

EQUIPMENT

# Leasing & Finance

THE MAGAZINE FOR INDUSTRY EXECUTIVES

MARCH | APRIL 2021

## Getting Back on Track for Growth

Credit & collections experts  
see light at the end  
of the tunnel.

Rekindle Your Fire  
at the Women's  
Leadership Forum

Corporate Income  
Taxes In a Time of  
Pandemic

CELEBRATING  
60 YEARS  
1961-2021

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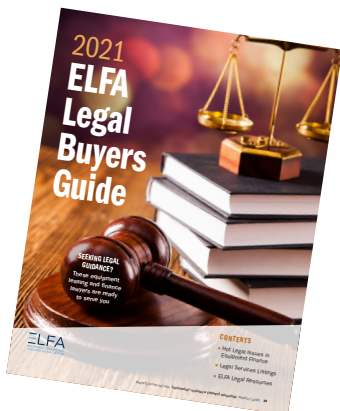
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PUBLISHING DIRECTOR Ralph Petta  
MANAGING EDITOR Amy Vogt  
DESIGN &  
WEB PRODUCER Sandra Winkler  
DIGITAL PRODUCER Shirley Bryant  
ADVERTISING Steve Wafalosky  
steve@larichadv.com  
440-247-1060

*Equipment Leasing & Finance Magazine*, Vol 37, No 2 (ISSN# 008-058), is published bimonthly (Jan/Feb, Mar/Apr, May/Jun, Jul/Aug/Sep, Oct, Nov/Dec) by the Equipment Leasing and Finance Association, 1625 Eye St NW, Suite 850, Washington, DC 20006.

Statements of fact and opinion are the responsibility of the authors and do not imply an opinion on the part of the officers or members of ELFA. Contact us at [EL&F@elfaonline.org](mailto:EL&F@elfaonline.org).

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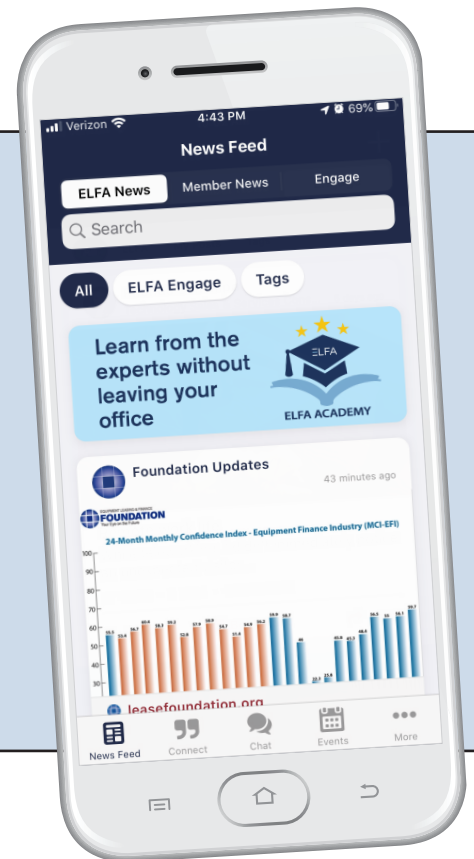


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## Enter to Win ELFA Swag!

**New in 2021**, use the ELFA Engage mobile app to win prizes throughout February, March and April!

Learn more about our monthly contests at  
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# Celebrating 60 Years of Bringing Members Together



## REPRESENTATIVES OF THE FLEDGING EQUIPMENT FINANCE INDUSTRY

convened in Chicago in January 1961 to discuss forming an association. In October of that year, the Association of Equipment Lessors was born. The Articles of Incorporation stated the purpose of the association was:

*To develop a better understanding of the general problems involved in the equipment leasing business and to engage in such activities as may be necessary or desirable to serve and advance the general interest and welfare of companies engaged in the equipment leasing business.*

In a relatively short time, the equipment finance industry grew from a fledgling industry to a major force in

the U.S. economy. Today, 60 years later, while our association has changed in many ways, our core purpose remains to unite the industry under one umbrella to learn together, do business together and advocate for the industry and its important role in our economy.

Over the past six decades, member companies have innovated to meet changing customer needs, and our association has evolved to focus on what matters most to the membership. That resilience and entrepreneurial spirit will guide us as we look ahead to the next 60 years of equipping American businesses to succeed and prosper.

As we celebrate ELFA's 60th anniversary throughout 2021, you are invited to join us in reflecting on our journey, and envisioning what the next 60 years will bring. For more on ELFA's 60th anniversary recognition, please visit: [www.elfaonline.org/60th](http://www.elfaonline.org/60th). Highlights include:

- **Membership Anniversaries** – See which companies are celebrating milestone ELFA membership anniversaries in 2021.
- **60 Years in 60 Seconds** - Watch a video snapshot of ELFA from 1961 to present.
- **Historical Timeline** - Track notable achievements in the history of the association and the industry.

- **Evolution of Equipment Finance** - Q&As with association members reflecting on the past and looking to the future. See the latest Q&A on p. 10.
- **60th ELFA Annual Convention** - ELFA's anniversary year will culminate at the Annual Convention in October. Watch for details to come later this year.

## New Events Announced

ELFA is rolling out new events to help you network, stay on top of critical industry trends and build your business. Get a sneak peek at the upcoming Innovator Roundtable with TomorrowZone on p. 6, Women's Leadership Forum on p. 20 and Credit & Collections Conference on p. 16. See much more at [www.elfaonline.org/events](http://www.elfaonline.org/events). Thank you as always for your support and participation. ☰

*Ralph*

**RALPH PETTA** is the President and CEO of the Equipment Leasing and Finance Association.

CELEBRATING  
60 YEARS  
1961-2021  
**ELFA**  
EQUIPMENT LEASING AND FINANCE ASSOCIATION

We look forward to celebrating with you at the 60th ELFA Annual Convention in October!

## Learn and Network at ELFA Events

**CHECK OUT** the 2021 ELFA Annual Calendar of Conferences, Workshops and e-Learning Opportunities at [www.elfaonline.org/events](http://www.elfaonline.org/events). Check back often as the association adds new business and professional development options for you and your team.

## Executive Roundtable Explores the Future of Work

**IF YOU'RE A LEADER IN THE EQUIPMENT FINANCE INDUSTRY**, you can't afford to miss Executive Roundtable LIVE! on April 6. Register today for the only industry event planned exclusively for top equipment finance executives. With the recent historic changes in business and work environments, experts on business strategy will explore transformation of the workplace occurring as a result of the COVID-19 pandemic. This virtual event will provide a forum to discuss with fellow ELFA executives innovation strategies designed to help you craft a tailored, forward-thinking approach to sustaining and growing your business. Learn more and register at [www.elfaonline.org/events/2021/ERT](http://www.elfaonline.org/events/2021/ERT).



## Mark Your Calendar for the Legal Forum LIVE!

**PLANS ARE UNDERWAY** for the 2021 ELFA Legal Forum, scheduled online

on May 4-5. When it comes to providing you with the timeliest information on legal issues impacting the equipment leasing and finance industry, there is no better place than the ELFA Legal Forum. Watch for more information about registering for this once-a-year event at [www.elfaonline.org/events](http://www.elfaonline.org/events).

## Enhance Your Career at Women's Leadership Forum LIVE!

**GET READY** for great keynote speakers, hot-topic sessions and interactive networking—all organized around the theme "Stoking the Fire"—at ELFA Women's Leadership Forum LIVE! on April 20. This virtual event is designed to spark new ideas and provide inspiration and tools to help you move forward and thrive. Register yourself or your team members today for this unique digital conference experience! You'll leave the Forum with valuable insights and powerful tools to enhance your career. Learn more on p. 20 and register at [www.elfaonline.org/events/2021/WLF](http://www.elfaonline.org/events/2021/WLF).



## Credit and Collections Pros to Gather in June

**SAVE THE DATE** for 2021 Credit & Collections Management Conference & Exhibition LIVE! on June 7-8. This virtual event will include sessions on the state of the economy, human capital issues, the legal and regulatory environment, risk and other relevant topics. Learn more in the cover story on p. 17.

## ELFA Launches Innovator Roundtable with TomorrowZone

**ELFA IS PARTNERING** with TomorrowZone to present an Innovator Roundtable on March 25. Don't miss this opportunity to examine how technology and innovation are shaping the future of the industry and prepare for what's next. Join TomorrowZone's Deborah Reuben and other senior leaders from ELFA's Technology Innovation Working Group! Learn more at <https://tomorrowzone.io/ELFA>.



## Webinars Recognize Black History Month

**PROFESSIONALS FROM ACROSS THE EQUIPMENT FINANCE SECTOR** recently participated in two special webinars hosted by the ELFA Equality Committee:

- On Feb. 16, Dr. Hakeem Oluseyi presented a webinar on “The Stars in My Soul: My Unlikely Journey Through Space & Time.” Dr. Oluseyi, a world-renowned astrophysicist and the former Space Science Education Lead at NASA, shared inspirational life lessons.
- On March 3, Dr. Oluseyi returned to moderate a webinar on “Candid Conversations in Diversity.” He joined ELFA members Lexie Dressman, Delroy Stauffer, Justin Foster and Christopher Johnson to discuss stories of personal and professional growth.

Listen to a recording of both webinars at [www.elfaonline.org/events/elearning/web-seminars](http://www.elfaonline.org/events/elearning/web-seminars).

## Best Practices Roundtables: Problem Solve. Share Best Practices. Network.

**THE BANK, INDEPENDENT, SMALL TICKET AND CAPTIVE AND VENDOR FINANCE BEST PRACTICES ROUNDTABLES** are designed to bring senior equipment finance executives together for information sharing and critical thinking about the issues facing leaders today. The 2021 virtual roundtables are free events available exclusively to ELFA members.

- April 29: Independent Best Practices Roundtable
- May 27: Bank Best Practices Roundtable
- June 3: Small-Ticket Best Practices Roundtable
- June 17 : Captive and Vendor Finance Best Practices Roundtable

Learn more and register at [www.elfaonline.org/events](http://www.elfaonline.org/events).

## Snow Takes the Microphone

**LISTEN** to a great conversation with Kris Snow, ELFA Board Chair & President, Cisco Capital, Cisco Systems Capital Corporation, on ELFA’s Equipment Finance Matters podcast. Snow discusses why having no fear of failure has played a role in her success, shares the biggest challenge and rewarding risk in her career, and talks about her priorities as ELFA Chair. Along the way, she and host Alexa Carnibella discuss diversity, inclusion and equity initiatives that all companies can implement and why golf is a sport for people who like a challenge. Details at [www.elfaonline.org/podcast](http://www.elfaonline.org/podcast).

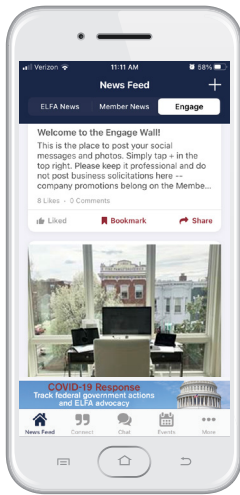


## Announcing the January Mobile App Contest Winner

**CONGRATS** to Ethan Powell from People’s Capital and Leasing Corp., who was randomly selected as the winner of our January mobile app contest. Ethan downloaded and logged into the app during the month of January and as our winner he picked up some cool ELFA swag.

## Are You ELFA Engaged?

**IF YOU HAVEN'T DOWNLOADED** the ELFA Engage app yet, you're missing out! It's a fun way to keep in touch with industry information and contacts. Getting started is easy—and you have an extra incentive right now while our special contests are underway. See details at [www.elfaonline.org/app](http://www.elfaonline.org/app).



- **Join the March App Challenge!**

Working from home? Post your remote work setup in the ELFA Engage Mobile App for your chance to win! Whether your home office is your kitchen table or family room, post a picture of your remote work setup on the ELFA Engage Wall within the app between March 1–31 to be entered to win a \$25 Amazon Prime gift card and ELFA Swag! #ELFAMugClub



- **Join the April App Challenge!**

ELFA's Women's Leadership Forum LIVE! is around the corner! Share your excitement in the ELFA Engage app for your chance to win! Before the Forum kicks off on April 20, share what you are most excited about. After the Forum, share your best takeaway from the event. Join members of the ELFA Women's Council and other registrants by posting on the ELFA Engage Wall within the mobile app between April 1-30 for your chance to win a \$25 Amazon Prime gift card and ELFA Swag! #ELFAMugClub

## ELFA Members Donate to Food Bank

**IN JANUARY**, thanks to the generosity of member company sponsors, ELFA donated \$4,194 to the Capital Area Food Banks. The funds were raised as part of the ELFA New Year Happy Hour held on Jan. 21. ELFA and the Equipment Leasing & Finance Foundation teamed up and invited member companies to support the event with a contribution to the Capital Area Food Banks, which provide over 45 million meals to people in need in communities across Washington D.C., Maryland and Virginia. Special thanks to the following sponsoring companies for their generous support: Alfa; Commercial Equipment Finance, Inc; LTI Technology Solutions; Orion First Financial, LLC; and Vertex Inc.

