Merchant Capital Advance Agreement

Last updated August 14, 2024

This Merchant Capital Advance Agreement (“**Agreement**”), dated as of the signature below (“**Effective Date**”), is between {{business_name}} (the “**Merchant**”, “**You**”, or “**Your**”) and **Parafin, Inc., a Delaware Corporation** (“**Parafin**”, “**We**”, “**Us**”, “**Our**” or “**Buyer**”). Please read this Agreement carefully as it contains the terms and conditions for Our purchase of a portion of Your future revenue and constitutes a binding contract with You for the purchase of this revenue.

Capital Advance Details

Percentage of Sales	{{repayment_rate}} of Sales
Capital Amount	{{accepted_amount}}
Capital Fee	{{capital_fee}}
Net Financing Amount	{{net_amount}}
Amount Paid on Your Existing Advance	{{prior_balance}}
Total	**{{total_amount}}**

1. Purchase of Receivables and Payment

As set forth in this Agreement, You agree to sell and Parafin agrees to buy a portion (**"Specified Amount"**) of Your future receivables ("**Future Receivables**"), the amount of which shall be communicated to You prior to completion of the sale. In consideration for the sale of Your Future Receivables, We will Pay to You an amount equal to the “**Capital Amount**” set forth above. Your Future Receivables are defined as all payments made to You by cash, check, electronic transfer, or other form of monetary payment that You receive from selling Your goods or services. You agree to sell to Parafin all rights and title to Your Future Receivables in an amount equal to the Specified Amount. You also agree to pay the "**Capital Fee**" set forth above and any other fees ("**Assessed Fees**") charged by Parafin in consideration of the sale of Your Future Receivables, the amount of which shall be communicated to You prior to the completion of the sale of Your Future Receivables to Us.

Upon completion of the sale of Your Future Receivables to Us, Our right and title to the Specified Amount of Future Receivables shall continue until such time that the Specified

Amount and any Assessed Fees have been paid to Parafin. There are no costs or discounts associated if you pay off the financing faster than required or estimated. You are still responsible for paying the Capital Fee in full.

You agree to collect the Future Receivables on our behalf and pay to Us a percentage of Your sales (“**Percentage of Sales**”), as shown above in the Capital Advance Details, on a periodic basis (e.g., daily, weekly, bi-weekly) on such Future Receivables. The Percentage of Sales shall be communicated to You at the time of the completion of the sale of Your Future Receivables to Us. As further defined by this Agreement, the Percentage of Sales shall be a fixed percentage, however the dollar amount, may fluctuate daily based on the total amount of Your sales. **Your sales may include taxes, tips, and fees, if applicable, to the extent that the internet marketplace(s) on which you conduct business report such items as part of the sales data shared with Parafin under Section 5 of this Agreement.**

Merchant, as a Merchant, and Parafin, as a buyer, intend that the purchase and sale of Future Receivables under this Agreement is and shall be at all times a true sale, transfer, assignment, and conveyance of such Future Receivables without recourse on all relevant books, records, financial statements, and other applicable documents and shall be given effect as such for all purposes, rather than a pledge or assignment of only a security interest.

THE PURCHASE OF FUTURE RECEIVABLES DOES NOT AND SHALL NOT CONSTITUTE A LOAN AND MERCHANT AGREES AND ACKNOWLEDGES THAT YOU ARE NOT ENTERING INTO A LOAN ARRANGEMENT WITH PARAFIN.

The sale of Future Receivables shall be, subject to the terms of this Agreement, absolute and irrevocable, providing Parafin with the full risks and benefits of ownership of such Future Receivables such that the amounts payable under such Future Receivables would not be property of Merchant’s estate in the event of Merchant's bankruptcy.

2. **Acceptance of Agreement**

If You do not agree to these terms, You may not accept all or any portion of the Capital Amount from Parafin.

You may not access or use the Capital Amount or accept this Agreement if You are not of legal age to form a binding contract with Parafin, Your business is not located in the United States, or You are prohibited by law from using the Capital Amount or the services offered, operated or made available to you by Parafin (collectively, the “**Services**”) through websites or mobile applications owned and operated by Parafin.

Notwithstanding the foregoing and notwithstanding any other provision of this Agreement, based on the nature of Your sales and the fact that Parafin may not have direct knowledge as to all of Your sales activity You may conduct across multiple internet marketplaces (“**Platforms**”), Parafin reserves the right to rescind, reject, and void any and all offers We may have made for any capital advance amount for which You may be pre-approved based on Parafin's eligibility criteria and/or in its sole discretion.

3. Bank Accounts

a. To accept the Capital Amount, You agree:

i. to provide Your deposit account information, including Your depository institution's name, Your account number(s) and the depository institution's routing number, to Parafin (each such deposit account, a "**Linked Bank Account**");

ii. that upon Your acceptance of the cash advance, You will not change Your Linked Bank Account without prior written permission from Parafin; and

iii. that Parafin is authorized, subject to Section 3(f), to electronically debit from any such Linked Bank Account via the national automated clearing house network ("**ACH**") an amount equal to the estimated Percentage of Sales (the "**Debit Amount**"), any other amounts due from You from time to time, including Assessed Fees, and further authorize Parafin to verify Your bank account by crediting and debiting an amount of no more than $1.00 to Your Linked Bank Account.

b. Should You have multiple Linked Bank Accounts, Parafin reserves the right to choose which account is Your primary Linked Bank Account that Parafin shall debit for the periodic Debit Amount.

c. Parafin requires that You link Your Linked Bank Account(s) via Plaid, or another third party service of Our choosing for purposes of effecting electronic debits for the periodic Debit Amounts.

d. Based on the nature of Your sales, Parafin may not be automatically and directly integrated with the payment processors for the Platforms on which You sell Your goods or services and as such, Parafin will not have direct knowledge as to the sales activity You might conduct on multiple sales platforms. In cases where Parafin does not have direct knowledge of Your sales activity on different sales platforms, You agree that Parafin may estimate Your sales activity to determine the Debit Amount.

