gtruckers

FOR OWNER-OPERATORS & SMALL CARRIERS

How to Choose a Factoring Company

The advertised rate is not what you pay. Here is the math that settles every comparison, every fee you should demand in writing, and the 15 questions that tell you what kind of company you're really dealing with — before you sign a UCC lien on your receivables.

01

The effective-rate formula that beats every sales pitch

02

Every hidden fee, named, with what's fair in 2026

03

The contract clauses that decide if you can ever leave

START HERE

The rate is the headline. The fee schedule is the price.

Every factoring company leads with a number. That number is almost never what leaves your account. The gap between what carriers are quoted and what they actually pay runs half a point to a point and a half — and once you add transfer fees, monthly minimums and reserve holds, a "1.5%" offer can cost you more than double a plain 3% one.

2.8%
Average effective rate paid by 1–3 truck carriers in 2026

~40 days
Average broker payment cycle — the number tiered pricing quietly bills against

1 formula
Settles every comparison, no matter how the offer is dressed up

The only comparison that matters

Effective rate = **total dollars they take in one typical month** ÷ total dollars you invoiced that month

Run that on a real month of your own numbers — your invoice count, your average load, your brokers' actual pay speed. Do it for every offer on the table. The winner is rarely the one with the lowest advertised rate.

STRAIGHT TALK

Factoring is not a loan and it is not free money. You are selling your invoice at a discount to get paid this week instead of in six. That is often the right trade for a new carrier — **cash flow kills more trucking companies than bad rates do** — but it only works if you know the real price.

A carrier grossing $26,000 a month who overpays by two points is handing over **$6,240 a year**. That's a set of drive tires, an insurance down payment, and a month of truck note.

HOW TO USE THIS GUIDE

- Pages 3–5 tell you what a fair 2026 deal looks like and name every fee that gets buried.
- Page 6 is the worked example. Copy the table, plug in your own numbers, and you have your answer.
- Pages 7–8 are the contract clauses and the exact questions to ask on the sales call. Print page 8 and keep it next to the phone.

SECTION 01

What a fair deal actually looks like in 2026

Published rates are marketing. They are the floor price, usually reserved for carriers factoring $100,000+ a month. Here is the honest picture for a one-to-five truck operation this year.

WHAT YOU'RE BUYING	BAD DEAL	FAIR DEAL	STRONG DEAL
Rate structure	Daily or weekly rate, or tiered by pay date	Flat per invoice	Flat, with volume step-downs written into the contract
Rate (1–5 trucks)	4%+	2.5% – 3.5%	1.5% – 2.5%
Advance	70–85%, with a reserve held back	95–97%	97–100%, no reserve
Contract length	12–24 months, auto-renewing	12 months, no auto-renewal	Month-to-month
Notice to cancel	60–120 days, plus a penalty	30 days	30 days, no fee
Transfer fees	$15–30 every time they pay you	Free standard ACH, small same-day fee	Free same-day ACH
Monthly minimum	$25k–50k required, penalty if you miss	None	None
Broker credit checks	Not offered, or charged per check	Included	Unlimited, with credit limits shown before you book

Five things that actually move your rate

- **Your monthly volume.** The single biggest lever. An owner-operator at $15,000 a month pays roughly double the percentage of a fleet at $300,000 a month.
- **Who your brokers are.** The factor is underwriting them, not you — which is why factoring is open to brand-new authorities with no credit history.
- **How long invoices stay open.** The average broker pay cycle is around 40 days. On a tiered rate that steps up at day 31 and day 46, that's the number you'll actually be billed at — not the one on the flyer.
- **Recourse or non-recourse.** Non-recourse adds roughly 0.5% to 1.5%. More on that next page.
- **Whether you commit every invoice.** Whole-ledger (all-in) factoring earns a discount. Selective factoring costs a little more and is usually worth it — see page 9.

Ask this, exactly: "What is the rate for my volume — 14 invoices a month, roughly $26,000 — not your website minimum?" A straight company gives you a number. A shaky one says it depends.

SECTION 02

Recourse or non-recourse — the honest answer

Roughly 85% of trucking factoring agreements are recourse. The difference is simple: **who eats it when the broker doesn't pay.**

	RECOURSE	NON-RECOURSE
Broker doesn't pay	You buy the invoice back, or they deduct it from your next funding	The factor absorbs it — but only if the broker's failure is a covered credit default
Typical cost	1.5% – 3%	2.5% – 5%
Covers a broker going bankrupt	No	Usually yes, if the broker was pre-approved
Covers freight damage, a missing POD, a rate dispute	No	**No.** These are operational disputes and they always come back to you
Best fit	Carriers with a steady book of brokers they know and can vet	New authorities hauling for a rotating cast of brokers off the load board

STRAIGHT TALK

Non-recourse is insurance against a broker **going under**. It is not insurance against your paperwork. Most chargebacks a carrier actually eats are disputes — a POD nobody can find, freight that arrived scuffed, a rate that doesn't match the confirmation — and non-recourse covers none of them.

