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LEASING & FINANCE NEWS UPDATE

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Issue 28

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MONEY MATTERS

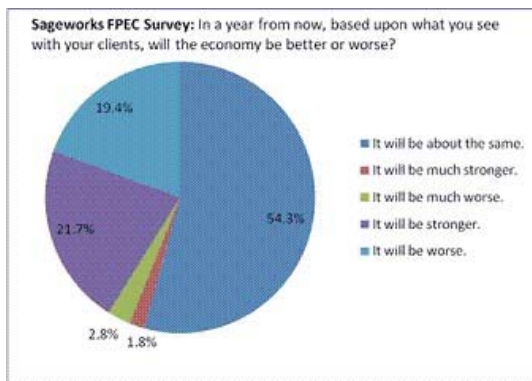
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77% OF FINANCIAL PROFESSIONALS SEE NO RECOVERY

Here's a particularly grim survey of financial professionals from Sageworks Inc. 76.5% expect no recovery within the next year. 22.2% expect things to get worse. Sageworks calls this a big deterioration from past polls in January 2011 and October 2010 which, not surprisingly, were optimistic about the recovery

From the release:

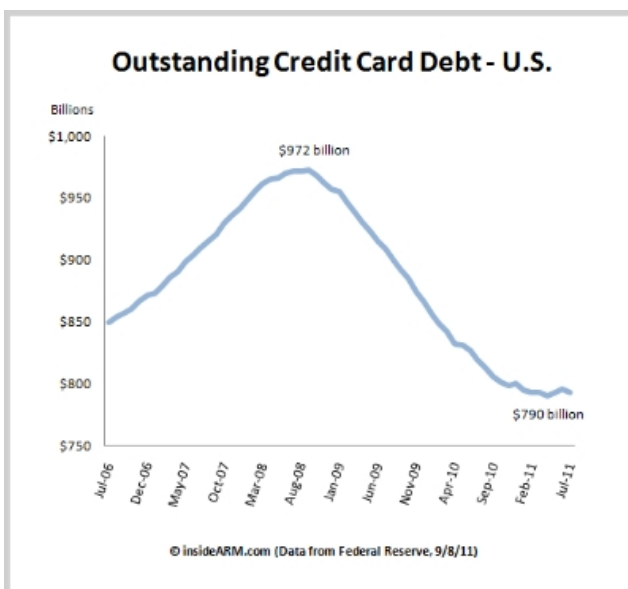
The new Sageworks data suggests a general sense of malaise about the economy in which, despite better business results, business owners are apprehensive to hire due to continued uncertainty about the direction of the economy and the proposed solutions from Washington. The survey responses indicate that people are not confident in the stability of the economy even looking out as far as a year. They may not presently see any solutions in place that will resolve their current economic woes in a year from now.



Source: The Business Insider

CREDIT CARD DEBT DROPS SHARPLY IN JULY

Consumer credit card debt in the U.S. took an unexpected plunge in July, according to data released last week by the Federal Reserve. Revolving debt at Fed member banks fell at an annual rate of 5.2 percent in July, the largest decline since January of this year. Credit card debt had increased in three of the past four months after more than two years of monthly declines (see data table below). Banks reported that their outstanding credit card balances had shrunk by \$3.4 billion in July to \$792.5 billion. Non-revolving debt – comprised of closed-end credit like auto and student loans – expanded at the most vigorous rate since mid-2008. Banks added \$15.4 billion to non-revolving accounts in July, or at an annualized rate of 11.2 percent. The Fed's report does not include debt backed by real estate. Total consumer credit outstanding in the U.S. was \$2.454 trillion at the end of July.



Source: Inside ARM

SIGNIFICANT DECREASE IN BANK CARD DEFAULT RATES

Data through August 2011, released by S&P Indices and Experian for the S&P/Experian Consumer Credit Default Indices, a comprehensive measure of changes in consumer credit defaults, showed the bank card default rates decreased in August to 5.26% from July's 5.64%. First and second mortgage default rates remained almost flat, with the first mortgage rate moving down from 1.93% in July to 1.92% in August and second mortgage slightly up from 1.25% to 1.27%. Auto loan default rate went up from 1.27% in July to 1.31% in August.

