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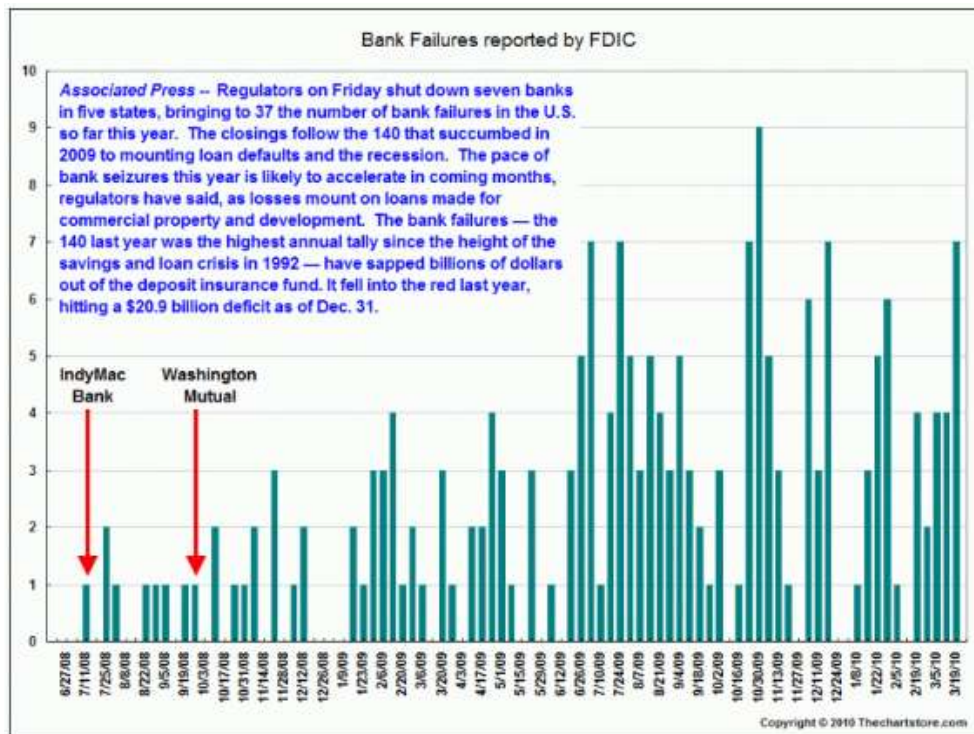
LEASING & FINANCE NEWS UPDATE



April 2010

A good day in our firm is collecting our clients' money ... not billing hours

U.S. BANK FAILURES REACH 41 THIS YEAR ALONE



U.S. regulators shut down four banks in Arizona, Georgia and Florida, bringing the total for the year to 41 as small lenders struggle with bad loans tied to commercial real estate. The banks seized March 26 had total assets of \$1.24 billion and deposits of \$1.1 billion, according to statements from the Federal Deposit Insurance Corp. Regulators have seized 181 U.S. lenders since the start of 2009. “You’re going to continue to see smaller institutions fail because they have no access to capital and they have too much concentration in residential construction and commercial real estate,” said Paul J. Miller, an analyst at FBR Capital Markets in Arlington, Virginia.

U.S. lenders are collapsing at the fastest pace in 17 years amid losses on loans made at the height of the market. The number of banks on the FDIC’s “problem” list climbed to the highest level since 1992 in the fourth quarter. FDIC Chairman Sheila Bair said on Feb. 23 that the pace of failures will exceed last year’s total of 140.

The latest closings will drain \$320.3 million from the FDIC’s deposit insurance fund, the agency said. The FDIC and the four banks acquiring the shut-down lenders agreed to share losses on \$870.9 million of assets. The FDIC introduced loss-sharing agreements during the savings-and-loan crisis in 1991 and resumed using them in 2008 amid bank failures stemming from the collapse of the subprime mortgage market. The agreements are designed to help attract investors wary of the quality of bank assets being

