

# MP Star Financial, Inc.

## Broker Information Package



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MP  
Star Financial

ACCOUNTS RECEIVABLE FINANCING SINCE 1995

Dear Broker,

Thank you for your interest in MP Star Financial, Inc. MP Star has been providing companies with the working capital they need to operate and grow since 1995. MP Star has worked with many brokers on a variety of factoring deals and this package is designed to outline the types of deals that we fund on a regular basis.

At MP Star, we realize that brokers have many choices in placing deals and we strive to offer brokers competitive commissions combined with customer service for your client and quick response on closing deals.

Our programs are very straightforward and in addition to competitive commission rates, MP Star offers the following advantages:

- We are a direct lender not a broker
- We get deals funded
- Prompt response on referred deals – same day proposals
- We can fund the deals from \$10,000 to \$3,000,000
- We can work with account debtor concentrations
- We provide joint marketing and referral opportunities
- We have alliances with companies offering payroll, legal, accountant, fuel card services
- Straight-forward pricing with no hidden fees
- Professional customer service which extends the life of your deals
- Escalating commission structure for active brokers
- Commission checks are paid promptly

We look forward to discussing opportunities with you. If you have any questions, please feel free to contact me at 800-833-3765 extension 122.

Sincerely,

glp

Gage L. Price  
President

# **MP STAR CLOSSES DEALS!**

**AND**

# **WE PAY OUR BROKERS QUICKLY!**

**These are the two most important reasons why you should source your deals with MP Star!**

MP Star actively seeks to build alliances with companies and individual brokers who work with companies that do not qualify for traditional bank financing. These companies tend to have very similar characteristics that make them ideal candidates for accounts receivable financing or “factoring” services. MP Star Financial, Inc. is a full service factor that offers competitive pricing along with courteous and professional service. To speed the process of identifying deals and client that fund on a regular basis the following is an outline of the types of deals that we pursue.

## **CLIENT EVALUATION CONSIDERATIONS**

### **I. THINGS WE CAN FUND AND PROBLEMS WE CAN WORK AROUND:**

- Service oriented companies: industrial and medical staffing, telecommunication, trucking, janitorial, security, delivery, etc...
- Manufacturing firms
- We can fund short-term or seasonal clients
- We can work with concentrations
- Start-ups
- Companies with 940/941 tax issues
- If you are in doubt call us

## **II. OTHER DEALS:**

MP Star has limited interest in funding the following industries and/or types or receivable:

- Construction
- Medical related invoices involving Third Party Payments
- United States Government Invoices
- POs or invoices for uncompleted work or products
- Spot factoring clients

To the extent that you come across deals in these areas we will work with you to get them funded.

## **III. WHAT TO AVOID:**

- Retail invoices with guarantee sales provisions
- Progress payments or billings

## **IV. WHAT TO FOCUS ON:**

During the initial due diligence process, we focus on the following issues and try to evaluate potential new clients:

1. What business is the client in?
2. When was the client established?
3. Who are the customers?
4. Is there a PO or contract for work or products?
5. Are back-up documents available (contracts, P.O.'s, Bills of Lading, etc.)
6. Does the client bill for completed work or products?
7. What type of supporting documentation is required by the account debtor to ensure timely payment of invoices?
8. How would someone go about verifying an invoice - signed timecard/proof of delivery, phone verification, written verification ....?
9. What is the average invoice size?
10. What terms does the client offer their customers?
11. Does the client have any customers that represent a large portion of their business?

12. Does the client exchange invoices for products or services with any of its customers?
13. Does the client wish to sell all of their outstanding eligible receivables? Remember, a client does not have to factor all of their invoices but it is necessary that all (100%) of their payments be processed through our system.
14. What is the estimated monthly factoring volume of the client?
15. What is the estimated advance frequency (daily, once a week, once a month, etc.)
16. What is the client's structure (corporation, sole proprietor, partnership, etc.)?
17. What is the current business condition of the client (start-up young and growing, stable, declining, exiting a banking relationship, in or near Chapter XI)?
18. What are the lien status issues (tax liens, previously secured parties, judgment creditors, bankruptcy issues, subordinations, criminal history, etc.)?

#### **IV CLIENT/BROKER QUESTIONNAIRE**

1. What does the company do?
2. How long has the company been in business?
3. Who does the company sell to (type of customers)?
4. How much in receivables does the company have?
5. What percentage of the aging is less than 60 days old?
6. How many customers does the client have?
7. What's the average invoice size?
8. What are the average days sales outstanding (DSO)?
9. Can you fax over a detailed accounts receivable aging?
10. Why is the company considering factoring?
11. Can I get an application?

