

Exhibit 7

Draft

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

\$543,000

SECURITY ALARM CREDIT, LLC

MAXIMUM OFFERING \$543,000 NOTES

SIXTY-ONE MONTHS: 11.00%

SECURITY ALARM CREDIT, LLC (the "Issuer") is hereby offering up to \$543,000 in Senior Secured Notes, entitled to interest at the rate of 11.00% per annum (the "Notes"). Principal and interest on the Notes is payable in monthly installments only commencing December 15, 2010. See "Description of the Notes."

The Notes will be issued and registered in the names of the purchasing Noteholders. Interests in the Notes will be shown on, and transfers thereof will be effected through, records maintained by the Issuer. See "Description of the Notes and the Trust Agreement."

Price of Notes: Per Agreement 100%

See "Risk Factors" for a discussion of certain risks that should be considered by prospective purchasers of the Notes offered hereby.

THESE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Memorandum is
November 1, 2010

Draft

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The Offering of Notes will terminate on December 31, 2010, unless all Notes are sold prior to that date. The Issuer, will consider an extension of the Offering for three (3) months, terminating on March 31, 2011. All subscriptions will be held in an account (the "Account") at TD Bank or at such other financial institution as may be selected by the Issuer. Interest will be earned on funds held in the Account commencing three days after the funds are deposited until the earlier of the termination of this Offering or release of funds to the Issuer. During the period that an investor's funds are held in the Account, he will not be a Noteholder. An investor's funds will not be held in the Account more than two months before being invested in the Notes.

The Issuer will furnish to investors certain reports, financial statements and tax information. See "Description of the Notes and Reports".

WHO MAY INVEST

The Notes will generally be offered only to accredited investors ("Accredited Investors") as that term is defined under Regulation D promulgated under the Securities Act of 1933, as amended (the "Act"). The Issuer may, however, offer and sell Notes to 35 or fewer non-accredited investors. With certain exceptions (primarily with respect to institutional investors) an Accredited Investor is an individual who (i) has a net worth (along and together with the Investor's spouse) in excess of \$1,000,000 or (ii) has had gross income in excess of \$200,000 in each of the past two years or joint income with that person's spouse in excess of \$300,000 in each of those years and reasonably expects gross income at the same level in the current year. Corporations, partnerships and other entities will be considered Accredited Investors if each of its beneficial owners individually qualify as Accredited Investors, or if such entity has total assets in excess of \$5 million. Prospective investors to be admitted as Accredited Investors will be required to represent that they satisfy the requirements of an Accredited Investor. See "Suitability".

The Notes offered hereby are suitable only for those investors whose business and investment experience makes them capable of evaluating the merits and risks of their prospective investment in the Notes, who can afford to bear the economic risk of their investment for an indefinite period of time and have no need for liquidity in this investment. Each investor will be required to represent in the Subscription Agreement that he is acquiring the Notes for his own account as principal for investment, and not with a view to resale or distribution, and that he is aware that (a) his transfer rights are restricted; and (b) that the Notes have not been registered under the Act, and therefore, cannot be resold unless they are so registered or unless exemption from registration is available with respect to such transaction. (See "Suitability".) Since there can be no assurance that the Contracts, as hereinafter defined, will generate sufficient income necessary to pay the Notes, investment in the Notes is suited for persons who have substantial income from other sources. See "Risk Factors".

The Issuer may require prospective investors to complete a questionnaire relating to the suitability of the investment for them, and may make or cause to be made such further inquiry as it deems appropriate. The Issuer will collectively have the sole discretion regarding sale of the Notes to any prospective investor. The Issuer reserves the right to reject any subscription for any reason and to allocate to any investor a smaller amount of Notes, or fractions thereof, than that for which he has subscribed. See "Suitability".

SUMMARY OF THE OFFERING

The following summary is qualified in its entirety by the detailed information appearing elsewhere in this Memorandum and the exhibits attached to the Memorandum.

