



Lookout
CAPITAL

What is Factoring?

What is factoring?

Factoring is a working capital solution. It is a financial and risk mitigation service in which a company (the seller) assigns its accounts receivable (from buyers) (cf. below, 7.i) to a third party (the factoring company, called the factor) at a discount. The seller will also pay the factor a fee for providing this service.

Factoring is also commonly called Accounts Receivable Financing, Commercial Finance or Invoice Discounting. It improves a company's financial ratios and increases its debt capacity by selling its unsettled/outstanding sales invoices to a factor who will immediately settle the account, thus securing the company's cash flow.

What is Factoring?

There two main sorts of factoring techniques;

Recourse factoring, where the factoring company does not take over the risk of bad debts/insolvency. In this case the receivable may be sold back to the seller. Recourse factoring implies the seller may still be at risk should his customer become insolvent or cease to trade. It is the seller who decides what credit terms he will grant buyers, based on his own credit research.

In **non-recourse factoring**, the factoring company takes over the risk of bad debts/insolvency, thereby accepting the financial credit risk of the seller's buyers failing, and taking responsibility for accepted, individually agreed credit limits. The system of credit limits allows sellers to safely enlarge their sales volumes. This is even more important in unfamiliar markets and export situations.

What is Factoring?

INVOICE FACTORING

FOR FREIGHT BROKERS

HOW DOES IT WORK?



Your customers may take 30, 60, even 90 DAYS to pay!



Advances will be deposited or wired within 24 hours!



BENEFITS of FACTORING



Free up time



Avoid debt



Easy application and no hidden fees



Grow your company



What is Factoring?

The opportunity!!!!

75-80 percent of trucking companies use a factoring company

Factoring Lingo to know

- **Factoring Rate -**
- **Advance Rate -**
- **Reserve -**
- **Cash Reserve/Rebate -**
- **Early Termination Penalty**
- **Contract Term**
- **Recourse/Non-recourse**
- **Buy/No-Buy**
- **Concentrations**



Proposal of Factoring

Company Name:	KAT Trucking
Advance Rate:	96 %
Rate:	2.5 %
Chargeback:	90 Days
Term:	3 Months
Max Credit Limit:	\$100,000
Wire Fee:	\$15.00
ACH Fee:	\$1.00
Invoicing/Billing Fee	N/A
Guarantor(s)	
Expense Deposit:	\$500

We are excited you are interested in teaming up with our team. Please indicate your acceptance of terms of this letter by executing and returning a copy of this letter, along with a check in the amount of the expense deposit. Upon receipt, we will begin our underwriting process which includes a public record search. We look forward to the opportunity to provide these services to you.

ACCEPTED AND AGREED TO:

Name: _____

Title: _____

Sign: _____

Date: _____

What is the sales approach?

Two separate sales opportunities

Current Clients

Potential Clients

Phone Script

For Brand New Authorities

- Have you been set up with a factoring company yet so you can receive quick pays?

Current Clients

Hi this is _____ with Southwestern

One of our goals is to be a complete resource for you. Moving towards that goal, we have aligned with a new factoring partner to be able to offer you an already vetted option to help your operations.

Are you currently Factoring with anyone?

Not Currently Factoring

What are you currently doing for financing if anything?

Have you ever considered factoring your receivables?

Currently Factoring

Who are you currently with?

How many power units are you currently running?

What do you like about them?

What do you dislike/what would you change?

What program are you currently on? (Rate / Advance / Fees)

Prospects

Hi this is _____ with Southwestern

One of our goals is to be a complete resource for our clients. In addition to our insurance and fuel programs, we also have a strategic factoring partner that we have vetted and trust.

Are you currently Factoring with anyone?

Not Currently Factoring

What are you currently doing for financing if anything?

Have you ever considered factoring your receivables?

Currently Factoring

Who are you currently with?

How many power units are you currently running?

What do you like about them?

What do you dislike/what would you change?

What program are you currently on? (Rate / Advance / Fees)

Sales Box

There are so many variables on pricing.
Advance rate, Avg. Days to pay, Open AR, Concentrations etc.