## Nominations Open for Equipment Finance Hall of Fame

The Equipment Finance Hall of Fame annually recognizes individuals who have made unique, significant or lasting contributions to the industry and/or the association throughout their careers. The deadline for nominations to the 2021 Class of the Equipment Finance Hall of Fame is April 1. Learn about the nomination criteria and deadlines and access the online nomination form at [www.elfaonline.org/hof](http://www.elfaonline.org/hof). Please contact Ed Rosen at [erosen@elfaonline.org](mailto:erosen@elfaonline.org) if you have any questions.



## Survey Respondents Reap Rewards

**ALL ELFA REGULAR MEMBERS** are encouraged to complete the 2021 Survey of Equipment Finance Activity questionnaire by April 1 at [www.elfaonline.org/SEFA](http://www.elfaonline.org/SEFA). Respondents receive:

- A complimentary copy of the 300+ page SEFA and Small-Ticket SEFA reports (a \$1,495 value).
- A personalized MySEFA interactive tool, which lets you track your company's operational and performance statistics and compare them against your peers.

The streamlined questionnaire is quick and easy to complete. Questions? Contact Bill Choi at [bchoi@elfaonline.org](mailto:bchoi@elfaonline.org).



### Membership Minute

If your company is an ELFA member, you may create a member profile from the ELFA website at [www.elfaonline.org](http://www.elfaonline.org) and gain access to valuable, members-only resources. To learn more about ELFA's members-only resources, contact Julie Benson, VP of Membership Marketing at [jbenson@elfaonline.org](mailto:jbenson@elfaonline.org).

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# It's All About Relationships

On ELFA's 60th anniversary, reflecting on the past and looking to the future

**THE YEAR 2021 MARKS ELFA'S 60TH ANNIVERSARY.** We're celebrating by taking a look back as well as forward, imagining what the future will hold. In this issue we talk to Walter Dean, President and Owner of Dean Machinery International, Inc., which is celebrating 25 years as a member of ELFA. We'll talk to other companies celebrating "milestone" ELFA membership anniversaries throughout 2021.

1961



**Q** 2021 marks Dean Machinery's 25th year as an ELFA member. To what do you attribute your company's longevity in the marketplace?

**A** This is our 30th year in business and I hadn't realized that this is our 25th year as members of ELFA. When I turn around I wonder where the time went!

Through the years we've sold new and used machinery and done appraisals and asset management. As appraisers we specialize in certain machinery and equipment that the asset-based lenders are financing. They don't have the expertise about the equipment they loan money against so they need service providers who are specialists in certain areas. We help them set residuals over a seven to ten-year period, or however long the lease terms are. We try to give them a guiding light as they enter into a transaction by looking at things

**"Joining ELFA was the best thing we ever did."**

like how many there are of that machine type, what the demand for them is, and if it's specialized or more generic machinery.

The appraisals led to relationships with the lenders for us to manage those assets when the lease comes due and the machinery is returned to the lender. They need someone like us to pick it up, dismantle it, warehouse it or sell it on the secondary market. We really feel like we're a partner with everyone in the organizations we work in helping them with their businesses.

**Q** Why is it important for your company to be a member of ELFA?

**A** We were encouraged to join ELFA by several of the lender members of the association. We were getting more and more calls for appraisals so we decided to join to be a service to the lending industry. It's the best thing we ever did because we got to network with lots of other lenders.

We've done so many jobs over the years to help guide them through their lending process. We've been able to advise them to shy away from certain machinery manufacturers that are not as good quality, and try to give them the lifespan of these machines when they're maintained properly. It became a business unit of our company working with the banks and the lenders. It's a valued relationship—we value the other members and we value the association.

We've had a good career in serving ELFA members and in turn they've been very good to



us and given us lots of business. We would not have been as successful had we not been in the association, I can tell you that. It's done wonders for keeping our business going this long.

**Q What do you see on the horizon for the equipment finance industry?**

**A** We've all seen that the pandemic has accelerated the digital world we live in. Life has a way of pulling you forward whether you want to go there or not, and this has pulled us all into the world of zoom meetings and working remotely.

When we make it through this I think there's going to be a big tsunami of appraisal work coming. People are going to go back to their

portfolios, visit their customers and see what condition their machinery is in, and they'll need appraisals. The switch is going to come back on all at once for everybody, so we're expecting big growth in the end of this year and next year with a lot of work needing to be done in a short period of time. ☰

2021

**2021 Membership Milestones**

ELFA is pleased to announce the companies that are celebrating ELFA membership milestone anniversaries this year. See the full list at [www.elfaonline.org/60th](http://www.elfaonline.org/60th).

**Women's Leadership Forum LIVE! April 20, 2021**

Focus on leadership development for women at all stages of an equipment finance career.

**Highlights Include:**

- **The 5 Degree Principle: Small Changes to Spark Big Results** with Executive Coach Shannon Cassidy
- **How to Defuse the Landmines We Plant in Our Lives** with Success Trainer Kelly Accetta
- **Reinvention: Letting Go of Yesterday to Ignite Your Tomorrow** with Deborah Reuben of TomorrowZone
- **Equipment Finance Leader Panel:** How to stoke your career fires and not let setbacks extinguish your flame
- **Two Networking Sessions:** Mix and mingle with other attendees in interactive virtual networking tables.

Register today at [www.elfaonline.org/events/2021/WLF](http://www.elfaonline.org/events/2021/WLF)



EQUIPMENT LEASING AND FINANCE ASSOCIATION  
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# 5 Minutes with the Captive & Vendor Finance Chair



**JAYMA SANDQUIST**, Chair, Captive & Vendor Finance Business Council Steering Committee

**WHAT'S HAPPENING** in the captive and vendor finance sector of the equipment finance space? *Equipment Leasing & Finance* magazine caught up with Jayma Sandquist, Chair of the Captive & Vendor Finance Business Council Steering Committee (BCSC), to take the pulse of this sector. Sandquist, Chief Marketing Officer at John Deere Financial, is currently serving her first year as Chair of the committee, which engages financial services organizations providing sales-assisted financing, vendor- and manufacturer support activities, either on a third-party or captive basis.

## How did you get involved with the Captive & Vendor Finance BCSC?

I started to engage with the Captive & Vendor Finance BCSC as a colleague from Deere rolled off the BCSC and recommended my participation. After being involved for the last year, I was asked to chair the BCSC. I'm super

excited for the opportunity to continue to engage with this great team of professionals.

## From your perspective serving on the committee, what issues are businesses in the captive and vendor finance sector focused on this year?

As we kicked off 2021 in January, the first order of business was to understand what the members want to get out of the council. If we can tackle one meaty topic at each of our monthly meetings that hits on the most important items for our members, we will be successful.

There are several themes that emerged that we will plan to take on and each of these topics will be exciting discussions for us to engage in:

- COVID-19: We want to connect with one another about the ongoing implications of the pandemic—to our customers, our workforce and our plans for returning to normalcy.
- Talent: What is the face of our work force of the future; how do we attract the best talent; and what role do diversity, equity and inclusion play in recruiting and retention?
- Value: For the Captives in the group, how do we measure value for the parent; for the Vendor finance companies, how do we sell the value of incentive finance?
- Managed Solutions: What will the market demand in use-based business models look like—everything as a service—and how will we manage risk and support customer needs?
- Technology: How will digitalization and technology change our business? What role will AI and machine learning play in equipment leasing and finance?
- Benchmarking: What are the right KPI's to manage our companies, capabilities and success?

2021 should be very exciting!

## Join the Roundtables!

The BCSCs are planning free best practices roundtables for ELFA members for 2021. Register for the event focused on your sector at [www.elfaonline.org/events](http://www.elfaonline.org/events).

## About the BCSCs

ELFA's Business Council Steering Committees represent ELFA's five key business segments: Captive and Vendor Finance, Financial Institutions, Independent Middle Market, Service Providers and Small Ticket. The committees pursue priorities related to their distinct memberships and integrate their work into the overall goals of the association. Activities include membership recruitment and grassroots political advocacy, contributing to industry research, and hosting sector-focused events. Interested in joining? Contact Ed Rosen at [erosen@elfaonline.org](mailto:erosen@elfaonline.org).

# VIRTUAL INVESTORS' CONFERENCE ON EQUIPMENT FINANCE

March 11, 2021

**LAST CHANCE TO SIGN UP**

Now in its 20<sup>th</sup> year, the first virtual edition of ELFA and IMN's Equipment Finance conference will serve as the most convenient forum for investors and equipment leasing finance companies to gather for a day of thought leadership, industry education, networking and business development. Join key decision makers as they discuss the latest industry developments in the midst of COVID-19 and how various sectors are responding and recovering.

## Featured Opening Remarks



**Ralph Petta**

President and Chief Executive Officer  
EQUIPMENT LEASING AND FINANCE  
ASSOCIATION (ELFA)



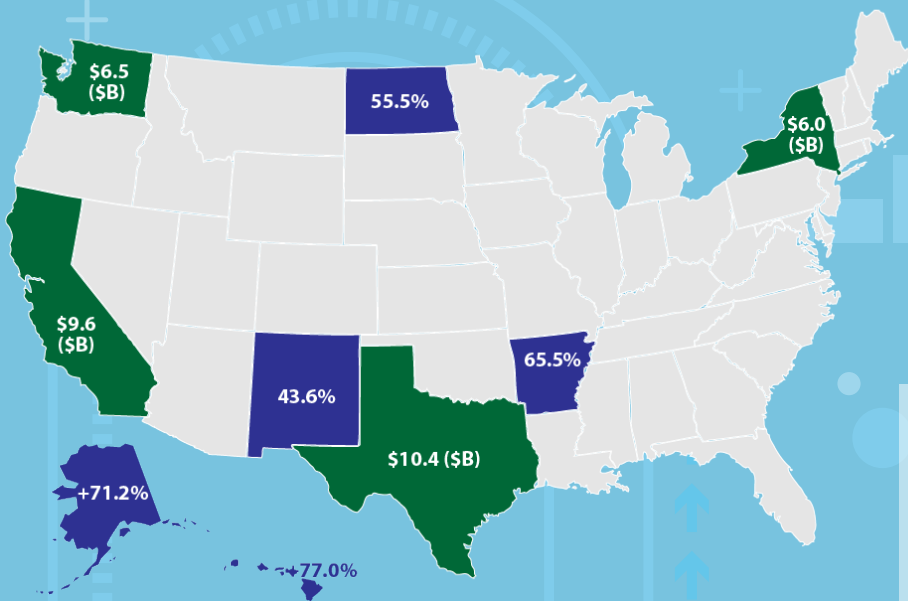
**Kris Snow**

President, Cisco Capital  
CISCO SYSTEMS CAPITAL  
CORPORATION  
ELFA BOARD CHAIR

## Additional Agenda Topics

- "Equipped for Success": Equipment Finance Market Overview
- The House, The Senate and The Oval: A Legal and Regulatory Outlook for Equipment Leasing
- Light at the end of the tunnel: Transport Sector Outlook
- Afternoon Keynote: ELFA Economic Outlook with Dr. Robert Wescott
- Return to Carrier: Aircraft Finance Outlook
- Equipment Leasing Investor & Issuer Roundtable

**Learn more and register at [www.imn.org/equipment](http://www.imn.org/equipment)**



## Top 4 States in terms of 2019 New Business Volume:

Texas: \$10.4 (\$B)  
 California: \$9.6 (\$B)  
 Washington: \$6.5 (\$B)  
 New York: \$6.0 (\$B)

## Top 5 states in terms of 2019 New Business Volume Growth (percent change):

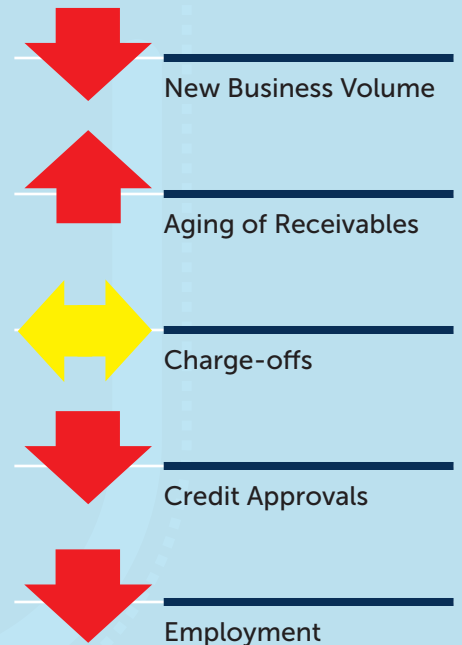
Hawaii: +77.0%  
 Alaska: +71.2%  
 Arkansas: +65.5%  
 North Dakota: +55.5%  
 New Mexico: +43.6%