THE ISSUER

Security Alarm Credit, LLC (“SAC”) is a New York limited liability corporation with its office at 40 Start Avenue, Rensselaer, New York 12144. SAC was formed recently and is 100% owned by Carolyn Gracey.

SAC is in the business of providing financial advice and capital solutions to businesses engaged in various elements of the Security Alarm industry.

SAC will enter into a Recourse Loan with Anchor Alarm Center, Inc. (“Anchor”) of Suwanee, Georgia. Anchor will borrow up to \$425,000 from SAC at an annual interest rate of 19.62%. The Anchor Note is more fully described by three principal documents (Grid Note, Credit Agreement, and Security Agreement), as set forth in Exhibit A. Amortization of the Anchor Note is set forth on Exhibit A. The debt service requirements from Anchor will match the debt service required to amortize the Notes being offered by this Private Placement Memorandum and issued by SAC.

The Anchor Note will be pledged as collateral for the Notes being offered hereby. The Anchor Note will be subordinate to an SBA guaranteed loan to Anchor, currently in the amount of \$484,000. The SBA lender is Quantum National Bank of Suwanee, Georgia. The monthly debt service payment to Quantum is \$9,000. The Quantum loan is secured by plant, fixtures, and equipment; including, but not limited to, computers, telephone switches, back-up power generation equipment, general intangibles, and a personal guarantee of Michael Latty, the owner of Anchor Alarm. Consequently, it is anticipated that the Quantum Loan will be fully liquidated on December 15, 2015. Once the Quantum loan is liquidated, the SAC Note will assume the lien on all assets previously liened by Quantum. The Credit Agreement (Exhibit A) prohibits Anchor from taking on any additional debt during term of the SAC Note. A schedule of secured and unsecured debt is presented in Exhibit B, with valuation estimates of Anchor and corresponding coverage ratios.

The Notes hereby offered will be collateralized by an assignment of the Anchor loan. SAC has no other assets or liabilities. The Notes hereby offered are non-recourse to SAC and are secured only by assignment of the Anchor loan.

The names and positions of the directors and executive officers of the Issuer are as follows:

Name	Position
Carolyn Gracey	Chairman and CEO
Timothy McGinn	Executive Vice President

The officers and directors of the Issuer will devote such time and effort to the business of the Issuer as they may deem necessary and will actively be engaged in other business ventures. The principal business occupations of the officers and directors during the past five (5) years are as follows:

Carolyn Gracey, age 48, is the Chairman, CEO and 100% owner of SAC. Ms. Gracey has 10 years of experience in various administrative functions pertaining to security alarm financing, including but not limited to, document preparation and supervision, securities filings, billing,

collection and management reporting.

Timothy M. McGinn, age 62, is an Executive Vice President of Security Alarm Credit, LLC. From 2003 to 2006, Mr. McGinn served as Chairman of the Board and CEO of Integrated Alarm Services Group, Inc. a NASDAQ listed public company. Mr. McGinn also served as Vice Chairman of Pointe Financial Corp., a NASDAQ-listed financial holding company from 1995-2005. Additionally, Mr. McGinn served as Chairman of the Board of Pointe Bank, a Florida state chartered commercial bank from 1998 – 2005. He has served on a number of corporate and charitable boards of directors and holds a bachelor's degree in Mechanical Engineering from the Rochester Institute of Technology.

THE BUSINESS

Security Alarm Credit, LLC ("SAC") is in the business of providing financial advice and capital solutions to businesses engaged in various components of the Security Alarm Industry. SAC is owned by Carolyn Gracey. SAC employs one Executive Vice Presidents, Timothy M. McGinn. Mr. McGinn has been active in providing capital solutions to the alarm industry for 18 years. Mr. McGinn founded and brought public Integrated Alarm Services Group, Inc. ("IASG") in July 2003 and served as its' Chairman and CEO from January 2003 through June, 2006.

