

Aegis Factors

Broker Development

BROKERS SUBMISSION PACKAGE

Dear Independent Factoring Consultant,

Since 1994, we at Aegis Factors have been providing exceptional factoring services to America's small business entrepreneurs across the nation and continue to do so today. And, of importance to you, the vast majority of our new clients have been referred to us and our portfolios by independent brokers, just like yourself.

At Aegis Factors, we take a strong interest in the success of your consultant business and your abilities to develop and refer business to us. The reason for this is both simple and obvious. Because we depend so heavily on associates like yourself to source new clients for our portfolios, we have an inherent and vested interest in helping you along the way to career success. Our focus in creating strong business relationships with brokers like yourself is evident in the unique training, productivity, and marketing support products we provide our broker associates through our training and support association, IACFB (International Association of Commercial Finance Brokers). www.iacfb.org

When submitting business to us, you will generally find an underwriter available to discuss your submission within an hour of receipt if during normal business hours. All initial submissions should be on our standard "Company Profile" which can be downloaded from the Broker Area of our website. Make certain you complete the broker information area at the bottom so we can protect your submission and credit you as "Broker of Record".

We look forward to working with you and assisting you in your business development endeavors. If you have additional questions, please feel free to contact us through the Broker Support area of the Aegis Factors website.

Sincerely,

Robert McMahon

Robert McMahon
President
Aegis Factors, Inc.

Aegis Factors

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Welcome to the Aegis Network (IACFB)

As you may already be aware, Aegis Factors is one of a select group that provides training and support for independent consultants. In fact, we are easily the largest trainer of factoring brokers in today's industry with training and continuing education provided through a separate unit of our company called the IACFB or International Association of Commercial Finance Brokers. By joining the network, you will have taken an important first step in becoming an industry "top producer".

The "New Client" Submission Process

Application Submission: The broker faxes or emails our "Company Profile" application to the prospect. The prospect returns the completed profile to the broker who adds his / her name and contact information on the bottom. The profile is then faxed to our offices at (239) 274-7994.

Initial Client Contact: Our underwriters will do an initial UCC Search on the prospective client to determine if there are existing UCC filings, tax liens, or judgments. The prospective client will then be contacted to discuss their business, account debtors, and need for factoring. As the broker, you may be on that call.

Terms & Conditions Letter: If we deem the prospect suitable for factoring, we will issue a Terms & Conditions letter which outlines the proposed new factoring arrangement. If the prospect agrees to the terms and conditions, contracts (Master Purchase & Sales Agreement) will be created and forwarded via email or overnight courier.

Underwriting / UCC Search Fees: When the contract is returned, the prospect will pay a UCC Search and underwriting fee. (typically \$100).

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Accounting Setup: The new clients pertinent information is set up in our accounting system, notification of assignment letters are sent to the client's customers, and account debtor information is entered into the system.

First Funding: The client will forward original invoices for purchase and funding. The invoice amounts will be verified and the first funding occurs with the agreed advance being wired directly into the client's business account.

Collections: As invoices are paid during the normal course of business, they are received at our lockbox and the client receives a "Collection Report".

Broker Commission: Brokers are compensated in the business month following the collection and will receive 10-15 percent of the factoring fees earned for portfolio accounts and 50-55 percent of wholesale commissions earned if a wholesale transactions. (See Broker's Agreement and Commission Bonus Grid)

Typically, the underwriting process from the time you submit the prospect's Company Profile to First Funding is seven days or less. We have, in some cases, provided first funding in less than three business days.

Your Monthly Commission Run

Along with your monthly check, you will receive a detailed Commission Report which will show your earnings on each invoice which was paid during the previous month. In addition to accounts settled, the Aegis Factors' monthly Commission Report will also show the amount of purchases for the month. With purchases shown, you can estimate the amount of commission earnings for the following months. As with most factors, we require payment to be made to a corporation (Sub-S election is fine) or to an LLC.

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Prospecting: Identifying Businesses Which May Require Your Services

Though our training program at Campus IACFB has complete training modules on this subject, below are a few tips for new brokers and those just entering the industry.

A “Business to Business” Business: Many newbies who only know that factoring commissions are exceptional and little else, present “deals” to us which have nothing to do with factoring and do not involve invoices. Understand...

