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CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

\$1,850,000**FIRSTLINE SR. TRUST 07**

MAXIMUM OFFERING \$1,850,000 CONTRACT CERTIFICATES

MINIMUM OFFERING \$500,000 CONTRACT CERTIFICATES

FORTY MONTHS: 9.25%

FIRSTLINE SR. TRUST 07 (the "Trust Fund") is hereby offering \$1,850,000 of Senior Contract Certificates, entitled to interest at the rate of 9.25% per annum (the "Certificates"). Principal and interest on the Certificates is payable in monthly installments with interest only commencing June 1, 2007 and principal and interest commencing on October 1, 2007. See "Description of the Certificates and the Trust Agreement".

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

Price of Certificates 100%

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

THESE CERTIFICATES 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.

	Price to the Public	Underwriting Discount	Proceeds to the Trust Fund
	100%	2.50%	97.50%
Minimum Offering	\$500,000	\$12,500	\$487,000
Maximum Offering	\$1,850,000	\$46,250	\$1,803,750

The date of this Memorandum is May 19, 2007

MCGINN, SMITH & Co., INC.
Capital Center • 99 Pine Street
Albany, New York 12207

GOVERNMENT
EXHIBIT

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The Offering of Certificates will terminate on September 30, 2007, unless all are sold prior to that date. All subscriptions will be held in an escrow account (the "Escrow Account") at Mercantile Bank, Boca Raton, Florida (the "Escrow Agent") or at such other financial institution as may be selected by the Trust Fund in the event that the Escrow Agent is unable or unwilling to serve. Interest will be earned on funds held in the Escrow Account commencing three days after the funds are deposited until the earlier of the termination of this Offering or the investment of such funds in Certificates. During the period that an investor's funds are held in the Escrow Account, he will not be a Certificateholder. An investor's funds will not be held in the Escrow Account more than two months before being invested in the Certificates, with Escrow Agent fees being deducted from escrow interest payable to investors. See "Terms of the Offering".

The Trust Fund will furnish to investors certain reports, financial statements and tax information. See "Description of the Certificates and the Trust Agreement - Reports".

WHO MAY INVEST

The Certificates 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"). McGinn, Smith & Co., Inc. (the "Sales Agent") may, however, offer and sell Certificates 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 Certificates 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 Certificates, 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 Certificates 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 Certificates 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 Certificates, investment in the Certificates is suited for persons who have substantial income from other sources. See "Risk Factors".

The Trust Fund or Sales Agent 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 Trust Fund and Sales Agent will collectively have the sole discretion regarding sale of the Certificates to any prospective investor. The Trust Fund and Sales Agent reserve the right to reject any subscription for any reason and to allocate to any investor a smaller amount of Certificates, 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 Trust Fund

FIRSTLINE SR. TRUST 07 (the "Trust Fund") is a common law trust formed under the laws of the State of New York on May 19, 2007. The Trustee of the Trust Fund is McGinn, Smith Capital Holdings Corp., a New York corporation. The Trustee will have no liability in connection with the Certificates or the affairs of the Trust Fund in the absence of willful misconduct or gross negligence. Although Certificateholders will have recourse to all assets of the Trust Fund, the financing participation entered into with the proceeds of this Offering (the "Financing") will be the Trust Fund's only asset. See "Risk Factors", "The Trust Fund" and "Disclaimer of Liability of Trustee."

The sole business activity of the Trust Fund will be to acquire the Senior Tranche of a Financing secured by a portfolio of contracts (the "Contracts"), consisting of payment rights in exchange for the provision of electronic security monitoring services for security alarm systems in residential homes. Security monitoring is the process of notifying designated parties (either individuals or public authorities) if an unauthorized entry, fire, medical or other emergency signal from a customer alarm system is received at a central monitoring station.

The Trust Fund will acquire the Senior Tranche of the Financing secured by Contracts consisting of Contracts owned or originated by Firstline Security, Inc. a Utah corporation ("Firstline").

The Trust Fund will enter into a Monitoring Receivable Financing Participation Agreement (the "Participation Agreement") with the Junior Participant relative to the Financing. The Trust Fund will acquire the Senior Tranche of the Financing. The Junior Participant and the Trust Fund are sometimes collectively referred to herein as the "Participants". The Senior Tranche of the Financing will receive the monthly scheduled cash flow generated from the Contracts as set forth on Exhibit B to the Participation Agreement.

The Trust Fund intends to apply the entire net proceeds of the Offering to the purchase of the Senior Tranche of the Financing. The Contracts will require the subscriber to make monthly or quarterly payments for a term of not to exceed sixty months (the "Mandatory Period"). See "Use of Proceeds", "The Trust Fund" and "Portfolio Acquisition and Monitoring."

As the owner of the Senior Tranche, the Trust Fund will receive a scheduled amount of monthly payments from subscribers for monitoring services provided to them by Firstline. See "Portfolio Acquisition and Monitoring". For more detailed information concerning the proposed business activity of the Trust Fund, see "The Trust Fund - Business of the Trust Fund."

Risk Factors

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

- No assurance that the Certificates will be paid;
- No market for resale of Certificates;
- Illiquid collateral;

- Potential for Contract defaults;
- Potential conflicts of interest in connection with the acquisition of the Senior Tranche of the Financing by the Trust Fund;

Description of the Certificates and the Trust Agreement

The Certificates will be issued under a Declaration of Trust by McGinn, Smith Capital Holdings Corp., the Trustee. The Certificates will be available for purchase in minimum denominations of \$25,000.00 and increments of \$5,000.00. The Certificates will be registered in the name of the individual Certificateholders. See: "Description of the Trust Agreement and the Certificates."

The Certificates will bear interest at a per annum rate of 9.25%. Interest will accrue commencing on the Closing Date for the purchase of such Certificate and will be payable to Certificateholders monthly on the first day of each month commencing June 1, 2007. Principal payments together with interest will commence on October 1, 2007 in accordance with Exhibit B of the "Participation Agreement" set forth in "Exhibit E".

Compensation and Fees

McGinn, Smith Funding LLC, an affiliate of both McGinn, Smith & Co., Inc., the Sales Agent, and McGinn, Smith Capital Holdings Corp., the Trustee, will be paid a brokerage fee in connection with the acquisition of the Contracts by the Trust Fund and the Senior Participant. The Trustee will not receive a fee for its services from McGinn, Smith Funding LLC, See "Compensation and Fees" and "Conflicts of Interest."

Use of Proceeds

The net proceeds from the Offering of the Certificates will be used to purchase the Senior Tranche of the Financing provided to Firstline, as more fully described in the Monitoring Receivable Financing Agreement dated May 9, 2007 and attached hereto as Exhibit D.

Income Tax Considerations

The Certificates will be treated as indebtedness of the Trust Fund for federal income tax purposes. Each Certificateholder will generally be required to report interest income on a Certificate in accordance with such Certificateholder'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 Certificates.

RISK FACTORS

In evaluating this Offering, prospective investors should consider carefully all of the information contained in this Memorandum and, in particular, the factors discussed below. The following summary is not intended to state in full or replace portions of this Memorandum that discuss these factors and others in greater depth. Although the risk factors are intended to be presented in order of their materiality to investors, such order may not be indicative of their relative importance to any particular investor.

Limitation of Transfer of Certificates

The Certificates may not be offered for resale to any person without the consent of the Trust Fund. Prior to this offering, there has been no market for the Certificates of the Trust Fund. Each investor will be required to represent that his purchase of the Certificates will be for investment only and not with a view towards the resale or distribution thereof. A Certificateholder will not have any right to sell, transfer, exchange or otherwise dispose of his Certificates, or to cause a security interest to be created therein, unless the Trust Fund has received evidence satisfactory to it that such disposition or creation of a security interest is

not in violation of federal or state securities laws. The Certificates have not been registered or qualified under the Act or applicable state securities laws and may not be sold or transferred without such registration or qualification or an exemption therefrom.

Limited Liquidity of Collateral

In the event of a default under the Certificates which necessitates a liquidation of the Contracts, the ability of the Trustee to sell the Collateral may be restricted since it is anticipated that there will be a limited market for the Contracts.

Potential for Contract Defaults

Defaults by subscribers under Contracts may result in reduced scheduled cash flow to the Trust Fund. Defaults may occur for a variety of reasons, including relocation of subscribers, dissatisfaction with service, defaults by monitoring companies, and changes in economic conditions. Firstline will represent that each Contract will legally obligate the subscriber to pay for monitoring services for the period of time set forth therein (the "Mandatory Period"). Nevertheless, should the level of Contract defaults exceed the level that is anticipated, the ability of the Trust Fund to pay the Certificates will be adversely affected. See "Portfolio Acquisition and Monitoring."