"While there were some moderately mixed results, the overall picture is broadly optimistic," says David M. Blitzer of the Index Committee for S&P Indices. "All indices show default rates well below where they were in the 2008/09 recession, and some are still falling. Bank cards traditionally have the highest default rates, so the decline from 5.64% in July to 5.26% in August is a good sign."

Consumer credit defaults varied across major cities in the U.S. Among the five major Metropolitan Statistical Areas (MSAs) reported in this release each month, Miami shows its lowest default rate since October 2007, decreasing from 5.37% in July to 4.52% in August. New York's default rates remained flat at 1.80%. Chicago, Dallas and Los Angeles decreased moderately in August to 2.43%, 1.51% and 2.07%, respectively, from 2.54%, 1.60% and 2.15% in July.

The table below summarizes the August 2011 results for the S&P/Experian Credit Default Indices. These data are not seasonally adjusted and are not subject to revision.

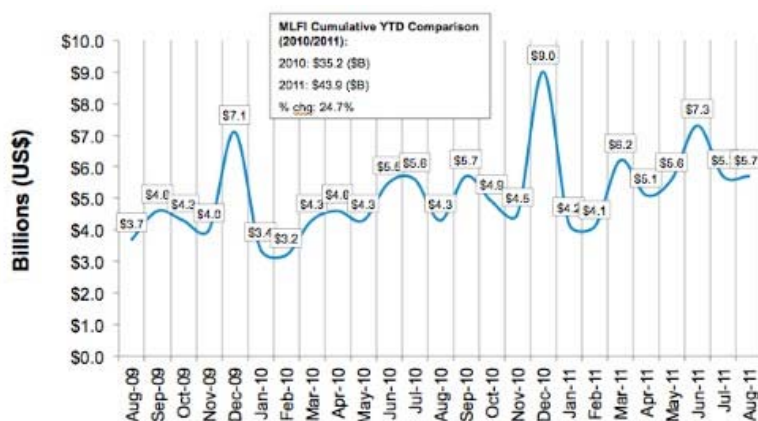
Source: InsideARM

S&P/Experian Consumer Credit Default Indices National Indices

Index	August 2011 Index Level	July 2011 Index Levels	August 2010 Index Levels
Composite	2.04	2.06	3.32
First Mortgage	1.92	1.93	3.16
Second Mortgage	1.27	1.25	2.40
Bank Card	5.26	5.64	7.87
Auto Loans	1.31	1.27	2.06

Source: S&P/Experian Consumer Credit Default Indices Data through August 2011

AUGUST NEW BUSINESS VOLUME UP 33% YEAR-OVER-YEAR



MLFI-25 New Business Volume - August 2011

The Equipment Leasing and Finance Association's (ELFA) Monthly Leasing and Finance Index (MLFI-25), which reports economic activity for the \$521 billion equipment finance sector, showed overall new business volume for August was \$5.7 billion, up 33% from volume of \$4.3 billion in the same period in 2010. Volume was unchanged from the previous month. Year-to-date cumulative new business volume is up 25%.

All credit quality metrics showed improvement. Receivables over 30 days decreased to 2.5% in August from 2.7% in July, and declined by 42% compared to the same period in 2010. Charge-offs were down slightly from the previous month, and decreased by 54% from the same period in 2010, representing their lowest level in over two years.

Credit standards relaxed in August as the number of lease applications approved increased to 77.6% from 76.3% the previous month, and were up year over year as well. Over two-thirds of participating organizations reported submitting more transactions for approval during the month.

Finally, total headcount for equipment finance companies in August showed no significant change month to month and was down 1% year over year. Supplemental data show that the construction and trucking industries and small- and medium-sized enterprises led the underperforming sectors.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index for September indicates a less-than-optimistic outlook for business performance. The September index of 47.6 is down from the August index of 50.0, indicating, in part, continuing concern with global economic conditions and their impact on the industry.



MLFI-25 Charge-Offs - August 2011

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