Monthly Leasing and Finance Index Products

## Jan. MLFI Year-Over-Year

See details at [www.elfaonline.org/data/MLFI](http://www.elfaonline.org/data/MLFI)

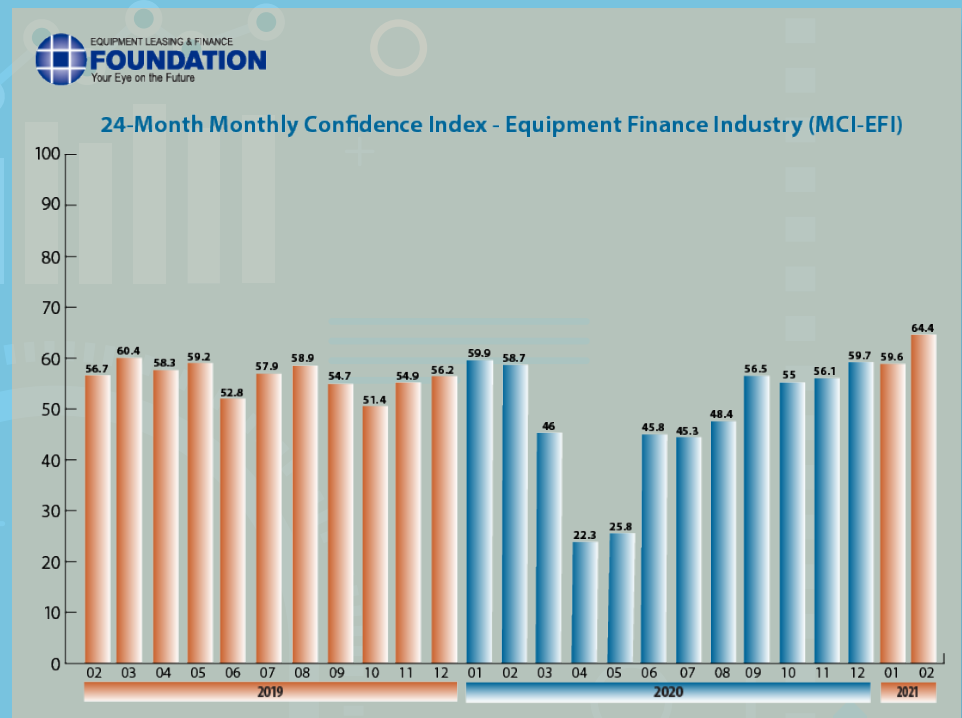




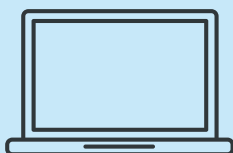
## Industry Confidence Rebounds

After the Monthly Confidence Index for the Equipment Finance Industry (MCI-EFI) hit lows during the pandemic not seen since it was launched in 2009, it rose to its highest level in more than two years in February.

Source: [Monthly Confidence Index](#)



## Equipment Investment Upswing



While all 12 verticals tracked by the Foundation's Momentum Monitor continue to show signs of acceleration, **medical** and **computers** are two standouts. The pandemic has—unfortunately—done wonders for investment in these two verticals. The Momentum Monitor suggests that this trend will continue at least over the next three to six months.

Source: [Foundation-Keybridge Equipment & Software Investment Momentum Monitor](#)

# Getting Back on Track for Growth



# Credit & collections experts see light at the end of the tunnel—and it's not the train.

By Susan L. Hodges

**STOP, LOOK AND LISTEN.** That's the old adage for crossing train tracks safely, and it's what credit and collections professionals have been doing for several months now. As of early 2021, a number of these experts are saying the time has finally come for equipment finance companies to prime their engines and start growing again.

"There's definitely a sense of relief regarding where we are today, compared to where we were six months ago," says Lou Maslowe, Chair of ELFA's Credit & Collections Planning Committee and Chief Risk Officer of Marlin Capital Solutions. "Every industry counterpart I've spoken with says their 2020 portfolio results turned out much better than they had feared—significantly worse than in 2019, but better than envisioned. And while there's still economic uncertainty, there's also cautious optimism, due to the rollout of vaccinations, fiscal stimulus and pent-up consumer spending. It's now time to focus on growth."

Sarah Palmer, Senior Vice President, Credit Underwriting & Asset Management at Key Equipment Finance, agrees and credits federal relief measures for helping to stabilize many businesses. "Before the pandemic, we were all awaiting the next downturn," she recalls. "But few of us expected a sharp contraction that drove massive disruptions in business activity. Thankfully, the federal government stepped in to provide stimulus that has kept a lot of businesses afloat. So, although we expected an unprecedented number of defaults, we haven't seen the widespread failures that we thought might happen."

Palmer says the company is still cautious, but adds, "Now that there are vaccines against COVID-19, we see the potential for businesses to regain confidence and move forward—a proverbial light at the end of the tunnel."

## Market Twists

Chris Maudlin, Senior Vice President & Chief Credit Officer at Wintrust Specialty Finance, sees pent-up

demand for normalized equipment acquisitions and thinks it will be released this year as companies gain confidence from government support and vaccination progress. But he doesn't expect demand to surge in every market, however.

"Any business that requires people to gather in close proximity to one another will need to continue to adapt," says Maudlin. "Industries that were formerly very reliable, such as hospitality and the bus and motor-coach segments of transportation, have been highly impacted and may take longer to recover. But there will be winners in every segment, and companies that find ways to adapt to the new norms quickly will have an advantage."

Palmer looks for renewed focus on climate- and energy-related policies to affect a broad swath of industries. "Steps the new administration is taking toward carbon reduction may affect the auto and trucking industries, where equipment finance is heavily involved," she says as an example. "This means we have an opportunity to help these companies gear up as they move toward making zero-emissions vehicles." As for 2021, though, Palmer expects nascent recovery as the U.S. tries to return to a semblance of normalcy.

Chris Jung, Senior Manager, Credit & Risk Management at Cisco Systems Capital Corporation, says that for his company, new markets aren't yet on the radar. "In the midst of every crisis comes opportunity, and the pandemic is no different," he says. "Throughout all of the effects of the pandemic on our customers, we've seen an even greater need for Cisco technology and our customers' ability to consume it. The pandemic



**“While there’s still economic uncertainty, there’s also cautious optimism, due to the rollout of vaccinations, fiscal stimulus and pent-up consumer spending.”**

Lou Maslowe  
*Marlin Capital Solutions*

has also presented us with opportunities to revisit our process, models and structure, and shown us where we need to lean into targeted risks with a long-term view.”

Jung further says the pandemic allowed Cisco to become even more of a strategic partner with customers as conversations, collaboration and joint solutioning began to occur at a deeper level. “Customer needs and budgetary requirements have changed throughout the pandemic, and these relationships are critical in understanding their needs,” he adds.

### **New Challenges, New Procedures**

In short, Jung says the pandemic has changed the way members of his department do their jobs. He explains: “Analysis of historical financials is an essential component of determining a customer’s financial health, and there’s been a shift at Cisco to focus on the actions customers are taking now to stabilize their financial position, as well as results during the in-pandemic period.”

Specifically, credit professionals are looking to see if the stabilizing actions are sustainable, and at ramifications of those actions post-pandemic. “Our customers,



**“Although we expected an unprecedented number of defaults, we haven’t seen the widespread failures that we thought might happen.”**

Sarah Palmer  
*Key Equipment Finance*

and even entire industries, are changing at a rapid pace, and we expect this to continue well into the future,” says Jung. “We’ll continue to rely on our credit platform, our data analytics and our decisioning frameworks to assess risk—but now more than ever, we need to rely on our human capital and decision-making to ensure a proper risk and reward that’s aligned with our long-term goals and objectives.”

Maudlin says staying in close touch with customers as they’ve endured COVID-19 has also been valuable. “Our new business volume was up in 2020, and a portion of this was from companies investing in technology to help them adjust to the current environment,” he says. “Now we’re starting to see more normalized

**“In the midst of every crisis comes opportunity, and the pandemic is no different.”**

Chris Jung  
*Cisco Systems Capital Corporation*



equipment acquisitions for our customers in addition to continued investment in technology.”

If credit and collections employees weren’t already comfortable interacting virtually with customers, the pandemic forced the issue. “Suddenly we had to do it—and all of our due diligence—from our kitchen tables,” Palmer says with a chuckle.

Flexible working conditions were already in place at Key Equipment Finance when the virus hit, enabling most employees to work from home and hit the ground running. “Now we’re looking at what it will be like post-pandemic, and we already know that many of us won’t necessarily have to return to the office,” Palmer says. That’s good, because she says some employees have relocated during the pandemic.

### **Tech-induced Developments**

Not that physical location matters anymore. “Before the pandemic, we always thought about recruiting and hiring locally, or incurring sizeable expense to relocate people,” says Maslowe. “Now it doesn’t matter where people are! Working from home has opened up

tremendous opportunities to hire top talent and not be constrained by geography.”

Wintrust Specialty Finance has already increased headcount, hiring in sales, credit and collections and operations. “Being able to expand our hiring pool beyond the footprint of our office is a big win, and we now have a number of team members that we’re looking forward to meeting in person,” says Maudlin. To maintain team spirit and continue the personal aspects of communication, Wintrust uses BlueJeans video conferencing as much as possible.

Of course, the other side of continuing to work remotely is that employees will be able to leave a company as easily as they arrive. “We’ll have to work harder to retain talent,” says Maslowe. But he wonders how to build and maintain company culture when everyone’s at home, and he’s particularly concerned about onboarding new employees remotely and running urgent projects.

So is Palmer. “I think our entire industry needs to work through the challenge of training and mentoring junior workers,” she says. “In a virtual environment, how do you make sure they’re getting the experience and interaction they need?” Adds Maslowe, “It will be interesting for companies to watch the turnover percentages as we go forward.”

Challenges notwithstanding, there’s no question accelerated adoption of technology has enhanced the credit and collections business. Use of electronic signatures and e-documents has become commonplace, as has managing business remotely and using technology in new ways to get things done. “Since people aren’t in their offices anymore, many equipment finance companies are enhancing their digital capabilities, making it easier for them to do business and faster for us to process it,” notes Maslowe. The

**“Being able to expand our hiring pool beyond the footprint of our office is a big win.”**

**Chris Maudlin**  
*Wintrust Specialty Finance*



upshot: more automation, more auto-decisioning, a greater focus on fraud and tools to prevent it, and more use of technology in collections, as in texting to reach borrowers.

### **Rapport with Regulators**

Through it all, regulators have been supportive and responsive, say the bank credit and collections experts interviewed here. “We’re all going through this together, and regulators understand that,” says Maudlin. “They’ve worked with us to make sure there aren’t challenges to lending, and that’s been very helpful.”

“Banks played a critical role in the COVID-19 stimulus program, and I don’t know that many people realize this,” adds Palmer. “Banks were in charge of getting that stimulus out to businesses, and the regulators worked well with us, promptly addressing issues banks had in providing the relief and being accountable.” It seems clear that when it comes to their customers, equipment finance companies have done the same. All aboard now for a rewarding 2021! ☰

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**SUSAN HODGES** writes about equipment finance from her office in Albuquerque, New Mexico.



### **Learn More at ELFA's 2021 Credit & Collections Conference!**

Recruiting and hiring remotely, collaborating with customers to meet their changing needs, and sizing up changed markets are just a few of the topics to be discussed at ELFA's 2021 Credit and Collections Conference, to be held virtually June 8-9. Key sessions will address lessons learned from the COVID-19 downturn, and what to do differently as our nation and world move into a new normal. “We’ll have some agenda items geared to newer professionals, and a lot of stimulating discussion for everyone,” says Lou Maslowe. And because the conference is virtual, lower registration fees are in effect and you can attend without leaving your desk. Look for the agenda and brochure soon on [www.elfaonline.org/events](http://www.elfaonline.org/events).





# Rekindle Your Fire!

Now is the time to refocus on your career. The ELFA Women's Council is ready to help.

By Susan L. Hodges

**IF YOU'RE CASTING AROUND** for ways to get back your spark after one of the most difficult years in 100, look no further than the ELFA Women's Council. A larger than usual supply of Council events and experiences await in 2021 to refuel your career development.

Deb Baker, Chair, ELFA Women's Council and Head of Worldwide Leasing and Financing at HP, Inc., says the Council has doubled up on its goals this year, to continue supporting activities that have been successful in the past, and to launch two years of new programs, some delayed in 2020 due to the pandemic. Here's a rundown of what's coming up:

### **2021 ELFA Women's Leadership Forum LIVE!**

This fully virtual conference happens April 20 and promises an abundance of take-aways. Jennifer Fanz, Chair of the Forum, Chair-Elect of the ELFA Women's Council and Country Sales Manager, US Healthcare at DLL, sums up the Forum's aim. "This past year has required so much energy from all of us to



This past year has required so much energy from all of us... Now it's time to begin investing in ourselves again—thus our Forum theme: "Stoking the Fire."

