



North South Leasing

HOW TO MAKE MONEY RENTING BIG
RIGS:
WOULD YOU INVEST \$20,000 TO MAKE
\$44,000
IN
2 YAERS?

THIS SIMPLE STRATEGY THAT
OUTPERFORMS STOCKS AND SHARES,
REAL ESTATE, AND OTHERS

One truth in any economical trend is that consumer goods must always get to their destinations. This, in turn makes commercial trucks the wheels of the nation's economy. While large companies may own fleets to perform this, independent drivers or owner-operators complete much of the work and new commercial trucks are often times cost prohibitive, with prices over \$100,000. While high-quality, used commercial trucks are available, dealers can only finance applicants with near perfect credit, an approximately 20% approval rate. Is it projected that there will be a shortage of 114,000 drivers by the year 2014. Part of this shortage will be filled by baby boomers are getting into truck driving as a second career after retirement or company downsizing.

During the past three years, North South Leasing has recognized the large void in financing acceptance and has taken a calculated risk in approving them. Formed in 2004 solely for leasing commercial vehicles to qualified operators to take advantage of the market opportunity. To date, we have approved 2000 plus owner-operators with less than perfect credit and are experiencing a double-digit return on the investments.

Financing applicants with "B" or "C" credit has created a large market opportunity. North South Leasing has created a plan to take advantage of this opportunity while minimizing financial risk. We know the opportunity exists because we have had more applicants than trucks to finance. We have a thorough screening process that includes an applicant's personal financial history and interview along with verification of work. We require \$6,100 (on average) or approximately 25% of the vehicle's cost (truck purchases average \$25,000 each) from each applicant for deposits, fees and mandatory GPS equipment. The applicant's ability to pay this amount indicates his willingness and capability to honor the lease agreement. While other financial institutions have turned these applicants away, we approved them and they have proven themselves with a 90% on-time pay rate.

North South Leasing has excellent business relationships with dealers and sellers nationwide who specialize in used vehicles from large commercial fleets. These trucks come from large companies that must provide excellent maintenance on their own fleet as a function of their business. These same trucks come into the used market with a

known history, many miles of remaining life and minimal, if any, need of further investment. In addition to warranty, the dealers agree to a "buy back" clause in the unlikely event of repossession.

The average transaction is approximately \$25,000 with an average lease term of 28 months and an average monthly payment of \$1,600. Plus a buyout at the end of the lease term.

- Invest \$20,000 (\$25,000 -\$5,000 from driver)
- Monthly Payments of \$1,600 (collected weekly \$400)
- Future Value of \$44,800 (28 months x \$1,600)

Built in asset protections include a mandatory GPS system for each truck which allows us to know the location of the vehicle 24-hours a day. Broker and dealer recourse agreements further protect us against loss in the unlikely event of repossession. As previously stated, our rate of repossession is slightly less than 10%. If repossession occurs, we have a contract with a nationwide company for recovery and remarketing. The required insurance policy lists The investor as an insured and payee. In the event of an accident, our insurance provider is the last to pay.

OPPORTUNITY

New commercial vehicle prices are beyond the means of many owner operators, causing them to purchase or lease a used truck. Dealers have reported conventional financing sources approve approximately 20% of the applicants. The low acceptance rate creates a large market of drivers with good but not perfect credit who can, and are willing, to make on-time payments to purchase commercial vehicles to either start new entities or expand existing operations.

Our combination of minimal investment in high-quality used trucks, a short-term lease agreement, a stringent lessee acceptance process and built-in financial protections has resulted in double-digit returns. Additionally, NSLM has established a comprehensive, in-depth screening process for prospective applicants. This is combined with several advanced techniques specifically designed to protect the leased assets. For example, each truck is equipped with an advanced GPS locator system so at any time, 24-hours a day, seven days a week, each truck can be located.

Each transaction required only a single investor per truck. North South Leasing and its

investors will jointly own approximately 200 commercial vehicles in the next 12 months. By definition, we substantially reduce our risk over single truck ownership without sacrificing an above average return on investment.