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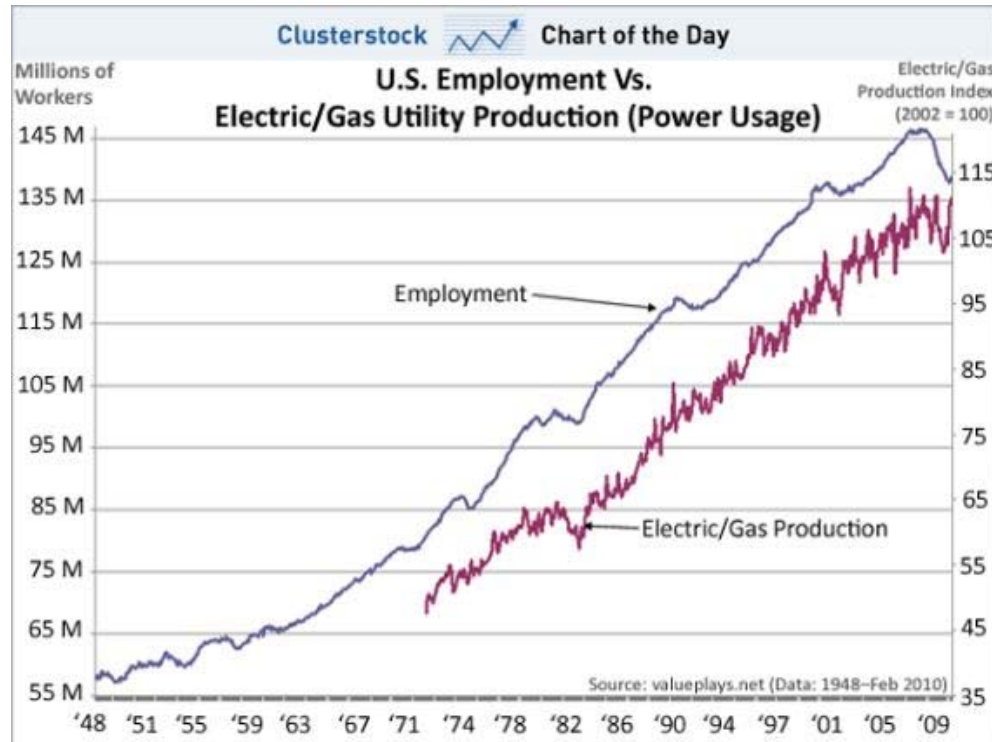
NJ: Cherry Hill/Lawrenceville

PA: Philadelphia/West Chester

offered amid more than \$1.7 trillion in writedowns and credit losses at financial companies since the 2007. According to FDIC vice chairman Martin J. Gruenberg, the "FDIC-insured institutions still hold the largest share of commercial mortgage debt outstanding, and their dollar volume exposure to CRE loans stands at a historic high."

Source: BusinessWeek

STILL NOT CONVINCED JOB GROWTH IS COMING?



This relationship makes complete sense yet is frequently forgotten -- there has been a simple long-term correlation between U.S. power production and job growth, going back decades, as shown above. U.S. power production fell with the recent economic downturn, most likely because there was less economic activity (plus some belt tightening when it came to energy usage).

Yet now it is rebounding. Which unless this relationship has suddenly changed, means that new jobs are highly likely to be created in the coming quarters.

The chart above is also interesting as a validation of the U.S. recovery because, right now, many who doubt the validity of Chinese government statistics look to Chinese power usage numbers as a tangible check on the economic growth that the government claims. Well the same works for the U.S. It has passed the 'China' test!

Source: The Business Insider

Another Drop in New Business Volume: Equipment Leasing Industry



The Equipment Leasing and Finance Association's (ELFA) Monthly Leasing and Finance Index (MLFI-25), which reports economic activity for the \$518 billion equipment finance sector, showed overall new business volume for February declined three percent when compared to the same period in 2009.