**JENNIFER FANZ, Chair**  
ELFA Women's Leadership Forum LIVE!

pivot and focus on those things that demanded our attention during a crisis, all while somehow still managing our careers and juggling family needs. It has been a lot. As a result, some of our fires have smoldered. Now it's time to begin investing in ourselves again—thus our Forum theme: 'Stoking the Fire.'

As with past Women's Leadership Forums, this year's brims with inspiration and ideas for personal and professional renewal. Fanz's own enthusiasm breaks through when she talks about it. "There are ways to accept what we've gone through and acknowledge what we were able to overcome during the pandemic so we can get back our spark," she says. "One way is to focus on small changes that can have a positive impact. Another is to brush aside the things you can't control so you can devote more time to those you can. Our speakers will address these topics and more as part of a stimulating agenda that will be embraced by everyone who attends."

Shannon Cassidy, Founder and CEO of bridge between, inc., a boutique leadership development firm specializing in behavioral change, executive presence, effective communication and empowering leadership, will deliver a keynote based on her book, *The 5 Degree Principle: How Small Changes Lead to Big Results*. "Shannon's energy is truly contagious," says Fanz. "She'll help set the tone for the entire conference."

Over lunch, a diverse group of executives will share their experiences from the past year, including how they are leading teams remotely and dealing with the challenges of COVID-19. An optional, hour-long networking session will follow, itself to be followed by a fireside chat between Fanz and TomorrowZone Founder and CEO Deb Reuben. Entitled "Reinvention: Letting Go of Yesterday to Ignite Your Tomorrow," this candid conversation will focus on how to make

awesome happen, regardless of your circumstances.

Next, Personal Development Coach and Success Trainer Kelly Accetta will speak on defusing the landmines we plant in our own lives. "Often without recognizing it, we plant problems in our minds that quickly grow into obstacles," says Fanz. "We make unjust comparisons between ourselves and others, and we engage in negative self-messaging that damages our egos and prevents us from moving forward. Kelly will give us tools to overcome these subconscious habits." Afterward, a short recap and closing session will give way to a networking reception at which attendees can gather in small or large groups.

Andrea Hart, Member, ELFA Women's Council and Global HR Director, Caterpillar Financial Services Corp., is totally fired up about the Forum and ready to log on. "I'm looking forward to the virtual format because it will give more people an opportunity to attend," says Hart. Not only that, she thinks the sessions will appeal to a cross-section of women and men in equipment finance and provide tools to reenergize. "Even in a virtual environment we'll be able to move beyond the day-to-day and think about what we as individuals need to grow our careers," she says, adding, "This is exactly what we need right now."

### About the Council

For those unfamiliar with the Women's Council, Baker provides background. "The Women's Council, together with the ELFA Equality Steering Committee and the Emerging Talent Advisory Council (ETAC), is leading the evolution of the association into a more accessible,

The Women's Council, together with the ELFA Equality Steering Committee and the Emerging Talent Advisory Council, is leading the evolution of the association into a more accessible, inclusive organization that reflects the diversity of our members and the markets they serve.



**DEB BAKER, HP, Inc.**  
Chair, ELFA Women's Council



inclusive organization that reflects the diversity of our members and the markets they serve," she says. "An important part of the effort's success will be inclusive and innovative leadership, driven partly by increasing the engagement of women at all levels in the association and member companies."

Men as well as women are encouraged to attend Council events. "We want and need the support of men, who are still the majority in our industry," says Baker. "We can learn a great deal from each other, and we hope to see more of you at our events this year."

### Added Convention Attractions

Always a vibrant presence at the ELFA Annual Convention, the Women's Council will add an event this year, kicking off its Onboarding Buddy Program to welcome first-time Convention attendees. "It's tough to go to such a large conference for the first time, and the 2019 convention was the first for nearly 50 people," says Baker. "Having someone meet you for coffee, show you around and share tips and suggestions can really ease the way, and we'll assign a buddy to all newcomers who request one."

The Council will also submit a proposal for a Convention break-out session. "We've been quite successful getting past proposals accepted and funded, and we really hope that will be the case this year, and that we'll be able to meet in person," says Baker.

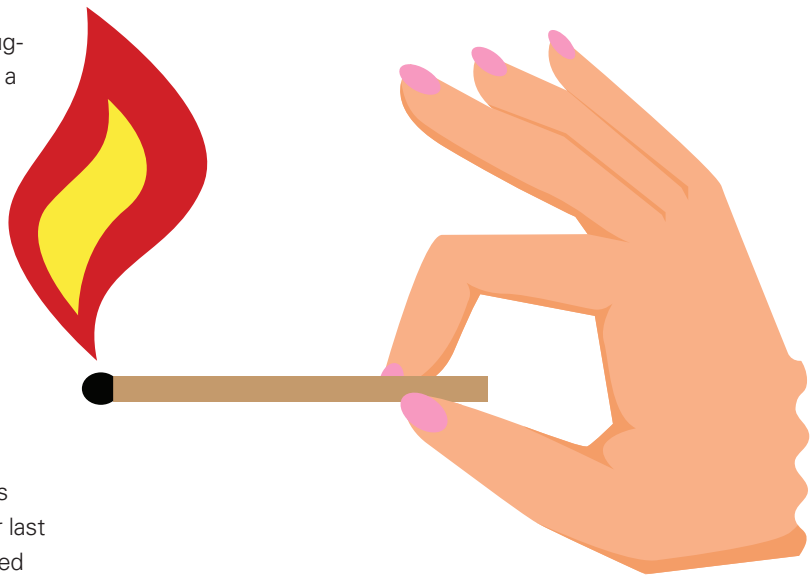
Even if the Convention is virtual, attendance at Council events is likely to be high. The popular Women's Council Reception, usually held on the first evening of the Convention, exemplifies the outreach the Council continues to foster. "Our last reception was our biggest by far, and we're gratified

Even in a virtual environment we'll be able to move beyond the day-to-day and think about what we as individuals need to grow our careers. This is exactly what we need right now.



**ANDREA HART**  
Caterpillar Financial Services Corp.

that so many make it a point to attend," says Baker. "This year, we look forward to welcoming an ever larger and more diverse group of professionals who've chosen to be part of the equipment finance industry."



### Mentoring, and More

An offering set to launch this year after a delay in 2020 is the Council's Mentoring Program. And because each ELFA Council has mentoring as one of its goals, Baker says the planning sub-committees of all three will connect. "All mentors and mentees who signed up last year will be contacted about participating this year," she says. "Stay tuned—more information will be forthcoming."

Another Women's Council program begun in 2019 will continue this year with the goal of adding more content, more networking opportunities and more members. "The ELFA Women4Inclusion LinkedIn



The ELFA Women4Inclusion LinkedIn Group is a great opportunity to stay connected to those in our industry dedicated to moving the inclusion needle.

**MILISSA MELLE**  
Key Equipment Finance



Attending Women's Council events and serving on the Council are wonderfully eye-opening and empowering.

**BOB COHEN**  
MORITT HOCK & HAMROFF LLP

Group is a great opportunity to stay connected to those in our industry dedicated to moving the inclusion needle," says Milissa Melle, Women's Council Member and Vice President, Demand Generation and Sales Readiness at Key Equipment Finance. "The Council is committed to highlighting the success of women leaders, sharing important equality data, and motivating its members with quality content. We look forward to consistently evolving the LinkedIn group, using the feedback of our members as the guiding premise for the group's success." To join, go to [www.linkedin.com/groups/12189073/](http://www.linkedin.com/groups/12189073/).

Also on tap for this year: creation of a Women's Leadership webpage within ELFA's website, [www.elfaonline.org](http://www.elfaonline.org). To feature articles and recorded talks on professional development, the site will provide links to past Council events, profiles of women in equipment finance and a link to the Diversity & Inclusion Toolkit, designed by the ELFA Equality Steering Committee to support member companies in their journey toward fostering a diverse and inclusive culture within their organizations. More resources focusing on women's leadership and career advancement will be posted as they become available.

### Eye-Openers and Allies

Whether you drop in at a reception, go to a Council-sponsored break-out session at the Convention, or attend the Women's Leadership Forum, members of the Women's Council say their events are designed to be valuable opportunities for men as well as women. Bob Cohen agrees wholeheartedly. A Partner at Moritt Hock & Hamroff LLP, Cohen is an active member of the Women's Council. "Attending Women's Council events and serving on the Council are wonderfully

eye-opening and empowering," he says. "The talent and drive the members display are high-caliber, insightful and refreshing—and it's particularly enlightening to learn how often the experiences of women in our industry differ greatly from those of men. Adding this awareness will make each attendee improve, regardless of gender, and broaden her or his understanding of all members of the industry. The Women's Council identifies growth areas that enable any organization to accomplish more with their existing human resources, and we at our company are seeing this payoff regularly."

Cohen is what some in equipment finance might call an "ally" of the Women's Council. He takes an interest in the progress of women in equipment finance, enjoys learning more about them as a group, and uses opportunities to draw attention to the growing role of women in the industry. "Equipment leasing and finance has been a male-dominated industry for decades, and it's clear that the growing number of women in ELFA are making our industry stronger and better equipped to serve its customers," he observes, and then adds, "Industry leaders need to support the ELFA Women's Council. Much good will come from taking this action—both expected and unexpected." ☰

**SUSAN HODGES** writes about equipment finance from her office in Albuquerque, New Mexico.



### Join Today!

The ELFA Women's Council created the ELFA Women4Inclusion LinkedIn Group to bring industry professionals together in support of gender-balanced leadership and inclusion. This group is designed as a forum to share information, exchange ideas and network with other members of the equipment finance community. We look forward to your participation at [www.linkedin.com/groups/12189073/](http://www.linkedin.com/groups/12189073/).

# Executive **LIVE!** Roundtable: *The Future of Work*

**April 6, 2021**  
10 am – 7:00 pm

**Maximize your networking opportunities on our brand-new virtual platform!**

All top executives are invited to attend. There will be no limit on registrations from ELFA member companies or Service Provider member companies. Our goal is to bring the membership together for a successful 2021 and beyond.



**New  
This Year:  
All Executives  
Invited!**

## KEYNOTE SPEAKERS



**The Future of Work**  
**RITA MCGRATH**




**2021 Economic Update**  
**MIKE FAULKENDER**



**Board Chair, ELFA**  
**KRIS SNOW**

Become a Sponsor: ELFA meetings provide excellent exposure for your company's products and services. For more information on becoming a sponsor, please contact Steve Wafalosky at [steve@larichadv.com](mailto:steve@larichadv.com) or (440) 247-1060.

The background of the top half of the page features a photograph of the United States Capitol building in Washington, D.C., with its iconic dome and classical architecture. In the foreground, an American flag flies on a tall pole against a clear blue sky with a few wispy clouds. The text is overlaid on this image.

## Member engagement is critical to ELFA's government relations strategy.

By Chelsea Neil

# This Isn't the Time to

**ELFA PROVIDES THE PLATFORM** for the equipment finance industry to advocate for public policy issues at the federal level. This platform effectively takes the interest of more than 575 member companies and creates one voice that strengthens our impact on policy issues.

Capitol Connections 2021 will be virtual due to the COVID-19 pandemic. While we are disappointed that our members will not be able to walk the halls of Congress, we are thrilled that ELFA members will still be able to advocate on behalf of the equipment finance industry. Registration for Capitol Connections (May 19) will open soon at [www.elfaonline.org/events](http://www.elfaonline.org/events). We will be announcing the programming for this event to include issues, webinar dates and special events in the coming months.

### Your Participation Makes a Difference

Over the last 10 months, ELFA staff and ELFA members have already participated in dozens of virtual meetings with Members of Congress and their staffs. While nothing can replace the shoe leather advocacy of walking the marble corridors of the Capitol, these meetings have been remarkably effective and, in many cases, we have experienced a greater level of actual interaction with Members of Congress in the virtual format rather than meeting solely with staff. This experience has been confirmed by other organizations that have been conducting virtual meetings during the pandemic as well. With all the issues at play this year, it's not the time to sit on the sidelines. Your direct involvement in Capitol Connections could make the difference on significant tax and financial services policy matters. In the meantime, block off May 19 on your calendar.

Capitol Connections is just one component of the association's government relations strategy. This strategy is a three-legged stool of direct advocacy, grassroots mobilization and political involvement. By merging the three into our government relations strategy, we create a united voice for our industry.

### Direct Advocacy

Direct advocacy, often called lobbying, is the expression of our right to "petition the government" as stated in the First Amendment of the United States Constitution. ELFA's direct advocacy falls into two broad categories, education and advocacy.

