Overview of EFT Network's
Accounts Receivable Conversion Solution
for
Property Management Companies

In the Property Management industry, there is a great need to efficiently manage and process monthly rent payments. With EFT Network's electronic ACH processing solutions, you can enable your tenants to have their monthly payment made automatically from their checking or savings account. Our comprehensive check processing system, along with our complete line of image capture devices provides an easy and convenient payment method for your tenants, while speeding the processing of funds for you.

Electronic Check Payment and Deposit Processing Solution

Our ARC / Check 21 Solution in conjunction with our Image Replacement Document (IRD) technology easily processes and deposits any type of paper check received via the U.S. mail or at payment locations, deposited as an electronic or Check 21 transaction, all through a single system.

Seamlessly capture accurate check images and MICR data information, which automatically appears in the data entry fields, alleviating manual data entry work for you. Plus, ARC / Check 21 Solution helps you manage your business transactions online. You receive 24/7 access to view or modify your transactions with the ability to upload files into your data processing or accounts receivable system.

How Long will it take to Process Payments?

EFT Network conducted time tests comparing traditional check payment and deposit processing methods versus utilizing our ARC / Check 21 Electronic Check Payment and Deposit Processing Solution.

On average, it took administrative staff approximately 45 minutes to process 100 paper based check payments for deposit, _Not Including the Trip to the Bank_. This effort included entering the payment data on a deposit slip, tallying the amounts, and making a copy of the front of each check.

Benefits for YOU

Easy to Use Web Based System
No software to install, all you need is a personal computer, internet access and a scanner.

Fast and Accurate
Automatically reads the dollar amount off a check and populates the appropriate field.

Increase Office Efficiency
Upload processed payment information to your accounts receivable system.

Electronic Deposits
Improves cash flow and simplifies deposits for faster funds availability.

Block List
Block specific customers from passing checks which may be insufficient.

Multiple Depository Accounts
Enter multiple invoices and amounts in one simple function.

Memorization Technology
Memorizes customer unique identifier which alleviates manual data entry.

Customizable FlexFields
Ability to create and generate fields based on your specific needs.

Using EFT Network's ARC / Check 21 Electronic Check Payment and Deposit Processing Solution, the same staff, processing the same 100 checks took, on average, _a consistent 15 minutes to process!_ This represented a full ½ hour savings over traditional methods…and….did not even include the time savings of NOT HAVING TO GO TO THE BANK!
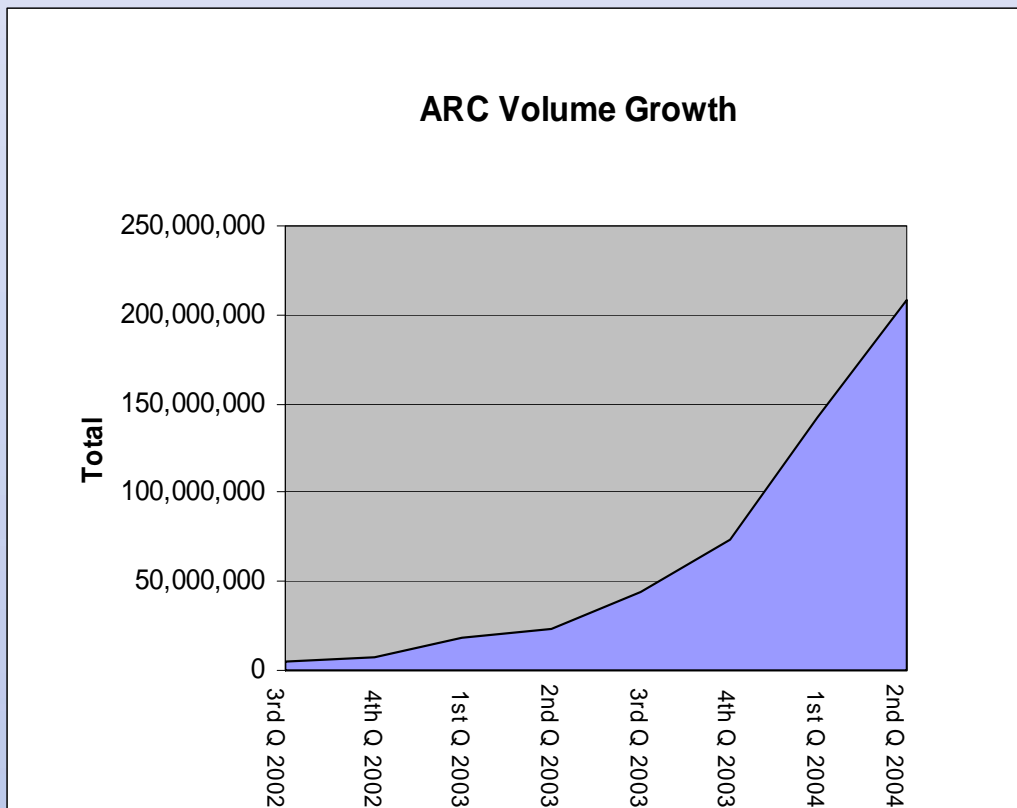
Please see the attached Business Case Comparison Studies for the processing of 500 and 2,000 check payments per month. The results will interest you.

