Leasing Company

BUSINESS PLAN LEASING GROUP

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120 Johnston Boulevard
Minneapolis, Minnesota 55401

A significant competitive opportunity exists in small ticket leasing, primarily due to companies like Sprint and Intel who have tried to dominate the small ticket market with their size. In the process, they have become too big and slow to effectively respond to the needs of vendors. Small ticket leasing continues to be a viable and profitable business for those national leasing companies that are focused, highly automated, competitively funded, and effectively managed.

EXECUTIVE SUMMARY

Leasing Industry Overview

Based on Equipment Leasing Association (ELA) statistics, there was $466 billion of capital equipment purchased in 1994, of which $140 billion (30 percent) was leased. New lease volume in the small ticket market, defined as transactions less than $100,000, was in excess of $7.2 billion in direct finance leases and $772 million in operating leases. These totals represented increases over 1993 of 16.6 percent for direct finance leases and 6.6 percent for operating leases. ELA estimates that 34 percent of the new lease volume generated by finance leases in 1994, was in office machines (20 percent), computers (9 percent), and telecommunications (5 percent).

National small ticket leasing companies have had their greatest success generating business in the office machine, computer, and telecommunication equipment markets. These lessors have had limited success in other markets, such as medical/dental, machine tool, printing, automotive aftermarket, etc.

The limitations in these markets are primarily due to the differences that exist in originating business with office automation product vendors versus vendors selling other types of equipment. Office automation product vendors are very familiar with leasing, and in the majority of cases, they handle all of the selling aspects of the lease with the lessee. Vendors selling other types of equipment generally expect the leasing company to handle the entire leasing sales process with the lessee. In effect, the vendor is only providing the leasing company with a referral.

Most national small ticket leasing companies, due to their assembly line approach of generating and processing business, find it cumbersome to originate business from vendor relationships of this nature. Markets where the vendor requires the leasing company to originate the lease directly with the vendor's customers are usually best served by small, niche-oriented leasing companies generating lease volumes in the $10 to $50 million range.

Small ticket leasing continues to be a viable and profitable business for those national leasing companies that are focused, highly automated, competitively funded, and effectively managed. ELA's 1994 Survey of Industry Activity and Business Operations supports the profitable opportunities that exist in small ticket leasing.

The successful small ticket leasing company today and in the future will be the one which effectively addresses the following five business issues:

- Technology capabilities
- Processing efficiency
- Asset management in niche markets
- Training
- Sales structure and support

MARKET COMPETITION

A significant competitive opportunity exists in small ticket leasing, primarily due to companies like Sprint and Intel who have tried to dominate the small ticket market with their size. In the process, they have become too big and slow to effectively respond to the needs of vendors. By trying to penetrate so many different equipment markets to achieve their growth goals, they have only compounded this problem. They have also developed cost structures which make it difficult to achieve acceptable profit targets as a small ticket lessor in today's competitive environment.

In addition, many competitors, in an effort to gain market share, have made extremely aggressive residual assumptions to offer very low fair market value lease rates to vendors. This practice in the long run will prove to have a negative impact on earnings by their not being able to realize their booked residuals.

Listed below are the primary small ticket leasing competitors broken down in three ties based on their estimated annual lease sales volume:

ANNUAL SALES OVER $300 MILLION

- Copelco
- Sprint
- Intel
- Tokai
- TechLease

ANNUAL SALES BETWEEN $150 AND $299 MILLION

- Finova
- Sanwa
- Lear
- Doran Credit

ANNUAL SALES BELOW $149 MILLION

- Verta Leasing
- Lyon Financial/Business Credit Leasing
- Advanta
- Great American Leasing

- Rockford Industries
- Orix Credit Alliance
- Vanguard Financial Services
- Trans Leasing

Strategic Leasing Partnership Plan

I propose to create an industry-leading small ticket leasing company by developing a successful partnership alliance between:

- American Finance Inc.—Equity
- ABX Capital—Warehouse lines and securitization
- Jim O'Hara—Experienced management capabilities