Our elected officials come from diverse backgrounds and they do not always know the subtle details that are essential to operating an equipment finance company. A majority of ELFA's direct advocacy efforts focus on education about the industry. If elected officials and appointed officials don't understand how equipment finance benefits the economy, they are unlikely to support changes that would help our industry.

When the ELFA legislative staff determines whether or not to advocate for any given matter, the ELFA membership is the first place they turn to for invaluable insights that help determine how current policy is working for the equipment finance industry. Additionally, ELFA staff work with member companies



# Sit on the Sidelines

to review proposals, laws, regulations and rules.

Once a policy issue has been identified, ELFA staff, often in coordination with member company volunteers, engage directly with Members of Congress and their staff to educate them about the issue. Once that base level of education is achieved, we can advocate for the path that will lead to the best results for the equipment finance industry.

## Grassroots Mobilizations

Lobbying by the ELFA staff is not always enough to convince government officials that a policy is right or wrong for the industry. It takes a local voice or industry expert to relay the message. This is where ELFA's grassroots network comes into play. ELFA's grassroots program, Advocacy Champions, is geared towards bringing industry voices to elected officials by giving a firsthand account to policy on matters that affect the day-to-day of member companies. Sharing your voice with elected officials by inviting them to meet with your employees who work in their districts increases the volume and helps us stand out.

## Political Involvement

Political involvement is knowing which candidates understand and support the industry and helping them get reelected. Civic engagement goes beyond voting. It can be volunteering on a campaign or assisting a candidate in your area by introducing him or her to community members and specifically your neighbors. These activities can help push a candidate into an elected position and help the candidate recognize you

as a valuable resource to them when they need to know how a policy will affect the local economy.

Just like growing a business takes capital, so does running a campaign. A political campaign takes funding to pay staff, run political advertisements and travel around the district. To help create a united voice, ELFA has its own political action committee, LeasePAC, to collect voluntary contributions from hundreds of employees at ELFA member companies and pool those funds to contribute to candidates who share our values. The LeasePAC Committee is composed of employees from ELFA member companies and oversees all LeasePAC activities. To learn more about LeasePAC, please visit the LeasePAC website at [www.elfaonline.org/advocacy/leasepac](http://www.elfaonline.org/advocacy/leasepac).

We must engage with those who represent us so our policy priorities are known and acted on. Your participation is critical to helping us deliver the equipment finance message to policymakers. With that in mind, if you would like to begin building a relationship with your Members of Congress in advance of Capitol Connections, please reach out to ELFA's Federal government relations team. ☰

**Save the Date  
for Virtual  
Capitol Connections  
on May 19.**



For more information, contact **Chelsea Neil**, ELFA Director of Federal Government Relations, at [cneil@elfaonline.org](mailto:cneil@elfaonline.org).

# Spreading the Gospel of Equipment Finance

By Amy Vogt

**ARE YOU LOOKING** to share information with your customers about the benefits of equipment finance? Look no further than ELFA's new-and-improved Equipment Finance Advantage website. This one-stop resource is designed for businesses that want to learn more about how they can incorporate equipment financing into their business strategies.

The site, at [www.EquipmentFinanceAdvantage.org](http://www.EquipmentFinanceAdvantage.org), has an improved navigation for a better user experience and a wide range of resources highlighting how companies of all types and sizes can use leasing and financing to their strategic advantage.

At Equipment Finance Advantage, users will find information and tools that can help answer questions such as:

- How can equipment finance benefit my business?
- What type of financing option is right for my business?
- What's the difference between a lease and a loan?
- What questions should I ask before entering into a financing agreement?
- Where can I find an equipment finance company?
- and much more.

The ELFA Communications Committee spearheaded the original development of the Equipment Finance Advantage website and continues to provide valuable input on the site's content and outreach strategy. Most recently, the committee oversaw the site redesign, sharing feedback for streamlining the content and adding graphics. In addition, ELFA-member subject matters experts reviewed and updated the content on the site, including the extensive glossary.

**ELFA has upgraded its website for end-users so it's a more powerful resource than ever for helping businesses take advantage of the benefits of equipment finance.**

## User-Friendly Tools

Highlights of the site's user-friendly content include:

- **Equipment Finance 101:** Overview of the benefits of equipment finance, the types of financing, the top 10 questions to ask before entering an equipment financing agreement, a glossary of terms and more.
- **Toolkit:** How-to articles, infographics and fact sheets.
- **Find a Provider:** A searchable list of ELFA members that provide equipment leasing and finance services.

## Help Spread the Word

ELFA members are encouraged to use the resources on the site, share them with their sales teams and promote them far and wide to help raise awareness of our industry—and its important role in helping businesses thrive. ☰

**AMY VOGT** is ELFA Vice President of Communications and Marketing. Please email her at [avogt@elfaonline.org](mailto:avogt@elfaonline.org) with any questions about the Equipment Finance Advantage website.



# New York Licensing Bills Include Leasing

**NEW YORK SENATE BILL 1061** sponsored by Banking Committee Chairman [State Senator James Sanders Jr \(D-NYC\)](#) and its companion bill [New York Assembly Bill 1420](#) sponsored by Committee on Banks member and Subcommittee Chair [Assemblywoman Kimberly-Jean-Pierre](#) seek to regulate commercial finance licensing of those making or soliciting commercial financing products as authorized and without first obtaining a license.

§ 363-A 1(C) of definitions includes “any leasing transaction where any funds are provided to the business or commercial enterprise by the leasing business or any affiliate of the leasing business in the amount of five hundred thousand dollars or less.” Exemptions in § 363-B 2 covers “any banking organization” as defined, but does not exempt bank affiliates and subsidiaries. Licensees shall file annual reports, and any additional or special reports deemed necessary, used in part to assemble an annual consolidated statement of condition showing the combined assets and liabilities of all licensed lenders.

ELFA has spent considerable time educating the sponsors and staff as to our position and desire for needed amendments. The ELFA State Legislative and Regulatory Subcommittee of the Legal Committee has played an

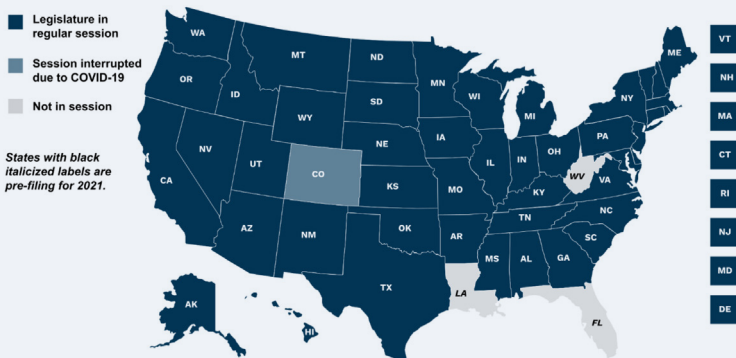
important role in this process. We are in the fight, but we cannot, at this point, guarantee success. Your views of this development can be shared with ELFA Vice President, State Government Relations, Scott Riehl. [E](#)



For more information, please contact ELFA Vice President of State Government Relations **SCOTT RIEHL** at [sriehl@elfaonline.org](mailto:sriehl@elfaonline.org).

**State Tax Filing Date Changes/Extensions:** Vertex has created a resource showing states that have issued sales and use tax guidance in response to the COVID-19 crisis. [Learn more.](#)

## State Legislatures in Session



- 46 state legislatures in regular session
- 3 states not in session and pre-filing (FL, LA, WV)
- 1 state session suspended due to COVID-19 (CO)

With 46 states currently in session, your team at ELFA is working to review and, where needed, to address all legislation filed that impacts your interests. ELFA’s efforts are focused on identifying any and all measures that would wrongly infringe

on the operations of ELFA members in the commercial sector, addressing those bills that require our attention and conversely promoting legislation that addresses industry needs. Traditionally ELFA has projected that more than 180,000 state legislative bills will be filed across the 50 states on a yearly basis. In 2021 ELFA projects this number will increase significantly due to the interruptions caused by the pandemic, the closing down of state legislative chambers and the backlog of legislative filings not addressed or permitted due to the shortened legislative session. Of that more than 180,000

state legislative filings, ELFA estimates there will be more than 2,000 bills introduced in 2021 that may impact our members’ interests.

ELFA sends out email updates on state legislative and regulatory activity as it occurs. You can receive this information by sending complete contact information to ELFA Vice President, State Government Relations Scott Riehl.

## Bundle Up!

**IN RECENT YEARS**, lessees have been pressing for equipment leases to include both software used, and services to be provided, in connection with the equipment. The 2001 amendments to Article 9 of the Uniform Commercial Code (the “UCC”) expanded the definition of “chattel paper” to include not only leases and security interests in specific goods, but also security interests, leases and licenses of “software used in the goods.” Consideration is now underway whether to define chattel paper to include transactions involving both software and services, as well as equipment.

### Who Cares?

Equipment lessors, and third parties that either purchase or finance equipment leases, care about whether the contract constitutes chattel paper, because sales of and security interests in chattel paper can be perfected by possession of the chattel paper instead of (or in addition to) filing a financing statement. A purchaser or financier who relies on a filed financing statement to perfect its interest and wants to verify that its interest is first in line, also must search the recording office for all other statements filed against that lessor to determine whether any conflicting interests might have priority.

Because an active lessor likely will have many financing statements filed against it, obtaining the UCC search report can be expensive and searching for conflicting filings will be tedious. Worse yet, in most state filing offices it may take weeks before a filed financing statement appears in a search report. The cost structure and velocity of equipment finance transactions will not accommodate either the expense or the delay occasioned by this process.

In contrast, UCC section 9-330 provides a more streamlined path to perfection and priority—but only if the lease or security agreement constitutes chattel paper: “A purchaser [which includes a secured party] of chattel paper **has priority over a security interest in the chattel paper**...if the purchaser” gives new value, takes possession of the chattel paper “in good faith, in the ordinary course of the purchaser’s business, and without knowledge that the purchase violates the rights of the [other] secured party (emphasis added).” Official Comment 6 to that Section confirms that the secured party is not compelled to conduct a search of the UCC filings made against the seller or borrower.

### What’s New?

Technology advances have enlarged the demand for bundled contracts which include services and software along with equipment. One example encountered recently was a lease for high-tech audio/visual/lighting equipment, which included the services of the lessor’s on-site technical personnel who travel with the equipment as it is moved from one performance venue to another. Another example involved the lease of a floating navigation buoy, including the software needed to provide the navigational data and the lessor’s services in installing and maintaining the buoy.

In each instance, these leases would not have constituted “chattel paper” under Section 9-102(a)(11) of the current UCC. For one thing, it is unclear whether software used “in connection with” the equipment (as opposed to “used in the goods”) would enable such a bundled contract to constitute “chattel paper.” It also is clear that bundling services in connection with the leased equipment would not qualify for chattel paper treatment.

Worse yet, UCC section 9-102(a)(2) defines an “account” as “a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be ...leased [or] (ii) for services rendered or to be rendered.” The implication is that a bundled contract containing services likely would be treated as an “account” rather than as “chattel paper.” Purchasers or financiers of accounts are not able to rely upon perfection by possession of the contract, or to obtain priority under UCC section 9-330; they would have to file a financing statement in order to perfect their ownership/security interest and search the UCC records to confirm that there exist no prior liens.





## Does a bundled contract constitute chattel paper?

### Could ALI Come to the Rescue?

In 2019, an ALI/ULC Joint Committee on the UCC and Emerging Technologies was formed, chaired by Edwin Smith of Morgan, Lewis & Bockius. Six subcommittees also were appointed, including a Bundled Hardware, Software and Service Transactions Subcommittee, chaired by Leianne Crittenden of Oracle and Professor Neil Cohen of Brooklyn Law School. Several in-person and Zoom meetings have been held to discuss numerous issues in addition to that covered by this article.

Their discussions so far on whether a bundled contract would constitute chattel paper have focused upon the extent to which the contract contemplates use of equipment rather than software and services. The clearest example has been a cable TV box: most would agree that the cost of the box itself is a minor element of the monthly cable charges, and that the charges for access to 500+ cable channels are the greater element of the transaction. Accordingly, a typical cable TV contract would not constitute chattel paper. But the unresolved question remains: how substantial must the equipment element be, in order for the contract to constitute chattel paper?

The current UCC provides no guidance as to this question. As Section 9-102(a)(11) currently is written, any equipment portion in a goods + software contract would result in the agreement constituting chattel paper. But that conclusion would run afoul of the analysis in the cable TV example above. The Subcommittee co-chairs have suggested that the goods aspect should “predominate,” in order for the contract to constitute “chattel paper” and have provided only two admittedly extreme examples (lease of a Tesla automobile, cable TV contract) to illustrate the meaning of “predominates.”

