



# SAKAI FINANCIAL SERVICES PROGRAM GUIDE

**SAKAI FINANCIAL SERVICES**

A PROGRAM BY ENGS COMMERCIAL FINANCE CO.

## PROGRAM GUIDE OVERVIEW:

I. Program Overview

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II. Transaction Processing

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III. Credit Tiers

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IV. Current Special Offers

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V. Standard Offerings

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VI. Frequently Asked Questions

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VII. Contacts

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## I. PROGRAM OVERVIEW

Sakai Financial Services, a Program by ENGS Commercial Finance Co., offers **exclusive** retail and dealer owned rental fleet (DORF) finance options to support the sale of Sakai compaction machinery. Our purpose is to assist the OEM and dealers in growing sales and market share. Sakai Financial Services is **the only provider** of mark-to-market programs that put Sakai rollers on equal footing with competitive-brand units. Because Sakai Financial Services is powered by ENGS, one of the country's largest independent equipment lenders, our wide credit box and ability to creatively structure transactions will capture the vast majority of applicants looking to finance Sakai machines.

Sakai Financial Services will offer standard equipment finance loans on terms as short as 24 months and as long as 84 months. Such loans may have term-length amortizations, or they may amortize over a longer term by utilizing a balloon payment at the end of the term, thereby lowering a customer's monthly payments. To meet the cash flow needs of the utmost number of customers, ENGS can structure contracts with opening or seasonal skip payments or payments that increase (step payments) over a set period of time.

With the ever-growing importance of equipment rental in the construction machinery space, Sakai Financial Services' appetite to fund rental purchase option (RPO) structures, rental conversions, DORFs, and rental house fleets will be integral to the success of the contemplated finance program with Sakai. Owing to our deep understanding of the market and goal to make equipment sales as easy as possible, Sakai Financial Services will treat rental conversion units as new equipment and apply all rental equity as down payment and will provide dealers and rental houses with flexible early buyout and asset swap policies for sales out of rental fleets.

## II. TRANSACTION PROCESSING

Sakai Financial Services is committed to providing an expeditious, user-friendly transaction process. This begins with application entry through our online dealer portal or via physical application submittal. You may send your application to your local business development manager or, for faster processing, email it to our dedicated office's sales support team.

Business will be underwritten up to \$500,000 in total exposure per customer on an application-only basis. Transactions taking potential total customer exposure over \$500,000 will require full financial disclosure. At a minimum, this will come in the form of 2 years' reviewed or audited financial statements, including all notes thereto, or 2 years' tax returns and compiled or internal financial statements. Additional information that may be required at the credit analyst's discretion may include interim financial statements, debt schedules, work-in-progress schedules, and personal financial statements of the owners.

From there, our team of highly experienced construction equipment credit lenders will review each transaction, quickly passing through the easy approvals on A and B+ credits before initiating more thorough reviews of lesser-rated credits. Pricing is pre-determined based on credit tier and rates are published monthly. Approvals will be sent to the appropriate contact at the dealership immediately upon application approval. If there are any issues with the credit that require additional investigation, your Sakai Financial Services BDM or sales support representative will follow up with you and/or the customer, as appropriate.

Sakai Financial Services has 3 primary options for delivering contracts for signature: 1) E-docs sent directly to the customer for online digital signing, 2) PDF documents delivered directly to the customer to sign and return, and 3) PDF documents sent to the dealer to have customer sign. The fastest way to bring transactions to funding is via the E-doc option, which only requires having a unique email address (i.e., not estimates@xyzcompany.com) for the signer.

### III. CREDIT TIERS

Sakai Financial Services utilizes a risk-based pricing methodology that will allow us to price less credit-worthy transactions accordingly to compensate for the increased risk. This, in turn, allows for a higher approval rate, equating to more sales for Sakai America and its dealers. Customers will be broken down into A, B and C credit tiers, and Sakai Financial Services will provide a standard rate card at the beginning of every calendar month with corresponding rates for each credit tier. We may also provide special pricing for certain transactions.

Approved credits will be graded as A, B, and C based on their respective qualities. In an effort to provide transparency for Sakai and its dealer network, the parameters of that grading system for application-only transactions are described herein:

**A Credits** – Minimum PG CBR of 700, PayNet master score 660+ with comparable debt (minimum 80% of application amount) and 130+ payment history, no 31+ day late payments in last 12 mos.

**B Credits** – Minimum PG CBR of 680, PayNet master score 640+ with comparable debt (minimum 80% of application amount) and 50+ payment history, no 31+ day late payments in last 12 mos.

**C Credits** – Minimum PG CBR of 640, PayNet master score 630+ with comparable debt (minimum 80% of application amount) and 25+ payment history, no 31+ day late payments in last 12 mos.

