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COVER STORY

Focus on Learning

Training is back in a big way. Employees want it, and companies are delivering.

By Susan L. Hodges



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Annual Convention Preview

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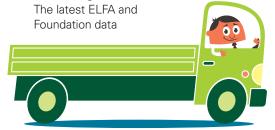
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By Anneliese DeDiemar

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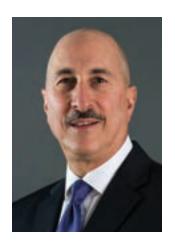


www.elfaonline.org/interactive-tools/email-discussions





Celebrating Learning



THIS SPECIAL EDITION of *Equipment Leasing & Finance* magazine focuses on education, a hot topic for both our association and our member companies. In the following pages you'll find out what's in store at our largest educational event of the year, the 57th ELFA Annual Convention, Oct. 14-16 in Phoenix. In addition, you'll find out why an increasing number of equipment finance companies are ramping up their educational offerings for employees.

In our cover story on p. 28, find out why training is seeing a resurgence and why at least one member we spoke to believes

training is a key component to supporting the growth of his business.

Speaking of training, this summer ELFA launched a brand-new version of our online **Fundamentals of Equipment Leasing and Finance** course. This interactive program delivers "virtual" hands-on experience and guidance in the fundamentals of our business. Now anyone who is new to the industry—or looking for a refresher—can get the training they need, when and where it's convenient for them.

We created the Fundamentals course in response to a desire among the membership for enhanced education and training opportunities, and it has been gratifying that it has been so well received by members. To learn more, please visit www.elfaonline.org/events/fundamentals. If you'll be at the Annual Convention, please stop by the ELFA exhibit booth for a demo.

Also in this issue:

- Educating the Next Generation: Find out how to attract new talent and introduce students to equipment finance with the Equipment Leasing & Finance Foundation's Guest Lecture Program on p. 34.
- State of Business: Hear from the leaders of four ELFA Business Council Steering Committees regarding their respective sectors' health and growth prospects on p. 38.

Celebrating Innovation

We extend congratulations to an extraordinary member who will be recognized at the ELFA Annual Con-

vention. Deb Reuben will receive the 2018 Michael J. Fleming Distinguished Service Award—see details on p. 15. We couldn't be an effective organization without the efforts of volunteer members like Deb.

Thank you as always for your continued support and participation. \equiv

Ralph

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



I attend the Annual Convention to gain industry insights, connect with counterparts from other companies and learn about new opportunities that I can leverage for my company.

-Joel Van Vark, John Deere Financial

It is an opportunity to network with other professionals in the industry, participate in meaningful breakout sessions that evoke new thought and creative ideas... and volunteer on behalf of great causes and give back to our communities.

-Jennifer Fanz, DLL

I look forward to this event both for catching up with friends but also to find out what the industry is doing to support the operational and technological changes that are happening in the industry.

-Joe Franco, Cloud Lending Solutions

Learn more beginning on p. 7.



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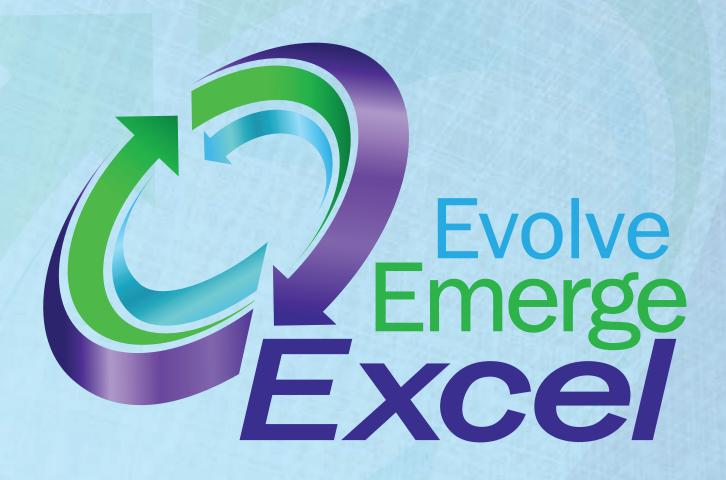
It has been said that to become world-class in any field you must spend at least 10,000 hours dedicated to that task. At Orion, we have put in the time, spent the money, and gained invaluable experience by making our fair share of missteps along the way.

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57TH Annual Convention

October 14-16, 2018

JW Marriott Phoenix Desert Ridge Resort & Spa Phoenix, AZ

PROGRAM HIGHLIGHTS

Evolve, Emerge, Excel!

The ELFA Annual Convention:

What Members Are Saying About Why They Continue to Attend Year After Year

"The ELFA Annual Convention is the largest gathering of industry professionals of the year. It affords my business the opportunity to network with a large and broad scope of customers and partners all in one place. Additionally, the latest challenges and opportunities are discussed during sessions with industry leaders. This knowledge and insight have been valuable in continuing to grow and strengthen my business. Lastly, I enjoy seeing friends and colleagues at the event which generally results in doing more business together."

David A. Normandin, CLFP, Managing Director, Hanmi Bank

"Attending the ELFA Annual Convention is a must for anyone associated with the equipment financing industry. No matter what sector you touch, you will gain insight into current events, the ever-changing legislative environment and important trends effecting all participants—all with the added benefit of the largest gathering of our peers."

Daniel J. Krajewski, President & CEO, Sertant Capital, LLC

"Building and sustaining a strong industry network has been very beneficial to our business, and the ELFA Annual Convention is important to us for that. I'm reminded of this every time a business opportunity comes from contacts that I've made over the years through involvement in ELFA."

Joe Collins, SVP Business Development, Orion First Financial, LLC

"Reconnecting with friends and colleagues, meeting new people and learning about a variety of trends shaping the industry are just a few reasons I attend the ELFA Annual Convention. With high-caliber speakers, insightful sessions and time to interact with other attendees, each year I gain new connections and fresh ideas."

Deborah Reuben, CLFP, President, Reuben Creative, LLC

Why Attend?

The ELFA Annual Convention is the primary forum that industry leaders turn to with assurance when it comes to addressing critical issues and trends. It is the largest, most important annual gathering of equipment leasing and finance professionals. Whomever you need to see is likely to be there.

This year's convention theme—"Evolve, Emerge, Excel"—is all about positioning your company for success: **evolving** your business strategy and operations, **emerging** stronger than ever and **excelling** at achieving your goals.



Schedule at a Glance

All locations listed are at the JW Marriott Phoenix Desert Ridge Resort & Spa unless otherwise noted. Be sure to check out the Convention website at **www.elfaonline.org/AC** for the most up-to-date information.

Sunday, October 14

8:00 a.m.

Golf Tournament and Luncheon

9:00 a.m.

Tennis Tournament and Luncheon

8:30 a.m. - Noon



Community Service Project Lending a Hand to Arizona Helping Hands (pre-registration required, limited to 60 attendees)

8:00 a.m. - 1:00 p.m.



Jim McGrane Charity Bike Ride 24-mile route – leaves from the hotel (pre-registration required, limited to 40 attendees)

10:00 a.m. – 8:00 p.m. **Convention Registration** (Attendees & Exhibitors)



1:00 - 3:00 p.m.



Pickleball Tournament (on property)

1:00 - 5:00 p.m. Exhibitor Setup

2:00 - 4:00 p.m.





Community Service Project

Arizona Helping Hands: Build a Bed
(pre-registration required, limited to 70 attendees)

4:30 – 5:30 p.m.

New Member and Leadership Reception

5:00 – 6:00 p.m.

ELFA Women's Council Reception

6:00 - 8:30 p.m.

Welcome Reception (in Exhibit Area)

Evolve, Emerge, Excel!

Monday, October 15

7:00 a.m. – 4:30 p.m. **Convention Registration**

7:00 – 8:15 a.m. **Group Breakfast**

7:00 a.m. – 4:30 p.m. **Exhibits Open**

8:30 – 10:00 a.m. **General Session President's Report and Keynote Address**



RALPH PETTA President and CEO, ELFA



LINDA BERNARDI Technologist, Innovation Provocateur & Former IBM CIO and Watson Co-Lead

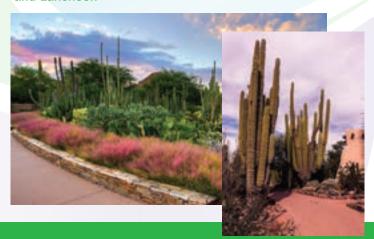
10:00 - 10:30 a.m. **Break** Exhibits Open

10:30 a.m. - 12:00 p.m.

Issue Breakout Sessions

- Diversity Impact: Creating the Circle of Trust Within Your Organization
- · Robots and Cobots and Finance Oh, My!
- Customer Centric Technologies: Transforming the Future
- Independents: Banking on the Non-Banks

11:00 a.m. - 3:00 p.m. Spouse/Companion Event: **Desert Botanical Garden Guided Tour** and Luncheon



12:15 - 2:00 p.m. **Equipment Leasing & Finance Foundation Luncheon**





Speaker: MARK ZANDI Chief Economist and Cofounder of Moody's Analytics

2:30 - 4:00 p.m.

Issue Breakout Sessions

- · Evolving Your Organization Through Leadership, Diversity and Empowerment
- Balancing Growth, Regulatory and Competitive Pressures
- Technology Innovation and Disruptions: Beyond the Hype
- The Economy Is Great...So Let's Talk Bankruptcy

4:30 - 5:30 p.m.

International and Former Directors' Reception

5:30 p.m.

Individual Company-Sponsored Receptions and Events

Tuesday, October 16

7:00 a.m. – 3:00 p.m. **Convention Registration**

7:00 - 8:15 a.m. **Group Breakfast**

7:00 a.m. - 4:00 p.m. **Exhibits Open**

8:30 - 10:30 a.m. **General Session** Chairman's Address and Keynote Address



DAVID T. SCHAEFER, CLFP ELFA Chairman CEO, Mintaka Financial, LLC



LARRY SABATO Election Analyst and Author, Founder and Director of the U.Va. Center for Politics

10:30 - 11:00 a.m.

Break

11:00 a.m. – 12:30 p.m.

Issue Breakout Sessions

- Foundation Horizon Report: From the Past into the Future
- New Standard: A New Way of Approaching Lease Accounting
- · Got Big Data? Make It Work for You!
- Pioneers of the Sharing Economy: How to Engage and Compete

11:00 a.m. – 3:00 p.m.

Spouse/Companion Event:

Wine Bottling Experience with Luncheon and Shopping



12:45 - 2:30 p.m.

Business Council Luncheon Meetings

- Captive and Vendor Finance
- Financial Institutions
- Independent Middle Market
- Service Providers
- Small Ticket

2:30 - 3:00 p.m.

