

upon reasonable notice to Agent.

SECTION 23. Sale or Transfer of Firstline. Prior to the payment of the Scheduled Amount, in the event of a sale or transfer of a controlling ownership interest in Firstline's business, Firstline shall, as a condition of such sale, transfer or disposition, obtain the consent of Agent (which consent shall not be unreasonably withheld, conditioned or delayed) and take all steps reasonably requested by the Agent to ensure that Firstline's obligations under the Financed Contracts and this Agreement shall not in any way be impaired or disrupted by such sale, transfer or disposition and that this Agreement shall continue as provided herein and shall be accepted and agreed to by the party to whom such sale, transfer or disposition has been made.

SECTION 24. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and unenforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Notwithstanding anything to the contrary herein contained, to the extent that the total of the Debt Service Amounts allocated to interest, received in any year exceeds the maximum interest rate permitted by law, then the amount so determined to be in excess shall be applied in reduction of the total Debt Service Amounts allocated to principal as set forth in Exhibit "A-1" attached hereto.

SECTION 25. Assignment.

(a) Firstline shall not assign any of its rights or responsibilities under this Agreement (other than its rights hereunder to contract with a Central Station) without the prior written consent of the Agent, which shall not be unreasonably withheld. The Agent may assign any or all of its rights and responsibilities under this Agreement without the consent of Firstline.

(b) Any assignment to the Agent of any Financed Contract shall be subject to the terms of this Agreement, notwithstanding anything to the contrary in the Agreement of Assignment or in any Financed Contract.

SECTION 26. Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 27. Notices. Every notice, report, remittance, consent or any instrument required or permitted to be given or made pursuant hereto shall be in writing and may be given by sending the same by facsimile, hand or courier delivery to the following addresses of the parties indicated herein and shall be effective when received:

If to Firstline: Trevor Keyes
Firstline Security, Inc.
370 West Center Street
Orem, Utah 84057

If to the Agent: Timothy M. McGinn
McGinn, Smith Funding, LLC
99 Pine Street — 5th Floor
Albany, New York 12207

The address at which notice may be given may be changed by giving notice of such change to the other party.

SECTION 28. Confidentiality. The parties hereto acknowledge the competitive value and confidential nature of all customer lists of Firstline and agree to use the customer lists or any of the names of the customers on a need to know basis.

SECTION 29. Intentionally Omitted.

SECTION 30. Personal Guaranties. Prior to the Funding Date, and as a certain precedent to the financing of the Contracts by the Agent, Firstline will cause Wright W. Thurston and Trevor Keyes (the "Guarantors") to execute and deliver guaranties to the Agent in the form of the continuing Guaranty set forth on Exhibit "E".

[Signatures follow on next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers or representatives as indicated below, as of the day and year first written above.

MCGINN, SMITH FUNDING, LLC (Agent)

By: 
Timothy M. McGinn, Chairman

FIRSTLINE SECURITY, INC. (Firstline)

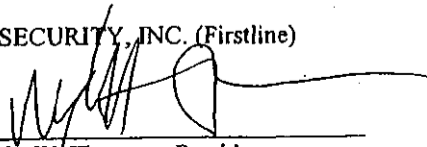
By: 
Wright W. Thurston, President

Exhibit "A"
Funding, Funding Price and Net Funding Price

- I. Funding Price: \$2,781,250
 - a. \$1,718,750 to be funded on May 10, 2007
 - b. \$1,062,500 to be funded on May 31, 2007.

- II. Net Funding Price: \$2,500,000
 - a. Funding Price of \$1,718,750 to be funded on May 10, 2007 less \$62,500 funding fee payable to McGinn, Smith & Co., Inc., of which \$25,000 has previously been received
 - b. Funding Price of \$1,062,500 to be funded on May 31, 2007 less \$62,500 funding fee payable to McGinn, Smith & Co., Inc.

- III. Additional Expenses:
 - a. Firstline agrees to reimburse Agent for attorneys fees incurred by Agent with respect to the implementation of the financing arrangement to which this Agreement applies. Such attorney fees are in the amount of \$93,750.
 - b. Firstline agrees to pay Agent the sum of \$62,500 to offset ongoing due diligence expenses to be incurred by Agent in monitoring the Contracts and other obligations of Firstline during the term of this Agreement.

Exhibit "A-I"

The Debt Service Schedule Amount shall be as follows:

| Month | Payment Date | | Debt Service Schedule |
|-------|--------------|------|--------------------------|
| 1 | May | 2007 | \$0 |
| 2 | June | 2007 | \$0 |
| 3 | July | 2007 | \$0 |
| 4 | August | 2007 | \$0 |
| 5 | September | 2007 | \$70,000 |
| 6 | October | 2007 | \$70,000 |
| 7 | November | 2007 | \$60,000 |
| 8 | December | 2007 | \$52,000 |
| 9 | January | 2008 | \$45,000 |
| 10 | February | 2008 | \$43,750 |
| 11 | March | 2008 | \$43,750 |
| 12 | April | 2008 | \$42,500 |
| 13 | May | 2008 | \$42,500 |
| 14 | June | 2008 | \$43,750 |
| 15 | July | 2008 | \$55,000 |
| 16 | August | 2008 | \$68,750 |
| 17 | September | 2008 | \$87,500 |
| 18 | October | 2008 | \$86,250 |
| 19 | November | 2008 | \$85,000 |
| 20 | December | 2008 | \$83,750 |
| 21 | January | 2009 | \$82,500 |
| 22 | February | 2009 | \$81,250 |
| 23 | March | 2009 | \$80,000 |
| 24 | April | 2009 | \$78,750 |
| 25 | May | 2009 | \$77,500 |
| 26 | June | 2009 | \$76,250 |
| 27 | July | 2009 | \$87,500 |
| 28 | August | 2009 | \$100,000 |
| 29 | September | 2009 | \$106,250 |
| 30 | October | 2009 | \$103,750 |
| 31 | November | 2009 | \$102,500 |
| 32 | December | 2009 | \$101,250 |
| 33 | January | 2010 | \$100,000 |
| 34 | February | 2010 | \$98,750 |
| 35 | March | 2010 | \$97,500 |
| 36 | April | 2010 | \$97,500 |
| 37 | May | 2010 | \$96,250 |
| 38 | June | 2010 | \$93,750 |
| 39 | July | 2010 | \$93,750 |
| 40 | August | 2010 | \$93,750 |
| 41 | September | 2010 | \$93,750 |
| 42 | October | 2010 | \$115,000 |
| 43 | November | 2010 | \$113,750 |
| 44 | December | 2010 | \$111,250 |

| | | | |
|----|-----------|------|-----------|
| 45 | January | 2011 | \$110,000 |
| 46 | February | 2011 | \$108,750 |
| 47 | March | 2011 | \$106,250 |
| 48 | April | 2011 | \$105,000 |
| 49 | May | 2011 | \$103,750 |
| 50 | June | 2011 | \$101,250 |
| 51 | July | 2011 | \$100,000 |
| 52 | August | 2011 | \$98,750 |
| 53 | September | 2011 | \$97,500 |
| 54 | October | 2011 | \$96,250 |
| 55 | November | 2011 | \$95,000 |
| 56 | December | 2011 | \$93,750 |
| 57 | January | 2012 | \$91,250 |
| 58 | February | 2012 | \$90,000 |
| 59 | March | 2012 | \$88,750 |
| 60 | April | 2012 | \$76,250 |

Any Debt Service Amount(s) not received by the Agent in month when due shall bear interest at the rate of 21.50% annum until paid.

Exhibit "A-2"

| Month | Payment Date | | Available Qualified RMR |
|-------|--------------|------|-------------------------|
| 1 | May | 2007 | \$0 |
| 2 | June | 2007 | \$0 |
| 3 | July | 2007 | \$50,000 |
| 4 | August | 2007 | \$87,500 |
| 5 | September | 2007 | \$125,000 |
| 6 | October | 2007 | \$175,000 |
| 7 | November | 2007 | \$175,000 |
| 8 | December | 2007 | \$175,000 |
| 9 | January | 2008 | \$175,000 |
| 10 | February | 2008 | \$175,000 |
| 11 | March | 2008 | \$175,000 |
| 12 | April | 2008 | \$175,000 |
| 13 | May | 2008 | \$175,000 |
| 14 | June | 2008 | \$175,000 |
| 15 | July | 2008 | \$175,000 |
| 16 | August | 2008 | \$175,000 |
| 17 | September | 2008 | \$175,000 |
| 18 | October | 2008 | \$175,000 |
| 19 | November | 2008 | \$175,000 |
| 20 | December | 2008 | \$175,000 |
| 21 | January | 2009 | \$175,000 |
| 22 | February | 2009 | \$175,000 |
| 23 | March | 2009 | \$175,000 |
| 24 | April | 2009 | \$175,000 |
| 25 | May | 2009 | \$175,000 |
| 26 | June | 2009 | \$175,000 |
| 27 | July | 2009 | \$175,000 |
| 28 | August | 2009 | \$175,000 |
| 29 | September | 2009 | \$175,000 |
| 30 | October | 2009 | \$175,000 |
| 31 | November | 2009 | \$175,000 |
| 32 | December | 2009 | \$175,000 |
| 33 | January | 2010 | \$175,000 |
| 34 | February | 2010 | \$175,000 |
| 35 | March | 2010 | \$175,000 |
| 36 | April | 2010 | \$175,000 |
| 37 | May | 2010 | \$175,000 |
| 38 | June | 2010 | \$175,000 |
| 39 | July | 2010 | \$175,000 |
| 40 | August | 2010 | \$175,000 |
| 41 | September | 2010 | \$175,000 |
| 42 | October | 2010 | \$175,000 |
| 43 | November | 2010 | \$175,000 |
| 44 | December | 2010 | \$175,000 |
| 45 | January | 2011 | \$175,000 |
| 46 | February | 201 | \$175,000 |
| 47 | March | 2011 | \$175,000 |
| 48 | April | 2011 | \$175,000 |
| 49 | May | 2011 | \$175,000 |
| 50 | June | 2011 | \$175,000 |
| 51 | July | 2011 | \$175,000 |

| | | | |
|----|-----------|------|-----------|
| 52 | August | 2011 | \$175,000 |
| 53 | September | 2011 | \$175,000 |
| 54 | October | 2011 | \$175,000 |
| 55 | November | 2011 | \$175,000 |
| 56 | December | 2011 | \$175,000 |
| 57 | January | 2012 | \$175,000 |
| 58 | February | 2012 | \$175,000 |
| 59 | March | 2012 | \$175,000 |
| 60 | April | 2012 | \$175,000 |

