

Complete Creditors' Rights Service for NJ & PA

## LEASING & FINANCE NEWS UPDATE

April 2012

*Be in a Position of Strength ... with Saldutti, LLC*



Issue 33

CONTACT

To learn how we can be of service to your business please visit us on the web

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

1-877-809-4345

TEL: (856) 779-0300

FAX: (856) 779-0355 - fax

NJ: Cherry Hill/Lawrenceville

PA: Philadelphia/West Chester

### COMPANIES WORRY OVER LEASE ACCOUNTING CHANGES



Senior finance executives expect to change their leasing strategies in response to new lease accounting rules under consideration by standard setters, partly because of how the new rules would affect key financial metrics, according to a new survey. U.S. and international accounting rule makers are still hashing out changes to new lease accounting rules, but companies are already trying to get a handle on thousands of leases by revising internal controls and developing systems to better track leases, according to a survey from IBM and CFO Research Services.

The survey found that more than half of 179 finance executives polled expect to alter leasing strategies in response to the new rules. And because the new rules are expected to place more than \$1 trillion of off-balance sheet lease liabilities onto corporate balance sheets, half of the executives polled said they expect their debt-to-equity ratios to worsen permanently and more than half said they think their return-on-assets numbers will suffer temporarily.

"There are some companies that have a good handle on their leases and some companies who honestly didn't know they had a lease for a particular building," said George Ahn, vice president of enterprise asset management at IBM Software, who is working with companies to reorganize their leases ahead of the new rules.

Survey respondents said they would more carefully consider equipment and real estate leases because of the rule changes. Most companies, however, said they would try to manage the accounting changes with their existing staff, with less than half of respondents planning to add employees to handle lease accounting changes.

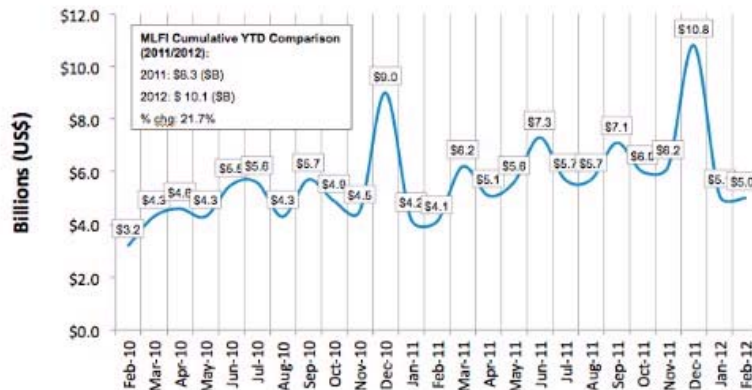
Source: Wall Street Journal

Want news, advice and insight?  
Check out our blog

**MONEY MATTERS**

[www.saldutticollect.com/wp\\_blog](http://www.saldutticollect.com/wp_blog)

### FEBRUARY NEW BUSINESS VOLUME UP 22% OVER 2011



MLFI-25 New Business Volume - February 2012

The Equipment Leasing and Finance Association's (ELFA) Monthly Leasing and Finance Index (MLFI-25), which reports economic activity for the \$628 billion equipment finance sector, showed overall new business volume for February was \$5.0 billion, up 22% from volume of \$4.1 billion in the same period in

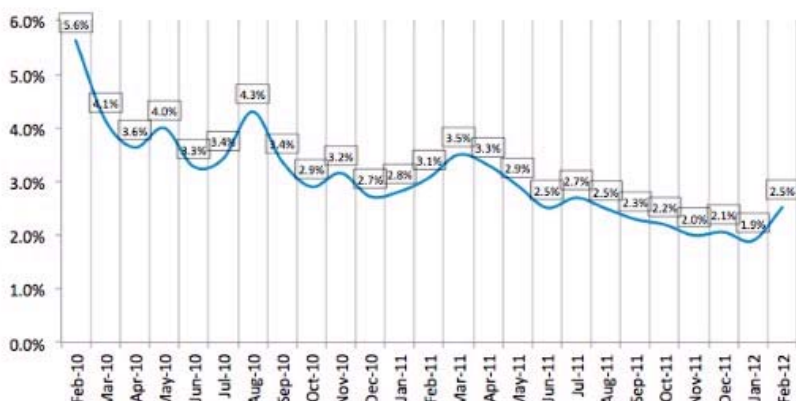
2011. Volume was down two percent from the previous month. Year-to-date cumulative new business volume is up 22%.

Credit quality metrics were mixed. Receivables over 30 days increased to 2.5% in February, up from a two-year low of 1.9% in January, due to higher-than-normal delinquencies reported by one of the 25 companies responding to the survey. Charge-offs were unchanged from the previous month at 0.5%. Credit approvals rose to 79% in February up from 77% in January.

Finally, total headcount for equipment finance companies in February remained unchanged from the previous month, and was down 3.0% year over year. Supplemental data show that the construction and trucking industries continued to lead the underperforming sectors.

ELFA President and CEO William G. Sutton, CAE, said: "The data show that companies continue to invest in equipment, replacing obsolete and worn assets in some sectors while beginning to expand in others. The roller coaster trend pattern of our credit-quality metrics, aging of receivables, charge-offs and credit approvals are caused by the unique aspects of different sectors and their cash-flow cycles. However, we see them continuing to move in a positive direction overall."