Break

3:00 - 4:30 p.m.

Issue Breakout Sessions

- Inflationary Pressures and Rising Interest Rates: Forecasting the Future Possibilities
- Tax Reform Implications for 2019 and Beyond
- Making Business Move: Transportation Leasing and Finance

6:30 – 9:30 p.m. **Closing Party**

Registration Fee

Registration fees for the ELFA 57th Annual Convention include the following meals and social events, in addition to business sessions:

Welcoming Reception

Sunday, October 14, 6:00 - 8:30 p.m.

Group Breakfasts

Monday, October 15 and Tuesday, October 16 7:00 – 8:15 a.m.

Luncheons

Foundation Luncheon
Monday, October 15, 12:15 – 2:00 p.m.
Business Council Luncheon Meetings
Tuesday, October 16, 12:45 – 2:30 p.m.

Closing Party

Tuesday, October 16, 6:30 – 9:30 p.m.



Evolve, Emerge, Excel!

Keynote Speakers



LINDA BERNARDI
Technologist, Innovation Provocateur & Former IBM CIO and Watson Co-Lead

Linda Bernardi, a former co-lead on the Watson team at IBM, shares her passion for enabling disruption and bringing critical innovation and technologies into companies around the world. A leading technologist, entrepreneur and disruptive thinker, Bernardi is widely regarded for helping transform the IoT and big data analytics landscape. As the former chief innovation officer at IBM for IoT and Cloud, her focus was integrating Watson's cognitive capabilities into the IoT and new product offerings, enabling IBM's Fortune 100 customers to introduce IoT, AI and cognitive capabilities into their operations and thrive in the hyper-connected world.



DR. LARRY J. SABATOElection Analyst and Best-Selling Author, Founder and Director of the U.Va. Center for Politics

Dr. Larry Sabato is a *New York Times* bestselling author, recipient of three Emmy awards, and one of the nation's most respected political analysts. He is the professor of politics at the University of Virginia and the founder and director of the U.Va. Center for Politics. He is the author of the recent book *TRUMPED: The 2016 Election That Broke All the Rules* and a frequent political commentator on FOX, CNN and MSNBC. Dr. Sabato provides expert knowledge of what is coming down the pike politically, prepares audiences for the changing of the guard in Washington and across the nation, and showcases how politics and the American voting psyche come together to produce our nation's next batch of leaders.

Dr. Sabato heads up Sabato's Crystal Ball, which the Pew Charitable Trust recognized as the #1 leader in the field of political prediction, and The Daily Beast designated as one of the top political sites on the web.



DR. MARK ZANDIChief Economist and Cofounder of Moody's Analytics

Dr. Mark M. Zandi is chief economist of Moody's Analytics, where he directs economic research. Moody's Analytics is a leading provider of economic research, data and analytical tools. Dr. Zandi is also a co-founder of Economy.com, which Moody's purchased in 2005. Dr. Zandi's broad research interests encompass macroeconomics, financial markets and public policy. His recent research has focused on foreclosure mitigation policy and the determinants of mortgage foreclosure and personal bankruptcy; he has analyzed the economic impact of various tax and government spending policies and assessed the appropriate monetary policy response to bubbles in asset markets.

Spouse/Companion Program

We encourage you to bring your spouse this year. ELFA has planned some terrific activities for spouses.

A spouse or companion attending any portion of the convention or social function must be registered and pay the appropriate spouse/companion fee. If he or she is employed in the equipment finance industry, the full member attendee registration fee is due.

For your enjoyment during the ELFA Annual Convention, we are offering different packages for spouse/companion attendees. Choose the package that fits into your plans.



Package #1

Full Convention Registration

This package includes all convention activities. Spouses or companions who register for the full convention package are entitled to attend all sessions and social activities, including the Sunday Opening Reception, the Tuesday Night Closing Party, special spouse programs on Monday and Tuesday, and breakfast each morning.

Package #2

Evening Events Only

This package includes the Sunday Opening Reception and the Tuesday Night Closing Party.

Package #3

Special Spouse/Companion Activities

This package includes the special events planned specifically for spouses and companions, separate from convention sessions on Monday and Tuesday.

Descriptions of the special events planned for each day can be found on the convention website:

www.elfaonline.org/AC/

If you are planning to arrive early, you might want to participate in these activities:

Sunday, October 14

8:00 a.m.

Golf Tournament and Luncheon

JW Marriott Wildfire Golf Club
Additional fee; reserve your spot when
registering for the convention.

8:30 a.m. – 1:00 p.m. Jim McGrane Charity Bike Ride

24-mile route – leaves from the hotel (pre-registration required, limited to 40 attendees)

9:00 a.m.

Tennis Tournament and Luncheon

JW Marriott Desert Ridge Tennis Courts Additional fee; reserve your spot when registering for the convention.

8:30 a.m. - Noon

***** AZ HELPING HANDS

Community Service Project Lending a Hand to Arizona Helping Hands

No additional fee; reserve your spot when registering for the convention. Transportation to the facility, continental breakfast and lunch provided.

1:00 - 3:00 p.m.

Pickleball Tournament

(Men and Women)

JW Marriott Desert Ridge Pickleball Courts
No additional fee; reserve your spot when
registering for the convention.

2:00 - 4:00 p.m.

AZ HELPING HANDS

Community Service Project Arizona Helping Hands – Build a Bed

This project will be conducted on the grounds of the JW Marriott Desert Ridge.

No additional fee; reserve your spot when registering for the convention.

Evolve, Emerge, Excel!

Thank you...

...To All Our Convention Sponsors (as of September 1, 2018)









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Exhibit Hours

Sunday, October 14 6:00 p.m. - 8:30 p.m.

Monday, October 15 7:00 a.m. - 4:30 p.m.

Tuesday, October 16 7:00 a.m. - 4:00 p.m.



Try Out the New **Interactive SEFA Dashboard**

HAVE YOU SEEN the new Interactive SEFA Dashboard? This free tool—which is only available to ELFA members allows you to quickly and easily connect to critical industry data from the Survey of Equipment Finance Activity (SEFA).

Connect to the data you care about and explore and analyze it in seconds. Visit the online dashboard today to search a decade of historical industry benchmarks from the SEFA. The benchmarks encompass a wide range of categories, from new business volume to delinquencies and losses. In just a few clicks, you can segment the data by year, type of organization,



market segment, size of organization and business model. It's easy to select categories, add filters and drill down into specific information.

- Benchmark your company against others in the industry.
- Find your own insights and identify trends.
- Uncover new business opportunities and more. Visit the Dashboard at www.elfaonline.org/InteractiveSEFA.

Reuben to Receive Distinguished Service Award

ELFA HAS SELECTED DEBORAH REUBEN, CLFP, President of Reuben Creative, to receive the 2018 Michael J. Fleming Distinguished Service Award. The award honors individuals who have made significant contributions to the association and the equipment finance industry. Reuben will be formally recognized during

a ceremony at the 57th ELFA Annual Convention in Phoenix, Arizona, in October.

"Deb's dedicated volunteer spirit and leadership, especially in the areas of technology and innovation, have had a tremendous impact on our membership and the equipment finance industry," said ELFA President and CEO Ralph Petta. "We are thrilled to present her with the Michael J. Fleming Distinguished Service Award in recognition of her outstanding contributions."

Reuben has 23 years of experience innovating in the equipment finance industry. Currently she leads Reuben Creative, a stra-

tegic technology and process consultancy. Previously she held positions with Wells Fargo, TCF and Linedata/HCL. For the past two decades she has helped to educate the equipment finance industry about technology trends through creative experiences that spark new thinking.

Reuben has shared her expertise and forward-thinking insights through multiple leadership roles within ELFA, including with the Operations & Technology Planning Committee, the Operations & Technology Excellence Award, the new Technology Innovation Work Group and the ELFA Women's Council. She has also been a

> frequent speaker and facilitator at ELFA events, including the Operations & Technology Conference, the ELFA Annual Convention and web seminars. In addition, she has lent her expertise to the Equipment Leasing & Finance Foundation, contributing to multiple Foundation studies.

"It is a humbling honor to be recognized in this way," said Reuben. "Serving alongside so many brilliant people who have inspired me and stretched my thinking is a joy and privilege. It is energizing to work with industry leaders who desire to imagine the art of the possible and focus on what's next. I am grateful for the memories, connections, relationships and doors

of opportunity opened through each volunteer experience. Thank you to ELFA for making this possible and to all of the remarkable members of this organization who make collaboration and active participation a fantastic experience. I highly recommend getting involved in making awesome happen."







Discover New Resources for Emerging Talent

TOPPING OFF A VERY SUCCESSFUL WEEK hosting two events in DC, the Emerging Talent Advisory Council (pictured above) met at ELFA's offices in July. New content is coming to ELFA's website from ETAC, whose mission is to provide resources and opportunities for success for new, emerging and high-potential professionals in the equipment finance industry. The initial available content will be an "Ask the Leader" series of interviews with established leaders with a diverse range of backgrounds and experience in the commercial equipment finance industry. They will discuss their formative professional years, their success and challenges over the years as well as advice for future leaders in the industry. Learn more at www.elfaonline.org/industry-topics/emerging-talent.

Tech Innovation Winner Announced

AT THE OPERATIONS & **TECHNOLOGY CONFERENCE**

in Philadelphia in September, CWB National Leasing Inc. received the 2018 Operations and Technology Excellence Award. CWB National Leasing is recognized for developing and implementing FELIX, a custom-built core system replacement that streamlines all aspects of the financing process from beginning to end. CWB National Leasing developed the system in house,

allowing them to tailor the system to specific processes in order to deliver the best service possible. The new system replaced a number of legacy systems with one final product, designed to be scalable with the ability to react quickly to market changes and take on future growth, while serving customers with increased speed, accuracy and efficiency.

"CWB National Leasing's transformation project embodies many of the areas that



challenge organizations' ability to successfully untangle the wires and evolve their business," said Jennifer Martin, VP, Vendor Program Devel-

opment and Operational Controls at Key Equipment Finance and Subcommittee Chair for the award. "Use of a progressive project methodology, implementing technology to prepare their business for the future and focusing on the people and processes needed to excel are all reasons CWB National Leasing was chosen as this year's award winner."

Learn more at www.elfaon line.org/about/awards/OTE.





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Contact us today to learn more:

Pat Kistler, CLFP

281.348.2018 | Ascentium.Info/ELFA18 PatKistler@AscentiumCapital.com



AscentiumCapital.com



Membership Minute

Members are encouraged to tweet your excitement about the Annual

Convention and engage with other industry professionals. Your tweets help to raise the visibility of the event and get the word out about your organization. Tweet using the hashtag #ELFAConvention before Oct. 17, 2018, and you will be entered into a drawing to win a sought-after ELFA mug and a \$20 gift card. Learn more and see sample tweets at https://apps.elfaonline. org/events/2018/AC/socmed.cfm. Contact Amy Vogt at avogt@elfaonline.org with questions.