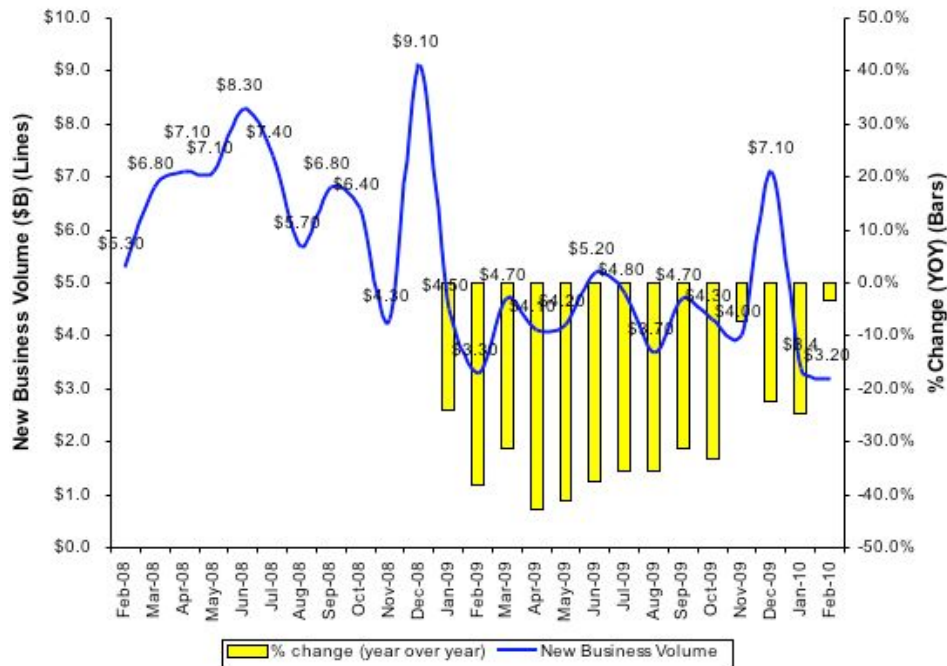
When shown against the prior month, the MLFI-25 reported new business volume decreased by six percent, from \$3.4 billion to \$3.2 billion. (Of note is the fact that, in the last four years, the average January to February decline averaged approximately 17 percent.)

Tempering this advance in new business volume is February data showing a noticeable increase in delinquencies. Receivables over 30 days rose significantly when compared to both the prior month and year-earlier period. However, upon further analysis, this anomaly appears to be the result of one outlier respondent that reported a larger than usual number in the 30-60 day receivables bucket. Charge-offs increased to 1.89 percent, up from 1.68 percent in the prior month.

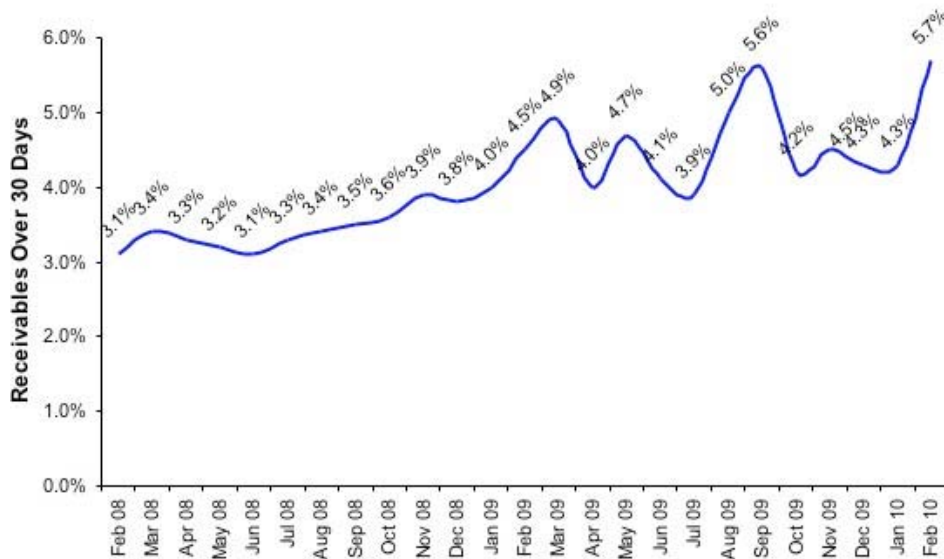
"The fact that February new business volume is down compared to February 2009's anemic numbers tells you that we still have a long way to go in the economic recovery," said Thomas Jaschik, President, BB&T Equipment Finance, located in Towson, MD. "Businesses continue to lack the confidence to make substantial investments in capital equipment. The increase in delinquencies and charge-offs from January to February has a seasonal factor associated with it, but is not a trend you like to see given the run up in these two items in 2009."

Source: ELFA

MLFI-25 New Business Volume - February 2010



MLFI-25 Aging of Receivables - February 2010



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