MAR/APR 2020 ANNUAL FUNDING SOURCE ISSUE | VOL 47 NO 2

monitor

The Independent Voice of Equipment Finance

monitor 25 INDEPENDENTS

WHEN YOUR SUPPLY CHAIN GETS SICK

INDEPENDENTS: THE LIFEBLOOD OF INNOVATION

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from all facets...

LTi Technology Solutions

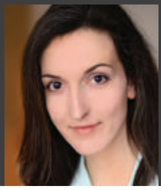
Reinventing The 2020 Vision

LTi Technology Solutions, has been delivering cutting-edge software and services to equipment finance companies throughout North America and the United Kingdom for over 30 years.

With over 240 customers worldwide, LTi's highly configurable platform ASPIRE, empowers users to effectively scale their business by streamlining the asset transaction lifecycle.

For over 12 years, LTi has been hosting cloud-based solutions, showing its ongoing commitment to innovative software solutions. Known as the LTi Cloud, it provides easy access to our ASPIRE platform for customers worldwide.

FROM THE EDITORS



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Editor in Chief
Monitor

Robert Moskovitz
Chief Finance and Administrative Officer
TimePayment Corp.

Adrian Weber
President & CEO
Entegra Capital

INDEPENDENT: "not influenced or controlled by others in matters of opinion, conduct, etc.; thinking or acting for oneself: an independent thinker. Not subject to another's authority or jurisdiction; autonomous; free"

Independents have long been a life blood of innovation for the finance industry. Survival creates the motivation to find competitive advantages to contend with entities that may be larger or longer established or those with access to more efficient capital. The value of the independent to the industry is validated by the long history of independents being acquired by more established firms for their nimbleness and creative strategies.

As the industry moves through its natural life cycles, there will always be an important spot for the independent in the finance industry ecosystem.

Sincerely,

Robert Moskovitz & Adrian Weber

AS I SIT HERE TODAY LOGGED ON FROM HOME,

receiving emails, text messages and news flashes about the cancellation of just about every event on my calendar, I can't help but wonder what will come next. It seems like we have been waiting for the other shoe to drop for the last decade. And now it has — swiftly, suddenly and forcefully.

Since print magazines tend to operate at a snail's pace for today's standards, I'm realizing how quickly everything can change during the few short weeks between deadlines and the day when this magazine will finally land on your desk. Will anyone be working in offices at that point?

Come what may, we move onward. Bill Pifani from TD Equipment Finance provides a timely piece on what to do when your supply chain gets sick, and Susan Carol reports on *Monitor*'s Disrupted+ Newport Beach conference.

This issue delves into the world of the independents and the funding sources that get deals done. In our ranking of the Top 25 Independents, we cover the swan song of No. 1-ranked Ascentium Capital, which was recently acquired by Regions Bank. Dexter Van Dango examines the role of the independent in the equipment finance ecosystem, and a roundtable of leaders weigh in on the question, "What does it mean to be an independent?"

I had the pleasure of interviewing Evan Howe from Baystone Government Finance, which transformed from an independent broker to a funding source when the Great Recession hit. In addition, KLC Financial's Jena Morgan discusses her company's decision to outsource servicing and provides tips for others who are considering a similar move.

In our departments, Jim Jackson provides an M&A update in ***Raising the Bar***, Eric Bicknase discusses how technology is changing sales and marketing in ***Greasing the Wheel***, Joe Sebik reminds us to keep an eye on the tax code during the presidential election in ***Crunching the Numbers*** and Andrew Alper examines jury trial waivers in ***Tipping the Scales***.

Stay tuned for our next issue, which will cover vendor finance, technology and notable NextGen leaders.

Rita

Rita E. Garwood

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***MONITOR* MAR/APR 2020, VOL. 47, NO. 1**

(ISSN # 1948-190X), is published bimonthly with an additional issue in June, by RAM Group Holdings, Inc., 919 Conestoga Road, Building 3, Suite 213, Bryn Mawr, PA 19010.

SUBSCRIPTIONS/BACK ISSUES

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SUBSCRIPTION RATES
U.S., 1-Yr $69; Canada/Mexico, 1-Yr $89; Back issues and single copies (when available) mailed by publisher: Monitor 100 (June) $49, all other issues $15

POSTMASTER/ SEND ADDRESS CHANGES TO

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First Midwest | EQUIPMENT FINANCE

Indirect Finance

While First Midwest Equipment Finance is a direct lender offering a wide range of financing and leasing solutions, we also provide Indirect Financing to help bank leasing companies, independent finance enterprises and manufacturer captives fund their transactions with the goal of supporting growth, managing risk and achieving financial objectives. We help to balance your portfolio, minimize exposures, generate fee income, fund debt streams, and monetize lease or loan assets. First Midwest streamlines the process and customizes the right financing solution for you.*

Transaction Types

Assignment of finance leases and loans, non-recourse debt discounting on leveraged leases, non-recourse lease discounting, municipal leasing and certain tax advantaged products may be available.

Transaction Sizes

Deal size includes portfolios and small-ticket one-off transactions and larger ticket opportunities from $200,000 to over $15 million.

Equipment Types

We seek diverse asset classes including industrial, manufacturing, material handling, healthcare, construction, test/inspection, communications, technology, software, transportation, waste and commercial marine.

Target Industries/End-Users

Our industry targets include financial, distribution/logistics, communications, construction, semiconductor, industrial, biotechnology/pharmaceutical, healthcare, manufacturing and others.

Credit Profiles

Our target clients include lower middle-market for small ticket/portfolios to middle-market and investment grade deals for larger ticket investments. For larger ticket investments $500,000 and higher, we seek minimum revenues of $15 million.

Terms/Structures

Terms from 2 to 7+ years subject to collateral and credit type. Balloon payments must align with asset valuation curve.

Territory

Transaction funding or portfolios originated with U.S. domiciled entities are preferred.

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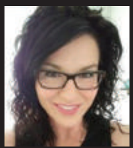
PERSONNEL

SLAGLE, HALL AND GRABNER TO LEAD BANKFINANCIAL EQUIPMENT FINANCE EXPANSION

BANKFINANCIAL expanded BankFinancial Equipment Finance's capabilities to include leasing to governmental, middle market and small business lessees. BankFinancial Equipment Finance will continue to provide corporate leasing, lending, deposit and treasury management services to independent equipment lessors and software resellers.

Marci Slagle, CLFP will lead BankFinancial Equipment Finance as president. She has more than 20 years of experience in the commercial leasing industry. Slagle joined from 36th Street where she served as vice president of Originations. "BankFinancial already has a strong reputation in the corporate leasing segment of the market. As we add the middle market and small business capabilities, BankFinancial Equipment Finance now has a three-dimensional presence in the leasing market. With the ability to provide bridge, warehouse and retained lease and residual equity credit facilities to the entire market, BankFinancial can now provide virtually every lease, loan and deposit product and service needed by independent equipment leasing companies," Slagle said.



Stephanie Hall, CLFP joined as executive vice president of BankFinancial Equipment Finance. She has more than 14 years of experience specializing in small-ticket leasing. Hall joined from Black River Business Capital where she was executive vice president.

Robert Grabner, who has been with BankFinancial for nearly two decades, was appointed executive vice president of BankFinancial Equipment Finance. His experience includes 28 years in banking and corporate equipment finance while originating more than $1 billion in leasing transactions. His roles have included senior-level positions in credit, originations and syndication.

"The expansion of BankFinancial Equipment Finance to the government, middle market and small-ticket segments is essential to our dedication to comprehensively serve independent equipment lessors and software resellers. Our mission is to be focused, flexible, and fast in meeting the needs of our customers, and we strive to be all things to the best people in our industry," said Morgan Gasior, CEO.

MERGERS & ACQUISITIONS

REGIONS BANK TO ACQUIRE ASCENTIUM CAPITAL

REGIONS BANK entered into a definitive agreement to acquire Ascentium Capital from Warburg Pincus, a global private equity firm focused on growth investing.

Ascentium Capital, headquartered in Kingwood, TX, is an independent equipment finance lender in the U.S. Partnering with nearly 4,000 manufacturers, dealers and distributors to finance essential-use equipment for small business customers, Ascentium Capital offers comprehensive financing solutions through more than 460 employees.

"Ascentium Capital's experienced management team has built a strong company known for providing America's small businesses access to the capital they need to grow, and we are excited to welcome them to Regions," said Ronnie Smith, senior executive vice president and head of the Regions Corporate Banking Group. "Leveraging the technology, speed and convenience that Ascentium Capital is known for in combination with Regions' broad spectrum of banking solutions provides a meaningful opportunity to attract new customers and deepen relationships across our combined customer base."

"We are pleased to join Regions, a firm known for its commitment to the customer experience and a long history of providing comprehensive banking solutions to companies of all sizes," said Tom Depping, CEO of Ascentium Capital. "This combination will enable us to expand our reach and relevance in serving our vendors and small business customers while continuing to provide seamless service."

NEW VENTURES

MERIDIAN LAUNCHES EQUIPMENT FINANCE ARM

MERIDIAN BANK formed Meridian Equipment Finance, a subsidiary, which will provide equipment financing products and services to businesses nationwide.

Meridian Equipment Finance will be led by industry veterans Joe Pucci as president and Jody Wagner as leasing operations manager, each of whom have more than 30 years of experience.

Under their leadership, Meridian Equipment Finance will enhance Meridian's existing business relationships with a seamless equipment financing experience. They will also work with vendors, brokers and other businesses across the country in equipment categories including technology, office, software, medical and others.

"We are thrilled to join a business-focused team like Meridian and look forward to establishing Meridian Equipment Finance as a premier equipment financing company in the country," Pucci said.

Meridian Equipment Finance is based in Meridian Bank's Malvern, PA headquarters. Meridian Bank is an innovative community bank serving Pennsylvania, New Jersey, Delaware and Maryland with more than 20 offices and offering a full suite of financial products and services.

MAKING HEADLINES ... ONLINE

TOP 10 *MONITOR* NEWS STORIES

OF THE APPROXIMATELY 160 NEWS STORIES posted on *monitordaily.com* in February 2020, these were the top 10 headlines in order of reader popularity:

1. Slagle, Hall and Grabner to Lead BankFinancial Equipment Finance Expansion — *2/14/2020*
2. Meridian Bank Forms Meridian Equipment Finance — *2/19/2020*
3. Regions Bank to Acquire Ascentium Capital — *2/28/2020*
4. Wells Fargo Launches Siemens Healthineers Medical Equipment Finance Program — *2/7/2020*
5. Wintrust Specialty Finance Closes $100MM Portfolio Acquisition — *2/18/2020*
6. The Alta Group Releases 2020 Predictions for Equipment Finance — *2/6/2020*
7. LCA Forms New Vendor Finance Sales Leadership Team — *2/12/2020*
8. Wintrust Specialty Finance Originates $148MM in First Year — *2/10/2020*
9. Construction, Medical Equipment Top ELFA 2020 Equipment Markets Forecast — *2/4/2020*
10. Peapack Capital Originates More Than $300MM in 2019 — *2/11/2020*

PERSONNEL NEWS

LCA Forms New Vendor Finance Sales Leadership Team

Lease Corporation of America formed a new sales leadership team to drive the growth of the firm's small-ticket vendor financing business. This new team will report to Jeff Teucke, EVP, Sales & Marketing. Gary Hanson joined LCA as a vice president of Sales. Hanson, working out of the Troy, MI office, was most recently at Sterling National Bank and is a 33-year veteran of the equipment leasing and finance industry where he has worked in sales, business development and sales leadership roles.

Verdant Commercial Capital Adds Burnett to Grow Technology Vertical

Verdant Commercial Capital hired Travis Burnett as vice president, relationship manager to grow originations in its technology vertical.

In this role, Burnett will concentrate on building relationships with original equipment manufacturers, distributors and resellers.

Wells Fargo Names Pelos CEO of Commercial Banking

Wells Fargo appointed Perry Pelos CEO of Commercial Banking. Pelos most recently led Wholesale Banking. In this new role, Pelos will be responsible for Commercial Capital, Treasury Management, Business Banking, Middle Market Banking and Government and Institutional Banking.

M&T Bank Hires Galasso as VP of Commercial Equipment Finance Division

M&T Bank appointed Larry Galasso vice president for the bank's Commercial Equipment Finance division, which assists commercial clients with financing for new and used essential equipment. Galasso joined M&T Bank from Sertant Capital, where he served as a senior vice president. Galasso is responsible for fostering existing and prospective client relationships and growing the division's market share.

In Memorium: Batchelor Mourned by Hitachi Capital Canada

Gary Batchelor, senior vice-president, Strategy and Business Development, Equipment Finance, for Hitachi Capital Canada passed away unexpectedly on January 29, 2020. François Nantel, president of Hitachi Capital Canada, issued a statement: "Gary was a devoted leader and most importantly a mentor to many over his 30+ years in the equipment finance industry. Gary's infectious laugh and contagious work ethic will be greatly missed by all."

Wintrust Appoints Wehmer Founder & CEO, Promotes Executives

Wintrust's board of directors made the following appointments, effective February 2, 2020: Edward J. Wehmer became founder and CEO. David A. Dykstra became vice chairman, chief operating officer, Wintrust Financial. Richard B. Murphy became vice chairman, Lending, Wintrust Financial. Timothy S. Crane became president, Wintrust Financial.

Rodriguez Joins CHG-MERIDIAN as SVP of Sales

CHG-MERIDIAN USA appointed David Rodriguez as the new senior vice president of Sales, USA. Rodriguez brings more than 25 years of experience in financial services to CHG-MERIDIAN, where he will be responsible for growing U.S. business and will lead the Sales team as well as Technical Sales, Country Service Management and Communications and Marketing for the U.S.

Webster Promotes Soto to EVP, Chief Credit Officer

Webster Bank promoted Jason Soto, chief credit officer, to executive vice president, responsible for credit risk activities across the organization. He will report directly to Daniel Bley, executive vice president and chief risk officer. Since his appointment as chief credit officer in 2018, Soto has overseen and advanced the bank's credit risk strategy and has led the credit risk management governance program.

In Memorium: Matt Zuccaro of Helicopter Association International

Pete Bunce, president and CEO of General Aviation Manufacturers Association (GAMA), issued a statement regarding the passing of Matthew Zuccaro, the former president and CEO of the Helicopter Association International (HAI)."On behalf of the entire GAMA staff and our membership, I extend my deepest and heartfelt condolences to Matt's wife Doreen, her family and friends, and all our colleagues at HAI. Matt was a good friend and devoted leader in the general aviation industry. He was a forceful champion for the rotorcraft community where his professional career reflected a life-long commitment to improved rotorcraft safety. Our industry is the beneficiary of Matt's passion for all facets of vertical lift and our nation honors his service in the U.S. Army during Vietnam. Matt will be tremendously missed."

Stonebriar Board Member Kim Promoted to Principal of Eldridge Industries

Eldridge Industries, a holding company that invests in businesses such as Stonebriar Commercial Finance, promoted John E. Kim to principal. Kim leads Eldridge's Structured Products team and is a board member of Stonebriar Commercial Finance and Elliott Bay Capital Trust.

Nations Equipment Finance Hires Kaptur as SVP of Sales

Nations Equipment Finance hired Thomas Kaptur as senior vice president of Sales. Kaptur will be responsible for growing Nations' equipment leasing and lending activities throughout the Four Corners region of the U.S., as well as Oregon and Washington. Kaptur comes to Nations with more than 35 years of experience as an originator in the equipment finance industry.

Jenkins Joins Bostonia Partners as Managing Director

Ted Jenkins joined Bostonia Partners as a managing director. Jenkins will focus on expanding the firm's work in financing energy and sustainable infrastructure assets for utilities, energy service companies (ESCOs) and their customers seeking to improve efficiency and/or sustainability surrounding the purchase of electricity, gas and water/wastewater services.

Seibly Named President of Union Bank, Head of Regional Banking

Greg Seibly joined Union Bank as president and head of Regional Banking, effective March 2, 2020. Seibly will oversee Union Bank's commercial banking, real estate industries, consumer banking (including PurePoint Financial, an online direct bank), Intrepid Investment Bankers and wealth markets businesses, as well as the bank's corporate social responsibility programs.