e. Parafin may periodically adjust, or Merchant may periodically request adjustments to the Debit Amount to more closely reflect the Percentage of Sales calculated as the amount equal to Merchant's actual Future Receivables multiplied by the Percentage of Sales. Merchant agrees to provide Parafin any information reasonably requested by Parafin to assist in this reconciliation. Upon Parafin's reasonable verification of such information, Parafin shall adjust the Debit Amount on a going-forward basis to more closely reflect Merchant's actual Future Receivables and Percentage of Sales. Parafin will notify Merchant prior to any such adjustment. After each adjustment made pursuant to this paragraph, the new dollar amount shall be deemed the Debit Amount until any subsequent adjustment. Merchant may request an adjustment to the Debit Amount by e-mail to support@parafin.com.

f. Merchant hereby authorizes Parafin to initiate electronic debit entries to Merchant’s Linked Bank Account(s) and to collect any amounts due from Merchant arising under this Agreement on or before the end of each business day, or on or before the last business day of each week, or on or before the last business day bi-weekly, depending on Merchant’s disbursement schedule and, if necessary, electronically debit or credit any such Linked Bank Account to correct any electronic credits or debits made in error or resulting from fraud.

g. Merchant agrees to deposit the proceeds collected from the Future Receivables into Merchant’s Linked Bank Account(s) and will be held responsible for any fees or costs incurred by Parafin resulting from a rejected electronic debit entry attempt for any reason, including those due to nonsufficient funds, or an Event of Default (as defined herein). Merchant agrees that it is responsible for ensuring that an amount equal to at least the Debit Amount remains in the Linked Bank Account and Parafin is not responsible for any overdrafts or rejected transactions that may result from Parafin electronically debiting the specified amounts under the terms of this Agreement.

h. The parties agree to be bound by the terms of the NACHA Operating Rules and Guidelines with respect to all electronic fund transfers made via ACH transaction. You agree that We have the right to terminate or suspend this Agreement for breach of the NACHA Operating Rules and Guidelines in a manner that permits Us to comply with the NACHA Operating Rules and Guidelines. It is Your sole responsibility to obtain a copy of the NACHA Operating Rules and Guidelines and comply with Your obligations thereunder. You may revoke Your authorization for Parafin to initiate electronic debit entries to the Linked Bank Account(s) only by providing written notice to Us, and any such revocation of Your authorization shall not be effective until We have had a reasonable opportunity to act upon such notice. Parafin may terminate this Agreement, or suspend or terminate Your access to, or use of, the Services, in accordance with Section 25 of this Agreement if You revoke Your authorization for Parafin to initiate electronic debit entries to the Linked Bank Account(s).

i. Merchant shall immediately notify Parafin of any changes to its Linked Bank Account information. If Parafin incurs any costs, expenses, or fines as a result of Merchant’s failure to provide accurate information about its Linked Bank Account(s), its failure to notify Parafin of any changes to its Linked Bank Account information, its failure to take any corrective actions as necessary as requested by Parafin, or its failure to notify its depository institution of the electronic debit authorization which results in rejected transactions, Merchant will reimburse and indemnify Parafin for these costs, expenses or fines. In addition, Parafin reserves the right to suspend or terminate Merchant's access to any Services pending resolution of any issues with Merchant’s electronic debit authorization or Linked Bank Account(s).

j. Merchant shall not:

    i. grant any extension of time for payment of any Future Receivable,
    ii. compromise or settle any Future Receivable for less than the full amount thereof,
    iii. release in whole or in part any Future Receivable,
    iv. grant any credits, discounts, allowances, deductions, return authorizations or the like with respect to any Future Receivable, or
    v. require, request, or otherwise encourage the Platform to make payment on the Future Receivable to any third party other than Parafin.

k. Each and every Merchant whose accounts are offered for purchase, are independent, non-related business enterprises with respect to Platforms for any Future Receivable. Merchant will not obtain factoring, loans, cash advances, or other financing on any Future Receivable purchased by Parafin from any other source, nor shall any affiliated person or entity obtain such financing.

l. Merchant shall not create, incur, assume, or permit to exist any lien or security interest in any Future Receivable, except for the Security Interest created by this Agreement.

m. Merchant will treat Parafin's purchase of any Future Receivables as a sale for tax, accounting, and financial reporting purposes.

n. Merchant will not voluntarily sell, dispose, transfer, or otherwise convey all or substantially all of its business or assets without the express prior written consent of Parafin; and the written agreement of any purchaser or transferee assuming all of Merchant's obligations under this Agreement pursuant to documentation satisfactory to Parafin. Except as disclosed to Parafin in writing, as of the Effective Date of this Agreement Merchant has no current plans to close its Platform storefront or physical place of business either temporarily, whether for renovations, repairs, or any other purpose, or permanently.

4. Existing Advance

If You have not yet paid Your previous Specified Amount from Your prior advance in full and therefore have an outstanding advance ("Existing Advance") with Parafin and are agreeing to the new Capital Amount herein, You agree and acknowledge that Parafin may use Your Capital Amount to pay Your Existing Advance's outstanding balance. You further agree and acknowledge that the amount You receive in Your Linked Bank Account (the "Net Financing Amount") is lower than the total amount of Your Capital Amount, because Parafin has deducted the outstanding balance of Your Existing Advance from the Capital Amount. The details of this payment have been communicated to You at the time of the offer, and are also included in the Capital Advance Details above. By agreeing to this Agreement, and using Your Capital Amount to pay the Existing Advance outstanding balance, Your Existing Advance obligations have been terminated and Your Capital Amount with Parafin is solely governed by this Agreement.

Should you make any manual payments to pay Your Existing Advance outstanding balance in full, any new Capital Amount extended to You is contingent upon your satisfaction of any Existing Advance outstanding balances. If any payments fail for any reason on Your Existing Advance, and you have been disbursed a new Capital Amount, You agree that Parafin may, and authorize Parafin to, deduct from Your Linked Bank Account an amount up to the entire Existing Advance outstanding balance. You hereby further agree that should Your payment on an Existing Advance fail, Parafin may in its sole discretion void and cancel this agreement and debit from Your account an amount up to the entire Capital Amount under this Agreement.