Transportation						
	Sales Box					
	Carrier		Ideal Factoring Fee			
	Size	Advance Rate	Range	Range	For discussion purposes	
	1-3 Truks	97%	3.00%			
	under 100K	95%	3.00%	2.00%	97%	2.00%
	100k - 300k	95%	2.50%	1.50%	97%	1.50%
	300k - 500k	90-95%	2.00%	1.50%	97%	1.25%
	Above 500K	90-95%	2.00%	1.25%	97%	1.00%
					Goal is to Avg. 1.75% on total book	

Southwestern Lead Flow to Lookout

- Southwestern generates lead
- SW Employee closes lead
- SW collects app, proposal, and set up docs
- SW sends directly to Lookout's underwriting

Process – Application

FACTORING CREDIT APPLICATION LOOKOUT CAPITAL LLC

1. GENERAL INFORMATION															
Legal Business Name:				Phone:		Fax:									
Assumed Name(s) DBA(s):				Federal ID #:		MC #:									
Physical Address:				City:		State:		Zip: County:							
Mailing Address:				City:		State:		Zip: County:							
State of Incorporation:				Date Established:											
Business Form: Corporation Limited Liability Corp Partnership Sole Proprietorship				Company Owned:		Trucks: Trailers:		Owner Operator: Trucks: Trailers:							
2. OWNERSHIP & KEY PERSONNEL															
NAME:			OWNERSHIP %			TITLE:									
1.)															
2.)															
3.)															
4.)															
PLEASE COMPLETE "PRINCIPAL SUMMARY" FOR EACH OWNER - SEE NEXT PAGE															
3. LEGAL															
Are there any delinquent Federal or State Taxes?			Yes		No		If yes, has a lien been filed?			Yes		No			
Has the Company ever filed for bankruptcy or had a petition in bankruptcy filed against the Company?										Yes		No			
Is the Company engaged in, or threatened with any litigation?										Yes		No			
****If yes to any of the above please attach explanation***															
4. SUPPORT DOCUMENTATION															
Please submit the following information with your completed application:															
1.) Articles of Incorporation / Organization						4.) Accounts Receivable Detail Aging Report									
2.) DOT Letter of Authority						5.) Revenue Trailing 12 Months									
3.) Copy of Driver's License(s) for all principal owners						6.) Do you currently factor your A/R?						Yes		No	
***If yes, please submit copy of factoring agreement															
Additional information may be required upon acceptance of proposal															

The undersigned certifies that this application and the information contained herein is submitted for the purpose of procuring, establishing and maintaining a financing facility for business or commercial purposes only and the proceeds will not be used for any personal, family or household purposes. By signing and submitting this Application, the undersigned certifies that the information contained herein, and all forms and documents provided in connection herewith, are true and correct, and that the undersigned is duly authorized by company to submit this application.

By: _____ Date: _____
Name: _____ Title: _____

Email to: admin@lookoutcapitalllc.com

Process – Proposal



Proposal of Factoring

Company Name:	
Advance Rate:	
Rate:	%
Chargeback:	90 Days
Term:	12 Months
Max Credit Limit:	\$500,000
Wire Fee:	\$15.00
ACH Fee:	\$1.00
Invoicing/Billing Fee	N/A
Guarantor(s)	Owners
Expense Deposit:	\$250

We are excited you are interested in teaming up with our team. Please indicate your acceptance of terms of this letter by executing and returning a copy of this letter, along with a check in the amount of the expense deposit. Upon receipt, we will begin our underwriting process which includes a public record search. We look forward to the opportunity to provide these services to you.

ACCEPTED AND AGREED TO:

Name: _____

Title: _____

Sign: _____

Date: _____

Process – Articles/MC Authority

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY
FILING CERTIFICATE (CERTIFIED COPY)

Corporation Name: EMG TRUCKING LLC
Business Id: 0458037426
Certificate Number: 6000098981

I, THE TREASURER OF THE STATE OF NEW JERSEY, DO HEREBY CERTIFY, THAT THE ABOVE NAMED BUSINESS DID FILE AND RECORD IN THIS DEPARTMENT A CHANGE OF REGISTERED OFFICE ON November 1, 2018 AND THAT THE ATTACHED IS A TRUE COPY OF THIS DOCUMENT AS THE SAME IS TAKEN FROM AND COMPARED WITH THE ORIGINAL(S) FILED IN THIS OFFICE AND NOW REMAINING ON FILE AND OF RECORD.

IN TESTIMONY WHEREOF, I HAVE HERUNTO SET MY
HAND AND AFFIXED MY OFFICIAL SEAL AT
TRENTON, THIS
April 01, 2019 A.D.