Investors Bank Hires Phelps to Expand Healthcare Lending Group

Investors Bank's Healthcare Lending Group hired James Andrew (Andy) Phelps as senior vice president. Phelps, who will report to the Healthcare Lending Group's Founder and Senior Vice President James Vincenti, will be a member of the team that is introducing a new line of banking products and services for healthcare providers. Phelps will be responsible for developing, managing and growing a portfolio of loans serving the national healthcare sector.

Capital One Expands Food & Beverage Specialty Banking Team

Capital One appointed Jorge Calderón to lead the food and beverage team for the Southwest Region, Chris Innes to oversee the group's restaurant lending activity based in New York and Paul Westra to provide strategic partnership and industry-specific solutions while working with Innes.

PERSONNEL NEWS

RECENT NOTABLE PERSONNEL NEWS

▷ New Hires • ▲ Appointments/Promotions

COMPANY		NAME	POSITION/FUNCTION
BankFinancial Equipment Finance	▷	Marci Slagle	President
	▷	Stephanie Hall	EVP
Customers Bank	▲	Richard A. Ehst	CEO
	▷	Sam Sidhu	Vice Chairman/COO
Everlasting Capital	▲	Jason Seal	Chief Visionary Officer
Great Rock Capital	▷	Blake Kenny	Managing Director, Originations
IDS	▷	Eldon Richards	Chief Technology Officer
LEAF Commercial Capital	▲	Jaymi Sander	Sales Director, Diversified Markets
Leasepath	▷	Jeffrey Bilbrey	CEO
M&T Bank	▷	Larry Galasso	VP, Commercial Equipment Finance
Nations Equipment Finance	▷	Thomas Kaptur	SVP, Sales
NFS Leasing	▷	Scott Preiser	VP, Sales
North Mill Equipment Finance	▲	Patty Mathews	VP, Portfolio Management
	▲	Jennifer Khan	VP
	▲	Kristin Solomon	AVP, Operations
	▲	Carla Gokey	Team Lead, Account Management
Union Bank	▷	Greg Seibly	President/Head of Regional Banking
Utica Equipment Finance	▷	Francois van Reede	BDO
Verdant Commercial Capital	▷	Amanda Lundmark	BDO, Passenger Transportation
Webster Bank	▲	Jason Soto	EVP/CCO
Webster Financial	▲	John R. Ciulla	Chairman of the Board of Directors
Wells Fargo	▲	Perry Pelos	CEO, Commercial Banking
	▲	Jon Weiss	CEO, Corporate & Investment Banking
	▷	Mike Weinbach	CEO, Consumer Lending
	▲	Mary Mack	CEO, Consumer & Small Business Banking
White Clarke Group	▷	Wayne Ross	Group CTO
Wintrust	▲	Edward Wehmer	CEO
	▲	David A. Dykstra	Vice Chairman/COO
	▲	Richard B. Murphy	Vice Chairman, Lending
Wintrust Financial	▲	Timothy S. Crane	President

Verdant Adds Lundmark as Passenger Transportation BDO
Verdant Commercial Capital hired Amanda Lundmark to manage business development efforts in the passenger transportation industry as vice president, relationship manager. Lundmark has more than 13 years of experience in the equipment finance industry specializing in relationship management in shuttle bus and motorcoach business segments.

CAN Capital Appoints Dietz Chief Compliance Officer and General Counsel
Edward Dietz joined CAN Capital as chief compliance officer and general counsel. As chief compliance officer and general counsel, Dietz will oversee CAN's compliance with all federal and state lending, banking and securities laws. Before joining CAN Capital, Dietz served for nine years as senior vice president, general counsel and chief compliance officer of New Jersey-based Marlin Business Services.

First Foundation Promotes Two in Equipment Finance Department
The Equipment Finance Department of First Foundation Bank promoted Garrett Reetz to VP/credit manager and Keo (Kayo) Chanthavong to lease/loan servicing specialist II. Reetz joined First Foundation in 2016 as a credit officer. Chanthavong joined in 2018 as a lease/loan servicing specialist I.

MERGERS & ACQUISITIONS

Citizens Expands Corporate Finance Team with Trinity Capital Acquisition.
Citizens Financial Group agreed to purchase the assets of Trinity Capital, a Los Angeles-based advisory firm. This transaction, which follows several other recent moves by Citizens to add talent and solutions, further strengthens Citizens' advisory capabilities.

Rand Logistics to Acquire American Steamship Company from GATX

Rand Logistics entered into a stock purchase agreement to acquire American Steamship Company from GATX. Rand is an affiliate of American Industrial Partners and provides dry bulk shipping services throughout the Great Lakes region.

UniFi Parent, Bank of Ann Arbor, to Acquire First National Bank in Howell

Arbor Bancorp, the holding company for Bank of Ann Arbor, and FNBH Bancorp, the holding company for First National Bank in Howell, entered into a definitive agreement for Arbor to acquire First National in an all-cash transaction. The deal value is approximately $101.4 million. The transaction is expected to be completed during Q2/20, subject to the satisfaction of customary closing conditions, including regulatory approvals and the approval of the shareholders of First National.

BANKRUPTCY

Commercial Chapter 11 Filings Up 72% Y/Y, Total Commercial Filings Up 18%

Total commercial chapter 11 filings in January 2020 increased 72% over the same period last year, according to data provided by Epiq Systems. The 630 commercial chapter 11 filings in January 2020 were up from the 366 commercial chapter 11 filings reported in January 2019. There were 3,500 total commercial filings in January 2020, representing an 18% increase from the 2,961 business filings recorded in January 2019. "Debt-burdened businesses and consumers facing tighter lending standards, marketplace challenges and high filing costs need the shelter of bankruptcy's fresh financial start," Amy Quackenboss, executive director of the American Bankruptcy Institute, said.

NEW VENTURES

First National Capital & US Leasing Launch Buy Desk Initiative

First National Capital and U.S. Leasing and Equipment Finance (USLEF), both full-service commercial, education, aviation and healthcare lease and finance providers, launched a new initiative to provide capital to third-party originators and lease finance brokers to support their growth and client commitments for transactions between $250,000 and $25 million.

Crestmark Launches Two Financing Groups Led by Tomasello and Holdbrooks

Crestmark restructured internally and launched a Business Credit group and a Commercial Capital group. The Business Credit group will focus on asset-based lines of credit and be led by Steven Tomasello. The Commercial Capital group will focus on capital needs primarily secured by accounts receivable and be led by Heath Holdbrooks.

White Oak Hires Three to Expand Aviation Finance Offerings

White Oak Global Advisors added Bob Genise, Asa Watts and Greg Byrnes as senior members to White Oak Aviation, the aviation financing affiliate created to expand the firm's offerings to the aviation market. Genise, Watts and Byrnes will be based in Bellevue, WA and Ireland, and will further enhance the firm's capabilities in the space. Genise has more than 35 years of executive management experience in aviation finance. Watts and Byrnes joined White Oak from aircraft leasing and engine parts management company Aergen Aviation Finance.

Rouse Launches Rouse Residual Values Offering

Rouse announced the latest offering to stakeholders: Rouse Residual Values. Rouse will deliver estimated residual values via a customer-facing self-service portal across a range of equipment including aerial work platforms, telehandlers, heavy earthmoving, cranes, trucks and trailers.

Seabury Capital Establishes New Financing Arm for Global Aircraft Market
Seabury Capital Group formed Seabury Aircraft Capital through a combination of its existing advisory practices and the acquisition of investment banking firm Structured Finance International, whose professionals have arranged aircraft financings with an aggregated acquisition costs exceeding $18 billion. Seabury Aircraft Capital will be led by Structured Finance International's founding members Stacey Wilson as managing director and Stephen Danner and Marty Dugan as executive directors.

Ritchie Bros. Launches New Appraisal Services Offering
Ritchie Bros. launched its own Appraisal Services offering. The service's products will include Uniform Standards of Professional Appraisal Practice (USPAP)-compliant appraisals managed and reviewed by accredited appraisers who have earned credentials from the American Society of Appraisers (ASA) as well as standard appraisals.

INTERNATIONAL NEWS

Coronavirus Poses Largest Threat to Global Economy Since Great Recession
The coronavirus (COVID-19) presents the global economy with its greatest danger since the financial crisis, according to the OECD's latest interim economic outlook. COVID-19 is spreading from China to other regions, causing human suffering and economic disruption. The virus is raising health concerns and the risk of wider restrictions on the movement of people, goods and services, reducing business and consumer confidence and slowing production.

ASSOCIATION NEWS

ELFA MLFI-25: 2020 Starts Off With a Bang, January Volume Up 28% Y/Y
The Equipment Leasing and Finance Association's (ELFA) Monthly Leasing and Finance Index (MLFI-25) showed overall new business volume for January was $9.2 billion, up 28% year-over-year. Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) in February was 58.7, easing from the January index of 59.9.

INDUSTRY NEWS

Wintrust Specialty Finance Closes $100MM Portfolio Acquisition
Wintrust Specialty Finance completed the acquisition of an approximately $100 million portfolio of small-ticket leases and loans.

The Alta Group Releases 2020 Predictions for Equipment Finance
According to the Alta Group's new report, 2020 Predictions for Equipment Finance, this year will prove pivotal in the next chapter of the U.S. economy. Financial pressures are increasing. Europe, Latin America and other regions are experiencing their own headwinds and tailwinds. Meanwhile, consumer regulations are creeping into commercial finance. These developments and continued disruption will affect the equipment finance industry's performance in the coming months, creating new product opportunities as well as challenges.

Wintrust Specialty Finance Originates $148MM in First Year
Wintrust Specialty Finance completed its

first year of originations in 2019 with more than $148 million in commercial equipment financing and leasing contracts. Wintrust is a financial holding company with assets of more than $36 billion whose common stock is traded on the NASDAQ Global Select Market.

Construction, Medical Equipment Top ELFA 2020 Equipment Markets Forecast
What are the hottest equipment markets of 2020? A new report from the Equipment Leasing and Finance Association (ELFA), What's Hot/What's Not: Equipment Market Forecast 2020, reveals industry perceptions of 15 equipment markets based on a survey of ELFA members. The survey results point to construction, medical, hi-tech/computers and machine tools as the leading sectors for the year ahead, according to portfolio preference.

Peapack Capital Originates More Than $300MM in 2019
Peapack Capital, the equipment leasing subsidiary of Peapack-Gladstone Bank, funded equipment finance transactions totaling $305 million for commercial and corporate clients in 2019. Total earning assets grew to more than $650 million as of December 31, 2019, an increase of 63% over the prior year.

Marlin Achieves Record Volume in 2019, Direct Originations Up 29% Y/Y
Marlin Business Services reported Q4/19 net income of $8.4 million, which was up 31% from $6.4 million a year ago, and up from $7.4 million last quarter. Total sourced origination volume was $236.5 million, up 9.3% year-over-year, while direct origination volume was $50.4 million, up 24.9% year-over-year.

GreatAmerica Completes 19th Term Securitization
GreatAmerica Financial Services completed its 19th term securitization, which consisted of $656.4 million in privately placed bonds with institutional investors. GreatAmerica uses proceeds from its securitizations to pay off debt in its warehouse and credit facilities to support growth.

Monitor Disrupted+ Newport Beach Challenges Thinking in Equipment Finance
Monitor hosted its first Disrupted+ conference of the 2020 series in Newport Beach, CA on Tuesday, February 25. Deborah Reuben, president of Reuben Creative, moderated the event and reminded the audience that technology will never move more slowly than it does today.

Sumitomo Mitsui NY Branch Originates Record 2019 Volume
Sumitomo Mitsui Finance and Leasing New York Branch (SMFL-NY) originated a company record high annual volume of $820 million in 2019, representing an 11% increase over last year. SMFL-NY began U.S. operations in October 2014 and is led by Yasuhiro Maei, managing director, with 70 professional employees throughout the U.S.

Stonebriar Closes $30MM Equipment Lease with Food Processor
Stonebriar Commercial Finance closed an additional $30 million equipment lease facility with an existing customer, a food processing company, to support the growth of a new product line. Stonebriar will provide interim financing during the construction term of this new production line, which is forecast to be fully completed by June 2020. When fully funded, Stonebriar's total outstanding for this customer will exceed $70 million.

Orion First Surpasses $2B Under Management
Orion First surpassed $2 billion in assets under management. This milestone comes 16 months after reaching its previous benchmark of $1 billion. The assets under management consist of small business commercial loans and leases for which Orion provides all back-office

portfolio management, servicing and collection duties for a clientele that ranges from federally regulated banks to independent finance companies.

Arvest Equipment Finance Achieves 52% Growth for Second Consecutive Year

Arvest Equipment Finance closed more than $246 million in new production in 2019, a record total for the division of Arvest Bank. This marks the second consecutive year Arvest Equipment Finance has recorded a 52% increase in gross production year-over-year.

Lease Accounting Transition Causes Significant Balance Sheet Impacts

Implementation of the new lease accounting standard led to average balance sheet lease liability increases of 1,475%, according to new research from lease accounting technology provider, LeaseQuery. In an analysis of more than 400 balance sheets pre- and post-transition to ASC 842, LeaseQuery's new Lease Liabilities Index report indicated that companies that have not yet transitioned to the new standards need to prepare for an overhaul of their financial snapshot.

ENGS Commercial Finance Achieves Record Volume of $687MM in 2019

ENGS Commercial Finance achieved company record-breaking origination volume in 2019. Reporting its most successful year in the company's history, ENGS financed a total of $687 million of equipment transactions, a 35% year-over-year increase, purchased $130 million in invoices in its working capital business and produced more than $5 million in insurance premiums.

Odessa and CLFP Foundation Collaborate to Drive Innovation in Certification Program

Odessa partnered with the Certified Lease & Finance Professional (CLFP) Foundation to expand industry training in the equipment leasing and finance sector globally. Odessa and the CLFP Foundation are launching an online portal where industry professionals now self-serve — taking part in enhanced training and education and accessing necessary resources for growth. The portal also will aid in reducing administrative efforts for the non-profit, eliminating time-consuming manual tasks through automation.

BankFinancial Equipment Finance Originates $23MM in Q1/20

BankFinancial Equipment Finance originated $23 million in government equipment lease and software license finance transactions to date in Q1/20. "We are pleased with the early success of our 2020 initiatives into government leasing operations, and we look forward to further expansion in government equipment lease and software license finance transactions, for both taxable and tax-exempt transactions," Robert Grabner, BankFinancial Equipment Finance executive vice president – Corporate & Governmental Leasing, said.

Deloitte Outlines Primary Health Care Trends for CFOs

In its latest CFO Insights report, Deloitte took a tour of how the health care industry will likely evolve between now and 2040 and said the future of health will likely be driven by digital transformation enabled by radically interoperable data and open, secure platforms.

Stonebriar Commercial Finance Taps IDScloud for Portfolio Management

Stonebriar Commercial Finance went live on IDScloud. The move will support Stonebriar's portfolio, which currently stands at more than $2.7 billion in net asset value. Based in Plano, TX, Stonebriar is a privately held commercial finance company.

Ritchie Bros. to Sell Celadon Group Transportation Assets

Ritchie Bros. was chosen to sell select trucks and trailers owned by Celadon Group. Celadon, which filed for Chapter 11 bankruptcy protection in December 2019, was an over-the-road trucking company in North America. "This is a great opportunity for those looking to purchase transportation assets and we are very excited we've been selected to sell a large number of items from this expertly-maintained fleet," Zac Dalton, director of Finance, Insurance and Insolvency, Ritchie Bros, said.

Ritchie Bros. Sells $27MM of Equipment at Largest Tipton Auction
Ritchie Bros. conducted its largest Tipton, CA auction to date, selling more than 2,600 equipment items and trucks for more than $27 million on February 14. More than 5,850 people from 43 countries registered to bid in the unreserved public auction, including more than 4,350 people registering to bid online. U.S. buyers purchased approximately 95% of the equipment, while international buyers from such countries as Thailand, Ukraine and the UK purchased 5% of the equipment. Online buyers purchased 53% of the assets.