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What is the ACH?

All transactions are routed over the Internet, through the ACH. The ACH stands for the Automated Clearing House. The ACH is the electronic financial network that connects banks to one another and the Federal Reserve, and is the predominant vehicle used in the United States to clear and transact financial debits and credits between businesses and consumers. The ACH is a quasi-government developed system, operating with the oversight of NACHA (the National Automated Clearing House Association) and Federal banking regulators. It features a highly refined banking transaction capability, coupled with a high level of accuracy, speed and security.

NACHA has developed various transaction programs, one of which is known as the Accounts Receivable Conversion Program or ARC for short. The ARC program provides for the conversion of consumer paper checks and is the foundation from which EFT Network's ARC / Check 21 Solution is developed. EFT Network designed its system to optimize the advantages of the recently enacted Check 21 Law, enabling it to simultaneously process ALL types of paper check payments, through a single system. This feature is patent pending and unique to EFT Network. ARC use in enjoying significant growth and acceptance by both billers and consumers alike as evidenced by NACHA's most recent reports:

ARC Volume Growth

(Area chart showing Total ARC volume growing from near 0 in 3rd Q 2002 to approximately 210,000,000 in 2nd Q 2004. Y-axis "Total" ranges from 0 to 250,000,000 in increments of 50,000,000. X-axis shows quarters: 3rd Q 2002, 4th Q 2002, 1st Q 2003, 2nd Q 2003, 3rd Q 2003, 4th Q 2003, 1st Q 2004, 2nd Q 2004.)

Source: NACHA - The Electronic Payments Association
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What are The Costs ?

The Costs to deploy EFT Network's ARC / Check 21 Electronic Check Payment & Deposit Processing Solution are as follows:

Program Set-Up and Recurring Costs:

- There is a one-time setup and programming fee.
- There is a recurring monthly account service fee.
- There are <u>no</u> software or license or franchise or batch fees.

Payment Transaction Processing Costs:

- Fees & costs for payment transaction processing activities are unit/transaction/volume based, not % based like credit cards.
- All checks processed are credited to the designated account for their full face amount; all payment processing transaction fees & costs are billed at the end of each month.
- Please advise on your historical NSF return rates, and we can quote a fee for handling NSF returns.
- There are no other fees or costs to the Property Management company.

Scanners :

The selection of the scanner necessary to image and capture the check MICR data is almost purely based on the volume of checks you are processing on a monthly basis. It is also important to consider the volume of checks experienced during specific periods, ie. End or Beginning of monthly payment cycles. We have established national buying programs with suppliers to make scanner procurement easy, with a next day replacement program should there be any difficulties.

Digital Check

- **CX30 w/ inkjet**
- **TS-215 w/ inkjet**
- **TS230-65 w/ inkjet**
- **TS-350** w/ inkjet**
- **TS-400** w/ inkjet**

MagTek

- **MICR-Imager**

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The following comparison is based on a Property Management Company receiving **500** Check Payments per month (25 checks per business day) with a 1% NSF return rate, and making 1 bank deposit run per business day, with Administrative staff @ approx. $42K per year salary. EFT Network's ARC / Check 21 Solution includes an investment in a Digital Check TS230-65 Scanner, which equipment costs $1,295.

Bank as Usual

Check Deposit Processing Time:
25 Chks/Day = 15 Minutes to process
1/4 Hr./Day x 20 Days x $20/Hr. = $100.

Deposit Costs:
500 Checks @ $0.10 per check
500 x $0.10 = $50.

Monthly Service Charge:
Allow $25.

NSF Return Fee:
1% of 500 Checks = 5 NSF Checks
5 NSF checks x $10/Chk. = $50.

Bank Run Cost:
20 days x 1 Hr./Run x $20/hr. = $400.

Total Cost = $625.

EFT Network Program

Check Deposit Processing Time:
25 Chks/Day = 5 Minutes to process
.083 Hr./Day x 20 Days x $20/Hr. = $34.

Deposit Costs:
500 Checks @ $0.25 per check
500 x $0.25 = $125.

Monthly Service Charge:
Allow $25.

NSF Return Fee:
1% of 500 Checks = 5 NSF Checks
5 NSF checks x $5/Chk. = $25.

Bank Run Cost:
No Bank Runs Required = $0

Total Cost = $209.

Savings of over $400+ per month allows 3 Month Payback on Scanner Cost!

Savings of over 23 Man hours Per Month Due to Reduced Processing Time & No Bank Runs!

Other Points to Consider

Availability of Funds:
2/3/4 days or ??