Source: ELFA



MLFI-25 Aging Receivables - February 2012

## CAPITAL EQUIPMENT FINANCE CONFIDENCE UP IN MARCH

The Equipment Leasing & Finance Foundation has released the March 2012 Monthly Confidence Index for the Equipment Finance Industry (MCI-EFI). Overall, confidence in the equipment finance market is 61.7, up from the February index of 59.6, indicating industry participants are optimistic despite concerns that external factors, including gas prices and the upcoming elections, may have on the market.

### March 2012 Survey Results:

Business conditions over the next four months:

- 28.9% of executives responding said they believe business conditions will improve (up from 23.5% in February)
- 71.1% of respondents believe conditions will remain the same (down from 73.5%)
- 0% responded that will worsen (down from 2.9%)



Demand for leases and loans to fund capital expenditures over the next four months:

- 34.2% believe (capex) will increase (up from 26.5% in February)
- 65.8% believe demand will "remain the same" (down from 67.6%)
- 0% believe demand will decline (down from 5.9%)

Access to capital to fund equipment acquisitions over the next four months:

- 21.1% of expect more access to capital (up from 20.6% n February)
- 78.9% indicate they expect the "same" access to capital (down from 79.4%)
- 0% expect "less" access to capital, unchanged from February.

Hiring more employees over the next four months:

- 28.9% expect to hire more employees (up from 26.5% in February)
- 63.2% expect no change in headcount (a decrease from 70.6%)
- 7.9% expect fewer employees (up from 2.9%)

The U.S. economy:

- 89.5% evaluate the current economy as "fair" (down from 91.2% last month)
- 10.5% rate the economy as "poor" (up from 8.8%)

U.S. economic conditions over the next six months:

- 31.6% believe that conditions will get “better” (up from 26.5% in February)
- 63.2% indicate they believe the economy will “stay the same” (down from 70.6%)
- 5.3% responded that conditions will worsen (an increase from 2.9%)

Spending on business development activities during the next six months:

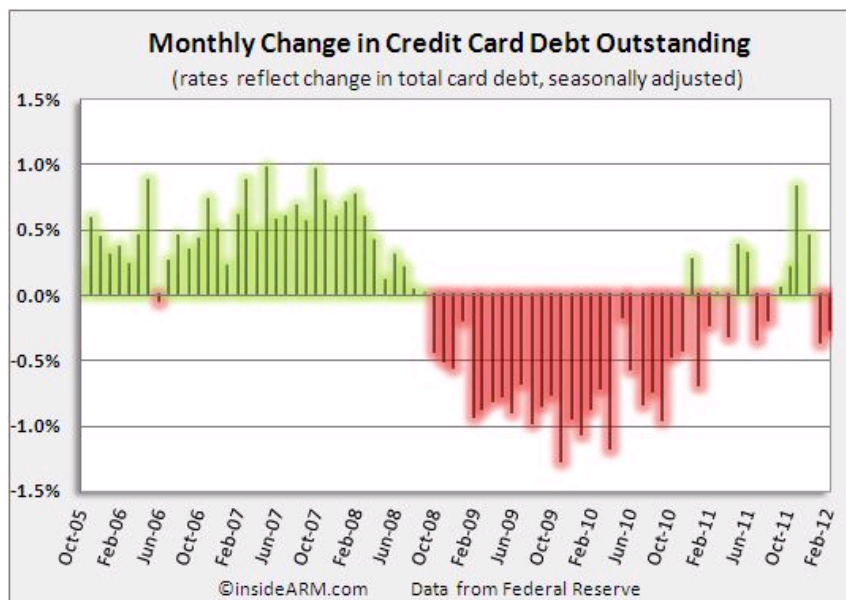
- 28.9% believe their company will increase spending (up from 26.5% in February)
- 71.1% believe there will be “no change” (down from 73.5%)
- 0% believe there will be a decrease in spending (unchanged from last month).

When asked about the outlook for the future, Valerie Jester, President of Brandywine Capital Associates, Inc., said, “I still remain optimistic, but it seems that increasing gas prices, looming elections, and lack of comfort with future government regulation have created a rather sluggish first quarter as far as the small business marketplace is concerned. We had hoped to see sustained momentum from strong fourth quarter activity, but it has yet to appear.”

Source: Construction Equipment Guide

---

## CREDIT CARD DEBT FALLS AGAIN IN FEBRUARY



The Federal Reserve said late Friday that outstanding credit card debt in the U.S. fell at an annualized rate of 3.3 percent in February, the second-straight month of declines.

Total credit card debt fell under \$800 billion to \$798.6 billion, down from a peak of \$972.2 billion in September 2008, according to Fed’s monthly consumer credit report, also called the G.19.

February’s decline marks the second consecutive month that revolving credit balances (principally comprised of credit card accounts) fell. Both reported months in 2012 have featured declines after relatively strong growth over the final four months of 2011. Credit card debt outstanding grew 6 percent over the final quarter of 2011

Source: Inside ARM

---

## Get the Law Firm Advantage with Saldutti, LLC:

- **Game Changers: Contingency Collections**
- **Information Warfare: Cutting-Edge Forensic Investigations**
- **Comprehensive Call Center Capabilities**
- **One-Stop-Shop: The Benefits of an Agency with the Power of the Courts**
- **National and International Collections**

Information contained in this publication should not be construed as legal advice or opinion, or as a substitute for the advice of counsel. The enclosed materials may have been abridged from other sources. They are provided for educational and informational purposes for clients and others who may be interested in the subject.