For California and New York Merchants, additional details of Your Net Financing Amount are included in the Net Financing Disclosure that was provided to You prior to Your acceptance of Your offer.

5. **Reliance on Platform Data, and Other Third Party Sources**

Merchant acknowledges and agrees that Parafin is relying on data and/or representations from their Platform to determine the Percentage of Sales, and that it is the Merchant's responsibility to review all amounts that are debited by Parafin to ensure that the Debit Amount that is debited is an accurate estimation of Percentage of Sales. If a Merchant believes that the Debit Amount debited does not reflect the Percentage of Sales under this Agreement, Merchant must contact Parafin to dispute such incorrect Debit Amounts by sending Parafin written notice by email to support@parafin.com within 30 days of such debit, in order to request a refund.

With Your consent, Parafin may use third party services such as Plaid and Rutter to consider information about Your sales history across Your Platforms and Your banking history from Your Linked Account. You authorize Parafin to use the sales and banking information from these third party services to determine a number of matters related to Your Advance and Your eligibility, including but not limited to Your Capital Amount, Percentage of Sales, Debit Amount, and Assessed Fees. Should You consent during Your application, Parafin may also consider the sales history You have with additional Platforms on which You sell, and may, in Parafin’s sole discretion, offer to increase the Capital Amount and the associated Specified Amount (the amount of any such offered increase is referred to as a “**Boost**”). If You choose to Boost Your offer, You authorize Parafin to evaluate Your sales on additional Platforms to determine the Future Receivables Your business generates. You agree that the information You provide through any such third party service(s) to Boost Your Capital Amount is true and accurate and represents Your sales and business activity on Your Platforms. You further represent that the Platform information has not been manipulated, altered, or modified in any way.

Should You opt in to Boosting Your offer, You agree that You will not disconnect the third party service from Your Linked Bank Account or any accounts that may be required by

Parafin to provide information about Your sales and business activity on Platforms other than the Platform under which you obtained this MCA. If You disconnect any such third party service while any portion of the Specified Amount (including any Boost) remains undelivered or any Assessed Fee is unpaid, You agree that Parafin may deduct from Your Linked Bank Account an amount equal to the Boosted amount of Your offer or it may use estimated sales for Your businesses to determine the Debit Amount.

Should any events occur that prevent the third party service from providing Parafin with direct information about Your sales activity off of the Platform, whether intentionally or unintentionally, You agree that Parafin may estimate Your sales to determine the Debit Amount that should be applied when collecting on Your account.

6. **Credit Risk; Repurchase of Accounts; Set Off**

Parafin will assume the Credit Risk (as defined below) on the Future Receivables purchased by Parafin, and Parafin will have no recourse to Merchant if any Future Receivable purchased by Parafin is not collected due solely to the occurrence of an event of assumed Credit Risk, as to any Future Receivable purchased by Parafin. For this purpose, "**Credit Risk**" means that Parafin will assume the risk that each Future Receivable purchased by Parafin may be remitted more slowly than Parafin may have anticipated or projected because the Merchant's business has slowed down, and the risk that the full Specified Amount of the Future Receivables and the Capital Fee may never be remitted because Merchant's business becomes insolvent or Merchant otherwise ceased operations in the ordinary course of business. Parafin is buying the Future Receivables knowing there are risks that Merchant's business may slow down or fail, and Parafin assumes these risks in reliance upon the representations and warranties Merchant makes in this Agreement which are designed to give Parafin a reasonable and fair opportunity to receive the benefit of its bargain.

7. **Security Interest**

    a. The limited rights of recourse specified herein against Merchant are intended to provide a remedy for breach of Merchant's representations and warranties relating to the condition of the property sold, rather than to the collectability of the Future Receivables. In the event that, notwithstanding the intent of the parties hereto, any transfer and assignment of the Future Receivables is held not to be a sale but is instead held or deemed to create indebtedness or a security interest in the Future Receivables, then it is intended that (i) this Agreement shall be deemed to be a security agreement within the meaning of Article 9 of the Delaware Uniform Commercial Code (the **"UCC"**) and the UCC of any other applicable jurisdiction; (ii) the conveyance of the Future Receivables provided for in this Agreement and shall be deemed to be a grant by Merchant of, and Merchant hereby grants to Parafin, a security interest in all of Merchant's right (include the power to convey title thereto), title and interest, whether now owned or hereafter acquired, in and to the Future Receivables, to secure such indebtedness and the performance of the obligations of Merchant hereunder; (iii) notifications to persons holding such property, and acknowledgments, receipts or confirmations from persons holding such property, shall be deemed to be notifications to, or acknowledgements, receipts or confirmations form, bailees or agents (as applicable) of Parafin for the purpose of perfecting such security interest under applicable law; and (iv) each remittance of any collections with respect to the Future Receivables to Parafin, or its assignee, under this Agreement, will have been (A) in payment of a debt incurred by Merchant in the ordinary course of business or financial affairs of Merchant and Parafin and (B) made in the ordinary course of business or financial affairs of Merchant and Parafin.

b. Merchant hereby grants to Parafin a security interest (**"Security Interest"**) in the Future Receivables and all proceeds arising thereunder. In no event shall Parafin be a fiduciary of the Merchant, although Merchant may be a fiduciary of Parafin. Merchant agrees to assist Parafin in any manner necessary to perfect the Security Interest in the Future Receivables. Merchant also agrees not to grant Security Interests in the Future Receivables to any other party other than Parafin.

c. Merchant irrevocably authorizes Parafin to file UCC financing statements, amendments thereto and continuations thereof, necessary or desirable, to perfect and to maintain the perfection and priority of the Security Interest of Parafin in the Future Receivables. This appointment is coupled with an interest and is irrevocable.

d. Notwithstanding termination of this Agreement, so long as any of Merchant's obligations owed to Parafin under this Agreement remain unpaid, Parafin's Security Interest in the Future Receivables purchased by Parafin and related proceeds shall continue in full force and effect as security for any Specified Amount, Assessed Fees, and any other amounts (together, "**Obligations**") of Merchant due or that may become due under this Agreement.

