KINGPIN CAPITAL

FACTORING AND SECURITY AGREEMENT

THIS FACTORING AND SECURITY AGREEMENT (“Agreement”) is deemed executed and binding by and between **all business entities and individuals hereby agreeing to conduct business with Purchaser,** (“Seller”) and **Kingpin Capital LLC** (“Purchaser”).

1. **Definitions and Index to Definitions**. The defined terms used in this Agreement shall have the following meanings. Each capitalized term not herein defined shall have the meaning set forth in the Uniform Commercial Code:

1.1 “**Avoidance Claim**” **-** any claim that any payment received by Purchaser is avoidable under Title 11 of the United States Bankruptcy Code, any other debtor relief statute or any other law.

1.2 “**Base Fees**” **-** The Factoring Fee(s) and all other fees and costs authorized by this Agreement arising out of the purchase of Accounts and all factoring facility services performed by Purchaser including, but not limited to any underwriting, bookkeeping or collection services that may be provided by Purchaser.

1.3 “**Chosen State** – North Carolina

1.4 “**Clearance Days**”- three (3) banking days for checks, ACHs or wires drawn on United States banks; otherwise, five (5) days.

1.5 “**Closed**” **-** a Purchased Account is closed upon the first to occur of: (i) receipt of full payment by Purchaser or (ii) the unpaid Face Amount has been charged by Purchaser to the Reserve Account pursuant to the terms hereof.

1.6 “**Collateral**”**-** all Seller’s now owned and hereafter acquired Accounts, Chattel Paper, Deposit Accounts, Inventory, Equipment, Instruments, Investment Property, Documents, Letter of Credit Rights, Commercial Tort Claims, General Intangibles, the proceeds of the foregoing, and any sums maintained by Purchaser that are identified as payable to Seller from the Reserve Account.

1.7 “**Complete Termination**” – Complete Termination occurs upon satisfaction of each of the following conditions: payment in full of all Obligations of Seller to Purchaser and Purchaser’s issuance of a UCC termination statement; if Purchaser has issued or caused to be issued any guaranty, promise, or letter of credit on behalf of Seller, acknowledgement from any beneficiaries thereof that Purchaser or any other issuer has no outstanding direct or contingent liability therein; and Seller has executed and delivered to Purchaser a general release in a form acceptable to Purchaser.

1.8 **“Eligible Account**” - an Account that is acceptable for purchase as determined by Purchaser in the exercise of its reasonable sole credit or business judgment.

1.9 “**Events of Default**” - see **Section 16.1**.

1.10 “**Expedited Payment Fee**” – In addition to the Factoring Fee, One percent (1%) of the Purchase Price.

1.11 “**Exposed Payments**” – any payments received by Purchaser from or for the account of a Payor that has become subject to a bankruptcy or other form of debtor relief proceeding, to the extent such payments cleared the Payor’s deposit account within ninety days of the commencement of said bankruptcy case or are otherwise subject to avoidance.

1.12 “**Face Amount**” - the total gross amount due on an Account at the time of purchase.

1.13 "**Factoring Fee" -** the Factoring Fee Percentage multiplied by the Face Amount of a Purchased Account, for each Factoring Fee Period or portion thereof, that any portion thereof remains unpaid.

1.14 "**Factoring Fee Period**" – the number of days from the date on which the Purchase Price is paid to Seller or credited by Purchaser to Seller's Reserve Account until the Face Amount of the Purchased Account is Closed, as more fully described on **Schedule 1.14** hereto.

1.15 "**Factoring Fee Percentage**" – the Factoring Fee applied to each Factoring Fee Period, as more fully described on **Schedule 1.14** hereto.

1.16 "**Invoice**" – any form of document that evidences or is intended to evidence an Account. Where the context so requires, reference to an Invoice shall be deemed to refer to the Account to which it relates.

1.17 "**Late Charge**" – The Late Charge assessed on the Late Payment Date as more fully described on **Schedule 1.14** hereto.

1.18 "**Late Payment Date**" - the date which is 60 days from the Purchased Date on a Purchased Account.

1.19 "**Maximum Amount**" - $30,000 per truck or driver per month, negotiable. May increase based on Seller's volume.

1.20 "**Misdirected Payment Fee**" - Fifteen percent (15%) of the amount of any payment relating to a Purchased Account which has been received by Seller and not delivered in kind to Purchaser on the second business day following the date of receipt by Seller, or thirty percent (30%) of the amount of any such payment which has been received by Seller as a result of any action taken by Seller to cause such payment to be made to Seller.

1.21 "**Obligations**" - all present and future obligations and liabilities owing by Seller to Purchaser, whether direct or indirect, absolute or contingent, including obligations and liabilities that are likely to become owing by Seller to Purchaser, whether arising hereunder or otherwise, and whether arising before, during or after the commencement of any case filed under title 11 of the United States Bankruptcy Code or any other debtor relief proceeding in which Seller is a Debtor.

1.22 **"Parties**" - Seller and Purchaser.

1.23 "**Payor**" - An Account Debtor or other obligor on an Account, including an entity making payment thereon for the account of such party.

1.24 "**Purchase Date**" - the date on which Purchaser purchases an Account or on which Purchaser has caused a credit to be made to Seller's Reserve Account with respect to such Account.

1.25 "**Purchase Price**" - the Face Amount of a Purchased Account less all Base Fees and costs allowed by this Agreement.

