

Accounts Receivable Financing (aka Factoring) FAQs



What is AR Financing or Factoring?

Accounts Receivable Financing (AR Finance) is a working capital credit product for businesses that allows advances against accounts receivable. This structure will generate significant liquidity, offer flexibility and improve collection processes by which the business owner can manage, restructure and grow the business.

What else does factoring offer than money?

Most factoring lines of credit bring an added value to the financing relationship by assisting the business owner with customer credit checks, improved collection monitoring services, account maintenance, quicker internal cash application and daily online reporting.

What size of AR lines does DIVERSIFIED offer?

\$50,000 to \$5,000,000

What will DIVERSIFIED advance against AR collateral?

90%+ of eligible accounts receivable.

What are DIVERSIFIED's financing rates?

DIVERSIFIED is competitive in the market with rates varying on an annualized basis. Most rates will be determined by credit line facility size, advance rates, customer concentration, financial strength of customer base, and competition.

What is the term / commitment of an AR Financing arrangement?

Generally 12 to 36 months.

What is DIVERSIFIED's normal business underwriting process?

Prospective AR customers work with a team member to determine whether the business is a fit for DIVERSIFIED's AR or other products. With an introductory phone call or meeting, our team member can determine whether or not it makes sense to move forward with an application. The team member then creates a proposal that will communicate DIVERSIFIED's terms, rates, and loan structure. Once the proposal is accepted and signed by the customer, complete underwriting begins.

How long does the underwriting/credit approval/funding process take?

While each business owner's situation is unique, most AR Finance lines are completed and funded in less than 7 days from the time a complete package is submitted to DIVERSIFIED and proposal letter has been executed.

Which industries does DIVERSIFIED serve?

DIVERSIFIED has created a specific division, Diversified Transportation Finance, which does all things transportation. Since 1986, DIVERSIFIED has funded a variety of industries including: service providers, oil and gas vendors, wholesalers, distributors, manufactures, importers, transportation, staffing, IT consulting and others.

Will my business be handled by a call center or a relationship manager?

DIVERSIFIED assigns an experienced relationship manager to each account even before the first funding.

How soon is cash available on submitted invoices?

Most invoices are eligible as collateral to be drawn against the next business day.



What does DIVERSIFIED not do?

Construction, Medical, Retail, General Contractors and a few others

How do I get started?

Call or email Cole Roberts, 800.288.3024 or croberts@diversifiedlenders.com

Who are good fits for DIVERSIFIED AR Financing?

AR Financing works for many businesses, but is a strong financial fit well suited for small-to-midsized businesses that have strong customers, but may not have a strong income or balance sheet. AR Financing is a great financing alternative for businesses that have experienced or are experiencing growth and cannot wait for a traditional banking line of credit approval to support this growth. Trucking and staffing are the biggest users of AR Finance.

What are the benefits of AR Finance with DIVERSIFIED?

Financing flexibility – use current accounts receivable that can be quickly converted into working capital for the business owner.

Credit flexibility – no financial covenants like with most traditional bank loans.

Industry experience – business development officers, underwriting personnel and relationship managers who have many years experience in understanding and supporting business owners and the financial challenges that they encounter.

Does DIVERSIFIED have additional credit products for my business?

Many DIVERSIFIED clients stay with DIVERSIFIED for a long times as they work through multiple business cycles in different economic environments. Equipment financing is available to customers in good standing.

