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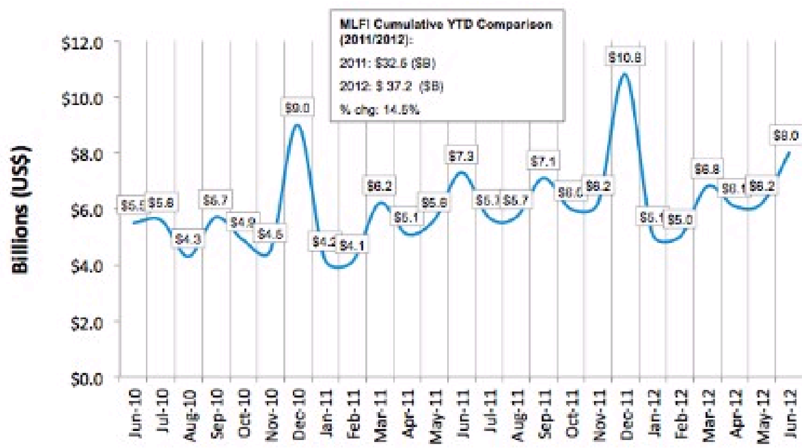
LEASING & FINANCE UPDATE

AUGUST 2012

JUNE NEW BUSINESS VOLUME UP 29% OVER MAY



MLFI-25 New Business Volume - June 2012

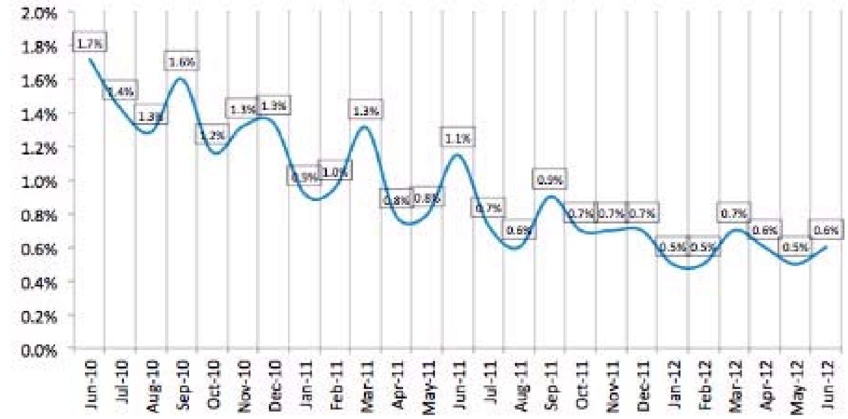
The Equipment Leasing and Finance Association's (ELFA) Monthly Leasing and Finance Index (MLFI-25), which reports economic activity for the $628 billion equipment finance sector, showed overall new business volume for June was $8 billion, up 9.5% from volume of $7.3 billion in the same period in 2011. Volume was up 29% from the previous month. Year-to-date cumulative new business volume increased 14.5%.

Receivables over 30 days were 2.4%, down from 2.7% in May, and down slightly when compared to the same period in 2011. Charge-offs increased to 0.6% in June, up from 0.5% the previous month, and down by 45.4% compared to the same period last year. Credit approvals increased to 78.7% in June from 78.3% in May. 65% of participating organizations reported submitting more transactions for approval during June, down from 75% in May. Total headcount for equipment finance companies increased slightly from the previous month, but declined 2.6% year over year. Supplemental data show that trucking and construction led the underperforming sectors, followed by small and medium-sized enterprises.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) for July is 51.5, up from the June index of 48.5, and reflects continuing concern over external economic factors and regulatory and political uncertainty.

ELFA President/CEO William G. Sutton, CAE, said: "Despite recent reports of a softening economy, the level of capital investment by U.S. businesses, both large and small, continues to accelerate. In fact, the volume of equipment financed in June … surpasses that of any single month except for year-end December activity since the beginning of the Great Recession in 2008."

Source: ELFA



ELFA MLFI-25 Charge-Offs - June 2012

THE BANKRUPTCY PICTURE FOR 2012

The number of bankruptcy filings from U.S. businesses continued to fall in the 12 months ending June 30, reports the U.S. Bankruptcy Courts. The filings fell 14.8% - slightly more than they fell in the previous 12-month period, when they dropped 14.3%. Business bankruptcies had skyrocketed 62.7% in 2007 and 2008, then rose another 8.3% in 2008 and 2009. They peaked in 2009 and 2010, with 59,608.

