

# HL LEASING, INC.

---

**Fresno Office:**  
3439 West Shaw Ave.  
Fresno, CA 93711-3204

**Palm Desert Office:**  
49-355 Sunrose Lane  
Palm Desert, CA 92260

I would like to take this opportunity to thank you for your interest in lending to HL Leasing, Inc.

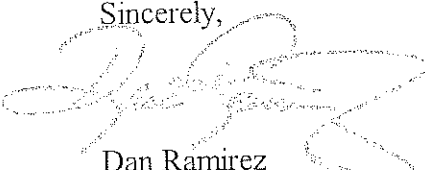
Over the past years, it has been our pleasure to have borrowed and repaid millions of dollars to a number of lenders. We are proud that all loans to date have been repaid in accordance with their terms.

As you know, it is HL Leasing, Inc.'s policy to assign to its lenders a lease or leases as collateral for the repayment of their loans. For your review, I am pleased to enclose a form of Loan Agreement and an Assignment of Lease(s) as Collateral.

I also enclose for your review: 1) an HL Leasing, Inc. Lender Profile and Information Sheet; 2) HL Leasing, Inc. Authorization for Direct Payment (for direct deposit); 3) Independent Accountant's report on HL Leasing, Inc. Procedures; 4) an HL Leasing, Inc. Profile; and 5) a Lender's Certification. Should you have any questions or desire additional information, please do not hesitate to call or write.

Thank you again for your interest. We look forward to hearing from you soon.

Sincerely,



Dan Ramirez  
President

# HL LEASING, INC. OVERVIEW

1. OUR CLIENTS ARE THE “**LENDERS**”
2. **HL LEASING, INC. IS THE “BORROWER”**

ALL NOTES ARE SECURITIZED BY STRONG, PERFORMING BUSINESS EQUIPMENT LEASES THAT **HL** BUYS FROM AMERICAN EXPRESS AT A “**DISCOUNT**”

THESE LEASES ARE ASSIGNED TO **LENDERS** AS COLLATERAL AS THE PRIMARY SOURCE OF REPAYMENT TO THEIR LOANS.

3. **LENDERS** ARE REPAYED MONTHLY (25<sup>TH</sup> OF EACH MONTH)

**NOTE:** SHOULD 25<sup>TH</sup> FALL ON A WEEKEND OR HOLIDAY, PAYMENT WILL BE PAID THE FOLLOWING WORKING BUSINESS DAY

4. “**DEFAULT**” OF ANY CONTRACTS ASSIGNED AS COLLATERAL

**HL LEASING** ASSUMES RESPONSIBILITY OF ANY DEFAULTED CONTRACTS ASSIGNED TO OUR “**LENDERS**”. IN THE EVENT OF DEFAULT, **LENDER** WILL EITHER (A) BE ASSIGNED A NEW CONTRACT TO REPLACE DEFAULTED CONTRACT OR, (B) **LENDER** WILL BE “**PAID IN FULL**” FOR THAT SPECIFIC CONTRACT.

5. **“EARLY PAYOUT”**

IT HAS BEEN OUR LONG-STANDING POLICY THAT IN THE EVENT OF THIS REQUEST FOR A **PORTION OR ENTIRE** NOTE PROCEEDS, **HL** WILL ACCOMMODATE, WITH THE CONDITION THAT WE RECEIVE A THIRTY-DAY WRITTEN NOTICE. **TO-DATE, THERE ARE NO CHARGES FOR THESE SERVICES.**

6. CURRENT RATES AND TERMS AS OF 9/07  
(SUBJECT TO CHANGE)

**“INTEREST ONLY” NOTES**

PAYING **9%** - 36 MONTHS – INTEREST PAID  
MONTHLY

**“ PRINCIPAL & INTEREST” NOTES**

**7%** - 12 MONTHS – PRINCIPAL & INTEREST PAID  
MONTHLY

**8%** - 24 MONTHS – PRINCIPAL & INTEREST PAID  
MONTHLY

**10%**-36 MONTHS – PRINCIPAL & INTEREST PAID  
MONTHLY

# HL LEASING, INC. FORMULA

1. SEASONED EQUIPMENT LEASE PAPER IS ACQUIRED FROM AMERICAN EXPRESS  
(LENDERS COLLATERAL)

## SAMPLE FORMULA

GROSS VALUED PAPER ACQUIRED FROM AMERICAN EXPRESS	\$10,000.000.00
DISCOUNT TO <b>HL LEASING</b>	- \$ 2,000.000.00
ACQUISITION PRICE	\$ 8,000.000.00