8. **Intellectual Property Rights**

a. Except for the limited license granted to Merchant in this Agreement, Parafin and its third party licensors retain all right, title and interest, including all intellectual property rights, relating to, or embodied in the Services, any related technology and any suggestions, ideas, enhancement requests, feedback, recommendations, or other information relating thereto offered by Merchant or any other party. This Agreement does not convey to Merchant or any other Person any rights of ownership in or related to the Services or any other intellectual property rights of Parafin or any other Person. Parafin's name, logos and the product names are trademarks or service marks of Parafin or third parties, and no right or license is granted for Merchant to use them.

b. Merchant agrees that any communication or materials it sends to Parafin in connection with its use of the Services, electronically or otherwise, including but not limited to data, questions, comments, survey responses, suggestions, or submissions, is and will be treated as non-confidential and non-proprietary and may be used by Parafin for any purpose including, but not limited to modification, reproduction, transmission, disclosure, publication, broadcast, and posting.

9. **Bankruptcy**

As of the Effective Date of this Agreement, Merchant does not contemplate and has not filed any petition for bankruptcy protection under the United States Code and there has been no involuntary petition brought or pending against Merchant. Merchant represents that it has not consulted with a bankruptcy attorney within six months prior to the Effective Date. Merchant further warrants that as of the Effective Date it does not anticipate filing a bankruptcy petition and it does not anticipate that an involuntary petition will be filed against it.

10. **Appointment of Servicer**

    a. Parafin hereby appoints Merchant as its agent to collect the Future Receivables, to remit each Debit Amount thereupon, and to enforce Parafin's rights and interests in and under each Future Receivable and to serve in such capacity until the termination of its responsibilities pursuant to Sections 12 or 25 hereof. In connection therewith, the Merchant hereby accepts such appointment and agrees to perform the duties and obligations set forth herein.

    b. Notwithstanding the exercise by Parafin of its right to initiate electronic debits to the Linked Bank Account(s) to effect the payment of any Debit Amount pursuant to Section 3 hereof, the Merchant shall conduct the servicing, administration and collection of the Future Receivables and shall take, or cause to be taken, all actions that (i) may be necessary or advisable to service, administer and collect each Future Receivable from time to time, (ii) the Merchant would take if the Future Receivables were owned by the Merchant, and (iii) are consistent with the credit and collection policies and industry practice for the servicing of accounts receivable similar to such Future Receivables.

11. **Events of Default**

The following events will constitute an "Event of Default" under this Agreement:

   a. Merchant violates any term or covenant in this Agreement. For avoidance of doubt, Merchant's insolvency or bankruptcy does not constitute an event of default;

   b. Merchant defaults in the performance of any obligations or any provision hereof;

   c. Merchant misrepresents a fact in the information Merchant provides to Parafin that is used to determine Merchant's eligibility, or uses or maintains a Linked Bank Account or obtains a capital advance using inaccurate or false information;

d. Merchant changes Linked Bank Accounts without Parafin's permission;

e. Merchant violates any covenant, warranty, or representation contained herein or any Merchant warranty or representation proves to be false in any way as of the date such warranty or representation was made, whether material or immaterial;

f. Merchant grants a security interest in any Future Receivable purchased by Parafin to another creditor and/or allows the Future Receivable purchased by Parafin to become encumbered by a party other than Parafin; or

g. Merchant leaves, suspends operations, closes their storefront on, or discontinues sales on the Platform, for any reason other than a bona fide Credit Risk reason (as defined in Section 6.).

12. **Effect of Default**

Upon the occurrence of any Event of Default, in addition to any rights Parafin has under this Agreement or applicable law, Parafin may immediately terminate this Agreement or suspend or terminate Your access to, or use of, the Parafin Services.

Once an Event of Default has been declared, Parafin shall furnish notice to the Merchant of such Event of Default. Merchant has fourteen (14) days to cure such Event of Default, or in the case of failure to deliver the Percentage of Sales of Future Receivables, two (2) days to cure such Event of Default. If the Event of Default is not cured after notice, the Percentage of Sales shall automatically equal 100% and the full undelivered Specified Amount of the Future Receivables will become due and payable without notice. Upon an Event of Default, Merchant agrees and authorizes Parafin to debit the remaining portion of the Specified Amount of the Future Receivables from the Merchant’s account. Subject to the dispute resolution provisions as provided in Section 24, any remedies specified herein against Merchant are cumulative and not exclusive and shall be in addition to any other rights, powers, or remedies provided by law or equity.

13. **Merchant Representations and Warranties**

a. You represent and warrant to Parafin that as of the Effective Date, and until full payment of the total Specified Amount and payment of the Capital Fee, except as referenced below:

   i. Merchant will, at all times, have the power and authority to enter into and perform its duties and obligations under this Agreement. You have any documents required to facilitate the transactions contemplated by this Agreement. You have taken all necessary action to authorize their respective execution and delivery of, and performance under, this Agreement. You are not a party to any contract or aware of any existing situation that would prevent You from entering into or performing Your obligations under this Agreement.

ii. Should the undersigned be a representative of the Merchant, said representative warrants, in executing this Agreement, that they are authorized on behalf of the Merchant to do so, are at least 18 years of age, and have the legal capacity and all necessary authority to bind Merchant to this Agreement.

iii. Your Future Receivables (x) have not been sold as of the Effective Date of this Agreement, and (y) are not subject to any claims, charges, liens, restrictions, or security interests where the third party holding a security interest in Future Receivables is currently exercising its remedies.

iv. You have the requisite corporate power and authority and the legal right to own, pledge, mortgage or otherwise encumber and operate Your properties and to conduct Your business. You possess and are in compliance with all permits, licenses, approvals, consents and any other authorizations from or by, and have made all filings with, and have given all notices to, all governmental departments, commissions, boards, bureaus, agencies or instrumentalities, domestic or foreign, having jurisdiction over Merchant (together, "**Governmental Authorities**"), to the extent necessary to conduct Your business. Merchant is validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization, or formation and is duly qualified under any applicable laws of any other jurisdiction in which Merchant does business.