There would be a three-point plan to build the company's business. In order of priority, they are:

1. Direct origination in the office automation product markets based on a highly automated sales and processing database management strategy. Sales structure would center around a proactive inside sales team generating business from vendors and any existing lessees, with a small group of highly skilled outside salespeople originating new business from large vendors who have annual lease volumes in excess of $1.8 million. The product focus would be on commercial finance leases, consumer finance leases, and inventory finance. The majority of leases would be under $100,000, with an average size lease between $5,000 and $25,000 and average lease terms ranging 12 to 60 months.
2. uisitions of or joint ventures with niche-oriented leasing companies specializing in the medical/dental, printing, machine tool, and automotive aftermarket equipment markets.
3. cessing and portfolio management services on a fee income basis for leasing companies and vendors.

This plan accomplishes several critical success factors in building a profitable leasing company:

- Provides an effective cost structure that, through technology, achieves a highly efficient service level to originate and process large volumes of business within the office automation product markets.
- Allows for diversification into new markets without expensive start-up sales, processing, and learning curve costs. Centralization of fixed processing costs, combined with competitive funding capability, enables acquisitions and joint venture to improve market share and increase profitability.
- Fee income business spreads fixed processing costs over a wide base, resulting in increased profit margins while providing an additional income source.
- Achieves a blended gross portfolio yield between 13 percent and 15 percent, in addition to significant fee and residual income.

PROJECTIONS & ESTIMATES

Lease income projections are included for the years 1996 though 2001. These projections assume conservative revenue, expense, and reserve estimates to make the pre-tax profit calculations as accurate as possible. They also reflect realistic sales growth projections for a start-up leasing company year to year. For comparison purposes, a five year financial forecast has been included. This is an actual forecast from an existing small ticket leasing company which has had a solid history of profitability.

Inventory finance projections have been prepared for $10 million, $25 million, and $50 million; all assume an average note size of $10,000. They also make realistic assumptions to reflect an accurate projection of potential profitability.

Finally, the lease processing system cost estimates provide the amount of investment required in technology to develop a leading edge lease processing system.

RESUMES

JAMES O'HARA

EXPERIENCE

BUDGET LEASING CORPORATION, Boston, Massachusetts, 1995

THE BUDGET FUNDING GROUP, INC., Boston, Massachusetts, 1993 to 1994

Budget Leasing Corporation (BLC) is an independent third-party equipment leasing company, operating under the trade name Verta Leasing, with sales over $200 million. BLC specializes in small ticket to low-middle market leasing and inventory financing, focusing on manufacturers and vendors in the copier/fax, telecommunication, and personal computer markets. The Budget Funding Group (BFG), a privately held corporation, was divided in 1995 into three separate operating companies, one of which was BLC.

President/Chief Executive Officer, 1995

Complete profit and loss responsibility with the objective of preparing BLC for a future public offering. Reported to the Chairman of the Board and served as a member of the Board of Directors. Appointed to the Executive Committee, the senior operating committee of the Board.

- Returned the company to profitability in 1995 from a position of loss in 1994.
- Reduced fixed costs by over $1.8 million by restructuring across all functional areas. Simultaneously improved efficiency and productivity through implementation of cross-functional teams and enhanced system automation.
- Restructured lending relationships, resulting in a cost of funds savings to the company of over 200 basis points.

Executive Vice President, Sales, 1994 to 1995

Vice President, Sales, 1993 to 1994

Directed the sales and marketing functions for Verta Leasing and Resort Funding with sales in excess of $250 million. Led a 32-person staff in the accomplishment of aggressive sales goals. Diversified the company into new markets and strengthened national account programs with Konica, Mita, Sharp, Copystar, Danka, Toshiba, Monroe, Riso, and Telrad.

