## Trucker Reality By OOFI • Sep 02, 2022

Smart Brevity<sup>®</sup> count: 2 mins... 561 words

In uncertain times, and even in the best of times, there may be instances

where you as an owner-operator run into cash flow problems and need to pay your bills.

Facts on Factoring Services



Recently, a factoring company called CoreFund Capital closed its operations leaving many small carriers without funds to operate.

 Although the carriers had delivered their loads, they couldn't get paid even if the shipper/broker had sent the money because they

were bound by a factoring agreement.

The bottom line: Factoring can be a short term and temporary answer to a cash flow problem.We emphasize that you should see them as a short term and

Why short term and temporary?

## UCC-1 financing statement, which is a legal notice that creditors file as a way to publicly declare their rights to potentially obtain the

service.

is the most egregious)

temporary answer.

Personal properties of debtors who default on business loans.
 Most factoring services will advance only a percentage of the purchased receivables and put the rest into an escrow account. The factoring service has full access to the escrow account.

• Factoring services file a UCC-1: A Uniform Commercial Code-1, or

Many brokers and shippers will not deal with a third-party invoice service or factoring company.
Factoring companies often reject certain brokers and/or shippers.

They may have had bad experiences with them before. This could

- be good to know.Many factoring services demand that all invoices go through their
- They may require you agree to Recourse —which in case of a default, the factor can deduct the agreed funds advanced from the escrow and usually an additional fee? (Embolded because it

Factoring companies take control of your invoices and thus your

income. How much of your business are you willing to give to the

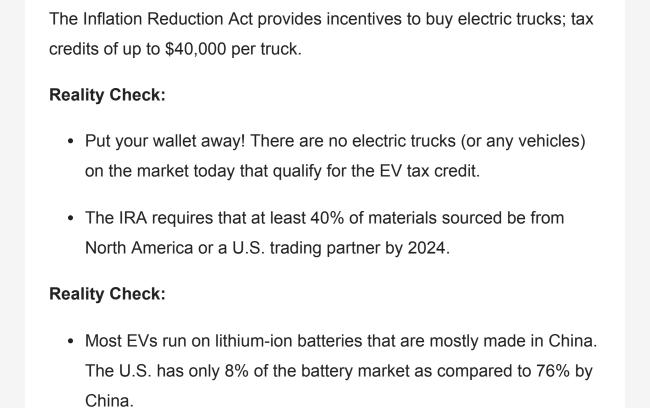
factoring service, as you will be required to send a "letter of appointment" to all your customers requiring that they pay all invoices to the factoring service?

Go deeper to find 6 more reality checks, or questions, as well as some positive impacts that can be useful from using a good factoring service.

**HUMANS** 

**NOT WANTED** 

Will automated trucks have to be all electric?



 Even graphite, of which North America produces 1.2% of the world's supply, is running short. China produces 79% of the world's supply.
 Automated commercial vehicles will require grater amounts of electricity

According to International Energy Agency (IEA), the industry needs

cobalt mines by 2030 to meet global net carbon emission goals.

to build 50 more lithium mines, 60 more nickel mines, and 70 more

vehicles and plug-in hybrids reported an average of 240 and 239 problems per 100 vehicles.

Third-party studies by J.D. Power found that owners of electric

No one doubts that automation and electric power is coming but give us

Feedback

This compared to 173 for ICE vehicles.

the true picture not the PR given to attract investors.

to function properly.

Reality check:

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— to drive productivity with clearer workplace communications.