APPROVAL REQUIREMENTS

North South Leasing has a rigid screening process considers an applicant's personal financial history to see if they are able and willing to pay. We require on average \$6,000 or approximately 25% of the vehicle's cost up front in fees and security that further makes them have a stake in making on-time payments. Our requirements include:

- Must NOT have delinquent child support, non-discharged bankruptcies, tax liens, delinquent loans or bounced checks
- Proof of business entity
- Review credit report
- Personal interview with applicant and current employer to verify credit report
- Payments set up for electronic withdrawal
- Proof of residency
- Spouse required to sign as personal guarantor
- Last three months banks statements (business and personal)
- Most recent tax return
- Financial statements

CREDIT TERMS AND REQUIREMENTS

- \$40,000 maximum funding amount
- Credit score no less than 580 (Equifax FICO score)

- Advance payments (first and last two months)
- At least six months as a driver
- Non-refundable document fee (approximately \$1,200)
- GPS fee (\$400)
- Mandatory buyout (\$1.00 or 10% offered depending on structure)

ASSET PROTECTION/INSURANCE

- All trucks are equipped with GPS units
- NSL has a set of keys and key codes
- Broker recourse returns commissions earned if truck is repossessed in first year
- Dealer recourse protects remaining value of truck if repossessed in first year
- NSL Listed as insured and payee on policy
- NSL's insurance provider is last to pay in case of accident

FREQUENTLY ASKED QUESTIONS

Why is this good for the lessee?

- They get a quality truck to earn a living when others have declined them
- They can make \$10,000 - \$12,000 per month or \$1.00-\$1.25 plus fuel surcharges, after expenses that can net approximately \$5,000
- They help rebuild their credit history because we report to Equifax
- They own the truck at the end of the lease
- They will have equity in the trucks once they exercise the purchase option
- Short lease terms just 28 months

Why is this good for NSL and Investor ?

- Our average down payment is 20-25%

- We invest just \$20,000 to get back \$44,800 plus buyouts
- 12-15 months to break-even on our investment
- Only need 30% of clients to pay on time to service debt and expenses (break-even point), current rate is 90%
- Double digit returns on investment
- Scalable business – larger growth for longer term investor
- Business that is good in virtually any economy – goods always need to get where they're going

What is the NSL Approval Process?

- Credit application from dealer or broker
- Spec sheet on truck from dealer or broker
- Credit report from dealer or broker
- Last three months bank statements
- Last year's tax return
- Obtain Blue Book value of truck
- Verify hauling contract
- Send conditional approval to dealer or broker

What is NSL's Average Lease Amount?

Our average Lease Amount is \$25,000; we then collect the first months and the last two months payments in advance. Additionally we collect a doc fee and GPS tracking fee. We receive an average of \$6,100 before the truck goes out.

What is NSL's Average Term?

We document a 28-month lease and require first and last two payments at lease signing, we then bill and collect the lease for the next 25 months. In most cases, we collect payments via automatic debit of the lessee's checking account weekly or monthly.

What is NSL's Average Monthly Payment?

Our average monthly payment is \$1600

Why does NSL require dealer recourse?

We require all of our dealers to sign an agreement that states they have 91 days to refund the value of remaining payments if the truck is re-possessed within the first 12 months.

Why does NSL require broker recourse?

We require all of our lease brokers to sign an agreement that states they will return any commissions earned if the truck is re-possessed within the first 12 months.

Why does NSL require warranty?

We require a warranty to protect NSLM and the customer from major mechanical failure that may affect their livelihood.

What is NSL's marketing strategy?

We market our company to truck dealerships, where we act as one of their financing alternatives. In addition, we market our company to equipment leasing brokers nationwide, where we act as one of their funding sources along with Private Sellers.

Why does NSL GPS all of its assets?

A GPS unit allows us to track and locate each truck if needed to protect our investment. The cost of the equipment, installation and 24 months of monitoring is \$400.

Who pays for the insurance on the truck?

The lessee is required to have insurance on the truck. NSLM is listed as an additional insured and a loss payee on the policy. Most of the lessees get their liability coverage from the trucking company for whom they haul.

How is NSL covered by liability insurance?

NSLM is covered first by the lessee's and trucking company's policy. Additionally NSLM has general liability coverage and an umbrella policy above that. In case of an accident the insurance providers for the lessee, trucking company and freight owner should pay before NSL's.