1.26 "**Purchased Accounts**" - Accounts purchased hereunder which have not been Closed.

1.27 "**Repurchased**" - an Account has been repurchased when Seller has paid to Purchaser the then unpaid Face Amount.

1.28 "**Required Reserve Amount**" - the Reserve Percentage multiplied by the unpaid balance of all Purchased Accounts.

1.29 "**Reserve Account**" - a bookkeeping account on the books of the Purchaser representing the portion of the Purchase Price which has not been paid by Purchaser to Seller, maintained by Purchaser to secure Seller's performance with the provisions hereof.

1.30 "**Reserve Percentage**" - indicated on Schedule 1.14.

1.31 "**Reserve Shortfall**" - the amount by which the Reserve Account is less than the Required Reserve Amount.

1.32 "**Schedule of Accounts**" - a list prepared by Seller of Accounts, and/or the Invoices evidencing an Account, as it requests that Purchaser purchase under the terms of this Agreement.

1.33 **"Schedule of Costs" –** the costs incurred in the relationship of Seller and Purchaser.

1.34 **"Special Accommodations" –** Additional advances for a fee made in the sole discretion of Purchaser as set forth on Schedule 1.14. A financial arrangement which includes, but is not limited to, payoff of a negative balance, payoff of termination fees, loan, financing arrangement, rate adjustments, etc. Special Accommodation includes sign-on bonuses.

1.35 "**Term**" – Renewed in successive one (1) year periods unless terminated, see section 18.

1.36 "**UCC**" – The Uniform Commercial Code as adopted in the Chosen State.

2. **<u>Sale; Purchase Price; Billing</u>**

2.1 **Assignment and Sale**.

2.1.1. Seller shall offer for sale to Purchaser, with full recourse, and as absolute owner, such of Seller's Accounts as are listed from time to time on Schedules of Accounts. Pursuant to an agreement between debtor and secured party, debtor has agreed not to grant a security interest in the collateral, described herein and in any future commercial tort claims to any other secured party. Accordingly, the acceptance of any such security interest by anyone other than the above secured party may constitute the tortuous interference with the secured party's rights. In the event that any entity is granted a security interest in debtor's accounts, chattel paper, or general intangibles contrary to the above, the secured party asserts a claim to any proceeds thereof received by such entity or related or co-owned companies. Seller agrees not to obtain a Merchant Cash Advance loan without notifying Purchaser. Failure to provide notice will be considered a violation of the Factoring Agreement and may incur penalties.

2.1.2. Each Schedule of Accounts shall be accompanied by such documentation supporting and evidencing each Account, as Purchaser shall from time to time request. Seller will mail original proofs of delivery to Purchaser on a weekly basis, or at Purchaser's discretion. All Seller's Invoices shall be marked indicating that the receivable evidenced by the Invoice is owned by and payable to Purchaser in a manner satisfactory to Purchaser.

2.1.3. Purchaser may, but need not, purchase from Seller such Accounts as Purchaser determines to be Eligible Accounts. This Agreement is an uncommitted credit facility and Purchaser shall be under no obligation to a) purchase any Account or b) in an Event of Default, forward, pay, advance or provide no monies or funds to Seller whatsoever until Obligations are indefeasibly paid in full. Purchaser may reserve out of the Purchase Price of all Receivables sold and assigned an amount which, in Purchaser's judgment, is sufficient to protect it against possible returns, claims, allowances, expenses, and recourse to Seller on Receivables sold and assigned to Purchaser and against other contingencies for which Seller may be chargeable hereunder. This includes, but is not limited to, rebates, which may be paid out monthly as long as account is in good standing. Payments received will be credited to specific invoices when credit is given by Purchaser's bank, not to exceed three banking days. Checks that are returned by the bank will incur a $50 return check fee and are the responsibility of the Seller. There will be a $25 fee on all Canadian checks.

2.1.4. Purchaser may elect not to purchase any Account which will cause the unpaid balance of Purchased Accounts to exceed the Maximum Amount. However, if Purchaser purchases Accounts in excess of the Maximum Amount, same shall have no adverse consequences to Purchaser.

2.1.5. Purchaser shall pay to Seller on the Purchase Date the Purchase Price of any Purchased Account, less any amounts due to Purchaser from Seller, including, without limitation, any amounts due under **Sections 3.1** and **6** hereof, whereupon the Accounts shall be deemed purchased hereunder. Any invoice open more than sixty days is subject to an additional Factoring Fee plus one percent, and an additional 0.79% each ten days thereafter until collected. Purchaser retains the right to waive their right to increase fees and/or charge back the invoice; see Schedule of Costs for additional fees and exclusionary charges not covered by Purchaser. All fuel advances must be provided by Purchaser. If Seller obtains a fuel advance from anywhere other than the Purchaser, Purchaser will be entitled to charge a Factoring Fee on the full invoice amount.