> Learning new ideas and making new connections @ELFAonline 57th Annual Convention! #ELFAConvention

Kicking things off at the Community Service Project in Phoenix! #ELFAConvention



Dues Renewal Season Is Around the Corner!

KEY DATES TO REMEMBER....

NOV. 1, 2018-

2019 dues invoices mailed to Key Contacts

DEC. 31, 2018-

Deadline to pay 2019 dues

THROUGHOUT 2019-

Take advantage of ELFA's many benefits!

You know "last minute" is only exciting in sports.



No one knows your business better than you. And what you also know is that you don't want surprises when it comes to financing. Our MB Equipment Finance and Lease Banking teams understand each deal is unique, which is why a promise made in the first meeting should always be what's delivered in the last.

MB Financial Bank

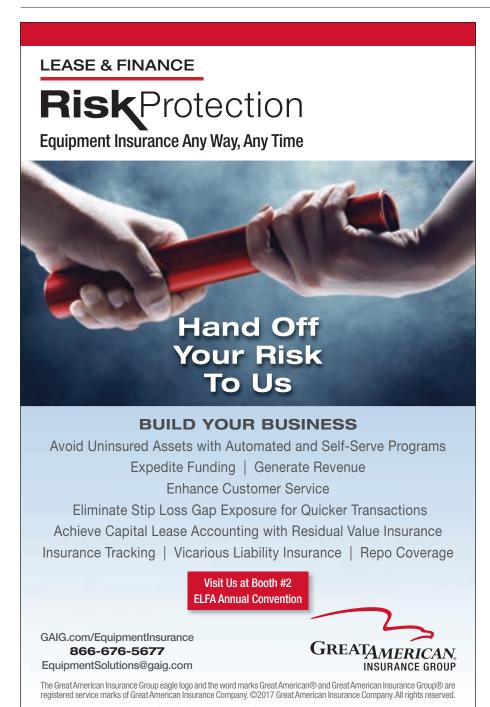


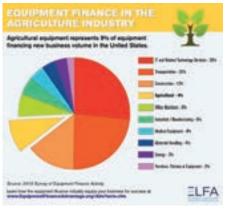
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Missed the SEFA Webinar? Listen to a Recording

IN AUGUST, ELFA held a web seminar to share highlights from the 2018 Survey of Equipment Finance Industry. The online event drew a robust crowd, who heard important findings from the report, which is the largest and most important source of data on our \$1 trillion industry. Download a recording and learn more about the report at www.elfaonline.org/SEFA.





Fact Sheets Highlight Vertical Markets

EVER WONDER how prevalent equipment financing is in a particular industry? As part of ELFA's campaign to promote equipment finance, the association has released a series of fact sheets that reveal equipment finance statistics and facts for 10 industries, based on the 2018 Survey of Equipment Finance Activity. View more on the association's end-user website, www.equipmentfinanceadvantage.org/ Abt/facts.cfm.

Save the Date: 2019 ELFA Events

ARE YOU WONDERING when ELFA events and training will be held in 2019? Start planning for next year now with the 2019 Event Calendar, available on p. 33. Take advantage of the learning and networking opportunities available to you and your staff as part of your ELFA membership.

IN A CHANGING WORLD,

YOU CAN UNLOCK MANY MARKETS WITH A SINGLE KEY.



LOCAL KNOWLEDGE, GLOBAL STRENGTH

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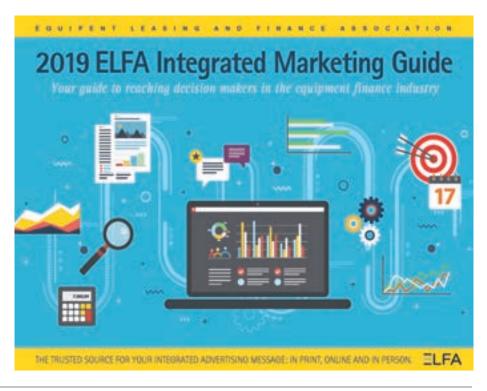


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As our funding needs expanded, they listened and made changes for our continued success.

Mark Sprague, President and Chief Executive Officer, and Ron Janak, Director, Leasing Associates, Inc.



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When you set goals for where you want to take your business, we want to help you get there. Learn how we can work together to move your business forward at wellsfargocapitalfinance.com/leasingassociates.

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INDUSTRY D ELFA



Monthly Leasing and Finance Index Products

July MLFI Year-Over-Year



New Business Volume: up 4%

Aging: up 35%



Charge-offs: down 11%



Credit Approvals: steady



Employment: steady

Industry Sectors by the Numbers

Transportation equipment represents 22% of equipment financing new business volume, according to the 2018 Survey of Equipment Finance Activity. Check out the new SEFA executive summary, webinar and the interactive dashboard at www.elfaonline.org/SEFA.



ASHBOARD



Trucking on the Rise

Trucking revenues are likely to grow 5.4% annually between 2018 and 2023 and are expected to reach \$1 trillion by 2024. As the U.S. economy continues to grow, demand for over-the-road truck transportation is also increasing, and this momentum is anticipated to



What to Watch

In a healthy economy with sustained unemployment around 3.5-4.5%, wages will typically increase because there are fewer "unattached" workers, causing employers to raise wages to better compete for available

labor. Leverage economic data and tools to make more informed business decisions in the updated Applied Economics Handbook at bit.ly/ELFFHandbook2018.

U.S. Equipment & Software Investment Growth



The Foundation's 2018 Equipment Leasing & Finance U.S. Economic Outlook-Q3 update forecasts 7.0% expansion in equipment and software investment and 2.8% GDP growth.

Source: http://bit.ly/ELFFEconomicOutlook

5 Minutes with the Service Providers Chair



JEFFREY DICOSOLA Chair of the Service Providers Business **Council Steering Committee**

WHAT'S HAPPENING in the service provider sector of the equipment finance space? Equipment Leasing & Finance magazine recently talked to Jeffrey Dicosola, Chair of the Service Providers Business Council Steering Committee (BCSC), to take the pulse of this sector. Dicosola, Sales Manager, Great American Insurance Group, is currently serving his third year as Chair of the committee, which is composed of a diverse mix of industry specialists who provide a variety of services to the members of the other four Business Councils.

What issues is the service provider sector focused on this year?

The Service Providers BCSC's purpose is to help support ELFA and its objectives. This year we focused on membership recruitment (new companies and committee members); advocacy support, descending on D.C. for ELFA's Capitol Connections; promoting the industry to the next generation through the Guest Lecture Program; and valu-

able programming at the upcoming ELFA Annual Convention. Spencer X. Smith will be the guest speaker at the Service Providers Business Council luncheon and will enlighten us on how to improve our social media effectiveness.

What do you like best about serving on a BCSC?

I have enjoyed my time serving on the Service Providers BCSC. It has been great working with innovative, hard-working people who come together to help support ELFA with its objectives. To give you a flavor of our committee members, we are a diverse mix of people from companies that offer various products and services to support this industry. Some examples are IT systems and software, legal, outsourcing of operations, credit analytics, insurance, remarketing, staffing and accounting/tax advising. Over the years I have met a lot people that serve our industry. Based on what I have seen, I believe the equipment finance industry is well supported by the hundreds of service provider companies and our collective future is bright.

P.S. Please stop by and visit the service providers in the exhibit hall at the upcoming Annual Convention!



Network with colleagues in your business sector and get up-to-speed on industry sector trends at the Business Council luncheons at the 57th ELFA Annual Convention on Tuesday, Oct. 16:

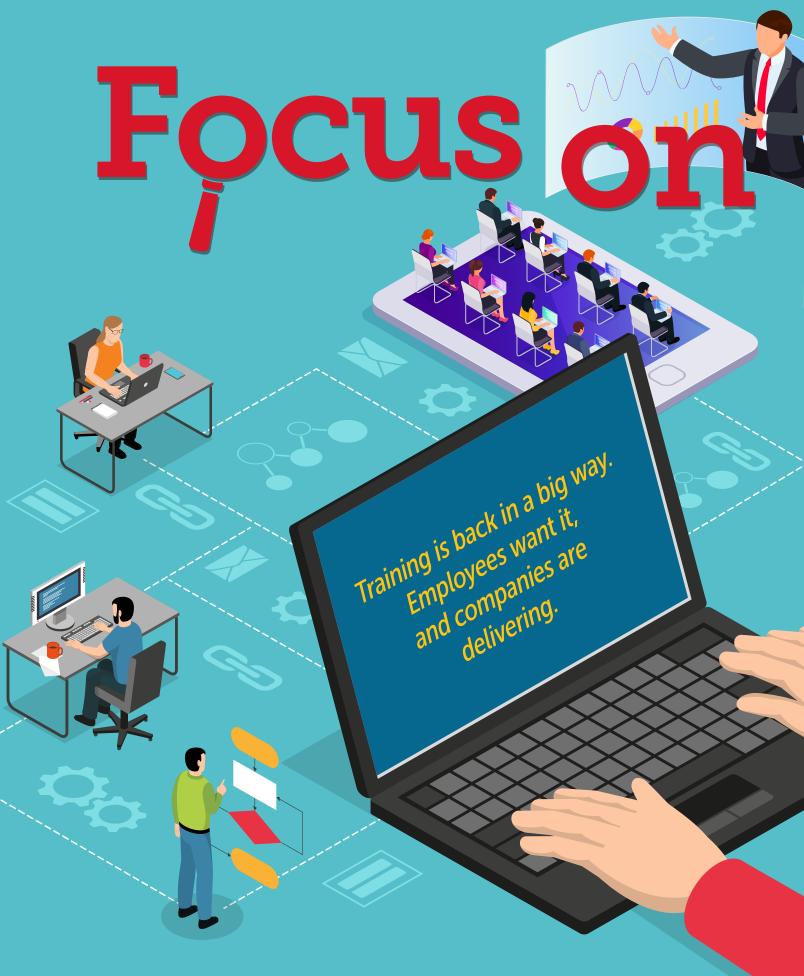
- Captive and Vendor Finance Luncheon:
 - Artificial Intelligence ... A quick overview of how captives and vendors are using technology today
- Financial Institutions Luncheon: Best practices for attracting and retaining emerging talent in the equipment finance industry
- Independent Middle Market Luncheon: Speed networking with independents
- Service Providers Luncheon: Rotoma—A better way to calculate social media ROI
- Small Ticket Luncheon: Implications of tax reform and trade policy on the U.S. economy, with a focus on small businesses



With a NEW Look!



