



# **A DEALER FINANCING PROGRAM FOR NATIONWIDE DIGITAL CENTRAL STATION**



# **“A DEALER PROGRAM FOR DEALERS”**

- **No Holdbacks**
- **No Guarantees or Recourse**
- **No Hassle Processing**
- **Use Your Signs and Stickers**
- **Get Paid For Labor on Service Calls**
- **No Program Exclusivity**

- **Net multiple of 32x**
- **No recourse or holdback on payments**
- **Use equipment of choice (Honeywell-GE-DSC-Visonic-RSI)**
- **No premium for two-way voice**
- **No charge for referrals**
- **Use own signs and stickers**
- **Retain down payments and/or connect fees**
- **Paid full rate for service (up to \$50)**
- **Do not have to pay for monitoring**
- **Weekly payments**
- **Funding available for customer upgrades**

## COMPETITIVE COMPARISON

<b>Programs:</b>	<b>Security First</b>	<b>Program B</b>	<b>Program C</b>
Advertised Multiple	32x	34x	35x
Less: Holdback (10% for 12mo.)	None	3.4x	3.5x
Payment at Close	32x	30.6x	31.5x
Holdback Payment (3% at 12 mo.)	None	1.0x	1.1x
<b>Dealer Net Payment (7% Attrition)</b>	<b>32x</b>	<b>31.6x</b>	<b>32.6x</b>

**Stability and certainty of revenue are crucial to a Dealer Finance Program both for the dealer and the program sponsor. The historical risk associated with the receipt of funds from a purchase holdback should be more than most dealers want to assume, not to mention the requirements to perform service with the dealer at risk of not getting any payment at all from the program sponsor.**

**Reduction of risk in the receipt of income should be a primary goal of a dealer reviewing participation in any dealer finance program.**

**MONITORING:** Our monitoring center will be at a variety of central stations around the country. The important points are that they are UL Listed and have a web based dealer interface. They also must offer us reasonable rates for two-way voice and digital monitoring. We recommend Nationwide Digital Central Station in Long Island, NY.

**FUNDING:** Our finance company is a unit of Amex listed Micro-Financial, which is located in Boston, MA. They have been in the consumer finance and leasing business for over 10 years. They are experts and specialize in large commercial and residential appliances such as, water systems, air conditioners, machinery and alarm systems.

**ALARM SERVICES:** Security Finance Associates is a 20 year old company located in Pasadena, CA specializing in providing one stop financial services, like the Security **First** program, to the alarm industry.

# FINANCIAL CRITERIA AND BENEFITS

- Multiple** – We will pay you a multiple of thirty two ( 32x) times the recurring monthly monitoring revenue from residential and commercial contracts that are accepted by us for purchase within the 700+ credit criteria. The preferred credit range is 650-700+ which will generate an approximate overall blended multiple of 30x-31x. No holdbacks-No recourse.

700+	675-699	650-674	625-649	580-624	550-579
32x	30x	27x	25x	22x	20x

- Payment Adjustments** – There are no holdbacks and no recourse or guarantee against that payment. (Customer must make one (1) payment at the time paperwork is submitted).
- Comparative Multiples** - This payment multiple is substantially better than the traditional 30x-32x blended, credit based multiple (with 10% holdback and 12-18mo guarantee) because there is no risk to you and you have all your funding in a week without a holdback.

## FINANCIAL CRITERIA AND BENEFITS

---

4. **Installation Add-ons** - We encourage you to up-sell the customer (commercial and residential) additional coverage and you retain the down payment, connection fees and installation charges. The basic system (Control panel, 2-4 door/window sensors, keypad, motion, etc.) plus anything you might give away (such as a key fob) are the only items covered by the installment/monitoring contract.
  
5. **Equipment Financing** – We will fund commercial and residential integrated systems (not Fire) even if they don't include monitoring. This includes video systems, access control, home audio/video and biometric systems.

1. **Customer Type** - The customer may be a commercial entity or homeowner.
2. **Customer Satisfaction** - The installation must be complete and the customer must sign a delivery and acceptance certificate.
3. **Paperwork** - The customer must sign the Agreements and submit a check for the first months payment. You are responsible for submitting the required and executed paperwork to SFA for processing.
4. **48 month – No Rate Increase** - The customer must sign a forty eight (48) month contract on SFA or Dealer forms along with the lease and other key documents. There will not be a rate increase during the term of the contract and at the end, the customer will own the system. Other terms available.