Boeing Reports First Loss in More Than 20 Years
Boeing's financial results continued to be significantly impacted by the 737 MAX grounding, reporting Q4/19 revenue of $17.9 billion and full-year revenue of $76.6 billion. Its total backlog of $463 billion includes more than 5,400 commercial airplanes. Boeing Capital reported full-year revenue of $244 million, down 10.9% from $274 million in 2018.

Encina Equipment Finance Provides $38MM Lease to Container Manufacturer
Encina Equipment Finance provided a $38 million equipment lease to a container manufacturer. The five-year lease is being used to fund new equipment purchases. Encina Equipment Finance provides loans and leases ranging in size from $5 million to $50 million and secured by essential-use machinery and equipment.

Marshall & Stevens to Release Equipment Value Forecaster Tool
Marshall & Stevens formed a partnership with James P. Grace, a retired equipment management executive from Banc of America Leasing, to develop a web-based residual value forecasting tool for the equipment finance and lending industries. Equipment Value Forecaster will focus on the major equipment categories and will expand to cover corporate aircraft, commercial aircraft and eventually, marine vessels.

Regents Capital Picks Fincura to Improve Financial Spreading
Fincura added Regents Capital, an independent commercial equipment finance firm with 35% year-over-over funded volume growth, to its family of customers. Regents will take advantage of Fincura's financial insight engine to drive faster, easier and more accurate spreading of client financial statements for both new originations and portfolio monitoring.

Equipment Finance Industry Confidence Holds Steady in February
The Equipment Leasing & Finance Foundation released the February 2020 Monthly Confidence Index for the Equipment Finance Industry (MCI-EFI). Designed to collect leadership data, the index reports a qualitative assessment of both the prevailing business conditions and expectations for the future as reported by executives from the $900 billion equipment finance sector. Overall, confidence in the equipment finance market in February was 58.7, easing but steady with the January index of 59.9.

TIP Trailer Services Launches Cloud Transformation Program with NTT
NTT launched a five-year partnership with TIP Trailer Services, a trailer and truck leasing, rental, maintenance and repair provider serving Europe and Canada, to deliver digital solutions for its business. Under the partnership, NTT will help TIP Trailer Services migrate all existing infrastructure and critical business applications to a single, fully managed Microsoft Azure platform.

NFS Leasing Reports 20% Originations Increase, Headquarters Expansion
NFS Leasing reported 20% 2019 full-year growth of originations and an office expansion at its Boston headquarters. "We have a dedicated team across the board and that team delivered exceptional service, resulting in significant achievement in 2019," David DePamphilis, executive vice president, Sales, said.

CIT Upgrades B2B Point-of-Sale Lending Platform
CIT Group's Small Business Solutions group released a new version of its platform that enables real-time lending at the point of sale for business purchases. CIT's point-of-sale platform simplifies and accelerates financing for small business purchases of $2,500 or more. Business customers can shop for products, be approved for credit, select terms and receive electronic documents to secure their purchase via a seamless electronic experience, typically in a matter of minutes.

Ritchie Bros. Follows World Ag Expo With Equipment Auction
From February 11-13, Ritchie Bros. exhibited at the World Ag Expo in Tulare, CA. On February 14, the company put on its own show, at its auction site in Tipton, CA, just 10 minutes from the International Agri-Center. More than 1,500 equipment items and trucks sold for more than 200 owners in the one-day, unreserved public auction.

OnDeck Q4/19 Net Income Down 33% Y/Y, Revenue Flat
OnDeck reported net income was $9.3 million in Q4/19, down 33% from $13.9 million in the year-ago period. Net income of $28.0 million for 2019 overall increased 3.7% from $27.0 million in 2018.

Equipment Leasing & Finance Foundation Launches Podcast
The Equipment Leasing & Finance Foundation launched a new podcast for the equipment finance industry. Bi-monthly episodes will highlight foundation resources and programs, including interviews with researchers, board of trustees members and more. In the first episode, Foundation Executive Director and host Kelli Nienaber joined in a discussion on the foundation's 2020 Industry Future Council (IFC) with Foundation Chair Scott Thacker and Futurist/IFC Facilitator Terry Grim of Foresight Alliance.

COOP by Ryder Expands P2P Digital Platform and Commercial Vehicle Sharing
Ryder System expanded its peer-to-peer truck sharing platform, COOP by Ryder, to the Dallas-Fort Worth market — a move that signals a growing demand for commercial vehicle sharing. COOP allows commercial vehicle owners to generate revenue by renting idle trucks and trailers to a network of businesses. In addition to Dallas-Fort Worth, it is also available throughout Georgia and Florida.

Maxus Capital Group Upgrades to ASPIRE from LTi Technology Solutions
LTi Technology Solutions completed the

Maxus Capital Group's implementation to LTi's ASPIRE platform. Maxus Capital Group is an alternative source of funding to corporate companies outside of traditional bank financing. Maxus Capital Group has been a customer of LTi's for 28 years.

Quality Leasing Achieves Record Funding in 2019
Quality Leasing reported company record-breaking funded transactions in 2019. With increases in new business volume, repeat customer funding, number of assets funded and overall contracts booked, Quality Leasing expanded its portfolio to record size in 2019 — surpassing the previous 63 years of operation.

U.S. Trailer Production Facing Lower Demand and Supply Chain Disruptions
According to ACT Research's Trailer Components Report, the U.S. trailer industry is facing lower demand and supply chain disruptions that could lead to a catch-22. "OEMs could be in a 'catch-22' situation; while trying to adjust their operations to lower market demand, they could still be further challenged by component supply disruptions," Frank Maly, director of CV transportation analysis and research at ACT Research, said.

SLIM Capital Records Growth in 2019
SLIM Capital, located in Beverly Hills, CA reported 2019 as its busiest year to date, with its largest deal funded at $2.106 million and an average amount funded of $137,238.

CIT Group 2019 Net Income Up 18.6%, Revenue Down 3.6% Y/Y
CIT Group reported Q4/19 net income was $131 million, up from $92 million in Q4/18. Full year net income was $530 million, up from $447 million in 2018. 2019 net revenue was $1.848 billion, down from $1.917 billion year over year.

Encina Equipment Finance Provides $13MM Equipment Loan to Auto Parts Manufacturer
Encina Equipment Finance provided a $13 million equipment loan to an automotive parts manufacturer. The five-year loan is being used to fund new equipment purchases.

Ritchie Bros. Sells $237MM of Equipment in six-day Orlando, FL Auction
Ritchie Bros. sold more than 13,500 equipment items and trucks for more than $237 million in its global auction in Orlando, FL. The six-day sale set a new company record for attendees, registering 18,100 people from 85 countries.

36th Street Closes $8MM Financing for Global Rideshare Company
36th Street Capital funded an $8 million equipment financing for a technology company that provides ridesharing, meal preparation and delivery services to end-users worldwide.

FifthThird Modernizes Digital Loan Originations with Fundation
Fundation collaborated with Fifth Third Bank to modernize Fifth Third Bank's loan origination capabilities for small business loans and lines of credit. The new capability enables small businesses to apply for loans and lines of credit through a digital application. The solution will initially be available through Fifth Third banking centers in select markets and ultimately be deployed at 53.com.

Survey: 77% of Middle Market Manufacturers Expect 2020 Revenue Increases
The results of BDO's 2020 Manufacturing CFO Outlook Survey show that despite fears of an industrial slump, middle market manufacturers remain optimistic about their growth prospects as 77% of survey respondents anticipate an increase in revenue in 2020.

CIT Leads $93.7MM in Financings for Healthcare Venture
CIT Group's Healthcare Finance unit served as the lead arranger of $93.7 million in combined financing for 19 healthcare facilities in California, Nevada and Washington between New Generation Health and affiliates of Genesis Healthcare.

BNP Paribas Leasing, Esaote Ink International Program Agreement
BNP Paribas Leasing Solutions and Esaote, a manufacturer of medical diagnostic systems, signed an international partnership agreement. The finance solutions provided by BNP Paribas Leasing Solutions will allow Esaote to offer its customers access to its equipment.

Equipment Finance Drives Investors Bancorp Q4/19 Non-Interest Income Increase
Investors Bancorp reported total Q4/19 non-interest income of $20.5 million, an increase of $5.7 million compared to $14.8 million in Q3/19. The increase in non-interest income was primarily due to a $2.6 million increase in net gains from Investors' equipment finance portfolio, a $1.5 million increase in customer swap fee income and a $1.0 million increase in fees and service charges.

MUFG Bank Named a "Best Place to Work" for LGBTQ Equality
Mitsubishi UFJ Financial Group (MUFG) achieved a perfect score on the 2020 Corporate Equality Index, a benchmarking survey and report on corporate policies and practices related to Lesbian, Gay, Bisexual, Transgender, and Queer (LGBTQ) workplace equality, administered by the Human Rights Campaign (HRC) Foundation.

NFS Leasing Partners With Rocket Manufacturing Co to Fuel Testing
NFS Leasing provided $500,000 in equipment financing to a West Coast-based early-stage rocket manufacturer. The new space industry company has established a test site and plans to begin test launches over the next 12 months. "At NFS, we challenge ourselves to find a way to accommodate deals across many different industries," David DePamphilis, executive vice president of NFS Leasing, said. "Leasing to a rocket manufacturing company is really cool and something we don't see every day. Finding a way to structure a deal for a company in this industry was challenging, but our team was dedicated to get it done."

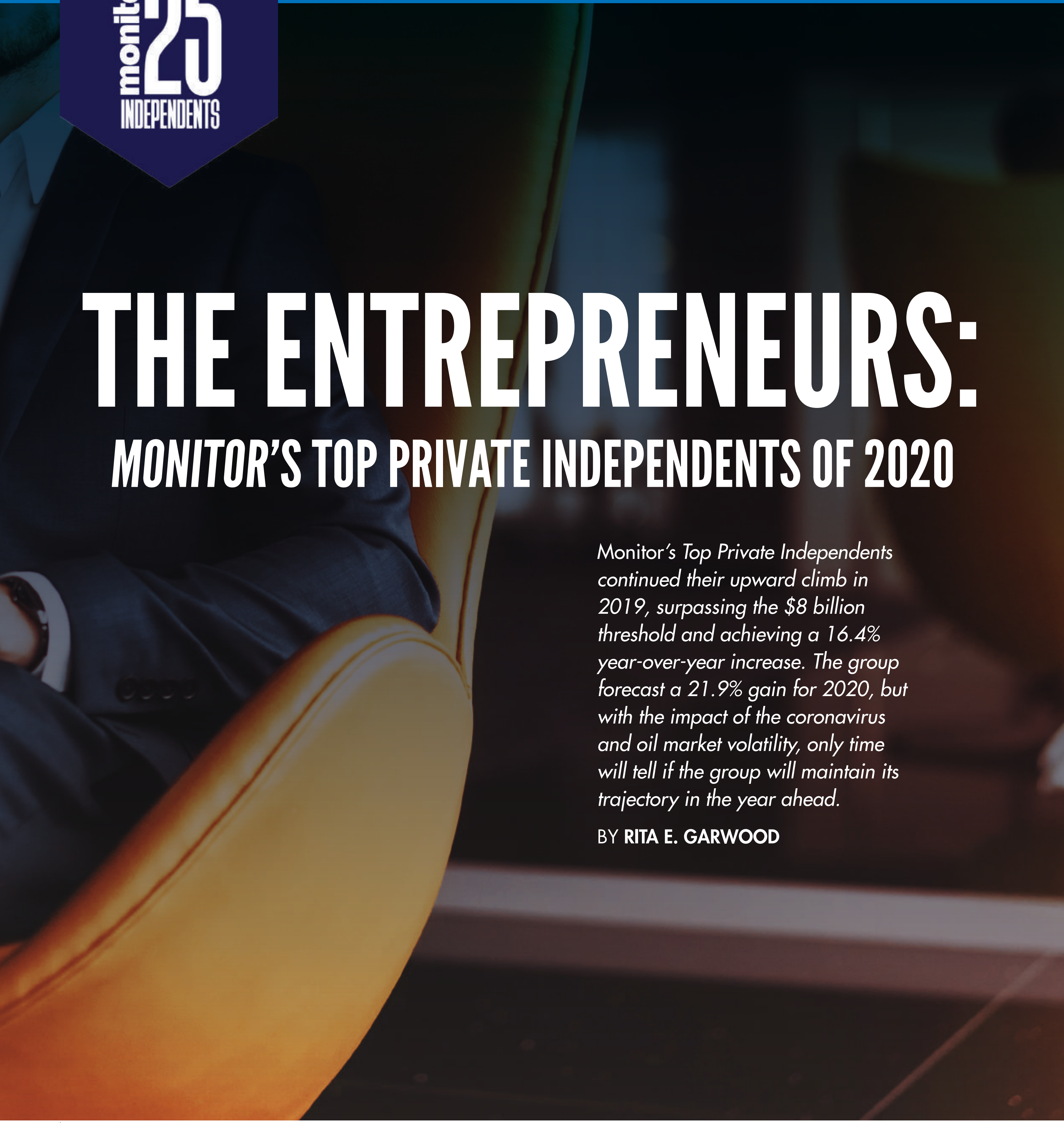
TCF Inventory Finance Inks Sea Pro Boats Dealer Financing Agreement
TCF Inventory Finance and Sea Pro Boats closed a definitive agreement to provide inventory financing to the Sea Pro Boats dealer network across the U.S. TCFIF will be the exclusive financing provider for Sea Pro's center console saltwater fishing boats effective April 1, 2020.

Onset Financial Surpasses Single-Month Funding Record in January
Onset Financial finished January with $42 million in new fundings. It marked the largest single-month in company history and came on the heels of Onset's record-breaking 2019, where yearly fundings increased 77%.

Wells Fargo Pays $3B to Settle DOJ and SEC Investigations of Its Sales Practices
Wells Fargo entered into agreements with the U.S. Department of Justice (DOJ) and the U.S. Securities and Exchange Commission (SEC) to resolve these agencies' investigations into the company's historical Community Bank sales practices and related disclosures. As part of this resolution, Wells Fargo agreed to make payments totaling $3 billion.

Trinity Capital Enters $300MM Credit Facility with Credit Suisse Affiliates
Trinity Capital, a specialty lending company that provides debt and equipment lease financing to growth stage companies backed by technology banks, venture capital and private equity firms, entered a $300 million credit facility with affiliates of Credit Suisse. The credit facility is scheduled to mature on January 8, 2022, unless extended. As of February 17, 2020, the company had $160 million in borrowings outstanding under the credit facility. •

2020 monitor 25 INDEPENDENTS



THE ENTREPRENEURS:

MONITOR'S TOP PRIVATE INDEPENDENTS OF 2020

Monitor's Top Private Independents continued their upward climb in 2019, surpassing the $8 billion threshold and achieving a 16.4% year-over-year increase. The group forecast a 21.9% gain for 2020, but with the impact of the coronavirus and oil market volatility, only time will tell if the group will maintain its trajectory in the year ahead.