Exhibit "A-3"

Lock Box Fee

Exhibit "B"

Funding Date

Funding Date

May 10th, 2007

May 31, 2007

Exhibit "C"

Approved Form for Each Financed Contract

(consisting of a two-page printed form which follows)

Exhibit "D"

Limited Power of Attorney

LIMITED POWER OF ATTORNEY

State of UTAH)

) Know All Men By These Presents:

County of UTAH)

THIS LIMITED POWER OF ATTORNEY AGREEMENT (this "Power of Attorney") is made and entered into as of the 9th day of May, 2007 by and between Firstline Security, Inc., a Utah corporation ("Firstline") and McGinn, Smith Acceptance Corp., a Delaware corporation (with its successors and assigns, the "Agent"). Capitalized words or phrases not otherwise defined herein shall have the same meaning as those given to them in the Residential Monitoring Receivable Financing Agreement (the "Agreement"), dated as of May 9th, 2007, by and between Agent and Firstline.

WHEREAS, Firstline and Agent entered into the Agreement, whereby Firstline agreed to grant Agent a security interest in and to Firstline's right, title and interest in the related Monitoring Revenue Stream from certain identified Financed Contracts to the Agent at the time the Agent paid the Funding Price to Firstline (it being expressly acknowledged that Firstline retained all other right, title and interest in and to the Financed Contracts); and

WHEREAS, Firstline desires to appoint the Agent as Firstline's limited attorney-in-fact for the specific purposes set forth in this Power of Attorney.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which being hereby acknowledged by Firstline and the Agent, Firstline grants the Agent a limited power of attorney on the following terms and conditions:

Firstline, acting by and through Wright W. Thurston, its President, has made, constituted and appointed, and by these presents does name, constitute and appoint the Agent to be its lawful Agent and attorney-in-fact, effective upon an Event of Default under the Agreement, with respect to all matters in connection with the enforcement of the Agent's right to receive the Monitoring Revenue Stream from an Obligor in accordance with the terms and conditions of each such Financed Contract including instituting any legal or equitable proceedings against an Obligor to the extent Agent is authorized to take such action pursuant to the Agreement. Nothing in this Power of Attorney shall relieve Firstline of any of its obligations under Paragraph 16 of the Agreement. Firstline agrees to assist and cooperate with the Agent in its efforts under this Power of Attorney to collect the Monitoring Revenue Stream from an Obligor in accordance with the terms and conditions of the Contract.

Firstline hereby authorizes and empowers the Agent to execute and deliver, on behalf of Firstline, all instruments or documents with respect to the matter described in the preceding paragraph, necessary or appropriate to consummate the transactions with respect to the matter described in the preceding paragraph. Firstline agrees and represents to those dealing with the Agent that this Power of Attorney shall remain in full force and effect until the date upon which the Agent has received the Debt Service Amounts in full.

IN WITNESS WHEREOF, Firstline and the Agent have executed this instrument on this the 9th day of May, 2007.

FIRSTLINE SECURITY

By: [Signature]

Its: President

Funding LLC
MCGINN, SMITH ACCEPTANCE CORP.

By: [Signature]
Timothy M. McGinn, Chairman

STATE OF Utah)

) ss.:

COUNTY OF Utah)

On the 9th day of May in the year 2007 before me, the undersigned, personally appeared Wright Thurston, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.



[Signature]
NOTARY PUBLIC

STATE OF NEW YORK)

) ss.:

COUNTY OF ALBANY)

On the ___ day of _____ in the year 2007 before me, the undersigned, personally appeared Timothy M. McGinn, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

Exhibit "E"

Form of Continuing Guaranty

CONTINUING GUARANTY (Personal) New York

GUARANTOR:

Name

Residence Address

BORROWER:

Firstline Security, Inc.

Name

370 West Center Street, Orem, Utah 84057
Address

BANK:

McGinn, Smith Acceptance Corp., 99 Pine Street, 5th Floor, Albany, New York 12207**1) Guaranty.**

(a) Guarantor, intending to be legally bound, hereby unconditionally guarantees the full and prompt payment and performance of any and all of Borrower's Obligations (as defined below) to the Bank when due, whether at stated maturity, by acceleration or otherwise. As used in this Guaranty, the term "Obligations" shall mean any and all obligations, indebtedness and other liabilities of Borrower to the Bank now or hereafter existing, of every kind and nature and all accrued and unpaid interest thereon and all Expenses (as defined below) including without limitation, whether such obligations, indebtedness and other liabilities (i) are direct, contingent, liquidated, unliquidated, secured, unsecured, matured or unmatured; (ii) are pursuant to a guaranty or surety in favor of the Bank; (iii) were originally contracted with the Bank or with another party (including obligations under a guaranty or surety originally in favor of such other party); (iv) are contracted by Borrower alone or jointly with one or more other parties; (v) are or are not evidenced by a writing; (vi) are renewed, replaced, modified or extended; and (vii) are periodically extinguished and subsequently reincurred or reduced and thereafter increased. Guarantor will pay or perform his or her obligations under this Guaranty upon demand. This Guaranty is and is intended to be a continuing guaranty of payment (not collection) of the Obligations (irrespective of the aggregate amount thereof and whether or not the Obligations from time to time exceeds the amount of this Guaranty, if limited), independent of, in addition and without modification to, and does not impair or in any way affect, any other guaranty, indorsement, or other agreement in connection with the Obligations, or in connection with any other indebtedness or liability to the Bank or collateral held by the Bank therefor or with respect thereto, whether or not furnished by Guarantor. Guarantor understands that the Bank can bring an action under this Guaranty without being required to exhaust other remedies or demand payment first from other parties.