## Request for Broker Agreement

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

EIN/SS#: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Mobile: \_\_\_\_\_

E-mail: \_\_\_\_\_

Website: \_\_\_\_\_



## THE MP STAR ADVANTAGE

We believe that customer service is our most valuable asset. Our clients tend to remain our clients longer which means continued commissions and less headaches for brokers. In marketing to your potential clients, you can emphasize the following advantages of factoring with MP Star Financial.

- **No Application fees** - Period.
- **No "Time and Mileage" Contract** - Customer service is very important to MP Star. To help us achieve this, we work hard to maintain an open line of communication. We work closely with our clients to ensure that our relationships run smoothly.
- **No Minimum Borrowing Requirements** - We do not have a minimum monthly advance amount. If your monthly needs drop below what your previous needs were, that is acceptable with us.
- **Quick Delivery of Advances** - We can and do meet our goal of turning around advance requests within 24 hours of invoice confirmation.
- **No Monthly Lockbox Charge** - We do not charge a monthly service charge for lockbox service.
- **No Transfer Charges** - There is no charge for overnight (ACH) transfers into your business bank account.
- **No Check Clearance Charges** - We do not apply clearance charges. MP Star considers an invoice to be paid on the date we receive your customer's check. Many factors wait until the check clears, which can be up to 10 additional days on the clock, throwing you into the next fee period. This can quickly hike up the actual fee being charged on your invoices.
- **Online Direct Email Reporting** - To keep you informed we provide daily online email reports of your collections and outstanding invoices.
- **Rapid Return of Escrow Funds** - We are prompt in returning your overages/escrow funds once your customer's check clears our lockbox. We realize cash flow is a problem for you and overages help out greatly with that problem.
- **Local Coverage** – The staff at MP Star are readily available to work with you and your staff. We appreciate your business.

In any factoring relationship, the client is the most important asset for both the factor and the broker. MP Star is dedicated providing superior service at competitive rates to our all clients. In addition, we believe that brokers are the key to our growth and we extend the same commitment to servicing our brokers as we do for our clients.

**To learn more about our commitment to brokers contact Gage L. Price at 800-833-3765 extension 122 or [gageprice@mpstarfinancial.com](mailto:gageprice@mpstarfinancial.com)**



## Application for Financing and Security Agreements

(This application alone does not constitute an offer, acceptance or agreement of any kind.)

### Company Information

Application Date: \_\_\_\_\_

Company Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State Zip: \_\_\_\_\_

Postal Address: \_\_\_\_\_

City, State Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Mobile: \_\_\_\_\_ Email: \_\_\_\_\_

Business Description & Date Est.: \_\_\_\_\_

Form of Business: Sole Proprietor  Partnership  Corporation  LLC

State of Incorporation: \_\_\_\_\_ County of Incorporation: \_\_\_\_\_

Date of Current Ownership: \_\_\_\_\_ Other States of operation: \_\_\_\_\_

Does this company operate under a D/B/A?: Yes  No  If yes, list: \_\_\_\_\_

Previous business names within the last five years: \_\_\_\_\_

### **Officer # 1**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ % Ownership: \_\_\_\_\_

Social Security #: \_\_\_\_\_ DOB: \_\_\_\_\_ Drivers Lic. No. & State: \_\_\_\_\_

Home Address: \_\_\_\_\_

City: \_\_\_\_\_, State: \_\_\_\_\_ Zip: \_\_\_\_\_ County: \_\_\_\_\_

Telephone: \_\_\_\_\_ Mobile: \_\_\_\_\_

Spouse: \_\_\_\_\_ Social Security #: \_\_\_\_\_ DOB: \_\_\_\_\_

### **Officer # 2**

Name: \_\_\_\_\_ Title: \_\_\_\_\_ % Ownership: \_\_\_\_\_

Social Security #: \_\_\_\_\_ DOB: \_\_\_\_\_ Drivers Lic. No. & State: \_\_\_\_\_

Home Address: \_\_\_\_\_

City: \_\_\_\_\_, State: \_\_\_\_\_ Zip: \_\_\_\_\_ County: \_\_\_\_\_

Telephone: \_\_\_\_\_ Mobile: \_\_\_\_\_

Spouse: \_\_\_\_\_ Social Security #: \_\_\_\_\_ DOB: \_\_\_\_\_

Please attach information on any additional officers or owners.