2.1.6. A half a percent fee will be charged for each invoice purchased in a buyout. In the event of a buyout, Purchaser reserves the right to enact an auto-renewing one-year contractual commitment from Seller. If a negative amount is purchased during a buyout, Seller agrees to abide by a repayment plan set by Purchaser. If any payments are missed, Seller may be liable for a 30% interest fee on the total purchased negative amount. Seller will repurchase from Purchaser any Receivable which is unpaid for sixty days or more after the invoice date. All rates may only quoted to one decimal point but may be carried out more depending on market conditions. In the event that Purchaser pays a termination fee on behalf of the Seller in the course of a buyout, Seller will be responsible to repay in full in the event that said fees have not been recouped in the normal course of business prior to either parties' request to terminate the agreement. As a Special Accomodation, Purchaser may elect to pay off a termination fee or negative balance on behalf of Seller in a buyout. Repayment or redress options will be arranged between Seller and Purchaser on a case by case basis and presented in writing. Seller agrees to a two-year agreement if Purchaser pays a termination fee in a buyout as part of a Special Accommodation. Seller agrees to repay all buyout costs if any agreement terms are violated during the full course of the factoring relationship.

2.1.7. Seller agrees to factor a minimum of $10,000 per truck or driver monthly. A $50 monthly fee per truck or driver will be assessed if minimum amount is not met. Seller agrees to a $15 minimum invoice fee. To qualify for a sign-on bonus, Seller must abide by all terms of the agreement and turn in all loads for the first 90 days of factoring relationship. The 90 day term will begin on the date of first invoice purchase. Should the Seller fail to abide by the required conditions, the 90 days may restart to allow Seller an opportunity to receive the offered bonus. Special Accommodations may include a two year commitment.

2.2 **Billing**. Purchaser may send a periodic statement to all Payors itemizing their account activity during the preceding billing period. All Payors will be instructed to make payments exclusively to Purchaser.

3. **Reserve Account**.

3.1 Seller shall pay to Purchaser on demand the amount of any Reserve Shortfall.

3.2 Purchaser shall pay to Seller, from time to time during the term of the Agreement, any amount by which the Reserve Account exceeds the Required Reserve Amount; provided that Seller shall be entitled to request payment prior to Purchaser's regularly scheduled distribution day in exchange for an Expedited Fee Payment to Purchaser. Purchaser may charge the Reserve Account with any Obligation. If Seller's Reserve is negative, 0.2% of the total amount will be charged daily.

3.3 Purchaser may pay any amounts due Seller hereunder by a credit to the Reserve Account.

3.4 Purchaser may retain the Reserve Account until Complete Termination.

4. **Exposed Payments.**

4.1 Upon termination of this Agreement, Seller shall pay to Purchaser (or Purchaser may retain or hold in a non-segregated account, with no interest accruing to the benefit of Seller) the amount of all Exposed Payments (the "Preference Reserve").

4.2 Purchaser may charge the Preference Reserve with the amount of any Exposed Payments that Purchaser pays or is reasonably likely to pay to the bankruptcy estate of a Payor that made the Exposed Payment, on account of a claim asserted under Section 547 of the Bankruptcy Code.

4.3 Purchaser shall refund to Seller from time to time that balance of the Preference Reserve for which a claim under Section 547 of the Bankruptcy Code can no longer be asserted due to the expiration of the statute of limitations, settlement with the bankruptcy estate of the Payor or otherwise.

5. **Authorization for Purchases**. Subject to the terms and conditions of this Agreement, Purchaser is authorized to purchase Accounts upon telephonic, email or other instructions received from anyone authorized by the Seller via a Signature Authorization Form.

6. **Fees and Expenses**. Seller shall pay to Purchaser all fees, costs, charges, expenses set forth in the Agreement including but not limited to:

6.1 **Factoring Fee**. The Factoring Fee, for each Factoring Fee Period, computed from the Purchase Date and (i) until the Late Payment Date or (ii) the date on which a Purchased Account is Closed, whichever is earliest. Factoring Fee may be renegotiated only after Seller has been a client with Purchaser for a minimum of 1 (one) year and may not be renegotiated more than once per year. Rate may fluctuate based on extreme market conditions.

6.2 **Expedited Payment Fee**. The Expedited Payment Fee on the payment of the Purchase Price by Purchaser to Seller earlier than as set forth in **Section 3.2**.

6.3 **Misdirected Payment Fee**. Any Misdirected Payment Fee immediately upon its accrual.

6.4 **Late Charge**. The Late Charge, on demand, on all past due amounts due from Seller to Purchaser hereunder.

6.5 **Out-of-pocket Expenses and Costs**. Seller shall pay all out-of-pocket expenses and costs incurred by Purchaser in the administration of this Agreement and those costs set forth on **Schedule 1.14**

6.6 .

7. **Repurchase of Accounts**. Receivables are subject to charge back at any time upon Purchaser's discovery of any potential payment issues, or as defined herein. In the event of Seller's breach of any of the forgoing representations and/or warranties, or if Seller's customer asserts a Dispute (regardless of merit) as a ground for non-payment of a Receivable, Purchaser shall have, in addition to all other rights under this Agreement, the right to chargeback to Seller immediately the full amount of the Receivables affected thereby together with interest thereon from the due date of such Receivable to the date of chargeback; such action on Purchaser's part shall not be deemed a reassignment of such Receivable and will not impair Puchaser's rights thereto or security interest therein, which will continue to be effective until all Obligations are fully satisfied. Purchaser may require that Seller repurchase, on demand, by payment of the then unpaid Face Amount thereof, together with any unpaid Base Fees and costs relating to the Purchased Account, or, at Purchaser's option, by Purchaser's charge to the Reserve Account:

7.1 Any Purchased Account:

7.1.1 The payment of which has been disputed by the Account Debtor obligated thereon, Purchaser being under no obligation to determine the bona fides of such dispute;

7.1.2 For which Seller has breached any covenant or representation and warranty as set forth in this Agreement, including but not limited to **Sections 12 and 14** hereof.