(b) Guarantor acknowledges the receipt of valuable consideration for this Guaranty and acknowledges that the Bank is relying on this Guaranty in making a financial accommodation to Borrower, whether a commitment to lend, extension, modification or replacement of, or forbearance with respect to, any Obligation, cancellation of another guaranty, purchase of Borrower's assets, or other valuable consideration.

2) **Continuing, Absolute, Unconditional.** This Guaranty is irrevocable, absolute, continuing, unconditional and general without any limitation (the "Guaranteed Amount").

3) Guarantor's Waivers & Authorizations.

(a) Guarantor's obligations shall not be released, impaired or affected in any way including by any of the following, all of which Guarantor hereby waives (i) any bankruptcy, reorganization or insolvency under any law of Borrower or that of any other party, or by any action of a trustee in any such proceeding; (ii) any new agreements or obligations of Borrower or any other party with the Bank; (iii) any adjustment, compromise or release of any Obligations of Borrower, by the Bank or any other party; the existence or nonexistence or order of any filings, exchanges, releases, impairment or sale of, or failure to perfect or continue the perfection of a security interest in any collateral for the Obligations; (iv) any failure of Guarantor to receive notice of any intended disposition of such collateral; (v) any fictitiousness, incorrectness, invalidity or unenforceability, for any reason, of any instrument or other agreement which may evidence any Obligation; (vi) any composition, extension, stay or other statutory relief granted to Borrower including, without limitation, the expiration of the period of any statute of limitations with respect to any lawsuit or other legal proceeding against Borrower or any person in any way related to the Obligations or a part thereof or any collateral therefor; (vii) any change in form of organization, name, membership or ownership of Borrower or Guarantor; (viii) any refusal or failure of the Bank or any other person prior to the date hereof or hereafter to grant any additional loan or other credit accommodation to Borrower or the Bank's or any other party's receipt of notice of such refusal or failure; (ix) any setoff, defense or counterclaim of Borrower with respect to the obligations or otherwise arising, either directly or indirectly, in regard to the Obligations; or (x) any other circumstance that might otherwise constitute a legal or equitable defense to Guarantor's obligations under this Guaranty.

(b) Guarantor waives acceptance, assent and all rights of notice or demand including without limitation (i) notice of acceptance of this Guaranty, of Borrower's default or nonpayment of any Obligation, and of changes in Borrower's financial condition; (ii) presentment, protest, notice of protest and demand for payment; (iii) notice that any Obligations has been

incurred or of the reliance by the Bank upon this Guaranty; and (iv) any other notice, demand or condition to which Guarantor might otherwise be entitled prior to the Bank's reliance on or enforcement of this Guaranty. Guarantor further authorizes the Bank, without notice, demand or additional reservation of rights against Guarantor and without affecting Guarantor's obligations hereunder, from time to time: (i) to renew, refinance, modify, subordinate, extend, increase, accelerate, or otherwise change the time for payment of, the terms of or the interest on the Obligations or any part thereof; (ii) to accept and hold collateral from any party for the payment of the any or all of the Obligations, and to exchange, enforce or refrain from enforcing, or release any or all of such collateral; (iii) to accept any indorsement or guaranty of any or all of the Obligations or any negotiable instrument or other writing intended to create an accord and satisfaction with respect to any or all of the Obligations; (iv) to release, replace or modify the obligation of any indorser or guarantor, or any party who has given any collateral for any of all of the Obligations, or any other party in any way obligated to pay any or all of the Obligations, and to enforce or refrain from enforcing, or compromise or modify, the terms of any obligation of any such indorser, guarantor or party; (v) to dispose of any and all collateral securing the Obligations in any manner as the Bank, in its sole discretion, may deem appropriate, and to direct the order and the enforcement of any and all indorsements and guaranties relating to the Obligations in the Bank's sole discretion; and (vi) to determine the manner, amount and time of application of payments and credits, if any, to be made on all or any part of the - Obligations including, without limitation, if this Guaranty is limited in amount, to make any such application to Obligations, if any, in excess of the amount of this Guaranty.

(c) Notwithstanding any other provision in this Guaranty until such time as the Capitalized Obligations are paid in full, Guarantor irrevocably waives, without notice, any right he or she may have at law or in equity (including without limitation any law subrogating Guarantor to the rights of the Bank) to seek contribution, indemnification or any other form of reimbursement from Borrower or any other obligor or guarantor of the Obligations for any disbursement made under this Guaranty or otherwise.

