

MATCH | FACTORS

Your Specialist in Transportation Factoring

THE ULTIMATE FREIGHT FACTORING GUIDE



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About Factoring

Factoring is a type of financial transaction in which a business sells its accounts receivable (i.e. invoices) to a third-party company (called a “Factor”) at a discount.

Factoring provides businesses with immediate cash on their invoices, and it allows businesses the freedom and flexibility to effectively manage their operations and cash flow operations without having to wait weeks or months for customer payment on open invoices.

Why delay paying bills, making repairs, hiring drivers, and expanding your fleet to grow your business when you can quickly access capital now by converting your main business asset - your accounts receivable - into cash, all without having to get a loan?

Read on to learn why freight factoring has become a trusted solution for successful owner-operators and fleet owners throughout the trucking industry.

Factoring Explained

Invoice factoring describes the purchase of outstanding invoices (accounts receivable) by a third-party company (the “Factor”) from a business (the “Client”) for a small service fee (called a “Factor Fee” or “Discount Fee”).

Factoring providing Clients with immediate access to funds to better manage and grow their business.

The factoring company, or Factor, takes ownership of the invoice, and seeks payment from the Client’s customer (called the “Debtor”). In industries, such as transportation, where it is common for there to be a delay between invoicing and customer payment, factoring is a reliable and trusted financing solution.

1

Factor purchases your outstanding invoices in exchange for a small service fee, providing you with instant capital.



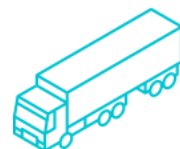
2

Factor takes ownership of the invoice and seeks payment from the debtor (your client).



3

Factor collects payment from the debtor while you focus on running your business!



The History of Factoring

Invoice factoring is not a new concept. The practice can be traced back to England as early as the 14th Century, and was introduced to America in 1620 with the arrival of the pilgrims.



Over the years, factoring has evolved to become a trusted and reliable solution for small businesses that need immediate access to capital for managing operations and promoting growth, and is a very common and accepted business practice in the transportation industry.

Freight Factoring and Trucking

Owner-operators and fleet owners have worked with respected factors like Match Factors for decades to access assets for their businesses without going into debt via a traditional bank loan.

Drivers transport loads and create invoices as usual, but instead of sending them to their customers, they are sold to a factor to take over billing and collections. The factor then collects on the invoices and keeps a small percentage (called the “Factor Fee”) of the overall total.



Rather than wait the standard 30, 60, or 90 days for payment, fleet owners and owner-operators have immediate access to capital for their business operations.

How Factoring Benefits Businesses

Rather than waiting 30, 60, or 90 days for payment on services rendered, or seeking a bank loan that is dependent on your credit and comes with interest, factoring offers companies the ability to make operations decisions today instead of waiting months for payment on accounts receivable.

Fleet owners and owner-operators can immediately allocate funds towards expenses including utilities, maintenance, payroll, fuel, taxes, compliance fees, and additional trucks and drivers for greater business growth and profit.

You also benefit from an experienced staff that understands your industry, and can focus on resolving open invoices so you don't have to.

Freight factoring offers additional advantages for truckers including personal service, discounts on fuel, free customer credit checks, and convenient online account access, 24/7.

1

Stop waiting to get paid-- factoring provides you with same day funding.



2

Factoring removes the need for costly bank loans and high-interest credit card payments.