BY **RITA E. GARWOOD**

Monitor Top Private Independents

RANKED BY FUNDED NEW BUSINESS VOLUME **($ IN MILLIONS)**

RANK			NEW BUSINESS VOLUME			
’19	**’18**	**COMPANY**	**2019**	**2018**	**VARIANCE +/-**	**% +/-**
1	1	**Ascentium Capital**	1,500.0	1,230.0	270.0	22.0%
2	2	**Stonebriar Commercial Finance**	1,228.0	1,030.0	198.0	19.2%
3	3	**GreatAmerica Financial Services**	1,069.9	1,015.2	54.7	5.4%
4	5	**Amur Equipment Finance**	365.1	351.1	14.0	4.0%
5	24	**Liberty Commercial Finance**	300.3	107.2	193.1	180.1%
6	–	**Verdant Commercial Capital**	275.0	122.0	153.0	125.4%
7	10	**First National Capital**	258.5	222.0	36.5	16.4%
8	7	**Trans Lease**	253.5	234.8	18.7	8.0%
9	9	**Somerset Capital Group**	226.4	223.4	3.0	1.3%
10	11	**Kingsbridge Holdings**	222.4	220.6	1.8	0.8%
11	18	**Equify Financial**	220.0	142.8	77.2	54.1%
12	21	**Onset Financial**	209.5	119.2	90.3	75.8%
13	15	**MicroFinancial/TimePayment**	205.1	166.0	39.1	23.6%
14	14	**United Leasing and Finance**	178.0	178.0	0.0	0.0%
15	19	**AP Equipment Financing**	170.0	126.5	43.5	34.4%
16	12	**Wallwork Financial**	169.1	194.3	-25.2	-13.0%
17	16	**Northland Capital Financial Services**	165.4	157.5	7.9	5.0%
18	6	**SQN Capital Management**	156.9	265.5	-108.6	-40.9%
19	–	**Alliance Funding Group**	148.0	118.0	30.0	25.4%
20	–	**Partners Capital Group**	137.9	124.6	13.3	10.7%
21	17	**Jules and Associates**	130.2	146.7	-16.5	-11.2%
22	22	**Lease Corporation of America**	125.2	119.2	6.0	5.0%
23	23	**Regents Capital**	125.0	111.1	13.9	12.5%
24	25	**Nexseer Capital**	115.8	103.8	12.0	11.6%
25	–	**CCA Financial**	104.0	92.1	11.9	12.9%
	8,059.2	**6,921.6**	**1,137.6**	**16.4%**		

The Top 25 Private Independents achieved another year of steady growth, reporting a new record for the group of $8,059.2 million in new business volume for 2019, marking a 16.4% year-over-year increase. Of the group, 21 achieved a net volume gain of $1,287.9 billion, three reported a net decline of $150.3 million and one reported no change.

TOP FIVE

The top five reported a collective $4,463.3 million in new business volume, accounting for 55.4% of the total volume reported. The net year-over-year growth of the top five, $729.8 million, represented 64.2% of the total variance.

THE RANKINGS — TOP FIVE

In its last hurrah as an independent, **Ascentium Capital** maintained its hold on the No. 1 position, reporting new business volume of $1,500 million, which was a 22% increase of $270 million from $1,230 million in 2018. The bulk of Ascentium's volume was once again originated in the vendor/dealer channel, which provided $1,133 million, or 76%, of its total volume with its direct and indirect channels reporting 21% and 3%, respectively. Ascentium's direct origination grew by 65.8% on a year-over-year basis.

Stonebriar Commercial Finance held on to the No. 2 rank, with a reported $1,228 million in new business volume, which was a 19.2% gain from $1,030.0 million in 2018. Stonebriar's direct channel provided $971 million (79%) of its total volume, with $257 million (21%) coming from its indirect channel.

No. 3-ranked **GreatAmerica Financial Services** held its own with a reported $1,069.9 million in new business volume, which was up $57.4 million (5.4%) from $1,015.2 million in 2018. GreatAmerica's vendor channel provided $1,045.4 million (98%) of its total volume, with $24.6 million in indirect originations supplying the remaining 2%.

With **ENGS Commercial Finance** out of the running, **Amur Equipment Finance** took the No. 4 position with $365.1 million in volume, marking an increase of $14 million (4%) from $351.1 million in 2018. Amur's indirect channel provided the bulk of its originations ($221 million, or 61%) with vendor and direct volume accounting for 36% and 3%, respectively.

Liberty Commercial Finance joins the top five for the first time, soaring from No. 24 in 2018 to No. 5 on the power of $300.3 million in new business volume, which was a gain of $193.1 million (180.1%) from 2018. Liberty's direct channel delivered $270 million (90%) of its volume with vendor originations providing the remaining 10%.

TOP PERCENTAGE GAINERS

Liberty Commercial Finance led the pack when it came to percentage gains, with volume up 180.1%. **Verdant Commercial Capital** makes its debut in the ranking at No. 6 after charting a substantial 125.4% year-over-year gain in net volume. **Onset Financial** also delivered an impressive annual increase of 75.8%, catapulting it from No. 21 in 2018 to No. 12.

The group also includes several other notable percentage gainers. No. 15-ranked **AP Equipment Financing** delivered a 34.4% increase, with reported volume of $170 million. New entrant **Alliance Funding Group** joins the ranking at No. 19 after achieving a 25.4% year-over-year gain in originations. **MicroFinancial/TimePayment** and **Ascentium Capital** reported gains of 23.6% and 22%, respectively.

NEW ARRIVALS

Verdant Commercial Capital, led by Mike Rooney, joins the fold at No. 6 this year. Verdant's $275 million of new business volume was primarily derived from its vendor channel, which accounted for $253 million (92%) of its volume, with direct originations accounting for the remaining 8%.

Alliance Funding Group debuts at No. 19 with a reported $148 million in originations sourced from evenly balanced vendor and direct activity. On its heels is **Partners Capital Group** at No. 20 reporting $137.9 million in new business volume, which was up $13.3 million (10.7%) on a year-over-year basis. Partner's vendor channel delivered 87% of its originations with the direct channel accounting for the remaining 13%.

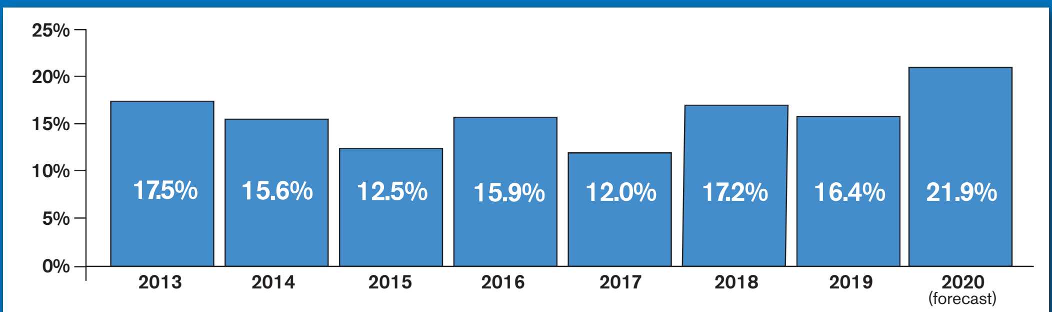
2019 RETROSPECTIVES

Competition, geo-political concerns, hiring and retaining talent and keeping up with technology were a few challenges faced by the independents in 2019. The following highlights capture the overall 2019 retrospective of the group:

"The low interest environment and supply of capital resulted in very aggressive deployment of capital across the industry against a backdrop of concern over the future prospect of recession. This felt to us like a bit of a squeeze on lenders, with competitors willing to extend themselves beyond points where we felt comfortable lending.

Historic Volume Trend

YEAR/YEAR NEW BUSINESS VOLUME % CHANGE FROM 2013 TO 2020 FORECAST



Volume/Employee Productivity

RANKED BY VOLUME/AVERAGE EMPLOYEE RATIO **($ IN MILLIONS)**

	EMPLOYEES (#)			VOLUME ($)	
COMPANY	YE 2019	YE 2018	AVERAGE '19/'18	NEW BUSINESS VOLUME '19	PER EMPLOYEE
Stonebriar Commercial Finance	45	43	44	1,228.0	27.91
Liberty Commercial Finance	22	19	20.5	300.3	14.65
Verdant Commercial Capital	45	30	37.5	275.0	7.33
Equify Financial	36	25	30.5	220.0	7.21
Wallwork Financial	26	24	25	169.1	6.76
First National Capital	54	51	52.5	258.5	4.92
Trans Lease	54	52	53	253.5	4.78
SQN Capital Management	32	46	39	156.9	4.02
Northland Capital Financial Services	42	42	42	165.4	3.94
Ascentium Capital	460	380	420	1,500.0	3.57
Nexseer Capital	38	39	38.5	115.8	3.01
Jules and Associates	47	49	48	130.2	2.71
AP Equipment Financing	82	57	69.5	170.0	2.45
Onset Financial, Inc.	90	84	87	209.5	2.41
CCA Financial	42	45	43.5	104.0	2.39
Amur Equipment Finance	180	128	154	365.1	2.37
GreatAmerica Financial Services	513	470	491.5	1,069.9	2.18
United Leasing and Finance	81	84	82.5	178.0	2.16
Kingsbridge Holdings	114	96	105	222.4	2.12
Somerset Capital Group	125	118	121.5	226.4	1.86
Regents Capital	82	55	68.5	125.0	1.82
Lease Corporation of America	78	86	82	125.2	1.53
Alliance Funding Group	110	85	97.5	148.0	1.52
Partners Capital Group	112	101	106.5	137.9	1.29
MicroFinancial/TimePayment	244	217	230.5	205.1	0.89
	2,754	2,426	2,590	8,059.2	3.11

This surprised us, as with lease terms often extending beyond five years, it is reasonable to anticipate that the macroeconomic context for customers will become more challenging during the repayment period of most loans and leases originated today."

"Finding and hiring risk and operational talent to keep up with transaction flows as both new market entrants and a solid U.S. leasing market have created select hiring challenges."

FOCUS IN 2020

Goals for many independents this year include modernizing technology and obtaining a lower cost of funds. Streamlining operations and focusing on staff retention and continued growth were also a common theme. The following quotes are a sampling of the goals the group has for 2020:

"The challenge we are focusing on is the ability to leverage our technology resources more efficiently, which will enable us to keep up with the new business volume."

"Increase quality headcount to drive our origination volume upward. We have the management layer in place now and need to execute our plan."

"An ongoing necessity is being able recruit and retain top talent across all functions of the organization. We are rapidly growing, and while that offers many benefits (to include career development opportunities), it also requires us to remain vigilant that our company culture and values are universally understood and lived across the organization."

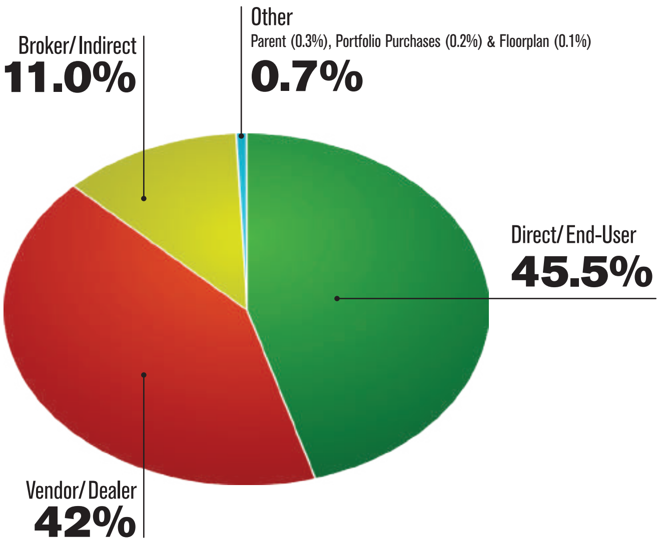
"Accessing lower cost capital and investing more on a principal basis to keep up with expanding diversity of deal flow."

2020 FORECAST

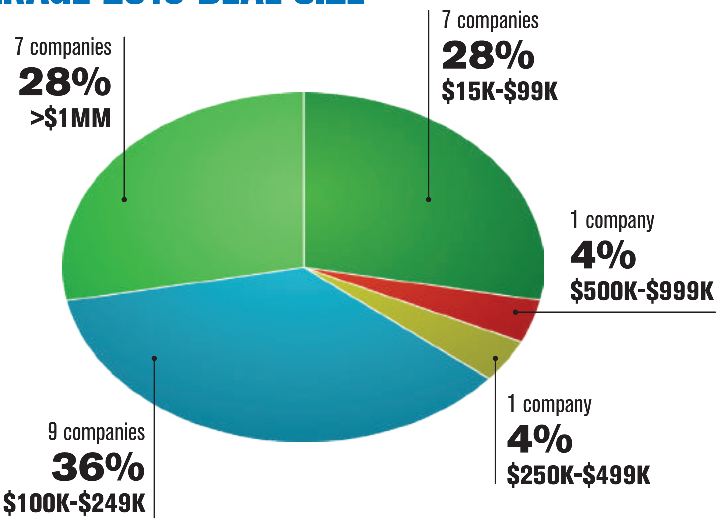
The economy and capital spending topped the list as the greatest concern in 2020, with 50% of the independents selecting this response. Competition was the top concern for 32% of respondents while customer credit quality was concerning for 9%. Hiring and retaining talent as well as geopolitical concerns each topped the list for 5% of the group.

Calculating a forecast for the group on an average weighted basis, the independents expect to grow by 21.9% in 2020, a slightly higher rate than anticipated last year. Looking back at last year's forecast of

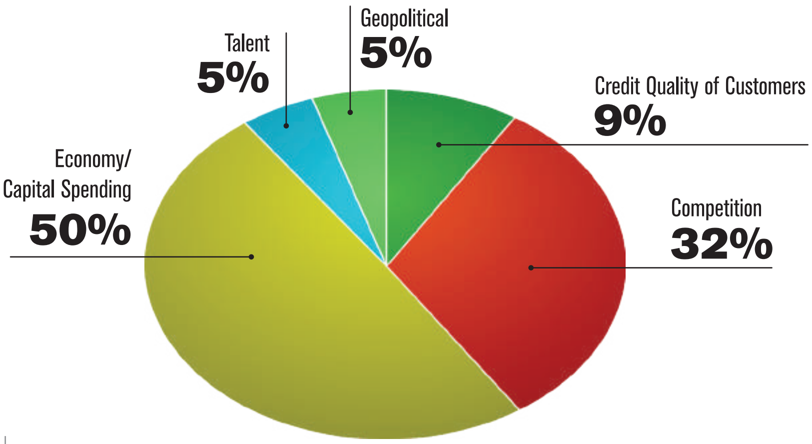
2019 ORIGINATIONS BY SOURCE



AVERAGE 2019 DEAL SIZE



GREATEST CONCERNS FOR 2020



19.6%, the group missed the mark by 4.4%. This could be attributed to the loss of several notable companies including **ENGS Commercial Finance** and **VAR Technology Finance**, which were acquired, and **Crossroads Equipment Finance**, which did not participate this year.

SUMMARY

Despite the exit of several large players, *Monitor*'s Top Private Independents set a new record in 2019, flying by the $8 billion threshold for the first time with 16.4% year-over-year growth.

Direct volume overtook vendor originations this year, with the former supplying 45.5% (up from 35% last year) and the latter delivering 42% (down from 45% in 2018). The indirect channel remained steady at 11%.

Employee productivity declined slightly from $3.42 million per employee in 2018 to $3.11 billion in 2019.

Will 2019 be a high point that independents will look back on in years to come? The group completed the annual survey responses prior to the coronavirus outbreak and the oil market crash, so the optimism many expressed recently may be on shaky ground now. Only time will tell if the group will reach the goal post it has set for 2020. •

ABOUT THE SURVEY: BASIS FOR RANKING

To meet the criteria for selection, companies that qualify must be privately owned with equity provided by the individual owners and/or privately held owners.

Participants were asked to provide full-year data relating to funded new business volume, which was to include information pertaining to equipment-related loans and leases only.

We also collect information such as staffing levels, origination and funding sources, average deal size, etc. Once received, the data was compiled, checked for accuracy and formatted for this report.

A company's position in the ***Monitor's Top Private Independents*** ranking is based solely on its funded new business volume.

Questions/Participation Inquiries:

Please contact Rita Garwood at *rita.garwood@monitordaily.com*.