1. Factoring is always a business-to-business type styled transaction. It never involves consumers.
2. Factors only purchase invoices. We do not finance real estate, cars, boats, dogs, cats, rats, etc. We only purchase quality invoices and never delinquent debt.
3. Factors are not lenders. We do not *lend* money. We purchase invoices. When one business sells to another and grants 30, 45, 60 day terms to pay, they can sell those invoices to us, get immediate cash, and we will wait to get paid.

Although you may not yet be aware, factoring is a very big business throughout the world. It is a 150 billion dollar industry in the U.S alone (annual). Worldwide there are many trillions of receivables factored each and every year. The profession of being a factoring broker in Europe is very common and there is considerable competition for business. Brokering in the U.S., however, is relatively unknown and there is very little competition for your services.

Your universe for prospecting is the roughly 29 million small businesses in the U.S. It is impossible for an active factoring consultant to not have literally thousands of prospects to work with from day one of starting their business.

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Factoring vs. Purchase Order Finance vs. Contract Finance

If you are a new consultant with no background in our products, you will likely struggle separating these three types of financing.

1. **Factoring:** The purchase of an invoice created for goods sold (and delivered) or services which have been performed. At Aegis, we are factors.
2. **Purchase Order Finance:** The advance of funds or posting of a letter of credit so that goods can be manufactured. Purchase Order Finance is typically provided by specialty finance companies and not factors. Once the goods are manufactured and delivered (with the help of a purchase order finance company), they can then be invoiced and the invoice can be factored. We do this for established customers.
3. **Contract Finance:** The advance of funds so a company can gear up to perform services or manufacture based on a contract. Also called “mobilization money”. We do not provide this service.

Campus IACFB Training (BizCap)

Aegis Factors is the only factoring company which provides such comprehensive training. Our Professional Broker Program which includes Campus IACFB access, a professionally designed factoring broker website, and our popular training manual, *The Broker's Guide to Factoring*, is provided at just \$195.00 and is likely all you will need to enter the industry successfully, whether full or just part-time. You can learn more regarding this training program and current pricing at www.iacfb.org/bizcap.htm. Additionally, make certain you join the IACFB discussion group on LinkedIn (www.linkedin.com) to stay current on incentives and bonuses we periodically offer.

Aegis Factors

Independent Brokers Agreement

INDEPENDENT BROKER'S AGREEMENT (NON-ASSIGNABLE)

THIS BROKER'S AGREEMENT entered into this _____ day of _____, 201__ is entered into by:

Aegis Factors, Inc. (Factor)...with primary offices located at 11000 Metro Parkway, Suite 22, Ft. Myers, FL and...

_____(Independent Broker) with primary offices at

RECITALS

- A. Factor is engaged in the business of providing factoring and other commercial finance services to various business entities both domestically and internationally.
- B. Independent Broker is incorporated (or will be incorporated prior to receiving commission compensation) and is in the business of consulting with and soliciting commercial entities for the purpose of sourcing appropriate commercial finance solutions.
- C. Factor and Independent Broker (the Parties hereto) have determined this Agreement to be necessary to define the relationship between them.

AGREEMENT

In consideration of the above recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the following.

- 1. Factor hereby authorizes Independent Broker to solicit business from commercial entities (not previously solicited by or currently being solicited by Factor) for the purpose of referring such entities to Factor for consideration as clients.
- 2. Independent Broker hereby represents and warrants to Factor he / she maintains an independent office with all expenses associated with such office incurred by, paid by, and as the sole responsibility of Independent Broker.
- 3. Factor may, at its option, make available to Independent Broker certain information pertaining to its services which factor deems necessary to properly solicit and develop business for Factor's portfolios.