No Assurance as to Financial Worthiness or Capabilities of Firstline

The Trust Fund will use the entire proceeds of this Offering to purchase the Senior Tranche of the Contracts which require subscribers to pay fees for a Mandatory Period in exchange for monitoring services. In the event that Firstline does not meet its obligations under the Contracts, it is likely that the affected subscribers will cancel the Contracts and refuse to pay, either in whole or in part, the fees due and owing thereunder. Furthermore, because Firstline's obligation to repurchase or replace non-performing Contracts depends on the financial capability of Firstline, the ability of the Trust Fund to pay the principal of and interest on the Certificates can be adversely affected by the failure or weakened financial position of Firstline.

No Independent Counsel to Investors

No independent counsel has been retained to represent the interests of the Certificateholders. Each investor is therefore urged to consult with his own counsel regarding the terms and provisions of the Certificates and all other documents relating to this offering.

Lack of Financial Statements

This Memorandum does not include financial statements for the Trust Fund. The Trust Fund is newly formed for the limited purpose of acquiring the Senior Tranche.

Mandatory Term of the Residential Monitoring Contracts May Be Less Than Term of Monthly Scheduled Cash Flow

The Contracts to be financed with the proceeds of the Certificates may not be terminated by the subscriber for a Mandatory Period from twelve months up to sixty months. The Trust Fund is acquiring the Senior Tranche of the Contracts which is the monthly scheduled cash flow received from the Contracts over a period of sixty months. Although the Contracts automatically renew unless canceled by the subscriber in writing, some of the subscribers may elect to cancel their Contracts, thereby affecting the monthly amount of Cash Flow received from the Contracts. Nevertheless, Firstline has an obligation to substitute a performing Contract of equal value for a non-performing or canceled Contract (the "Monitoring Recourse Obligation").

No Tax Opinion

The Trust Fund has not obtained an independent tax opinion with regard to this offering of Certificates. Each potential investor is encouraged to seek his own tax advisor with respect to his personal tax situation and the tax consequences of the acquisition, ownership and disposition of the Certificates.

Conflicts of Interest

The Trust Fund will purchase the Senior Tranche of the Financing from McGinn, Smith Funding LLC, an affiliate of the Sales Agent. McGinn, Smith Funding LLC will receive a broker's fee in connection with such transaction. The close relationship between the Trust Fund, McGinn, Smith Funding LLC and McGinn, Smith & Co., Inc., may affect the price paid for the Financing secured by the Contracts. In addition, the Trustee's liability is limited. See Section entitled 'Disclaimer of Liability of Trustee'. McGinn, Smith & Co., Inc. will receive an Underwriting Discount equal to six percent (6%) of the gross proceeds of the Offering.

USE OF PROCEEDS

The net proceeds to the Trust Fund from the sale of the Certificates offered hereby, after deducting the Underwriting Discount, will be approximately \$1,803,750 (97.50% of gross proceeds) if the Maximum Offering for the Certificates is achieved. The Trust Fund intends to use all of the net proceeds of the Offering to purchase the Senior Tranche of the Financing.

The net proceeds to the Trust Fund from the sale of the Certificates offered hereby, after deducting the Underwriting Discount, will be approximately \$487,500 (97.50% of gross proceeds) if the Minimum Offering for the Certificates is achieved. The Trust Fund intends to use all of the net proceeds of the Offering to purchase approximately twenty-five percent (25%) of the Senior Tranche of the Portfolio of Contracts.

The Contracts will be pledged by Firstline as collateral, (the "Collateral") for its obligations under the Monitoring Receivable Financing Agreement.

THE TRUST FUND

The Trust Fund is a common law trust formed under the laws of the State of New York on May 19, 2007. The principal executive office of the Trust Fund is located at 99 Pine Street, Albany, NY 12207 and its telephone number is (518) 449-5131. McGinn, Smith Capital Holdings Corp. is the Trustee of the Trust Fund.

Business of the Trust Fund

The Trust Fund has been formed solely for the acquisition of the Senior Tranche of the Financing. Subsequent to the Closing Date the Trust Fund will utilize the net proceeds from the Offering to acquire the Senior Tranche of the Financing.

Each Contract securing the Financing will include the obligation of Firstline to provide central station monitoring services for the subscriber or alarm maintenance services for the subscriber in consideration for the subscriber's payment of a monthly or quarterly monitoring or maintenance fee. The Trust Fund does not intend to acquire equity interests in monitoring companies or other security alarm monitoring or installation firms; rather, a scheduled amount of cash flow from the Contracts entered into or originated by Firstline. Firstline will provide the cash flow necessary for Firstline to meet its Debt Service Obligations as described in Exhibit "D" of the Monitoring Receivable Financing Agreement. Firstline will perform the monitoring and other services required under the Contracts.

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.

The Contracts pledged as collateral, for the Firstline Financing will not be terminable by the subscriber for a specified Mandatory Period of up to sixty months from the date of system installation. The Contracts will automatically renew for one year periods unless canceled by the subscriber upon thirty days prior written notice to Firstline. Accordingly, the Contracts may continue in effect after the end of the Mandatory Period, subject to the subscriber's right to terminate, and the Trust Fund will purchase the right to receive payments under Contracts for sixty-six months. At the end of sixty-six months, if Firstline has complied with all of its obligations under the agreement pursuant to which the Trust Fund intends to provide the Financing (the "Monitoring Receivable Financing Agreement"), the Contracts will be returned to Firstline.

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 to the point of generating their own Contracts by selling the installation of security alarm systems.

MONITORING

Acquisition of Portfolio

The Trust Fund intends to apply the net proceeds of the Offering, \$1,803,750, to the purchase of the Senior Tranche of the Financing secured by the Contracts. The Trust Fund and the Senior Participant will acquire a percentage of the Monitoring Revenue Payment (the "Scheduled Amount") generated from the Contracts to be pledged by Firstline as collateral for the Financing. McGinn, Smith Funding LLC, an affiliate of the Sales Agent, will receive a broker's fee in connection with the Trust Fund providing the Financing. The Financing will be provided upon the terms and conditions set forth in the Monitoring Receivable Financing Agreement, subject to payment of the McGinn, Smith Funding LLC broker's fee.

The Collateral will consist of Contracts that meet the acquisition criteria specified in the Monitoring Receivable Financing Agreement discussed below. See the form of "Monitoring Receivable Financing Agreement". These criteria include certain credit standards for subscribers, and standards governing the terms and conditions of Contracts to be purchased. Firstline is required to make appropriate representations that the Contracts conform to the requirements set forth in the Monitoring Receivable Financing Agreement. See "Monitoring Receivable Financing Agreement," below.

Monitoring Receivable Financing Agreement

McGinn, Smith Funding LLC will provide Financing to Firstline which is fully described in the Residential Monitoring Receivable Financing Agreement dated May 9, 2007.

In the Monitoring Receivable Financing Agreement, Firstline covenants, represents, and/or warrants to McGinn, Smith Funding LLC, its successors and assigns, among other things, that: (a) all Contracts will be valid mandatory deferred payment obligations covering the monitoring services and/or alarm maintenance services to be provided to the subscriber, which Firstline has a legal right to sell, pledge, assign and transfer; (b) the Contracts are not subject to any disputes, offsets or counterclaims; (c) the subscriber is neither delinquent in payment nor in default under the Contract at the time of the Financing; (d) Firstline has performed, except for future obligations, all of its obligations to the subscriber; (e) the information contained in the Contract is true in all respects; (f) McGinn, Smith Funding LLC, its successors and assigns will have absolute right to the Scheduled Debt Service from the Monitoring Revenue Payment generated from the Contracts, and the Contracts are not subject to any prior assignments or security interests; (g) the Contracts and the underlying transaction giving rise to the Contracts do not violate any law, rule or regulation; and (h) Firstline and the subscriber will not modify the Contract. McGinn, Smith Funding LLC, its successors and assigns, must approve the form of each Contract and the terms and conditions thereof.

McGinn, Smith Funding LLC will assign all of its right, title and interest in and to the Monitoring Receivable Financing Agreement to the Trust Fund.

McGinn, Smith Funding LLC, and its successors and assigns do not assume any obligations or liabilities of Firstline in connection with the Contracts, including any monitoring duties and responsibilities. Firstline will indemnify and hold McGinn, Smith Funding LLC, its successors and assigns, harmless from and against any claim, suit, loss, liability or expense incurred by McGinn, Smith Funding LLC, its successors and assigns, in connection with the Contracts.

Firstline will direct the subscribers under the Contracts to remit all payments to a predesignated remittance call box servicer. Preferred Data, Inc., a New York corporation, ("Preferred") will act as such a servicer. Firstline will also agree not to accept any payment made by a subscriber and to refer all such payments to Preferred. Firstline will be required to prudently and effectively pursue the collection of all delinquent payments due to the Trust Fund and the Senior Participants (the "Participants") immediately upon receipt of appropriate payment advice reports

from Preferred. Firstline will provide the Participants with monthly status reports on all Contracts, reflecting current payment status, delinquency and unpaid balances due and owing. See the "Lock Box Agreement" below.