Advice of NSF Return Activity:
Notice in 7-10-14 days

NSF Re-Presentment Oppty's:
Can represent only 1 addt'l time in paper

Payment Document Management:
Look up copies of checks in paper file

Integration into A/R or R/P Software:
Separately key pay data into system

Availability of Funds:
24-48 Hour Funds Availability

Advice of NSF Return Activity:
Notice in 3-5 days

NSF Re-Presentment Oppty's:
Can represent only 2 addt'l times electronically

Payment Document Management:
24/7 on-line access to check images, print

Integration into A/R or R/P Software:
Upload pay data into system

<p style="text-align:center">Overview of EFT Network's</p>

Accounts Receivable Conversion Solution

<p style="text-align:center">for</p>

Property Management Companies

The following comparison is based on a Property Management Company receiving **2,000** Check Payments per month (100 checks per business day) with a 1% NSF return rate, and making 1 bank deposit run per business day, with Administrative staff @ approx. $42K per year salary. EFT Network Program includes an investment in a Digital Check TS230-65 Scanner, which equipment costs $1,295.

Bank as Usual

Check Deposit Processing Time:
100 Chks/Day = 45 Minutes to process
$^{3/4}$ Hr./Day x 20 Days x $20/Hr. = $300.

Deposit Costs:
2,000 Checks @ $0.10 per check
2,000 x $0.10 = $200.

Monthly Service Charge:
Allow $25.

NSF Return Fee:
1% of 2,000Checks = 20 NSF Checks
20 NSF checks x $10/Chk. = $200.

Bank Run Cost:
20 days x 1 Hr./Run x $20/hr. = $400.

Total Cost =   **$1,125.**

EFT Network Program

Check Deposit Processing Time:
100 Chks/Day = 15 Minutes to process
$^{1/4}$ Hr./Day x 20 Days x $20/Hr. = $100.

Deposit Costs:
2,000 Checks @ $0.25 per check
2,000 x $0.25 = $500.

Monthly Service Charge:
Allow $25.

NSF Return Fee:
1% of 2,000 Checks = 20 NSF Checks
20 NSF checks x $5/Chk. = $100.

Bank Run Cost:
No Bank Runs Required = $0

Total Cost =   **$725.**

Savings of over $400 per month allows 3 Month Payback on Scanner Cost!

Savings of 30 Man hours Per Month Due to Reduced Processing Time & No Bank Runs!

Other Points to Consider

Availability of Funds:
2/3/4 days or ??

Advice of NSF Return Activity:
Notice in 7-10-14 days

NSF Re-Presentment Oppty's:
Can represent only 1 addt'l time in paper

Payment Document Management:
Look up copies of checks in paper file

Integration into A/R or R/P Software:
Separately key pay data into system

Availability of Funds:
24-48 Hour Funds Availability

Advice of NSF Return Activity:
Notice in 3-5 days

NSF Re-Presentment Oppty's:
Can represent only 2 addt'l times electronically

Payment Document Management:
24/7 on-line access to check images, print

Integration into A/R or R/P Software:
Upload pay data into system

Other Information of Interest

- We normally require no more than 5-7 days to complete the set-up process, and assist you with procuring a scanner.
- NACHA requires compliance with various rules they have instituted for the ARC program:

  (1) Checks, after scanning, be destroyed within 14 days, to prevent re-entry in the paper deposit process. We advise simply stamping them 'ACH Processed' or to simply shred them after processing. Remember, images of the checks are always available on-line, 24/7.

  (2) Notification to consumers of the fact that their paper checks are being converted into electronic transactions. They will not get their checks back. The transaction will appear under the electronic banking activity portion of their monthly statements.

  (3) NACHA also requires an 'opt-out' feature. Historically, less than 1% of consumers opt out of the program. We can provide details and wording for compliance with these requirements.

- <u>Alternatively</u>, we can process ALL of the checks as Check 21 Compliant Image Replacement Documents, without **any** Notification or Authorization issues.
- We suggest that you include news flyers or bill stuffers advising your customers of this new payment system. This will increase overall consumer understanding and reduce questions.
- We also provide very attractive Secondary Collections Services for all NSF items received through the Program.

Flexible Payment Options

EFT Network's products and services are highly scalable and adaptable within all business environments via our secure state-of-the-art web hosted software network.

Automated Recurring Payments offers tenant's the ability to establish flexible payment options to pay their rent, utilizing regularly scheduled recurring payments from their bank account.

Telephone Checks electronically debit a tenant's bank account for your one time monthly rent payment, instantly over the phone.

Web Checks enables tenant's with the ability to initiate a payment transaction via your website.

Electronic Check Re-Presentment electronically re-present any monthly rent payment checks that are returned to you as Non-Sufficient Funds (NSF) to help save you time and money in the costly collection process as well as reducing bank re-deposit charges.

Centralized Returns gives you the opportunity to develop significant savings to your tenant's, plus with the ability to immediately start working on returned checks.

Getting Started

To learn more about our products and services, or to arrange a Web Demo, contact:

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