LTi's ASPIRE™, a comprehensive equipment finance platform that empowers you to effectively scale your business.



Learning By Susan L. Hodges

IN MARCH 2013, Katharine Harris was a new hire at GSG Financial in New York City. She was also new to equipment finance, having spent her first few years out of school in another industry. Armed with a business degree, however, she was ready for new challenges, and CEO Andrew Bender hired her as the company's first enrollee in its Leadership Training Program.



Employees today don't just want a paycheck; they want a career path. If you don't provide it for them, they'll look somewhere else."

-Katharine Harris, GSG Financial

Today, Harris is GSG's Vice President of Operations, responsible for overseeing internal leasing procedures and managing the operations team from documentation through to funding. She also oversees the Leadership Training Program and designs new-hire training curricula. Recently she began building out a career map for more junior employees. "If I hadn't gone through our company's Leadership Training Program, I think I'd still be in Documentation, where I'd be getting tons of experience," she says. "But when you're focused in just one area, it's hard to look at other parts of the company and understand on a deeper level what's being done there and what you might do to improve it. Without my training, I'm sure I wouldn't have the breadth of knowledge and understanding that I do now."

Nor would she be a company executive. Training at GSG not only kept Harris in equipment finance, it furnished a ladder for advancement and the realization of her potential. "I think training is critical for the future of equipment finance companies," she says. "This is a large and aging industry that is attractive to young people once they know about it. But employees today don't just want a paycheck; they want a career path. If you don't provide it for them, they'll look somewhere else."

Harris says that by having training programs in place, companies demonstrate their interest and investment in the future of their employees. "Training programs can also reinforce a company's culture," she says, adding, "They're such valuable tools. Here at GSG, our retention rate in the Leadership Training Program is nearly 100%. People really get hooked."

Fueling the Fire

It wasn't long ago that Millennials had a reputation for expecting career advancement based on length of employment. But that's changing as young professionals ask for and seize chances to learn and develop. "They put tremendous value on opportunity, so learning is a fundamental requirement of the company they work for," says Matthew Bain, Learning Consultant for the Americas Region at DLL in Wayne, Pennsylvania. "Learning is a much higher priority for Generation X, Millennials and Generation Z than it was for past generations."

Rightly so: As equipment finance companies and their customers implement artificial intelligence, data analytics and other newer technologies, industry employees will need new knowledge and new skills. The graying of the industry will also open leadership positions and create expanding roles for those now en-



"Learning is a much higher priority for Generation X, Millennials and Generation Z than it was for past generations."

-Matthew Bain, DLL

tering the industry. Moreover, the quickening pace of change is likely to ensure that from now on in most industries, strategic and regular training will be vital to individual and corporate success.

At DLL, training develops employee skills and meets company goals for customer service by focusing on performance improvement. "One of our focus areas is vendor finance knowledge," says Bain. "To meet the needs of our customers—who are facing difficult demands due to the changing nature of industry—we have to help our employees get better at adjusting to our customers' needs. So we teach innovation through design thinking, where the customer is the focus of everything we do. Whether that's designing a product or changing a process, we focus on customer needs and how it will impact the customer."

Because DLL's demographic of customers is changing, Bain says DLL must change with it. "If you're going to be innovative, diversity is a key factor," he says. "We're very good at innovating deals and structures for customers, but we have to get better. And when you're innovating, diversity is needed to produce a richer product."

Varied Approaches, Similar Goals

Because business models, markets and philosophies differ vastly from company to company, equipment finance training and approaches to it also vary. Some companies limit in-house training to on-boarding for new employees and look to ELFA and other sources for advanced learning. Others design many of their own programs and hire other companies to deliver them. Still others use a changing combination of internal and external resources to achieve the breadth of offerings they need, while some companies develop new career paths in response to employee talents and interests.

No matter the approach, Alexa Carnibella, ELFA's Director of Professional Development, says more equipment finance companies than ever are investing in their people by providing training. "Training not only prepares employees to succeed in their roles; it also fosters loyalty," says Carnibella. "Employees feel valued and retention rises."

Employers also appreciate the ease with which some training can now be accomplished. ELFA's newly revamped "Be the Boss" Fundamentals of Equipment Leasing and Finance online course delivers information in seven micro-lessons of eight to 10 minutes each that can be taken at any time. Interactive features include periodic knowledge checks and an entertaining game in which learners apply their new knowledge by running a leasing company. At any point, learners can move back and forth between instruction sessions and the game to test their skills and information.

There's little question that online training is as effective as it is trendy. But Carnibella says in-person learning and networking is more important than ever. To that end, ELFA's Principles of Leasing and Finance Workshops are seeing renewed interest. The course is offered several times yearly at various locations. Companies can also host the course at their own offices for their own employees.



Employees expect training today, and it's required to get good people and keep them."

-Andrew Bender, GSG Financial

Personalizing Paths

Despite the resurgence of training and advances in the technology and science that serve it, however, challenges still exist. A new one is charting personal learning paths for every employee. "I strongly believe that everyone on the team wants to know where they stand every day and what they need to do to reach the next level," says Andrew Bender, CEO of GSG Financial. And while he admires the characteristic as one that's direct and eliminates surprises, "It's also more difficult," he says, "because you're building individual career development programs."

In as few as two months after their arrival, new GSG employees are identified as possessing an aptitude for either sales or operations. Subsequent training is chosen accordingly. Developing sales professionals enroll in the Miller-Heiman sales-mapping and training program, while developing leaders may join Vistage, a peer advisory network for executives of small to mid-size businesses, and participate in the company's Leadership Training Program.

But GSG Financial is refining its training these days in light of a new parent company and new markets. "What worked for us the first 13 years won't work going forward as a captive and as the markets change," says Bender of the organization's employee-development efforts. "Employees expect training today, and it's required to get good people and keep them. And if they help build it, they're more accountable to it."

Bender has weighed the cost and effort of individualized training with the cost of recruiting and found it a no-brainer. "If you already have somebody great, why not build that plan with them and keep them invested and excited," he says. Because GSG has done exactly that, turnover has been minimal and, as Harris suggests, morale seems to be scraping the sky.

First American Equipment Finance, an RBC/City National Company in Fairport, New York, also has a variety of training



ELFA's *NEW* Fundamentals of Equipment Leasing and Finance Online Course!

Welcome to the new (and improved!) Fundamentals of Equipment Leasing and Finance course—the only course of its kind for the equipment finance industry!

This course is divided in to 7 micro-lessons (8-10 minutes each), allowing learners to review the vital information every person new to the industry should know. Badges are earned for completing each micro lesson.

Lesson 1 – Introduction to Equipment Leasing and Finance

Lesson 2 - Origination Phase of the Transaction Lifecycle

Lesson 3 – Administration and Termination Phases

Lesson 4 – Leasing Law

Lesson 5 – Lease Accounting and Federal Tax

Lesson 6 – Types of Finance

Lesson 7 – Creating Successful Solutions



Be the Boss

Take what you've learned and "be the boss" at Strategic Equipment Leasing and Finance, Inc. (S.E.L.F) – navigating through customer interactions, identifying the departments and individuals that should be involved in each step, and earning badges and upgrades as they go! From closing the sale to fielding customer requests and reviewing end-of-lease options, the learner will experience it all and will receive guided feedback to reinforce learning.

Who Should Take the Course?

This course is designed for those who are new to the equipment finance industry, or as a refresher for those with more experience.

Pricing

Individual:

ELFA Members - \$500/license Non-Members - \$775/license

Bulk:

Bulk pricing is available for purchases of 11 or more licenses.

Questions?

Contact Alexa Carnibella at *acarnibella@elfaonline.org* for more information.

www.elfaonline.org/events/fundamentals



paths mapped out, based on employee roles. In five years the company has grown from around 100 to nearly 250 employees and Mandy Williams, Vice President of Learning and Development, says training is a key component to supporting that growth. "Our primary internal programs are our new-hire onboarding programs, a mentoring program and internal development courses in our FAEF University, which are open to all employees," she says. "We also use ELFA's online Fundamentals course, and we conduct preparatory classes for the CLFP (Certified Leasing and Finance Professional) examination."

Williams says that when it comes to training, employees are enthusiastic and competitive. "Our Salesforce platform training leverages badging and a gaming element, which instills competition to complete the most courses," she says, adding, "We've had to relocate some of our instructor-led courses to larger rooms based on the sign-up rate." Williams says First American Equipment Finance also has a large number of colleagues who participate as mentors, and a large number who want to be mentees.

Interpreting ROI

When employees are learning, customers are happy and the bottom line is growing, no one loses sleep trying to calculate



Test drive ELFA's new interactive, online Fundamentals of Equipment Leasing and Finance course! Stop by the ELFA booth at the Annual Convention for a hands-on demo. Learn more at www.elfaonline.org/events/fundamentals.



'We've had to relocate some of our instructor-led courses to larger rooms based on the sign-up rate."

> -Mandy Williams, First American Equipment Finance, an RBC/City National Company

their training's return on investment (ROI). Decide to do it, though, and you'll find it devilishly difficult. So elusive is this figure that DLL's Bain says less than 8% of organizations succeed at measuring the real ROI of their training. That's not surprising, given that effectiveness must be determined not only through surveys of employee reaction to the training and testing for the extent of learning. Changes in employee behavior must also be documented, and results measured as to the degree to which targeted outcomes occur as a result of the training.

"Why do most companies train? I'd say for retention, performance improvement and strategic development of talent," says Bain. "Learning is about performance improvement, and if I were to say what success looks like at our company, it would be that we are successful in all of DLL's six strategic pillars, which are setting our company up for success in the future."

Williams says the ultimate success of any training program is its ability to positively influence business outcomes. "The ultimate ROI is whether we're impacting our goal to be the best company to work for and work with," she adds. "That means achieving financial returns in increased sales and increased customer satisfaction, and maintaining employee loyalty in our workforce so the business can succeed and serve our clients."

First American uses the Kirkpatrick Evaluation Model, a common standard in the training industry, and seeks to align with its four levels of evaluation. "But measuring can be timely or costly to do," Williams says, "so the extent to which we would measure at those levels depends on the scale of those programs and the extent to which we need to determine success."

"The ROI thing is really difficult," admits Bender. "We're very specific about objectives and what people want to accomplish, and we examine these with our employees every quarter. During the year those rocks roll up and we use Gazelles' one-page strategic plan to see if we're on track. But, ultimately, we see success as happy employees who are productive and want to be promoted."

SUSAN HODGES writes about equipment finance and other business topics from her office in Wilmette, Ill.