7.1.3 All Purchased Accounts upon the occurrence of an Event of Default, or upon the termination date of this Agreement; and

7.1.4 Any Purchased Account that remains unpaid beyond the Late Payment Date.

7.1.5 Any advance that is not reported by Seller will be charged a 15% fee on the total invoice and will be charged back to Seller immediately.

8. **Ownership and Security Interest**.

8.1 To enable Purchaser to perfect its ownership interest in the Purchased Accounts and to secure the Obligations, Seller grants to Purchaser a continuing first priority lien ownership interest in the Collateral.

8.2 Notwithstanding the creation of the Security Interest in **Section 8.1** above, the relationship of the Parties is at all times is that of purchaser and seller, and not that of lender and borrower.

9. **Clearance Days**. For all purposes under this Agreement, Clearance Days will be added to the date on which Purchaser receives any payment on an Account.

10. **Authorization to Purchaser**.

10.1 Seller irrevocably authorizes Purchaser, at Seller's expense, to exercise at any time any of the following powers until all of the Obligations have been paid in full:

10.1.1. Receive, take, endorse, assign, deliver, accept and deposit, in the name of Purchaser or Seller, any and all proceeds of any Collateral securing the Obligations or the proceeds thereof;

10.1.2. Take or bring, in the name of Purchaser or Seller, all steps, actions, suits or proceedings deemed by Purchaser necessary or desirable to effect collection of or other realization upon the Purchased Accounts;

10.1.3. Notify any Payor obligated with respect to any Account, that the underlying Account has been sold or assigned to Purchaser by Seller and that payment thereof is to be made to the order of and directly and solely to Purchaser;

10.1.4. Communicate directly with Seller's Payors to, among other things, verify the amount and validity of any Account created by Seller.

10.1.5. Pay any sums Purchaser, in its sole and exclusive discretion, deems necessary to protect its interests under this Agreement, including the discharge of any lien or encumbrance which may be senior to Purchaser's ownership rights or security interest in any assets of Seller, which sums shall thereafter be included as Obligations hereunder.

10.1.6. After an Event of Default:

(a) Extend the time of payment of, compromise or settle for cash, credit, return of merchandise, and upon any terms or conditions, any and all Accounts and discharge or release any Payor without affecting any of the Obligations;

10.1.7. File any initial financing statements and amendments thereto that:

(a) Indicate the collateral as all assets of the Seller or words of similar effect, regardless of whether any particular asset comprising the collateral falls within the scope of Article 9 of the UCC, or as being of an equal or lesser scope or with greater detail;

(b) Contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Seller is a registered organization, the type of organization, and any organization identification number issued to the Seller and, (ii) in the case of a financing statement filed as a fixture filing or indicating collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the collateral relates; and

(c) Contain a notification that the Seller has granted a negative pledge to the Purchaser, and that any subsequent holder of a Security Interest or lien may be tortiously interfering with Purchaser's rights;

10.1.8. Advise third parties that any notification of Seller's Account Debtors will interfere with Purchaser's collection rights.

10.1.9. File any Correction Statement in the name of Seller under Section 9-518 of the Uniform Commercial Code that Purchaser reasonably deems necessary to preserve its rights hereunder.

10.2 Seller authorizes Purchaser to accept, endorse and deposit on behalf of Seller any checks tendered by a Payor "in full payment" of its obligation to Seller. Seller shall not assert against Purchaser any claim arising therefrom, irrespective of whether such action by Purchaser effects an accord and satisfaction of Seller's claims, under §3-311 of the Uniform Commercial Code, or otherwise.

10.3 Affix an electronic version of the signature of Seller to any notification of assignment or other communication sent by Purchaser to an Account Debtor, the Internal Revenue Service or other governmental or regulatory agency.

10.4 Act as the sole claims representative and administrator for filing, administering and settling all cargo claims.

1. 10.5 Seller's business must maintain a good standing with the Secretary of State in which the business filing has been established. In the event that Seller's company is administratively dissolved due to failure to comply with statutory obligations, Purchaser will take the necessary steps to reinstate Seller's business as a Special Accommodation and at a $25 fee. If Seller fails to comply with the reinstatement procedure within 30 days of notification, Purchaser may opt to hold a 20% reserve, and Seller will be in violation of the terms of the Factoring Agreement.

11. **ACH Authorization**. In order to satisfy any of the Obligations, Seller authorizes Purchaser to initiate electronic debit or credit entries through the ACH system to any deposit account maintained by Seller. Seller agrees to ensure that Purchaser has the ability to execute these entries.

11.1 NSF ACH fee: $50.00 per occurrence if an ACH withdrawal is rejected in whole or in part due to insufficient funds in the Bank account.

11.2 Blocked ACH fee: $400.00 per occurrence if an ACH withdrawal is rejected due to actions of the Seller to block, reject or otherwise impede a withdrawal from the Bank account.

12. **Covenants By Seller**.

12.1 Seller shall not, without the prior written consent of Purchaser in each instance: (a) grant any extension of time for payment of any of the Purchased Accounts, (b) compromise or settle any of the Purchased Accounts for less than the full amount thereof, (c) release in whole or in part any Payor, or (d) grant any credits, discounts, allowances, deductions, return authorizations or the like with respect to any of the Purchased Accounts.

