

Freight Broker Factoring Explained: Get Paid Faster

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Why Freight Brokers Struggle With Cash Flow

Running a freight brokerage isn't easy. You hustle to secure loads, manage carriers, and keep customers happy — but then wait 30, 60, even 90 days to get paid. That kind of delay can strangle your growth.

If you're a freight broker struggling with inconsistent cash flow, you're not alone. This guide will show you how factoring companies work specifically for brokers like you, why it could be the game-changer you need, and how to use them wisely.

What We'll Cover

1. What Is Freight Broker Factoring?
2. How Does It Work?
3. When Should a Freight Broker Use Factoring?
4. Top Benefits (and a Few Pitfalls)
5. Choosing the Right Factoring Company
6. What Do You Need to Qualify?
7. Understanding Factoring Rates for Brokers
8. FAQs
9. Final Thoughts



What Is Freight Broker Factoring?

Freight broker factoring is a financial service where you sell your invoices to a factoring company in exchange for upfront cash. Instead of waiting for clients to pay, you get paid within 24 hours — often the same day.

This isn't just for carriers. Brokers can absolutely use factoring to maintain cash flow, cover operating expenses, and pay carriers on time.

In simple terms: You get the money you're owed, right now.

Here's how it works in practice:

1. You book a load and invoice your customer.
2. You send that invoice to a factoring company.
3. The factoring company pays you up to 95% of the invoice amount immediately.
4. Once your client pays, the factor sends you the remaining balance minus their fee.

Most companies also handle collections and credit checks, saving you admin time.

Pro Tip: Look for a non-recourse factor to reduce your risk if a shipper fails to pay.



Signs You Should Use Factoring as a Freight Broker

You should consider factoring if:

1. You're waiting 30+ days for client payments.
2. You want to grow but cash flow is a bottleneck.
3. You pay carriers upfront but get paid later.
4. You want to reduce your risk and back-office work.

Even well-established brokers use factoring to scale without cash strain.

Factoring isn't just about quick cash. Here's what you gain:

1. **Same-day cash flow** to cover carrier payments and operations.

2. **Admin support** (credit checks, collections, paperwork).
3. **Stronger partnerships** with carriers who get paid fast.
4. **Growth readiness** — take on more loads without waiting on receivables.

A quick reality check: You'll pay a small fee (typically 1-4%). But the time saved and stress avoided? Often worth it.



What to Look For in a Freight Factoring Company

Look for these must-haves:

1. **Industry experience** in freight brokerage
2. **Transparent fees** (avoid hidden charges)
3. **Back-office tools** like invoicing, collections, TMS integrations
4. **Flexible terms** (watch out for long contracts)

At our team at MJN Services, we help brokers with factoring that fits. No long waits. No confusing fees. Just cash when you need it.



What Do You Need to Qualify?

To apply for freight factoring, you typically need:

1. Valid MC number and operating authority
2. Customer list and invoice details
3. Proof of delivered loads
4. Business bank account and tax ID
5. Signed factoring agreement

Having creditworthy clients also increases approval odds.

Understanding Factoring Rates for Brokers

Factoring rates vary based on:

1. Monthly invoice volume
2. Client payment history

3. Advance rate (typically 85-95%)
4. Length of payment terms (30, 60, 90 days)

Typical fees range from 1% to 4%. Ask about additional charges like setup, ACH, or credit checks.



Ready to Take the Next Step?

Explore how our factoring solutions can keep your brokerage cash-positive and stress-free.

[Check Out Our Freight Factoring Services](#)

Final Thoughts on Freight Broker Factoring

Freight broker factoring can be the bridge between hustle and healthy growth. It removes the stress of delayed payments and helps you operate smoothly and scale confidently.

If you're tired of playing the waiting game with receivables, it may be time to partner with a factoring company that understands brokers.

[Explore More Freight Solutions at MJN Services, Inc.](#)