4) **Termination.** This Guaranty shall remain in full force and effect as to each Guarantor until actual receipt by the Bank officer responsible for Borrower's relationship with the Bank of written notice of Guarantor's intent to terminate (or Guarantor's death or incapacity) plus the lapse of a reasonable time for the Bank to act on such notice (the "Receipt of Notice"); provided, however, this Guaranty shall remain in full force and effect thereafter until all Obligations outstanding, or contracted or committed for (whether or not outstanding), before such Receipt of Notice by the Bank, and any extensions, renewals or replacements thereof (whether made before or after such Receipt of Notice), together with interest accruing thereon after such Receipt of Notice, shall be finally and irrevocably paid in full. Discontinuance of this Guaranty as to one Guarantor shall not operate as a discontinuance hereof as to any other guarantor. Payment of all of the Obligations from time to time shall not operate as a discontinuance of this Guaranty, unless a Receipt of Notice as provided above has been received by the Bank. Guarantor agrees that, to the extent that Borrower makes a payment or payments to the Bank on the Obligations, or the Bank receives any proceeds of collateral to be applied to the Obligations, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or otherwise are required to be repaid to Borrower, its estate, trustee, receiver or any other party, including, without limitation, under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such repayment, the obligation or part thereof which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the date such initial payment, reduction or satisfaction occurred, notwithstanding any contrary action which may have been taken by the Bank in reliance upon such payment or payments. As of the date any payment or proceeds of collateral are returned, the statute of limitations shall start anew with respect to any action or proceeding by the Bank against Guarantor under this Guaranty. Likewise, any acknowledgment, reaffirmation or payment, by Borrower or any third party, of any portion of the Obligations, shall be deemed to be made as agent for the Guarantor, strictly for the purposes of tolling the running of (and/or preventing the operation of) the applicable statute of limitations with respect to any action or proceeding by the Bank against Guarantor under this Guaranty.

5) **Expenses.** Guarantor agrees to reimburse the Bank on demand for all the Bank's expenses, damages and losses of any kind or nature, including without limitation costs of collection and actual attorneys' fees and disbursements whether for internal or external counsel incurred by the Bank in attempting to enforce this Guaranty, collect any of the Obligations including any workout or bankruptcy proceedings or other legal proceedings or appeal, realize on any collateral, defense of any action under the prior paragraph or for any other purpose related to the Obligations (collectively, "Expenses"). Expenses will accrue interest at the highest default rate in any instrument evidencing the Obligations until payment is actually received by the Bank.

6) **Financial and Other Information.** Guarantor shall provide annual personal financial statements and any other financial information requested by the Bank in form satisfactory to the Bank. Guarantor represents that his or her assets are not subject to any liens, encumbrances or contingent liabilities except as fully disclosed to the Bank in such statements. Guarantor warrants that all information Guarantor gives to the Bank at any time is correct, complete and not misleading. Guarantor resides at the above address and will notify the Bank officer named above immediately in writing upon any change in address. Guarantor understands this Guaranty and has satisfied himself or herself as to its meaning and consequences and acknowledges that it has made its own arrangements for keeping informed of changes or potential changes affecting the Borrower including the Borrower's financial condition.

7) **Security; Right of Setoff.** As further security for payment of the Obligations, Expenses and any other obligations of Guarantor to the Bank, Guarantor hereby grants to the Bank a security interest in all money, securities and other property of Guarantor in the actual or constructive possession or control of the Bank or its affiliates including without limitation all deposits and other accounts owing at any time by the Bank or any of its affiliates in any capacity to Guarantor in any capacity (collectively, "Property"). The Bank shall have the right to set off Guarantor's Property against any of Guarantor's obligations to the Bank. Such set-off shall be deemed to have been exercised immediately at the time the Bank or such affiliate elect to do so. The Bank shall also have all of the rights and remedies of a secured party under the Uniform Commercial Code, as the same may be in effect in the State of New York, as amended from time to time, in addition to those under this Guaranty and other applicable law and agreements.

8) **No Transfer of Assets.** Guarantor shall not transfer, reinvest or otherwise dispose of his or her assets in a manner or to an extent that would or might impair Guarantor's ability to perform his or her obligations under this Guaranty.

9) **Nonwaiver by the Bank; Miscellaneous.** This Guaranty is intended by Guarantor to be the final, complete and exclusive expression of the agreement between Guarantor and the Bank. This Guaranty may be assigned by the Bank, shall inure to the benefit of the Bank and its successors and assigns, and shall be binding upon Guarantor and his or her legal representative, successors and assigns and any participation may be granted by the Bank herein in connection with the assignment or granting of a participation by the Bank in the Obligations or any part thereof. All rights and remedies of the Bank are cumulative, and no such right or remedy shall be exclusive of any other right or remedy. This Guaranty does not supersede any other guaranty or security granted to the Bank by Guarantor or others (except as to Guarantor's Waiver of Subrogation rights above). No single, partial or delayed exercise by the Bank of any right or remedy shall preclude exercise by the Bank at any time at its sole option of the same or any other right or remedy of the Bank without notice. Guarantor expressly disclaims any reliance on any course of dealing or usage of trade or oral representation of the Bank including, without limitation, representations to make loans to Borrower or enter into any other agreement with Borrower or Guarantor. No course of dealing or other conduct, no oral agreement or representation made by the Bank or usage of trade shall operate as a waiver of any right or remedy of the Bank. No waiver or amendment of any right or remedy of the Bank or release by the Bank shall be effective unless made specifically in writing by the Bank. Each provision of this Guaranty shall be interpreted as consistent with existing law and shall be deemed amended to the extent necessary to comply with any conflicting law. If any provision nevertheless is held invalid, the other provisions shall remain in effect. Guarantor agrees that in any legal proceeding, a copy of this Guaranty kept in the Bank's course of business may be admitted into evidence as an original. Captions are solely for convenience and not part of the substance of this Guaranty. Payments made to the Bank by Guarantor (other than, directly or indirectly, from collateral or other persons or entities liable for any portion of the Obligations) after maturity of the Obligations, by acceleration or otherwise, shall reduce the Guaranteed Amount.