2019 ELFA Annual Calendar of Conferences, Workshops and e-Learning Opportunities

FEBRUARY

February 24-26

EQUIPMENT MANAGEMENT CONFERENCE & EXHIBITION

Omni La Costa Resort • Carlsbad, CA

MARCH

March 10-12

EXECUTIVE ROUNDTABLE

The Ritz-Carlton Golf Resort, Naples Naples, FL

March 20

18™ ANNUAL IMN/ELFA INVESTORS CONFERENCE

Union League Club • New York, NY

APRIL

April 1-2

ELFA WOMEN'S LEADERSHIP FORUM

Conrad Washington, DC • Washington, DC

April 9-11

31⁵⁷ ANNUAL NATIONAL FUNDING CONFERENCE

Swissôtel Chicago • Chicago, IL

April 9

BANK BEST PRACTICES ROUNDTABLE

Swissôtel Chicago • Chicago, IL

April 9

INDEPENDENT BEST PRACTICES ROUNDTABLE

Swissôtel Chicago • Chicago, IL

April 9

CAPTIVE AND VENDOR FINANCE BEST PRACTICES ROUNDTABLE

Swissôtel Chicago • Chicago, IL

Anril

EMERGING TALENT NETWORKING EVENT

Swissôtel Chicago • Chicago, IL

April 28-30

LEGAL FORUM

Omni San Diego Hotel • San Diego, CA

MAY

May 15

CAPITOL CONNECTIONS

The Washington Court Hotel • Washington, DC

JUNE

June 3-5

CREDIT AND COLLECTIONS MANAGEMENT CONFERENCE & EXHIBITION

Hilton St. Petersburg Bayfront St. Petersburg, FL

June 11-12

TAX BEST PRACTICES ROUNDTABLE

Offices of CoBank • Denver, CO

JULY

July 17

EMERGING TALENT NETWORKING EVENT

Grand Hyatt Washington • Washington, DC

July 17-18

EMERGENCE2019

Grand Hyatt Washington • Washington, DC

SEPTEMBER

September 16-18

OPERATIONS & TECHNOLOGY CONFERENCE AND EXHIBITION

Hilton Chicago • Chicago, IL

September 16-18

LEASE AND FINANCE ACCOUNTANTS CONFERENCE

Hilton Chicago • Chicago, IL

September 16

EMERGING TALENT NETWORKING EVENT

Hilton Chicago • Chicago, IL

OCTOBER

October 27-29

ELFA 58TH ANNUAL CONVENTION

Marriott Marquis Washington, DC Washington, DC



EQUIPMENT LEASING AND FINANCE ASSOCIATION

ELFA MOBILE EVENTS APP



ELFA events have gone MOBILE! The ELFA Events app provides eventspecific access to items such as the attendee roster, a customized conference agenda, presentation handouts and

much more, all in the palm of your hand. Visit www.elfaonline.org/Events/EventsApp for instructions on downloading and a video demo.



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ELFA's Conference Resource Center is your online portal to educational content from ELFA's conferences. View conference sessions virtually and access speaker handouts, audio streaming presentations, MP3 downloadable files and more. To learn more go to: elfa.sclivelearningcenter.com.



The ELFA Academy provides high-quality, interactive training and resources for you and your staff. For a complete listing of the online self-study courses and web seminars available through the ELFA Academy, go to: www.elfaonline.org/Events/eLearning/.

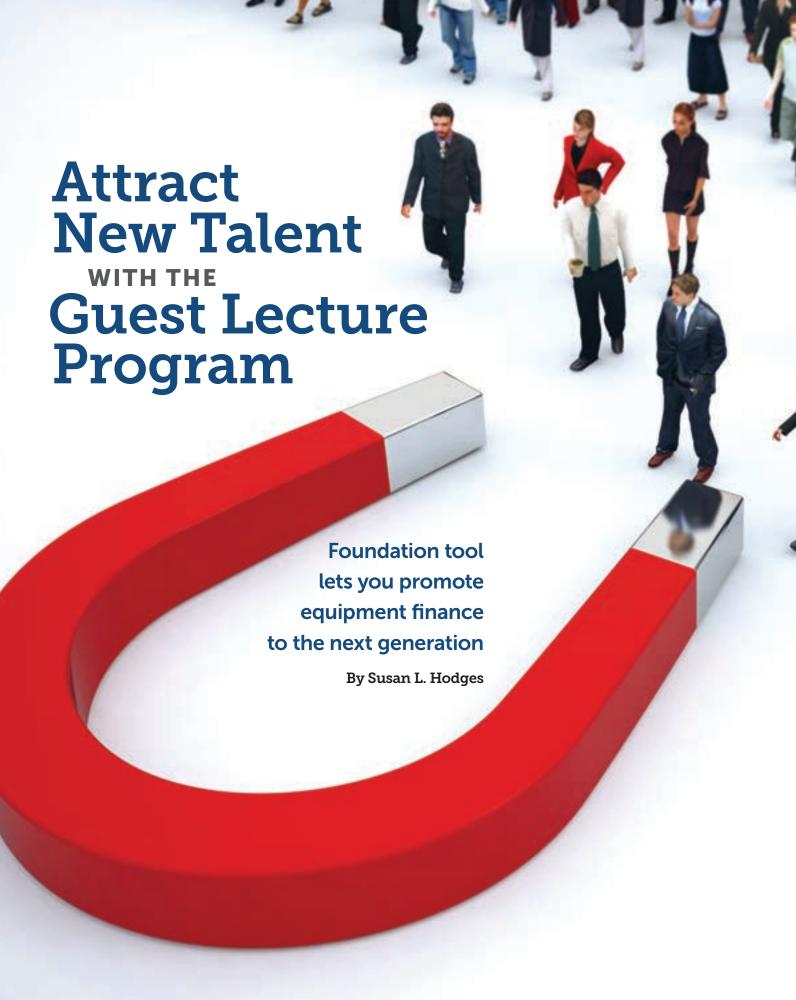
PRINCIPLES OF LEASING AND FINANCE WORKSHOP

ELFA instructors have been introducing equipment finance company employees to the basics of the business for three decades. For workshop details, visit www.elfaonline.org/events/.

Dates and locations for Public Workshops April 24-26 – Milwaukee, WI June 16-18 – Washington, DC September TBD

If the 2019 dates and locations do not fit your schedule and you have 10 or more employees you would like to send to the workshop, ELFA can bring the workshop to you. Contact Alexa Carnibella for further details and pricing, 202-238-3416 or acamibella@elfaonline.org.

For the latest information and updates go to: www.elfaonline.org/events/calendar/





ICARDO "RICKY" RIOS of Commercial Equipment Finance, Inc. (CEFI), of San Juan, Puerto Rico, delivered his first industry lecture to college students just a few months ago. During his presentation he used the Guest Lecture Program, a PowerPoint slide deck developed by industry experts to introduce students to the equipment finance industry, sponsored by the Equipment Leasing & Finance Foundation.

"We've hired young people since we opened nine years ago, and 20% of our current employees were recruited straight out of college," says Rios, Chief Operating Officer of this independent. "Now we have our first summer intern, and he is one of the students who attended our lecture."

Rios scheduled the lecture through the student finance association at the University of Puerto Rico. After his presentation, he invited students to CEFI's facilities to learn more about the company. "We set up the conference room and furnished snacks, and eight students came. It wasn't a huge turnout, but it was intimate and allowed everyone to participate. It was also good because they got to see our offices—and when we asked afterward if anyone was interested in participating in a summer internship, they all raised their hands."

"The Guest Lecture Program is a great way to get acquainted with the talent that's coming upand it gives you an advantage."

-Ricky Rios, Commercial Equipment Finance, Inc.

The company hired one of the eight, who was completing his internship when Rios spoke with EL&F magazine in July. "We feel like we brought value to everyone who attended our lecture and particularly to the intern who's here now," Rios says. "The Guest Lecture Program is a great way to get acquainted with the talent that's coming up—and it gives you an advantage."

Break from the Crowd

Kirk Phillips, President and CEO of Wintrust Commercial Finance in Frisco, Texas, shares that opinion. "No one plans to go to school for a degree in equipment finance, and the Guest Lecture Program helps us get the word out about our industry," he says. "But it also gets us out of the pack where everyone recruits at the job fairs. At lectures, students get a chance to interact with a senior person in an organization, and many times, the sharp ones come up afterward to engage you in dialogue. They also want to network with you."

Ricky Rios (far left) meets with students at his company.

Shortly after he came to Wintrust two years ago, Phillips reconnected with the business school at his alma mater, Stephen F. Austin State University in Nacogdoches, Texas. He had taught there and was invited to return and speak.



The Guest Lecture Program was maturing at about the same time. "It all came together for me and felt very comfortable," he says. "I really enjoy presenting and engaging with the students."

To prepare, Phillips downloaded the GLP PowerPoint deck from the Foundation's website and spent "maybe 45 minutes to an hour" modifying it to tell his own story as well as that of the industry. "The presentation contains a lot of information, including facts about buying versus leasing and tax implications, so you can get very technical if you want," he says. "But most people use it as a starting point and then customize it for their presentation style and their particular story. The key is that you tell your own story."

Bonnie Wright, Senior Vice President & National Sales Manager-Bank Division at Wells Fargo Equipment Finance in Folsom, California, enjoys the program so much that she'd lecture once a month if she could. "You cannot fail in front of this audience, so if that's what's stopping you from participating, don't let it," she says. "You're an expert in their eyes and the voice of wisdom. If you stumble, they'll support you. They're eager to hear from you and they drink up the information."

"No one plans to go to school for a degree in equipment finance, and the Guest Lecture Program helps us get the word out about our industry."



Kirk Phillips, Wintrust Commercial Finance

Wright has presented the GLP three times and is scheduled to lecture twice more this year. "The first time I did it I had a child in college and I thought, 'What better than to have a friendly face in the audience,' so I selected that school," she says. "Then I reached out to my alma mater as a way to give back, and next I contacted a school locally. Our industry gives us the opportunity to work with business owners in our community and build up the economy where we live, and the GLP is another great way we can do that."

Wright says students who attend the talks want to know where to start their careers and what to do if they make mistakes. "They also want to know how you got into the business, what excites you about it and how you've become a leader," she adds. And while she agrees that each speaker should tell his or her story, Wright thinks it's also important to focus on the industry collectively. "That's a much more energetic way to speak instead of talking about your own company," she says.

Tell the Story

Jeffry Elliott agrees. "The GLP is about getting young people interested in our industry," says Elliott, Chairman of the Foundation and Senior Managing Director of Huntington Equipment Finance in Cleveland. "Ours is a business that many of us fell into and didn't know much about, and we'd like to change that for the next generations. By getting in front of students to educate them about what we do and bring them into the industry, we're paying it forward to make a lasting impact."