2019 Top Private Independents Index

BY RANK

COMPANY BUSINESS HEAD	RANK 2019	ESTABLISHED & SCOPE	VOLUME 2019 ($=MILL.)	DEAL SIZE AVG 2019 ($=THOUS.)	EMPLOYEES YE/19	ORIGINATION DATA SOURCE MIX % (VENDOR/DIRECT/ BROKER-INDIRECT/OTHER) TOP ASSET CLASSES	LOCATION/URL HEADQUARTERS (CITY/STATE) WEBSITE
Ascentium Capital Tom Depping	1	2011 National	1,500.0	55.0	460	76/21/3/0 Truck/Const., Waste Med., Furniture/Fixtures	**Kingwood, TX** ascentiumcapital.com
Stonebriar Commercial Finance Dave B. Fate	2	2015 International	1,228.0	13,204.3	45	0/79/21/0 Marine, Air (Corporate), Rail	**Plano, TX** stonebriarcf.com
GreatAmerica Financial Services Tony Golobic	3	1992 National	1,069.9	18.7	513	98/0/2/0 Office Related, Construction, Automotive Repair	**Cedar Rapids, IO** greatamerica.com
Amur Equipment Finance Mostafiz ShahMohammed	4	1996 National	365.1	58.0	180	36/3/61/1 Truck/Trailer, Manufacturing, Construction	**Grand Island, NE** amuref.com
Liberty Commercial Finance Eric Freeman	5	2017 National	300.3	1,815.0	22	10/90/0/0 IT, Manufacturing, Energy Related	**Tustin, CA** libertycommercial.com
Verdant Commercial Capital Mike Rooney	6	2017 National	275.0	248.0	45	92/8/0/0 Mach. Tools, Plastics, Voc. Vehicles, Mat. Handling	**Cincinnati, OH** verdantcc.com
First National Capital Keith Duggan	7	2005 International	258.5	1,748.6	54	2/98/0/0 Manufacturing, Air (Corporate), IT	**Foothill Ranch, CA** firstncc.com
Trans Lease Brian Eschmann	8	1993 International	253.5	153.5	54	34/66/0/0 Truck/Trailer, Construction, Energy Related	**Denver, CO** transleaseinc.com
Somerset Capital Group Evan Bokor	9	1984 International	226.4	366.4	125	4/58/31/7 Materials Handling, IT, Ground Support Equip.	**Milford, CT** somersetcapital.com
Kingsbridge Holdings Dan Flagstad	10	2006 National	222.4	140.9	114	0/89/11/0 Materials Handling, IT, Medical	**Lake Forest, IL** kingsbridgeholdings.com
Equify Financial Pat Hoiby	11	2011 International	220.0	767.0	36	9/86/0/5 Construction, Truck/Trailer	**Fort Worth, TX** equifyfinancial.com
Onset Financial Justin Nielsen	12	2008 International	209.5	2,645.4	90	2/98/0/0 Manufacturing, Machine Tools, Plastics, Medical	**Draper, UT** onsetfinancial.com
MicroFinancial/TimePayment Jay Haverty	13	1987 National	205.1	5.8	244	58/0/42/0 Office Related, Furniture/Fixtures, IT	**Burlington, MA** timepayment.com
United Leasing and Finance Ronald D. Romain	14	1964 National	178.0	150.0	81	30/43/26/1 Transportation, Construction, Fitness	**Evansville, IN** unitedevv.com
AP Equipment Financing Chris Enbom	15	1998 National	170.0	55.0	82	35/59/6/0 Truck/Trailer, Agriculture, Furniture/Fixtures	**Bend, OR** apfinancing.com
Wallwork Financial William Wallwork III	16	1952 National	169.1	203.7	26	23/47/15/15 Truck/Trailer, Energy Related, Construction	**Fargo, ND** wallworkfinancial.com
Northland Capital Financial Willis Kleinjan	17	1996 National	165.4	75.0	42	38/52/11/0 Agriculture, Truck/Trailer, Construction	**Saint Cloud, MN** northlandcapital.com
SQN Capital Management Jeremiah Silkowski	18	2007 International	156.9	1,162.0	32	0/37/63/0 Construction, Manufacturing, Energy Related	**New York, NY** sqncapital.com
Alliance Funding Group Brij Patel	19	1998 National	148.0	125.0	110	50/50/0/0 Manufacturing, Construction, Medical	**Tustin, CA** alliancefunding.com
Partners Capital Group Marcus Davin	20	2005 National	137.9	62,803.0	112	87/13/0/0 Medical, Manufacturing, Construction	**Santa Ana, CA** partnerscapitalgrp.com
Jules and Associates Jules Buenabenta	21	1989 National	130.2	200.0	47	0/100/0/0 Manufacturing, Construction, IT	**Los Angeles, CA** julesandassociates.com
Lease Corporation of America John B. Kemp	22	1988 National	125.2	30.0	78	100/0/0/0 Point of Sale Equipment, Auto Repair, Medical	**Troy, MI** leasecorp.com
Regents Capital Don Hansen	23	2013 National	125.0	197.9	82	5/95/0/0 Manufacturing, IT, Machine Tools & Plastics	**Costa Mesa, CA** regentscapital.com
Nexseer Capital W. Scott McCullum	24	1999 International	115.8	2,824.7	38	4/88/9/0 Manufacturing, Energy Related, Materials Handling	**Irvine, CA** nexseer.com
CCA Financial Kim Albers	25	1972 National	104.0	157.0	42	0/82/18/0 IT Manufacturing, Materials Handling	**Richmond, VA** ccafinancial.com
TOTALS			**8,059.2**	**3,568.4**	**2,754**		

MONITOR DISRUPTED+ STIMULATES CREATIVE JUICES FOR INDUSTRY CHANGE

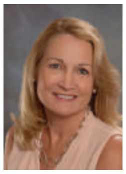
BY **SUSAN CAROL**

The Resort at Pelican Hill in Newport Beach, California provided a breathtaking setting for the event.

Monitor's first Disrupted+ conference of the 2020 series in Newport Beach, CA encouraged attendees to view the industry — and the future — through a new lens.

What does the "+" mean in a conference title? Maybe it means you will learn something new, plus, be inspired to think differently.

That was what many attendees said about the one-day conference hosted by the *Monitor* on February 25 in Newport Beach, CA. Fortunately, this gathering met ahead of the concerns reported later that week about the coronavirus, travel restrictions and a "virus recession."



SUSAN CAROL, APR
CEO
Susan Carol Creative

In her usual upbeat and authentic way, Deb Reuben, president of TomorrowZone (formerly Reuben Creative), served as program moderator throughout the day, introducing individual speakers, then engaging them in fireside chats.

This was the second in a series of *Monitor* Disrupted+ events. "The force of digital change is sweeping through the equipment finance industry and impacting the way we all do business. We believe this topic is vital to the future of those in our industry," said *Monitor* publisher Lisa Rafter about the origin and purpose of this series.

Key take-aways from the morning session with Reuben and Charles Anderson, president of CurrencyPay:

• You should have a "technology watch list" that includes companies to watch like Carvana and Innovation Finance. "Follow those companies (not necessarily in our industry) that are boldly questioning and challenging the status quo," Reuben said. She said recent discussions within the industry suggest leasing and finance could just become a utility.

• Adding "fire" to the fireside chat, Charles Anderson, president of CurrencyPay, said, "We need to transform from finance companies to technology companies." If we do not do it fast enough, he added, Amazon could buy the industry. "There is no way this industry is going to stay the same… why? The borrower and business owner are the same." He added, "Solve this: What is best for your customer, not what is best for your employee?"

Steve Riggs discussed pay-per-use models.

Then, lightning struck, or in the new lingo of *Monitor* Disrupted+, it was time for a few five-minute sessions with new industry entrants that could help shake things up:

• Fincura, creator of a financial insight engine that extracts data from financial documents using AI and human judgment

Publisher Lisa Rafter and MMedia Principal Yoshi Mua talk about forming an unlikely partnership to rebrand the Monitor.

• BrightReps, a company helping finance firms automate their processes

• TAO Solutions, a provider of software designed to empower the financial services industry with operational agility

SPEAKERS ON LEADING CHANGE

Denis Stypulkoski, senior vice president and CIO, TIAA Bank Commercial Finance Division, described the digital product mindset necessary to replace project thinking. He said a lifecycle approach is critical. Under Stypulkoski's leadership, his company created a digital products team with people who, like him, have insatiable curiosity. They explore the journey of their customers against an inventory of capabilities and deliverables. He said, "you need to start acting like a start-up to become the next Uber of the industry."

Tawnya Stone, vice president, Strategic Technology, GreatAmerica Financial Services, a self-declared "change champion" who is also part of the Equipment Leasing and Finance Association's new innovation group, said: "It's easy to do incremental change, but hard to look at the future and see it as very different from what it is today. And it's hard to fix something that is working."

"How do you convince someone to spend money on something that's not broken?" GreatAmerica's EVP, CFO Joe Terfler was in the audience nodding with understanding as Stone spoke. She described re-organizing the company around various units — each with its own marketing leader. Stone talked about the positive nature of including people in the process so they don't feel like the subject of change, but rather the producers of it.

The sessions provided many "vuja de moments" for attendees.

Steve Riggs, president of Advanced Solutions at DLL, talked about managed services, but he said, let's just call it "pay-per-use." He showed two PWC pie charts showing how the new sharing models will represent 50 of the traditional rental market by 2025.

Riggs was asked how he gets "buy-in" from management for the change needed to succeed. He said he doesn't like that phrase. "Go for commitment," he urged. "What you need is time and board members committed to giving you the time" to develop this new model of business. DLL is now on the cusp of booking its first few deals under the new business model he is leading.

A wrap-up session couldn't be ignored, because speaker Jeff Willmore, founder of an entrepreneurial course that empowers organizations to reach higher levels of performance, came down from the podium challenging the audience to discover new ways to reframe uncomfortable leadership situations with greater self-awareness.

"Vuja De moments" was a new term introduced by Reuben earlier in the day to say it is like déjà vu backwards and represents when parts of our industry can be seen through a new lens. Based on the feedback from attendees, there were a few of those moments stimulated and perhaps more to come. Here are a sampling:

"I think that was one of the best future-looking meetings I have ever attended. Interesting things happening in our world," said Wendy C. Menefee, vice president, program manager at Key.

"While I don't think it's unusual to hear why change is implemented, I believe it is rare to find an event in which the disruptors are so willing to share how they implemented change. The *Monitor* knocked it

The Resort at Pelican Hill in Newport Beach, California provided a breathtaking setting for the event.

out of the park with the Newport lineup, full of thought leaders secure enough in their success they are willing to share their knowledge to better the industry as a whole. I am excited to see what the Disrupted events continue to have in store for us," said Stephanie Hall, EVP, small-ticket, BankFinancial Equipment Finance.

"I like the regional one-day concept of this conference. It makes it possible to put the pause button on your daily work and take a little time to think bigger, to look at ways to break the mold on how we lead. I definitely walked away with some fresh ideas and appreciated some of the courageous new concepts shared by the presenters," said David A. Normandin, president and chief executive officer of Wintrust Specialty Finance.

More than eighty professionals representing a diverse mix of people based on gender, age and roles in their respective companies were in attendance. Sponsors included TIAA Bank, IFS LeaseWorks, Fincura, MMedia, BankFinancial, Mantrapoynt, Tamarack, BankFinancial, BrightReps and TAO Solutions. •

SUSAN CAROL IS CEO OF SUSAN CAROL CREATIVE.

Attendees enjoyed networking opportunities.

Lunch was served outdoors so attendees could enjoy the beautiful day.

A BRAND DOES NOT BELONG TO A COMPANY

IT SIMPLY EXISTS IN THE HEARTS AND MINDS OF THE END USER.

INDEPENDENTS:
THE FLEXIBILITY & FREEDOM TO SERVE UNIQUE CUSTOMERS

BY **RITA E. GARWOOD**

Leaders from six independent equipment finance companies joined Monitor *for a roundtable discussion on one question: What does it mean to be an independent? They discuss the innovative nature of these entrepreneurs, their ability to specialize and their freedom when it comes to structuring deals and accessing capital.*

RICHARD BACCARO
Chief Sales and Marketing Officer
Ascentium Capital

KYIN LOK
CEO
Dext Capital

DAVE FATE
President & CEO
Stonebriar Commercial Finance

MIKE ROONEY
CEO
Verdant Commercial Capital

ERIC FREEMAN
President & Chief Investment Officer
Liberty Commercial Finance

HOWARD SHIEBLER
President
Crossroads Equipment Lease & Finance

When I met with the guest editors of this issue, we decided to do something different for our independent's roundtable this year. We asked several leaders from top private independent companies one question: What does it mean to be an independent?

ABILITY TO INNOVATE

A few panelists pointed to the independent's ability to innovate. "An influential characteristic of most independent finance companies is the strength of the entrepreneurial spirit that runs through the company," says Richard Baccaro, chief sales and marketing officer of Ascentium Capital. "This trait brings innovating ideas — identifying the changing needs of the clients it serves and filling that void quickly. Often this entrepreneurial environment is conducive to creating market disrupters — companies that develop a financial product, service or process which displaces current market leaders."

Kyin Lok, CEO of Dext Capital, agrees: "Innovation is a necessity, not a luxury for independent finance companies. We find ways to better serve our customers and provide customers real value for the few extra basis points that they may pay to a non-bank lender. Gone are the days where independents can be successful by having a short-term focus and not valuing transparency in their dealings with a customer. The best independents are earning every penny."

"Independence is a key factor in Stonebriar's success, allowing for the flexibility to be nimble and innovative without the restraints under which regulated institutions operate," says Dave Fate, president and CEO of Stonebriar Commercial Finance. "Independence requires the use of innovation, creativity, technology and strategic partner relationships which enables Stonebriar to operate very efficiently."

Baccaro says independents are often the earliest adapters of new technology. "This creates immediate value including increased speed in decision making, enhanced flexibility to customize finance programs and the agility to respond to on-going changes in the market, economy or even client expectations," he says. "These entrepreneurial aspects translate to strong growth and success."

Inevitably, the success makes independents a prime target for larger acquiring entities, as recently demonstrated by Region Bank's acquisition of Ascentium Capital. "This tends to make independents attractive to companies that want to expand their footprint in equipment financing," Baccaro says. "So being an independent is also often a steppingstone to other opportunities."

Lok points out that although larger financial institutions may have deeper pockets, adapting to the newest technology will cost them more. "It costs them many times what a company like Dext would require for innovation due to the legacy of their old systems and bureaucracy that hogs down innovation," he says. "Less than 10 years ago, the industry was largely reliant on peer-to-peer phone and email references and comparable credit to make credit decisions. Today, data is abundant and can be mined through data science to make better, faster decisions. Dext aspires to make sense of complex data to make better, faster decisions and offer the data back to the customer or partner in a form that can easily be consumed, thereby helping them to improve their business."

SERVING UNIQUE NICHES

Mike Rooney, CEO of Verdant Commercial Capital, says trying to categorize all independents into one bucket is a mistake. "What's interesting about independents is just how unique our businesses are," he says. "Some independents focus on large-ticket transactions starting at $5 million dollars and go up from there. Others focus on micro-ticket financing, averaging less than $50,000 per transaction. Another niche for independents is marketing directly to high credit quality end-users, and some will even further segment that focus into FMV structures alone."

Liberty Commercial Finance President and Chief Investment Officer Eric Freeman says independents have the unique ability to work with lessees and borrowers who "actually need" financing services. "The bulk of our business comes from clients who have been turned down by banks because of a combination of their credit profile, collateral type, industry or exposure," he says. "As an independent, we're able to really listen to the story and find a solution versus just trying to fit our lessees into a box."

With the flexibility to cater to every type of customer comes the ability to specialize. "Most independents find our niches and become extremely good at operating them with a specialized set of skills and experience and backed by our niche-focused support teams," Rooney says. "The ability among independent equipment finance companies to set our own strategy and execute it is liberating and allows our teams to really understand our respective customers and what matters to them."

"Operating as an independent has enabled Crossroads to focus exclusively on the transportation industry, and quickly develop products, digital capabilities and underwriting standards valued by our vendor partners," says Howard Shiebler, president of Crossroads Equipment Lease & Finance.

"In the end, I think that collectively independents do business with many of the same customers that the big financial institutions address as well, even though we may get there in very different ways," Rooney adds. "Frankly, however, having personally come from a big institution, I know that we are having a lot more fun doing it!"

CAPITAL CAPABILITIES

Independents also have unique capabilities when it comes to capital. "We have clients going on schedule 30+ with over $60 million financed over the last two years and no end in sight," Freeman says. "With our hold some, sell some strategy, there is no real limit to how much we can lend to a single obligor."

