

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

RE: Conditional Commitment for Factoring Facility

Dear [Contact Name],

We are pleased to inform you that [Lender Name] ("Factor") has approved a conditional commitment to provide a Factoring Facility (the "Facility") to [Client Name] ("Client") under the following preliminary terms and conditions:

- **Facility Type:** Purchase and Sale of Accounts Receivable (Factoring).
- **Maximum Facility Limit:** \$[Amount].
- **Advance Rate:** [Percentage]% of eligible accounts receivable.
- **Factoring Fee:** [Percentage]% for the first [Number] days, and [Percentage]% per [Number]-day period thereafter.
- **Reserve Account:** The remaining [Percentage]% of the invoice value, less fees, held until payment is received.
- **Collateral:** First priority security interest in all Accounts Receivable and related assets.

Conditions Precedent to Closing:

This commitment is subject to the satisfactory completion of the following items by the Factor:

1. Completion of a final due diligence review and field audit.
2. Verification of accounts receivable aging and customer creditworthiness.
3. Proof of clear title to assets and UCC-1 filing searches.
4. Execution of a definitive Factoring Agreement and related legal documentation.
5. Payment of an application/commitment fee of \$[Amount].

This letter is a statement of intent and does not constitute a final binding agreement. The Facility may be amended or withdrawn if there is a material adverse change in the financial condition of the Client or if the conditions listed above are not met by [Expiry Date].

To indicate your acceptance of these terms, please sign and return a copy of this letter by [Deadline Date].

Sincerely,

[Name of Authorized Representative]

[Title]

[Lender Name]

Accepted and Agreed:

[Client Name]

Date: _____