Under the Monitoring Receivable Financing Agreement, McGinn, Smith Funding LLC, its successors or assigns, may require Firstline to substitute a performing Contract in place of a non-performing Contract.

Firstline may elect to utilize the services of an independent, third party Central Station to perform the monitoring services due to subscribers under the Contracts. The Trust Fund and the Senior Participant shall be a third party beneficiary to any monitoring service contract executed between Firstline and any independent Central Station. Firstline and/or the Central Station will agree to perform all monitoring services under the Contracts in accordance with generally accepted industry practices, and Firstline or the Central Station shall, in all respects, service, bill, perform collection efforts and enforce the Participants' contractual right to receive the Scheduled Amounts of the Monitoring Revenue Stream associated with each Contract.

In the event Firstline or the Central Station are unable to perform their monitoring duties and responsibilities to the subscribers or to the Participants, as the alarm monitoring servicer of the subscribers (collectively) security systems under the Contracts, Firstline will immediately notify the Participants of such fact and will promptly arrange for the orderly transfer of monitoring services to a third party alarm monitoring service company selected in the sole discretion of the Trust Fund. The Participants shall have the right to unilaterally demand and effect the immediate transfer of monitoring services on Contracts from Firstline or the Central Station to a third party monitoring service company, with the complete cooperation of the Firstline and/or the Central Station, upon the happening of any of the following events:

- A) The filing of a petition of bankruptcy protection with respect to any business of Firstline or the Central Station, either voluntary or involuntary;
- B) Firstline or the Central Station, or any of their principal officers being found guilty of any felony or upon the finding of liability in any criminal or civil action involving impropriety in business dealings or operations Firstline or the Central Station, or the performance of the Contracts.
- C) The abandonment of monitoring service operation by Firstline or the Central Station.
- D) The occurrence of an Event of Default under the Monitoring Receivable Financing Agreement, which results in the inability of Firstline or the Central Station to substantially perform under the Monitoring Receivable Financing Agreement, or any Central Station agreement, or the failure of Firstline to repurchase or replace a Contract within thirty (30) days after written demand therefore.

Firstline is also obligated to maintain comprehensive general liability insurance, including errors and omissions on monitoring operations, in the minimum amount of \$1,000,000 covering bodily injury and property damage resulting from the performance of monitoring operations under the Contracts. In the event of a sale or transfer of a controlling interest in Firstline, Firstline and their present shareholders must guarantee that Firstline's obligations under the Monitoring Receivable Financing Agreement shall not be impaired or disrupted by such sale or transfer and that the Monitoring Receivable Financing Agreement shall continue in effect and be accepted by the purchaser or transferee of such controlling interest.

Firstline irrevocably and unconditionally will guarantee to the Participants the full and timely payment of all sums constituting the Scheduled Amounts of the Monitoring Revenue Payments which are due and owing under the Contracts in the Portfolio. In addition, Firstline has agreed to tender to the Trust Fund additional Contracts so as to maintain \$175,000 available monthly cash

flow. Contract additions will be calculated quarterly in arrears and the Contracts tendered shall have an average monthly recurring revenue of not less than the average monthly revenue for the initial Contracts.

Monitoring Receivable Financing Participation Agreement

The Trust Fund, the Junior Participant and McGinn, Smith Funding LLC will enter into a Monitoring Receivable Financing Participation Agreement (the "Participation Agreement") which will outline the respective rights of the Trust Fund, as the "Senior Participant", and the Junior Participant in connection with the Financing.

McGinn, Smith Funding LLC, as the Portfolio Financial Manager, will covenant that it will inspect all Contracts and review them for creditworthiness pursuant to the credit standards and procedures set forth in the Monitoring Receivable Financing Agreement discussed above. In addition, McGinn, Smith Funding LLC, as the Portfolio Financial Manager, has performed a due diligence review of Firstline so as to insure its capabilities of performing in accordance with the terms of the Monitoring Receivable Financing Agreement.

All Contracts shall be held by the Senior Participant for the benefit of the Participants, accompanied by the original Contract Obligation Instrument and all other original documents executed by the Subscriber.

The Participation Agreement provides that the Senior Participant will be provided a yield on the financing of the Contracts of 9.25% and the Senior Certificateholders will be provided with a yield of 9.25%. The Junior Participant will fund \$1,867,000 for the Junior Tranche of the Financing and the Senior Participant will fund \$1,850,000 for the Senior Tranche of the Financing, if the Maximum Offering is achieved. If the Minimum Offering is achieved, the Senior Participant will fund \$487,500 for approximately 25% of the Senior Tranche of the Financing.

The Senior Participant and the Junior Participant will be entitled to their respective monthly scheduled cash flow ("Scheduled Cash Flow") received from the Contracts as set forth respectively on Exhibits B and B-1 to the Participation Agreement.

The Participation Agreement provides that the Senior Participant and the Senior Participant will receive the Scheduled Amounts due from the Contracts each month. Out of that amount, the Senior Participant shall be entitled to the Scheduled Cash Flow as set forth on Exhibit "B" to the Participation Agreement on the 1st day of each month commencing June 1, 2007. After the Senior Participant receives its monthly Debt Service for the month, the Senior Participant shall then remit to the Trust Fund an amount equal to the monthly Junior, Payment set forth on Exhibit B-1 to the Participation Agreement ("Senior Payment"). In the event the collected payments from the Contracts for any month are less than the Debt Service due the Senior Participant or the Senior Participant for that month, the Participants will be paid out of the first payments received in the following month. Any Scheduled Amounts not received by the Participants in the month when due shall bear interest at the rate of 21.5% per annum until paid. Thereafter, the Scheduled Amount due the Participants for that month shall be paid from the balance of the Contract payments received that month from Preferred..

Upon receipt by the Senior Participant of all Debt Service to which it is entitled, all of the Senior Participant's right, title and interest in the Financing shall terminate and the Collateral shall be transferred by the Senior Participant to the Senior Participant without recourse and without warranty.

The Collection Process

The Participants, Firstline and Preferred intend to enter into a remittance processing agreement (the "Lock Box Agreement") pursuant to which payments made under the Contracts by subscribers are forwarded to Preferred. Prior to the Financing, Preferred will open a call box at a

U.S. Postal Service General Mail Facility, which will serve as a receptacle for the receipt of payments from Contract subscribers. During each business day the contents of the call box will be picked up by Preferred. All payments will be sorted and subsequently deposited, on a daily basis, into an account established by and in the name of the Trust Fund (the "Portfolio Depository Account") at a federally insured depository institution selected by the Trustee. Firstline will have no right, title or interest in, or any right to withdraw any amounts held in the Portfolio Depository Account. Firstline will be responsible for any fees charged or imposed by Preferred.

Out of the funds held in the Portfolio Depository Account, the Senior Participant will withdraw an amount equal to the Debt Service the Senior Participant is entitled to pursuant to Exhibit B to the Participation Agreement. Thereafter, the Senior Participant will transfer an amount equal to the Senior Payment on a monthly basis from the Portfolio Depository Account into an account in the name of the Trust Fund at a depository institution selected by the Trustee (the "Operations Account"). Out of the funds held in the Operations Account, the Trust Fund will pay the Senior Participant the Scheduled Cash Flow the Senior Participant is entitled to pursuant to Exhibit B to the Participation Agreement.

DESCRIPTION OF TRUST AGREEMENT AND THE CERTIFICATES

On May 19, 2007, Timothy M. McGinn as Chairman of McGinn, Smith Capital Holdings LLC executed the Declaration of Trust ("Declaration") of Firstline Sr. Trust 07 ("Trust"), declaring that McGinn, Smith Capital Holdings Corp. was the Trustee of the Trust, establishing the Trust for the benefit of Certificateholders, and defining its purpose.

The Trust is intended to be a common law trust under the laws of the State of New York, with its principal office at 99 Pine Street, Albany, NY 12207, which is the office of McGinn, Smith Capital Holdings Corp. The initial capital of the Trust was established at \$100.00, and the purpose of the Trust is to finance, pursuant to the terms of the Participation Agreement, and subject to the terms of the Monitoring Receivable Financing Agreement, the right to receive the Senior and Senior Tranche of the Scheduled Amounts of cash flow generated from the Contracts. Under the Declaration, the Trustee acquires virtually complete discretion in the operation of the Trust, so long as that discretion is exercised within the purpose of the Trust. The Declaration limits the liability of the Trustee in two ways. The Trustee will not be liable in the absence of willful misconduct or gross negligence. Further, the Trustee will not be liable, in any event, to pay sums of money beyond the corpus of the Trust. The Trustee is entitled to indemnification from the funds of the Trust (except in the case of willful misconduct or gross negligence) and to reimbursement for the reasonable and necessary fees and expenses incurred in the administration of the Trust. The Trustee is entitled to indemnification and reimbursement from the corpus of the Trust before payments are made to Certificateholders.