Mr. McGinn as well as the investment banking firm founded by him, McGinn, Smith & Co. Inc., are defendants in a civil suit filed by the Securities and Exchange Commission on April 20, 2010. Mr. McGinn believes the suit is without merit and is executing a vigorous defense. A copy of the complete complaint may be viewed at www.mcginnsmithreceiver.com.

Anchor Alarm Center, Inc. ("Anchor") is a Georgia S corporation based in Suwanee, Georgia. Anchor was founded in 1998 by Michael Latty, who owns 100% of the business. Anchor provides third party central station monitoring to Alarm Dealers, generally on a regional basis. Anchor has grown revenue by 6% per year over the last three years. Anchor operates a fully UL (Underwriters Laboratory) approved central station and has the current capacity to grow accounts handled by 100% without further capital expenditures. Anchor employs 14 full-time employees and operates on a 24 hour, 365 days basis. Anchor is currently licensed in 2 states.

Anchor currently has 205 Alarm Dealers as customers, with the top 10 customers representing 40% of revenues and the top 20 customers representing 60% of revenues.

Customers of Anchor are Alarm Dealers who do not have the critical mass or financial resources to open and maintain their own monitoring station. The average rate per subscriber is \$3.60. Growth of revenue, which has been 6% per year on a compound basis, comes from the recruitment of additional dealers or from existing dealers adding subscribers. Approximately 80% of the aforementioned growth is a result of the latter.

THE OFFERING

Description of the Notes and the Trust Agreement

The Notes will be issued by SAC. The Notes will be available for purchase in minimum denominations of \$10,000.00 and increments of \$5,000.00. The Notes will be registered in the name of the individual Noteholders. See: "Description of the Notes."

The Notes will bear interest at a per annum rate of 11.00%. Principal payments together with interest will commence on December 15, 2010 in accordance with Exhibit B.

Use of Proceeds

SAC will lend up to \$425,000 to Anchor if the Maximum Offering is achieved. Anchor, in turn, will employ up to \$408,000 of the loan proceeds to extinguish existing debt. The weighted average coupon on the debt to be extinguished is 19.63%, equivalent to the interest rate applied to the loan from SAC. The advantage to Anchor will be improved cash flow since the amortization of the SAC loan is slower than the weighted amortization of the current unsecured debt.

Income Tax Considerations

The Notes will be treated as indebtedness of the Issuer for federal income tax purposes. Each Noteholder will generally be required to report interest income on a Note in accordance with such Noteholder's method of accounting. Each prospective investor should consult with his own tax advisor with respect to the tax consequences of the acquisition, ownership and disposition of the Notes.

RISK FACTORS

In evaluating this Offering, prospective investors should carefully consider, among others, the following risk factors:

- No assurance Anchor will adhere to the debt service payments schedule to SAC
- No market for resale of Notes
- Illiquid collateral
- Subordinate position of Notes to \$484,000 SBA guaranteed loan from Quantum Bank
- No independent Counsel to investors
- Lack of Audited Financial Statements of Anchor
- Non-Recourse nature of SAC Notes offered hereby
- Balloon payment of \$167,143 in month 61
- Dependence of Anchor or Management

No Assurance Anchor will Adhere to Debt Service Schedule

The Notes offered hereby will require Anchor to adhere to the debt service schedule as described in Exhibit B. Security Alarm Credit, LLC ("SAC") has no other assets, the source of repayment for the Notes issued by this Offering rely entirely on Anchor to perform under the schedule described in Exhibit A (Grid Note).

No Market for resale of Notes

There is no secondary market for the resale of Notes hereby offered nor is one likely to develop. Investors should recognize that a purchase of Notes will require a total holding period of 61 months.

Illiquid Collateral

The collateral offered for the Notes hereby offered is an assignment of the Loan made by SAC to Anchor. There is not currently, nor is it likely for one to develop, a liquid market for small loans to private companies.

