



## **Typical Factoring Process**

Factors Western Inc., purchases receivables/invoice(s) for completed work or delivered products. The following is an overview of our step-by- step process of how we serve our clients.

1. After our client file is complete, all forms received (company incorporation/registration documents, copy of shareholder(s)/owner(s) driver license and when available, current financial statements) and clearances (including credit check, Revenue Canada (GST) and Workers Compensation) obtained, PPSA filed, GSA (General Security Agreement) bank template created.
2. Our Client submits an invoice (s) along with a contact name.
3. We investigate the payer, internet, credit bureau. Get approval from management to factor invoice(s)
4. We have client contact payer and explain they are going to be using the services of Factors Western Inc.
5. We complete our Notice of Sale and Assignment of Debt; we sign and have our client sign. We contact payer, explain the assignment, then forward invoice(s) along with assignment to payer and wait for them to sign and return (which is the confirming factor that the work/service/product(s) have been completed to their satisfaction and that there is no offset)
6. Once signed assignment is returned, we process invoice (s); we then forward deal sheets to our client for signature.
7. When deal sheets are returned, we do a cash wire into our clients account. The deal sheet details the invoices we are purchasing, our fee, holdback amount and the amount we are advancing.
8. When payment is received from payer, we release the holdback less any late fees or short payments. (Late fees are calculated at 1/10 of 1% per day after the negotiated period from when the deal is paid to you. In some cases clients can reduce late charges by presenting us with the invoice(s) but not having the invoices processed until a later date. That way we purchase the invoice(s) and send it into the company for payment but do not start calculating days until we actually process the invoice(s) and this works well for longer term receivables.
9. One frequently asked question is: How do my clients (Payers) perceive it?
  - a. The Payer may ask why the client is using our services – is the client in trouble? We say exactly the opposite is the reality; In fact, the client is growing very rapidly and have hired Factors Western Inc., to handle their accounts receivable so they can better concentrate on their service delivery to the Payer. We explain that by using Factors Western Inc., the client does not have to do any of the paperwork and follow up. We do that, and in turn free up the clients time to perform a more thorough service to their clients (Payers).
  - b. Many of our existing clients remain with us not because they need cash quick, but quite simply because they prefer to have us handling the service, so they can focus on their business.
  - c. The first contact with the Payer can be done several ways; fax, letter, conference call, appointment. It can be done by the client, by the client and Factors Western Inc., or by Factors Western Inc., alone, this decision is up to the client.