**Banking Information**

Business Bank or S/L Name: \_\_\_\_\_ Date Opened: \_\_\_\_\_  
Address: \_\_\_\_\_ Account #: \_\_\_\_\_  
City: \_\_\_\_\_, State: \_\_\_\_\_ Zip: \_\_\_\_\_ County: \_\_\_\_\_  
Contact Name: \_\_\_\_\_ Telephone: \_\_\_\_\_

**Support Information**

Accountant: \_\_\_\_\_ Telephone: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_, State: \_\_\_\_\_ Zip: \_\_\_\_\_

**Tax Information**

Federal Tax #: \_\_\_\_\_ # of employees: \_\_\_\_\_  
Is there a payroll service?: Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, whom? \_\_\_\_\_  
How often are payroll taxes filed: Weekly \_\_\_\_\_ Monthly \_\_\_\_\_ Quarterly \_\_\_\_\_  
Are any taxes past due?: Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, how much is owing to whom? \_\_\_\_\_  
Are there any tax liens, judgments or suits pending against the company? Yes \_\_\_\_\_ No \_\_\_\_\_  
If yes, explain: \_\_\_\_\_

**Accounts Receivable Information**

Annual sales: \$ \_\_\_\_\_ Outstanding invoices: \$ \_\_\_\_\_  
Anticipated monthly factoring: \$ \_\_\_\_\_ # of customers: \_\_\_\_\_  
Average invoice size: \$ \_\_\_\_\_ Average days outstanding: \_\_\_\_\_  
Has the company factored previously: Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, with whom: \_\_\_\_\_  
Are there any bank loans, lines of credit, or leases to the company?: Yes \_\_\_\_\_ No \_\_\_\_\_  
Are the receivables or other assets pledged as collateral for any financing?: Yes \_\_\_\_\_ No \_\_\_\_\_  
Are there any pending or threatened lawsuits, claims or demands involving the company or principals?: Yes \_\_\_\_\_ No \_\_\_\_\_  
Has the company or principals ever filed for protection under bankruptcy laws?: Yes \_\_\_\_\_ No \_\_\_\_\_

I hereby attest that the information provided is accurate in all material respects and I authorize MP Star to make any uniform commercial code filings necessary. In addition, I understand that investigative background inquiries are to be made concerning the company and the officers of the company including consumer reports, investigative consumer reports, criminal, driving and other reports. These reports may include information as to the character, credit worthiness and general reputation of the company and its officers. Further, I understand that you will be requesting information from various federal, state and other agencies which maintain records concerning past activities relating to driving, credit, criminal, civil and other experiences as well as claims involving the company and officers from the files of insurance companies. I authorize, without reservation, any party or agency contacted by MP Star or its agent to furnish the above mentioned information:

**Officer # 1:** \_\_\_\_\_ **Officer # 2:** \_\_\_\_\_

Please fax completed form to MP Star Financial, Inc. (440) 542-7977

**In order to complete and execute contracts, please submit the following:**

	<b>Submitted</b>
<b>1. Completed Application</b>	( )
<b>2. Articles of Incorporation</b>	( )
<b>3. A list of customer contacts, addresses, telephone and fax numbers</b>	( )
<b>4. 2 years of financial statements <u>or</u> 2 years of federal tax returns</b>	( )
<b>5. Accounts Receivable Aging Report</b>	( )
<b>6. Accounts Payable Aging Report</b>	( )
<b>7. Proof of Workman's Compensation or Worker Insurance</b>	( )
<b>8. Previous four Federal Payroll Tax Filings (Form 941 &amp; 940)</b>	( )

**Please fax completed form to MP Star Financial, Inc. (440) 542-7977**

**Star Financial**

**ACCOUNTS RECEIVABLE FINANCING SINCE 1995**

MP Star Financial strives to fund as many deals as possible in a variety of businesses. The following is a list of documentation required for funding advance requests for various types of companies.

### **Periodic Documentation for all Clients**

1. Periodic tax verifications (form 941 and proof payment)
2. Annual financial statements

### **Documentation for all Advance Requests**

1. Staffing Companies
  - a. Original Invoice
  - b. Time cards signed and approved by account debtor
2. Manufacturing Companies
  - a. Original Invoice
  - b. Signed bill of lading, or
  - c. Signed delivery receipt, or
  - d. Invoice acceptance letter
3. Trucking Company
  - a. Original Invoice
  - b. Rate confirmation
  - c. Original proof of delivery or signed bill of lading naming the Trucking Company
  - d. Insurance certificate
  - e. W-9 tax form
  - f. Operating Authority
4. Service Company
  - a. Original Invoice
  - b. Purchase Order/Contract
  - c. Invoice Verification

In order to fund an advance request, MP Star needs to receive the documentation of proof that invoices are valid and collectible accounts receivable.