Subordinate Position of Anchor Loan

Anchor currently has outstanding a \$484,000 loan to Quantum Bank, Suwanee, Georgia which is 75% guaranteed by the Small Business Administration (SBA). The Quantum Loan carries an interest rate of Prime + 2.00%, currently 5.25%. The Quantum loan requires monthly debt service of \$9,000 and will be full amortized in November, 2015. At that time the SAC loan to Anchor ("Collateral Loan") will balloon with a final payment of

\$167,143. The Collateral Loan will then become a Senior Secured debt.

No Independent Counsel to Investors

No independent counsel has been retained to represent the investors of Noteholders. Each investor is therefore urged to consult with their own counsel regarding the terms and provisions of the Note and all other documents relating to this offering.

Lack of Audited Financial Statements of Anchor

Anchor alarm Center, Inc. has not provided audited financial statements to SAC. Fundamental information provided by Anchor has been linked to tax returns prepared by Gard Lafreniece LLC, an accounting firm located in Alpharetta, Georgia; and internally prepared balance Sheets for period ending December 31, 2007, 2008, and 2009.

Non-Recourse Nature of Notes offered by SAC

The Notes offered by this Offering are Non-Recourse in nature and repayment will be entirely dependent on the performance of Anchor as it relates to the loan to Anchor from SAC.

Balloon Payment of \$167,143 in Month 61

Assuming the maximum offering is achieved, Anchor will be responsible for a balloon payment of \$167,143 to SAC in month 61. There can be no assurance that Anchor will be able to make this payment on a timely basis from internally generated cash or from the refinancing of this obligation. SAC, in turn, will rely on this payment in order to fulfill its responsibilities to Noteholders.

Dependence of Anchor on Management

Anchor Alarm Center Inc. was founded in 1998 by Michael Latty. Mr. Latty has been largely responsible for the technical, marketing, and financial operation of Anchor. There can be no assurance that the management group without Mr. Latty will be capable of performing essential functions at a level which would enable Anchor to meet its obligations.

USE OF PROCEEDS

The gross proceeds to Security Alarm Credit, LLC (“SAC”) will be \$543,000 if the Maximum Offering for the Notes is achieved. SAC will lend \$45,000 to Anchor Alarm Center, Inc. The terms of the aforementioned loan are more fully described in the 1) Grid Note, 2) Audit Agreement, and 3) Security Agreement as presented in exhibit A. The remaining \$118,000 will be used by SAC for corporate purposes.

Should less than the maximum offering be achieved, SAC will lend to Anchor an amount equal to 79% of the gross proceeds of the offering.

Debt service of the Anchor loan will be proportional to the amount of the maximum offering.

The Security Alarm Industry

The security alarm industry involves (i) manufacturers of alarm system components, (ii) wholesalers who distribute such components, (iii) parties that sell or lease, install and maintain security alarm systems, and (iv) parties that monitor security alarm signals. Sales, leasing, installation, maintenance and monitoring overlap significantly. Within each geographic market, many companies sell or lease, install, maintain and monitor systems. Larger local and regional full service firms and national companies with branch offices, as well as numerous regional and local security companies, also may be present in each geographic market.

Monitoring companies in the security alarm industry typically sell or lease, maintain, monitor and service alarm equipment (directly through their own facilities or indirectly through a contractual relationship with a third party) installed with their subscribers. Generally, the monitoring company and the subscriber enter into a monitoring agreement with respect to the security alarm system when the equipment is installed. The typical monitoring agreement provides that the monitoring company will monitor the system 24 hours per day for a specified fee, payable monthly or quarterly in advance. The monitoring agreement, either a contract or a lease, will typically require the subscriber to pay for monitoring and other services over a specified mandatory period of months, usually 24 to 60 months, at a specified cost per month, usually between \$20.00-\$60.00 per month. Such agreements may also provide that title to the monitoring system equipment remains with the monitoring company.

