

P.O. Box 493160
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Advanced Lease Systems, Inc.

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Memo

To: A.L.S. Customer

From: Customer Support
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.

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 (Y/N)?" in the Company Master File must be set to a "Y". This option is found under Master File Maintenance off the Main Menu by selecting "Company File" and then going to the "Financial Parameters" screen for each company used.

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 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.