v. The execution of this Agreement will not conflict with (x) any applicable federal, state, or local laws or regulations, (y) any agreements to which You are a party, and (z) Your articles or certificate of incorporation, bylaws, or other organizational documents.

vi. You have timely filed and paid, and will timely file and pay, all federal, state, local, and foreign tax returns, and tax reports. All such returns and reports are and will be true, correct, and complete.

vii. You have no material liabilities that would prevent You from performing or satisfying Your obligations under this Agreement and, to the best of Your knowledge, know of no material contingent liabilities, except current liabilities incurred in the ordinary course of business, that would prevent You from performing or satisfying Your obligations under this Agreement. Notwithstanding the foregoing, any material liabilities arising out of or related to an event of Credit Risk are excluded from this obligation.

viii. Your performance under this Agreement does not and will not conflict with other agreements to which You are a party or beneficiary. Additionally, Your performance under this Agreement will not result in (i) any violation or default of other agreements; (ii) any entitlement of any person or entity to receipt of notice or right of consent; (iii) a right of termination, cancellation, guaranteed rights, or acceleration of any obligation or to loss of a benefit; or (iv) the creation of any claim on the properties or assets of Merchant.

ix. There is no action, suit, claim, investigation, or legal, administrative, or arbitration proceeding (excluding any actions arising out of or related to an event of Credit Risk) pending or currently in existence, filed, or threatened (whether at law or in equity) or before any Governmental Authority against Merchant.

x. Merchant has not declared bankruptcy within the past seven years and as of the Effective Date of this Agreement is not currently contemplating the filing of a bankruptcy proceeding or closing or materially modifying Merchant's business. As of the Effective Date of this Agreement Merchant is solvent and financially capable of fulfilling its obligations under this Agreement.

xi. No agreement has been made under which the Platform may claim any deduction, garnishment, or discount against the Future Receivables.

xii. Merchant is in compliance with all applicable laws, statutes, rules, regulations, orders, or restrictions, including those of all applicable Governmental Authorities.

xiii. Merchant has applied for a capital advance solely for business purposes and not for personal, family or household use. Any Capital Amount extended under this Agreement, including any Boost, is solely for business purposes and not for personal, family or household use. Additionally, Your Linked Bank Account(s) was(were) not established for personal, family, or household purposes.

14. **Notice and Required Notifications**

a. Merchant is required to give Parafin written notice within 24 hours of any bankruptcy filing under the United States Code, whether filed by Merchant or made against Merchant by any other party.

b. Merchant is required to give Parafin seven (7) days’ written notice prior to the closing of any sale of all or substantially all of the Merchant’s assets, stock or other equity interests.

c. Merchant will not change its legal name, entity type or state of formation, unless it has provided the Parafin with not less than thirty (30) days’ prior notice thereof and has provided Parafin with any documents, agreements and information reasonably requested by the Parafin with respect thereto.

d. Merchant will not change the Linked Bank Account(s) name, password or other access information relating to the Linked Bank Account(s) from which electronic debit or other payments are to be made to Parafin without providing the notice as required by Section 3.

e. All notices required of the Merchant under this Section shall be provided to Parafin at the following addresses: via email at legal@parafin.com or via regular mail to 301 Howard Street, Suite 1500, San Francisco, CA 94105

f. Parafin may give notices regarding the Services to Merchant by sending notice through the Parafin website or any other Parafin web portal used by it in connection with providing the Services, by email, or by any other reasonable means of communication. Such notices from Parafin are deemed given 24 hours after transmission. Merchant agrees that its continued use of the Services thereafter will constitute Merchant's agreement to any such changes

15. **Account Statement**

Parafin shall, from time to time make available to Merchant a statement setting forth the Specified Amount transactions arising under this Agreement. Each such statement shall be considered correct and binding upon Merchant as an account stated, except to the extent that Parafin receives, within thirty (30) days after the statement is made available to the Merchant, written notice from Merchant of any specific exceptions by Merchant to that statement, and then it shall be binding against Merchant as to any items to which the Merchant has not objected.

16. **Authorization**

Merchant irrevocably authorizes Parafin, to exercise at any time any of the following powers until all of the Obligations of Merchant have been paid in full:

a. Receive, take, endorse, assign, deliver, accept, and deposit, in the name of Parafin or Merchant, any and all proceeds of any Future Receivable purchased by Parafin securing Parafin's right to the Future Receivable or the proceeds thereof, which includes, for the avoidance of doubt, Parafin taking and accepting any payments made by the Platform on or against the Future Receivable purchased by Parafin;

b. Take or bring, in the name of Parafin or Merchant, all steps, actions, suits or proceedings deemed by Parafin necessary or desirable to effect collection of or other realization upon the Future Receivable purchased by Parafin;

c. Pay any sums necessary to discharge any lien or encumbrance which is senior to Parafin's security interest the Future Receivables, which sums shall be included as Obligations under this Agreement;

d. File in the name of Merchant or Parafin or both, (i) mechanics lien or related notices, or (ii) a document which enables Parafin to be copied on all correspondence from and/or represent Merchant before the Internal Revenue Service, and communicate with the Internal Revenue Service (including Internal Revenue Service Forms 2848 and 8821);

e. Notify any Platform obligated with respect to any Future Receivable, that the underlying Future Receivable has been assigned and sold to Parafin by Merchant and that payment thereof is to be made to the order of and directly and solely to Parafin;

f. Communicate directly with Platforms to verify the amount and validity of any Future Receivable created by Merchant.

g. After an Event of Default, extend the time of payment of, compromise or settle for cash, credit, return of merchandise, and upon any terms or conditions, any and all Future Receivables and discharge or release any Platform or other obligor (including filing of any public record releasing any lien granted to Merchant by such Platform), without affecting any of the Obligations;

h. File any initial financing statements and amendments thereto that (i) identify the Future Receivables purchased by Parafin; (ii) 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 whether the Merchant is an organization, the type of organization, and any organization identification number issued to the Merchant; (ii) contain a notification that the Merchant has granted a negative pledge with respect to the Future Receivables purchased by Parafin to Parafin, and that any subsequent lienor may be tortiously interfering with Parafin's rights; or (iv) advises third parties that any notification of Merchant's Platforms will interfere with Parafin's collection rights.

