



We Bring Your Fashion Dreams To Life

Factoring Interview

Interview with Jack Hedaya of the The Hedaya Capital Group, Inc.

The Hedaya group is a family-run Factor based in NYC with roots in the fashion Industry. They focus on early stage, rapidly growing companies. Their services function to provide, additional cash flow, credit protection, collection services and trade financing to growing companies, many of which are in Apparel, accessories and related business.

- What is Factoring?

Factoring is the selling of accounts receivable or invoices for immediate cash. Along with financing we also provide credit protection in the form of Credit Guarantee's on your customers and Collections Services.

- Why use a factor?

To Speed up cash flow enabling a business to grow rapidly, protect against bad debt from customers via the factor credit guarantee and focus on the growth of your business i/o on collections efforts

- How much does factoring cost?

Factoring costs can vary depending on the size of the transaction or the sales volume of the business. All in, it will usually cost a business owner 2-3% on the invoice, it is generally composed of a factoring commission and interest on the loan amount. The factoring commission covers the credit guarantee and the collection services, and the interest is charged on the outstanding loan balance. Factoring commissions will usually range from 1-2% on the invoice and interest charges can range from 6-8% per annum on the funds employed.

- When am I ready for a factoring company?

When you are shipping retail customers and offering credit terms. Your sales will be at least \$175,000- \$250,000 for the year and looking to grow the business from there

- Are there minimums when working with a factoring company?

Most if not all will have an annual minimum that they would want to see, We generally structure the minimum together with the client to make sure that it is something that will work for them.

- Is there an upfront fee?

All factors will charge a fee for due diligence or documentation or both. We only charge a fee once we are sure that we are interested in closing the transaction. The fees can really range depending on the size and complexity of the transaction, the number of partners, the location etc, and can range anywhere from \$250-2,500

Chicago
820 N California Ave
Chicago, IL 60622
773-540-4097

vmoraconsulting@vmora.com
www.vmora.com

New York
247 W 38th ST, 8th FL
New York, NY 10018
212-390-8660



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- What is the process of working with a factoring company?

We would have a conversation or meet with the client to make sure they are a good candidate for factoring. We would ask our application and due diligence items to be submitted. If there are no issues we would issue a term Sheet. Once terms are agreed upon we would ask for a due diligence check to start preparing documents and completing our due diligence: Execute document, Set the client up in our system, and Fund the client.

- What information should I be prepared to provide to a factoring company?

The below list it is what is asked for, if we are dealing with an early stage business some of the items might not be available and we can work without them.

1. Company's Articles of Incorporation
2. Company's Most Recent Tax Return
3. Aged Accounts Receivable List and Aged Accounts Payable List
4. Most Recent Financial Statements
5. 2 References: Accountant and Attorney
6. Copies of principals Driver's license
7. Last 3 Months Company Bank Statements
8. Completed application
9. IRS Letter of Assignment of EIN#
10. Company's Operating Agreement

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