Kelli Nienaber, Executive Director of the Foundation, says industry volunteers presented 20-25 lectures in 2016 and 2017 and are on schedule to do the same this year. "We may have done even more, but we don't always hear about them," she says. "Unless people send us photos or tell us about it, we won't know they've lectured, so we're working to better track where and when presentations happen."

The Foundation has long been known for research and industry studies, but Elliott says the organization is now broadening its focus. "We also want to be known for other types of programs, such as the GLP and our Internship Center," he says. The Foundation Internship Center (www.leasefoundation.org/academic-pro grams/internship-resources/) was created last year and provides a platform for students and organizations to find each other and make connections. Students can post their résumés, search for internships and apply for them online. Employers can post internship opportunities, search résumés or set up alerts when résumés are emailed in and manage applications. Says Nienaber, "The Center was a natural extension of the Guest Lecture Program, because after a presentation, students want to know how they can get an internship or a job and who they can contact to learn more."

Another activity under consideration: mentoring. Says Nienaber, "As we recruit new people into the industry, we want to ensure that they are appropriately mentored so they will stay and develop in their careers."

Share Yourself

In the meantime, Elliott and Nienaber are working to entice more volunteers to deliver the GLP. "The tools you need are on our website," says Elliott. "You'll find sample letters to customize and send to the dean of a school's finance department, to the career development office and others. It might take a few tries to find the right contact person, but many of the tools were built from the experiences of volunteers. We have Frequently Asked Questions and a pre- and post-lecture checklist, for example. We get feedback from volunteers and refine the program going forward."

Wright does something similar with the questions raised by students after her lectures. "I love the Q&A period because it's never the same and it challenges me to think about things we need to do as an industry," she says. "The students always have fresh insights about the future, and I take these back and share those insights with my team to help broaden our outlook as we build our future strategy."



"By getting in front of students to educate them about what we do and bring them into the industry, we're paying it forward to make a lasting impact."

-Jeffry Elliott, Huntington Equipment Finance and Foundation Chairman

Example: One student asked Wright what, in light of so much online innovation and increasing use of artificial intelligence, made her think that the equipment finance industry wouldn't be replaced with automation. "That was a real stumper, and I had to pause and think about it," she says. "I told them that automation cannot replace the personal aspect of relationships, and that equipment finance professionals are advisors who can think bigger and better than automated systems ever can." The question and Wright's answer to it led her to talk with her team about the services and value Wells Fargo Equipment Finance provides to its customers. Says Wright, "My whole team is benefiting from these conversations."

Meanwhile, Ricky Rios is planning his company's approach to lecturing at private universities in Puerto Rico. "We're definitely interested in doing more of these activities, and this is our next step," he says. "Now that we have our presentation, we're ready to go."

To learn more and see how easy it is to get involved, go to www.leasefoundation.org, click on Academic Programs and then on Guest Lecture Program. Then contact Foundation Program Manager Stephanie Fisher at sfisher@leasefoundation.org to say you'll present.

SUSAN HODGES writes about equipment finance and other business topics from her office in Wilmette, Ill.

5 Steps to a Great Lecture

VOLUNTEERS who've presented the Guest Lecture Program emphasize that the Foundation makes it easy. Here are five steps they recommend to also make your presentation successful.

- 1. CALL OR WRITE to your selected school to say you'd like to speak to business students about the equipment finance industry. Ask for contact information for the Department Chair or instructor who schedules such events. Also ask for contact information for the student business association if one exists.
- 2. **EXPLAIN** a bit about the presentation once you've made contact with the appropriate instructor or student leader and work to schedule it. Also ask if there are particular aspects of the industry he or she would like for you to cover.
- 3. TAKE AN HOUR TO PREPARE by downloading and customizing the PowerPoint deck from www.leasefounda tion.org. Reorder the slides if necessary to accommodate your presentation and delete those that speak to areas you will not cover. Focus on the industry collectively rather than on your niche market or your company.
- 4. TELL YOUR STORY. "When you begin, ask how many in your audience have a car loan, a student loan or a personal loan," suggests Rios. "Find personal ways to help them understand what we do." Present for 30 to 35 minutes and then ask for questions. "Be prepared for anything," says Phillips. "These are smart kids who can come at things from unexpected angles. "One student asked me how important it is in my role to guide and direct the culture of my company, and I had to think about that for a minute."
- 5. HANG AROUND; FOLLOW UP. Take your time leaving, since students who were too shy to ask questions in front of the group may come up afterwards. Others may want to connect with you on social media or find out where and how they can learn more about the industry. Then be sure to complete the post-lecture survey linked to the Foundation website.



STATE OF BUSINESS

GREAT EXPEC

ELFA MEMBERS ARE STILL RIDING A WAVE OF ECONOMIC OPTIMISM

and brisk new business. The association's latest Beige Book, a quarterly survey of four of the organization's Business Council Steering Committees (BCSCs)—captive and vendor finance firms, financial institutions, independent middle market companies and small ticket firms—showed 77% of respondents seeing a rise in new business volume, with just 9% reporting a decline. Members of two BCSCscaptive and vendor finance firms and small ticket firms—had no members at all reporting a decline in new business.

"We're seeing a high amount of liquidity in the market—a lot of money looking for deals, a lot of new entrants to the market. There's definitely demand, confidence is very high and that's driving behaviors in the small business sector specifically," says David Normandin, Chair of the Small Ticket BCSC and Managing Director of the Commercial Finance Group at Irvine, California-based Hanmi Bank. He says business has been more robust this summer than most in his sector expected.

Normandin and the Chairs of the three other BCSCs remain optimistic. However, various issues ranging from rising interest rates to the new tax law and tariffs present challenges and issues to be watched. The Chairs shared their insights about the second quarter 2018 Beige Book data, feedback from their sectors and the outlook for the industry.



"There's definitely demand, confidence is very high and that's driving behaviors in the small business sector specifically."

-David Normandin, Hanmi Bank





"As I talk to customers, they don't say, 'Hey, it's because of tax reform that I'm buying,' but it has done a lot of good things in the broader economy to encourage spending."

-Brian Eschmann, Trans Lease, Inc.

Strong Business— **And Strong Competition**

Overall, in addition to the strong new business report, the Beige Book data held few surprises. The state of credit quality, delinquencies and charge-offs are stable, but even a few upticks don't worry the BCSC Chairs because such negatives are still near historic lows. Normandin describes the overall outlook as "cautiously optimistic."

"We see delinquency stable over the last year-anda-half. We had a little uptick last year in the second quarter, but literally this year it has been rock solid. And portfolio performance as measured by net bad debt and charge offs has been consistent and consistently low." he savs.

But those good customers also have their pick of companies who are trying to serve them. Competition for new business is fierce, says Brian Eschmann, Chair of the Independent Middle Market BCSC and President of Trans Lease, Inc. in Denver, Colorado.

"Many of those I talk to that are losing deals or not hitting some of their goals say it's due to pricing and

competition right now. The opportunities are there, but so are the players trying to win that business," he says.

Niches Have Benefits and Drawbacks

One way to develop an advantage over the competition is to develop a deep specialization in a market or type of financing. That's essentially the business model of the Captive and Vendor Finance BCSC members. Chair Andrew Blacklock, who is Senior Director of Strategy and Business Operations at Cisco Systems Capital Corporation in San Jose, California, says business has been strong across all sectors.

"We have commercial-, enterprise-, service provider- and public sector-focused lines of business. It was a very solid year in all four of these sectors. As a captive of an original equipment manufacturer, we rise and fall a bit with how the parent is doing, and Cisco had a fantastic year," Blacklock says.

In agriculture the story was different. Michael Romanowski, Chair of the Financial Institutions BCSC and President of Minneapolis. Minnesota-based Farm Credit Leasing Services Corporation, which specializes in agriculture and rural infrastructure, was one of the respondents who saw a decline year-over-year. Low commodity prices almost across the board were among the factors that slowed the sector, he says.

"Certainly, corn and soybeans are down. Dairy prices are depressed. Even some of our stronger performers in the past few years, such as the nut industry, are off this year," Romanowski says.

Don't miss the latest data:

- ELFA's Monthly Leasing & Finance Index and Quarterly Beige Book at www.elfaonline.org/data/MLFI
- The Foundation's monthly Momentum Monitor, Monthly Confidence Index and quarterly Economic Outlook Report at www.LeaseFoundation.org.



Indeed, agriculture was reported as a lagging sector by three of the four BCSCs. Other slow performers included printing, mining/oil and gas extraction, telecommunications, wholesale/retail and a handful of others. Top performers included construction, health services, industrial/manufacturing and others. Finance was ranked as both a top performer and a laggard by different BCSCs.

Markets respond to specific concerns, creating opportunity. Blacklock is seeing significant investment in internet security and protecting network infrastructure.

"We're seeing a substantial amount of demand for financing from customers looking to purchase networking equipment and security software to help them meet their business objectives. One of the things that's really driving that growth is the desire for companies to have secure networks," he says.



"When I talk to my colleagues, there is a real focus on the rising interest rates and whether they will slow down the appetite for financing."

-Andrew Blacklock, Cisco Systems Capital Corporation

External Factors Affecting Business

A number of macroeconomic factors have the BCSC Chairs and members keeping a watchful eye on the horizon. They primarily boil down to taxes, tariffs and interest rates.

The new tax law and its corporate tax cut is expected to provide a windfall for many businesses. However, it's hard to tell if they're spending that money yet. "We believe that tax reform, as a whole, has stimulated some positive business investment and overall consumer confidence that has prompted general GDP growth, which has been good for our business," Eschmann says. "As I talk to customers, they don't say, 'Hey, it's because of tax reform that I'm buying,' but it has done a lot of good things in the broader economy to encourage spending." As more businesses look at their end-of-year spending and tax planning, Eschmann says he believes the tax cut will drive more spending.

"Some of our customers are holding off on capital investment until they have a clearer lens into the markets where they sell their products."

-Michael Romanowski, Farm Credit Leasing Services Corporation.



Talk of tariffs is worrisome to some sectors. "At the beginning of the year, predictions were that the overall equipment finance industry would be up 9% on a yearover-year basis, and we just haven't seen that. Some of our customers are holding off on capital investment until they have a clearer lens into the markets where they sell their products," Romanowski says.

Rising interest rates in an environment where spreads are already tight also give some BCSC Chairs pause. Blacklock says his team is watching those elements closely, especially as interest rates continue to rise. "At some point we have to pass those on to customers. When I talk to my colleagues, there is a real focus on the rising interest rates and whether they will slow down the appetite for financing," he says.

But Normandin also emphasizes that none of these factors is an immediate threat to the broader industry. "There is so much rhetoric in the market. Everyone has an angle and view. We try to take an even-keel approach. We look at what's going on in the news cycle and really focus on how that's affecting our customers and our business before we'll make changes, whether it be to our models or to the types of industries that we'll work in or get out of," he says. For now, he and many others in the industry are enjoying the confidence that is spurring business.