12.2. Seller shall maintain insurance at all times covering such risks and in such amounts as required by the Federal Motor Carrier Safety Administration, and all such insurance shall be in such form and written by such companies acceptable to Purchaser. Seller agrees to always maintain an open balance of at least 75% of their Maximum Amount. The permitted Maximum Amount may be increased based on Seller need, and at the discretion of Purchaser.

12.3. Seller will not knowingly accept to haul any load that has been double brokered, nor will it attempt to or actually double broker any load.

12.4 Seller shall not send any Invoices to an Account Debtor without a notice of assignment and instruction to pay Purchaser in the form and manner as may be required by Purchaser, and without prior written permission from Purchaser.

12.5 Seller shall pay, collect and remit when due all applicable payroll, sale, use and other taxes, and shall provide proof thereof to Purchaser in such form as Purchaser shall reasonably require.

12.6 Seller shall not create, incur, assume or permit to exist any ownership interests, Security Interest, including any other form of lien, upon or with respect to any assets in which Purchaser now or hereafter holds an ownership interest or Security Interest.

12.7 Notwithstanding Seller's obligation to pay the Misdirected Payment Fee, Seller shall deliver to Purchaser by no later than the second banking day following the date of receipt by Seller, any payment received with respect to a Purchased Account and until such time that the payment is delivered to Purchaser, Seller shall be deemed to have received and to hold such payment as an agent for and express trustee on behalf of Purchaser.

12.8 Seller shall furnish Purchaser with full financial statements and other documents and information, including, but not limited to, proof of payment and compliance with all federal, state and local tax requirements, within thirty (30) days from the end of each quarter. Seller agrees to permit Purchaser and any of its employees, officers or agents access to and examination of Seller's records and books.

12.9 Avoidance Claims.

12.9.1. Seller shall indemnify Purchaser from any loss arising out of the assertion of any Avoidance Claim and shall pay to Purchaser on demand the amount thereof.

12.9.2. Seller shall notify Purchaser within two business days of it becoming aware of the assertion of an Avoidance Claim.

12.9.3. This **Section 12.9** shall survive termination of this Agreement.

13. **Account Disputes**. Seller shall notify Purchaser promptly of and, if and only if requested by Purchaser, settle all disputes concerning any Purchased Account, at Seller's sole cost and expense. Purchaser may, but is not required to, attempt to settle, compromise, or litigate the dispute upon such terms, as Purchaser in its sole discretion may deem advisable, for Seller's account and risk and at Seller's sole expense.

14. **Representation and Warranties**. Seller and each of its principals represents and warrants that:

14.1 Seller is fully authorized to enter into this Agreement and to perform hereunder.

14.2 This Agreement constitutes its legal, valid and binding obligation.

14.3 Seller is solvent.

14.4 The Purchased Accounts are and will remain:

14.4.1. Bona fide existing obligations created by the complete and unconditional sale and delivery of goods or the rendition of services in the ordinary course of Seller's business;

14.4.2. Unconditionally owed and will be paid to Purchaser without defenses, disputes, offsets, counterclaims, or rights of return or cancellation; and,

14.4.3. Sales to a customer that is not, directly or indirectly, affiliated with Seller or in any way not an "arms length" transaction.

14.5 Seller has not received notice or otherwise learned of actual or imminent bankruptcy, insolvency, or material impairment of the financial condition of any applicable Payor.

14.6 Seller is: either a corporation, limited liability company, limited partnership or other form of registered organization, duly organized, validly existing and in good standing under the laws of the state of its incorporation or organization and is qualified and authorized to do business and duly licensed, if necessary, and in good standing in every state in which such qualification and good standing are necessary or desirable.

14.7 Immediately prior to the execution and at the time of delivery of each Schedule of Account, Seller is the sole owner and holder of each of the Accounts described thereon and that upon Purchaser's acceptance of each Purchased Account; Purchaser shall become the sole owner of such Purchased Account(s).

14.8 No Purchased Account shall have been previously sold or transferred or be subject to any lien, encumbrance, security interest or other claim of any kind or nature.

14.9 Seller will not factor, sell, assign, transfer, pledge or give a Security Interest in any of its Accounts to anyone other than Purchaser during the Term of this Agreement and there are and shall at no time be any financing statements now or hereafter on file in any public office covering any of Seller's Collateral except the financing statement or statements filed or to be filed in respect of this Agreement or those statements now on file that have been disclosed in writing by Seller to Purchaser.

14.10 Seller shall maintain its books and records in accordance with U.S. generally accepted accounting principles and shall reflect on its books the absolute sale of the Purchased Accounts to Purchaser.

14.11 Seller shall furnish Purchaser, upon request, such information and statements, as Purchaser shall request from time to time regarding Seller's business affairs, financial condition and results of its operations. Seller will furnish to Purchaser upon request a current listing of all open and unpaid accounts payable and Accounts, and such other items of information that Purchaser may deem necessary or appropriate from time to time.

14.12 Seller will promptly notify Purchaser of (i) the filing of any lawsuit against Seller involving amounts greater than $10,000 or (ii) any attachment or any other legal process is served or levied against Seller or a Payor.

