

## **Factoring for U.S. Government Prime Contractors**

armcor offers U. S. Government prime contractors several innovative factoring options that leverage the impeccable credit of the U. S. Government to accelerate cash flow, fuel growth, and increase profitability.

### *Available to Most Companies*

armcor factoring services are available to U. S. Government contractors based in the U. S., its territories, or in Canada, including new, rapidly growing, distressed, reorganized, or otherwise underserved businesses. While actual terms may vary, even companies which have traditionally been ineligible for factoring, such as military and construction contractors, and companies with seasonal business are welcome. Factoring services can also be made available to U. S. Government contractors based outside of North America.

### *Flexible and Scalable*

While traditional bank credit lines are limited, inflexible, and only grow slowly, factoring has no practical upper limit. It scales with receivables growth. Clients may use factoring for all of their contracts, or solely for large, one-time deals, or for occasional projects. Clients are free to stop, restart, continue, or discontinue factoring whenever it suits business objectives. Facilities are completely scalable and may even be used with credit lines or purchase order financing, and armcor also works with select strategic partners to make additional resources available and further increase eligibility.

### *No Debt or Additional Collateral*

Since factoring is not a loan, no new debt is incurred. Unlike traditional bank lending that relies on hard assets as collateral that may be liquidated upon default, factoring relies solely on the value of client receivables.

### *Minimal Disclosure*

armcor is secured by the U. S. Government's ability to pay, the validity of the debt, and in the legal right to collect of purchased receivables. Thus, client profitability is not a requirement, and the underwriting process does not normally require an examination of tax returns, financial statements, or business plans. Personal credit reports are not accessed, and even derogatory business credit report information is not usually problematic.

### *No Personal Guarantees*

While conditions vary according to underwriting requirements for the circumstances of each account, standard terms do not require audits or personal guarantees from principals. And there are never any hidden charges, upfront application fees, retroactive rate adjustments, exit penalties, or minimum monthly volume.

### *Multiple Pricing Options*

armcor uses several pricing methods to accommodate different contract billing patterns and client requirements. Final rate schedules vary with expected monthly factoring volume, billing frequency, average invoice size, contracting agency, and payment office. For clients with a wide range of variation in invoice size, individual invoice pricing along a sliding scale may be used. For clients consistently billing a high total dollar volume, pricing may be based on actual total monthly volume. The original armcor single rate plan for all invoices is also available. Rates are usually higher for past due receivables or claims vouchers, but such receivables are not automatically disqualified. Terms and conditions stipulated in final agreement vary.

### *Discounts from Suppliers*

armcor can even pay suppliers at the time of factoring, allowing clients to take advantage of early payment discounts offered by most vendors. Along with other efficiencies and the ability to delay factoring until proceeds are needed, supplier discounts help offset factoring fees.

### *Support for New Business*

Government agencies are sometimes reluctant to award large contracts to new, small, or rapidly growing companies. To address such concerns, armcor regularly provides approved clients with memoranda suitable for inclusion in bids and proposals to demonstrate an ability to handle any increased volume from an award.

### *Discretion*

We understand that contracts are often the result of months or years of careful cultivation; we make sure our involvement does not disrupt this relationship. We are also comfortable working on redacted contracts and invoices; as long as contract collections are assigned to armcor according to the FAR, we do not need to know confidential information pertaining to delivery or performance.

### *Better Overall Value*

Banks are adverse to risk, and when banks offer lending at seemingly low rates, it is in exchange for greater security, including title to assets that may be liquidated and restrictions on operations. Yet a total economic comparison of factoring versus traditional bank lending shows little real difference in final costs. This is because the several advantages afforded by factoring actually reduce its true cost. Factoring aids rapid growth by enabling increased volume with no upper limit. Factoring helps reduce interest paid to vendors and creditors and makes supplier discounts and better payment terms possible. And rather than requiring extra reporting and placing a new burden on administrative resources, factoring actually saves staff time and frees up assets better used on profitable activities.

Visit <http://www.armcor.com> or call 1 (800) 873-4161 for further information.