GWEN MORAN is a New Jersey-based freelance business and finance writer.

For more on the state of business, don't miss these sessions at the 2018 ELFA Annual Convention.

- Balancing Growth, Regulatory and Competitive Pressures
- Foundation Horizon Report: From the Past into the Future
- Foundation Luncheon: Economist Mark Zandi Keynote

Learn more at www.elfaonline.org/events/2018/AC/.

SPOTLIGHT ON INTEREST RATES

By Anneliese DeDiemar



OVER THE LAST DECADE, the equipment finance industry and the U.S. economy have been operating in a low-interest rate and low-inflation setting. Although this business environment has contributed to increased competition within the industry, it has also provided a relatively stable climate for investment in equipment and software. Equipment finance firms have become accustomed to this low-rate environment, and many may need to prepare for the possibility of a more rapid rise in inflation and interest rates in the near future.



A new report from the Equipment Leasing & Finance Foundation, On the Rise: How Inflationary Pressures and Rising Interest Rates Could Impact the Equipment Finance Industry, explains how a world of rising inflation and interest rates may affect the equipment finance industry, including customer demand, portfolio

performance, spreads and the propensity to finance. In doing so, it considers historical evidence for how equipment lessors and the overall credit market have responded during periods of rising inflation and interest rates that have occurred in previous business cycles.

Understanding the key drivers of inflation and interest rates and how they affect the economy will help industry professionals identify and adapt to the inflation and interest rate environment in which they find themselves.

Key Themes

Key findings from the Foundation report include:

- Following nearly a decade of modest economic expansion, low interest rates and low inflation, equipment finance professionals will have to adjust to a shifting reality of higher interest rates and building inflationary pressures.
- Although an environment of strong growth might lead to faster growth in new business volume, that growth is likely

- to be accompanied by higher inflation and faster interest rate increases. As a result, spreads could narrow and portfolio performance could suffer.
- Alternatively, a status quo environment will require less adjustment to a company's operations but will likely be accompanied by slower growth.
- Whichever path the U.S. economy heads down, there will be implications for the industry's bottom line and individual firms should consider adjusting their business strategies and tactics depending on which scenario comes to pass.

The complete report is now available to download. Visit www.LeaseFoundation.org to access this free planning tool.



ANNELIESE DEDIEMAR is the Equipment Leasing & Finance Foundation's Director of Marketing and Communications.



Don't miss the session "Inflationary Pressures and Rising Interest Rates: Forecasting the Future Possibilities" at the 2018 ELFA Annual Convention.

Learn more at www.elfaonline.org/events/2018/AC/.



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In the Penalty Box: Default Interest

IT USED TO BE AXIOMATIC. The borrower and its lender would enter into a loan agreement or a finance lease, and agree that, upon an event of default or even a delinquent payment, interest would be charged on that payment (or upon the entire contract balance, if the event of default was followed by an acceleration of the contract balance) at a noticeably higher rate. The purpose of the enhanced interest rate was to motivate the obligor to pay on time and avoid any serious breach of its other obligations.

There were other reasons: An obligation that is in default requires additional attention by the lessor or lender, including internal workout staff and possibly inhouse counsel. This involves extra expense, not always quantifiable like outside counsel fees. An enhanced interest rate is designed to compensate the lessor or lender for these unexpected costs.

Not anymore. A July 3, 2018, federal bankruptcy court decision, in re: Altadena Lincoln Crossing LLC, has declared that the increased rate of interest that the lender and the borrower had agreed to, both in the original loan agreement and subsequent forbearance documents, constituted an unenforceable penalty under California law. This article will discuss how lenders and finance lessors can cope with this judicial decision.

Default and Forbearance

The debtor approached East West Bank (EWB) in 2004 to provide construction loan financing for a mixed-use project in California. The loan bore a default rate of interest 5% above the base interest rate. The debtor failed to repay the loan at maturity and a succession of forbearance agreements ensued. In each forbearance agreement the debtor acknowledged the amounts due, including the accrued amount of default interest and a general waiver of claims against the bank related to the loans.

Perhaps intending to motivate the debtor to make payment eventually, the bank agreed that the debtor could pay interest at the nondefault rate during the A July 3, 2018, federal bankruptcy court decision has declared that the increased rate of interest that the lender and the borrower had agreed to, both in the original loan agreement and subsequent forbearance documents. constituted an unenforceable penalty under California law.

forbearance period and that it would forgive all default interest if the debtor repaid the entire principal balance by the (new) maturity date provided in each forbearance agreement. The bank also agreed that its extension fee of \$600,000 could be paid at maturity rather than at the time that it agreed to extend the maturity.1

At the bankruptcy court hearings on the debtor's objection to EWB's claims, witnesses testified that an additional 5% interest rate during default "was common for these kinds of loans at the time the loans were made." Yet the court spotlighted loan agreement provisions "that require the Debtor to pay EWB's out-ofpocket costs for servicing or attempting to collect on the loan in the event of default" and then leaped to the conclusion that "the default interest rate was not intended to compensate EWB for any of these types of expenses." The court reached the same conclusion with respect to late fees for delinquent or missed payments.

Flawed Reasoning

The court may have had a point in these two conclusions, but the decision then ventured far afield. It discussed the bank's

expert testimony that "one of the central purposes of default interest is to compensate the lender for the heightened risk that defaulted loans carry of non-payment of the loan's principal and interest." The decision then declared that there was no evidence that at inception the bank engaged in any analysis identifying how the default rate would compensate for its actual damages and concluded that the default interest rate did not bear a reasonable relation to the damages incurred by the bank and hence was "intended to serve as [an unenforceable] penalty." In effect the court declared that any post-default justification for the default rate would be invalid. On a technicality, the court also excluded testimony on "the impact of a loan's default on the reserves that the bank would be required to maintain."

The decision further aggravated this suspect conclusion by citing the bank's expert testimony that the default rate premium "can be utilized to offset [the] loss in value" of a defaulted loan, and then correctly postulating that that "this diminution in value would translate into a reduction in the price at which EWB would be able to sell the loan." But the decision observed—irrelevantly—that EWB did not sell the loan and hence the bank apparently never suffered this loss of value. But of course the bank did suffer a loss or it would not have needed to file a claim in the debtor's bankruptcy proceedings.

In effect, the court's reasoning would compel a lender to sell a defaulted loan, in order to establish its loss, rather than hold-

ing on and hoping that improved conditions would minimize any loss. Paradoxically, the court's doctrine likely would increase the amount of damage claims against the debtor, by encouraging premature sale of the loan, perhaps to a vulture fund which would pay less than fair market value.

The decision also airily observed that "the ease with which [the bank's expert] was able to perform the calculations" which he offered at the 2018 hearing showed that this calculation "would not be costly or difficult to estimate at the inception of a loan." Seriously? A lender in 2004 should be able to estimate, accurately, what its loss (on a one-year loan) likely would be when its patience ended and demand was made for payment 12 years later?

UCC 2A to the Rescue?

The Altadena decision was grounded on California Civil Code section 1671(b), which provides that "a provision in a

contract liquidating the damages for the breach of the contract is valid unless the party seeking to invalidate the provision establishes that the provision was unreasonable under the circumstances existing at the time the contract was made." In a true lease governed by Uniform Commercial Code Article 2A, however, the standard under section 2A504(1) differs somewhat: "Damages...may be liquidated in the lease agreement but only at an amount or by a formula that is reasonable in light of the then anticipated harm caused by the default." The Official Comment to section 2A-504 observes that "The ability to liquidate damages is critical to modern leasing practice; given the parties' freedom to contract at common law," the drafters of Article 2A left the parties free to negotiate a formula as long as it is reasonable. Article 2A did not apply to the Altadena situation, but may help lessors to reach a different result.

What Else Can You Do?

Lenders and lessors can protect themselves further by 1) not selecting California as the governing law; 2) periodically calculating what its actual damages could be for loans of a certain type and establishing the default rate accordingly for each type of newly organized loan; 3) arguing that a default rate is not a liquidated damages provision but instead is compensation for increased loan loss reserves; and 4) distinguishing their state law from the text of the California statute. There is no surefire remedy, but there are steps that you can take to avoid the default rate penalty box.

1"The Court finds that this fee was intended to compensate EWB for the administrative costs associated with entering into the Forbearance Agreements and that it is enforceable.



STEPHEN T. WHELAN is a partner in the New York office of law firm Blank Rome LLP and a former member of the ELFA Board of Directors.

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2018: A Busy Year of Changes to the **New Leases Standard**

THE FASB HAS AMENDED ASC 842 three times already in 2018, with a fourth set of amendments expected before year's end.

As we learned with the new revenue recognition standard (ASC 606), a "final" standard may not actually be final. In the case of ASC 606, significant changes were made after the "final" standard was issued. While the scope of the enacted and proposed changes to the new leases standard are not as fundamental, many of them are significant, particularly to lessors. In this article, we summarize these changes.

Alternative Transition Method

ASC 842 originally required application (including disclosures) to all comparative periods presented. For public companies with a Jan. 1, 2019, effective date, the date of initial application would be Jan. 1, 2017. This is the date on which lessees would first put their existing operating leases on-balance-sheet, and the date on which all entities would recognize their cumulative-effect transition adjustments.

Accounting Standards Update (ASU) No. 2018-11, issued in late July, amended the transition guidance to permit a company to use its effective date as its date of initial application (Jan. 1, 2019, using the above dates). A company electing this alternative will:

Don't miss the session "New Standard: A New Way of Approaching Lease Accounting" at the 2018 ELFA Annual Convention. Learn more at www.elfaonline.org/ events/2018/AC/.

- **not** restate comparative period financial information:
- not make the new standard's lease disclosures in periods before the effective date; and
- recognize its cumulative-effect transition adjustments as of the effective date, rather than as of the beginning of the earliest comparative period presented.

Lessor Practical Expedient Not to Separate Lease and Non-**Lease Components**

ASC 842 originally required a lessor to always separate lease from non-lease components. The lessor would then allocate the consideration in the contract to each separate lease and non-lease component based on the ASC 606 transaction price allocation requirements.

In response to operational concerns and questions about the information benefit of these requirements, the FASB, in ASU 2018-11, created a practical expedient that permits a lessor to combine a lease component and a non-lease component that is in the scope of Topic 606 when:

- the timing and pattern of transfer of the lease and the non-lease component are the same; and
- the lease component, if accounted for separately, would be classified as an operating lease.

If a lease contract includes more than one non-lease component, a lessor combines only those components that meet the first criterion.