Most security Alarm Dealers do not have the critical mass of accounts or the financial resources to operated a central monitoring station. Companies such as Anchor Alarm Center, Inc. fill this void. Anchor monitors approximately 5,000 accounts with an average monthly monitoring fee of \$3.60.

The Contracts may provide that the monitoring company is not responsible for interruption of monitoring services due to conditions or circumstances beyond its control, and may include a limitation of liability provision which specifies that the monitoring company is not to be considered an insurer of the system and that the system or service supplied will not avert or prevent occurrences or the consequences therefrom which the system or service is designed to detect. These clauses typically specify that the monitoring company’s liability is limited to an amount equal to a percentage of the annual service charge or a fixed dollar amount, whichever is greater, in the event of a failure of the system or service. However, there can be no assurance that such clauses will be given full force and effect by a court of law.

Security Alarm Competition

The security alarm business is highly competitive and includes large national and regional companies, as well as small local dealers/installers. Competition is based on the cost of providing a given service and the quality of the service. During recent years, consolidation has begun to occur in the industry, partially as a result of companies realizing that monitoring costs are relatively fixed and profits can be increased directly by increasing the number of Contracts monitored. It is anticipated that this industry consolidation will continue. These competitors include national companies which are currently or may become vertically integrated.

TERMS OF THE OFFERING

Issuer:	Security Alarm Credit, LLC (“SAC”)
Amount:	\$543,000 Maximum \$15,000 Minimum
Term:	61 Months
Interest Rate:	11.00%
Purpose:	To lend up to \$425,000 to Anchor Alarm Center, Inc and To provide up \$118,000 to SAC for corporate purposes (maximum offering).
Collateral:	Assignment of Anchor Note
Security Position: of Anchor loan	Subordinate to SBA guaranteed loan from Quantum Bank. See exhibit C.
Amortization Schedule:	Assuming the maximum offering is achieved, approximately \$378,136 of the original issue amount (69.6%) of \$543,000 will be amortized by month 61.

Subject to the conditions set forth in this Memorandum, Notes in the maximum amount of \$543,000 (the “Maximum Offering”) are hereby offered by SAC.

The Notes will be offered by the Issuer on a best efforts basis over a period of two months.

All funds received by the Issuer from subscriptions for the Notes will be placed in an account (the

“Account”) maintained by SAC. Interest will be earned on funds held in the Account commencing three (3) business days after the funds are deposited until the earlier of the termination of this Offering or the investment of the funds in the Notes. During the period that an investor’s funds are held in the Account he will not be considered a Noteholder.

How to Subscribe

The Notes will be available for purchase in the minimum denomination of \$10,000.00 and increments of \$5,000.00. An investor who meets the qualifications set forth under “Who May Invest” and “Suitability” may subscribe for Notes by completing, signing and delivering to the Issuer an executed copy of the Subscription Agreement contained in this Memorandum. All subscriptions must be accompanied by a check in the amount of the Note(s) purchased payable to “*Security Alarm Credit, LLC*” Upon execution of a Subscription Agreement, the investor agrees to all of the terms and conditions contained in the Agreement.

DESCRIPTION OF THE NOTES

Notes

Subject to the conditions set forth in this Memorandum, Notes in the maximum amount of \$543,000 will be offered by the Issuer. The Notes will be retired in sixty-one 61 (61) months from the date of issuance. The Notes will bear interest on the outstanding principal at a per annum rate of 11.00%, Principal and interest on the Notes will be paid commencing on the first day of December 15, 2010 to and including December 15, 2015, in accordance with the Scheduled Cash Flow set forth on Exhibit B.

The Notes will be issued and registered in the name of the purchasing Noteholder(s). Interest on the Notes will be shown on, and transfers thereof will be effected through, records maintained by the Issuer.

Payments

Payments on the Notes will be made out of the debt service received from Anchor each month.