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4. Independent Broker agrees that the acceptability of any business entity solicited by Independent Broker on behalf of Factor, shall be at the sole discretion of Factor. Further, Independent Broker agrees that at all times when soliciting business on behalf of Factor, Independent Broker will conduct himself / herself in a professional manner and obtain and maintain all licenses and permits required to conduct business within his / her jurisdiction.
5. Factor agrees to compensate Independent Broker for his / her services on a commission basis only. The commission to be paid to Independent Broker shall be at an amount as set forth in Addendum 1 (the Grid) hereto attached as part of this Agreement. Commissions shall be calculated monthly and be payable on or about the 15th of each calendar month following the month in which the commissions were earned. Commissions are non-assignable.
6. The Parties agree that whenever Factor, in its sole discretion, deems any client referred by Independent Broker pursuant to this Agreement to be in default, liquidation, or otherwise unsatisfactory financial conditions, Factor may apply all collections received or to be received pursuant to the Master Purchase and Sales Factoring Agreement pursuant to that client. The payment of commissions to Independent Broker shall be deferred until such time as Factor, in its sole discretion, deems such applications of collections unnecessary. Further, Independent Broker agrees that he /she shall not be entitled to commission payment derived from penalties, delinquent fees, extensions, or related ancillary charges. All commissions earned by Independent Broker shall only result from factoring fees earned as the result of account debtor payments upon purchased invoices which were satisfactorily received.
7. The Parties agree that Independent Broker does not have the right or authority to bind Factor in any way in any agreements of any kind or nature whatsoever. Further, Independent Broker does not have the right or authority to commit Factor to any indebtedness or any obligation of any kind, nature, or description. Additionally, Independent Broker shall not use Factor's name, trademarks, logos, or marketing materials without written permission of Factor.
8. This Agreement, except as provided herein, can only be modified by a written instrument signed by the Parties.
9. This Agreement is to continue in full force and effect until written notice of termination is served by any one of the Parties hereto, on the other, but such termination shall not affect any of the provisions set forth in paragraph 5 above or Addendum 1 (attached).
10. The Parties hereto agree that Independent Broker is an independent contractor whose time, methods of business development (which shall be lawful, ethical, and appropriate), are not subject to the directions and control of Factor. Further, Independent Broker shall not represent itself as employee, partner, or co-venturer of Factor
11. Independent Broker hereby represents and warrants to Factor that he / she accepts exclusive liability for any payroll taxes, income tax withholding, or contributions imposed by the Federal Social Security Act or any state law with respect to Independent Broker's commissions paid pursuant to this Agreement.
12. This Agreement may not be assigned and no provisions contained herein shall inure to the benefit of Independent Broker's respective heirs, survivors, and/or assigns.
13. All notices or other documents under this Agreement shall be in writing and delivered personally or mailed by certified mail, postage prepaid to the addresses set forth above.

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Independent Brokers Agreement

14. Each provision of this Agreement shall be interpreted in such a manner, as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such provision or invalidity without in validating the remainder of such provision or the remaining provisions of this Agreement.
15. This Agreement shall be deemed to be a contract expressing the full terms of the agreements between the Parties under and subject to the laws of the state of Florida. For any litigation arising out of this Agreement, the Parties hereto submit to the exclusive jurisdiction of the federal and state courts of Lee County, Florida, waiving any claim that the same is an inconvenient forum. The prevailing Party in any such litigation shall be entitled to recover expenses (including court costs and reasonable attorney's fees) both at the trial and appellate level. **IN CONNECTION WITH ANY SUCH LITIGATION THE PARTIES HEREBY KNOWINGLY AND IRREVOCABLY WAIVE TRIAL BY JURY.**

ADDENDUM 1 (COMMISSION GRID)

FOR PORTFOLIO CLIENT REFERRALS: For any referral accepted to Factor's portfolio, Factor agrees to compensate Independent Broker at a rate of 10% of the factoring fees earned subject to the exceptions as noted in paragraph (s) 5 & 6 above. Additionally, Factor shall provide "Incentive Compensation" of up to 5% of the factoring fees earned based on production bonuses as follows:

| | |
|--|---------------------------------|
| A. Monthly commission check \$1,000 to \$1,499 | 1% production bonus (total 11%) |
| B. Monthly commission check \$1,500 to \$2,499 | 1% production bonus (total 12%) |
| C. Monthly commission check \$2,500 to \$3,999 | 1% production bonus (total 13%) |
| D. Monthly commission check \$4,000 to \$5,499 | 1% production bonus (total 14%) |
| E. Monthly commission check \$5,500 or greater | 1% production bonus (total 15%) |

Incentive Compensation is cumulative so that a total of 5% of the factoring fees earned is paid as an additional commission for monthly commission earnings of \$5,500 or greater.

FOR WHOLESALE TRANSACTIONS: In the event a referred client is not suitable for Aegis' portfolios, we will, at the Independent Broker's written or emailed request, attempt to source suitable financing from our database of lenders and financing sources. If successful, the sharing arrangement of commissions or placement fees shall be:

Independent Broker...50% of broker fees / commissions.
Aegis Factors...50% of broker fees / commissions.

Commissions paid from "wholesale" transactions" shall be considered and added to standard portfolio commissions for the purpose of calculating Incentive Compensation.

THIS AGREEMENT executed the day as set forth above by the Parties.

AEGIS FACTORS, INC.

