



Documentation and Funding Procedures

Updated September 2008

Lease/Equipment Finance Agreement Documents

BSB Leasing accepts BSB Leasing's approved generic Lease/EFA documents in either the brokers name or BSB Leasing's name. All other documents, including all supporting documents, must be submitted to BSB Leasing and approved prior to use and submission for funding. Refer to the section titled **Documentation Requirements** for a list of required documents.

Documentation Requirements

Documentation required on all transactions

- Lease or Equipment Finance Agreement
- For all transactions in the state of *Texas*, the Lessor/Secured Party must be BSB Direct Finance, LLC.
- Personal Guarantee(s) of all owners with 25% ownership or greater. **Spousal guarantees are required for deals in Arizona**
- Delivery and Acceptance
- Signature Verification in addition to Witness signature (Clear copy of DL and/or notarized guarantee)
- Prepayment check drawn on lessee's business account (or a copy if deducting from broker/vendor proceeds) and must be from account that was rated with credit (if applicable)
- Vendor Validation Certificate (BSB will complete to approve vendor)
- Vendor invoice with current date and invoice number
- Broker invoice
- Insurance binder or certification with liability and property insurance is required. Certificate must have the equipment description and equipment value listed. Certificate Holder and/or its successors and assigns required.
- Secretary of State print out (if a Corp., LLC, or Partnership and if available) showing business Active and In Good Standing. Exact legal name is required for UCC filing purposes.
- Signed Credit Application by all PG's. Must have correct information.
- Home Phone numbers or alternate number (other than business number) for all PG's

Documents that may be required based on transaction/equipment type

- Site Inspection Reports - required on all transactions exceeding \$25,000, Private Party Sales, Sale Leasebacks, and all Tier 4 through Tier 6 transactions.
- Corporate, Partnership or LLC Resolution of Authority - required if the lease is not signed by the president, secretary, managing partner or managing member or if total exposure exceeds \$50,000 or if there isn't a 100% owner as a PG.
- Landlord Waiver - required if the leased equipment could be considered a fixture to the real property. Contact your representative at BSB Leasing if you have concerns or are unsure. ***A complete legal description and parcel number will be required to complete a fixture filing. Proof of ownership is required if the lessee owns the property.***
- Purchase Agreement - required when a guaranteed residual is desired. If 10% or tax on stream, the amount should be the amount without tax. If tax upfront, the amount would include the tax.
- Vehicle Addendum - required on all motorized vehicles, ***for leases only***
- Security Agreement – required on all motorized vehicles, ***for leases only***
- Delivery and Acceptance at Vendor's Location - required when a lessee requests full or partial advance payment to a vendor prior to equipment delivery. \$200.00 fee assessed for pre-fund.
- Equipment Finance Agreement with Pay Proceeds when not documenting transaction on a lease.

- SPECIAL HANDLING FOR ALL TIERS 4 THROUGH TIER 6 TRANSACTIONS: Site inspection required on every deal, no pre-fundings, maximum commission allowed is 10 points, all transactions must be documented on a Lease, no EFA permitted.
- Medical Indemnity Agreement – required for all medical equipment
- Location Addendum – required if the equipment is rented out
- Jurisdiction Agreement (if required)

Credit Contingencies

All credit contingencies on the approval must be completed PRIOR to funding. This includes proof of company ownership, time in business, equipment approval, etc.

Lessee Verification Call

A verbal verification call with the lessee will be completed by BSB Leasing. This call will not take place until all items at funding have been addressed and the lessee has possession of the equipment. In the case of a pre-funding, a verbal call will still be made to the lessee. The verbal verification may only be completed with an authorized lease signer or authorized delegate.

Interim Rental

Interim rent will be charged on all transactions. Interim rental is calculated as follows:

Multiply the daily rental rate (monthly rental divided by 30 days) by the number of days between Lessor's Funding Date and first payment due date of the lease. Interim Rent is subject to applicable sales tax. If tax is on the stream, the interim payment is calculated on the base payment (without tax).

Payment Due Dates

BSB Leasing offers payment due dates of the 1st, 5th, 10th, 15th, 20th, and 25th of each month. BSB Leasing will inform the lessee of the payment due date during the Lessee Verification Call.

Vendor Validation

A signed **Vendor Validation Certificate** will be completed with each transaction. BSB will review each vendor for approval during the documentation process. If additional information is required, it is the broker's responsibility to obtain the information and return to BSB as soon as possible so the vendor can be approved.

Vendors must be authorized re-sellers, sell equipment as their normal course of business and have a minimum of one year time in business. The following minimum requirements must be met prior to submitting a transaction for funding:

- Active or good standing status with the SOS, current business license or permit
- Verification of at least one year time in business (verified only by SOS or business license)
- Active business listing verified by two sources (Yellow Pages, D&B, Info USA, various Internet Search Sites)

Vendor Invoice

A vendor invoice must be generated by each vendor which includes the following information:

- If Lease, the invoice is Sold To the Lessor on documents and Ship To the lessee name and address.
- If EFA, the Sold To/Ship To is the customer.
- The ship to location must be a physical address.
- A complete description of equipment including quantity, make, model, year manufactured and all applicable serial numbers.
- Complete vendor information including company name, address and phone number.
- Invoice date and invoice number must be included on the invoice. If not, vendor will be treated as Private Party Seller.