5. **Price Points** - Customer monthly price points are \$24.95 to \$39.95 plus the \$2.95 for warranty on each system.
  
6. **Credit Check** - The customer credit check is done via an instant on line inquiry, direct to the finance company on a 24/7 basis.
  
7. **Billing** - The customer must pay by ACH (bank or credit card). An exception may be made for customers with 625+ credit which is hard copy billing on a monthly basis (\$5 surcharge each month).

1. **Labor Warranty** - The SFA program is the only one in the country where the labor portion of your maintenance service responsibility is guaranteed to protect the customer.
2. **Service Responsibility** – Your company will assume the service responsibility under the program. You will warrant the first year after the installation before the warranty kicks in. The warranty will pay you up to \$50 per service call for labor. The plan is for you to generate a profit from this activity and build a relationship with the customer.

4. **High Limits** - Warranty coverage includes labor on all of the installed alarm equipment up to \$2500 (except changing batteries). Larger installations can be covered on a case by case basis.
  
5. **Low Customer Price** - The customer pays for this warranty (required for all purchased and monitored contracts) at the rate of \$2.95 per month for 48 months. If the monitoring was \$34.95 the total pricing from you would be \$37.90 per month (\$34.95+\$2.95).
  
6. **Easy Claim Filing** - When there is a service call, all you need to do is contact our service administrator in Pasadena and fax him the claim form and a copy of your service work order. You should then receive a check for the full amount of the service call.

1. **Non-exclusive Agreement** - The SFA program is non-exclusive relative to the accounts created by your company, we do not file a UCC-1 on the company and there are no personal guarantees.
2. **Identification** – You have the benefit of using your own signs, window stickers and other identification including your phone number at the customer’s location.
3. **Security Equipment** – Your company may use Honeywell or other authorized equipment for the system installations. GE, Honeywell Visonic, RSI and DSC are authorized manufacturers.
4. **Voice Connect** – Your company may use “Voice Connect” (two-way voice) at some or all of your installations at no additional cost or charge.
5. **Monitoring** - Monitoring will be at a mutually agreed central station. The central station must be UL Listed and state-of-the-art technically, including web access.

6. **Payment Cycle** - The dealers payment cycle is weekly in arrears. Each contract submission is its own batch so you will never have several contracts held up for payment because of issues with just one.
  
7. **Long Term Commitment** - Funding for the program is from a major East Coast finance company that has been in business over 10 years and specializes in large residential/commercial appliance funding (water systems-vacuum cleaners).
  
8. **Paperwork Cost** - All customer paperwork and forms are provided at no charge.
  
9. **Credit Risk** - The customer installment /lease contract is designed to transfer the credit risk away from your company and SFA to the customer where it belongs. This enables SFA to offer you a no-recourse position after the first payment has been made.
  
10. **Referrals** - Referrals from your customers will be referred to you at no charge and in a timely fashion.

Selecting the right dealer finance program is probably one of the most important decisions facing an alarm company. The importance is highlighted when program agreements are found to include a five or more year commitment and strong exclusivity provisions including a UCC-1 filing. These programs exhibit an attitude that demeans the dealer and his customer. The customer is best served when the dealer and his program work as a team to provide the highest standards of professional security.

If you are not using financing in some form for your company or your customer you are probably leaving a good deal of business on the table that will advantage your competition. The Security **First** program is designed to give both you and your customer the financial tools you need to succeed.

- You can finance all your customers security equipment packages.
- **Your customer potential can now include residential and small-medium commercial systems.**
- You can provide your customer with a basic system where they pay for the equipment, service warranty and monitoring at competitive monthly rates.

- We do not require program exclusivity, a personal guaranty or file a UCC-1 on your company. We must earn your business every day.
- You may use your own identification, signs and stickers. We want you to build your business identification, not ours.
- We have a labor only warranty program that will pay you up to \$50 for each customer service call. We want your service department to be profitable.
- We offer one-stop credit capability from 550+. We want you to have as much flexibility as possible.
- We offer a choice of central stations to meet your needs for both two-way voice and digital only service.
- We are fully involved in the processing of your contract submissions to ensure that you have efficient and effective processing every day.