Prepayments

The Notes are not subject to a mandatory prepayment or redemption provision.

Registration

Each Note will be registered in the name of the purchaser thereof.

Limited Transferability of the Notes

The Notes are not freely transferable, and there is no secondary market for the Notes and none is expected to develop. The Notes should not be treated by Noteholders as securities.

The Notes have not been registered under the Securities Act of 1933, as amended. They may not be offered for resale in the absence of an opinion of counsel, satisfactory to the Issuer, that registration is not required.

Reports

Not later than January 31 of each year, the Issuer will furnish to the Noteholders statements of interest income on IRS Form 1099-INT and such tax information as shall be necessary in the preparation of such person's Federal income tax return.

SUITABILITY

Notes will be sold only to investors who make a minimum purchase of \$10,000.00.

As described elsewhere in this Memorandum, the Notes will generally be sold only to Accredited Investors as defined in Rule 501 of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended; provided, however, that at the discretion of the Issuer and the Company, Notes may be sold to up to 35 non-accredited investors. Included in the definition of "Accredited Investor", as defined in Rule 501, are the following:

- (a) any natural person whose individual net worth (including personal residences, furnishings and automobiles), or joint net worth with that person's spouse, at the time of purchase exceeds \$1,000,000;
- (b) any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and who reasonably expects gross income at the same level in the current year; and
- (c) any entity in which all of the equity owners are Accredited Investors or which has total assets in excess of \$5,000,000.

Each investor accepted as an Accredited Investor will be required to represent that he satisfies the requirements of an Accredited Investor under Rule 501.

Among other things, each investor will be required to acknowledge and represent in the Subscription Agreement that: (i) he is purchasing the Notes for his own account for investment and not with a view to the sale or distribution thereof; (ii) he is aware that the Notes have not been registered for sale under the Securities Act of 1933 as amended, and that he will not transfer his Notes in the absence of an opinion of counsel satisfactory to the Issuer that the Notes have been registered or that registration is not required under the Securities Act of 1933, as then in effect, and under applicable state securities laws, if any; (iii) he understands that this investment involves a high degree of risk; (iv) he has adequate means of providing for his current needs and foreseeable personal contingencies, and has no need for liquidity in this investment; (v) all books, records and documents pertaining to this investment have been made available to him; and (vi) his overall commitment to investments which are not readily marketable is not disproportionate to his net worth and his purchase of Notes will not cause such overall commitment to become excessive.

The Issuer reserves the right to reject any subscription in its entirety for any reason or to allocate to any investor Notes in an aggregate principal amount less than that for which a prospective investor has subscribed. In the event a subscription is rejected, the investor's subscription check for his Notes (or the amount thereof) will be returned, and in the event of a partial rejection, a pro rata amount of the investor's subscription check for his Notes will be refunded.

Prospective investors may be required to complete an Investor Representation Letter relating to the suitability of the investment for them, and the Issuer may make or cause to be made such further inquiry as the Issuer deems appropriate.

Any prospective investor will be afforded the opportunity to obtain from the Issuer prior to the consummation of the transaction contemplated herein any additional information he may request necessary to verify the accuracy of the contents of this Memorandum and which the Issuer possesses or can acquire without unreasonable effort or expense and to confer with, ask questions of, and receive answers from the Issuer or persons authorized to act on its behalf, concerning the

terms and conditions of the transaction, this memorandum and any additional information which has been requested and supplied to a prospective investor or his purchaser representative.

The purchase of Notes may be suitable for individuals seeking an investment intended to provide income. An investment in Notes may also be appropriate for corporations and trusts seeking investments which are structured to provide income. Nevertheless, this investment involves a number of significant risks, including no assurance that the Notes will be paid and illiquidity. See “Risk Factors. “ Accordingly, the suitability of a purchase of Notes for any particular investor will depend upon, among other things, such investor’s investment objectives and such investor’s ability and willingness to accept the risks of an investment in the Notes.