- Achieved 115 percent growth in leasing sales volume in two-year period, from $71 million to $153 million.
- Increased inventory finance sales volume by 63 percent, from $35 million to $57 million.
- Successfully repositioned the sales organization to expand into the telecommunication and personal computer leasing markets.
- Developed a new market by implementing BFG's first consumer leasing program.

DORAN CREDIT, Auburn Hills, Michigan, 1990 to 1993

Small ticket to low-middle market third-party lessor, with emphasis on the personal computer products marketplace. Subsidiary of Doran Corporation, a Fortune 100 company.

Vice President, Sales, Dealer Products Group

Responsible as a member of the management committee to provide a 20 percent return on equity to parent company. Managed a productive team of 30 sales and management professionals. Strategically extended the sales division into new markets. Led the profitable growth of a $100 million sales organization with national account responsibility for CompaqComputer, MicroTech, Intelligent Electronics, and Graybar.

- Increased profitability by 133 percent, from $1.5 million in 1990 to $3.5 million in 1992.
- Built an inside salesforce of 11, generating $40 million in sales.

Restructured the sales staff to increase efficiency while reducing sales costs by over $1 million.

GENESEE LEASING, Minneapolis, Minnesota, 1988 to 1990

Genesee Leasing was a captive leasing company to Citizens' Business (CBS), one of the nation's leading Hewlett Packard office equipment dealers.

Vice President, Sales

Generated additional leasing business by marketing directly to our existing lessee base. Increased leasing business in all CBS branches by creating new marketing and leasing sales training programs.

- Increased leasing revenue 47 percent in one-year period.

WILMINGTON LEASING, Charlotte, North Carolina, 1987 to 1988

A third-party, small ticket leasing company providing a funding source for brokers and other leasing companies.

Regional Manager, Broker Development

Generated leasing transactions under $100,000 by providing a debt source to independent third-party lessors and leasing brokers.

Reached 450 percent of Quota and ranked third of ten regional managers company-wide.

CORPORATE CREDIT LEASING, Cincinnati, Ohio, 1983 to 1986

A small ticket, third-party leasing company which originated business with manufacturers, vendors, and lessees. Subsidiary of Budson Sales Enterprises, a billion-dollar food distribution company.

National Sales Manager

Developed business nationally by establishing a productive network of vendors. Created and implemented all company leasing programs and advertising. Recruited and managed the national sales force.

- Increased lease bookings from $600,000 per month to $3.8 million per month.
- Increased total lease receivables outstanding from $3.6 million to $89.5 million.

DIAMOND LEASING CORPORATION, Indianapolis, Indiana, 1979 to 1983

A subsidiary of the Diamond Finance Company, a publicly traded consumer finance company.

Regional Sales Representative, 1981 to 1983

Operations Manager, 1979 to 1980

Developed and maintained a productive network of vendors in a defined territory through the sale of Diamond Leasing's programs and services.

- #1 produce in applications and bookings out of ten sales representatives nationally in 1982 and 1983.
- Set up and managed the first branch office for Diamond Leasing in the Midwest.

EDUCATION

Michigan State University, East Lansing, Michigan, Bachelor's Degree in Business Administration

Amembal and Isom, The Creative Financing Alternative, Leasing for Profit

Doran University, Management Training

KENNETH INGRAM

Management Executive, General Counsel with more than 10 years experience in contract negotiations, legal department management, cost reduction, and strategic planning, who boosted revenues $480K by increasing collections 40 percent within 16 months.

Decision-maker with track record of promoting corporate growth through solid management skills.

- 40 percent reduction in overhead costs achieved ($200K annually) by restructuring departments.
- $9 million saved by skillfully negotiating $90 million in equipment leases.

Key player in successfully reorganizing company in bankruptcy; $20 million in sales achieved.

Proven ability to enhance company's competitive advantage by implementing effective business strategies.

- More than $30K in potential savings by streamlining procedures, improving response time in highly competitive market.
- 15 percent reduction in timeline for collection turnaround and enhanced productivity.

Accomplished at implementing innovative procedures and systems to achieve superior results.

