This fee will be deducted from the advance made to ACME-1.

## Service Fee

In addition to the discount fee, a service fee will be charged for the administrative services provided by DocuPal Demo, LLC. These services include credit checks, invoice processing, collections, and reporting. The service fee will be [Specify Percentage]% of the face value of each approved receivable. This fee will be deducted from the advance made to ACME-1.

## Late Payment Fee

If ACME-1 fails to fulfill its obligations under this Agreement, including but not limited to the repurchase of receivables as required, a late payment fee may be assessed. The late payment fee will be [Specify Percentage]% per month on the outstanding amount, or [Specify Amount] USD, whichever is greater.

## Payment Calculation and Settlement

Payments to ACME-1 for purchased receivables will be calculated as the face value of the receivable, less the discount fee and the service fee. DocuPal Demo, LLC will remit the calculated amount to ACME-1 on a daily basis for all receivables approved for purchase that day. All payments will be made in USD to the account designated by ACME-1.





# Obligations and Covenants of the Seller

Acme, Inc. agrees to certain obligations and restrictions throughout the term of this Factoring Agreement. These ensure the smooth operation of the factoring arrangement and protect the interests of Docupal Demo, LLC.

## Ongoing Responsibilities

Acme, Inc. will provide Docupal Demo, LLC with accurate and up-to-date schedules of all receivables it intends to factor. This includes all relevant information about the debtors and the amounts owed. Acme, Inc. must maintain its business operations in a manner consistent with past practices. This includes maintaining relationships with its customers and fulfilling its obligations to them. Acme, Inc. will fully cooperate with Docupal Demo, LLC in the collection of the receivables. This includes providing necessary documentation and assisting with communication with debtors.

## Restrictions on Seller's Actions

Acme, Inc. is prohibited from factoring any of its receivables with any other party without the prior written consent of Docupal Demo, LLC. Acme, Inc. must promptly notify the debtors that their accounts have been assigned to Docupal Demo, LLC and that payments should be made directly to Docupal Demo, LLC. Acme, Inc. will hold all payments received on factored receivables in trust for Docupal Demo, LLC and will immediately remit such payments to Docupal Demo, LLC. Acme, Inc. must not take any action that could impair the value or collectability of the receivables.

# Factor's Rights and Obligations

Docupal Demo, LLC, as the Factor, assumes certain rights and obligations concerning the Purchased Receivables.

## Rights Over Receivables

Docupal Demo, LLC holds full ownership of all Purchased Receivables. This ownership includes the right to collect payments directly from the Account Debtors. Docupal Demo, LLC can take any necessary legal action to recover outstanding



amounts. Docupal Demo, LLC also has the right to audit Acme, Inc's records related to the Purchased Receivables to ensure compliance with this Agreement. Docupal Demo, LLC has complete discretion in managing the collection process of the receivables.

## Obligations to Acme, Inc

Docupal Demo, LLC will manage the collection of the Purchased Receivables professionally. Docupal Demo, LLC will remit payments to Acme, Inc according to the terms outlined in this Agreement. Docupal Demo, LLC must provide regular reports to Acme, Inc. These reports will detail the status of collections, any issues encountered, and any adjustments made to the receivables. Docupal Demo, LLC must notify Acme, Inc of any material issues that arise during the collection process.

# Repurchase and Reimbursement Obligations

## Repurchase Events

ACME-1 must repurchase a receivable from Docupal Demo, LLC under certain conditions. This obligation arises if a receivable is disputed by the account debtor. It also applies if a receivable becomes uncollectible because of ACME-1's actions or omissions. A repurchase is required if ACME-1 breaches any warranty made regarding the receivable.

## Reimbursement Procedure

Upon the occurrence of a repurchase event, ACME-1 is obligated to reimburse Docupal Demo, LLC. The reimbursement amount will equal the purchase price initially paid by Docupal Demo, LLC for the receivable, less any amounts already collected on that receivable. ACME-1 will receive a notice of the repurchase event from Docupal Demo, LLC. ACME-1 must make the required reimbursement payment within ten (10) business days of receiving such notice.





# Indemnification and Liability

## Indemnification

Acme, Inc. will indemnify, defend, and hold harmless DocuPal Demo, LLC, its officers, directors, employees, agents, and affiliates from and against any and all losses, liabilities, damages, costs, or expenses (including reasonable attorney's fees) arising out of or relating to:

- Any breach of any warranty or representation made by Acme, Inc. in this Agreement.
- Any misrepresentation made by Acme, Inc. in connection with any Receivable.
- Any failure by Acme, Inc. to perform any of its obligations under this Agreement.
- Any claim, action, or proceeding brought by any third party against DocuPal Demo, LLC relating to any Receivable.

