

7658 Avianca Dr.
Redding, CA 96002

Advanced Lease Systems, Inc.

Phone (530) 378-6868

Memo

To: ALS Customers

From: Advanced Lease Systems, Inc.

Re: Late Charge Assessment / Late Counters

Late Charges

Late charges are assessed during the first cycle process that is executed after the late day that has been set on each lease. For example a lease with a due day of the 1st with a late day of 10 would check to assess a late charge during the first cycle process that is executed on or after the 11th. For late charges to be assessed the following must be true:

1. Late day on lease cannot be zero.
2. Lease status must be "NEW", "ACT" or "PST".
3. Base rent due must be greater than zero.

If the current amount of Base Rent and Tax owed is greater than zero then the following logic is used to compute the amount of late charge to be assessed:

1. The total potential Late Charge to be assessed is calculated based on the current Base Rent + Tax due using the Late Charge Percentage.
2. The late charges on 1 full Monthly Payment is calculated using the late charge percentage.
3. If the calculated Late Charge from #1 is greater than the value of #2 then the Late Charge amount is set to the amount from #2.
4. Then the Late Charge value is checked against the assigned Minimum and Maximum amounts allowed. If the value is less than the Minimum then the Minimum Late Charge is assessed. If the value is greater than the Maximum then the Maximum Late Charge is assessed.

NOTE: Late charges cannot be assessed the same day as rent is assessed. If the first cycle process executed since the due date is the same day as the late day, late charges will not be assessed until the next cycle process is executed.

Delinquency Notices

When late charges are assessed a system file is updated to indicate that a delinquency notice should be produced. Notices will only be generated for leases that assessed a late charge and that meet the following criteria:

1. Amount of Base Rent past due is over \$49.99.
2. Billing type on the lease is set to "I", "C", "F", "K" or "ACH"
3. The option "Delinquency Notices (Yes/No)?" on the Company File Maintenance screen must be set to "Yes". To change this option choose Company File Maintenance from the File Maintenance drop-down menu and go to the "Default Information/Options" tab.

Late Counters

The 10+-day counter is updated each month when a late charge is assessed. The 30 day plus late counters are updated on each lease during the first cycle process executed on or after the lease payment due date. The rent for that current month is assessed at this time also.

During this rental assessment cycle process we determine if there are any outstanding base rents owed. If at that time a lease has base rent due that is less than two base rents and greater than or equal to one base rent, the thirty-day counter will be increased by one. If the lease is due for two base rents, but less than three, the sixty-day counter will be increased by one. If it is due for three base rents or more, the ninety-day plus counter will be increased by one.

It should be noted that our late counters are for your internal use only. Our credit bureau reporting software does not report these counters. The credit bureaus using your reported data build their own counters based on the information sent to them monthly by you. Because their calculations are based on the date the tape is created it is important that you produce your credit bureau data around the same time of each month.