Greater clarity is needed if the equipment finance marketplace is to take advantage of the benefits of chattel paper treatment. The Subcommittee wisely has shunned from advancing any quantitative test (51%? 40% versus 30% each for software and services?) lest parties to the bundled contract, and any third party purchaser or financier, be tempted to game the system.

However, the Subcommittee co-chairs have posited, in their Tesla example, that “the value of the right to possess and use the automobile is significantly greater than the value” of the vehicle’s operating system and periodic software updates (emphasis added). The underlined phrase implies that even a 60/40 split (equipment versus software and services) might not be “significantly greater” than the non-equipment portion and hence inadequate for the agreement to qualify as chattel paper. Certainly, this test does not appear in the current UCC and if adopted by the Joint Committee could impede financing of bundled contracts.

One alternative test would treat a bundled contract as chattel paper if the value of the goods (equipment) portion is a “material” element of the overall value of the contract. Another suggestion would rely upon whether the periodic payment for use of the goods is a “substantial factor” of the overall periodic payments. These approaches have at least two advantages: 1) they do not imply that the equipment must constitute a super-majority of the overall transaction; and 2) “material” and “substantial” are concepts with which equipment finance professionals are familiar.

There may be other approaches. Or perhaps readers may prefer one of the three approaches described above. In any case, readers should voice their preference by contacting Chair Edwin Smith and Subcommittee Co-Chairs Crittenden and Cohen. Doing so will inform them at this critical point in time, before a drafting committee is appointed to pursue changes to the UCC in accordance with instructions of the Joint Committee. ☰



**STEPHEN T. WHELAN** ([swhelan@blankrome.com](mailto:swhelan@blankrome.com)) is a partner in the New York office of law firm Blank Rome LLP and an Observer member of the ALI/ULC Bundled Transactions Subcommittee.

# 2021 ELFA Annual Calendar of Conferences, Workshops and e-Learning Opportunities

## FEBRUARY

February 23-24, 2021

**Equipment Management Conference & Exhibition LIVE!**  
*Virtual Event*

## MARCH

March 11, 2021

**20th Annual IMN/ELFA Investors Conference**  
*Virtual Event*

## APRIL

April 6, 2021

**Executive Roundtable LIVE!**  
*Virtual Event*

April 13-15, 2021

**Principles of Equipment Leasing and Finance Workshop**  
*Virtual Event*

April 20, 2021

**Women's Leadership Forum LIVE!**  
*Virtual Event*

April 29, 2021

**Independent Best Practices Roundtable**  
*Virtual Event*

## MAY

May 4-5, 2021

**Legal Forum LIVE!**  
*Virtual Event*

May 6, 2021

**Emerging Talent Regional Networking Event**  
*Virtual Event*

May 19, 2021

**Capitol Connections**  
*Virtual Event*

May 27, 2021

**Bank Best Practices Roundtable**  
*Virtual Event*

## JUNE

June 3, 2021

**Small Ticket Best Practices Roundtable**  
*Virtual Event*

June 7-8, 2021

**Credit and Collections Management Conference & Exhibition LIVE!**  
*Virtual Event*

June 17, 2021

**Captive and Vendor Finance Best Practices Roundtable**  
*Virtual Event*

## JULY

July 14, 2021

**Emergence2021 LIVE!**  
*Virtual Event*

July 14, 2021

**Emerging Talent Networking Event**  
*Virtual Event*

## SEPTEMBER

September 13-15, 2021

**Operations & Technology Conference & Exhibition**  
Sheraton New Orleans  
New Orleans, LA

September 13-15, 2021

**Lease and Finance Accountants Conference**  
Sheraton New Orleans  
New Orleans, LA

September 13, 2021

**Emerging Talent Networking Event**  
Sheraton New Orleans  
New Orleans, LA

September 21-23, 2021

**Principles of Equipment Leasing and Finance Workshop**  
*Virtual Event*

September 27-29, 2021

**33<sup>rd</sup> Annual National Funding Conference**  
Hilton Palmer House  
Chicago, IL

## OCTOBER

October 24-26, 2021

**60<sup>th</sup> Annual ELFA Convention**  
JW Marriott San Antonio Hill Country Resort & Spa  
San Antonio, Texas

**For the latest event information and  
Wednesday Webinar schedules go to:**

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# 2021 ELFA Legal Buyers Guide

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## CONTENTS

- Hot Legal Issues in Equipment Finance
- Legal Services Listings
- ELFA Legal Resources

# Hot Legal Issues in

What are the latest developments and trends in the law affecting equipment finance?

## The Truth About the CCPA

The highly-anticipated California Consumer Privacy Act (CCPA) took effect on Jan. 1, 2020, leaving some businesses scrambling to understand the applicability of the CCPA's expansive obligations. The [March/April 2020 Leasing Law column](#) by Amanda R. Lawrence, Moorari K. Shah, Sherry-Maria Safchuk and Doris Yuen debunked three key misconceptions about the CCPA's applicability, including:

- Misconception #1: The term “consumers” does not include individuals involved in commercial transactions.
- Misconception #2: Financial institutions subject to the Gramm-Leach-Bliley Act are exempt from the CCPA.
- Misconception #3: The business-to-business exemption applies to all personal information collected in commercial transactions.

## The Governing Law Provision Doesn't Always Govern

It is standard practice for parties to a contract to agree to the application of a certain state and/or jurisdiction's law, otherwise known as a “choice of law” or “governing law” provision, and/or a forum selection clause of a contract. However, various jurisdictions are finding an increasing number of exceptions that may invalidate governing law and/or forum selection clauses, potentially resulting in ramifications for which any lender and/or lessor in the equipment leasing and secured lending industry may have never bargained. In the [May/June 2020 Leasing Law column](#), Marc L. Hamroff and Julia Gavrilov touch on a few of these exceptions as they may apply to your business.

## Understanding the LIBOR Transition

The London Interbank Offered Rate (LIBOR) is the most widely used reference rate in the world, used to set the rates for a wide variety of financial transactions, including business loans, corporate bonds and derivatives. LIBOR serves as a reference rate for tens of millions of transactions worth more than \$400 trillion globally. However, regulators worldwide have called on market participants to prepare for a transition away from LIBOR by the end of 2021 and a global effort is underway to replace LIBOR by that date. The [Summer 2020 Leasing Law column](#) by Emily Speak gives a brief overview of why the LIBOR transition is happening, the organization leading the U.S. transition, the rate expected to replace LIBOR and key steps for legal counsel advising equipment lenders that have loans or agreements with LIBOR as their adjustable interest rate.

## The Law Says It Is Inventory

Most goods financed by the equipment finance industry spend at least part of their existence as “inventory” as defined by the Uniform Commercial Code (UCC). Failing to understand when goods constitute inventory can have disastrous consequences for equipment lenders and lessors. Understanding early in the financing process that transactions can be considered inventory can prevent problems for a finance company's business, its customers and the vendor of the goods throughout the process. The [October 2020 Leasing Law column](#) by Ryan Thompson examines what constitutes “inventory” under the UCC, why it matters and tips for avoiding the “inventory” trap.

# Equipment Finance

Here's a list of some of the top legal issues facing ELFA members:

## **Air, Rail and Marine Legal Update**

Given the wide spectrum of state, federal and international legal considerations when financing rail, marine and aircraft assets, participants in those financings must not only be and remain aware of prospective or existing changes in those laws, but also must consider how best to conform their transactional practices and policies when entering into and managing rail, marine and aircraft financings. The [November/December 2020 Leasing Law column](#) by Bob Goldberg, Edward Gross, Marjorie Krumholz and Melissa Kopit outlines regulatory initiatives, new implications of long-standing legislation and published commercial law opinions, all relating to rail, marine or aircraft financings during the previous year.

## **5 Things Traditional Lessors Can Learn from Our Fintech Counterparts**

With a goal of bringing speed and simplicity to the industry, Fintechs have emerged as a disruptive force to traditional sources for equipment finance and leasing, including banks, captives and independents. The [January/February 2021 Leasing Law column](#) by Scott Adams examines several legal areas where Fintechs have challenged the status quo and provide new ways of thinking about longstanding pain points, including: (1) Transaction Complexity and Legal Documents; (2) Creativity for Navigating UCC Requirements; (3) Security, Fraud Risks and Mitigation; (4) Regulatory and Legal Structure; and (5) Collections and Recovery.

Note: Access the articles referenced above at [www.elfaonline.org/Magazine-Archive](http://www.elfaonline.org/Magazine-Archive)

## ELFA Legal Resources

**Are you looking for information about legal issues pertaining to the equipment leasing and finance business? Visit our Legal Issues page at [www.elfaonline.org/industry-topics/legal-resources](http://www.elfaonline.org/industry-topics/legal-resources). Don't miss these resources:**

**2021 LEGAL FORUM LIVE!** – The premier event for attorneys serving the equipment finance industry, May 4-5.

**STATE TAX MANUAL** – Reference guide designed to aid equipment finance companies in tax compliance and planning. Provides state-by-state analysis of sales and property taxes.

**STATE LAW COMPENDIUM** – 50-state guide to compliance with selected state statutes and regulations

**LEGALTALK** – An online community focused on legal subjects.

**LEGAL COMMITTEE** – A member and staff resource on legal issues impacting the leasing and finance industry. For more information, contact Ed Rosen at [erosen@elfaonline.org](mailto:erosen@elfaonline.org).

# Legal Services Listings

The listings in this directory are paid listings.  
Information was provided by each law firm.



This symbol indicates the firm is an ELFA member

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## Bernstein-Burkley, P.C.

707 Grant Street, Suite 2200, Pittsburgh, PA  
15219-1908

### Robert S. Bernstein, Partner

phone: 412.456.8100

fax: 412.456.8135

email: [rbernstein@bernsteinlaw.com](mailto:rbernstein@bernsteinlaw.com)

[www.bernsteinlaw.com](http://www.bernsteinlaw.com)



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## Borden, Ladner, Gervais LLP

1000 De La Gauchetière Street West, Suite 900,  
Montreal, QC Canada H3B 5H4

### Benjamin Gross, Partner

phone: 514.954.2635

email: [bgross@blg.com](mailto:bgross@blg.com)

[www.blg.com](http://www.blg.com)



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## Chapman and Cutler LLP

111 West Monroe Street, Chicago, IL 60603

### Melanie J. Gnazzo, Partner

phone: 415.278.9020

fax: 415.541.0506

email: [mgnazzo@chapman.com](mailto:mgnazzo@chapman.com)

### Thomas F. Howard

phone: 312.845.3812

fax: 312.516.1812

email: [howard@chapman.com](mailto:howard@chapman.com)

[www.chapman.com](http://www.chapman.com)



With more than 230 attorneys, Chapman represents equipment finance companies and funding sources in a variety of transactions, including asset-based loans, conduit warehousing and term securitizations. We represent finance and bank leasing companies in individual equipment finance transactions, portfolio acquisitions and dispositions and other strategic transactions, and provide regulatory, tax and commercial law advice. We also represent clients in distressed and troubled equipment finance transactions, including in litigation and bankruptcy matters.


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## Cohn & Dussi, LLC

68 Harrison Avenue, Suite 502, Boston, MA 02111

### Lewis J. Cohn

phone: 781.494.0200  
fax: 781.494.0208  
email: [lcohn@cohnanddussi.com](mailto:lcohn@cohnanddussi.com)  
[www.cohnanddussi.com](http://www.cohnanddussi.com)

 Cohn & Dussi, LLC is a full service Boston based law firm. For more than 25 years, the firm has built a reputation for excellence in practice areas that include collection on breach of equipment lease and finance agreements, workouts, litigation, bankruptcies, replevins, real estate, documentation and other general matters. We are uniquely positioned to meet the specific needs of equipment lease and finance entities due to our expertise in the space, and our powerful national attorney network which supports a national footprint.

---

## Farleigh Wada Witt

121 S.W. Morrison Street, Suite 600, Portland, OR 97204

### Mark R. Wada, Attorney; Margot D. Seitz, Attorney; Trish A. Walsh, Attorney

phone: 503.228.6044  
fax: 503.228.1741  
email: [mwada@fwwlaw.com](mailto:mwada@fwwlaw.com); [mseitz@fwwlaw.com](mailto:mseitz@fwwlaw.com);  
[twalsh@fwwlaw.com](mailto:twalsh@fwwlaw.com)  
[www.fwwlaw.com](http://www.fwwlaw.com)

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## Ferns, Adams & Associates

2815 Mitchell Drive, Suite 210, Walnut Creek, CA 94598-1623

### Laurel Adams

phone: 925.927.3401  
fax: 925.927.3419  
email: [ladams@fernslaw.com](mailto:ladams@fernslaw.com)  
[www.fernslaw.com](http://www.fernslaw.com)

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## Foster & Wolkind, P.C.

