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LEASING & FINANCE NEWS UPDATE

March 2011

A Good Day in Our Firm is Collecting Our Clients' Money ... Not Billing Hours

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REGULATORS PUSH FORECLOSURE CRISIS SOLUTION

Federal and state authorities have banded together to give large banks a detailed proposal for how to handle loan servicing and foreclosures, though experts expect another 3 million Americans to lose their homes before the housing market recovers. The move comes months after a scandal erupted over big banks' practice of "robosigning," in which employees would sign off on thousands of foreclosure affidavits without properly vetting the material. Widely publicized cases led many banks to review processes and, in some cases, temporarily halt foreclosure proceedings. Meanwhile, attorneys general in all 50 states partnered together to investigate the matter as federal authorities - including the U.S. Treasury Department's Office of the Comptroller of the Currency, the Federal Reserve and the Federal Deposit Insurance Corp. - started probing the issue as well. The comptroller, John Walsh, told Congress last month that they were putting finishing touches on the sanctions.

At the same time, the federal mortgage modification plan heralded by the Obama administration in 2009 has done little to help struggling homeowners facing foreclosure. About 7 million Americans have lost their home to foreclosure since the start of the housing-market collapse and forecasters at RealtyTrac expect another 3 million foreclosures by the end of 2012.

Many borrowers were not eligible for the program or couldn't navigate the complex maze of enrollment, further complicated by miscommunication, paperwork flaws and errors at mortgage servicers. The vast majority of troubled borrowers who enrolled in the "Making Home Affordable" program have ended up leaving it for alternative workouts provided by lenders or simply lost their home.

The programs were voluntary without specific rules on implementation, but the proposal sent to servicers on March 3 would create mandatory guidelines enforceable by law. It's unclear how banks will respond to the proposal, since they face mounting legal costs related to mortgages outside the foreclosure and servicing issues.

Source: The Street

DEFAULTS DOWN DRAMATICALLY IN 2010

2010 marked a dramatic turnaround for corporate defaults, with the number of Moody's-rated defaulted issuers dropping to about a fifth of the number in 2009, and volumes falling to about an eighth of what they had been the previous year, Moody's Investors Service says in its annual corporate default and recovery rates study.

"The year 2010 was a good one for the high-yield debt market with respect to above-average returns and below-average defaults," said Albert Metz, Moody's Managing Director of credit policy research. "Indeed, defaults dropped significantly last year mainly due to ample liquidity which helped some lowly rated companies avoid default."

World-wide, only 57 Moody's-rated corporate issuers defaulted on a total of $39.1 billion of debt in 2010. By comparison, 265 companies defaulted on a total of $330.0 billion of debt in 2009, while 103 defaults were registered in 2008, affecting $280.9 billion of debt.

Geographically, defaults remained concentrated in North America, where 45 issuers defaulted in 2010. Europe recorded eight defaults, the second largest total for a region. On a volume basis, defaulted debt totaled $23.4 billion in North America compared to $9 billion in Europe.

By issuer count:

- The Capital Industries sector (automotive, capital equipment, chemicals, construction and building industries) accounted for 23% of 2010 defaults
- The Consumer Industries sector accounted for 18%

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By default volume:

- The Energy & Environment sector contributed to 17% to the total volume
- Transportation, Consumer Industries, Banking, and Media & Publishing sectors - 12% each

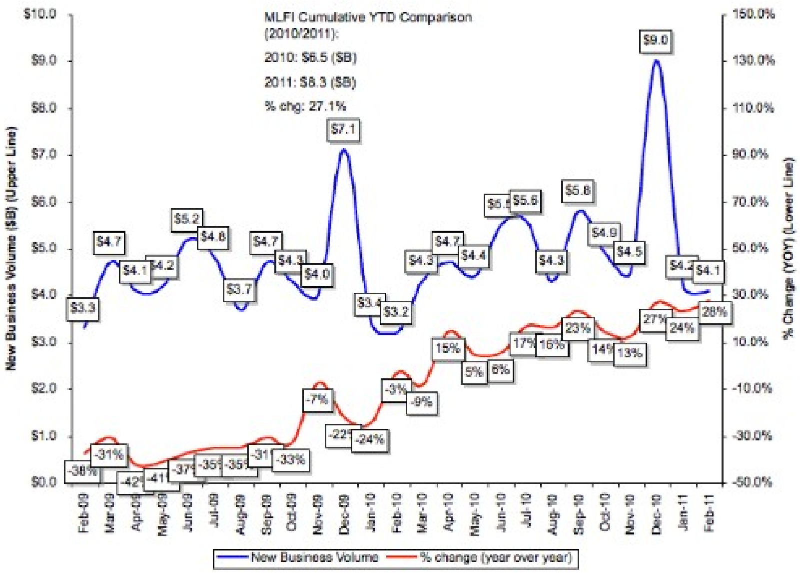
The sector with the highest rate of default:

- The Media & Publishing industry - had a 3.6% default rate in 2010

Between 2008 and 2010, the share of distressed exchanges increased from 23 per cent to 42 per cent, while the share of bankruptcy filings fell from 45 per cent to 21 per cent, according to Moody's.