- Improved efficiencies and increased productivity by reorganizing legal department operating procedures.
- Tracked more than 1,000 cases after selecting/designing case management software system with MIS Department.

Willing to relocate. Age 35. Computer literate.

EDUCATION

M.B.A., 3.2 GPA, Yale University, 1990

J.D., Dean's List, Columbia University College of Law, 1984

B.A., Dean's List, New York University, 1980

PROFESSIONAL EXPERIENCE

General Counsel, 1995-present, **THE BUDGET FUNDING GROUP, INC.,** Boston, Massachusetts, 1994 to present

- Report to CEO of newly formed leasing corporation. Serve as Corporate Secretary.
- Increase revenues by streamlining collection processes. Review federal/state laws for proposed financing.
- Manage commercial collections and litigation processes. Member of corporate credit committee.

Associate General Counsel (Funding Group), 1994-1995

- Determined average litigation cost and identified revenue trends and productivity of department personnel over 3 years.
- Managed 4 paralegals, associate counsel, and support staff. Recruited/supervised outside counsel in 20+ states.

Corporate Counsel, MIC CORPORATION, Boston, Massachusetts, 1991 to 1994

- Negotiated $16 million in settlements for bankruptcy estates. Reviewed SEC filings.
- Performed due diligence review of potential liabilities of parent and subsidiaries for reorganization plan.
- Research included intercompany guarantees, indemnity agreements and expected value of remarketing

agreements.

- Assisted in company-wide implementation of Corporate Ethics Policy. Supervised 4 paralegals and 7 analysts.
- Advised Human Resources on WARN Act compliance, ADA, FMLA and Massachusetts Labor Law.
- Determined whether to assume or reject 20-year real estate during bankruptcy proceedings.

Corporate Counsel, CYBERNOSTICS, INC., Richmond, Virginia, 1987 to 1988

- Interim manager after Chapter 11 filing. Appeared at hearings and reported to outside counsel/creditor's committee.
- Negotiated $50 million in leveraged leases as well as workouts and settlements with creditors.
- Supported bankruptcy counsel in analysis of $90 million in filed claims.

Vice President/Senior Counsel, Secretary, MAKON CORPORATION, Richmond, Virginia, 1984 to 1987

- Negotiated more than 200 leases. As securities principal, managed NASD-registered broker-dealer subsidiary.
- Supervised Regulation D offerings registration in 25 states. Reduced costs by performing attorney functions in-house.

FINANCIALS

Financial Data for All Small-Ticket Respondents, 1994	
Average balance sheet data per respondent at the end of fiscal year 1994 (35 respondents)	
Net earning assets (e.g. loan and net lease receivables)	$603,124,290
Other assets (e.g. investments; property plants & equipment; other nonearning assets)	$49,939,740
Total assets	$653,064,030
Short-term debt (including current portion of long-term debt)	$114,514,700
Long-term debt, less current portion	$385,373,900
Other current liabilities (e.g. accounts and taxes payable; accrued payroll/employee benefits)	$32,683,140
Other long-term liabilities (e.g. retirement benefits, deferred income taxes)	$39,424,170
Total liabilities	$571,995,900
Owner equity	$81,068,130
Average borrowings data per respondent for fiscal year 1994 (35 respondents)	
External borrowings	$436,916,629
Borrowing from affiliates	$62,971,971
Total borrowing	$499,888,600
Average income statement data per respondent for fiscal year 1994 (39 respondents)	
Lease revenue	$45,240,130
Loan revenue	$23,031,410
Fee income and other revenue	$5,502,615
Total revenue	$73,774,155
Interest expense	$24,550,870
Operating expense (general and administrative, selling, etc.)	$21,332,360
Depreciation expense-operating leases	$8,459,846
Provision for bad debt	$4,324,769
Total expenses	$58,667,845
Income before taxes on income	$15,106,310
Provision for taxes on income:	
Current portion (credit)	$3,064,333
Deferred portion	$1,580,974
Total provision for taxes on income	$4,645,307
Net income	$10,461,003