3

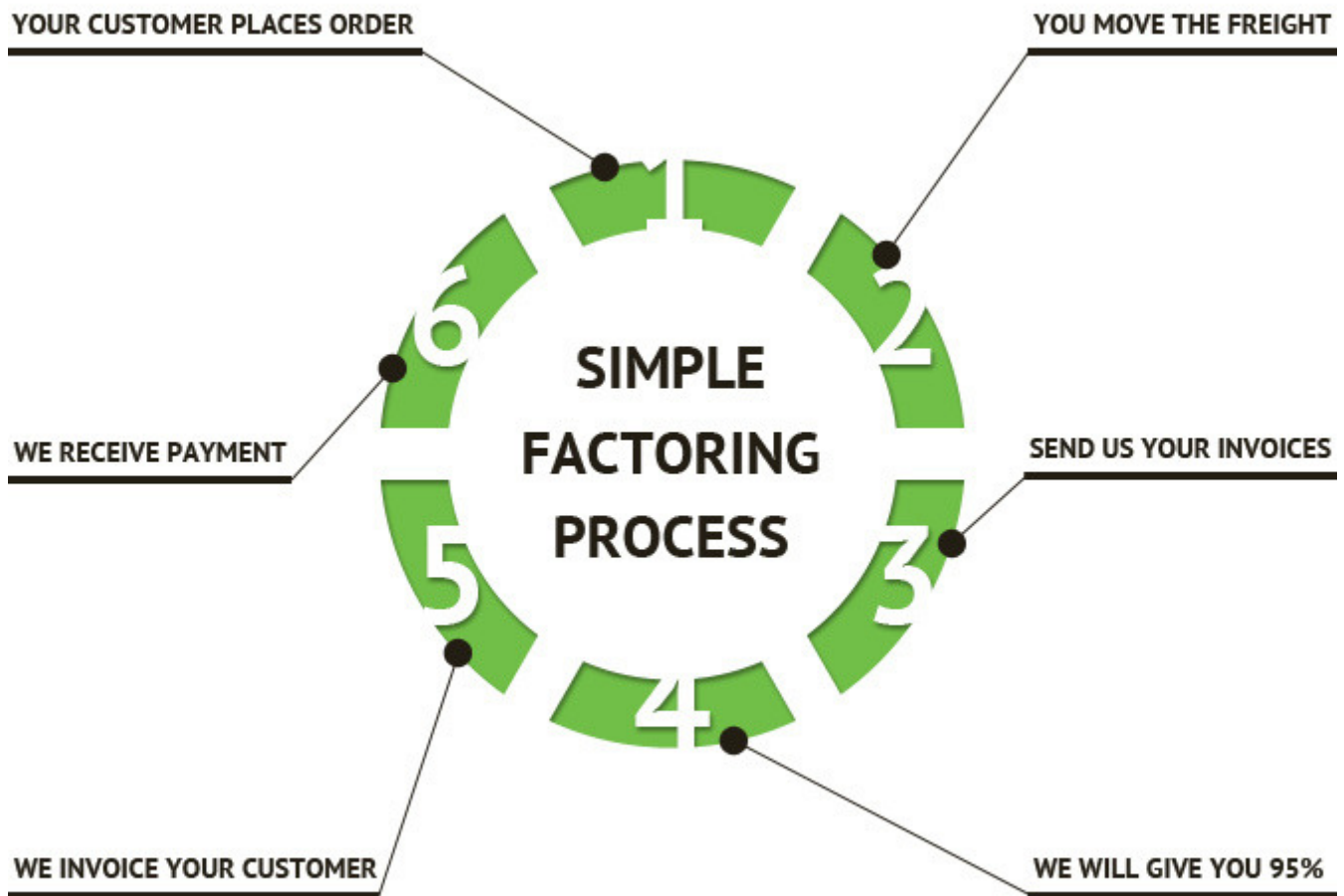
Factoring allows you to begin growing your business immediately.



How Factoring Works

Factoring costs you a percentage of the invoice (called the “Factor Fee” or “Discount Fee”), and can range anywhere from 1% to 10%. For many, the benefits of factoring far outweigh its cost.

Without having to deal with the headache of collecting invoices and waiting for payment, factoring provides you with prompt invoice payment and positive cash flow.



The Six Steps of Freight Factoring

1. Customer places load order.

The first step in the transportation factoring process is for your customer to coordinate with you hauling their freight. In the transportation industry, your customers will consist of brokers, freight forwarders, or shippers.

2. Move your freight.

The second step is for you to haul freight for your customer. We strongly encourage you to verify your customer's credit before you move any freight.

Established factors like Match Factors often offer free credit check services to clients to minimize your risk and exposure.

3. Submit invoices to your factor.

For the third step, submit your invoices to your factor. You will bill your customer in the usual way, however you send your freight bills to your factor instead of your customer.

Match Factors offers a variety of invoice submission options, including walk-in delivery, FedEx overnight, fax, email, and Transflo!

4. Factor provides invoice advance.

Once the factor receives your invoices, they will provide you an advance. Match Factors funds clients in the same day or within 24-hours upon receipt of your invoices, depending on your funding preference (check, wire, ACH, Comchek, fuel card, etc).

5. Factor submits invoices to client.

After you receive your funds, your factor will forward your invoices to your customer. Match Factors submits or mails all invoices to your customer the day we fund you. We don't hold onto your invoices.

As soon as your invoices are submitted to your customer, we will begin the collections process.

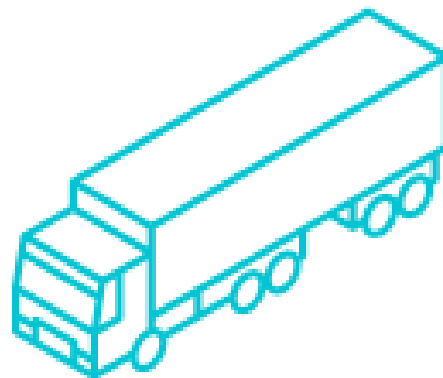
6. Your customer pays the factor.