10) **Joint and Several.** If there is more than one Guarantor, each Guarantor jointly and severally guarantees the payment and performance in full of all obligations under this Guaranty and the term "Guarantor" means each as well as all of them. Guarantor also agrees that the Bank need not seek payment from any source other than the undersigned Guarantor. This Guaranty is a primary obligation. Guarantor's obligations hereunder are separate and independent of Borrower's, and a separate action may be brought against Guarantor whether or not action is brought or joined against or with Borrower or any other party.

11) **Notices.** Any demand or notice hereunder or under any applicable law pertaining hereto shall be in writing and duly given if delivered to Guarantor (at its address on the Bank's records) or to the Bank (at the address on page one and separately to the Bank officer responsible for Borrower's relationship with the Bank). Such notice or demand shall be deemed sufficiently given for all purposes when delivered (i) by personal delivery and shall be deemed effective when delivered, or (ii) by mail or courier and shall be deemed effective three (3) business days after deposit in an official depository maintained by the United States Post Office for the collection of mail or one (1) business day after delivery to a nationally recognized overnight courier service (e.g., Federal Express). Notice by e-mail is not valid notice under this or any other agreement between Guarantor and the Bank.

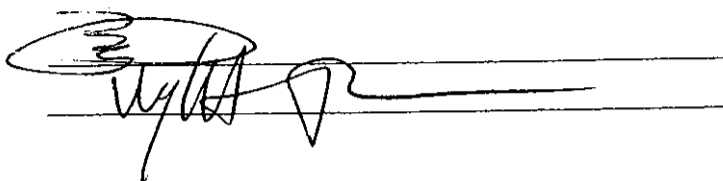
12) **Governing Law and Jurisdiction.** This Guaranty has been delivered to and accepted by the Bank and will be deemed to be made in the State of New York. Unless provided otherwise under federal law, this Guaranty will be interpreted in accordance with the laws of the State of New York excluding its conflict of laws rules. **GUARANTOR HEREBY IRREVOCABLY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT IN ANY JUDICIAL DISTRICT OR COUNTY IN THE STATE OF NEW YORK WHERE THE BANK MAINTAINS AN OFFICE AND CONSENTS THAT THE BANK MAY EFFECT ANY SERVICE OF PROCESS IN THE MANNER AND AT GUARANTOR'S ADDRESS SET FORTH ABOVE FOR PROVIDING NOTICE OR DEMAND; PROVIDED THAT NOTHING CONTAINED IN THIS GUARANTY WILL PREVENT THE BANK FROM BRINGING ANY ACTION, ENFORCING ANY AWARD OR JUDGMENT OR EXERCISING ANY RIGHTS AGAINST GUARANTOR INDIVIDUALLY, AGAINST ANY SECURITY OR AGAINST ANY PROPERTY OF GUARANTOR WITHIN ANY OTHER COUNTY, STATE OR OTHER FOREIGN OR DOMESTIC JURISDICTION.** Guarantor acknowledges and agrees that the venue provided above is the most convenient forum for both the Bank and Guarantor. Guarantor hereby waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Guaranty.

13) **Waiver of Jury Trial.** **GUARANTOR AND THE BANK HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHT TO TRIAL BY JURY GUARANTOR AND THE BANK MAY HAVE IN ANY ACTION OR PROCEEDING, IN LAW OR IN EQUITY, IN CONNECTION WITH THIS GUARANTY OR THE TRANSACTIONS RELATED HERETO. GUARANTOR REPRESENTS AND WARRANTS THAT NO REPRESENTATIVE OR AGENT OF THE BANK HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WILL NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THIS JURY TRIAL WAIVER. GUARANTOR ACKNOWLEDGES THAT THE BANK HAS BEEN INDUCED TO ENTER INTO THIS GUARANTY BY, AMONG OTHER THINGS, THE PROVISIONS OF THIS SECTION.**

Acknowledgment. Guarantor acknowledges that it has read and understands all the provisions of this Guaranty, including the Governing Law, Jurisdiction and Waiver of Jury Trial, and has been advised by counsel as necessary or appropriate.

GUARANTOR:

Soc. Sec. # 529353309
Soc. Sec. # 646-05-8509



NOTICE: FOR PURPOSES OF THIS AGREEMENT "OBLIGATIONS" IS NOT LIMITED TO PRESENTLY EXISTING INDEBTEDNESS, LIABILITIES AND OBLIGATIONS.

Dated: _____

ACKNOWLEDGMENT

STATE OF Utah)
COUNTY OF Utah : SS.)

On the 9th day of May, in the year 2007, before me, the undersigned, a Notary Public in and for said State, personally appeared Wright Thurston, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.