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Portfolio Analysis Model

Input	Input Items	
Lease Parameters		
Target Period	Jan-01 to Dec-01	
Credit Applications Processed	24,107	
Contracts Booked	13,500	
Target Rate Factor	0.02922	
Term	42	months
Equipment Cost	$135,000,000.00	dollars
Residual (Based on Matrix)	5.62%	of equipment cost.
Security Deposits	0	payment(s)
Debt Parameters		
Leverage Percentage	100.00%	
Note Amount	$135,000,000.00	
Commissions Paid (if appl)	0.00%	= $0.00
Net Note Proceeds	$135,000,000.00	
Cost of Capital	6.75%	for xx months.
Up-front Expenses		
Sales Expenses	1.00%	of equipment cost.
Commissions to Manf/Vendor	0.00%	of equipment cost.
Allowance for Bad Debt	3.00%	of equipment cost.
Ongoing Expenses	$ Per Contract	Period % Breakout
Credit Apps >$25,000	$24.00	=> 96.0%
Credit Apps <$25,000	$36.00	=> 4.0%
Processing Expenses (Cap)	$50.00	=> 99.0%
	$100.00	=> 1.0%
Invoicing Costs	$4.80	per contract per month.
Income		
Doc Fee	$29.40	= $49.00 x 60%
Risk Fee	0.00076	= .19% x 40%

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Net Note Proceeds	$135,000,000.00	
Cost of Capital	6.75%	for xx months.
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Credit Apps >$25,000	$24.00	=> 96.0%
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Processing Expenses (Cap)	$50.00	=> 99.0%
	$100.00	=> 1.0%
Invoicing Costs	$4.80	per contract per month.
Income		
Doc Fee	$29.40	= $49.00 x 60%
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Calculations

Monthly Note Payment	3,617,899.47
Monthly Lease Stream	3,944,700.00
Effective Lease Interest Rate	14.02%
Pre-Tax Income (Loss)	16,621,857.73
(percentage of orig cost)	12.3%
Average Annual R.O.E.	2.11%
Booked Residual Value	7,583,625.00
Up-front Expenses	
Bad Debt Expense	4,050,000.00
Commissions to Manf/Vendor	0.00
Selling Expenses	1,350,000.00
Total Up-Front Expenses	5,400,000.00
Ongoing Expenses	
Monthly Invoicing Exp	64,800.00
Monthly Credit Amort	14,050.94
Monthly Processing Amort	16,232.14
Monthly Processing Total	95,083.08
Up-front Income	
Documentation Fees	396,900.00
Ongoing Fee Income	
Monthly Risk Fees	102,600.00

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Ongoing Fee Income	
Monthly Risk Fees	102,600.00

Actual 5-Year Forecast of an Existing Small Ticket Leasing Company

FORECASTS FOR:

INCOME (Rounded to thousands)	1993	1994	1995	1996	1997
LEASE INCOME	32,564	31,956	34,264	36,849	39,405
INTEREST EXPENSE	(14,579)	(13,500)	(14,478)	(15,570)	(16,650)
NET LEASE INCOME	17,985	18,456	19,786	21,279	22,755
FEE INCOME	5,848	6,025	6,532	6,888	7,338
RESIDUAL GAIN	6,272	5,895	5,300	5,000	5,000
TOTAL OTHER INCOME	12,120	11,920	11,832	11,888	12,338
TOTAL OPERATING INCOME	$30,105	$30,376	$31,618	$33,167	$35,093
SALES EXPENSES					
SALARIES	1,224	1,224	1,110	1,110	1,200
COMMISSIONS	576	624	680	680	680
FRINGES	392	392	355	355	384
OTHER EXPENSES	1,440	1,400	1,300	1,300	1,450
TOTAL SALES EXPENSES	$3,632	$3,640	$3,445	$3,445	$3,714
ADMIN. EXPENSES					
COMPENSATION	3,600	3,708	3,700	3,710	3,810
FRINGES	1,152	1,187	1,184	1,187	1,219
RENT/UTILITIES	1,236	1,040	1,060	1,080	1,100
TELEPHONE/POSTAGE	840	850	830	850	850
DEPRECIATION	528	500	490	485	470
DATA PROCESSING	2,760	1,500	1,400	1,550	1,600
OTHER EXPENSES	1,920	1,900	1,900	1,920	1,920
TOTAL ADMIN. EXPENSES	$12,036	$10,685	$10,564	$10,782	$10,969
TOTAL SALES & ADMIN. EXP.	$15,668	$14,325	$14,009	$14,227	$14,683
PROVISION FOR BAD DEBT	8,660	8,100	8,687	9,342	9,990
OUTSIDE COMMISSIONS	2,700	3,000	3,500	3,500	3,500
DEFERRED IDC NEW BUSINESS	(4,860)	(5,400)	(6,300)	(6,300)	(6,300)
NET EXPENSES	$22,168	$20,625	$19,896	$20,749	$21,873
PRE-TAX PROFIT/(LOSS)	$7,937	$10,351	$11,722	$12,398	$13,220
INCOME TAX EXPENSE	3,016	3,933	4,454	4,710	5,024
AFTER-TAX PROFIT/(LOSS)	*$4,921	*$6,418	*$7,268	$7,688	$8,196
VOLUME	108,000	120,000	140,000	140,000	140,000
ASSETS	243,405	259,589	278,000	299,000	319,000
ROA	2.02%	2.47%	2.61%	2.57%	2.57%
OLIAB & D.T.	26,000	27,000	28,000	30,000	33,000
DEBT	186,347	199,362	214,286	230,571	245,143
EQUITY	31,058	33,227	35,714	38,429	40,857
ROE	15.84%	19.32%	20.35%	20.00%	20.06%
NIL	217,405	232,589	250,000	269,000	286,000

*Profit goals achieved were over 100% of plan for 1993-1995.

FORECASTS FOR:

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ASSETS	243,405	259,589	278,000	299,000	319,000
ROA	2.02%	2.47%	2.61%	2.57%	2.57%
O.LIAB & D.T.	26,000	27,000	28,000	30,000	33,000
DEBT	186,347	199,362	214,286	230,571	245,143
EQUITY	31,058	33,227	35,714	38,429	40,857
ROE	15.84%	19.32%	20.35%	20.00%	20.06%
NIL	217,405	232,589	250,000	269,000	286,000

Lease Processing System Cost Estimates

Complete Automated Credit Scoring System	$175,000
Back End Leasing Software	$100,000
System Setup and Development Costs	$150,000
Structured Query Language Server Software	$65,000
Structured Query Language Database Server	$50,000
Document Imaging System	$50,000
Miscellaneous System Hardware and Software	$25,000
Remote Access System	$10,000
Backup System	$10,000
Printers (per unit installed)	$5,000
Optical Storage System	$5,000
Workstations (per user)	$3,000
Fax Servers (per unit installed)	$2,500
Local Area Network (per user)	$300
(Includes wiring, concentrators, network cards, and software)	
TOTAL COST:	$650,800

Complete Automated Credit Scoring System	$175,000
Back End Leasing Software	$100,000
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Optical Storage System	$5,000
Workstations (per user)	$3,000
Fax Servers (per unit installed)	$2,500
Local Area Network (per user)	$300

(Includes wiring, concentrators, network cards, and software)

TOTAL COST: **$650,800**

- Total includes only one printer, work station, fax server, and local area network user. These costs would vary depending on number of employees.
- One printer is needed for approximately every 20 people.