14.13 The factoring application made or delivered by or on behalf of Seller in connection with this Agreement, and all statements made therein, were at the time that this Agreement is executed and shall at all times remain true and correct and there is no fact which Seller has failed to disclose to Purchaser, in writing, which could adversely affect the properties, business, financial condition or prospects of Seller, any of the Purchased Accounts or Collateral, or which is necessary to disclose in order to keep the foregoing representations and warranties from being misleading.

14.14 In no event shall the funds paid to Seller hereunder be used directly or indirectly for personal, family, household or agricultural purposes.

14.15 Seller does business under no trade or assumed names not disclosed in writing to Purchaser.

14.16 Each written or electronic communication issued by Seller to Purchaser will be authentic and genuine.

15. **Indemnification**. Seller agrees to indemnify Purchaser against and save Purchaser harmless from any and all manner of suits, claims, liabilities, demands and expenses (including reasonable attorneys' fees and collection costs) resulting from or arising out of this Agreement, whether directly or indirectly, including the transactions or relationships contemplated hereby (including the enforcement of this Agreement), and any failure by Seller to perform or observe its obligations under this Agreement. Seller agrees not to make any verbal or written statements that disparage Purchaser or its affiliates or its respective employees, officers, directors, products or services to any third party by the execution of this Agreement. Notwithstanding the foregoing, statements made in the course of sworn testimony in administrative, judicial, or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) shall not be subject to this subsection.

16. **Default**.

16.1 **Events of Default**. The following events will constitute an Event of Default hereunder: (a) Seller defaults in the payment of any Obligations, in the performance of any provision hereof, under any other agreement now or hereafter entered into with Purchaser, or any warranty or representation contained herein proves to be false in any way, howsoever minor, (b) Seller, or any guarantor of the Obligations, becomes subject to any debtor-relief proceedings, (c) any guarantor fails to perform or observe any of guarantor's obligations to Purchaser or shall notify Purchaser of its intention to rescind, modify, terminate or revoke any guaranty of the Obligations, or any such guaranty shall cease to be in full force and effect for any reason whatever, (d) any voluntary or involuntary lien, garnishment, attachment or the like shall be issued against or shall attach to the Purchased Accounts, the Collateral or any portion thereof and the same is not released within five (5) days; (e) Seller suffers the entry against it of a final judgment for the payment of money in excess of $10,000, unless the same is discharged within thirty (30)days after the date of entry thereof; (f) a federal, state or other form of tax lien is recoded and such lien attaches against any of Seller's properties, or Seller shall fail to pay any federal, state or other form of tax when due, or shall fail to timely file any federal or state tax form as and when due; (g) a material adverse change shall have occurred in Seller's financial condition, business or operations; or (h) Purchaser, in good faith, deems itself insecure with respect to the prospect of repayment or performance of the Obligations.

16.2 Effect of Default. Upon the occurrence of any Event of Default:

16.2.1. In addition to any rights Purchaser has under this Agreement or applicable law, Purchaser may, whether or not Purchaser elects to terminate this Agreement, declare all Obligations immediately due and payable without notice.

16.2.2. The Late Charge shall accrue and is payable on demand on any Obligation not paid when due.

16.2.3. Purchaser shall be entitled to any form of equitable relief that may be appropriate without having to establish any inadequate remedy at law or other grounds other than to establish that its Collateral is subject to being improperly used, moved, dissipated or withheld from Purchaser. Purchaser may seek equitable relief, including, but not limited to, injunctive or receivership remedies and Seller waives any requirement that Purchaser post or otherwise obtain or procure any bond, whether otherwise required under state or federal law or rules of court. Alternatively, in the event Purchaser, in its sole and exclusive discretion, desires to procure and post a bond, Purchaser may procure and file with the court a bond in an amount up to and not greater than $10,000.00 notwithstanding any common or statutory law requirement to the contrary and upon Purchaser's posting of such bond it shall be entitled to all benefits as if such bond was posted in compliance with law. Seller waives any right it may be entitled to, including an award of attorney's fees or costs, in the event any equitable relief sought by and awarded to Purchaser is thereafter, for whatever reason, vacated, dissolved or reversed.

16.2.4. Purchaser shall be entitled to freeze, debit and/or effect a set-off against any fund or account Seller may maintain with any Bank and so notify such Bank without regard to any checks or drafts that may have been issued and not cleared.

16.2.5. All of Seller's rights of access that may be made available to Seller through any online internet services portal that Purchaser may make available to Seller shall be provisional pending Seller's curing of any Events of Default. During such period of time, Purchaser may limit or terminate Seller's access to Purchaser's online services. Notwithstanding, Seller acknowledges that the information Purchaser makes available to Seller constitutes and satisfies any duty to respond to a Request for an Accounting or Request regarding a Statement of Account that is referenced in § 9-210 of the UCC.

16.2.7. The Parties acknowledge that Purchaser shall have no duty to undertake to collect any Account, including a Purchased Account that is not Repurchased and those in which Purchaser receives information from any Payor that a dispute exists. In the event Purchaser undertakes to collect from or enforce an obligation of any Payor and ascertains that the possibility of collection is outweighed by the likely costs and expenses that will be incurred, Purchaser may at any such time cease any further collection efforts and such action shall be considered commercially reasonable. Before Seller may, under any circumstances, seek to hold Purchaser responsible for taking any action perceived to be commercially unreasonable, Seller shall be required to first notify Purchaser, in writing, of all reasons why Seller believes Purchaser has acted in any commercially unreasonable manner and advise Purchaser of the action that Seller believes Purchaser should take.