Notary Public



Schedule "A"

List of Contracts to be Financed by Agent

Schedule "B"

One Dollar (\$1.00) in the aggregate for all Financed Contracts purchased by the Agent from Firstline hereunder.

Exhibit "E"

Monitoring Receivable Financing Participation Agreement

MONITORING RECEIVABLE FINANCING PARTICIPATION AGREEMENT

This MONITORING RECEIVABLE FINANCING PARTICIPATION AGREEMENT (the "Agreement"), dated as of the 19th day of May, 2007, is among MCGINN SMITH CAPITAL HOLDINGS CORP., a New York corporation, having its principal place of business at 99 Pine Street – 5th Floor, Albany, New York 12207 (the "Trustee"), Firstline Sr. Trust 07, a New York common law trust, having its principal place of business at 99 Pine Street, 5th floor, Albany, NY 12207 (the "Senior Participant"), and FIRSTLINE TRUST 07, a New York common law trust, having its principal place of business at 99 Pine Street – 5th Floor, Albany, New York 12207 (the "Junior Participant"), (the Senior Participant and the Junior Participant being sometimes hereinafter collectively referred to as "Participants").

WITNESSETH

WHEREAS, McGinn, Smith Funding LLC, has entered into a Monitoring Receivable Financing Agreement (as hereinafter defined) with Firstline Security Inc. ("Firstline") pursuant to which it has provided financing to Firstline; and

WHEREAS, the Participants desire to purchase from McGinn, Smith Funding LLC a participation in the cash flow generated by said financing;

NOW THEREFORE, it is agreed as follows:

SECTION 1. DEFINITIONS. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings assigned to them in the Monitoring Receivable Financing Agreement.

SECTION 2. FINANCING OF CONTRACTS. From time to time, McGinn, Smith Funding LLC may arrange for the financing of Contracts from Firstline which satisfy the criteria specified herein and in the Monitoring Receivable Financing Agreement. The financing by Participants of one or more Contracts will not obligate the Participants to finance any other Contracts.

SECTION 3. MONITORING RECEIVABLE FINANCING AGREEMENT. McGinn Smith Funding LLC, a New York Corporation and Firstline Security Inc., a Utah Corporation entered into a Monitoring Receivable Financing Agreement dated as of May 9, 2007 (the "Monitoring Receivable Financing Agreement") which is attached hereto as Exhibit "A" and which forms part of this Agreement. ;

SECTION 4. WARRANTIES AND REPRESENTATIONS OF THE PORTFOLIO MANAGER. McGinn, Smith Funding LLC hereby makes the following representations and warranties to the Participants:

(a) McGinn, Smith Funding LLC is a duly formed limited liability company, validly existing and in good standing under the laws of the State of New York.

(b) The execution, delivery and performance by McGinn, Smith Funding LLC of this Agreement and the Monitoring Receivable Financing Agreement, the consummation of the transactions contemplated hereby and thereby and compliance with the provisions of this Agreement and the Monitoring Receivable Financing Agreement by McGinn, Smith Funding LLC (i) are within McGinn, Smith Funding LLC's limited liability company powers; (ii) have been duly authorized by all necessary and proper action on the part of McGinn, Smith Funding LLC; and (iii) do not and will not require the consent of any party (which has not heretofore been received) and will not result in a breach of, or default under, any loan or credit agreement, indenture, business agreement, mortgage, guarantee or other agreement or instrument to which McGinn, Smith Funding LLC is a party or by which it is bound; or conflict with or violate any existing law, rule, regulation, judgment, order or decree of any governmental instrumentality, agency or court having jurisdiction over McGinn, Smith Funding LLC or any of its properties. This Agreement and the Monitoring Receivable Financing Agreement have been duly executed and delivered by McGinn, Smith Funding LLC and constitute the legal, valid and binding obligations of McGinn, Smith Funding LLC, enforceable against McGinn, Smith Funding LLC in accordance with their respective terms.

(c) There is no action, litigation, suit, proceeding, inquiry, or investigation, either at law or in equity or before any court, public body or board, pending, or, to the best of McGinn, Smith Funding LLC's knowledge,

threatened against or affecting McGinn, Smith Funding LLC which involves the possibility of materially or adversely affecting the property, business, profits or conditions (financial or otherwise) of McGinn, Smith Funding LLC.

SECTION 5. COVENANTS OF MCGINN, SMITH FUNDING LLC. McGinn, Smith Funding LLC hereby covenants as follows:

(a) Credit Standards: Each Financed Contract shall be duly inspected by McGinn, Smith Funding LLC, reviewed for creditworthiness and approved pursuant to the credit standards and procedures set forth in the Monitoring Receivable Financing Agreement.