So before you pay the extra point, ask for the written exclusions list and the pre-approved debtor list. No writing, no coverage — just a word.

The clause nobody reads: the chargeback window

In a recourse agreement, the factor can claw an invoice back after a set number of days. Ninety days is standard; sixty is aggressive. Get the number, then ask: what happens on day 91 — automatic deduction, or a call first? And do they run collections between day 30 and 90, or just wait out the clock?

The practical middle ground. New authority? Start on non-recourse while you learn which brokers pay. Once you have a book you trust plus free credit checks, recourse is usually cheaper — renegotiate at renewal.

SECTION 03

Get the complete fee schedule. In writing. Before you sign.

Ask for it as a document, not as an answer on a phone call. If a rep says "we'll go over that later" or refers to "standard industry charges," you already have your answer. Here is every line that shows up in real 2026 contracts.

FEE	WHAT IT IS	WHAT'S FAIR
Factoring rate	The discount taken off each invoice	Flat, one number, 2.5–3.5% for a small carrier
ACH / wire fee	Charged every time they send you money	Standard ACH free; same-day under $5
Invoice processing	Per-invoice upload or "document" charge	$0. This is their core job
Reserve hold	A slice of every invoice held back, released later	0%. Over 5% held past 30 days is a warning
Monthly minimum	A flat charge if you don't factor enough volume	None. You shouldn't pay for a slow month
Credit check fee	Charged to look up a broker before you book	$0, unlimited. They run these anyway
Portal / software fee	Monthly charge for the app you submit invoices through	$0
Fuel advance fee	Percentage or flat fee to get money at pickup	Flat and disclosed. Use sparingly
Early termination	Charged for leaving before the term ends	Flat and capped — or none
Buyout fee	Fixed cost to exit early — some say $5,000–$10,000	Negotiable. Get it before you sign

STRAIGHT TALK

$22 an ACH doesn't sound like anything. Fourteen fundings a month is **$3,696 over three years** — on top of the rate, for the privilege of them sending you your own money. And watch the rate **type**: a company advertising "0.5%" may be quoting a **daily** rate, which is 15% on a net-30 invoice.

SECTION 04 · DO THIS BEFORE YOU SIGN ANYTHING

Two offers, same truck. The "cheap" one costs $8,676 more.

One dry van, running OTR. Fourteen invoices a month, $26,000 invoiced. Brokers pay in about 40 days, which is normal. Here is what each offer actually costs.

LINE ITEM	OFFER A — "1.5%"	OFFER B — "3.0% FLAT"
Rate structure	1.5% to day 30, +0.5% each 15 days after	3.0% flat, whenever the broker pays
Rate actually billed at 40 days	2.0%	3.0%
Factoring fee on $26,000	$520	$780
ACH fee — $22 × 14 fundings	$308	$0
Invoice processing — $10 × 14	$140	$0
Monthly minimum shortfall $40,000 required, you invoiced $26,000	$500	$0
Portal & credit check fee	$35	$0
Reserve held back	10% = $2,600 released at 45 days	None — 100% advance
Total cost, one month	$1,503	$780
Effective rate	5.78%	3.00%

THE NUMBER THAT MATTERS

Offer A costs **$723 more every month** — **$8,676 a year** — while advertising a rate half the size of Offer B's. And it keeps $2,600 of your money in its account at all times.

This is not a trick example. Tiered pricing, per-funding ACH fees and volume minimums are all standard, all disclosed somewhere in the paperwork, and all invisible if you compare headline rates.

Your turn. Take your last full month: total invoiced, number of invoices, and roughly how many days your brokers took. Run every offer through the same table. Ask each rep to confirm your total in writing — the good ones will, because they've got nothing to hide.

SECTION 05

Seven clauses that decide whether you can ever leave

Rates you can renegotiate. Exit terms you cannot. Read these seven before anything else in the agreement.

01 Term length and the evergreen clause

A 12-month term that renews automatically for another 12 unless you cancel in a narrow window is the single most expensive clause in factoring. Miss the window by a day and you're locked for another year. **Ask for: month-to-month, or a fixed term with no auto-renewal.**

02 The notice period

Sixty to ninety days' written notice is common; some contracts want 120. Find the exact number, the exact method (certified mail? email to a named address?), and the exact window. Put the date in your phone the day you sign. **Ask for: 30 days, any written method.**

03 Early termination and buyout fees

These run from a few hundred dollars to $10,000+. The dangerous version charges you the fees you **would have** paid for the rest of the term — designed to make leaving impossible. **Ask for: a flat, capped fee, or none.**

04 UCC-1 scope

A UCC filing is normal and unavoidable — it secures their interest in your receivables. What is **not** normal is a blanket filing over all business assets, which puts your truck and trailer inside their security interest and can block you from equipment financing later. **Ask for: accounts receivable only.**