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

17. **Account Disputes**

Merchant shall notify Parafin promptly of and, if requested by Parafin, will settle all disputes concerning any Future Receivable purchased by Parafin, at Merchant's sole cost and expense. Parafin may, but is not required to, attempt to settle, compromise, or litigate (collectively, "**Resolve**") the dispute upon such terms, as Parafin in its sole discretion deem advisable, for Merchant's account and risk and at Merchant's sole expense. Upon the occurrence of an Event of Default Parafin may Resolve such issues with respect to any Future Receivable of Merchant.

18. **No Lien Termination without Release**

In recognition of Parafin's right to have its attorneys' fees and other expenses incurred in connection with this Agreement secured by the Future Receivables purchased by Parafin, notwithstanding payment in full of all Obligations by Merchant, Parafin shall not be required to record any terminations or satisfactions of any of Parafin's liens on the Future Receivable purchased by Parafin unless and until Parafin has received payment in full of all Obligations owed by Merchant to Parafin. Merchant understands that this provision constitutes a waiver of its rights under §9-513 of the UCC.

19. **Access**

Merchant is responsible for all activities that occur through its access to and use of the Services. Merchant shall: (i) keep all related passwords and login IDs confidential and promptly notify Parafin after discovery of any unauthorized use of any password or any other known or suspected breach of security and (ii) not impersonate another user of the Services or provide false information to gain access to or use the Services. Any person accessing any portion of the Services or taking any action on behalf of Merchant represents and warrants to Parafin that it has full authority to do.

20. **No Warranty**

THE SERVICES CONTEMPLATED BY THIS AGREEMENT ARE PROVIDED AND MADE AVAILABLE STRICTLY ON AN "AS IS, AS AVAILABLE" BASIS. PARAFIN DOES NOT WARRANT THE ACCURACY, ADEQUACY, OR COMPLETENESS OF SUCH SERVICES AND EXPRESSLY DISCLAIMS LIABILITY FOR ERRORS OR OMISSIONS RELATED THERETO. ALL CONDITIONS, REPRESENTATIONS AND WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF NON-INFRINGEMENT OF THIRD-PARTY RIGHTS, TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND FREEDOM FROM COMPUTER VIRUSES OR ANY OTHER HARMFUL OR CORRUPTED FILES, ARE HEREBY DISCLAIMED AND PARAFIN SHALL HAVE NO LIABILITY OR RESPONSIBILITY RELATED THERETO, IN EACH CASE TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW.

21. **Limitation of Liability**

MERCHANT'S USE OF THE SERVICES IS AT ITS OWN RISK. NEITHER PARAFIN NOR ANY OF ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR OTHER REPRESENTATIVES WILL BE LIABLE FOR ANY DAMAGES, WHETHER DIRECT, PUNITIVE, SPECIAL, COVER, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES OF ANY TYPE OR KIND (INCLUDING FOR EXAMPLE, LOSS OF GOODWILL, DATA, REVENUE, PROFITS, SAVINGS, USE OR ECONOMIC ADVANTAGE), OR CLAIMS OF THIRD PARTIES ARISING OUT OF, OR RELATING TO, MERCHANT'S USE OF OR ACCESS TO THE SERVICES, HOWEVER CAUSED, WHETHER BASED ON BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), PROPRIETARY RIGHTS INFRINGEMENT, PRODUCT LIABILITY, OR OTHERWISE AND MERCHANT HEREBY WAIVES ANY AND ALL RELATED CLAIMS AGAINST PARAFIN AND ITS AFFILIATES, AGENTS, REPRESENTATIVES, AND LICENSORS.

22. Indemnification

Merchant agrees to indemnify and hold harmless Parafin, its affiliates and their respective officers, directors, employees and agents (the “Indemnified Parties”) against and save the Indemnified Parties 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 the use of the Services or marketing of the Services, whether directly or indirectly, including the transactions or relationships contemplated thereby and hereby, and any failure by Merchant to perform or observe its obligations under this Agreement. This paragraph shall exclude any suits, claims, and liability arising solely from Parafin’s gross negligence or willful misconduct.

23. Covenant Not To Sue

a. Merchant agrees that they will never institute, prosecute or in any way aid in the institution or prosecution of any claim, demand, action or cause of action at law or in equity against the Parafin for a claim of usury, a claim that Parafin is required to have any lending license, or any other claim contending that the Purchase Price paid by the Parafin in exchange for the Future Receivables is, or should be construed as, a loan from the Parafin to the Merchant. Nothing in this paragraph is intended to prevent Merchant from complying with any lawfully issued subpoena or court ordered discovery.

b. This Section is a covenant not to sue, and not a release. In the event that the Merchant breaches or in any way violates the terms of this Section, Merchant agrees to indemnify the Parafin for all damages arising from that breach, including without limitation the payment of all costs and expenses of every kind for the enforcement of Merchant’s rights and remedies under this Section, including any and all attorneys’ fees and costs in any trial court or appellate court proceeding, any administrative proceeding, any arbitration or mediation or any negotiations or consultations in connection with breach of this Section.

c. This covenant shall inure to the benefit of Parafin, and shall bind Merchant, its successors and/or assigns, any of their respective affiliated or subsidiary companies, partners, owners, joint ventures and/or any of Merchant’s managers, directors, officers, employees, or agents.