We **cannot and will not fund** pre-billing, un-verifiable invoices, invoices for guaranteed sales.

## Proposal Checklist

1. Completed Application
2. List of all account debtors including:
  - a. Company Name
  - b. Address
  - c. Phone numbers
  - d. Contact person
  - e. Monthly Volume
3. Current aging
4. Billing information including:
  - a. Number of invoices (monthly)
  - b. Average amount of invoice
  - c. Normal pay pattern (days)
5. Summary of Business
  - a. What does each company do
6. Tax issues
  - a. 941-up to date (payments current)
  - b. Other taxes current
7. Other financial Information
  - a. Any UCC filings

## **BROKER AGREEMENT**

This AGREEMENT, dated as of   SAMPLE  , is between   SAMPLE   (“Broker”) and MP Star Financial, Inc. (“Secured Party”).

### **RECITALS**

A. WHEREAS, Broker wishes to act as an independent contractor for the limited purpose of soliciting businesses in need of financing to determine their financing needs and introduce them to financial institutions that may be able to assist them with their financing needs; and

B. WHEREAS, Secured Party is in the business of providing financing to businesses; and

C. WHEREAS, Secured Party and Broker have agreed to an arrangement pursuant to which Broker will introduce potential clients to Secured Party and Secured Party will pay Broker for such introductions in the event Secured Party and such potential clients enter into Financing Agreements; and

D. This Agreement is entered into and will be performed in the Controlling State.

NOW, THEREFORE, in consideration of the premises, and intending to be legally bound hereby, the Parties hereby agree as follows:

1. **Certain Definitions and Index to Definitions.** The following terms shall have the following respective meanings:

“**Brokerage Fees**” - the product of the Commission Rate multiplied by the Earnings collected by Secured Party from a Covered Client under the terms of the Financing Agreement.

“**Client**” – a party which has entered into a Financing Agreement with Factor.

“**Commission Rate**” - 10% percent.

“**Controlling State**” – Ohio.

“**Covered Client**” – an entity which has signed a Financing Agreement with Secured Party, and which was introduced to Secured Party by Broker as described in Section 2 below.

“**Default Date**” - the date on which a Client commits an event of default under the Financing Agreements pursuant to which the Secured Party elected to enforce its rights thereunder.

“**Earnings**” - “Initial Fee” and “Additional Fee” as such terms are defined in the Financing Agreements.

“**Financing Agreement(s)**” - Agreement(s) between Secured Party and a Client pursuant to which Secured Party will provide short-term working capital to Client.

“**Parties**” - Secured Party and Broker.

“**Referred Client**” – a potential Client that is not otherwise know to Secured Party through its own marketing efforts or the efforts of other entities who from time to time refer potential clients to Secured Party.

**“Write-Off Percentage”** - a fraction, expressed as a percent, the numerator of which is the bad debt loss suffered by Secured Party on a Covered Client, and denominator of which is the obligation of the Covered Client to Secured Party as of the Default Date.

2. **Broker Covenants.** Broker agrees that:

2.1. Broker may provide Secured Party with written introductions to potential clients consisting of the name, address, telephone number, fax number of and contact person thereat, as well as any additional information which Broker may have.

2.2. If Secured Party does not enter into a Financing Agreement with Referred Client within three hundred sixty (360) days of the date of its introduction to Secured Party by Broker or if this agreement has been terminated in the interim, Broker shall not be entitled to any Brokerage Fees under a Financing Agreement entered into between Secured Party and such client after said period.

2.3. Broker is not authorized to act as Secured Party's agent and will not attempt to bind Secured Party to any agreement.

2.4. Broker it defaults in the performance of any of its obligations under this Agreement, Secured Party shall have no further obligation to pay any Brokerage Fees.

2.5. Broker is being engaged as an independent contractor and agrees that it or its' affiliates or subsidiaries shall undertake its' duties and services hereunder independently and not as an agent, or an any way as an employee of Secured Party. Any employment arrangements made by Broker are solely the obligations of Broker, and Secured Party shall have no liability regarding those obligations, as well as its' legal requirements regarding employment.