"Verdant Commercial Capital operates as a vendor-driven independent which allows us to access capital across the risk/price spectrum," Rooney says. "This access translates into delivering very attractive credit approval ratios to our vendors, without having to sacrifice competitive pricing or control of our vendor's customer relationships since we also retain the portfolio servicing. Verdant's mission is to help our vendors 'sell more stuff' as quickly and efficiently as possible. We work with our vendors to secure their first sale with each customer, as well as throughout the customer contract life cycle. This 'life cycle management' not only helps our vendors to maintain ancillary service or maintenance revenue streams, but ultimately helps them close additional equipment sales to those same customers."

"When GE Capital and other independents exited the market approximately five years ago, it created a significant void in the marketplace," Fate says. "Without reliable independent sources of capital, a large sector of the market was left without viable options when the more highly constrained institutions tightened their credit parameters. Since inception five years ago, we have funded over $4.5 billion in transactions with no credit losses to date. Our success is due in large part to operating as a privately-owned independent. This allows Stonebriar to structure and price to the perceived risk and underwrite to the real risk."

Freeman points out the recession-proof nature of independents. "The first full year after the great recession in 2009 was the best earning year of my career up to that point because all the banks stopped lending, so we were able to go up market and provide capital to companies who typically wouldn't return our phone calls."

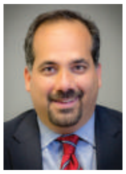
Finally, without the backing of a bank or manufacturing parent, or the scrutiny of shareholders, independents face no restraints when it comes to earnings. "There is no cap on how much you can earn," Freeman says, noting that he is unsure if this is the policy at all companies, but all of the independents he's worked for have had "no cap on compensation."

With a benefit like that, paired with the unique capital capabilities and the ability to innovate and specialize, these entrepreneurs possess a level of freedom that is unmatched in the industry. •

RITA E. GARWOOD IS EDITOR IN CHIEF OF *MONITOR*.

UNCOVER EVERY ROCK: DEEP DILIGENCE IS KEY FOR FUNDING SOURCES IN 2020

In a Q&A, leaders from several funding sources discuss deal flow, marketplace competition and working with brokers. As some deals become dicey, they stress the importance of knowing your deal and maintaining deep due diligence.



MARK BONANNO
Chief Operating Officer
North Mill Equipment Finance

WALTER E BUTTKUS, III
President
PMC Financial Services Group

RON ELWOOD, CLFP
Sales & Marketing Manager
Navitas Credit Corp.

ADRIAN HEBIG
Chief Operations Officer
Channel Partners Capital

How is level of deal flow activity today versus what it was a year ago? If activity is higher, is it the result of more deal flow from existing sources or an increase in the number of origination sources, or both?

BONANNO: North Mill had record originations in 2019, up 350% year over year. Through the first two months of 2020, originations are up 175% year over year. As an indirect lender, North Mill's origination volume is dependent on how many applications we receive from our third-party referral partners (TPRs). We attribute our 2020 originations growth to a mix of our record onboarding of 145 new TPRs in 2019, as well as our focused effort to continue to build out a more diversified product offering, specifically in medical equipment and franchise finance.

BUTTKUS: Deal flow continues to be strong (same as last year). Our current referral sources continue to provide us with the vast majority of prospects in need of financing, but some new sources are appearing on the scene. These new sources are seeing the economy ahead and are building their consulting business around it, which requires companies to bring in more nontraditional funding sources. That is where PMC Financial Services comes in, but lender/lessor beware, the deals may be plentiful, but as the economy adjusts, the credits we are seeing are dicier than years past. Deep diligence is key. Uncover every rock and don't allow push back from any borrower/lessee as this is your risk at stake, and defaults are on the rise. The should have, could have, would haves are more important now than ever.

ELWOOD: Deal flow is higher today than it was a year ago, and it comes as a result of both increases from existing sources and the addition of new origination partners as well. We have actively sought to not only maximize opportunities with existing sources but to expand our third-party originator population at the same time. The strong economy is driving capital investment, and there are many in the broker marketplace (and us in turn) who have been beneficiaries of this increased demand.

HEBIG: Channel Partners Capital's transaction activity continues to remain very strong. January was a great start to 2020 with approved application volume up over 50% and funded units up over 55% year over year. Our partner activity and relationships continue to expand as a result of our Voyager program and new products and technologies designed to span a broader breadth of opportunities for our partners and their customer base.

What are the key drivers behind your 2020 outlook?

BONANNO: We expect the growth rate to slow over the course of the year as the comps get tougher, but we still expect 2020 to be another record year for originations. The reason we remain optimistic is that the backbone of our economy, the U.S. consumer, remains strong, and demand for financing in our two fastest growing market segments, construction and medical equipment, remains high.

BUTTKUS: We expect the strong deal flow to continue from banks, finance companies and referral sources focused on their borrowers'/lessors' requirement of nontraditional non-equity dilution solutions.

Conversely, when banks and lending institutions get the so called "lender fatigue" and need to move these more challenged credits, PMC is a unique and creative solution that thinks outside the box of traditional financings.

ELWOOD: We fully expect that (in the absence of a significant market disruptor such as effects from coronavirus), increased application flow from existing sources and new partners will continue. From our perspective, previous concerns revolving around trade disputes and political uncertainty have eased.

HEBIG: We expect activity to remain strong through 2020 given our organizational life cycle and our unwavering commitment to our partners. Adding Equipment Finance to our products in Q2 of 2020 will undoubtedly help our partners and drive continued growth. Our modeling and continued sharpening of economic data inputs seem to point to "optimism." We have detected minor softness in a few industries and geographies, however, nothing to suggest any major issues or warrant changes. Our products are designed to work through evolving economic cycles. As a result, we remain optimistic in 2020 that our partners can meet or exceed their small business customers' needs regardless of changes in the economy.

What factors have you faced when it comes to marketplace competition?

BONANNO: Changing the market perception of who we are as a lender is a challenge we continue to face when we go to market. Historically, North Mill was primarily focused on financing sub and near prime long-haul transportation equipment. Prior to 2018, 73% of our originations were tied to long-haul transportation, and only 25% of our originations had FICO scores of 700+. In 2020, long-haul transportation represents just 28% of our originations and 44% have FICO scores of 700+.

BUTTKUS: Borrowers electing to raise additional equity versus debt despite the significantly lower cost of debt — this seems to be the competitive landscape we encounter.

ELWOOD: Service levels and efficiencies are the key drivers we compete on relative to the general broker funding marketplace, with rate being an increasingly significant consideration. There is an increasing number of competitors in the equipment finance space, and increasingly aggressive underwriting is becoming more commonplace as more months in this prosperous economic period go by.

HEBIG: The continued strength of the economy has created a plethora of funding sources and product solutions. Rates continue to remain low and credit boxes have remained relatively wide requiring finance companies to find ways to differentiate themselves while maintaining reasonable margins with good portfolio performance. Developing product variation and real ways for our partners to penetrate their new and existing customer base is a primary focus for Channel Partners. We are in this journey together.

What does it take to get a deal done with brokers in today's environment?

BONANNO: We decided to no longer auto score applications in 2017. Intuitively, one would assume this change would decrease the odds of us getting a deal done with a broker, as others in the industry focused on auto decisioned credit algorithms to improve decision speed, and it did initially. However, over time, our third-party referral sources have come to appreciate our willingness to dig in and really understand the applicant's story, including his or her credit history, and our willingness to structure solutions that allow them to close a transaction. Additionally, our referral sources appreciate the fact that we continue to refine our internal processes with the goal of making North Mill easier to do business with and helping our TPRs grow their business.

ELWOOD: For our broker partners, fast response times and offering a competitive rate are must-haves if a credit is of at least a fair quality. Availability of services like electronic documentation is almost a necessity today given the nature of the modern purchaser and the types of technology available to them and vendors looking for custom programs. The options available to borrowers include SBA financing, bank financing, credit cards, MCA, other brokers' and direct funders' solicitations and more. As a result, knowing how to sell the benefits of their product to the end user is critical.

HEBIG: It really comes down to two things that are not new to the current conditions: first, we talk about "KYD" or Know Your Deal and second, "KYFS" or Know Your Funding Source. KYD creates credibility and opportunity by not making product assumptions that may not ultimately fit the customer. KYFS ensures you can be effective and efficient with your customers by working hand in hand with the funding source. Brokers that present the funding source with the appropriate information and offer their customers needs-based finance solutions, employ a long-term strategy that works in today's or tomorrow's environment.

How are current geopolitical events, such as the coronavirus and the presidential election affecting your business?

ELWOOD: It is too early to tell what extent the coronavirus epidemic (pandemic?) will have on the market long-term, but to this point the impact has been minimal. The upcoming presidential election has appeared to have just as little effect to-date.

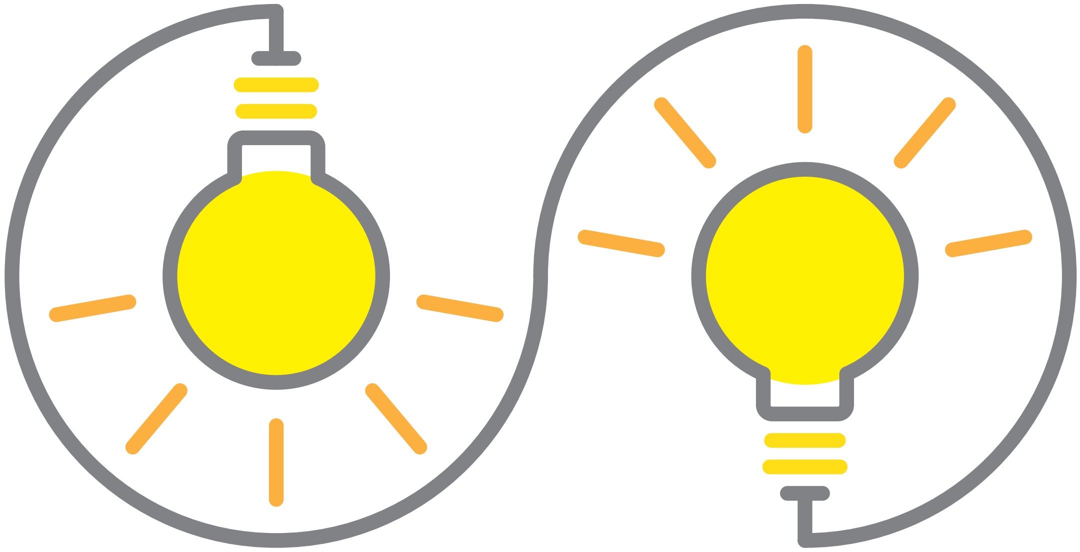
HEBIG: At this point, there has not been a real noticeable impact to our growth or our portfolio performance. However, we continue to monitor various industries that might be affected by various international or domestic events. As we progress through Q1/20, we will remain diligent on portfolio performance and any specific adjustments need to ensure our partners have the tools they need to be successful. The election, more than likely, will not have impact until Q3 or Q4, if at all. Fatigue from political rhetoric seems to have shifted partners and small businesses into the "I have a business to run" mantra rather than anticipatory worry.

Are you anticipating any other challenges or opportunities beyond what we've talked about?

BONANNO: The competitive landscape is constantly evolving. Well capitalized banks continue to purchase independents and competitors continue to make strategic decisions to enter or exit certain business segments that we compete in. We believe that our disciplined approach with respect to risk and to the pace of our growth will continue to be rewarded in volatile times and allow us to opportunistically take advantage of changes in the market and the competitive landscape.

ELWOOD: We view continued enhancements to our technological capabilities to be a tremendous necessity and opportunity moving forward. Areas such as API connectivity, vaulting and portal functionality will be key to maximizing potential for both one-off transactional business and vendor program-type opportunities alike. An increase in the number of competitors and continued pressure to meet production expectations in the marketplace could potentially result in buying habits that will make retaining and increasing market share even more of a challenge.

HEBIG: Data analytics continues to remain a hot topic across many industries, including the equipment finance and small business financing space. Sifting through the sheer volume of data to determine what attributes will best predict portfolio performance is a challenge. Leveraging technology to implement and help gather the right data to support the correct analytics is potentially going to define winners and losers both in the short and long term. •



THE INNOVATIVE INTERDEPENDENCE OF INDEPENDENT LESSORS

BY **DEXTER VAN DANGO**

Dexter Van Dango explores the equipment finance ecosystem and discusses the valuable roles that independent lessors play by bringing market-creating innovations to bear.

When the world lost famed Harvard Business School professor Clayton Christensen in late January to a long battle with leukemia, it lost one of the most respected and prolific authors of the past three decades. Christensen, age 67, had written extensively about innovation and disruption in the business world. His 1997 book, *The Innovator's Dilemma*, was one of the best business books I've ever read and is considered by some to be the most influential business book of the last 25 years.

In a final interview before his death, with Karen Dillon of the *MIT Sloan Management Review*, Christensen discussed what he labeled the "prosperity paradox," which he described as three types of innovation. "*Sustaining innovations*, the process of making good products better; *efficiency innovation*, when a company tries to do more with less; and *market-creating innovations*, build a new market for new customers." Christensen believed that the latter form of innovation was the most important, while he sensed that businesses were investing far too much in efficiency and sustaining innovations.

DEXTER VAN DANGO
Senior Executive
Equipment Leasing & Financing Industry

THE MOTHERS OF INNOVATION

What does this have to do with equipment finance and leasing? The *Monitor* editorial board suggested that I write about the interdependence of the independent lessor in the equipment leasing and finance ecosystem. The idea was to look at the equipment finance industry as an ecosystem and discuss the roles that independents play in that space as the test tube for innovative business models or for adopting new technology.

Dictionary.com defines "interdependence" as: noun: a reciprocal relation between interdependent entities, objects, individuals or groups.

I believe that the independent lessors are the only participants who bring market-creating innovations to bear in our industry. They are willing to take risks that their bigger bank brethren shy away from. Many say that necessity is the mother of invention, but independents are the mother of innovation in the equipment leasing and finance industry.

Over the course of the past three decades, we have seen the critical role that independent finance companies have served in the commercial finance ecosystem. Start-up companies like Innovation Finance USA, founded by Bill Verhelle, former head of First American Equipment Finance, demonstrate how differently an independent can operate in today's technology driven environment. A primary focus of the company is to leverage technology to provide the greatest possible customer experience. Increased profitability, streamlined processes and improved efficiency are byproducts created by the heavy reliance on technology. But the optimal customer experience is the primary goal. Do you think that concept was ever explored at GE Capital? I doubt it.

NIMBLENESS

"Independents don't have low cost deposit bases to rely upon, so we need to differentiate in other ways," says Kyin Lok, president and CEO of Dext Capital, an independent lessor with financial backing from Sightway Capital, a Two Sigma company focused on private equity investments. "Nimbleness and ease of doing business can be huge differentiators. Who today, even the largest of companies, wouldn't pay a little more to work with a partner who understands their business, has the freedom to craft solutions that best fit their needs and will save them much needed time and avoid frustration because they can move quickly and smartly? Independents can deliver this far better when they don't have to broker their deals and they're truly in charge of the decision making by having access to a strong financial sponsor and efficient debt."

Independent lessors have a way of finding solutions for businesses small and large that banks aren't always able to fulfill. How many times have we heard a credit analyst proclaim, "it's a good deal, but it doesn't fit our credit policy"?

I asked Lok how he thinks an independent lessor can justify approving "story credits" after bank-owned lessors have declined those transactions. He says: "Did it have a temporary hiccup in the financials and now it is no longer a bankable credit? Was the structure a bit too creative? Does the company need the financing fast or the customer not want to take a month for an approval that may or may not happen? Is the company private equity owned and have more leverage than policy allows? Maybe the company is too new and needs to show a longer track record of success before they qualify for bank financing? Or does someone in the chain of command simply have a bias toward a certain industry or lack a deep understanding of the nuances of an industry? All of these reasons, plus many more, are why independents like Dext Capital exist."

Larger financial institutions may have deep pockets, yet it costs them many times what a smaller independent would require for innovation due to the burden of their legacy systems and the bureaucracy that oftentimes bogs down innovation. "Less than 10 years ago, the industry was largely reliant on peer-to-peer phone and email references and comparable credit to make credit decisions," Lok says. "Today, data is abundant and can be mined through data science to make better, faster decisions. Dext Capital aspires to make sense of complex data to make better, faster decisions and feed the data back to the customer or partner in a form that can easily be consumed and help them improve their business."