The Declaration specifically provides that the Certificateholders shall not have any legal or equitable title to the Trust Estate, that no Certificateholder shall have a voice in the management or control of the property or affairs of the Trust, that the Trustee has no authority to require additional capital contributions from any Certificateholder, and that the Trustee is precluded from taking any action to make Certificateholders liable for the debts or obligations of the Trust.

Certificates

The Certificates will be issued under the Declaration, a copy of which is included as an exhibit to this Memorandum. The rights of the Certificateholders and the obligations of the Trustee as they relate to the Certificates will be governed by the Declaration. Reference should be made to the Declaration for its complete terms. The statements contained in this Memorandum concerning the Declaration are merely a summary thereof, do not purport to be complete, and do not modify or amend the Declaration.

Subject to the conditions set forth in this Memorandum, Certificates in the maximum amount of \$1,850,000 will be offered by the Trust Fund. The Certificates will be retired in forty (40) months from the date of issuance. The Certificates will bear interest on the outstanding principal at a per annum rate of 9.25%. Interest on the Certificates will be paid in monthly installments on the first day of each month commencing June 1, 2007. Principal and interest on the Certificates will be paid commencing on the first day of October 1, 2007 to and including September 1, 2010, in accordance with the Scheduled Cash Flow set forth on Exhibit B to the Participation Agreement.

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

Payments

Payments on the Certificates will be made out of the Scheduled Amount of the Monitoring Revenue Payments from the Contracts received by the Trust Fund each month.

Prepayments

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

Registration

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

Limited Transferability of the Certificates

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

The Certificates 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 Trust Fund, that registration is not required.

Reports

Not later than January 31 of each year, the Trust Fund will furnish to the Certificateholders 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.

CONFLICTS OF INTEREST

Timothy M. McGinn, Thomas E. Livingston and David L. Smith collectively own 100% of McGinn, Smith Holdings, LLC which in turn owns 100% of the issued and outstanding common shares of McGinn, Smith & Co., Inc. McGinn, Smith & Co., Inc. is acting as the Sales Agent for this Offering and will receive an Underwriting Discount equal to six percent (6%) of the gross proceeds of this Offering. The Underwriting Discount was not negotiated at arms length. In addition, McGinn, Smith Funding LLC, an affiliate of McGinn, Smith & Co., Inc. will receive a broker's fee in connection with the financing of the Contracts by the Participants.

McGinn, Smith & Co., Inc. may experience a conflict of interest in performing its obligation to exercise due diligence with respect to the statements made in this Memorandum and, therefore, its due diligence review cannot be considered independent. A qualified independent underwriter has not been retained by the Trust Fund in connection with this offering. However, McGinn, Smith & Co., Inc. believes that such due diligence has, in fact, been exercised.

As discussed above, McGinn, Smith Funding LLC will receive a broker's fee in connection with the financing of the Contracts by the Participants. Due to the close relationship between these parties, the financing terms provided by the Trust Fund could be affected by the interests of McGinn, Smith Funding LLC in its contract brokerage fee.

There has been no independent counsel retained to represent the interests of the Certificateholders. Certain legal matters in connection with the validity of the Certificates will be passed upon by Joseph B. Carr, Esq., who is General Counsel to McGinn, Smith & Co., Inc. and is therefore not independent.

THE TRUSTEE

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

Name	Position
Timothy M. McGinn	Chairman and Director
David L. Smith	President and Director
Thomas E. Livingston	Treasurer and Director

The officers and directors of the Trustee will devote such time and effort to the business of the Trust Fund 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:

Timothy M. McGinn, age 58, is the Chairman of the Board and Secretary of McGinn, Smith & Co., Inc. He has served as Chairman of the Board since the inception of this firm in 1980. 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. Prior to founding McGinn, Smith & Co., Inc. he was with Paine, Webber, Jackson & Curtis. 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.

David L. Smith, age 62, is the President of McGinn, Smith & Co., Inc. and a member of the Board of Directors. He has served in this capacity since 1980. Prior to founding McGinn, Smith & Co., Inc. he was with Paine Webber, Jackson & Curtis. Mr. Smith has served on a number of charitable and corporate boards of directors and holds a bachelor's degree from Hamilton College.

Thomas E. Livingston, age 48, is Sr. Vice President of McGinn, Smith & Co., Inc. and a member of its' Board of Directors. Mr. Livingston has been employed by McGinn, Smith & Co., Inc. since 1986. Prior to joining McGinn, Smith he was affiliated with Prudential Bache Securities.

SUITABILITY

Certificates will be sold only to investors who make a minimum purchase of \$25,000.00.

As described elsewhere in this Memorandum, the Certificates 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 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 Certificates for his own account for investment and not with a view to the sale or distribution thereof; (ii) he is aware that the Certificates have not been registered for sale under the Securities Act of 1933 as amended, and that he will not transfer his Certificates in the absence of an opinion of counsel satisfactory to the Trust Fund that the Certificates 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 Certificates will not cause such overall commitment to become excessive.

The Sales Agent and Trust Fund reserve the right to reject any subscription in its entirety for any reason or to allocate to any investor Certificates 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 Certificates (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 Certificates 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 Trust Fund may make or cause to be made such further inquiry as the Trust Fund deems appropriate.

Any prospective investor will be afforded the opportunity to obtain from the Trust Fund 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 Trust Fund possesses or can acquire without unreasonable effort or expense and to confer with, ask questions of, and receive answers from the Trust Fund 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 Certificates may be suitable for individuals seeking an investment intended to provide income. An investment in Certificates 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 Certificates will be paid and illiquidity. See "Risk Factors." Accordingly, the suitability of a purchase of Certificates 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 Certificates.

The Sales Agent Agreement between the Trust Fund and the Sales Agent requires the Sales Agent to make diligent inquiries as required by law of all prospective purchasers in order to ascertain whether a purchase of Certificates is suitable for such person and to transmit promptly to the Trust Fund all fully completed Subscription Agreements. By tendering payment for a Certificate and by acceptance of the confirmation of purchase, an investor represents that he or it satisfies any applicable suitability standards. See "Plan of Distribution."

TERMS OF THE OFFERING

Subject to the conditions set forth in this Memorandum, Certificates in the maximum amount of \$1,850,000 (the "Maximum Offering") and the minimum amount of \$500,000 (the "Minimum Offering") will be offered by the Trust Fund.

The Certificates will be offered through McGinn, Smith & Co., Inc., the Sales Agent, on a best efforts basis over a period of two months. The Sales Agent is a member of the National Association of Securities Dealers, Inc.

All funds received by the Sales Agent from subscriptions for the Certificates will be placed in an escrow account (the "Escrow Account") maintained by Mercantile Bank, Boca Raton, Florida (the "Escrow Agent"). Interest will be earned on funds held in the Escrow 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 Certificates. During the period that an investor's funds are held in the Escrow Account he will not be considered a Certificateholder.

With respect to the Certificates, no funding from the Escrow Account will occur until the Minimum Offering is subscribed for. If subscriptions for the Minimum Offering are not received within two months from the date of this Memorandum, subscriptions received with respect to the Certificates will be promptly returned in full to the investor by the Escrow Agent, together with all interest earned while funds were held in the Escrow Account after deducting fees payable to the Escrow Agent. Fees payable to the Escrow Agent will be deducted from interest earned on the Escrow Account.

How to Subscribe.

The Certificates will be available for purchase in the minimum denomination of \$25,000.00 and increments of \$5,000.00. An investor who meets the qualifications set forth under "Who May Invest" and "Suitability" may subscribe for Certificates by completing, signing and delivering to the Sales Agent an executed copy of the Subscription Agreement contained in this Memorandum. All subscriptions must be accompanied by a check in the amount of the Certificate(s) purchased payable to "*Mercantile Bank, Escrow Agent for Firstline Sr. Trust 07*". Upon execution of a Subscription Agreement, the investor agrees to all of the terms and conditions contained in the Agreement. Subscriptions are, however, subject to acceptance by the Trust Fund.

PLAN OF DISTRIBUTION

The Trust Fund is offering a maximum of \$1,850,000 of Certificates, and a minimum of \$500,000. The minimum investment by an investor is \$25,000.00 with increments of \$5,000.00. The Offering period will end not later than September 30, 2007. No Certificates will be sold unless subscriptions for the Minimum Offering are received and accepted within two months of the date of this Memorandum. Subscriptions are subject to acceptance by the Trust Fund. See "Suitability"; "Who May Invest".

During the course of the Offering, the subscription payments will be promptly forwarded by the Sales Agent to the Escrow Agent for deposit in the Escrow Account. For a description of the distribution of funds from the Escrow Account, see "Terms of the Offering".

The Certificates will be offered on a "best efforts" basis by the Sales Agent.