80 Fifth Avenue, Suite 1401, New York, NY 10011-8002

### Peter B. Foster and Bryan E. Wolkind

phone: 212.691.2313  
fax: 212.691.2459  
email: [pfoster@foster-wolkind.com](mailto:pfoster@foster-wolkind.com); [bwolkind@foster-wolkind.com](mailto:bwolkind@foster-wolkind.com)  
[www.foster-wolkind.com](http://www.foster-wolkind.com)

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## Frandzel Robins Bloom & Csato, L.C.

1000 Wilshire Boulevard, 19th Floor, Los Angeles, CA 90017

### Andrew K. Alper

phone: 323.852.1000

fax: 323.651.2577

email: [aalper@frandzel.com](mailto:aalper@frandzel.com)

[www.frandzel.com](http://www.frandzel.com)



Andrew K. Alper is a Vice President and shareholder at the firm who specializes in representation of all lenders and secured creditors with a large concentration of clients in the equipment leasing and real and personal property secured transactions areas. Andrew's practice includes litigation, documentation, insolvency, transactional matters and all matters affecting lenders and lessors except for tax related matters.

## Glass & Goldberg, A Law Corporation

22917 Burbank Blvd. Woodland Hills, CA 91367-4203

### Marshall F. Goldberg, Managing Partner

phone: 818.888.2220

fax: 818.888.2229

email: [mgoldberg@glassgoldberg.com](mailto:mgoldberg@glassgoldberg.com)

[www.glassgoldberg.com](http://www.glassgoldberg.com)



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## Hemar, Rousso & Heald, LLP

15910 Ventura Boulevard, 12th Floor, Encino, CA 91436

### Daniel A. Heald, Jennifer Crastz and Martina Rider Porter

phone: 818.501.3800

fax: 818.501.2985

email: [dheald@hrhlaw.com](mailto:dheald@hrhlaw.com)

[www.hemar-rousso.com](http://www.hemar-rousso.com)



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## Jaffe Raitt Heuer & Weiss, P.C.

27777 Franklin Road, Suite 2500, Southfield, MI 48034

### Jay L. Welford, Partner

phone: 248.351.3000

fax: 248.351.3082

email: [jwelford@jaffelaw.com](mailto:jwelford@jaffelaw.com)

[www.jaffelaw.com](http://www.jaffelaw.com)



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## Messerli Kramer

100 South Fifth Street, Suite 1400, Minneapolis, MN 55402

**Joshua A. Hasko, Attorney/President**  
**Joseph Lawver, Attorney**

phone: 612.672.3600  
fax: 612.672.3777  
email: [jhasko@messerlikramer.com](mailto:jhasko@messerlikramer.com)  
[www.messerlikramer.com](http://www.messerlikramer.com)



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---

## Michael Best & Friedrich, LLP

170 South Main Street, Salt Lake City, Utah 84121

**Richard F. Ensor and Michael C. Barnhill**

phone: 801.833.0500  
fax: 801.931.2500  
email: [rfensor@michaelbest.com](mailto:rfensor@michaelbest.com);  
[mcbarnhill@michaelbest.com](mailto:mcbarnhill@michaelbest.com)  
[www.michaelbest.com](http://www.michaelbest.com)



Michael Best & Friedrich represents Utah's leading equipment finance companies in all aspects of leasing and financing transactions, including litigation, nationwide. When defaults and disputes happen, our leasing and finance team has extensive experience assisting clients to successfully obtain possession of equipment so it can be auctioned; litigating and settling cases in a cost-effective manner; and obtaining successful decisions at trial. Contact us to learn how partnering with Michael Best can help you.

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## Moritt Hock & Hamroff LLP

400 Garden City Plaza, Garden City, NY 11530  
1407 Broadway, 39th floor, New York, NY 10018

**Marc L. Hamroff, Managing Partner**

phone: 516.873.2000  
fax: 516.873.2010  
email: [mhamroff@moritthock.com](mailto:mhamroff@moritthock.com)  
[www.moritthock.com](http://www.moritthock.com)



Moritt Hock & Hamroff LLP is a full-service, AV-rated commercial firm with 20 areas of practice and 75+ attorneys based in New York with offices on Long Island and in Manhattan. We have attained a national reputation over the past 40 years, representing members of the equipment leasing and finance industry including asset-based lenders, finance and leasing companies, banks and independent companies of varying size and specialty. Some of the largest, most well-known companies in the industry rely on us for services that include drafting, negotiation and structuring of loan and lease agreements, creating and documenting specialized programs, transactions and portfolio sales, capital markets, formation, purchase and sale of leasing companies, as well as workouts, litigation, creditors' rights and bankruptcy representation.

---

## Nutter McClennen & Fish LLP

155 Seaport Boulevard, Boston, MA 02210

**Philip R. Rosenblatt, Partner and Co-Chair, Commercial Finance Practice Group;**  
**Stephen J. Patterson, Partner**

phone: 617.439.2806 ; 617.439.2827  
email: [prosenblatt@nutter.com](mailto:prosenblatt@nutter.com); [spatterson@nutter.com](mailto:spatterson@nutter.com)  
[www.nutter.com](http://www.nutter.com)



Nutter is a full service, Boston-based law firm. Our commercial finance team represents equipment lessors and lenders in syndication and origination transactions involving all types of equipment and other capital assets. In the last five years, we have advised clients on more than 500 transactions having an aggregate deal value exceeding \$5 billion. Nutter is recognized by clients for technical sophistication, deep knowledge of market conditions and deal structures, client responsiveness and practical business judgment.

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## Platzer, Swergold, Levine, Goldberg, Katz & Jaslow, LLP

475 Park Ave. South, 18th Floor, New York, NY 10016

### Howard M. Jaslow, Esq.

phone: 212.593.3000

fax: 212.400.0353

email: [hjaslow@platzerlaw.com](mailto:hjaslow@platzerlaw.com)

[www.platzerlaw.com](http://www.platzerlaw.com)



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## Ray Quinney & Nebeker P.C.

36 South State Street, Suite 1400, Salt Lake City, UT 84111

### Ellen J. Toscano and Stephen C. Tingey

phone: 801-323-3376 or 801-323-3360

fax: 801-532-1500

email: [etoscano@rqn.com](mailto:etoscano@rqn.com) or [stingey@rqn.com](mailto:stingey@rqn.com)

[www.rqn.com](http://www.rqn.com)



Formed in 1940, Ray Quinney & Nebeker is Utah's top financial institutions law firm. For many decades, we have represented leasing companies, banks and other commercial lenders in documenting lease and loan transactions and handling real estate financings, workouts, collections, litigation and bankruptcy matters. We also have many years of experience in specialized areas, such as aircraft transactions, regulatory compliance and entity formation. Our objective is to make meaningful contributions to our clients' success.

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## Robbins, Salomon & Patt, Ltd.

180 North LaSalle Street, Suite 3300, Chicago, IL 60601

### Vincent T. Borst, Vice President, Shareholder

phone: 312.456.0182

fax: 312.782.6690

email: [VBorst@rsplaw.com](mailto:VBorst@rsplaw.com)

[www.rsplaw.com](http://www.rsplaw.com)



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## Stinson LLP

50 South Sixth Street, Suite 2600, Minneapolis, MN 55402

### Benjamin J. Court

phone: 612.335.1615

fax: 612.335.1657

email: [benjamin.court@stinson.com](mailto:benjamin.court@stinson.com)

[www.stinson.com](http://www.stinson.com)



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## Thompson Coburn LLP

1909 K Street, NW, Suite 600, Washington, D.C. 20006

### Eileen Brown, Office Managing Partner

phone: 202.585.6906

fax: 202.585.6969

email: [ebrown@thompsoncoburn.com](mailto:ebrown@thompsoncoburn.com)

### Ruthanne Hammett, Partner

phone: 314.552.6155

fax: 314.552.7155

email: [rhammett@thompsoncoburn.com](mailto:rhammett@thompsoncoburn.com)

[www.thompsoncoburn.com](http://www.thompsoncoburn.com)



Thompson Coburn attorneys understand the complexities of equipment leasing and finance and help clients find effective and creative solutions to their challenges. From structuring, negotiating and documenting deals to handling tax issues, closings, workouts, litigation and bankruptcy, we provide a full spectrum of services. We represent lenders and lessors in various industries, including motor vehicle, industrial, commercial and manufacturing equipment. We also have a niche practice in transportation with a nationally recognized maritime practice.

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## Wright Law Group, PLLC

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### Matthew Wright, Managing Partner

phone: 713.936.9283

email: [mtw@replevin.com](mailto:mtw@replevin.com)

### Jared Rougeau, Director, Nationwide Litigation

phone: 713.936.9574

email: [jar@replevin.com](mailto:jar@replevin.com)

[www.replevin.com](http://www.replevin.com)



Wright Law Group, PLLC is a boutique commercial financing enforcement law firm practicing exclusively in collateral recovery, deficiency balance suits, judgment collection and creditors' rights in bankruptcy. As highly focused practitioners of financing enforcement law, our attorneys are experts in the field. Lenders and portfolio owners are our only clients, so we understand speed and efficiency are top priorities when it comes to collections. Our deep understanding of equipment financing allows us to immediately help you formulate the right enforcement strategy for any bad deal. The firm's core business values include reasonable flat fees for routine work, fast turnaround of assignments, and resolving cases quickly and efficiently.

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## Womble Bond Dickinson (US) LLP

100 Light Street, 26th Floor, Baltimore, MD 21202

### Merrick Benn, Partner

#### and Shari Bacsardi, Partner

phone: 410.545.5822 / 410.545.5872

email: [merrick.benn@wbd-us.com](mailto:merrick.benn@wbd-us.com);

[shari.bacsardi@wbd-us.com](mailto:shari.bacsardi@wbd-us.com)

[www.womblebonddickinson.com](http://www.womblebonddickinson.com)



Womble Bond Dickinson is a transatlantic law firm with 27 office locations throughout the US and UK. Our equipment finance team has extensive experience in complex financial transactions representing lenders and lessors in all aspects of equipment finance, with an emphasis on transportation assets and renewable energy transactions. Our lawyers manage deals across the country, working closely with financial institutions and law firms in New York, Chicago, Washington, D.C., Baltimore, Boston, San Francisco and other cities nationwide.

# Income Taxes in a Time of Pandemic and a New Administration

**ON JAN. 20, 2021**, Joseph Biden was officially sworn in as President of the United States. While the state of politics dictates when legislation will be passed, one can “read the tea leaves” and come to one’s own conclusions as to what this may mean for the Tax Code. This article is aimed at looking at President Biden’s campaign suggestions with respect to the Tax Code and address what effect some of those suggestions may have on the leasing industry.

## Potential Changes to the Tax Code

**Corporate Tax Rate** – During his campaign, President Biden proposed raising the corporate income tax rate from 21% back up to 28%; current suggestions indicate that the target may be more like 25%.

To evaluate how this might affect the equipment finance industry we can look to what effect the opposite had when the federal income tax rate decreased. Most lease or loan investments are analyzed to some extent on an After-Tax Return-on-Equity basis (“AT-ROE”). AT-ROE is measured over the life of the contract and is weighted by the after-tax cash flows. Most pricings assume a consistent tax rate.

Be on the lookout for new tax incentives.

**Taxable Loans** – The pretax spread between taxable interest income and interest expense is a consistent rate on the outstanding principal. Assuming a uniform income tax rate over the life of a loan, the AT-ROE yield should be constant. If the tax rate decreases, the AT-ROE will increase as less margin is paid in taxes. Conversely, assuming the tax-rate increases, the AT-ROE will decrease.

Is it time to consider exploring sharing these risks with borrowers?

**Tax-exempt Loans** – In the narrower tax-exempt lending marketplace, when tax rates decreased the AT-ROE yield on these tax-exempt loans also decreased because interest expense used to fund these loans (when possible) were now worth less. In this market lenders may have had the right to raise the rates based on a formula in the loan agreement. Whether they did or not was likely based on whether they were concerned about the relationship with the borrower or the publicity that may have been generated.

Can offering a rate-reset if tax rates increase be a competitive advantage to win more business?

**True (Tax) Leases** – When tax rates are known and scheduled, one can incorporate the planned change into the pricing tool and the tool will provide the rents based on the desired AT-ROE target. However, tax rates often change without much warning and lessors are usually dealing with (i) how to price new transactions and (ii) how to address what will happen to their existing true lease portfolio.

For new transactions, perhaps proposals should be priced under two separate scenarios assuming the funding may be some time in the future, perhaps after rates are increased. The first proposal may be assuming tax rates remain the same at closing and the second assuming the rate has increased prior to closing. Some lessors may also seek to price transactions with a rate increase built-in; for instance, assuming the transaction funds at 21% but that rates increase to 28% within a year of funding.

