Factoring Agreement

This **Factoring Agreement** ("***Agreement***") is made on _____ ("***Effective Date***"), by and between the following parties:

Factor

_____

_____ _____

_____ _____ _____ _____

_____ _____

Client

_____

_____ _____

_____ _____ _____ _____

_____ _____

Factor and Client may be referred to individually as a "***Party***" and collectively as the "***Parties.***"

1. Purpose

The purpose of this Agreement is to establish the terms under which the Client will assign certain accounts receivable to the Factor in exchange for immediate payment, and the Factor will provide factoring services in relation to such receivables.

2. Scope of Agreement

This Agreement applies to the sale and assignment of eligible accounts receivable generated by the Client in the ordinary course of its business. The Factor agrees to purchase such receivables subject to the terms and conditions set out in this Agreement.

3. Definitions

For the purposes of this Agreement:

- "**Accounts Receivable**" means valid and enforceable invoices issued by the Client to its customers for goods delivered or services rendered.
- "**Debtor**" means any customer of the Client obligated to pay an Account Receivable.
- "**Advance Rate**" means the percentage of the invoice value that the Factor agrees to pay upfront to the Client.
- "**Reserve**" means the portion of the invoice value retained by the Factor until collection is completed.
- "**Fees**" means the charges applied by the Factor for its services under this Agreement.

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4. Assignment of Receivables

The Client agrees to sell, assign, and transfer to the Factor all rights, title, and interest in the Accounts Receivable submitted for factoring. Each assignment shall be deemed effective upon acceptance by the Factor.

The Client shall ensure that all assigned receivables are free from disputes, set-offs, or encumbrances unless disclosed in writing and accepted by the Factor.

5. Purchase and Advance

Upon acceptance of an Account Receivable, the Factor shall pay the Client an advance based on the agreed Advance Rate.

Advance Terms

Description	Details
Advance Rate	%
Payment Timing	Within business days of acceptance
Reserve Amount	% of invoice value

The remaining balance, less applicable Fees, shall be paid to the Client upon collection of the receivable from the Debtor.

6. Fees and Charges

The Client agrees to pay the Factor the following Fees:

Fee Type	Description	Amount/Rate
Factoring Fee	Fee for purchasing receivables	% of invoice value
Service Fee	Administrative or processing fee	Within business days of acceptance
Late Payment Fee	Applicable if Debtor delays payment beyond agreed terms	% of invoice value

All Fees may be deducted by the Factor from amounts payable to the Client.

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7. Collection and Payment

The Factor shall have the exclusive right to collect payments on assigned Accounts Receivable. The Client shall:

- Direct Debtors to remit payment directly to the Factor
- Refrain from collecting or interfering with collection unless authorized in writing

If the Client receives any payment relating to assigned receivables, it shall promptly transfer such funds to the Factor.

8. Representations and Warranties

The Client represents and warrants that:

- All Accounts Receivable are valid, genuine, and legally enforceable
- Goods or services related to the receivables have been fully delivered or performed
- There are no disputes, offsets, or counterclaims affecting the receivables
- The Client has full authority to assign the receivables

The Factor represents that it has the authority and capacity to enter into and perform under this Agreement.

9. Recourse and Non-Recourse

This Agreement shall operate on a _____ basis.

If on a recourse basis, the Client shall repurchase or reimburse the Factor for any receivable that remains unpaid beyond _____ days from its due date or becomes uncollectible.

If on a non-recourse basis, the Factor assumes the risk of non-payment due to Debtor insolvency, subject to compliance with the terms of this Agreement.

10. Confidentiality

Each Party agrees to keep confidential all non-public, proprietary, or sensitive information obtained in connection with this Agreement and to use such information solely for the purposes of performing its obligations.

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11. Term and Termination

This Agreement shall commence on the Effective Date and continue until terminated.

Either Party may terminate this Agreement:

- By providing _____ days' written notice without cause
- Immediately upon a material breach by the other Party that is not remedied within a reasonable time after notice

Upon termination:

- All outstanding obligations shall remain enforceable
- The Factor shall be entitled to collect all assigned receivables
- Any outstanding balances between the Parties shall be settled promptly

12. Liability

Each Party shall be responsible for its own acts and omissions. Neither Party shall be liable for indirect or consequential losses, except where such limitation is not permitted by applicable law.

13. Governing Law and Dispute Resolution

This Agreement shall be governed by and interpreted in accordance with the laws of _____.

Any disputes arising out of or in connection with this Agreement shall be resolved through good faith negotiations. If unresolved, the dispute shall be submitted to the competent courts of _____.

14. Notices

All notices under this Agreement shall be in writing and delivered to the addresses of the Parties stated above, or to such other address as either Party may designate in writing.

15. Amendments

This Agreement may only be amended or modified by a written document signed by both Parties.

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16. Entire Agreement

This Agreement constitutes the entire understanding between the Parties regarding its subject matter and supersedes all prior discussions, agreements, or representations.

Signatures

IN WITNESS WHEREOF, the Parties have executed this Factoring Agreement as of the Effective Date.

Factor

Name

Date

Signature

Client

Name

Date

Signature

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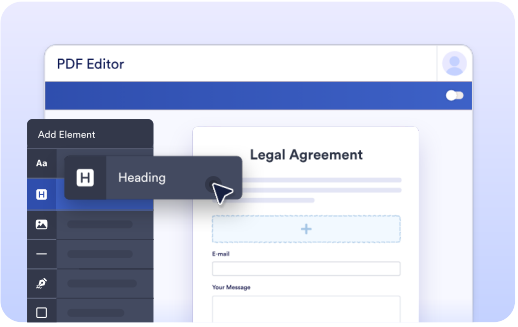
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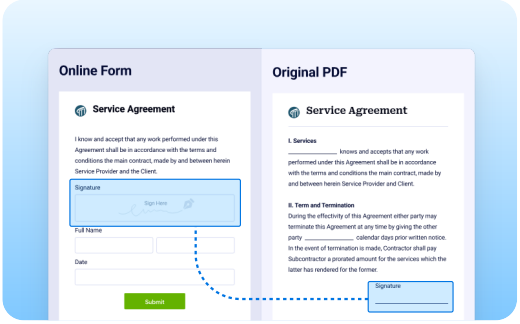
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