Vendor Payments

Vendor payments will be made by issuing an overnight check or wire. If a wire is being requested please provide the following information:

- Bank Name, Address, and Phone number
- Name on Account
- Routing Number
- Account Number
- Email address to send confirmation notice
- \$35 fee for all wire transactions

Advance Payments to Vendors (Pre-Funding)

If a vendor requires being paid **PRIOR** to releasing the equipment to the lessee, then the transaction is considered a pre-fund. If a vendor requires partial or full payment prior to releasing the equipment then this must be submitted to BSB and approved with BSB. Delivery and Acceptance at vendor's location is still considered a pre-fund. Below is what is required:

- Explanation as to why pre-funding is required (shipping purposes, etc).
- Amount of pre-funding (50% or 100% or other)
- Length of time from when vendor is paid to when equipment is delivered/installed at lessee location (if longer than 30 days then must be approved)
- Vendor profile complete with bank and trade information
- \$200.00 fee
- If partial funding, a verbal verification will be made to the lessee once all equipment has been delivered to get authorization to release final payment to vendor
- *If partial funding, final funding must be completed BEFORE the credit approval expires (60 days) or credit will have to be updated and re-approved.*

*****Priority must be placed with partial fundings to have completed within a 30 day timeframe*****

Prepayment Checks

- Prepayment checks must be from an established business account in the lessee's business name. Checks should be made payable to the BSB Leasing or the lessor. In certain cases, the prepayment check may ONLY be made to BSB Leasing. If you are unsure, please contact BSB Leasing.
- Prepayments may be deducted from the broker's proceeds when a copy of the check, payable to the broker, is provided with the documentation package.
- On a case by case basis, the prepayments may be made to the vendor. A copy of the lessee's check will be required. If approved, the vendor may pass prepayments to the lessor by deducting the prepayments from their invoice total.

Broker Invoice

An invoice must be supplied by the broker with each transaction. Each invoice should clearly define transaction terms and fee structure to include the following information:

- Lessee information
- Lease term and residual
- Administrative, Title, and other fees due to Lessor
- Amount due to broker
- Payment instructions

Sales Tax

Sales Tax will be collected and remitted to each state by BSB Leasing. BSB will investigate fully and accurately determine the appropriate sales tax rate and handling of each transaction. BSB Leasing may, at their discretion, adjust tax rates or amend tax handling if necessary. BSB Leasing will bill any adjustments made to the customer. Sales tax will **ALWAYS** be based on the equipment location.

Personal Property Tax

BSB Leasing will be responsible for the billing, collecting and reporting of any Personal Property Taxes. Any fees associated with this service will be billed directly to the customer on leases only.

Site Inspections

Site Inspections are required on all transactions exceeding \$25,000, Private Party Sales, Sale Leasebacks, and Tier 4 through Tier 6 transactions. If the broker is ordering the inspection, it the broker's responsibility to provide a completed inspection form and photos with the documentation package for funding. The inspection company must be an approved inspection company with BSB Leasing. It is also acceptable for the broker to conduct the site inspection and provide documentation confirming the inspection but must be approved by BSB Leasing prior to funding.

Insurance Requirements

Proof of insurance coverage is required on all lease transactions prior to funding. Desired liability limits include \$500,000 for specified equipment and \$1,000,000 for passenger vehicles. Deductibles may not exceed \$1,000.

* The lessor on the documents *and/or its successors and assigns* must be named as *loss payee and additional insured*.

* If the transaction is being documented on an Equipment Finance Agreement, the lessor and/or its assigns only needs to be listed as loss payee.

* The *equipment description* and *equipment value* must be listed on the certificate.

* The certificate holder is the Lessor on the documents “and/or its successors and assigns”.

BSB Leasing will track insurance coverage for the life of the lease and may force place coverage as necessary. BSB Leasing will bill and collect all fees associated with this coverage.

Landlord Waiver Requirements

Landlord Waivers are required on all transactions when the equipment is considered a fixture to the real property (restaurant equipment, machines bolted to floor, security systems, etc). Landlord waivers will not be required when equipment is a phone or security system under \$25,000. The landlord waiver is to be signed by the property owner. Complete legal descriptions and parcel numbers are required.

UCC & Fixture Filing Requirements

UCC-1 financing statements will be filed by the originator on each transaction. A valid Organization Number when provided by the SOS is required on all Corporations, Limited Liability Companies and Partnerships. The debtor shall list the customer name and the secured party shall list the JV Name and the Bank Name. The bank names shall read as follows...

For the state of **Texas**, filed article of incorporation must be verified for the accurate filing of the business name, SOS cannot be used as acceptable verification for business name.

A Fixture Filing will be filed any time the leased equipment could be considered a fixture to the real property (see Landlord Waiver Requirements). A complete Legal Description and Parcel Number are required. This is in addition to the normal UCC and must be filed with the county.