REPAYMENT TO OUR CLIENTS AND PROFITS TO **HL LEASING** COMES DIRECTLY FROM THE “**DISCOUNT**”

## **AMERICAN EXPRESS – NEW YORK**

SELLS **HL LEASING** EQUIPMENT LEASES WITH THE FOLLOWING CONDITIONS:

- A) MUST HAVE A MINIMUM TWO YEARS “SEASONING” PRIOR TO **HL’S** ACQUISITION

B) ACQUIRED LEASE PAPER TO REPRESENT THE FOLLOWING PROFESSIONAL SECTOR:

1. MEDICAL – DENTAL  
APPROXIMATELY 70%
2. AGRICULTURAL RELATED  
APPROXIMATELY 10%
3. ATTORNEY(S) FIRMS
4. CPA FIRMS
5. FACTORING COMPANIES, ETC.

**NOTE: NUMBERS 3, 4 & 5 REPRESENT APPROXIMATELY 20%**

C) ALL ACQUIRED CONTRACTS MUST HAVE AN “AS AGREED” REPAYMENT HISTORY WITH AMERICAN EXPRESS

# CALLAHAN & BLAINE

*California's Premier Litigation Firm*<sup>SM</sup>

DANIEL J. CALLAHAN  
STEPHEN E. BLAINE  
MICHAEL J. SACHS  
EDWARD SUSOLIK  
BRIAN J. MCCORMACK  
JAVIER H. VAN OORDT  
SARAH C. SERPA  
MARC P. MILES

LISA J. BORODKIN  
DOUGLAS M. CARASSO  
KIMBERLY A. CARASSO  
KATHLEEN L. DUNHAM  
DAVID E. HAYEN  
JOHN W. HURNEY  
TAE J. IM  
SUE Y. PARK  
JAMES R. ROUSE  
KRISTY SCHLESINGER  
MICHKA SHIMABE  
JILL A. THOMAS  
KONRAD L. TROPE

OF COUNSEL  
CAROLINE A. MOLLOY  
SHELLEY M. LIBERTO  
IN RABAT, MOROCCO  
NICOLE VETTRAIANO

OFFICE ADMINISTRATOR  
LAURALI M. KOBAL

**OUR FILE NUMBER:**

9999-04

Member of the  
International Law Firms



May 8, 2009

Clients of HL Leasing

**RE: Status of Short Delay in Payments**

Dear Valued Client:

Please be advised that HL Leasing has retained our firm to assist it with several unforeseen circumstances that have recently arisen. I understand that HL Leasing has recently not made its regular monthly payment to you. The company knows how frustrating this is for you, especially in these trying economic times. Please allow this correspondence to serve as a status report as to the issues and what you can expect in the very near future.

Recently, a company sought to acquire HL Leasing. That acquisition was scheduled to be completed by the end of last month, and there would have been a seamless transition in HL Leasing's business and payment to its clients. Unfortunately, the owner of HL Leasing, John Otto, suffered a minor stroke three weeks ago and was also diagnosed with lung cancer. These unforeseen health conditions unfortunately had an impact on the acquisition of HL Leasing, and to date the sale has not been consummated. However, because all of the parties had anticipated a smooth transition with respect to the sale of the company, accounts were suspended in preparation of the new owner taking them over. Because the sale was not completed, there needs to be some reworking of the accounts to reinstate them to their original condition.

Please be assured that HL Leasing is just as concerned in getting this process righted again as you are. To that end, the company has retained our firm and we are diligently working through a plan of action to ensure that the monthly payments to you get back on track in short order. However, this is not a process which can be done overnight, and we will need some time to execute the plan of action. In the meantime, HL Leasing appreciates your patience in this regard. The company is well aware of your frustration over the recent situation, and therefore it is simply not necessary to place threatening or harassing telephone calls to the staff of HL Leasing, who are working diligently to remedy the situation.

HL Leasing has been in business for more than 30 years and it is certainly not going to jeopardize its pristine reputation over this particular incident. Instead, the company is working to get all of the payments to its clients back on track, after the unfortunate, but unavoidable, health condition and circumstances which caused the otherwise smooth acquisition of the company to fall through.

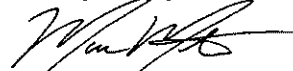
Valued Clients of HL Leasing

May 8, 2009

Page 2

HL Leasing, its owner, its staff, and my firm respectfully request that you remain patient over the next couple of weeks as we get everything flowing in the right direction again. In the meantime, to the extent you have any questions or comments, please do not hesitate to contact me at any time.

Very truly yours,



MARC P. MILES

MPM:jsk

cc: John Otto

G:\MPMiles\HL Leasing 050809.wpd