PLAN OF DISTRIBUTION

The Issuer is offering a maximum of \$543,000 of Notes. The minimum investment by an investor is \$10,000.00 with increments of \$5,000.00. The Offering period will end December 31, 2010. The Issuer, will consider an extension of the Offering for four (3) months, terminating on March 31, 2011. Subscriptions are subject to acceptance by the Issuer. See “Suitability”; “Who May Invest”.

During the course of the Offering, the subscription payments will be promptly forwarded to the Issuer for deposit in the Account. For a description of the distribution of funds from the Account, see “Terms of the Offering”.

The Notes will be offered on a “best efforts” basis by the Issuer.

INCOME TAX CONSIDERATIONS

The following discussion summarizes certain material anticipated federal income tax consequences relevant to the acquisition, ownership and disposition of Notes, but does not purport to address all potential consequences. The summary is for general information only and does not discuss all of the tax consequences that may be relevant to particular investors in light of their personal investment circumstances or holders who receive special treatment under the Internal Revenue Code of 1986, as amended (the “Code”), such as insurance companies, financial institutions, and broker-dealers. In addition, this discussion does not describe any tax consequences arising out of foreign, state or local jurisdictions.

The discussion is based upon current provisions of the Code, applicable regulations promulgated thereunder, judicial authority and administrative rulings and practice. All of the foregoing are subject to change which may be retroactive and could affect the continuing validity of this discussion. There can be no assurance that the Internal Revenue Service (the “IRS”) will not take a contrary view, and no ruling from the IRS has been or will be sought.

The Issuer has not obtained an independent tax opinion with regard to this Offering. Prospective investors should consult their own tax advisors regarding the federal, foreign, state, local and other tax consequences of purchasing, holding and disposing of the Notes.

Interest Income to Noteholders

It is anticipated that the Notes will be issued at par value and, therefore, no original issue discount will arise with respect to the Notes. Accordingly, a Noteholder will be required to report interest on a Note as income for federal income tax purposes in accordance with such holder’s method of accounting.

Gain or Loss on Disposition of Notes

In general, the holder of a Note will recognize gain or loss on the sale, exchange, redemption or other disposition of a Note equal to the difference between the amount realized (except to the extent attributable to the payment of accrued interest) and the adjusted basis in his Note. Any gain or loss recognized will generally be a Trust gain or loss if the Note is held as a Trust asset and will be long-term gain or loss if the Note is held for more than one year.

Information Reporting

The Issuer will report interest income to Noteholders on IRS Form 1099-INT and as otherwise consistent with such treatment.

Backup Withholding

A Noteholder may be subject to “backup withholding” at the rate of 31% (see IRC~3406(a)) with respect to interest paid on, or the proceeds of a sale, exchange or redemption of, such Notes, unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable exemption from backup withholding rules. Any amount withheld under these rules will be creditable against the Noteholder’s federal tax liability.

THE FOREGOING DISCUSSION OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH HIS OR HER OWN TAX ADVISER WITH RESPECT TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES.

TABLE OF CONTENTS OF EXHIBITS

The discussion in this Memorandum of each Exhibit set forth below is qualified in its entirety by reference to such Exhibit.

Agreement	Exhibit “A”	Grid Note, Credit Agreement, General Security
	Exhibit “B”	Debt, Valuation, Coverage Ratios
	Exhibit “C”	Maximum Offering Amortization
	Exhibit “D”	Minimum Offering Amortization
	Exhibit “E”	Illustrative Investment Amortization
	Exhibit “F”	Subscription Agreement
	Exhibit “G”	Purchaser Questionnaire

ADDITIONAL INFORMATION

Additional information is available upon request to the Issuer. Only additional information provided by the Issuer may be relied upon. Prospective investors may request such information from the Issuer, Security Alarm Credit, LLC, 40 Start Avenue, Rensselaer, NY 12144.