INDEPENDENT BROKER

Aegis Factors

Independent Brokers Agreement

Some Questions and Answers

- Q. What is the best marketing method for brokers to use to find new clients for Aegis Factors?
- A. Most brokers tend to be part-time operators and have a professional career such as accountant, etc. They simply utilize networking to generate business. Our professional career consultants will use all forms of direct marketing as well but will still rely on networking as their primary method of business development.
- Q. What is the average Aegis Factors broker commission on a deal?
- A. Considering the average client at Aegis Factors generates about \$100,000 in invoices each month, the average monthly commission on such a deal would be approximately \$450-\$600 depending on the broker's grid level. On an annual basis, that would be roughly \$5,400-\$7,200 annual income per average referred client. You can do the rest of the math.
- Q. What is the smallest client Aegis will accept?
- A. We accept factoring clients with \$25,000 or more in invoicing per month. Smaller accounts, \$15,000 to \$24,999 are occasionally accepted on merit.
- Q. When are commissions paid each month and do I receive a commission report?
- A. We generate the commission run on or about the 15th of every calendar month. You receive a full commission report each month.
- Q. This seems like a lucrative business. Do other factors offer any training?
- A. If you visit virtually any factor's website (there are about 600), somewhere you will find a "Brokers" link. All factors actively seek to expand their broker referral network. We know of no other that provides training on the same level as Aegis, however, which includes websites and IACFB. We are very unique in that respect.
- Q. What industries do you not accept for factoring?
- A. We do not provide construction factoring nor do we consider factoring involving 3rd party medical receivables such as a physician receivables paid by insurance or Medicare. But even those, we can place through our wholesale department.
- Q. What is the difference between a factoring broker and a commercial finance consultant?
- A. Factoring brokers tend to strictly work within the factoring industry. Additionally, most work primarily on a part-time basis. Commercial Finance Consultants (CFC) tend to be more career-oriented and will work in many other financing areas such as asset-based lending, purchase order finance, import export trade finance, equipment leasing, merchant cash advances, etc.
- Q. What if I select a BizCap location that is not listed on the "available list"?
- A. We will make an effort to establish a BizCap location in that city for you. We typically only allow one BizCap representative per location. You can still broker for us, however.

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Independent Brokers Agreement

Questions and Answers (cont'd)

- Q. If you already have a BizCap broker in my city, what are my other choices?
- A. BizCap sites are unique and designed for those with a career orientation. DataMax has other sites that are just as well designed, however. The price and training is identical, however we only allow one actual BizCap site per city. You can view factoring broker sites at DataMax Marketing Systems.
- Q. I have seen ads for factoring broker training as high as \$20,000 from "training schools". Is brokering factoring transaction really that lucrative that schools can charge those amounts?
- A. Schools that charge such fees devote a lot of personal attention to you so it may well be worth the tuition. From our standpoint, however, it is better to "get your feet wet" on a much smaller scale before investing such a large amount of money. And yes, it can be very lucrative for what we would term "motivated and career oriented self starters".
- Q. What should I plan to spend for marketing each month?
- A. Most factoring brokers generate factoring leads from networking so your expenses will include dues for clubs, organizations, and associations and, of course, expenses you will incur for meals and drinks at after hours functions. Commercial Finance Consultants will tend to have a higher marketing budget due to direct marketing expenses.
- Q. What are the pitfalls as a factoring broker for Aegis?
- A. There are no pitfalls that we are aware of. Remember, it costs nothing to refer business our way. You can only earn commission income. Even if you decide to take it to the next step with BizCap and operate on a more professional basis, the costs are miniscule. Other than California, no state has licensing requirements for factoring brokers that we know of.
- Q. How do I find out more?
- A. There is a great deal of information on factoring and brokering factoring transactions on the internet. Use your favorite search engine (Google, Bing) and simply search for "factoring" or "factoring broker", etc. Though this business is still "under-the-radar" in the U.S., there is still a lot of good information out there. The more knowledge you acquire about factoring, the more effective you will be as a broker.

Here are a few other sources. [Sign up for newsletters and bulletins.](#)

The International Factoring Association (IFA) www.factoring.org

The International Association of Commercial Finance Brokers www.iacfb.org

Commercial Finance Consultants www.commercialfinanceconsultants.com

The CFA (Commercial Finance Association) www.cfa.com

It is also helpful to visit other factor's website. A short list of sites (about 300) is available at DMOZ. Simple search the term "DMOZ factoring" to get the link.