16.3. Seller's sole remedy for any breach alleged to have been committed by Purchaser of any obligation or duty owed under the Agreement, any other agreement between Seller and Purchaser or any duty or obligation arising out of or related to this Agreement shall be limited to any amount in the Reserve Account at the time notice of such breach is first given to Purchaser, in writing. Under no circumstances shall Purchaser be liable for any incidental, special or consequential damages, including, but not limited to, loss of goodwill or any other losses associated therewith, whether Purchaser did or did not have any reason to know of a loss that may result from any general or particular requirement of Seller.

17. **Amendment and Waiver**. Only a writing signed by all Parties hereto may serve to amend this Agreement. No failure or delay in exercising any right hereunder shall impair any such right that Purchaser may have, nor shall any waiver by Purchaser hereunder be deemed a waiver of any default or breach subsequently occurring. Purchaser's rights and remedies herein are cumulative and not exclusive of each other or of any rights or remedies that Purchaser would otherwise have.

18. **Termination; Effective Date**.

18.1 The term of this Agreement shall begin as of the effective date hereof and thereafter shall be annually automatically renewed from year to year unless terminated by Seller giving Purchaser at least sixty (60) days prior written notice by registered or certified mail, return receipt requested, during which, Seller must continue to abide by all terms herein of this Agreement. Seller is responsible for reaching out to Purchaser on the date of termination to initiate the cancellation process. All outstanding debt to Purchaser must be paid at termination, otherwise notice becomes null and void. Upon cancellation of Agreement, and Seller's failure to continue to abide by all terms herein of this Agreement, a non-compliance fee of 5% of Seller's issued Maximum Amount will be incurred. Purchaser shall have the right to terminate this Agreement at any time by giving Seller sixty (60) days prior written notice. If Seller's relationship with Purchaser came about as a result of a buyout, Seller agrees not to return to their previous factoring company. In the event that Purchaser does not purchase any Invoices from Seller under this Agreement for any reason out of the control of Purchaser (including, but not limited to, the inability of Seller to completely terminate its relationship with another financing company), Seller hereby agrees to pay Purchaser a fee equal to $500 to cover Purchaser's due diligence expenses. Seller is not eligible to terminate their agreement with Purchaser for the duration of one year after the final payment date corresponding to a Special Accomodation.

18.2 Notwithstanding the foregoing, Purchaser may terminate this Agreement without notice and all Obligations shall, unless and to the extent that Purchaser otherwise elects, become immediately due and payable without notice or demand upon the occurrence and during the continuance of any one or more of the following events (each an "Event of Default"): (i) Seller fails to pay any Obligation when due; (ii) Seller commits any breach of or default in the performance of its representations, warranties or covenants whether contained herein or in any instrument or document delivered pursuant hereto or in any other Agreement, instrument, or document under which it is obligated to Purchaser; (iii) Seller or any Guarantor, surety or other party liable upon any Obligation (A) makes any false or untrue representation to Purchaser in connection with this Agreement or any transaction relating thereto; (B) become(s) unable to pay its debts as they mature; (C) make(s) a general assignment for the benefit of creditors, suspend(s) the transaction of Seller's or any Guarantor's usual business, convene(s) or cause(s) to be convened a meeting of Seller or any Guarantor's creditors or principal creditors or take(s) advantage of the insolvency of any State; (iv) a case is commenced or a petition in bankruptcy of for an arrangement or reorganization under the Federal Bankruptcy Code is filed by or against Seller, or any such other party; (A) a custodian or receiver is appointed for or takes possession of Seller's or, any such other, party's assets or affairs or; (B) an order for relief in a case commenced under the Federal Bankruptcy Code is entered; (v) any Guarantor, surety or other party liable upon any Obligations shall die.

18.3 Seller will give Purchaser prior written notice if Seller will be filing under the Federal Bankruptcy Code. Upon failure to notify Purchaser prior to filing, Purchaser has the right to withhold fundings to Seller. Failure to maintain prescribed volume will result in termination fees being applied to Seller's account, which may be waived at Purchaser's discretion.

19. **No Lien Termination without Release**. Notwithstanding payment in full of all Obligations by Seller, Purchaser shall not be required to file any UCC termination statements or satisfactions of any Security Interest in the Collateral unless and until Complete Termination has occurred. Seller understands that this provision constitutes a waiver of its rights under §9-513 of the UCC.

20. **Conflict**. Unless otherwise expressly stated in any other agreement between Purchaser and Seller, if a conflict exists between the provisions of this Agreement and the provisions of such other agreement, the provisions of this Agreement shall control.

21. **Severability**. In the event any one or more of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable in any respect, then such provision shall be ineffective only to the extent of such prohibition or invalidity,

and the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

22. **Construction**. This Agreement and all agreements relating to the subject matter hereof shall be deemed the product of joint negotiation by and among each party and shall be construed accordingly.

23. **Relationship of Parties**. It is the express intention of the Parties that pursuant to § 9-318(a) of the UCC as to all Purchased Accounts their relationship shall be that of seller and purchaser of Accounts, that Seller shall, once acquired by Purchaser, no longer have any right, title or interest in and to any Purchased Account and Purchaser shall at no time be deemed to be or become a fiduciary of the Seller, although Seller may be a fiduciary of the Purchaser. Seller agrees, confirms and acknowledges that it is a commercial enterprise and all funds are used in such enterprise and not for consumer, household or family purposes. All transactions under this Agreement are Account purchase transactions.