## Limitation of Liability

DocuPal Demo, LLC will not be liable to Acme, Inc. for any indirect, incidental, special, consequential, or punitive damages arising out of or relating to this Agreement. DocuPal Demo, LLC's total liability to Acme, Inc. under this Agreement will not exceed the total amount of fees paid by Acme, Inc. to DocuPal Demo, LLC under this Agreement.

## Exclusions

Notwithstanding anything to the contrary in this Agreement, DocuPal Demo, LLC will not be liable to Acme, Inc. for any losses, liabilities, damages, costs, or expenses arising out of or relating to DocuPal Demo, LLC's own gross negligence or willful misconduct.



# Term, Termination, and Survival

## Term

This Agreement shall commence on 2025-08-09 and continue until terminated as provided herein.

## Termination

This Agreement may be terminated under the following conditions:

- **Material Breach:** Either party may terminate this Agreement if the other party materially breaches any provision of this Agreement, and such breach remains uncured for thirty (30) days after written notice thereof.
- **Insolvency:** Either party may terminate this Agreement immediately upon the other party becoming insolvent, filing for bankruptcy, or having a receiver appointed.
- **Mutual Agreement:** This Agreement may be terminated at any time by mutual written agreement of both parties.

## Survival

The following provisions shall survive the termination of this Agreement:

- Confidentiality
- Indemnification
- Governing Law

# Confidentiality and Data Protection

## Confidentiality

Both Docupal Demo, LLC and ACME-1 agree to keep all business and financial information confidential. This includes, but is not limited to, the terms of this Factoring Agreement, customer data, and financial records. Neither party will disclose such information to any third party without the express written consent of the other party, unless required by law. This obligation survives the termination of this Agreement.



## Data Protection

Each party shall comply with all applicable data protection laws and regulations. This includes implementing appropriate technical and organizational measures to protect personal data against unauthorized or unlawful processing, accidental loss, destruction, or damage. ACME-1 warrants that it has obtained all necessary consents for the transfer of any personal data to Docupal Demo, LLC in connection with this Agreement.

## Assignment and Delegation

Neither party may assign its rights or delegate its duties under this Factoring Agreement without the prior written consent of the other party.

### Consent Requirements

Any assignment or delegation requires the express written consent of both DocuPal Demo, LLC and Acme, Inc. This ensures that both parties maintain control over their contractual relationships and obligations.

## Dispute Resolution and Governing Law

### Dispute Resolution

Any dispute arising out of or relating to this Factoring Agreement will be resolved through binding arbitration. The arbitration will be conducted in accordance with the rules of the American Arbitration Association. A single arbitrator will conduct the arbitration. The location of the arbitration will be mutually agreed upon by both parties. If the parties cannot agree, the arbitrator will select a suitable location. The arbitrator's decision will be final and binding on both Docupal Demo, LLC and ACME-1. Each party will bear its own costs and expenses related to the arbitration. The parties will equally share the arbitrator's fees and any administrative costs of the arbitration.



## Governing Law

This Factoring Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflict of laws principles. The parties agree that any legal suit, action, or proceeding arising out of or relating to this Agreement must be instituted in the federal or state courts located in Delaware. Each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding.

## Miscellaneous Provisions

### Notices

All notices relating to this Factoring Agreement must be in writing. Notices are to be delivered by certified mail to the addresses listed in this agreement for each party.

### Amendments

Any changes to this Factoring Agreement require a written agreement signed by both Docupal Demo, LLC and ACME-1. No other form of modification will be considered valid.

### Entire Agreement

This Factoring Agreement constitutes the entire agreement between Docupal Demo, LLC and ACME-1. It supersedes all prior discussions, understandings, and agreements related to the factoring of ACME-1's receivables.

### Force Majeure

Neither Docupal Demo, LLC nor ACME-1 will be liable for any failure to perform its obligations under this Factoring Agreement. This applies if the failure results from events beyond its reasonable control. Such events include acts of God, war, riots, strikes, or other events. Performance will be suspended during the force majeure event. The affected party will promptly notify the other party of such event and its expected duration.



# Signatures and Execution

This Factoring Agreement is made and entered into as of 2025-08-09.

## Parties

**DocuPal Demo, LLC**, a company organized under the laws of the United States, with its principal place of business at 23 Main St, Anytown, CA 90210.

**Acme, Inc (ACME-1)**, a business organized under the laws of the United States, with its principal place of business at 3751 Illinois Avenue, Wilsonville, Oregon - 97070, USA.

## Signatures

In witness whereof, the parties have executed this Factoring Agreement as of the date first written above.

### DocuPal Demo, LLC

By: \_\_\_\_\_

Name: [Name]

Title: CEO

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

Witness: \_\_\_\_\_

### Acme, Inc (ACME-1)

By: \_\_\_\_\_

Name: [Name]

Title: CEO

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

Witness: \_\_\_\_\_



*Instructions: Each party should have their authorized signatory (CEO) sign and date this agreement. A witness should also sign to attest to each signature. Ensure that all signatures are original.*