To analyze an existing portfolio, stratify the portfolio into logical groups and have your pricing team test the effect a rate increase will have on the AT-ROE.

**Alternative-Tax on Book Income** – Candidate Joe Biden suggested a 15% minimum tax on book income on companies earning more than \$100 million.

First a refresher on the Alternative Minimum Tax (AMT). Previously companies calculated their tax bill in at least two ways; (i) taxes calculated using the statutory rate (i.e., 35% before TCJA) applied to taxable income and (ii) taxes calculated using the AMT rate (10%) after adding back “tax-preference items” which typically were items such as the acceleration of depreciation over standard MACRS. If the AMT tax was higher than the statutory tax, the AMT tax was paid BUT the excess was carried as a credit to be used when the opposite occurred. In theory the amount of taxes paid *over-time* was the same, except that the AMT forced taxes to be paid earlier. It is unknown whether book-AMT would provide for a credit carry-forward.

Under this proposal, many companies would be

subject to the new “book AMT,” held so many potential lessees may desire to lease rather than own. This is likely to also affect larger lessors; often those that are subsidiaries of banks or manufacturers. Additionally, this would likely affect those lessors that book more finance leases than operating leases, largely because operating leases have a greater tendency to generate early period pre-tax book losses after considering the interest expense used to fund the lease.

Beware the potential affect this may have on your business model; time to start running some financial models and socializing this fact with upper management for some decision-making.

**New Investment Tax Credits?** Talk on the “Hill” has included exploratory inquiries for tax incentives that can assist those industries that have seen the brunt of difficulty as a result of the pandemic, such as the restaurant, entertainment, shipping and transportation industries. With the administration’s stated objective for a cleaner environment, expect to potentially see new tax credits being considered. Now might be the time to bring those new products and ideas forward, for instance new forms of alternative fuels such as hydrogen not previously mainstream. Expect corporations to move in that direction also, for instance companies with large vehicle fleets seeking to electrify them.

Be on the lookout for new tax incentives!

## Conclusions

Aside from the suggestions mentioned above, lessors should analyze and consider whether they should try to defer some tax deductions when possible or accelerate taxable income when possible – e.g. convince a customer to exercise an end-of-lease purchase option out of a true lease before rates increase. Most importantly, run those financial models! ☰

*Disclaimer - Any opinions expressed herein are of the author and not of the company he works for. No observations or suggestions should be taken as either tax advice or accounting advice. Readers should consult with their own accountants or tax-counsel for such opinions.*



**JOE SEBIK** is a CPA and a long-standing member of the ELFA's Accounting Committee, Chairman of the ELFA's Federal Income Tax Committee and on the ELFA's Alternative Energy Subcommittee. He is a Director of Tax Reporting for Siemens Financial Services.

# SAVE THE DATE

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## What Can We Do for You?

**THE EQUIPMENT LEASING & FINANCE FOUNDATION** is 100% supported by our generous donors and volunteers to provide a wide range of resources and opportunities that help make you and your business successful. From insightful, comprehensive data-driven research to talent development and recruiting opportunities, the Foundation works for the betterment of the equipment finance industry and its participants, while we exercise careful stewardship of your donations.

Randy Haug, Executive Vice President/Co-Founder, LTi Technology Solutions, agrees. "I donate to the Foundation because I believe in its mission, and its future outcome-based research is an impactful and critical driver to improve and sustain our industry and our businesses," he said. "The work the Foundation does is truly an example of 'a rising tide lifts all boats' for everyone involved in the equipment finance industry."

Among the Foundation's valued research—all available at no charge—are the Monthly Confidence Index for the Equipment Finance Industry (MCI-EFI) and the Foundation-Keybridge U.S. Equipment & Software Investment Momentum Monitor, which are released monthly. The *Equipment Leasing & Finance U.S. Economic Outlook* is updated quarterly throughout the year, as is the Industry Snapshot, a slide deck of economic and equipment finance industry data and commentary for use in executive presentations. The Foundation also produces reports on topical subjects, such as cybersecurity and digitalization, as well as vertical market studies. Access to the size and scope of this industry-specific research would be beyond the reach of most individual companies. Through the combined resources of the Foundation, it is accessible to everyone.

Of the many things the Foundation has to offer, one of the most valuable is the opportunity to give back. Our Guest Lecture Program, which provides equipment finance industry leaders with a ready-made presentation, has been delivered at colleges and universities throughout the country—both in-person and virtually—to increase awareness of equipment finance as a career path. The Foundation Scholarship Program, which is accepting applications until April 30,

offers three \$5,000 scholarships to undergraduate and graduate students interested in the equipment finance industry. These initiatives to develop the emerging, diverse workforce of the future are some of the ways Foundation volunteers and donors are paying it forward.

"Through the Academic Outreach Program, the Foundation provides opportunities for students to experience the equipment finance industry in hopes they choose a career in finance to grow our talent pool," said Donna Yanuzzi, Director of Vendor &

Small Business Equipment Finance, F.N.B. Equipment Finance, First National Bank of PA and chair of the Foundation's Academic Outreach Committee. "All this takes money, but it's money well spent. I give to the Foundation because I get so much more back!"


Subject matter experts are also encouraged to submit an article for publication in the *Journal of Equipment Lease Financing*. The Journal shares content for and about the equipment finance industry in a peer-reviewed format which reaches over 12,000 readers.

We're here to deliver the industry-specific knowledge, intelligence and programs that contribute to the equipment finance industry and its participants. Regardless of how or why you decide to get involved with the Foundation, it's sure to be an enriching experience. ☰

**Save the Date for the  
3rd Annual Day of Giving  
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**DIANE JOHNSON**, on behalf of the Equipment Leasing & Finance Foundation.



*Think, act, and  
empower like a leader!*

# Emergence2021 **LIVE!**



July 14, 2021

**Emergence is a leadership program for emerging talent in the equipment leasing and finance industry.**


## **Highlights:**

- Back by popular demand! Renowned emerging leadership speaker Pierre Quinn. Pierre will empower attendees to activate the courage that leads to personal transformation and organizational growth.
- Terry Grim, author of the Foresight Maturity Model, will lead a discussion on moving “knowing” into “doing”.
- Opportunities to network with fellow attendees.

## **Who Should Attend?**

Emergence2021 LIVE!, organized by the ELFA Emerging Talent Advisory Council (ETAC), is open to anyone who would like to attend. Attendees should be those who have the ability and desire to lead, grow and make a positive impact on others.

**\$395 ELFA members • \$795 non-members**



“Simply, I want to say, thank you! This really helped me. Being surrounded by passionate people in my industry sparked a fire within me. And for that, I will always be grateful.”

“I feel really fortunate to be part of such a great group and I look forward to participating in more Emerging Talent and ELFA events.”

“I am so glad I had the opportunity to participate and I know I will utilize the materials from this event in my work and personal life.”

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## It's Time for Lenders to Step Up and Support the Small Business Community



**FEW BUSINESSES, LARGE OR SMALL, ARE IMMUNE TO THE FINANCIAL IMPACT OF THE PANDEMIC.** Even before the pandemic-driven recession, conditions were difficult for small and lower middle-market businesses as there were already signs of weaknesses in the market. Small companies found it harder to secure capital than larger companies. Today, the struggles for Main Street are real. They need working capital. They need liquidity. And they need access to banks and lenders that understand the market, their needs and their businesses beyond just a simple view of how much money they are making historically from lending to them.

Access to capital has slowly been getting harder for small businesses. The number of financial services companies serving SMBs has declined significantly. Many community banks—formerly accessible options for small business credit—have closed their doors. There are [11,000](#) fewer community banks than there were 30 years ago. The number of Fintechs and smaller lenders focused on small businesses has also reduced.

Since March 2020, difficulty accessing credit has exacerbated. Access to capital for small- and mid-market businesses has become harder to come by. Small business loan approval rates from large banks were down [50 percent](#) year-over-year in November 2020, with large banks approving just 13.2 percent

of applications they receive from small businesses. Smaller banks approved just 18 percent of business financing applications, compared with 50 percent in November of the previous year: these types of loans are just not profitable for larger banks.

At Pitney Bowes, we have a century-strong legacy of supporting small- and mid-market businesses. We're seeing SMBs coming to us having been let down by their lenders, pushed out by banks or dissatisfied with changing terms beyond their control. Others are capped with their existing lenders and need to diversify in order to get the funding they need. Many of these businesses are sound, with strong underpinnings, but this lack of access to capital has made them uncertain about their future. Additionally, lengthy processes and complex paperwork are barriers to accessible financing.

America's 30 million small businesses are fundamental to our economy. They generate approximately 44 percent of our economic activity and employ around [58.9 million people](#). It is our duty, and the duty of all lenders, to come together and resolve to support this market as they so deserve. ☰

**CHRISTOPHER JOHNSON** is Senior Vice President and President, Pitney Bowes Financial Services.

**Many of these businesses are sound... but this lack of access to capital has made them uncertain about their future.**



# Do Personal Relationships Still Matter?

An industry executive asks if Fintech models have made personal relationships obsolete

**HERE WE GO AGAIN.** It seems like Groundhog Day for the equipment financing industry.

Having just turned 30 years old in February, FSG Capital has now rolled through four economic downturns. Our business was started in 1991 at end of the “Gulf War” recession. Then we experienced the “9/11” recession in 2001, the “Great Recession” in 2008/2009 and now the “COVID-19” recession.

It’s times such as these when business models in our industry are tested. While volume and origination channels are critically important, at the end of the day our businesses represent a simple risk and return proposition. Too much risk almost always leads to losses. Many seem to forget this fundamental rule only to be reminded in a down economic cycle. Many lenders/lessors have learned this lesson the hard way, sometimes more than once.

## Relationships matter

So how do independents survive, and thrive, in this ultra-competitive marketplace? Relationships. At FSG, we are proud that some of our closest relationships are with fellow ELFA members. As a small independent, a big part of our success has been the long-term relationships we enjoy with industry pros.

Another important strategy that never goes out of style, especially for smaller market participants, is to “know your customer.” Once again, relationships make the difference.

While some customers are perfect fits for new Fintech models that may offer wider credit windows, speed or other “no touch” services, others crave the personal relationships and consultative benefits that are earned by industry participants that care to put in the time.

This recession has been quite different from the others. A tested, open line of communication with key constituents, including co-workers, funding sources, customers, vendors and service providers, has eased

the path for many. Having strong relationships has proven especially valuable in this economic downturn, as direct, personal communications have been highly valued by all parties. The best among us have relied on all relationship avenues to navigate this cycle effectively.

## What does the future hold?

This latest recession will once again bring change to risky economic models.

Unfortunately, some solid lessors have had challenges never imagined. Others were concentrated in industries that have been unimpacted by the pandemic. If your business has thrived, you should ask yourself, was this because of careful planning and underwriting or just luck? Can you imagine a scenario that would negatively impact your key sectors? Would strong, personal relationships make managing this scenario easier?

People often ask me if I would recommend a career in our industry for themselves or a family member. If they’re looking for a business opportunity that’s a path to quick riches, I tell them to look elsewhere. But even with the downturn in FY 2020, our industry has always proven extremely resilient. So spread the word to Millennial and Gen-Z candidates: The equip-

ment financing industry is here to stay and will provide incredible opportunities to our next-generation workers who develop strong relationships with the goal to build a career, not just a job. Yes, relationships do matter! ☰

**BRUCE J. WINTER, CLFP** is President and Founder of FSG Capital, Inc. a 30-year-old middle market independent equipment financing company headquartered in Maryland.



**It’s times such as these when business models in our industry are tested.**

**VIRTUAL**

## 2021 Principles of Equipment Leasing and Finance Workshops

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"This course provides an essential starting point for individuals new to the equipment leasing industry. I walked away with a better overall understanding of the entire life cycle of the product and the industry terminology."  
*Workshop Attendee*

### Who Should Attend the Principles of Equipment Leasing and Finance Workshop?

- Newly hired staff, generally
- Operations and administration staff
- Newly hired sales staff
- Marketing personnel
- Vendors/Vendor sales staff
- New members of ELFA

To view the complete brochure and to register for these workshops, please go to the Events section of [www.elfaonline.org](http://www.elfaonline.org) and select Principles of Equipment Leasing and Finance.



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Hosting an in-house workshop gives you the flexibility and convenience to address specific learning needs of your employees, establish collective knowledge, a shared skill set, and achieve even your most challenging business goals. Our instructor (virtually) comes to you and works with you to customize the content to your group's needs. For further details and pricing, contact Alexa Carnibella at 202-238-3416 or [acarnibella@elfaonline.org](mailto:acarnibella@elfaonline.org).



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To register, go to: [www.elfaonline.org/Events/Calendar/](http://www.elfaonline.org/Events/Calendar/)

For more information, contact Alexa Carnibella at [acarnibella@elfaonline.org](mailto:acarnibella@elfaonline.org)



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