The transportation factoring process is complete once your factor receives invoice payment from your customer. In the transportation industry, the typical turnaround time for invoice payment is 30-45-60 days.

Our recourse policy is 90-days, which means we have a three-month period in which we try to collect your invoice payments.

Getting Started with Factoring

Applying to become a factoring partner has never been easier. Simply fill out and submit your application, and we will confirm details such as legal ownership, current outstanding invoices, and whether any accounts have already been purchased by another factor. If you're approved, invoices can be factored and funds advanced within the same day.



Factoring Terminology

Advance Rate

Amount of money provided immediately to the company factoring its accounts receivable, typically expressed as a percentage of the total invoice amount. Industry Advance Rates can range anywhere from 65-95%.

Factor Fee/Discount Fee/Service Charge

Factor fees/discount fees/service charges are the percentage of the total invoice amount that is charged to the company factoring its accounts receivable. Service Fee Plans vary with each Factor.

Factor

The Factor is the company that purchases the accounts receivable from the Client.

Client

The Client is the company that sells its accounts receivable to the Factor, thereby receiving immediate working capital.

Debtor

The Debtor is the Client's customer, the company that is being billed on the invoices and the party that will ultimately pay the invoice to the Factor.

Reserve or Escrow

The Reserve or Escrow is the amount of money that is not immediately provided to the Client factoring its accounts receivable, typically expressed as a percentage of the total invoice amount.

FACTORING FAQ

What is the difference between freight factoring and a bank loan?

With a bank loan, you must go into debt and pay interest while continuing to struggle to collect on invoices from customers. With factoring, we purchase your invoice from you and collect the invoice on your behalf, charging only a small service fee. With factoring, you never go into debt.

How long does the application and approval process take?

Applications can be submitted, reviewed, approved, and funds advanced all within the same day.

What type of freight do you factor?

With the exception of automotive carriers, we factor most forms of commercial truck transport. However, our specialty is general freight. To learn more, contact one of our helpful representatives and see if you qualify for factoring with Match Factors.

What if I am a new carrier-- or don't have any customers?

We are happy to work with new carriers and offer valuable benefits like free credit checks for customers and a convenient online portal to view open invoices to help you build your customer base and business.

What percentage of payment can I be advanced?

Match Factors offers an Advance Rate of 95% or higher on factored invoices.

Who handles billing and collections?

When you factor an invoice with Match Factors, we will handle the billing and collections. Our collection efforts begin soon after you submit your invoices. Furthermore, you will have online access to status of all your open invoices.

FACTORING FAQ

How quickly will I be paid?

Once you submit your invoice, you will receive payment within 24-hours, guaranteed.

Do I have to factor all of my invoices?

No, Match Factors offers clients the flexibility to factor only the invoices you need.

Will I have to sign a long-term contract?

No, Match Factors does not require long-term contracts. While some companies may require a long term contract to ensure profitability, Match Factors puts the client first by providing a simple contract with no time or volume requirements, or any hidden or exit fees. We're here when you need us.

How can I receive funding?

Simply complete and submit your application and once you are approved, send us your invoice to receive your advance within 24 hours.

Do I have to commit to a monthly minimum?

Not at all; with Match Factors, you can factor as few or as many invoices each month as you want to suit your business needs.

What is a reserve?

A Reserve (also called an "Escrow") is money held from a Client's advance that acts as a guarantee of payment on the chance that a customer fails to pay on an invoice.

FACTORING FAQ

What is the difference between reserve and non-reserve factoring?

RESERVE FACTORING

With a traditional reserve factoring setup, the Factor advances a smaller amount to the Client to maintain a reserve (escrow), which functions similarly to a deposit in the event that purchased invoices go unpaid.

Once the invoice is paid, the reserve is generally repaid in full to the client.

Typically, the Factor will withhold 10-20% from the Client's advance for reserve maintenance on an ongoing or continual basis.

EXAMPLE

Client sells a \$10,000 invoice to the Factor. The Factor advances the Client 90% (or \$9,000) of the up-front invoice, and holds 10% (or \$1,000) for the Client's reserve.

When the Debtor pays off the invoice to the Factor, the Factor will reimburse the Client their reserve less any Factor Fees.

If the Client's factor fee is 4%, the Client will be reimbursed \$600 from their reserve, which is \$1,000 reserve withholding less the \$400 factor fee.

NON-RESERVE FACTORING

Client sells a \$10,000 invoice to the Factor. The Factor advances the Client 95% (or \$9,500) of the up-front invoice. The factor fee, or \$500 in this example, is withheld from the advance.

Match Factors offers both reserve and non-reserve factoring program options to its clients. However our standard reserve program differs slightly from traditional reserve factoring, and it better suited towards our Client needs.