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## IV. CURRENT SPECIAL OFFERS EXCLUSIVELY FROM SAKAI FINANCIAL SERVICES

### APP-ONLY PRICING THIS MONTH, 12 EQUAL PAYMENTS

#### A Pricing

Term (In Months)	24	36	48	60	72
Customer Rate	0.00%	0.00%	1.15%	1.85%	2.30%
Payment Factor	0.04167	0.02778	0.02133	0.01746	0.01488

#### B Pricing

Term (In Months)	24	36	48	60	72
Customer Rate	0.00%	0.75%	1.85%	2.55%	3.05%
Payment Factor	0.04167	0.02810	0.02163	0.01777	0.01522

#### C Pricing

Term (In Months)	24	36	48	60	72
Customer Rate	0.00%	1.69%	2.85%	3.55%	4.00%
Payment Factor	0.04167	0.02851	0.02207	0.01822	0.01565

### APP-ONLY PRICING THIS MONTH, SKIP PAYMENTS JAN-MAR

#### A Pricing

Term (In Months)	24	36	48	60	72
Customer Rate	0.00%	0.00%	1.15%	1.85%	2.30%
Payment Factor	0.05556	0.03704	0.02846	0.02331	0.01988

#### B Pricing

Term (In Months)	24	36	48	60	72
Customer Rate	0.00%	0.75%	1.85%	2.55%	3.05%
Payment Factor	0.05556	0.03749	0.02888	0.02374	0.02033

#### C Pricing

Term (In Months)	24	36	48	60	72
Customer Rate	0.00%	1.70%	2.85%	3.55%	4.00%
Payment Factor	0.05556	0.03806	0.02948	0.02435	0.02092

*\*New model year 2017 and newer machines only. Applies to dealer owned rental fleet units. Low rate program utilization requires replacement order to dealer inventory.*



## V. STANDARD OFFERINGS

### APP-ONLY PRICING THIS MONTH, 12 EQUAL PAYMENTS

#### A Pricing

Term (In Months)	24	36	48	60	72
Customer Rate	4.97%	4.89%	4.87%	4.86%	4.87%
Payment Factor	0.04386	0.02992	0.02297	0.01881	0.01605

#### B Pricing

Term (In Months)	24	36	48	60	72
Customer Rate	5.72%	5.65%	5.62%	5.61%	5.62%
Payment Factor	0.04420	0.03027	0.02331	0.01915	0.01640

#### C Pricing

Term (In Months)	24	36	48	60	72
Customer Rate	6.72%	6.65%	6.62%	6.61%	6.62%
Payment Factor	0.04465	0.03072	0.02377	0.01962	0.01687

### APP-ONLY PRICING THIS MONTH, SKIP PAYMENTS JAN-MAR

#### A Pricing

Term (In Months)	24	36	48	60	72
Customer Rate	4.97%	4.89%	4.87%	4.86%	4.87%
Payment Factor	0.05868	0.04003	0.03073	0.02516	0.02147

#### B Pricing

Term (In Months)	24	36	48	60	72
Customer Rate	5.72%	5.65%	5.62%	5.61%	5.62%
Payment Factor	0.05916	0.04051	0.03121	0.02564	0.02195

#### C Pricing

Term (In Months)	24	36	48	60	72
Customer Rate	6.72%	6.65%	6.62%	6.61%	6.62%
Payment Factor	0.05981	0.04115	0.03184	0.02628	0.02260

## VI. FREQUENTLY ASKED QUESTIONS

1. Why should I use you and not XYZ captive/preferred lender?
    - a. Via our low-rate program, we offer the best possible terms you can provide for your customers, **unmatched by any other lender**.
    - b. We are not a bank, meaning we are more flexible and aggressive than such lenders and not as constrained by compliance requirements. This allows us to do more deals and help you sell more equipment.
    - c. As your source for financing Sakai equipment, we provide you greater control over the transaction and the customer by working closely with you before, during, and after the transaction process.
    - d. We are ingrained with Sakai's strategy, both at a national/corporate level and at the individual dealer level, developing account plans for each territory and dealer to help maximize sales results.
  2. What is the cash-in-lieu if I don't take the financing?
    - a. This will vary depending on the time of year and finance program, but, if there is any cash-in-lieu, it will be less than what it takes to use any other lender to match our payments.
  3. If you're our captive, why can't you do this deal?
    - a. Not all deals are approvable, even for an ingrained finance partner. With our deep industry knowledge and robust delinquency and default metrics, we are confident in our ability to identify the tougher credits that will pay out, deals that need some extra collateral support (down payment), and customers that just aren't likely to make it through the contract term.
  4. How can we submit applications? Do we have to use your application form?
    - a. There are several options available to dealers when it comes to submitting applications to Sakai Financial Services:
      - i. Use our online portal to submit applications directly into our credit processing system.
      - ii. Submit an application to your Inside Sales Representative via email.
      - iii. Have your Inside Sales Representative call your customer and take and application over the phone.
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- b. Across the industry, equipment finance credit applications generally have the same requirements. As such, Sakai Financial Services is happy to accept credit applications on other lenders' forms.
5. Does Sakai Financial Services offer leases?
    - a. Yes, lease options are available and we will apply subsidy to lower the customer's payments even further.
  6. Is the low-rate program available for all credits, or just A credits?
    - a. Yes! Sakai Financial Services tiers credits and associated rates, but we offer program rates at all approved credit levels. These program rates will be published monthly, so you know what rates are available.
  7. Will Sakai Financial Services pay a dealer fee or sales commission?
    - a. We can pay commissions on non-program business (used equipment, rental conversions, non-Sakai equipment). This will not apply to financing covered by the low-rate program.
  8. Can you finance non-Sakai equipment?
    - a. Sakai Financial Services has 2 primary goals: 1) support Sakai America in selling new compaction machines, and 2) support the dealers' sales efforts, especially as it pertains to Sakai rollers. So, we are happy to assist you by providing financing for complementary equipment being purchased by your customers.



## VII. CONTACTS

**Mark Johnson: National Program Manager**

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