24. **Entire Agreement**. No promises of any kind have been made by Purchaser or any third party to induce Seller to execute this Agreement. No course of dealing, course of performance or trade usage, and no parole evidence of any nature, shall be used to supplement or modify any terms of this Agreement.

25. **Choice of Law**. This Agreement and all transactions contemplated hereunder or evidenced hereby shall be governed by, construed under, and enforced in accordance with the internal laws of the Chosen State, except that if Seller is located in a state different than the Chosen State, Purchaser shall be entitled to apply the internal laws of the State in which Seller is located if such laws are more favorable with respect to any of Purchaser's rights or responsibilities under this Agreement.

26. **Jury Trial Waiver.** The parties hereto waive any right to trial by jury of any claim, demand, action or cause of action arising hereunder, or in any way connected with or related or incidental to the dealings of the parties hereto whether now existing or hereafter arising, and whether sounding in contract or tort or otherwise; and each party further waives any right to consolidate any such action in which a jury trial has been waived with any other action in which a jury trial cannot be or has not been waived; and each party hereby agrees and consents that any such claim, demand, action or cause of action shall be decided without a jury.

27. **Venue; Jurisdiction**. Any suit, action or proceeding arising hereunder shall, at Purchaser's sole and exclusive discretion, be instituted or maintained only in any court sitting in the Chosen State and in the county in which Purchaser's chief executive office is located (the "Acceptable Forum"). Seller agrees that the Acceptable Forum is convenient to it, and submits to the jurisdiction of the Acceptable Forum and waives any and all objections to jurisdiction or venue. Should such proceeding be initiated in any other forum, Seller waives any right to oppose any motion or application made by Purchaser to transfer such proceeding to the Acceptable Forum.

28. **Assignment**. Purchaser, but not Seller, may assign its rights and delegate its duties hereunder. Upon such assignment or delegation, Seller shall be deemed to have attorned to such assignee and shall owe the same obligations to such assignee and shall accept performance hereunder by such assignee as if such assignee were Purchaser.

29. **Miscellaneous Provisions.**

29.1 This Agreement shall be deemed to be one of financial accommodation and not assumable by any debtor, trustee or debtor-in-possession in any bankruptcy proceeding without Purchaser's express written consent and may be immediately suspended in the event a petition in bankruptcy is filed by or against Seller.

29.2 In the event Seller's principal(s) including, but not limited to its officer(s) or director(s), during the term of this Agreement or while Seller remains liable to Purchaser for any Obligations under this Agreement, directly or indirectly, including acting by, through or in conjunction with any other person, causes to be formed a new entity or otherwise become associated with any new or existing entity, whether a registered organization or otherwise, which entity is in a business similar to or competitive with that of Seller, such entity shall be deemed to have expressly assumed the Obligations due Purchaser under this Agreement. With respect to any such entity, Purchaser shall be deemed to have been granted an irrevocable power of attorney with authority to file, naming such newly formed or existing entity as Debtor, an initial UCC financing statement and to have it filed with any and all appropriate secretaries of state or other UCC filing offices. Purchaser shall be held harmless by Seller and its principals and be relieved of any liability as a result of Purchaser's authentication and filing of any such financing statement or the resulting perfection of its ownership or Security Interests in such entity's assets. Purchaser shall have the right to notify such entity's Payors of Purchaser's rights, including without limitation, Purchaser's right to collect all Accounts, and to notify any creditor of such entity that Purchaser has such rights in such entity's assets.

29.3 Seller expressly authorizes Purchaser to access the internet website systems and/or communicate with any company in order to obtain or verify tracking, shipment or delivery status of any goods or services regarding a Purchased Account.

29.4 Seller's principal(s) acknowledge that the duty to accurately complete each Schedule of Accounts is fundamental to this Agreement and as such the duty to accurately complete each Schedule of Account shall at all times remain non-delegable. Each of Seller's principal(s) acknowledge that he/she shall remain fully responsible for the accuracy of each Schedule of Accounts delivered to Purchaser regardless of who may otherwise be delegated the responsibility to prepare and/or complete each such Schedule of Accounts.

29.5 Seller shall fully complete and execute, as taxpayer, prior to or immediately upon the execution of this Agreement, a Form 8821 or form 4506-T issued by the Department of the Treasury, Internal Revenue Service or such other forms as may be requested by Purchaser, irrevocably authorizing Purchaser to, among other things, inspect or receive tax information relating to any type of tax, tax form, years or periods or otherwise desired by Purchaser on an ongoing basis.

29.6. Proceeds that do not represent Purchased Accounts that are received by Purchaser shall be processed at the agreed upon Purchase Price. Purchaser maintains the right to keep unclaimed funds as income after a period of ninety (90) days. Any checks or electronic deposits received from an unknown origin will be held for a period of 90 days to determine validity, then pending no notice will be handled as Purchaser sees fit and Seller may be liable.

30. **Counterparts**. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were upon the same instrument. Delivery of an executed counterpart of the signature page to this Agreement by facsimile, scan, or e-signature shall be effective as delivery of a manually executed counterpart of this Agreement, and any party delivering such an executed counterpart of the signature page to this Agreement.