

# FACTORING QUICKFacts

## FROM THE PROFESSIONALS AT LIQUID CAPITAL

For the most part, traditional banking readily services the needs of most businesses, private clients and customers. But sometimes, when lending regulations or bank policies limit a banker - that's when a viable financing alternative like FACTORING [A/R Financing] can be an option.

When business growth is challenged by shortages in cash flow, there are no winners. With Factoring, quick cash and flexible terms are the essence of the funding package. There is no loan, and no debt to repay - it is a financing strategy that retains attractive balance sheets and benefits all financial parties.

### FACTORING TERMINOLOGY

**FULL FACTORING:** the purchase and collection of an entire grouping of a company's monthly invoices.

**SPOT FACTORING:** the purchase and collection of a company's single invoice.

**ADVANCE RATE:** the cash provided to a client when Factoring their receivables. The cash advance is based on a percentage of the total invoice.

**DISCOUNT FEES:** the percentage that is charged for the period of time until an invoice is paid in full.

**RESERVE or HOLDBACK:** the amount retained until an invoice is fully paid and cleared.

### THE BENEFITS OF FACTORING

**QUICK FUNDING:** our clients receive immediate cash, typically within a period of 24 to 36 hours.

**COLLECTIONS:** our trained personnel interact directly with client customers for invoice payments.

**CLIENT REPORTS:** our 24/7 online system provides A/R customer account and collections history.

**BUSINESS FOCUS:** company resources are directed towards sales - not collections and administration.

**DEBT COMMITMENT:** the company does not experience any increase in long term debt.

### FREQUENTLY ASKED QUESTIONS

#### WHY WOULD A BANKER REFER TO LIQUID CAPITAL?

- A banker would refer to Liquid Capital when we offer options that are not available to the bank.
- Liquid Capital affords the banker a positive solution rather than a negative response to the customer.
- The bank and the banker continue with their good customer relations for existing and future business.
- A referral to Liquid Capital gets answers and potential solutions within 36 hours.

#### WHAT TYPES OF BANK CUSTOMER PROFILES ARE APPROPRIATE TO REFER?

- Business customers that may be "out of covenants".
- Business customers in an area of over-concentration.
- Business inquiries which don't meet lending policies.
- Businesses needing quick, short term, temporary funding.

#### HOW LONG DO BUSINESSES STAY WITH LIQUID CAPITAL?

Typically between 24 and 36 months. In general, our clients are ready to return to traditional bank lending practices, in stronger and more stable condition.

#### HOW DOES LIQUID CAPITAL DIFFER FROM LENDERS?

Liquid Capital is not in the "lending" business. Decisions to purchase Account Receivables are based primarily on the quality of the A/R customer base and their business performance - not by the client's number of years in business, and not by their financial strength.

#### HOW IS THE FEE STRUCTURE DETERMINED?

Fees are based on a combination of criteria: the client's business; the customer's credit worthiness; average A/R payment cycle; invoice quantity and size; and Factoring volume. Typically, fees are between 2 1/2 % and 5% of invoice purchased.

#### WHAT MAKES LIQUID CAPITAL BETTER?

We are locally based. We own the company and we use our own financial resources. We help companies with funding AND with counsel, because our business/financial expertise is part of the service package. Our clients work with one of our principal owners - not a sales representative.

We are your natural WIN-WIN partner - we grow and profit as our clients grow and profit - it's the nature of Factoring.



For a confidential assessment of your financing needs it pays to contact the professionals at Liquid Capital.

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