WHAT IS MATCH FACTORS' RESERVE POLICY?

Unlike most factoring companies, Match Factors does not collect and repay reserves for each invoice on a continual or revolving basis.

Instead, we allow our Clients to establish their reserves at the beginning of our relationship, which results in higher cash advances for the Client and more flexible reserve management.

Accordingly, reserve are not disbursed to the Client upon invoice collection, and factor fees are assessed at purchase rather than collection.

FACTORING FAQ

What is Match Factors' reserve policy?

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Clients are simply required to maintain their reserve ratio. A reserve ratio is defined as the percentage of the accounts receivable that is maintained by the reserve, and is calculated by dividing accounts receivable by reserve (Reserve/AR).

For example, if a Client has \$100 in open accounts receivable and they have \$7 in reserves their reserve ratio will be 7%.

With our reserve policy, Clients can deposit additional funds into their reserve account, or have reserve money disbursed to them throughout our client relationship so long as they maintain their reserve ratio.

This benefits Clients by providing a reserve as an additional safety net for invoice charge-backs, fuel advances, insurance payments, and more.

Our reserve policy gives Clients more freedom and control over their reserve funds, especially in situations where a Client may need a reserve disbursement for unexpected and planned expenses like insurance, taxes, or equipment breakdowns.

Most importantly, establishing reserves at the beginning of the relationship and not on a continual basis allows Clients to receive a much higher cash advance.

FACTORING FAQ

What is the difference between recourse and non-recourse factoring?

RECOURSE FACTORING

Recourse factoring is an agreement between Factor and Client that should a Debtor fail to pay all or some of the invoice amount, the Client is liable and must repay the short paid or unpaid invoice amount back to the Factor.

Recourse factoring generally offers Clients lower factor/discount fees in exchange for the increased Client risk.

NON-RECOURSE FACTORING

In non-recourse factoring, the Factor offers credit protection to Clients in instances where Debtors fail to pay off invoices due to bankruptcy or business closure.

Non-recourse factoring is available for each invoice, however Clients are still responsible for unpaid invoices resulting from claim offsets, operational issues, paperwork problems, customer disputes, etc.

Non-recourse factoring provides added security to Client, but general results in a higher factor/discount fee for the Client from the increased risk on the Factor's part.

When considering between recourse and non-recourse factoring options, Clients need to be aware that most Factors provide some type of credit check service. For the most part, Factors have an abundance of credit resources at its disposal.

As such the likelihood of a Debtor not paying an invoice due to credit issues or business solvency issues are low.

Most unpaid or short paid invoices result from Client load performance, paperwork, claims, etc. issues, and these items will be charged back to the Client regardless if they are in a recourse or non-recourse program.

ABOUT MATCH FACTORS

OUR STORY

Match Factors specializes in providing transportation factoring solutions to motor carriers and owner-operators. We use years of industry experience and expertise to effectively supply trucking companies with a simple, high cash advance factoring program.

We don't believe in making trucking factoring confusing or complicated. Additionally, we provide personal attention and responsive service, and offer tools and resources to help you successfully manage your business.

Recognized as the ORIGINAL 95% CASH ADVANCE factor, Match Factors has been providing 95% or higher cash advance accounts receivable trucking factoring solutions to companies since 1985.

We are dedicated to helping motor carriers, regardless of size, volume or length in business, turn their most important asset - their accounts receivable - into cash without having to wait the standard 30, 60, or 90 days for customer payment.

WHAT OUR CLIENTS SAY

“Match Factors is an awesome company to work with! Everyone there is super nice, knowledgeable and accessible. No matter what we may need we are always able to get someone on the phone and never have to wait on answers; funding is quick and easy as well and they tailor their program to your business needs! Thank you Match Factors for a superb service!”

DEANNA CLIATT
PRESIDENT, KELVA EXPRESS, LLC

“Match Factors has been a strategic partner of ours. We would not have survived the economic downtime without their assistance. The entire Match Factors' team have been so gracious to assist us in all of our factoring needs. We just do not know how to thank them enough.”

SERGE VILMAR
PRESIDENT, 3R INKJETS & TONER, LLC

MATCH FACTORS PROGRAM BENEFITS



95% CASH ADVANCE



SAME DAY FUNDING



SIMPLE PROGRAM



PERSONAL SERVICE



FUEL CARD



EXPERIENCE

ONE STOP SHOP



The best in transportation consultation and licensing/permitting services, including BOC-3 process service filings, interstate and intrastate authority, MC, DOT, UCR, state permits, and IFTA fuel tax reporting.

Your source for reliable, experienced transportation brokerage.



Reputable independent insurance agency offering both commercial and personal insurance products you can depend on.

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