3. **Secured Party Covenants.** Secured Party agrees:

3.1. That it will, upon receipt of written introductions to potential clients from Broker, accept the potential Client as a Referred Client or inform Broker that the potential Client is known to Secured Party through its own marketing efforts or the efforts of other entities who from time to time refer potential clients to Secured Party. If the potential Client does not qualify as a Referred Client, or has already entered into a Financing Agreement than Broker is not be entitled to any Brokerage Fees

3.2. That it will conduct its own independent investigation as to the suitability of potential clients prior to entering into a Financing Agreement therewith.

3.3. That if Secured Party enters into a Financing Agreement with a Covered Client, Secured Party will pay Broker, until the Financing Agreement has been terminated, an amount equal to the Commission Rate multiplied by the Earnings collected by Secured Party from the Covered Client under the terms of the Financing Agreement. All Brokerage Fees are due and payable to the Broker monthly.

3.4. To provide monthly reports to Broker reflecting all fees to be paid to Secured Party by the Covered Client during such month.

3.5. Not to interfere with or attempt to supervise any activities in which Broker is engaged.

4. **Covenant Against Competition** Broker (and any parties associated with Broker or Broker's organization) covenants and agrees that during the term of this Agreement Broker shall not knowingly solicit

(on his own behalf or on the behalf of others) the purchase of Receivables from any Clients who are doing business with Secured Party.

## **5. Default; Bad Debt Losses.**

5.1. Secured Party shall be relieved of its obligation to make any payments to Broker during such time as the Covered Client shall be in default under the Financing Agreement. If and when such default has been cured or waived, Secured Party shall promptly pay to Broker any fees that have accrued but not been paid.

5.2. In the event that Secured Party suffers a bad debt loss with respect to a Financing Agreement of a Covered Client, Secured Party shall be relieved of its obligation to make any payments to Broker with respect to any recoveries made in the future from Covered Client.

6. **License.** Broker represents that it is qualified and licensed to do business as a broker, is in good standing in the State of Ohio or other states as Broker may choose to operate, and has the power and authority to carry on its business as now conducted.

7. **Termination.** This Agreement may be terminated by either Party upon ten day's written notice. In the event of any such termination, the terms of this Agreement shall continue to be in effect with respect to any Financing Agreement entered into between Secured Party and any Covered Client prior to the termination date.

8. **Term of Engagement.** This Agreement shall begin on the date hereof, and shall automatically expire after three years thereafter unless earlier terminated as provided for above or extended by written agreement. The terms of this Agreement shall continue to be in effect with respect to any Financing Agreement entered into between Secured Party and any Covered Client prior to the expiration of this Agreement.

9. **Entire Agreement.** This Agreement embodies the entire agreement and understanding among and between the Parties and supersedes all prior agreements and understandings relating to the subject matter hereof. No course of prior dealings between the Parties, no usage of the trade, and no parole or extrinsic evidence of any nature, shall be used or be relevant to supplement, explain or modify any term used herein. In the event of any conflict between a term and condition of this Agreement and a term or condition of any document(s) executed in connection herewith, the term or condition of this Agreement shall govern. This Agreement has been fully reviewed and negotiated between the Parties and no uncertainty or ambiguity in any term or provision of this Agreement shall be construed strictly against either Party.

10. **Amendment.** Neither this Agreement nor any provisions hereof may be changed, waived, discharged or terminated, nor may any consent to the departure from the terms hereof be given, orally (even if supported by new consideration), but only by an instrument in writing signed by all parties to this Agreement. Any waiver or consent so given shall be effective only in the specific instance and for the specific purpose for which given.

11. **No Assignment.** Broker may not assign its rights or obligations under this Agreement, without written consent of Secured Party. Said consent shall not be withheld arbitrarily.

12. **Choice of Law.** This Agreement and all transactions contemplated hereunder and/or evidenced hereby shall be governed by, construed under, and enforced in accordance with the internal laws of the Controlling State.

13. **Acceptance of Facsimile.** The Parties hereto accept and assert that this Agreement may be signed in different places and at different times, and that the exchange of signed copies by facsimile will constitute the same legal effect as an exchange of original signed documents.



**14. Waiver of Trial by Jury.** IN RECOGNITION OF THE HIGHER COSTS AND DELAY WHICH MAY RESULT FROM A JURY TRIAL, THE PARTIES HERETO WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (A) ARISING HEREUNDER, OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

BROKER:

\_\_\_\_\_  
SAMPLE

SECURED PARTY:

\_\_\_\_\_  
MP STAR FINANCIAL, INC.

\_\_\_\_\_  
By: Gage L. Price  
President