The lessor accounts for the combined component as a single ASC 606 perfor-

mance obligation if the non-lease component(s) is (are) the predominant element(s) of the combined component, and as an operating lease if not.

This practical expedient is an accounting policy election by class of underlying asset and requires the lessor to make certain qualitative disclosures.

Lessor Costs Paid Directly by the Lessee

Under ASC 842 a lessor recognizes lessee payments of lessor costs as additional lease revenue separate from the related cost (i.e., on a gross basis) regardless of whether the lessee makes the payments to the lessor or directly to a third party (e.g., a taxing authority or insurance company). Examples of lessor costs include taxes for which the lessor is the primary obligor, and insurance covering the underlying asset for which the lessor is the primary beneficiary.

In response to operational concerns, the FASB proposed in August that a lessor recognize lessor costs and the related lessee payments on a net basis in the income statement; if the amount of those costs paid by the lessee is not readily determinable.

For example, a lessee is required to insure the underlying asset for which the lessor is deemed the primary beneficiary, but the lessee is neither required nor expected to provide the lessor with premium information. Because the premium may be affected by a number of lessee-specific factors (e.g., the lessee's claim history and credit standing) or because the underlying asset may be covered under an umbrella insurance policy,

the premium may not be readily determinable by the lessor. In that case the lessor would not estimate those costs; instead, the insurance costs and the lessee's payment thereof would be presented net in the lessor's income statement.

Practical Expedient for Sales and Other Similar Taxes

Also in August the FASB proposed giving lessors an accounting policy election (applied to all leases for which it is lessor) to present payments and collections from lessees of sales and other similar taxes on a net basis in the lessor's income statement. This is instead of assessing for each taxing jurisdiction whether a tax is a "lessor cost" because the lessor is the primary obligor for the tax. Similar taxes include use, value added and some excise taxes that are imposed on and concurrent with a specific leasing transaction, and

exclude taxes assessed on a lessor's total gross receipts or on the lessor as owner of the underlying asset.

Other Amendments

ASU 2018-01 (issued in January) clarified the applicability of ASC 842 to land easements. It also granted an optional practical expedient for existing land easements, effectively "grandfathering" a company's accounting for those easements in transition.

ASU 2018-10 (issued in July) made 16 minor technical corrections to ASC 842. none of which changed core aspects of the standard.

Effective Dates and Transition

The effective dates of the issued amendments coincide with the effective date of ASC 842 for companies that have not early adopted. For companies that have early adopted, ASUs 2018-01, 2018-10 and the

transition portion of ASU 2018-11 were effective on issuance. ASU 2018-11 included specialized transition provisions related to the lessor non-separation practical expedient for lessors that early adopted ASC 842.

The FASB has not yet established the effective date or transition provisions for the lessor costs and sales tax proposals.

Still to Come

The public comment period for the proposals made in August ended on Sept. 12. If, after considering the feedback and redeliberating, the FASB decides to finalize the proposals, a final ASU will be issued. The expected timing for issuance of any final ASU is not presently known, but it would likely be before the end of 2018.

SCOTT MUIR is Partner–Department of Professional Practice, KPMG LLP and a member of the ELFA Financial Accounting Committee.



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A Taxing Outlook

THE OUTLOOK FOR TAX POLICY IN THE NEXT YEAR IS BUSY. Discussions of Tax Reform 2.0, a heavy regulatory agenda within the Treasury Department and political calculations related to the mid-term elections make for a lot of moving pieces in the already complicated machine called the Internal Revenue Code.

Tax Reform 2.0

The House Ways & Means Committee is pushing forward on tax law changes that they are calling Tax Reform 2.0. The summaries issued to date indicate that the proposal would make permanent the income tax rate and deduction changes scheduled to expire in 2025, streamline retirement savings accounts and improve the tax treatment of start-up businesses. Many of these proposals are light on specifics, and potentially high in costs, and if the tax reform bill that passed in December of 2017 was Tax Reform 1.0, this bill is perhaps more aptly called Tax Reform 1.1. Regardless, the Senate is showing no appetite to take up this bill if it passes the House, so most observers are viewing this as an opportunity to put down a marker at best and a political exercise at worst.

Regulatory Environment

When Congress passed tax reform in late 2017, it was done at a speed that few had seen in recent years in Washington. Inevitably, this created a host of issues that, to put it charitably, were left open to interpretation. One example in the equipment finance space is the expansion of bonus depreciation to include used equipment. In order to avoid abusive practices, bonus depreciation was limited to a tax payer's "first use" of said equipment, but for tax purposes is a lessee "using" equipment during the term of a lease if they are not depreciating it? This is one of the thorny issues that the Treasury Department is already working



through the regulatory process, and there are many, many more. ELFA is remaining vigilant on this front and is trying to ensure that leased equipment is treated fairly when compared to similarly situated equipment that is owned outright by the end user.

The Political Environment

Providing an outlook for the November mid-term elections is a dicey proposition. Republicans and Democrats both seem to think that the tax reform bill that was passed in 2017 is a net positive for them. In many races, both parties think that the President is a positive for them. In both of these cases, somebody is wrong, or at least a lot more right.

The one thing that we do know is that at least nine (eight Republicans and one Democrat) of the original members of the Ways & Means Committee at the beginning of this Congress will not be members of Congress next year due to retirements, resignations and a primary loss in the case of Joe Crowley (D-NY). There will also be a new Speaker of the House, who is unlikely to share the same passion for taxes and fiscal matters that Speaker Paul Ryan does because, frankly, there are few that could match his passion for fiscal issues. Additionally, if Democrats are able to win a majority in the House of Representatives, several Republicans on the Committee are likely to be among the group of losing Republican incumbents. It's unclear at this point what the Democrats would do vis-à-vis taxes were they to win the majority, but it's fair to say that their first steps would not resemble the Republicans' Tax Reform 2.0.

Buckle up: It's going to be an interesting next year in the world of tax policy!



For more information, contact ANDY FISHBURN, ELFA Vice President of Federal Government Relations, at afishburn@ elfaonline.org.

Supreme Court Decision Offers Support and Caution to ELFA Members

ELFA MEMBERS HAVE A STAKE IN THE U.S. SUPREME COURT decision in South Dakota v. Wayfair that determined businesses without a physical presence in a state may be forced to collect sales tax. Although commonly associated with online sales, the Streamlined Sales Tax Agreement guiding sales tax collection and adopted by 24 states thus far is the document in which ELFA negotiated definitions focused on equipment leasing. ELFA is working with the National Conference of State Legislatures (NCSL) in an endeavor to protect these definitions and rules in light of the Supreme Court decision. NCSL has recommended the remaining sales tax states consider postponing collection by remote sellers until Jan. 1, 2019, to properly lay the foundation of these rules to level the playing field for all businesses that sell or lease.



20 years ago Dennis Brown, former ELFA of VP of State Government Relations (left) and Maureen Riehl, former VP of the National Retail Federation, joined state legislators led by Neal Osten, National Conference of State Legislatures, in launching the Streamlined Sales Tax efforts, now coordinating with ELFA VP Scott Riehl (far right).

The readymade solution is states allowing all sellers to register to collect sales tax via the computerized Streamlined system at no charge to the seller, rather than through individual, state-by-state registrations. Additional recommendations are implementing liability protections for sellers that use Certified Software Providers, as well as providing publicly available taxability and exemption tables that can be downloaded in an easily usable format and accessed electronically. These tables should indicate the taxability of products and services along with any product and service exemptions and should be regularly updated. Also, a rates and boundary database should be available in an easily downloadable format and should be regularly updated.

ELFA has engaged in drafting and enforcement of the interstate Streamlined Sales Tax Agreement since the process began 18 years ago. At the outset the equipment leasing and finance industry was excluded from providing input. ELFA forcefully entered these deliberations and hammered out a multi-faceted definition of lease or rental. ELFA successes in years of negotiations resulted in 24 states adopting the Uniform Lease Definition and Lease Sourcing rule covering equipment and transportation property. Additional information including a list of the 24 states within the agreement can be found at www.streamlinedsalestax.org.

SCOTT RIEHL is ELFA Vice President of State Government Relations.



State Legislatures in Session

- 5 states are currently in regular session (CA, MI, NJ OH, PA)
- One state is in special session: WV (convened 6/26)
- 36 states are out of session (including MT, NV, ND, and TX, all of which have no regular session in 2018)
- 8 states are pre-filing for 2019 (FL, KY, MD, MT, ND, NV, UT, VA)



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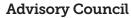
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How to Take Employee Engagement from Buzzword to Reality





In an effort to better understand key issues and surface break-through business ideas, we assembled a council of top performers and tasked them with developing and executing a list of priorities that would help the business grow. A few vital streams of work emerged within the group:

- **Team member development.** Strengthen mobility between job opportunities and enhance transparency of development expectations between managers and leaders.
- Standardization. Find ways to create more common practices and processes between business verticals.
- Onboarding. Enhance training for new employees to create a good first impression of the company and solid understanding of their roles.

What I like most about the advisory board is that it's driven by employees. As the designers of the program, the team is more motivated to execute on action items. As you may have noticed, two of the three priorities involve employee engagement—another sign of the importance of this work.

Two-Down Meetings

In addition to soliciting the help of my top performers, I make an intentional effort to meet every two months with employees who are two-reports down from my direct managers. My goal is to get to know them personally and gain an understanding of what they're experiencing at work, as well as build trust. I use a specific set of questions, take notes and follow up on action items after the discussions. Some questions I ask include:

- What are you experiencing in your job? What do you like, don't like or find difficult about your work?
- What do you need from me (direction, resources, connections, human capital, etc.)?

- What would be the one thing you would change about this team and/or department? What would you not want to change?
- As a senior leader in your group, what could I do a little more of, or a little less of?

Rather than shy away from difficult questions or ones that add to my to-do list, I hit them right on. I want to know what's happening with the team, and I want employees to feel empowered to share their thoughts and ideas.

Guest Lecture Program

Lastly, it's important to connect with the younger generation. Our industry needs facetime with upand-comers. As chairman of the Equipment Leasing & Finance Foundation's Academic Outreach Committee, I work closely with industry counterparts and my own team to reach out to college students. We use resources available from the Foundation to present the case for making a career within the equipment finance world. I encourage my leaders to schedule college lectures and gather feedback and questions from students. One of the brightest rewards of this outreach is learning about students' diverse perspectives, particularly those who participate in our internship program. I believe strongly in welcoming a variety of backgrounds and voices—from all generations and experiences.

In short, employee engagement is about making a connection. It sets the tone for how we expect the team to interact with clients. We want our employees to feel included, valued and supported. Everyone is respected, and we work as a team.

TOM PETERSEN is Head of Bank Channels for Wells Fargo Equipment Finance.







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