Elizabeth Weiss Mucci
ELIZABETH WEISS MUCCI
TREASURER

VERIFY THIS CERTIFICATE ONLINE AT
https://www.state-nj.us/TYTR/TrackingDocs/2019Rec12g_Doc1_349



U.S. Department of Transportation
Federal Motor Carrier Safety Administration

1200 New Jersey Ave., S.E.
Washington, DC 20590

SERVICE DATE
June 03, 2018

CERTIFICATE
MC-963688-C
U.S. DOT No. 2873082
EMG TRUCKING LLC
WEST ORANGE, NJ

This Certificate is evidence of the carrier's authority to engage in transportation as a common carrier of property (except household goods) by motor vehicle in interstate or foreign commerce.

This authority will be effective as long as the carrier maintains compliance with the requirements pertaining to insurance coverage for the protection of the public (49 CFR 387) and the designation of agents upon whom process may be served (49 CFR 388). The carrier shall also render reasonably continuous and adequate service to the public. Failure to maintain compliance will constitute sufficient grounds for revocation of this authority.

Jeffrey L. Secrist

Jeffrey L. Secrist, Chief
Information Technology Operations Division

NOTE: Willful and persistent noncompliance with applicable safety fitness regulations as evidenced by a DOT safety fitness rating of "Unsatisfactory" or by other indicators, could result in a proceeding requiring the holder of this certificate or permit to show cause why this authority should not be suspended or revoked.

CMO

Process – ACH/Voided Check

DocuSign Envelope ID: 6AA7921F-74CB-43BE-95C0-D03FDF901677

Accounts Payable ACH Authorization Form

(Direct deposit for vendors and customers)

Complete this form to request direct deposit of vendor or other payments to the bank account you specify below. Please sign the form and fax or email it to the number/address specified at the bottom of the form.

Step One: Payee Information

Name EMG TRUCKING LLC
Street Address 220 WEST JERSEY ST APT 5N
City ELIZABETH State NJ Zip Code 07202
Phone 973-454-0906 Email for Remittance EMGTRUCKINGLLC@GMAIL.COM

Step Two: Bank Information

Wells Fargo
Bank Name _____
Bank Routing Number _____ (9 digits) Bank Account Number _____

Step Three: Authorization

The undersigned hereby authorizes EMG, LLC to initiate (i) credit entries, (ii) debit entries, and (iii) adjustments for any debit or credit entries, to the Client Bank Account as indicated above. All transactions shall be pursuant to the terms and conditions of the Factoring Agreement. The undersigned acknowledges and agrees there shall be a minimum \$5.00 charge for wire transfers and a minimum \$5.00 charge for ACH deposits.

Authorized Signature [Signature] Date 04/12/2019

For Office Use Only

Vendor Code _____ Affiliate Code _____

EMG TRUCKING LLC
4 SEAMAN RD
WEST ORANGE, NJ 07052-3617

1242
55-3/212 8859

Pay to the Order of _____ \$ _____
Dollars

WELLS FARGO
Wells Fargo Bank, N.A.
New Jersey
wellsfargo.com

For _____
7: 01242

VOID

Scanned with CamScanner

Competitor List

Competitor List

Top Competitors	Positives	Opportunities	Target
RTS	Low Rate One of the largest	Competitor, Customer Service, Collections	10 to 200
OTR	Brokerage, Full Advance rates Non-Recourse	Brokerage (Competitor)	1 to 10
Crestmark	Low Rate large Bank	Customer Service, Collections	10 to 200
TBS	Full Advance Rates	Customer Service	1 to 10
OCC	Full Advance Rates, Low Rates	Going through some changes	5 to 50
Triumph	Bank, Low Rates, Large Company	Bank, Customer Service	1 to 20
APEX	Good Customer service	Rates	1 to 10
First Line Funding	Bank, Low Rates, Full Advance Rates	Bank, Customer Service	Jan-50
TAFS	Transportation, Other offers within transportation	Competitor, Customer Service	1 to 5
Enoble	Transportation	Customer Service, Collections	5 to 30
Sunbelt	Transportation	Customer Service	1 to 20
Corporate Billing	Low Rates	Customer Service, Collections	10 to 100
Sumar Financial	Full Advance, Non Recourse	Rate	1 to 5
D&S	Full Advance, Non Recourse	Rate	1 to 5
Fleetone	Full Advance, Low Rate, Non - Recourse, Fuel Card with Credit	Customer Service, Collections, Receipts	1 to 20

E Capital -
Rev Capital
Tafs