In its January publication, "2020 Predictions for Equipment Finance," The Alta Group made a prediction about banks and innovation. Under the heading of Regulatory Issues, the authors made a presumption that banks are under regulatory strain and as a result, they will focus on better quality traditional markets and avoid innovation and the incumbent risk of being investigated by the regulators. The prediction states, "They [banks] are reluctant to innovate because doing so might trigger a reaction from regulators concerning how they conduct business. There are opportunities for independents and captive lessors to step into the breech or form partnerships, and for technology providers to help banks manage impacts on processes, procedures and infrastructure expenses." The banks cannot or will not risk the regulatory oversight. So instead, the independents fill the void and bring the new and innovative products to market.

Later in the Industry Structure section of the same publication, The Alta Group speculates that independent lessors will gain ground. "Independents play an important role in the industry — historically the innovators. Free of regulatory and parent pressures, they are attractive M&A targets. Expect the launch of fresh independents and renaissance of existing ones in the short term because traditional bank financing and institutional funding will be tight for innovations and market entrants." There has never been a better time to be an independent lessor.

TRUE-BLUE

I asked Tony Golobic, CEO and chairman of GreatAmerica Financial Services, what he sees as the greatest benefit of being an independent lessor. "Of the many important benefits we gain from being independent, I think the one that might stand out the most for me is how we've been able to stay true to our principles and focus on our customers," he says. "We've been able to adhere to our long-term vision without having to make short-term sacrifices that would otherwise have happened in a parent or bank-owned situation. We are unencumbered in this sense, and it has helped us stay true to our course." Golobic's response shows why independents revel in their independence.

INTERCONNECTION

Most independent lessors insist on keeping control of customer touch points such as sales, credit adjudication, collections and customer service. When it makes sense, they rely on external partners to whom they outsource certain tasks where a partner brings specific expertise. Dave Fate, president and CEO at Stonebriar Commercial Finance, shared a complex description of how SCF relies on a network of strategic partners who serve the needs of his company. He also explained how the company relies on internal sources for areas deemed to be core competencies.

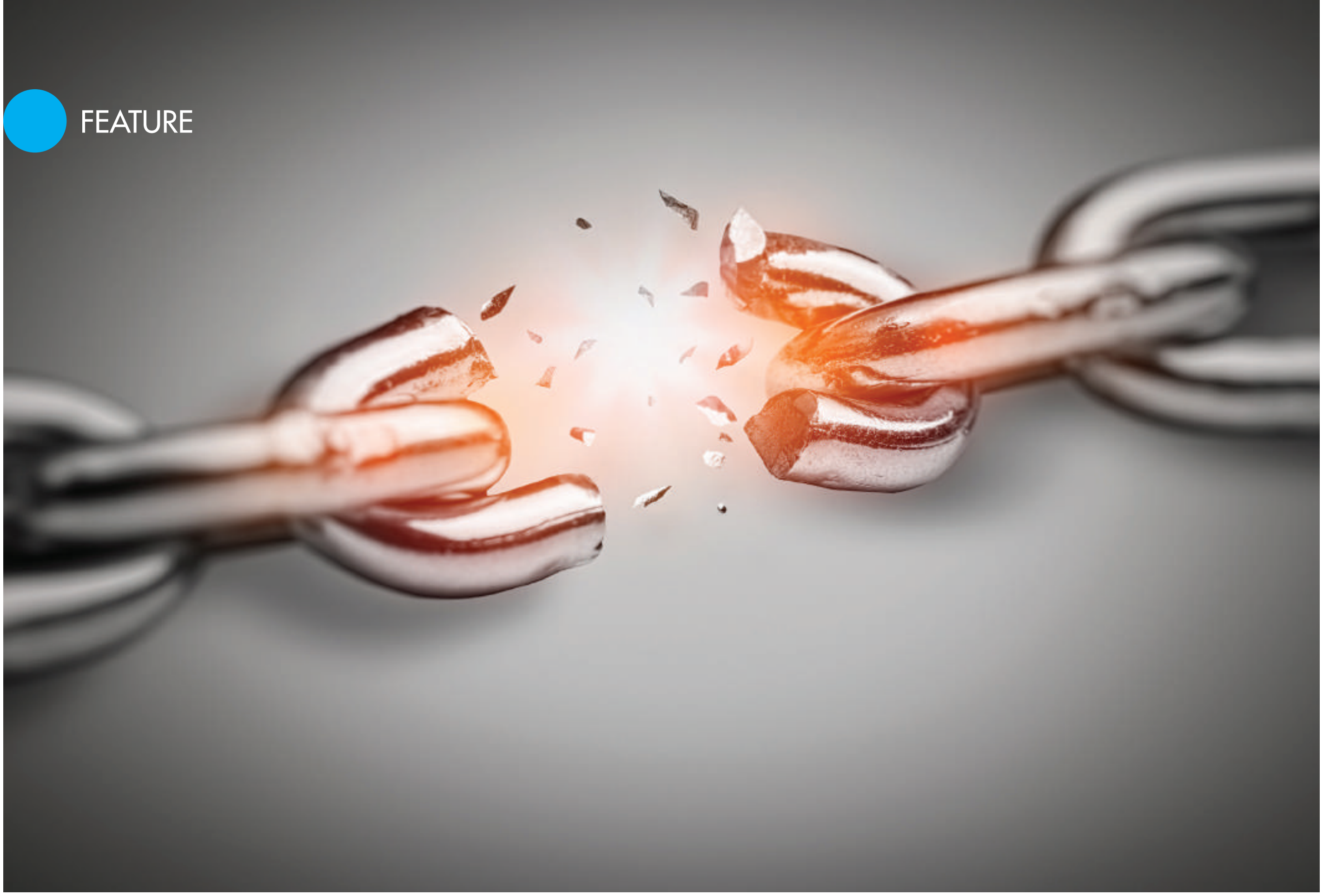
"We have two full-time asset managers in house in our General Equipment platform and another in our Aviation Capital platform," Fate says. "The vast majority of our asset work is done in-house. We are a large-ticket leasing company. Over 65% of our $2.7 billion portfolio are leases. On the occasions where SCF engages the services of an outside inspection or appraisal company, we typically have had a longstanding trusted relationship with those firms."

Certain areas of the business are behind the scenes, allowing SCF to outsource such disciplines to third-party providers. Fate described those situations: "We rely on outside sources or 'strategic partners' to run our business. Sales and credit are very valuable to our origination, credit and documentation functions. SCF relies on technology service providers such as Salesforce and Capital IQ. With respect to operations, we began outsourcing all of our back-office functions when we started the AIG business in 2004 [a predecessor to SCF]. I went from having an operations manager and eight or more high turnover headcount to a combination of IDS/JDR. It has been a home run! Very efficient and accurate work product."

Fate has also outsourced information technology, financing and legal disciplines. Fate notes that SCF has ranked second among independent lessors for the past three years. He draws comparison to Ascentium Capital, the top-ranked independent, which employs approximately 460 people, in contrast to 46 employed by SCF. Outsourcing non-critical disciplines is a key reason SCF can stay so lean and competitive.

Independents serve as the innovators who push the industry to create better ways to do business. The pioneers who address areas of the market that are underserved or poorly served. And the champions of small and large businesses who need capital but don't fit the traditional box. They drive innovation, stretch limitations and develop talent along the way. Independent lessors are crucial members of the equipment leasing and finance ecosystem. They are here to stay. •

DEXTER VAN DANGO IS A PEN NAME FOR A REAL PERSON WHO IS A SENIOR EXECUTIVE WITH MORE THAN 25 YEARS OF EXPERIENCE IN THE EQUIPMENT LEASING INDUSTRY. A SELF-DESCRIBED PORTLY, MIDDLE-AGED, GRAYING, BALDING LEASING GUY IN THE TWILIGHT OF A MEDIOCRE CAREER, VAN DANGO WILL PROVIDE OCCASIONAL INSIGHT FROM THE FRONT LINES VIA *MONITOR*.



FEATURE

WHEN YOUR SUPPLY CHAIN GETS SICK

BY **BILL PIFANI**

As the coronavirus continues to disrupt global supply chains, sectors with increased exposure to China, including technology, manufacturing, auto and retail, are most at risk. Can modern companies with experience handling supply chain disruption minimize the threat posed by the virus?

BILL PIFANI
Director of Credit Management
TD Bank Equipment Finance

The coronavirus COVID-19 continues to disrupt global supply chains as it spreads throughout China, with more than 75,000 confirmed cases as of February 20, according to the World Health Organization. Generally, this has had broad implications for the market, but sectors with increased exposure to China — including technology, manufacturing, auto and retail — are most at risk. Products like semi-conductors and smartphones that are extremely concentrated in the affected region are especially vulnerable.

With an increasing international reliance on Chinese production, this is likely to cause deeper disruption to supply chains than previous outbreaks like SARS. However, modern companies with experience handling supply chain disruption should be able to minimize the disruption from the virus.

SUPPLY CHAIN DISRUPTION

Global reliance on China has never been higher. Additionally, China has continued to grow as a consumer and represents one of the largest economies in the world. The virus has caused major disruption to China's workforce through travel restrictions and lockdowns, with *The New York Times* reporting that more than 150 million Chinese citizens were under coronavirus lockdown this February.[1] All of this means that the possible disruption to the supply chain is extremely high.

In the past, when we saw large-scale disruptions from pandemics or natural disasters, multi-national companies were largely able to pivot production to new regions. However, since the SARS outbreak in 2003, multi-nationals have increased their dependence on China for production and distribution. China now accounts for 16%

of global GDP, up from 4% in 2003, according to *The Economist*.[2] During the SARS outbreak, multi-nationals were able to rely on built-up inventory and shift production to other regions without major disruption. It remains to be seen if other regions will be able to absorb the lost production from the coronavirus.

This is especially true for the technology sector. Industry giants like Apple have intentionally concentrated on China as a production hub, meaning that there could be an outsized impact on products like smartphones and laptops. Factories manufacturing iPhones and other devices were closed for weeks, and *The Economist* estimates that disruption from the virus could lead to Apple shipping 5-10% fewer iPhones in the second quarter.[3] Additionally, the virus outbreak has caused a decline for iPhone purchases in the region. As a result, the company had to slash its quarterly revenue forecast for the first time in more than 15 years, according to *The Wall Street Journal*.[4]

The scale of the disruption will primarily come down to timing. The outbreak occurred at a time of year when many companies had already built up their inventory ahead of the Lunar New Year, which helped alleviate the immediate impact. Additionally, most companies were able to resume operations in most parts of China during the week of February 10.

However, the longer the outbreak lasts, the higher the risk for supply chain disruption. The initial hope was that the pandemic would be contained by March, but now the virus is continuing to spread. If containment of the virus is delayed until the fourth quarter or beyond, Dun & Bradstreet predict that the global economic cost could be as much as a full percentage point slowdown in global economic growth.[5] China would fare even worse in this scenario, with the chance of up to a 3% blow to GDP growth. End-users may begin to feel disruption from coronavirus as soon as April, when experts estimate that we may begin to see empty shelves for some products.

Many companies will be able to pivot production to other regions, though this is likely to have a negative impact on profit margins. It remains to be seen if companies have the capacity to fully ramp up production in other regions. Many multi-nationals have made long-term commitments to China, but in the short-term, they will need to find a way to continue production.

PREPARING FOR DISRUPTION

Disruption from coronavirus has serious credit implications for companies. Depending on the industry, companies may see a reduction in revenues, an increase in operating margins, a decrease in demand and lower net profits overall. This may result in lower cash flows in the second quarter, causing companies to have to increasingly draw down against revolvers in the short term, especially if they need to move operations to more costly locations while the outbreak continues.

The higher the reliance on Chinese production, the higher the current risk of disruption. Companies with a shorter-lead time replenishment model, like Target and Walmart, are especially at risk if the outbreak is not contained soon, as shipping remains disrupted in and out of the region.

Fortunately, multi-nationals today have ways to offset the coronavirus disruption. The majority of impacted companies already have financing in place to help alleviate situations like this. They will be able to draw down from existing revolvers and enter into sale-lease backs to generate liquidity to help transition to new regions or offset downtime costs.

In the short term, companies need to get a sense of the risks to their supply chain by ensuring they have disruption monitoring and response programs in place for impacted regions. If there is a lack of transparency among lower tiers of the supply chain, it is important to prioritize discovery to get a sense of the full picture as soon as possible. Once there is a deep understanding of the supply chain, the next step is to adjust inventory to ensure it is kept outside impacted areas and logistical hubs. The World Health Organization also recommends companies work with their legal and HR teams to fully understand possible repercussions of not providing supply to customers and guidance to employees in affected areas.

WORKING TOGETHER

The coronavirus outbreak highlights how the global community has become increasingly interconnected. There are 51,000 multi-national companies with Tier 1 suppliers in the impacted region of China, according to Dun & Bradstreet. There are more than 5 million companies with one or more Tier 2 suppliers.

In this interconnected world, it is important for companies to work closely with their partners to help create risk management plans. By working with their suppliers to understand where supply chain risk may occur, they can proactively identify ways to respond in the event of a disruption — whether that is through increasing backlog inventory or identifying alternative suppliers. Additionally, borrowers should work with lenders to ensure that they have flexible financing to help them in the event of reduced cashflow.

In the long term, businesses will need to focus on preparing for the next possible disruption. Unfortunately, it is not a matter of "if" so much as "when" the next unexpected crisis may occur. To prepare, businesses need to balance running lean with building buffer stock of inventory. Diversifying their supplier ecosystem can further reduce risk.

Looking back on the coronavirus will surely have some lessons for multi-nationals, just as the SARS outbreak did for companies in 2003. The importance of a regionally diversified supply chain, inventory backlogs and risk management plans are all highlighted by the current outbreak. It is important to deeply understand the credit risks of a supply chain disruption event, and for companies to work closely with their financial institutions to ensure that they have the financing necessary to make changes to their supply chain. •

[1]"New Cases in China Appear to Be Slowing." *The New York Times*. Feb. 24, 2020.

[2]"The new coronavirus could have a lasting impact on global supply chains," *The Economist*. Feb. 15, 2020.

[3]Ibid.

[4]McMillian, Robert & Mickle, Tripp. "Apple Makes Rare Cut to Sales Guidance." *The Wall Street Journal*. Jan. 2. 2019.

[5]"Business Impact of the Coronavirus." Dunn & Bradstreet.

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FOCUS ON GENERATING REVENUE, OUTSOURCE THE REST

BY **JENA K. MORGAN**

Servicing contracts can create bottlenecks in any organization, which can eat up valuable time for generating revenue. Jena Morgan shares the lessons KLC Financial learned when the company decided to outsource servicing activities. She outlines the benefits, the downsides and tips to prepare for the transition.

We are currently in a growth market. Rates are low, spending is high and companies are generating record revenues. Equipment financing is no different. We all tend to prosper when the economy is doing well.

While KLC has been achieving record numbers, we had concerns about the scalability of our business model. Once we audited various aspects of the business, it became shockingly clear that we were spending too much time, money and energy servicing our own contracts. Tirelessly calling on clients to collect payments, coordinating end-of-term transfers and updating paperwork was the consistent bottleneck in our operation.

JENA K. MORGAN, CLFP
Vice President of Operations
KLC Financial

If we could remove the bottleneck and focus our efforts on revenue generating initiatives, we hoped our business would grow bigger and faster than ever before. We faced a decision: purchase custom built software that will grow with us and hire more staff or outsource our servicing needs.

Ultimately, we chose to outsource, and while our partnership is still relatively new, we have already started reaping the benefits. As with any major shift, we ran into a few roadblocks along the way. This article describes some lessons learned during our transition.

When weighing the pros and cons of outsourcing your servicing, there are several positives to consider.

THE POSITIVES

1. Focus on Revenue Generating Projects

Servicing is a time-consuming process, which involves members of every department. Whether calling on collections, shoring up insurance documents, updating payment date changes, managing hardship collections, processing addendums or getting documents signed, all of these seemingly small tasks compound over time when hundreds of accounts are involved. Hiring a professional servicing company to handle all of these aspects will allow your team to focus solely on growth initiatives like prospecting new deals, deepening existing client relationships and creating more engaging marketing content, which will generate more revenue.