DISCLAIMER OF LIABILITY OF TRUSTEE

Reference is hereby made to the Declaration of Trust dated May 19, 2007, a copy of which is attached hereto as Exhibit "A". Other than potential liability under the Securities Act, neither the Trustee, nor any shareholder, manager, officer, employee, affiliate or agent of the Trustee may be held to any liability in connection with the Offering or the Certificates, or in connection with the affairs of the Trust Fund, in the absence of willful misconduct or gross negligence. Further, the Trustee will not be liable, in any event, to pay sums of money beyond the corpus of the Trust.

INCOME TAX CONSIDERATIONS

The following discussion summarizes certain material anticipated federal income tax consequences relevant to the acquisition, ownership and disposition of Certificates, 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 Trust Fund 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 Certificates.

Interest Income to Certificateholders

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

Gain or Loss on Disposition of Certificates

In general, the holder of a Certificate will recognize gain or loss on the sale, exchange, redemption or other disposition of a Certificate 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 Certificate. Any gain or loss recognized will generally be a Trust gain or loss if the Certificate is held as a Trust asset and will be long-term gain or loss if the Certificate is held for more than one year.

Information Reporting

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

Backup Withholding

A Certificateholder 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 Certificates, 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 Certificateholder’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 CERTIFICATES.

LEGAL MATTERS

Legal matters in connection with the validity of the Certificates offered hereby will be passed upon for the Trust Fund by Joseph B. Carr, Esq., Capital Center, 99 Pine Street, Albany, New York 12207.

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.

Exhibit "A"	Declaration of Trust
Exhibit "B"	Subscription Agreement
Exhibit "C"	Purchaser Questionnaire
Exhibit "D"	Monitoring Receivable Financing Agreement
Exhibit "E"	Monitoring Receivable Financing Participation Agreement
Exhibit "F"	Lock Box Agreement

ADDITIONAL INFORMATION

Additional information is available upon request to the Trust Fund. Only additional information provided by the Trust Fund may be relied upon. Prospective investors may request such information from the Sales Agent, McGinn, Smith & Co., Inc., Fifth Floor, 99 Pine Street, Albany, New York 12207.

Exhibit "A"

Declaration of Trust

DECLARATION OF TRUST OF FIRSTLINE SR. TRUST 07

This Trust Agreement made as of the 19th of May, 2007, by and between McGinn, Smith Capital Holdings Corp., a New York Corporation with an address at Capital Center, 99 Pine Street - 5th Floor, Albany, New York 12207 ("Trustee"), and those persons who acquire an interest herein by the execution and performance of a subscription agreement ("Subscription Agreement") attached as Exhibit B to the Confidential Private Placement Memorandum dated as of May 19, 2007 ("Confidential Memorandum").

WITNESSETH:

WHEREAS, McGinn, Smith Capital Holdings Corp. desires to create a trust for the purpose of enabling and authorizing the acquisition of certain contracts more fully described herein ("Contracts") and

WHEREAS, the Trustee is willing to accept the duties and obligations imposed hereby on the terms and conditions hereinafter set forth;

NOW, THEREFORE, the Trustee does hereby declare that the Trustee will hold said property which it may acquire as such Trustee, together with the proceeds thereof in trust, to manage and dispose of the same for the benefit of the Certificateholders hereunder in the manner and subject to the stipulations herein contained.

ARTICLE I

NAME

This Trust shall be designated and known as the "FIRSTLINE SR. TRUST 07", not incorporated, and under that name shall, so far as practicable, conduct all activities and execute all instruments in writing in the performance of the Trust.

ARTICLE II

DEFINITIONS

The following words, terms and phrases used herein shall be given the meaning stated below in this Article, unless such meaning would be clearly in conflict with the purposes and spirit of this instrument; capitalized words not defined in this Declaration shall have the meaning provided in the Monitoring Receivable Financing Agreement dated May 19, 2007 between McGinn, Smith Funding, LLC and Firstline Security, Inc. ("Firstline") ("Financing Agreement") or in the Monitoring Receivable Financing Participation Agreement dated as of May 19, 2007 among the Trustee, the Senior Participant and the Junior Participant, as described as therein ("Participation Agreement").

"Certificateholder" shall mean the holder for the time being, according to the books of the Trustee, of the Certificates as evidenced by this Declaration and the Certificates issued by the Trustee.

"Permitted Investments" means investments in the obligations to pay for goods or services in return for residential electronic monitoring services, more commonly known as "Residential Monitoring Contracts", as more fully described in the Financing Agreement secured by the cash flow resulting from security alarm contracts. In addition, to the extent not employed for investment in Residential Monitoring Contracts, temporary investments may be made in (1) certificates of deposit, in (2) short term AAA rated debt obligations regularly traded on a recognized exchange in the United States, or in (3) obligations issued by the United States Treasury or other obligations backed by the "full force and credit" of the United States.

"Share" shall mean a share in the beneficial interest of the property, assets, trust fund and corpus of the Trust.

"Transaction Documents" shall mean this Declaration of Trust, the Participation Agreement and the Financing Agreement.

"Trust", "Trust Estate", and "Capital" shall mean the trust fund hereunder, consisting of the corpus of the estate; that is, all property, real, personal and mixed of every kind and description howsoever acquired and wherever situated, held under this Declaration of Trust by the Trustee.

"Trustee" shall mean the trustee herein named, and those who are or may be trustees.

ARTICLE III OFFICE OF THE TRUST

The principal office of this Trust shall be located at Capital Center, 99 Pine Street, Albany, New York 12207, until changed by the Trustee. The principal office may be changed and branch offices established, maintained, changed and discontinued at such times and places as the Trustee in its discretion may determine, with notice to the Certificateholders.

ARTICLE IV CAPITAL OF THE TRUST

The initial Capital of this Trust shall be One Hundred Dollars (\$100), paid to the Trustee concurrently with execution and delivery hereof. The Capital of the Trust or any part thereof, shall be held for the use and benefit of the Trust at such places and upon such terms as the Trustee may fix. The Trustee may not require any Certificateholder to make any contribution, in addition to the initial contribution made by such Certificateholder, to increase the Capital of the Trust. The Trustee shall receive such contributions to the Capital of the Trust as may be made by Certificateholders from time to time and apply the same for the purpose stated by Article V of this Trust Agreement.

ARTICLE V PURPOSE OF THE TRUST

The purpose of the Trust is to acquire the Senior Tranche of a financing in the amount of \$1,850,000. The Senior Tranche, together with a Junior Tranche of \$1,867,000 shall be utilized to provide financing to Firstline.

(1) the Trustee shall, as far as convenient and practicable, take and hold the title, both legal and equitable, to all property, however acquired under the terms hereof, in the name of the Trust. All conveyances of every kind and description, at any time made to or in the name of the Trustee of the Trust shall be held to vest the title to property so conveyed in the Trustee as such under this instrument, the title "FIRSTLINE SR. TRUST 07" being merely intended as a convenient designation of the Trustee hereunder.

(2) The Trustee shall administer and dispose of all properties for the benefit of Certificateholders hereunder, as represented by their Certificates.

(3) The Trustee shall manage, control and dispose of all the Trust Estate and its business affairs, of every kind and character within the authority granted in Article V hereof.

(4) The Trustee shall, in such capacity, exclusively and absolutely, have full, absolute and plenary rights, authority to pledge, exchange, mortgage and convey or otherwise dispose of property of every kind, character and description, real, personal and mixed, that may be part of the Trust Estate.

(5) The Trustee shall have, in furtherance of the purposes of the Trust, the absolute right, power and authority to institute, maintain and defend actions, suits and proceedings in any court of law or equity either in the name of said Trust or in its name as Trustee thereof; to sell, transfer, assign and convey the whole or any part of the Trust Estate, invest and reinvest the proceeds thereof at any time in Permitted Investments provided that the Trustee shall have no obligation to invest such proceeds and shall not be accountable for any losses howsoever incurred; to collect any money, and pledge the assets of the Trust as security therefor; to execute and deliver in the manner herein provided all deeds, leases, mortgages, powers of attorney and other instruments in writing which the Trustee may deem necessary and proper in the exercise of the powers conferred hereunder; and to perform or withhold any act or thing of any kind or character, which in the Trustee's judgment may be necessary, proper or expedient, in carrying into effect the purposes of this Trust or any purposes specified in this Declaration of Trust, or in any amendments hereto, duly made and adopted.

ARTICLE VI LIMITATION OF LIABILITY OF TRUSTEE AND CERTIFICATEHOLDERS

Neither the Trustee, nor any of its officers or servants shall have any right, power or authority, under any circumstances, or in any event to act as the agent of the Certificateholders or to bind them personally or to impose any liability or obligation upon them in any way whatsoever with respect to this Trust Estate or otherwise. All persons contracting with the Trustee or its officers, agents or employees shall look only to the Trust Fund for the payment of any damage, claim, judgment or decree, or of any money that may become due or payable in any way to them whether founded upon contract or tort, and neither the Trustee nor the Certificateholders, present or future, nor any of them shall as such be personally liable therefor or on any agreement or contract made by the Trustee, or by any officers, agents or employees of the Trustee, its officers or agents, or employees in connection with the Trust Estate. No amendment shall ever be made to this Declaration of Trust, increasing or enlarging the liability of either the Trustee or the Certificateholders as herein stipulated.