Titling Requirements

The broker will ensure that clear title is being passed to BSB Leasing and ensure all taxes are charged as required by each state. The title should be completed as follows if the transaction is an EFA:

Registered Owner

Customer's Business Name
Customer's mailing address

Lien Holder

Permanent Lender/Bank Name
PO Box 2149
Gig Harbor, WA 98335-4149

**If the transaction is a *lease*, then the title should be completed as follows:

Registered Owner

Lessee's Business Name (LSE)
BSB Direct Finance LLC (LSR)
Lessee's mailing address

Lien Holder

Permanent Lender/Bank Name
PO Box 2149
Gig Harbor, WA 98335-4149

Requirements for a titled transaction:

- Clear and legible copies of the existing title (front and back) or the Manufacturers Statement of Origin ("MSO") and a properly completed title application are required prior to funding.
- **TWO** original notarized Power of Attorney's for each titled vehicle with the appointment being left open is required. One POA is for the title processing, one POA is for BSB's file.
- BSB will track receipt of original title.
- If private party seller, an additional Power of Attorney must be signed by the seller
- If private party seller, title must be in-house or must complete a title/check exchange at site inspection.
- NY Transaction – all titled transactions in NY must be on an EFA
- If BSB completed the title work, tax **MUST** be collected **UPFRONT** as sales tax is required to process title work with the DMV. If tax is not collected upfront, then a separate check will need to be made payable to our title company for sales tax.
- A Security Agreement is required on all *lease* transactions and other documents from approved brokers where the Lien Holder is not listed on the documents.

Vendor Completing Title Work:

In cases where the vendor is an authorized dealer, the vendor shall be responsible for preparing title documents as well as facilitate the title transfer. Commission will be held until BSB receives proof of title transfer from the DMV.

Broker Completing Title Work:

The broker may prepare title documents if they are experienced with the preparation of such documentation and must be approved with BSB Leasing. Commission will be held until BSB receives proof of title transfer from the DMV.

* BSB Leasing does NOT allow the lessee to complete title work.

Sale Leasebacks

Sale leaseback transactions are acceptable and require the following documentation:

- Proof of Seller's Ownership (must be within 90 days of purchase)
- Clear UCC Search (UCC Termination required for blanket filings and/or filings against equipment being financed) on individual purchaser and/or company
- Site inspection required regardless of dollar amount
- Photos and condition report for asset review to be completed
- If CA or NC transaction documentation must be on Equipment Finance Agreement.
- If the equipment is titled, the title must be in the name of the lessee prior to funding and BSB will need the title in-house in order to add our lien to the title.

Private Party Sellers

Private party sellers are acceptable as the supplier of equipment provided the following documentation has been submitted prior to funding:

- Notarized Bill of Sale from seller
- Information on seller: Name, address, phone number, SS# or DOB (if individual), active SOS (if Corporation)
- Proof of seller's ownership
- Clear UCC Search (UCC Termination required for blanket filings and/or filings against equipment being financed) on individual seller and/or company
- Site inspection required regardless of dollar amount
- Photos and condition report for asset review to be completed
- If titled, title must be in-house or if seller will not release title, must complete a title/check exchange at site inspection

Geographic Restrictions

- Restricted states: Louisiana
- FMV Residual only states: Alaska, Arkansas, Michigan, Missouri, North Dakota (unless BSB Direct Finance LLC is listed as lessor on all documentation including vendor invoices, insurance, etc.)

Used Equipment

Used equipment is not to exceed 10 years in age and should not be considered to be in less than GOOD condition. Further research will be done if the equipment is more than 10 years old. Photos and Condition Report, complete with mileage, hours, Model #, serial numbers, are required on all used equipment.

Research to confirm equipment value must be supported by no less than two comparatives and/or independent evaluations. BSB Leasing may ask the broker for help in obtaining comparatives for asset review.

Please submit photos and condition report immediately to BSB Leasing so that the equipment can be approved PRIOR to documentation/funding. We would not want to have a deal in funding when the equipment has not yet been approved.

Soft Costs

Freight, installation, training and supporting software are all considered “soft costs”. Soft costs should not exceed 20% of the total lease amount. In cases where the soft costs exceed the acceptable limits, a maximum term of 36 months with a guaranteed residual will be required.

Maintenance Agreements

Lessor does not finance maintenance agreements and shall not be invoiced for such items. Arrangements can be made to bill the lessee for such monthly amounts and have the collected amounts remitted to the supplier/vendor. Contact Lessor for more information on this service.

Licensing Agreements

Lessor does not allow the purchase of licensing agreements to be included in any lease transaction.

Fees

Documentation: \$199.00

Site Inspection: \$225.00

UCC Search: \$125.00

Pre-fund: \$200.00

Title: \$295.00 for 1st title, \$150.00 each additional

Wire to vendor: \$35.00

Overnight to vendor: \$15.00 (if more than one vendor)

Broker Add-on: The broker is allowed to take up to our standard documentation fee of \$199.00