

Confidential Invoice Factoring (works like a LOC)

* Setup a line of credit facility (eg. for a $1 million) with another bank owned jointly (between funder and client) in the client account name.
* Based on total average AR balances. Up to 75% of accounts receivable balances under 90 days
* Funds available same day (up to facility limit). Would call in the morning for an advance and funds would be available that afternoon.

Condition and fees

* 1 year commitment for client (if moves to a schedule 1 Bank then any break fees waived)
* Discount fee of .35% of advance for 30 days
* Addition al discount fee of .35% for each additional 30 days thereafter (or partial increment)
* Prime plus 3 on amounts advanced outstanding
* Advance fee .01% of advance
* Commitment fee .5% of facility
* Due Diligence Fee $2,500

Example: approximately $3,000 per month on an average usage balance of $400k

Features

* Factoring would be confidential between funder and client. Clients would not be notified of any factoring arrangement.
* Clients would EFT funds directly to bank account or pay by cheque to the client. Client would deposit all funds into the account. The funder would sweep the account weekly to pay back factoring loan.
* Weekly AR reports would be required.
* The funder would provide AR management system. Slow paying Customers contacted by funder but would be calling as a representative of client. (NOT the funder) Client could chose customers not to contact.

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