Good News, Bad News
The number filed in 2011 and 2012 (44,435) is still above the 2007 and 2008 level (33,822). Personal bankruptcies, in which debts are mostly personal or consumer, also fell 14.2% in the past 12 months to 1.27 million. This is still well above 2007 and 2008's 934,009, but down from the peak of 1.5 million in 2009 and 2010.

But combined business and personal bankruptcies rose from the first quarter to the second quarter of 2012, to 32,563. The good news, however, is that number is still 14% lower than that of the second quarter of 2011. (Historically, second-quarter bankruptcies are higher than those of the first quarter.)

Source: American Express OPEN Forum

MORTGAGE DELIQUENCY RATES DROP AGAIN

The national mortgage delinquency rate (borrowers 60 or more days past due) dropped for the second consecutive quarter, declining to 5.49% in Q2 2012. The mortgage delinquency rate has now dropped nearly 9% in the first six months of this year. This information is reported by TransUnion and is part of its ongoing series of quarterly analyses of credit-active U.S. consumers and how they are managing credit related to mortgages, credit cards and auto loans.

“While it is a positive sign to see mortgage delinquency rates decrease … the rate of the decline is still not at a pace that will push levels significantly closer to pre-recession norms,” said Tim Martin, of TransUnion’s financial services business unit.

Between the first and second quarters of 2012, all but five states experienced decreases in their mortgage delinquency rates. On a more granular level, 76% of metropolitan areas saw improvement in their mortgage delinquency rates in Q2 2012.

This is up from the previous two quarters when 73% (Q1 2012) and 36% (Q4 2011) of the MSAs experienced improvement.

On a year-over-year basis, two of the states most negatively impacted by the mortgage crisis – Arizona and California – have seen the greatest improvement in mortgage delinquencies. Since the second quarter of 2011, California's mortgage delinquency rate has dropped nearly 22% to 6.13%, while Arizona's rate declined 21% to 6.14%. Both states had double-digit delinquency levels just two years ago.

Like Arizona and California, many other states have experienced stabilization in home prices, though unemployment levels continue to remain stubbornly high. Looking at a multitude of economic factors, TransUnion's forecast predicts mortgage delinquency rates will maintain their downward trajectory for the remainder of 2012. "With steadying home prices, and mortgage interest rates remaining at extremely low levels, it appears that market conditions are set up to allow for further declines in the mortgage delinquency rate," said Martin.

Source: TransUnion/Inside ARM

767 BANK BRANCHES CLOSED IN PAST YEAR

The nation lost 767 bank branches last year with all but seven states having fewer branches today than a year ago. The closings were heaviest down the eastern seaboard, according to data provider SNL Financial which recorded FDIC figures at the end of the second quarter.

Pennsylvania lost the most branches, down 83 in the last year, followed by Georgia and Virginia, which saw declines 51 and 46, respectively, according to SNL. Some states like California, Florida, Texas and Ohio showed widely dichotomous numbers of openings and closings, highlighting the ongoing debate about whether branch banking remains a profitable endeavor.

While some banks, like J.P. Morgan, have plans to expand its branches, others, like Bank of America and Wells Fargo, are scaling back their number of branches amid concerns about profitability.

Source: Wall Street Journal

SALDUTTI, LLC NAMED AMONG TOP LAW FIRMS

Cherry Hill law firm, Saldutti, LLC, is pleased to announce that it has been named one of SJ Magazine's Top Firms again this year. The firm's principal, Robert Saldutti, was recognized for excellence in his area of practice – Debt Collection. Award winners were selected based on nominations by their peers in the New Jersey legal community. SJ Magazine reached out to local lawyers and asked them which of their peers would they choose to go to battle for them. After tailing the votes, they compiled their list of 2012 Top Attorneys. As SJ Magazine pointed out in their issue, "a smart, strong, successful attorney can make a difference when you're fighting for your rights." The Top Attorneys list is featured in the magazine's August issue. Congratulations!