Source: CPI Financial

FEBRUARY NEW BUSINESS UP 28% OVER YEAR



MLFI-25 New Business Volume - February 2011

The Equipment Leasing and Finance Association's (ELFA) Monthly Leasing and Finance Index (MLFI-25) showed overall new business volume for February was $4.1 billion, up 28% compared to the same period in 2010. Measured against the prior month, February volume was down a tick. And, it is worth noting that only 10% of responding organizations reported declining volume activity when compared to the year-earlier period.

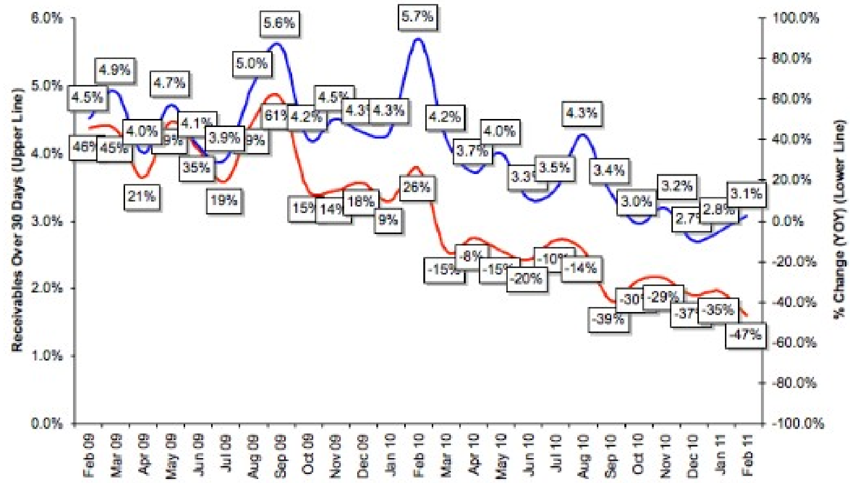
Credit quality continues to be mixed. Receivables over 30 days increased to 3.1% in February from 2.8% in January, but declined by 47% compared to the same period in 2010. Charge-offs increased slightly, from 0.9% in January to 1.0% in February, but showed dramatic improvement over the same period in 2010.

Compared to the year-earlier period, credit standards eased as new application approvals increased to 76% in February. And, 61% of participating organizations reported submitting more transactions for approval during the month, up from 56% of responding organizations in January.

Total headcount for equipment finance companies remained flat for the last four months, but was down 4% year-over-year. Supplemental data shows that the construction and trucking sectors once again led the underperforming sectors in February. Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) for March is **72.4**, a new high since the MCI was launched in May 2009, and an increase from the previous high of 71.6 in February.

ELFA President and CEO William G. Sutton, CAE, said, "Both performance indices, the MLFI and MCIN, show reasons to be optimistic about the equipment finance sector as the economy slowly recovers and the demand side of the capital investment equation picks up steam."

Source: ELFA



MLFI-25 Aging Receivables - February 2011

SURVEY: DEBT COLLECTORS AGGRAVATE CONSUMERS

What is America's number one consumer complaint? Debt collectors. The latest government data shows that debt collection agencies are aggravating consumers, and some of their practices could be illegal. Complaints about debt collectors rose 17 percent last year, to a total of more than 140,000. According to an annual report from the Federal Trade Commission, that's the most for any industry.

The biggest complaint is that collectors are borderline abusive:

- Consumers say they're being harassed by phone calls, including early in the morning and late at night.
- Collection companies are trying to collect more than what is owed, or unauthorized fees and interest.
- Consumers claim they didn't get a written notice first.
- Some agencies are threatening dire consequences if borrowers don't pay, like jail time or taking property.

The FTC says it's aggressively investigating to determine which companies have violated laws and industry standards. Already this year, it's settled two huge cases, levying millions of dollars in fines against some overly abusive debt collectors. Consumer advocates say a number of reforms are needed, including more information for consumers, established dates for debt collection and increased oversight.

If your business is owed money, it is crucial that you employ the services of a reputable collection firm. Now, more than ever before, it is vital that your collection team comply with the Fair Debt Collection Practices Act to protect the reputation of your company. One of the many advantages of Saldutti, LLC, is that our law firm is an active member of the Commercial Law League of America (CLLA) – Creditor Rights Division and the National Association of Retail Collection Attorneys (NARCA). Both organizations exhibit the highest standards of integrity to ensure that its members are reputable. As a professional and courteous collection law firm, our staff is well-versed and trained in FDCPA issues. If we can be of service to your business, please visit us on the web at http://www.saldutticollect.com/ or contact us by phone at (856) 779-0300.

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