05 UCC-3 release timing

When you leave, they must file a UCC-3 to release the lien. Some drag this out for weeks and use it as leverage. **Ask for: a written commitment with a day count from final settlement.**

06 Whole-ledger vs selective factoring

Whole-ledger means every invoice goes through them, including the broker who pays you in seven days. Paying 3% on money already arriving next week is pure waste. **Ask for: selective factoring, your choice per load.**

07 Reserve account and release

If there's a reserve, get two numbers in writing: the percentage, and the exact day it's released. Then check reviews for people who couldn't get their reserve back after cancelling — that pattern tells you everything. **Ask for: no reserve, or release within 30 days.**

SECTION 06 · PRINT THIS PAGE

15 questions for the sales call

Ask all fifteen. How they answer tells you as much as what they answer.

ASK	THE ANSWER YOU WANT
1. Is your rate flat, tiered, or daily?	Flat. One number, any pay date
2. What's the rate for my volume, not your website minimum?	A specific number, in writing
3. Send me the complete fee schedule.	A document, same day
4. What's the advance rate, and is there a reserve?	95–100%, no reserve
5. What do you charge for ACH, same-day, and wire?	ACH free; same-day under $5
6. Is there a monthly minimum? What's the penalty?	No minimum
7. Do I have to factor every invoice?	No — selective, my choice
8. Recourse or non-recourse — what exactly is excluded?	A written exclusions list
9. How many days before you charge an invoice back?	90 days, with a call first
10. How long is the contract, and does it auto-renew?	Month-to-month, or no auto-renewal
11. How much notice to cancel, and what's the termination fee?	30 days, flat fee or none
12. Will your UCC cover only receivables, or all assets?	Receivables only
13. How fast do you file the UCC-3 release after I leave?	A day count, in writing
14. What's your funding cutoff — and what about Fridays?	A clock time, in writing
15. Who do I call when a broker disputes a POD on a Friday?	A name and a direct number

How they answer is the real test. A rep who walks you through every fee line without flinching is showing you how they'll behave when something goes wrong at 2am. A rep who dodges or rushes you is showing you that too.

SECTION 07

Deal-breakers, wrong tools, and how to get out clean

Walk away if you see any two of these

- [ ] They won't send you the contract before you commit
- [ ] "We'll discuss fees later," or a reference to "standard industry charges"
- [ ] Pressure to sign today, or a rate that expires at the end of the call
- [ ] A blanket UCC over all business assets, not just receivables
- [ ] A termination fee calculated on remaining-term or annual volume
- [ ] A pattern of reviews about reserves not returned after cancellation
- [ ] No free broker credit checks — if they won't share the data they already have, they'd rather you haul for risky brokers
- [ ] A headline rate under 1% that turns out to be daily or weekly

When factoring is the wrong tool

- Your brokers already pay in 7–15 days and you can float three weeks of fuel and payroll. Paying 3% to speed up money that's nearly here is expensive.
- You run so few loads that a monthly minimum costs more than the factoring itself.
- You have a working line of credit at a lower all-in cost — run both through the effective-rate formula and compare.

Middle ground: factor selectively. Push the slow-paying brokers through the factor and collect the fast ones yourself.

How to switch without getting stuck

- Line up the new factor **before** you send notice. Brokers need a new Notice of Assignment and that takes days.
- Get the UCC-3 release commitment in writing from the outgoing factor first.
- Send cancellation notice by the exact method the contract requires, inside the window, and keep proof.
- Expect a 30–60 day overlap while outstanding invoices settle. Budget for it.
- Stop feeding new invoices to the old factor during the wind-down.

LAST THING

You are not choosing a rate. You are choosing who holds a lien on your receivables and who picks up the phone when $4,800 goes missing. **Pick the company that answers hard questions plainly** — that is the one that will still be useful to you on your worst week.

gtruckers

We don't just book your loads. We help you run the business.

GTruckers Fleet is an operations partner for owner-operators and small carriers. Dispatch is the start of it, not the whole of it — because the carriers who last are the ones who get the back office right in year one.

DISPATCH

Load sourcing, negotiation and planning built around your cost per mile — not around a broker's posted rate.

BACK OFFICE

Paperwork, invoicing, IFTA and compliance handled, so your record is clean when it counts.

BUSINESS BUILD

A custom growth roadmap, a live operations dashboard, and 24/7 support from people who answer.

Want a straight read on your factoring offer?

Send us the fee schedule and your last month's numbers. We'll run the effective rate for you and tell you what we'd do. No charge, no pitch — we'd rather you make money than sign something you'll regret.

support@gtruckersfleet.com · gtruckersfleet.com

Run it like a business!

This guide is general business information for motor carriers. It is not legal, tax, or financial advice. Rates, fees and contract terms cited reflect published 2026 market ranges and will vary by provider, by volume and by your operation. Read every agreement in full and get your own professional advice before you sign.