24. Dispute Resolution

a. You and Parafin agree that other than any disputes, issues, claims, or controversies surrounding Your payment obligations or non-payment of monies obligated to be paid under this Agreement, any dispute, claim, or controversy arising out of or relating to this Agreement, or the breach, termination, enforcement, interpretation, or validity thereof, including the scope or applicability of this agreement to arbitrate (collectively "Disputes"), shall be determined by arbitration in San Francisco, California or via video conference.

b. You and Parafin, and any successors or assigns, agree that any and all disputes, issues, claims, or controversies surrounding Your payment obligations or Your non-payment of monies obligated to be paid under this Agreement ("Payments Dispute"), will be submitted to the exclusive jurisdiction and venue of the courts in city and county of San Francisco, CA or the United States District Court for the Northern District of California. You agree that Parafin is not required to bring an arbitration action with regard to any Payments Dispute(s) and shall resolve any Payments Dispute through a court of competent jurisdiction.

c. The arbitration shall be administered by AAA or JAMS pursuant to their Commercial Arbitration Rules and Mediation Procedures or their Comprehensive Arbitration Rules and Procedures, respectively. A single arbitrator shall be agreed upon by the parties or, if the parties cannot agree upon an arbitrator within thirty (30) days, then the parties agree that a single arbitrator shall be appointed by AAA or JAMS. The arbitrator may award attorneys' fees and costs as part of the award. The award of the arbitrator shall be binding and may be entered as a judgment in any court of competent jurisdiction. Notwithstanding the foregoing, either party shall have the right to seek temporary relief in any court of competent jurisdiction.

d. **Arbitration Provision Is Optional.** YOU HAVE THE RIGHT TO REJECT THIS ARBITRATION PROVISION, BUT YOU MUST EXERCISE THIS RIGHT PROMPTLY. If You do not wish to be bound by this agreement to arbitrate, You must notify Us in writing within thirty (30) days after the Effective Date and must send Your request via email to arbitration@parafin.com or via regular mail to 301 Howard Street, Suite 1500, San Francisco, CA 94105. The request must include Your full name, address, business name, d/b/a name (if applicable), and the statement “I reject the Arbitration Provision contained in my Merchant Capital Advance Agreement.” If You exercise Your right under this Section to reject arbitration, the other terms of this Agreement shall remain in full force and effect as if You had not rejected arbitration. Opting out of this arbitration provision has no effect on any other or future arbitration or mediation agreements that You may have with Us. If you don’t provide Parafin with an arbitration opt-out notice within the thirty (30) day period, you will be deemed to have knowingly and intentionally waived your right to litigate any dispute arising out of or related to this Agreement except as expressly set forth above.

e. **CLASS ACTION WAIVER**. To the fullest extent permitted by applicable law, You and Parafin each agree that any dispute arising out of or in connection with this Agreement, whether a Dispute or Payments Dispute, whether in arbitration or in court, will be conducted only on an individual basis and not in a class, consolidated or representative action.For any and all Payments Disputes. You and We also agree to waive the application of the Class Action Procedure of AAA or JAMS in any arbitration proceeding initiated under this Agreement. YOU AND WE AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN YOUR OR OUR INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. For any Dispute, the arbitrator(s) may not consolidate more than one party's claims and may not otherwise preside over any form of a representative or class proceeding.

f. **WAIVER OF JURY TRIAL**. ALL PARTIES TO THIS AGREEMENT, EACH, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IRREVOCABLY AND EXPRESSLY WAIVE ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT.

g. For any Payments Dispute, each party shall bear the costs of litigation separately and on their own behalf. Notwithstanding the foregoing, the prevailing party shall be entitled to any and all costs, collections fees, attorney's fees, and expenses it has reasonably incurred in connection with all aspects of its claims or defenses upon which it prevails. Any opposing awards of costs and legal fees awards will be offset

h. Conflict of Rules for Arbitration. For any Dispute, in the case of a conflict between the provisions of this Section and the rules governing arbitration identified above, the provisions of this Section will prevail. If any provision of this Agreement to arbitrate is held invalid or unenforceable, it will be so held to the minimum extent required by Law and all the other provisions will remain valid and enforceable.

25. Termination

This Agreement is effective until terminated. Parafin may terminate this Agreement at any time without notice, or suspend or terminate Your access to, or use of, the Parafin Services at any time, with or without cause, in Parafin's absolute discretion and without notice. Any limitation or termination of Your access to or use of the Parafin Services will not affect in any way Parafin's right to and in the Future Receivables.

Parafin further reserves the right to modify or discontinue, either temporarily or permanently, any portions or all of the Services at any time with or without notice.

26. **Taxes**

It is the responsibility of Merchant to determine what, if any, taxes apply to the transactions Merchant completes through the Services, and any profit or loss Merchant obtains therefrom. It is the responsibility of Merchant to collect, report, withhold, and remit the correct taxes to the appropriate tax authorities.

27. **Confidentiality**

   a. Merchant agrees that certain non-public information provided by Parafin to Merchant, including information relating to the Services or Parafin's business processes, that is identified by Parafin as confidential or that a reasonable person would understand to be confidential will be held by Merchant in strict confidence and treated as the confidential and proprietary property of Parafin. Merchant will not disclose any of the foregoing to any Person, unless specifically authorized to do so in writing by Parafin or unless required by law.

   b. Parafin will take reasonable efforts to maintain in confidence any non-public information provided by Merchant to Parafin that is expressly identified by Merchant as confidential or that a reasonable person would understand to be confidential. Parafin will not disclose confidential and non-public records and information of Merchant to any Person, unless specifically authorized to do so by Merchant or unless required by law.

28. **Counterparts and Use of Electronic Communications and Signatures**

   a. You agree that Parafin may provide You notices, disclosures, electronic records, and other communications by posting electronically through the Services, by e-mail, by short message service ("SMS"), or by regular mail. We will use the contact information that You have previously provided to us in writing to contact You. Communications to You will be considered received when sent by us to the email address, mailing address or phone number that You have provided. In addition, please note that electronic records and signatures may be used in connection with the execution of ACH authorization forms, acceptance of this Agreement or acceptance of Assessed Fees.

   b. If We provide electronic records to You, and You want a paper copy, You may contact Us via email at support@parafin.com or via regular mail to 301 Howard Street, Suite 1500, San Francisco, CA 94105 and request a paper version.

   c. You have the right to withdraw your consent to communicate electronically at any time. Please be aware, however, that withdrawal of consent may result in the termination of this Agreement at any time without notice, or suspension or termination of Your access to, or use of, the Parafin Services. Your withdrawal of consent to communicate electronically will become effective after we have had a reasonable opportunity to act upon it.

   d. This Agreement may be signed in one or more counterparts, each of which constitutes an original and all of which when taken together constitute the same agreement. Electronic signatures will be deemed original signatures and each Party to this Agreement may rely on an electronic signature as an original for purposes of enforcing this Agreement. For the avoidance of doubt, Your acceptance of the Agreement by clicking “Accept Terms” will be deemed to constitute Your electronic signature.

e. You understand that, in order to view and/or retain copies of electronic communications, You will need a computer with an Internet connection and a currently supported operating system. Your access to this Agreement through Your device verifies that Your device is running currently supported software. You must also have a valid email address, sufficient storage space to save electronic communications or the capability to print the electronic communications from the device on which You view them.

f. We reserve the right, in our sole discretion, to discontinue the provision of Your electronic communications, or to terminate or change the terms and conditions on which we provide electronic communications. We will provide You with notice of any such termination or change as required by law.