ARTICLE VII LIMITATION OF LIABILITY OF TRUSTEE; INDEMNIFICATION

The Trustee shall not be liable hereunder in any event or under any circumstances, for the acts or omissions of any other Trustee or of any officer, agent or employee, or any other person whatsoever, whether employed by such Trustee or not, or for any act or thing whatsoever, other than such Trustee's own willful misconduct or gross negligence. The Trustee in its individual capacity and as Trustee shall be indemnified by, and receive reimbursement from the Trust Estate against and from any and all liability, claim, damage or loss, suit, action, tax (including interest and penalties), fine, penalty, cost and expense (including but not limited to legal fees and disbursements) of whatsoever kind and nature which may be imposed upon, incurred by or asserted at any time against the Trustee (in its individual or trust capacity) in any way relating to or arising out of the administration of the Trust Estate, or arising from any act or omission hereunder or under the Transaction Documents, except such as may arise from such Trustee's own willful misconduct or gross negligence. In addition, the Trustee shall be entitled to indemnification from the Trust Estate for any liability, obligation, loss, damage, penalty, tax, claim, action, suit, cost, expense or disbursement indemnified against pursuant to this Article VII and to secure the same the Trustee shall have a lien on the Trust Estate prior to the interest of the Certificateholders or any other person. Trustee shall file all tax returns and other governmental reports required to be filed by the Trustee in connection with the transaction contemplated hereby. Without limiting the foregoing, the Trustee shall under no circumstances be required to take any action or omit to take any action in the administration of the Trust Estate or otherwise in connection with the transactions contemplated hereunder unless the Trustee determines in its absolute discretion that indemnification in respect of such action or omission is available to it to its reasonable satisfaction, provided that the Trustee shall not be required to take or omit any action if the Trustee shall have been advised by its counsel that taking or omitting such action is contrary to the terms of any other agreement or instrument referred to herein or is otherwise contrary to law. The indemnities contained in this Article VII shall survive the termination of this Trust Agreement.

service maintained by Preferred Data, Inc. ("Preferred"), as set forth in the remittance lockbox processing agreement(the "Lockbox Agreement") attached hereto as Exhibit D. Preferred shall deposit all such Obligor Payments into an Accumulation Account established in the name of the Participants at Charter One Bank, FSB (the "Accumulation Account").

Participants shall be entitled to their respective monthly scheduled cash flow ("Scheduled Cash Flow") as set forth on Exhibits B and B-1, which amounts shall be paid monthly from Obligor Payments collected by Preferred and deposited at a bank to be determined by McGinn Smith Capital Holdings Corp. Any funds remaining after the payment of the Scheduled Cash Flow each month shall be paid by McGinn, Smith Funding LLC to Firstline.

On the first business day of each month commencing June 1, 2007 McGinn, Smith Funding LLC shall withdraw from the Accumulation Account an amount equal to the Scheduled Cash Flow set forth on Exhibit B. After the Senior Participant has received its monthly Scheduled Cash Flow, McGinn, Smith Funding LLC shall then remit to the Junior Participant in an amount equal to the Scheduled Cash Flow set forth on Exhibit B-1 (the "Junior Payment"). In the event the Obligor Payments collected for any month by Preferred are less than the Scheduled Cash Flow due the Participants for that month, will be paid out of the first Obligor Payments received by Preferred in the following month. Any Scheduled Cash Flow not received by Participants in the month when due shall bear interest at the rate of 21.50% interest per annum until paid. Thereafter the Scheduled Cash Flow due the Participants for that month will be paid from the balance of the Obligor Payments received that month. Thereafter, funds remaining shall be paid to Firstline..

McGinn, Smith Funding LLC shall be responsible to oversee Firstline's performance of all of its' obligations under the Contracts and the Monitoring Receivable Financing Agreement. Upon written notice from the Participants to McGinn, Smith Funding LLC of the existence of a non-performing Contract, McGinn, Smith Funding LLC shall be responsible for overseeing Firstline's repurchase or substitution of such non-performing Contract as required in Paragraph 12C of the Monitoring Receivable Financing Agreement.

SECTION 9. PERFORMANCE. McGinn, Smith Funding LLC shall be responsible for overseeing that Firstline . promptly fulfill all of its' respective obligations to the Obligors with regard to the Financed Contracts, and shall, for the benefit of the Participants, enforce, assert and exercise any and all rights, powers and remedies available under the Monitoring Receivable Financing Agreements. The financing by Participants of any Contract will not be deemed an assumption by Participants of, or impose upon Participants, any obligation under the Contracts or any other agreement with any Obligor.

SECTION 10. NOTICES TO PARTICIPANTS. McGinn, Smith Funding LLC shall promptly notify Participants of any information that may come to McGinn, Smith Funding LLC's attention which may have a material effect on any Financed Contract, including, without limitation, any default by, or claim or dispute with, any Obligor or Firstline.

SECTION 11. RECORDS AND REPORTS. McGinn, Smith Funding LLC shall, by appropriate entry in its books of account, record all transactions with Participants under this Agreement in accordance with generally accepted accounting principles. These records will indicate the financing of Contracts to Participants.

SECTION 12. TRANSFER TO THE JUNIOR PARTICIPANT. Upon receipt by Senior Participant of all Scheduled Cash Flow as set forth on Exhibit B, all of Senior Participant's rights, title and interest in the Financed Contracts and related Obligations shall terminate and the Financed Contracts shall be transferred, delivered and/or endorsed by the Senior Participant to the Junior Participant or its assigns, without recourse and without warranty. At such time the Senior Participant shall also transfer the Accumulation Account to the Junior Participant to be used in accordance with the terms of this Agreement, without recourse and without warranty.

SECTION 13. RETRANSFER TO FIRSTLINE. Subject to compliance by Firstline with all of its' obligations under the Monitoring Receivable Financing Agreement, including, without limitation, Section 12a thereof, upon receipt by Senior Participant and the Junior Participant of all amounts due and owing during the mandatory payment period of any Financed Contract, whether repurchased by Firstline or paid in full by the Obligor, all of Participants' right, title and interest in such Financed Contract and related Obligations shall terminate and such Financed Contract shall be reassigned, transferred, delivered and/or endorsed by McGinn, Smith Funding LLC to Firstline or its respective assigns, without recourse and without warranty.

SECTION 14. RIGHT OF AUDIT. Each Participant shall have the right to audit the books, records and accounts of McGinn, Smith Funding LLC and Firstline relating to the Financed Contracts, at any time during reasonable business hours and at such Participant's own expense.

SECTION 15. NOTICES. Any notice, request, instruction or other document deemed by any party necessary or desirable to be given to any other party shall be in writing and shall be mailed and addressed as follows:

TO MCGINN SMITH FUNDING LLC:

MCGINN SMITH CAPITAL HOLDINGS CORP.
Capital Center
99 Pine Street - 5th Floor
Albany, NY 12207
Telephone: (800) 724-3330
Telecopy: (518) 449-4894

TO SENIOR PARTICIPANT:

"THE LENDER"
Street
Address
Attn: Financial Officer
Telephone:
Telecopy:

TO JUNIOR PARTICIPANT:

Firstline Trust 07
McGinn, Smith Capital Holdings Corp.. Trustee
99 Pine Street - 5th Floor
Albany, NY 12207
Attn: Timothy M. McGinn, Chairman of the Board
Telephone: (800) 724-3330
Telecopy: (518) 449-4894

SECTION 17. ENTIRE AGREEMENT, ETC. This Agreement expresses the entire agreement of the parties hereto, and supersedes all prior promises, representations, understandings, arrangements and agreements between the parties with respect the subject matter herein. The parties hereto further acknowledge and agree that none of them have made any representations to induce the execution and delivery of the Agreement except those as specifically set forth herein.