(b) Required Due Diligence Matters: McGinn, Smith Funding LLC shall obtain and review, as to Firstline, the documents described in Exhibit C attached hereto and made a part hereof. McGinn, Smith Funding LLC has delivered to the Senior Participant true and correct copies of all such documents and shall make available all such documents to the Junior Participant upon its request. McGinn, Smith Funding LLC will not include any Contract in a Portfolio if, as of the date of such inclusion: (i) such financing would violate the terms or provisions of the Firstline certificate of incorporation or by-laws; (ii) Firstline is not in good standing in its State of domicile; (iii) Firstline has any franchise, income or other similar taxes due and owing to any governmental agency or authority; (iv) any such Contract is subject to any lien or security interest other than the lien and security interest under the Monitoring Receivable Financing Agreement; (v) any judgment has been filed against Firstline and remains unsatisfied; (vi) the Central Station which Firstline has contracted with to provide Monitoring Services (the "Central Station") is not duly licensed to transact business as a security monitoring company in its State of domicile or in any state in which it is performing monitoring services where such license is required; (vii) the Central Station has not agreed (A) to provide the Agent notice when payments from Firstline are more than 30 days past due and (B) that it will not suspend service with respect to the Financed Contracts without having provided McGinn, Smith Funding LLC at least 10 days' notice; or (viii) Firstline or such Central Station has failed to maintain general liability insurance coverage in a minimum amount of \$1,000,000.00 as set forth in the Monitoring Receivable Financing Agreement.

(c) Contract Standards: Each Contract shall (i) have a term not to exceed 60 months; (ii) require the Obligor to pay a monitoring fee not to exceed \$60.00 per month; and (iii) meet all other criteria specified herein and in the Monitoring Receivable Financing Agreement.

(d) Contract Compliance: Firstline shall have all Financed Contracts and forms therefor reviewed by its counsel and shall warrant and represent to McGinn, Smith Funding LLC that the Contracts (i) are legal, valid and binding obligations of the parties thereto, enforceable in accordance with their terms and (ii) comply with all federal, state and local laws, rules and regulations.

SECTION 6. FORMS AND CREDIT DATA. Each Financed Contract shall be in form and substance satisfactory to Participants and shall be held by McGinn, Smith Funding LLC for the benefit of the Participants, accompanied by:

(a) the bona fide, original contract obligation instrument and all other original documents executed by the Obligor thereon;

(b) a receipt or other written proof that the Obligor thereon has paid cash for his Security Alarm System; and

(c) if the Obligor has financed his Security Alarm System, written evidence that a reputable financial institution has approved the Obligor's Credit.

SECTION 7. CONTRACT FINANCING. Participants will be provided a yield on each financed Contract as follows:

| | |
|---------------------------|--------|
| Senior Participant Yield: | 9.25% |
| Junior Participant Yield: | 11.00% |

SECTION 8. COLLECTIONS AND SERVICING. Firstline, pursuant to the terms of the Monitoring Receivable Financing Agreement, shall (a) bill for and provide all required collection services necessary to effect payment of the underlying Obligations by the Obligors on the Financed Contracts, including delivering to each Obligor a monthly payment advanced billing and (b) direct all Obligor Payments to a lockbox remittance processing and date capture

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 desposited 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 fulfills all of its 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: FIRSTLINE SR. TRUST 07
99, Pine Street, 5th Floor
Albany, NY 12207
Attn: David Rees
Telephone: (518) 449-5131
Telecopy: (518) 449-4894

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 SR. 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 "A"

MONITORING RECEIVABLE FINANCING AGREEMENT

EXHIBIT "B"

PAYMENTS TO SENIOR PARTICIPANT

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 | \$11,263 | \$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 | 1.77 |
| 37 | June 2010 | \$175,000 | \$96,250 | \$260,726 | \$2,010 | \$77,126 | \$79,136 | \$183,600 | 1.83 |
| 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 | 4.26 |
| 40 | September 2010 | \$175,000 | \$93,750 | \$32,579 | \$251 | \$32,579 | \$32,830 | \$0 | |

EXHIBIT "B-1"

PAYMENTS TO JUNIOR PARTICIPANT

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 "C"

DUE DILIGENCE DOCUMENTATION

☐ PRELIMINARY SPONSOR INFORMATION:

☐ Sample Contracts

☐ CORPORATE DOCUMENTATION:

☐ Certificate of Incorporation

☐ Corporate By-Laws

☐ State of Utah Certificate of Good Standing

☐ Copy of General Liability Insurance Policy

☐ Current UCC Searches, Judgment & Tax Lien Searches

☐ Franchise Tax Search

☐ Recent Financial Statement

EXHIBIT "D"

LOCKBOX AGREEMENT

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 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

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. 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: _____

MCGINN, SMITH CAPITAL HOLDINGS CORP., TRUSTEE

By: _____

Name: David L. Smith

Title: President

Date: _____

**\$1,850,000 MAXIMUM
\$500,000 MINIMUM**

Firstline Sr. Trust 07

**CONTRACT CERTIFICATES
FORTY MONTHS—9.25%**

**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.

Table of Contents:

| | <u>Page</u> |
|--|-------------|
| Who may Invest | 3 |
| Summary of the Offering | 4 |
| Risk Factors | 5 |
| Use of Proceeds | 7 |
| The Trust Fund | 7 |
| Monitoring | 9 |
| Description of Trust Agreement and the Certificates | 12 |
| Conflicts of Interest | 13 |
| The Trustee | 14 |
| Suitability | 14 |
| Terms of the Offering | 16 |
| Plan of Distribution | 16 |
| Disclaimer of Liability of Trustee | 17 |
| Income Tax Consideration | 17 |
| Legal Matters | 18 |
| Table of Contents and Exhibits | 19 |
| Additional Information | 19 |