29. Assignment

Parafin may assign its rights and delegate its duties, in whole or in part, under this Agreement without obtaining Merchant’s consent or approval. Upon such assignment, Merchant shall be deemed to have attorned to such assignee and shall owe the same obligations to such assignee and shall accept performance under this Agreement by such assignee as if such assignee were Parafin. Merchant may not assign its rights or delegate its duties, in whole or in part, notwithstanding the foregoing.

30. **Titles and Headings**

The headings and titles of Sections to this Agreement have been inserted for the convenience of reference for the parties and are for informational purposes only and shall not be deemed to be a part of the language of this Agreement. Neither Merchant nor Parafin shall rely on, or interpret substantively, the headings when construing the meaning of each Section or the Agreement as a whole.

31. **OFAC**

a. You represent and warrant that:

   i. You are not, nor are You owned or controlled directly or indirectly by, any person, group, entity or nation subject to any economic or trade sanction administered by the Office of Foreign Asset Control (“**OFAC**”) of the U.S. Department of the Treasury, or named on the Specially Designated Nationals And Blocked Persons List maintained by OFAC, , or any similar list or by any law, order, rule or regulation or any Executive Order of the President of the United States, as a terrorist, or any law, regulation, or other list of any Governmental Authority that prohibits or limits Us from providing capital or Services to You or from otherwise conducting business with You (any such person, group, entity or nation being hereinafter referred to as a ("**Prohibited Person**")).

ii. You are not, nor are You owned or controlled, directly or indirectly, by any person, group, entity, or nation which is, acting directly or indirectly for or on behalf of any Prohibited Person.

iii. You, and any person, group, or entity which You control, directly or indirectly, have not conducted nor will conduct business nor have engaged nor will engage in any transaction or dealing with any Prohibited Person in violation of the U.S. Patriot Act or any OFAC rule or regulation, including, without limitation, the making or receiving of any contribution of funds, good or services to or for the benefit of a Prohibited Person in violation of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001, as amended, or any OFAC rule or regulation.

iv. You are not prohibited by any sanctions program as maintained by OFAC from transacting with Parafin.

b. In connection with the foregoing, it is expressly understood and agreed that the representations and warranties contained in this Section shall be continuing in nature.

32. **Governing Law and Venue**

This Agreement shall be governed by the laws of Delaware without regard to the principles of conflicts of laws of Delaware's, or any others', jurisdiction. Except as otherwise provided by Section 24, the venue of any dispute will be the state and federal courts located in the Northern District of California and each of the parties hereto waives any objection to jurisdiction and venue in such courts.

33. **Modification of This Agreement**

Parafin reserves the right to amend this Agreement at any time. When we make material modifications to this Agreement, we will post the revised Agreement on the Site and update the “Last Updated” date at the top of this Agreement. All new modifications shall be effective as of the “Last Updated” date. We will also make reasonable efforts when we can to provide You with notice of any material changes by email at least 30 days before the date they become effective. Your continued use of the Services after any change to this Agreement constitutes Your agreement to be bound by any such changes. Parafin may terminate, suspend, change, or restrict access to all or any part of the Services without notice or liability.

34. **General**

a. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then such provision shall be construed, as nearly as possible, to reflect the intentions of the invalid or unenforceable provision, with all other provisions remaining in full force and effect.

b. Parafin will not be liable for any loss or damage arising from any event beyond Parafin's reasonable control, including, but not limited to, flood, extraordinary weather conditions, earthquake, or other act of God, fire, war, insurrection, riot, labor dispute, accident, action of government, communications, power failure, or equipment or software malfunction.

c. No joint venture, partnership, employment, or agency relationship or lender-borrower relationship exists between Merchant and Parafin as a result of the use of the Services. The failure of Parafin to enforce any right or provision in this Agreement shall not constitute a waiver of such right or provision unless acknowledged and agreed to by Parafin in writing. No waiver shall be deemed a continuing waiver or waiver in respect of any subsequent breach or default, whether of similar or different nature, unless expressly so stated in writing. Parafin's rights and remedies herein are cumulative and not exclusive of each other or of any rights or remedies that Parafin would otherwise have.

d. Binding Effect. This Agreement is binding upon and inures to the benefit of You and Us, and Our respective successors and permitted assigns. This Agreement is not for the benefit of any other person, and no other person shall have any right against You or Us.

e. Survival. All provisions of this Agreement which by their nature are intended to survive Your performance of all obligations hereunder will survive and remain in full force and effect, including Section 13, the indemnity and limitation of liability contained in Sections 21 and 22 and the dispute resolution provisions in Section 24. All representations, warranties, and covenants herein will survive the execution and delivery of this Agreement and will continue in full force until all obligations under this Agreement have been satisfied in full and this Agreement is as a result terminated.

f. Severability. In case any of the provisions in this Agreement are found to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the validity, legality, and enforceability of any other provision contained herein will not in any way be affected or impaired, and that court will have the power to rewrite that provision to the maximum extent enforceable and the remainder of this Agreement will continue in full force and effect.

g. Entire Agreement. This Agreement embodies the entire agreement between You and Us respecting the advance of funds as set forth in this Agreement and supersedes all prior agreements and understandings relating to same. For the avoidance of doubt, this Agreement does not affect any other capital agreements You and We have entered into, and such other capital agreements will continue in full force and effect until the total amounts outstanding have been received in full by Us.

{{business_name}}

By: {{signature}}
Date: {{date}}