SECTION 18. APPLICABLE LAW. This Agreement shall be governed and construed under the laws of the State of New York.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

FIRSTLINE TRUST 07

By: MCGINN SMITH CAPITAL HOLDINGS CORP., TRUSTEE

MCGINN, SMITH FUNDING LLC

By: _____
Timothy M. McGinn, Chairman

By: _____
David L. Smith, Member

By: _____
Timothy M. McGinn, Member

"THE LENDER"

By: _____

Title: _____

Exhibit "B"

Senior Participant's Cash Flow Schedule

Month	Payment Date	Pledged RMR	Monthly Debt Service	Sr. Debt Begin Balance	Sr. Debt 9.25% Interest	Sr. Debt Principal Payments	Sr. Debt Total Debt Serv	Sr. Debt Ending Balance	Cash Flow Coverage Ratio Sr. Debt
1	June 2007		\$0	\$0	\$0	\$0	\$0	\$0	N/A
2	July 2007		\$0	\$1,850,000	\$14,260	\$0	\$14,260	\$1,850,000	N/A
3	August 2007		\$0	\$1,850,000	\$14,260	\$0	\$14,260	\$1,850,000	N/A
4	September 2007	\$175,000	\$0	\$1,850,000	\$14,260	\$0	\$14,260	\$1,850,000	N/A
5	October 2007	\$175,000	\$70,000	\$1,850,000	\$14,260	\$38,625	\$52,886	\$1,811,375	2.65
6	November 2007	\$175,000	\$70,000	\$1,811,375	\$13,963	\$38,923	\$52,886	\$1,772,451	2.65
7	December 2007	\$175,000	\$60,000	\$1,772,451	\$13,663	\$29,223	\$42,886	\$1,743,228	3.26
8	January 2008	\$175,000	\$52,000	\$1,743,228	\$13,437	\$21,448	\$34,886	\$1,721,780	4.01
9	February 2008	\$175,000	\$45,000	\$1,721,780	\$13,272	\$14,614	\$27,886	\$1,707,166	5.02
10	March 2008	\$175,000	\$43,750	\$1,707,166	\$13,159	\$13,476	\$26,636	\$1,693,690	5.26
11	April 2008	\$175,000	\$43,750	\$1,693,690	\$13,056	\$13,580	\$26,636	\$1,680,109	5.26
12	May 2008	\$175,000	\$42,500	\$1,680,109	\$12,951	\$12,435	\$25,386	\$1,667,674	5.51
13	June 2008	\$175,000	\$42,500	\$1,667,674	\$12,855	\$12,531	\$25,386	\$1,655,143	5.51
14	July 2008	\$175,000	\$43,750	\$1,655,143	\$12,758	\$13,877	\$26,636	\$1,641,266	5.26
15	August 2008	\$175,000	\$55,000	\$1,641,266	\$12,651	\$25,234	\$37,886	\$1,616,032	3.70
16	September 2008	\$175,000	\$68,750	\$1,616,032	\$12,457	\$39,179	\$51,636	\$1,576,853	2.71
17	October 2008	\$175,000	\$87,500	\$1,576,853	\$12,155	\$58,231	\$70,386	\$1,518,622	1.99
18	November 2008	\$175,000	\$86,250	\$1,518,622	\$11,706	\$57,430	\$69,136	\$1,461,192	2.02
19	December 2008	\$175,000	\$85,000	\$1,461,192	\$11,283	\$56,622	\$67,886	\$1,404,569	2.06
20	January 2009	\$175,000	\$83,750	\$1,404,569	\$10,827	\$55,809	\$66,636	\$1,348,761	2.10
21	February 2009	\$175,000	\$82,500	\$1,348,761	\$10,397	\$54,989	\$65,386	\$1,293,771	2.14
22	March 2009	\$175,000	\$81,250	\$1,293,771	\$9,973	\$54,163	\$64,136	\$1,239,608	2.18
23	April 2009	\$175,000	\$80,000	\$1,239,608	\$9,555	\$53,331	\$62,886	\$1,186,278	2.23
24	May 2009	\$175,000	\$78,750	\$1,186,278	\$9,144	\$52,492	\$61,636	\$1,133,786	2.27
25	June 2009	\$175,000	\$77,500	\$1,133,786	\$8,740	\$51,646	\$60,386	\$1,082,140	2.32
26	July 2009	\$175,000	\$76,250	\$1,082,140	\$8,341	\$50,794	\$59,136	\$1,031,346	2.37
27	August 2009	\$175,000	\$87,500	\$1,031,346	\$7,950	\$62,436	\$70,386	\$968,910	1.99
28	September 2009	\$175,000	\$100,000	\$968,910	\$7,469	\$75,417	\$82,886	\$893,493	1.69
29	October 2009	\$175,000	\$106,250	\$893,493	\$6,887	\$82,248	\$89,136	\$811,244	1.57
30	November 2009	\$175,000	\$103,750	\$811,244	\$6,253	\$80,382	\$86,636	\$730,862	1.62
31	December 2009	\$175,000	\$102,500	\$730,862	\$5,634	\$79,752	\$85,386	\$651,110	1.64
32	January 2010	\$175,000	\$101,250	\$651,110	\$5,019	\$79,117	\$84,136	\$571,993	1.66
33	February 2010	\$175,000	\$100,000	\$571,993	\$4,409	\$78,477	\$82,886	\$493,516	1.69
34	March 2010	\$175,000	\$98,750	\$493,516	\$3,804	\$77,832	\$81,636	\$415,684	1.71
35	April 2010	\$175,000	\$97,500	\$415,684	\$3,204	\$77,182	\$80,386	\$338,503	1.74
36	May 2010	\$175,000	\$97,500	\$338,503	\$2,609	\$77,777	\$80,386	\$260,726	1.74
37	June 2010	\$175,000	\$96,250	\$260,726	\$2,010	\$77,126	\$79,136	\$183,600	1.77
38	July 2010	\$175,000	\$93,750	\$183,600	\$1,415	\$75,221	\$76,636	\$108,380	1.83
39	August 2010	\$175,000	\$93,750	\$108,380	\$835	\$75,800	\$76,636	\$32,579	1.83
40	September 2010	\$175,000	\$93,750	\$32,579	\$251	\$32,579	\$32,830	\$0	4.26

Exhibit "B-1"

Junior Participant's Cash Flow Schedule

Month	Payment Date	Jr. Debt Begin Balance	11.00% Interest	Principal Payments	Total Debt Serv	Jr. Debt Ending Balance	Cash Flow Coverage Ratio Jr. Debt
1	June 2007	\$1,867,000	\$0	\$0	\$0	\$1,867,000	N/A
2	July 2007	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	N/A
3	August 2007	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	N/A
4	September 2007	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	N/A
5	October 2007	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	2.00
6	November 2007	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	2.00
7	December 2007	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	2.33
8	January 2008	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	2.69
9	February 2008	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	3.11
10	March 2008	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	3.20
11	April 2008	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	3.20
12	May 2008	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	3.29
13	June 2008	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	3.29
14	July 2008	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	3.20
15	August 2008	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	2.55
16	September 2008	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	2.04
17	October 2008	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.60
18	November 2008	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.62
19	December 2008	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.65
20	January 2009	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.67
21	February 2009	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.70
22	March 2009	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.72
23	April 2009	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.75
24	May 2009	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.78
25	June 2009	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.81
26	July 2009	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.84
27	August 2009	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.60
28	September 2009	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.40
29	October 2009	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.32
30	November 2009	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.35
31	December 2009	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.37
32	January 2010	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.38
33	February 2010	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.40
34	March 2010	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.42
35	April 2010	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.44
36	May 2010	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.44
37	June 2010	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.45
38	July 2010	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.49
39	August 2010	\$1,867,000	\$17,114	\$0	\$17,114	\$1,867,000	1.49
40	September 2010	\$1,867,000	\$17,114	\$43,806	\$60,920	\$1,823,194	1.49
41	October 2010	\$1,823,194	\$16,713	\$77,037	\$93,750	\$1,746,157	1.49
42	November 2010	\$1,746,157	\$16,006	\$98,994	\$115,000	\$1,647,163	1.22
43	December 2010	\$1,647,163	\$15,099	\$98,651	\$113,750	\$1,548,512	1.23
44	January 2011	\$1,548,512	\$14,195	\$97,055	\$111,250	\$1,451,457	1.26
45	February 2011	\$1,451,457	\$13,305	\$96,695	\$110,000	\$1,354,762	1.27
46	March 2011	\$1,354,762	\$12,419	\$96,331	\$108,750	\$1,258,431	1.29
47	April 2011	\$1,258,431	\$11,536	\$94,714	\$106,250	\$1,163,716	1.32
48	May 2011	\$1,163,716	\$10,667	\$94,333	\$105,000	\$1,069,384	1.33
49	June 2011	\$1,069,384	\$9,803	\$93,947	\$103,750	\$975,437	1.35
50	July 2011	\$975,437	\$8,942	\$92,308	\$101,250	\$883,128	1.38
51	August 2011	\$883,128	\$8,095	\$91,905	\$100,000	\$791,223	1.40
52	September 2011	\$791,223	\$7,253	\$91,497	\$98,750	\$699,726	1.42
53	October 2011	\$699,726	\$6,414	\$91,086	\$97,500	\$608,640	1.44
54	November 2011	\$608,640	\$5,579	\$90,671	\$96,250	\$517,970	1.45
55	December 2011	\$517,970	\$4,748	\$90,252	\$95,000	\$427,718	1.47
56	January 2012	\$427,718	\$3,921	\$89,829	\$93,750	\$337,888	1.49
57	February 2012	\$337,888	\$3,097	\$88,153	\$91,250	\$249,736	1.53
58	March 2012	\$249,736	\$2,289	\$87,711	\$90,000	\$162,025	1.56
59	April 2012	\$162,025	\$1,485	\$87,265	\$88,750	\$74,760	1.58
60	May 2012	\$74,760	\$685	\$75,565	\$76,250	(\$804)	1.84

Exhibit "F"

Lock Box Agreement

LOCKBOX AGREEMENT

Agreement made this 19th day of May, 2007, between PREFERRED DATA, INC., a New York corporation, with a principal office located at 2200 Maxon Road, Schenectady, New York 12308 (hereinafter referred to as "Preferred"), and Firstline Trust 07, a New York grantor trust, having its office c/o McGinn, Smith Capital Holdings Corp., Trustee, 99 Pine Street, Albany, New York 12207 (hereinafter referred to as "Client").