IFS Pricing Model

Input	Input Items:	
Lease Parameters		
Credit Applications Processed	0	
Contracts Booked	5,000	
Interest Rate	25.01%	
Term	4	months
Equipment Cost	$50,000,000.00	dollars
Terms	30	days net to Manufacturer
Manufacturer's Discount	5.00%	
Add-on Percentage	0.00%	
Amount Funded	$47,500,000.00	payment(s)
Debt Parameters		
Leverage Percentage	100.00%	
Total Amount Borrowed	$35,000,000.00	
Commissions Paid	0.00%	= $0.00
Net Proceeds	$35,000,000.00	(Equal to Manf. Funding)
Cost of Capital	6.75%	for xx months.
Up-front Expenses		
Sales Expenses	0.25%	of equipment cost.
Commissions Paid to Ven/Manf	0.00%	of equipment cost.
Allowance for Bad Debt	0.50%	of equipment cost.
Ongoing Expenses		
Credit Applications (Cap)	$50.00	per application processed
Processing Expenses (Cap)	$46.00	per contract booked
Invoicing Costs	$5.00	per contract per month.

Input	**Input Items:**	
Lease Parameters		
Credit Applications Processed	0	
Contracts Booked	5,000	
Interest Rate	25.01%	
Term	4	months
Equipment Cost	$50,000,000.00	dollars
Terms	30	days net to Manufacturer
Manufacturer's Discount	5.00%	
Add-on Percentage	0.00%	
Amount Funded	$47,500,000.00	payment(s)
Debt Parameters		
Leverage Percentage	100.00%	
Total Amount Borrowed	$35,000,000.00	
Commissions Paid	0.00%	= $0.00
Net Proceeds	$35,000,000.00	(Equal to Manf. Funding)
Cost of Capital	6.75%	for xx months.
Up-front Expenses		
Sales Expenses	0.25%	of equipment cost.
Commissions Paid to Ven/Manf	0.00%	of equipment cost.
Allowance for Bad Debt	0.50%	of equipment cost.

Input	**Input Items:**	
Ongoing Expenses		
Credit Applications (Cap)	$50.00	per application processed
Processing Expenses (Cap)	$46.00	per contract booked
Invoicing Costs	$5.00	per contract per month.

Calculations

Monthly Debt Payment	8,873,391.97
Monthly Note Stream	12,500,000.00
Rate Factor	0.25000
Pre-Tax Income (Loss)	1,051,432.11
Average Annual R.O.A.	0.84%
Up-front Expenses	
Bad Debt Expense	(250,000.00)
Manf. Commissions Paid	0.00
Selling Expenses	(125,000.00)
Credit Expenses	(250,000.00)
Processing Expenses	(230,000.00)
Total Up-Front Expenses	(855,000.00)
Ongoing Expenses	
Monthly Invoicing Exp	(25,000.00)
Monthly Processing Total	(25,000.00)

Monthly Debt Payment	**8,873,391.97**
Monthly Note Stream	**12,500,000.00**
Rate Factor	**0.25000**
Pre-Tax Income (Loss)	**1,051,432.11**
Average Annual R.O.A.	**0.84%**
Up-front Expenses	
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Manf. Commissions Paid	0.00
Selling Expenses	(125,000.00)
Credit Expenses	(250,000.00)
Processing Expenses	(230,000.00)
Total Up-Front Expenses	**(855,000.00)**
Ongoing Expenses	
Monthly Invoicing Exp	(25,000.00)
Monthly Processing Total	**(25,000.00)**

Rebate Analysis:

Set Maximum Percentage of Income you wish to rebate back to Dealer: 75%.

Period	Profit Available	Maximum Rebate %	Profit remaining after Rebate based on percentage used.
1	$1,423,125.00	2.13%	$355,781.25
2	$1,250,055.41	1.88%	$312,513.85
3	$1,126,065.75	1.69%	$281,516.44
4	$1,051,432.11	1.58%	$262,858.03
5	$0.00	0.00%	$0.00
6	$0.00	0.00%	$0.00

Period	**Profit Available**	**Maximum Rebate %**	Profit remaining after Rebate based on percentage used.
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5	$0.00	0.00%	$0.00
6	$0.00	0.00%	$0.00