Client is in need of Remittance Processing and Data Capture Services. Preferred is in the business of providing Remittance Processing and Data Capture Services of the type required by Client.

In consideration of the covenants and obligations hereinafter set forth and the mutual benefits to be derived hereunder, the parties agree as follows:

SECTION ONE

DEFINITIONS

- A. Remittance Document - a billhead, remittance advice (coupon), invoice, payment book, or similar document (envelope) designated to indicate the amount of a payment due to Client from a specific customer.
- B. Payment Document - a check, money order, or other negotiable representation of cash.
- C. Transaction - the combination of some number of remittance document(s) and payment document(s) (checks, or similar orders for payment).
- D. Item - the higher number of either remittance documents or payment documents (checks) in a given transaction.
- E. Lockbox - a post office box rented by Client or some other point of pickup designated by Client.
- F. Bank - depository institution at which Client maintains an account(s).
- G. Deposit Date - the date a payment document is deposited to the Bank.
- H. Dispatch - courier trips required for the pick up of transactions for processing and the deposit of payment documents at a designated bank. Any other courier trips which Client requests.
- I. Mail Sort Reject - mail received with no processible transaction.
- J. Data Element - a field of information found on the remittance document(s) or on the payment document(s).
- K. Posting - the transferal of prescribed data elements to magnetic media (tape, disk or transmission).
- L. Payment Record - a collection of specific data elements posted to magnetic media.
- M. Exception - a payment document which is deposited, and posted to magnetic media by manually keying the data. This includes all currency transactions.

- N. Reject - a non-deposited payment document and its accompanying (if any) remittance document(s).
- O. Reports - the hard copy representation of processed information.

SECTION TWO

SERVICES

PREFERRED, under the terms of this Agreement shall:

- A. Pick up mail daily from a Post Office Box located in Schenectady, New York.
- B. Open mail.
- C. Separate out non-processible transactions (Mail Sort Rejects) and batch them for return to Client.
- D. Batch processible transactions, no more than one hundred fifty per batch, in payment document(s)/remittance document(s) order.
- E. Data Capture to magnetic media those data elements specified for each payment record: Company Code (2 digits), Division Code (2 digits), Account Number (10 digits) and Amount Due (10 digits). Check Digit for previous 24 digits (1 digit), Payment Account, Check Number.
- F. Create batch totals of payment amounts captured.
- G. Prove payment documents to these batch totals captured.
- H. MICRencode payment documents.
- I. Endorse payment documents.
- J. Reconcile all batch totals to deposit totals.
- K. Print the following report: Unsorted Detail - all transactions in processing order with batch totals of all payment amounts, and a daily deposit total.
- L. Data transmit all ASCII files in format defined by client as defined in Section Two, K.
- M. Prepare a deposit of payment documents.
- N. Deposit payment documents daily to a depository institution to be named by McGinn, Smith Capital Holdings Corp.
- O. Return remittance documents, mail sort rejects, and reports to Client through designated courier system on a daily basis, except for customer correspondence which will be sent on an as needed basis.
- P. Fax copy of Deposit Slip daily to Client.

SECTION THREE

CONSIDERATIONS AND TERMS

A. CLIENT, shall pay to Preferred for the services provided under this Agreement:

1. Transaction Pricing

Automated	\$.18/item
Semi-Automated	\$.19/item
Exception	\$.23/item
Reject	\$.15/item

NOTE: An item is the number of either remittance documents or payment documents, whichever is higher.

2. Additional Services

Manual Processing	\$20/hour
ASCII File Transmission	\$3/transmission
Postage	At cost
Courier	At cost

- B. Preferred shall submit to Client a monthly invoice indicating detailed item counts for the month and associated costs.
- C. Client shall pay the amount due on or before the thirtieth (30th) day following receipt of the invoice.
- D. Within ninety (90) days before the end of each year of this Agreement, Preferred and Client agree to negotiate pricing modifications required for the following year of this Agreement.
- E. Preferred agrees that pricing modifications for any successive year will not increase by more than two percent (2%) over the previous year's prices.

SECTION FOUR

TERM AND TERMINATION

- A. The initial term of this Agreement shall be for one year from the date of execution after which the contract will automatically renew itself except as provided in B and C below.
- B. Either Client or Preferred Data shall have the right to cancel this Agreement with or without cause on ninety (90) days written notice to the other party.
- C. Either Client or Preferred Data shall have the right to cancel this Agreement on thirty (30) days written notice to the other, if the other party shall be in default or breach of any material provision hereof, provided however, that if the party receiving such notice of cancellation shall cure the breach or default within a thirty (30) day period, this Agreement shall continue in full force and effect.

SECTION FIVE

CONFIDENTIALITY

All information made available hereunder shall be kept confidential by the recipient thereof and, without the prior written consent of the party furnishing the same, shall not be divulged to others. Nothing herein contained, however, shall be construed as preventing either party from disclosing to their respective, authorized employee or agents information necessary for the performance of services hereunder.

SECTION SIX

LIMITATION OF LIABILITY

Preferred shall in no event be liable for any loss, damage or delay arising from:

- A. Any failure to properly perform its duties hereunder if such failure is the result of circumstances beyond Preferred's control, including but not limited to, severely inclement weather, natural disasters, fire, flood, interruption of transportation, embargo, accident, emergency shortages of equipment, governmental orders, regulations, restrictions, by strike, lockout, or other labor troubles or any other cause beyond the control of Preferred.
- B. Preferred shall maintain in full force and effect during the term of this Agreement, business, general liability insurance and excess fidelity insurance. Upon written request, Preferred shall provide Client with proof of such insurance.

SECTION SEVEN

LAW

It is mutually understood and agreed that this Agreement shall be governed by the laws of the State of New York, both as to interpretation and performance.

SECTION EIGHT

NOTICE

Any written notice necessary or appropriate under this Agreement shall be deemed to be properly given if sent by United States Registered Mail to the party to be notified at the address set forth below or at such other address as either party may hereafter designate in writing. The date of service of any notice so sent by registered mail shall be deemed to be five (5) days after the mailing thereof.

SECTION NINE

AMENDMENT

Additions or modifications to this Agreement may be made as long as both parties agree in writing to such additions or modifications.

SECTION TEN

CONTACT PERSONNEL

PREFERRED DATA, INC.

T. Paul Collins, President
2200 Maxon Road
Schenectady, NY 12308
518-377-1327

FIRSTLINE TRUST 07

David L. Smith, President
McGinn, Smith Capital Holdings Corp.
99 Pine Street
Albany, NY 12207
518-449-5131

SECTION ELEVEN

Firstline Security, Inc. Firstline Trust 07 agrees to pay all charges billed to Client during the term of this Agreement.

SECTION TWELVE

ENTIRE AGREEMENT

This instrument embodies the entire agreement of the parties. There are no promises, terms, conditions, or obligations other than those contained herein.

IN WITNESS WHEREOF, and intending to be legally bound, Preferred and Client have caused this Agreement to be signed in their names by their duly authorized officers as of the date first above mentioned.

PREFERRED DATA, INC.

By: _____

Name: T. Paul Collins

Title: President

Date: _____

FIRSTLINE SECURITY, INC.

By: _____

Name: _____

Title: _____

Date: _____

FIRSTLINE TRUST 07

By: McGinn, Smith & Co., Inc., Trustee

By: _____

Name: David L. Smith

Title: President

Date: _____

**\$1,867,000 MAXIMUM
\$500,000 MINIMUM**

Firstline Trust 07

**CONTRACT CERTIFICATES
SIXTY MONTHS—11.00%**

**Private Placement
Memorandum**

**McGinn, Smith & Co., Inc.
Albany, New York**

May 19, 2007

No dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Memorandum and, if given or made, such information or representations must not be relied upon as having been authorized. This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer of solicitation in such jurisdiction. Neither the delivery of this Memorandum nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Trust since the date hereof or that the information contained herein is correct as of any time subsequent to its date. However, in the event of any material change, this Memorandum will be amended, supplemented or updated accordingly.

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