2. Enhanced Offerings to Vendor & Dealer Partners

Due to the labor-intense nature of pulling payments, most companies will only allow payments to be scheduled on a few days per month. With a third party, payments can be scheduled any day of the month, which adds more convenience to clients. Flexible payment schedules are becoming a benchmark, so while this might not bring in new business, it may be one less reason to go elsewhere.

Since lease payments are taxable, you must be registered to collect sales tax in any state where you lease equipment. This can be a roadblock for many companies, but a servicing partner will do all the work once you have filed. They are very efficient and will handle remitting and tax filing, which will save you time and money.

3. Guaranteed Compliance

Most servicing vendors maintain AICPA rules of controls, so you can rest easy knowing that any of the transactions or touch points that funnel through your partner will be compliant and properly documented. This is also valuable in a company audit. Your service provider should be able to pull any contracts in question and provide detailed interactions to answer the auditor's questions. If the auditor discovers an infraction in contract serving, the servicing partner will assume that liability.

4. Reduced Overhead Costs

Running a business is expensive, and without diligent expense management, you can find yourself in a challenging place. Employees are often one of the biggest expenses for a small business. While we appreciate everything our employees bring to our company, offering salaries, wealth and health benefits, bonuses and raises can be a strain while trying to scale a business.

Outsourcing can reduce operating expenses. This decision should not be taken lightly. Saying goodbye to our entire service department was the toughest decision we had to make in our 35 years. Our servicing team was best in class, and they did fantastic work. However, in the end, letting them go was best for the long-term growth potential and financial viability of the business.

THE NEGATIVES

1. Giving up Control

Control is a precious commodity in any business, especially a small one. Knowing valuable interactions are happening with your customers without your office's involvement can be hard. You must trust that your partner has the best interest of your company and customers in mind at all times.

2. Time & Focus

The migration process will be a trying time, which will require countless hours, back-to-back meetings and a mountain of initiatives that grow so big you may question whether it is worth the effort. Change is tough, and it may seem easier to stick with your familiar business methods. But if you do decide to invest your time and focus, it will free up your workforce.

THINGS TO CONSIDER

1. Build or Outsource Software & Systems

If your business has been fortunate enough to grow beyond a boutique shop, out of the box software probably cannot meet your more complex needs. If you are amending processes and creating work arounds to get things moving through the pipeline, the time has come to consider new software. You must decide whether to build a custom solution or to outsource that side of the business to a company with a robust system in place.

Investing in custom software is great because it is individualized specifically for your company's nuances. But it is often very expensive to build and maintain. Custom software requires IT support, a web designer and a storage solution for your data, which comes at a premium price point. For these reasons, a pre-existing subscription model software option that can be implanted into your business may be a better option. The product is already built to meet your needs, and small customizations are generally included in the contract. The benefits of this route are speed, costs, scale and compliance.

Having an already built out product is exponentially faster to implement. Building custom software can take anywhere from eight months to a year, and the process is extremely time taxing. Pre-built software can be onboarded in weeks to a few months depending on your current file system's level of organization.

The vendor will already have a development and support staff in place which saves on overhead costs. In our experience, any issues or disruptions will be handled with urgency and care.

Are you equipped and ready to maintain bank-level security and compliance? A data breach may be the biggest threat to businesses in today's world. Most companies don't consider themselves a target until it is too late. With a service provider, the onus is on them to maintain security and compliance measures.

PREPARING FOR ONBOARDING

So you've decided that outsourcing is the right move for your company and found a vendor partner. What's next? The following steps will prepare you for on-boarding.

1. Organize Your Data

Go through each document, contract (both historical and still in-service), associated insurance paperwork and documented processes to migrate to the new system. The more organized everything is, the easier and quicker your onboarding process will be.

2. Explain Everything

Be ready to fully explain your business, processes and your unique needs. If the new system does not already have the capabilities you need, new features may be built, which will take time. It's best to identify those needs before you are live and realize something is missing.

3. Hire a Migration Contractor

Consider hiring an outside contractor with experience in data conversions or be prepared for this to be a staff member's full-time job for three to four months. The onboarding process is time consuming, and there is no way around it. Regardless of how organized and prepared you are, expect a fair amount of back and forth with the vendor. Having a dedicated person to manage the migration and act as a liaison for after the transition will help ensure a smooth transition.

You are still running a business, and your customers still need assistance, so taking someone away from the current day-to-day operation can be costly. An experienced migration contractor will likely be more efficient, better suited to predict an error or concern and less disruptive to the current needs of the business.

4. Test, Test & Test Again

At every step of the migration process, request a trial run (or multiple runs) to ensure your team understands what the outcome should look like and what the next steps will be as a result. The more thorough the testing phase, the more prepared you will be for the launch, which will increase the odds that you will have a seamless transition for your clients.

Giving up control of any aspect of your business can be difficult, especially when your business is built around nurturing relationships. Servicing in our world can be emotional, and it can make a deciding factor in whether you have repeat business, so the decision to outsource should not be taken lightly.

Take time to reflect on your immediate and long-term goals. Identify your areas of strength as well as the aspects of your business that may be weak or holding you back from larger goals. If this process leads you to the conclusion that someone else may be better suited to take on those roadblocks for you, make the decision and start the conversation about partnering with them. If you plan, prepare and dedicate yourself to the process, and are open with your customers, you may find that your business grows, your employees are more engaged and your customers are better served. •

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MORPHING THE MODEL:
FROM BROKER TO FUNDING SOURCE

BY **RITA E. GARWOOD**

Like many independent equipment finance companies, Baystone Government Finance's lifecycle took a turn when the Great Recession hit. In an interview with Monitor, Evan Howe shares the story of transforming from a broker to a bank affiliate and shares advice for other independents with M&A aspirations.

EVAN HOWE
Director
Baystone Government Finance

Independents have a distinct lifecycle. Born as start-ups, they grow strong on incremental increases of new business volume until sooner or later they are usually sold. While the M&A process looks different for each independent, a few aspects will apply across the board.

For Baystone Government Finance, a broker that originated tax exempt municipal equipment finance transactions across the U.S., the decision to merge happened almost overnight. When the 2008 financial crisis hit, one of the banks that had been purchasing Baystone's biggest deals decided to shutter the indirect channel of its business.

"One day our largest funding source just called us up and said, 'We're no longer buying,'" says Evan Howe, who has been director of Baystone since 1990. "They literally just got out of the business."

When this news hit, it was like the world stopped turning for Baystone. "We were selling probably about 60%+ of our volume deals to them, and we made most of our fee income off that particular bank," Howe says. "We had others, but suddenly, credit decisions that usually took about a day or two were taking two weeks."

Soon after receiving the call from SunTrust, another one of Baystone's customers — another funder — sold its portfolio. "It became very difficult to sell deals," Howe says.

Instead of lamenting what was, Baystone saw an opportunity and seized it. "With funding sources leaving the market, we saw a gap," Howe explains.

MERGING TO MEET THE MARKET

Baystone already had a common affiliation with Kansas State Bank (now known as KS StateBank), so capitalizing on that symbiotic relationship by merging with the bank was a clear path to filling the market void.

Howe announced the news internally by meeting with key employees one on one and having a general meeting with the whole the staff. "Everyone knew something was up since our business model was completely turned upside down," he says. "Our top originators were given the option to become independent contractors. They could keep their customers, sell to us and stay on commission, or they could join a bank in a bank officer position and be paid a salary."

One salesman took the independent contractor option and did very well with it. Another left and two originators became bank officers.

Then it was time to break the news to customers. "Everybody we competed against was going through the same problems," Howe says.

Baystone's originators told its vendor customers that they would continue to handle their business as part of the bank. But its relationship with broker customers wasn't affected as much. "The broker customers did not see much of a difference," Howe says. "If they were bringing us deals, they thought we were the funding source anyway — I wanted to make it as seamless as possible."

BECOMING A BANK

The biggest change for everyone involved was the business model. After the merger, Baystone morphed from a broker to a funding source for small- to medium-ticket municipal equipment finance transactions.

"Our toughest competitors became our customers," Howe says. "It took them a while to trust us, but we were part of a bank, and they were looking for funding sources for their smaller-ticket transactions. Since everybody else had bailed out of the industry, we became that funding source."

Baystone's previous business model had relied on sending its sales team to trade shows around the country to establish relationships with vendor customers and funding sources. But after merging with the bank, everything changed. Since its former competitors were now customers, there was no need to send a team to shows. Since brokers were now an extension of Baystone's business, they attended trade shows and formed relationships with vendors and municipalities.

"We told our brokers, 'We're here to assist you in growing your business, you just send us the deals for purchase,'" Howe explains. "After the merger, we were able to apply all of our knowledge in the industry to help other origination sources get new business or grow. But we relied on the brokers to be our boots on the ground out there. We finance far more fire trucks today than we did when I had salespeople go to all the fire shows, so it was great leverage for us."

BLENDING CULTURE

But along with the benefits of becoming a funding source came the realities of the banking industry. Despite having a close relationship with the bank for 20 years, Baystone experienced a big cultural shift after the merger.

"We had a lot of deals in California, which has a two-hour differential from us, so we would have people stay late to call and get an insurance certificate, so we could fund it the next morning," Howe says. "When we joined the bank, we had to follow the time clock rules that say people leave at 5:00 p.m. — you're not supposed to stick around after that."

This cultural difference is not surprising when two companies — an unregulated independent and a highly regulated community bank that operate in different landscapes — merge together.

Howe says it took time to learn how to blend the two cultures. "In the end, I believe both Baystone and KS StateBank benefitted from this blend of cultures," he says. "Baystone became more organized and structured, which allowed us to improve our customer experience. And I believe that KS StateBank was positively influenced by the entrepreneurial innovation and creativity the Baystone employees exhibited. Overall, I believe our cultural blend was successful because we shared similar values and were passionate about helping communities grow."

ADAPTING TO REGULATIONS

One of the first things that comes to mind when you think about the difference between independents and banks is regulation, but Howe says the merger did not cause much of an issue for Baystone's daily operations. "The way we do business is pretty simple and straightforward. We did not encounter any new regulations that caused us to change our basic operations. We were already complying with many of these regulations anyway, such as truth in lending, before the merger," he says.

The biggest regulatory change for Baystone came with simpler tasks, like creating marketing materials. "We're all about marketing, and we would come up with an idea in a morning and by that afternoon we might be sending something out to our customers about a great new program," Howe says. "But with the bank, we can't send out a flyer without having compliance look at it since we're FDIC insured. That delays the process."

PREPARING FOR A SALE

Howe has specific advice for other independents that may be in the market for a parent company:

1. Don't cut any corners.
2. Keep operations simple.
3. Have a defined model.
4. Keep your staff lean.
5. Maintain good records.
6. Focus on one thing and become an expert in it.

"An acquiring bank will look at many things when they are considering an acquisition, but everything they look at comes down to one thing — what value does your company bring to the bank? If you spent time becoming an expert in a particular area, the value your company, and you, provide to the bank will go far beyond the size of your portfolio or your current customer relationships," Howe says.

For most broker shops, you are only as good as your last deal. "You need to show a funding source that you have the unique systems that are able to generate assets," Howe says. "Show how you can put your asset-generating machine in a bank culture. If you do this, you create value for the bank."

Howe says it has taken a long time to truly merge Baystone, a former start-up entity, with an established bank. "There has to be compromise on both sides and a willingness to see the best way forward," he says. "It is much easier said than done." •

RITA E. GARWOOD IS EDITOR IN CHIEF OF *MONITOR*.

STRONG INTEREST IN M&A ACTIVITY CONTINUES AS JAPANESE INVESTMENT REMAINS ACTIVE

BY **JAMES JACKSON**

2019 marked another active year of mergers and acquisitions for the equipment leasing and finance industry. The Alta Group anticipates that these trends will continue throughout 2020, as buyers look for opportunities to put capital to work and the number of sizable independent leasing companies continues to shrink.

In 2019, record stock market levels, low unemployment, low interest rates and access to capital drove a strong economy. This fueled another active year in mergers and acquisitions for the equipment leasing and finance industry.

Buyers were motivated by the opportunity to expand market offerings and access new customers to grow their businesses, driving profits more quickly than possible through organic growth. Sellers were interested in entering the M&A market while valuation multiples were still high. Sellers continued to face the challenges associated with margin compression, the cost of technology platforms, aging senior management teams and the notion that, at some point, the favorable valuation cycle will end.

The Alta Group anticipates that these trends will continue throughout 2020, as buyers look for opportunities to put capital to work and the number of sizable independent leasing companies continues to shrink. Past sales of independents have limited the supply of quality acquisition targets for acquirers.

NOTABLE TRANSACTIONS IN 2019

In January 2019, Brookline Bank acquired the remaining 15.93% stake in Eastern Funding. Brookline purchased the majority stake in February 2006 when it increased ownership from approximately 29% of the equipment finance company. The minority stake had been retained by current and prior members of Eastern Funding's senior management team.

VAR Technology Finance also was acquired in January 2019, retaining its brand and operating under LEAF Commercial Capital, a subsidiary of Peoples United Bank.

TimePayment, a micro-ticket finance company, acquired the LeaseQ platform and the services of certain LeaseQ personnel in April 2019. Both companies were headquartered in Burlington, MA.

JAMES JACKSON
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In March 2019, Macquarie Rotorcraft Leasing completed a portfolio acquisition from Waypoint Leasing Holdings consisting of 120 medium and heavy helicopters leased to various operators. Macquarie agreed to buy the bankrupt helicopter lessor for approximately $650 million, representing a significant discount from the value expected.

In October, Mintaka Financial acquired Summit Commercial Finance Company, a vendor-based lessor located in Phoenix. Mintaka's objective was to expand the distribution model beyond its third-party affiliate origination platform to include the vendor channel.

Kingsbridge Holdings also was able to broaden its distribution channel for technology equipment through the acquisition of Technology Finance Corporation, a lessor that sources originations through vendors and value-added resellers. The acquisition, disclosed in October 2019, also provided Kingsbridge with the opportunity to extend its offering to small and mid-size businesses in the technology space.

2019 also saw certain Spanish banks pulling away from the U.S. equipment finance market, including Santander's exit and the subsequent sale of approximately $800 million of equipment leases and loans to Sterling National Bank in October.

Japanese firms continued to be active investors in the U.S. equipment finance market in 2019 after a strong showing the previous year. Acquisitions included ENGS Commercial Finance by Mitsubishi UFJ Lease and Finance in October 2018, and NXT Capital, a middle market commercial finance company, by Orix, USA in August 2018.

Japanese companies see the U.S. as an opportunity for continued expansion as their own country suffers from persistent low growth, an aging population and low interest rates. Many economists are predicting that the Japanese economy will fall into a recession in 2020. Given these conditions, it is likely that Japanese companies will continue to invest in the U.S. through opportunistic acquisitions.

Several acquisitions driven by Japanese investment interest occurred last year. Fuyo General Lease Co. acquired a 49% stake in Pacific Rim Capital in January 2019. Pacific Rim provides equipment financing with a focus on material handling equipment, primarily to investment grade credits. Fuyo was able to structure the investment in such a way as to retain Pacific Rim's minority-owned status designation.

US M&A Notable 2019 Transactions

DATE	ACQUIRER / INVESTOR	TARGET
FOREIGN INVESTMENT		
Jan 2019 [1]	Fuyo General Lease Co. Ltd.	Pacific Rim Capital -49% stake
Mar 2019	Mitsubishi UFJ	DVD Bank Aviation Finance
Mar 2019	Macquarie Group	Waypoint Leasing Holdings, Ltd.
Jun 2019	JA Mitsui Leasing	First Financial Corp. Services
Sep 2019	Tokyo Century	Aviation Capital Group
Nov 2019	Tokyo Century	Allegiant Partners
PRIVATE EQUITY INTEREST		
DATE	**TACQUIRER / INVESTOR**	**TARGET**
Apr 2019	TimePayment	LeaseQ
Oct 2019	Kingsbridge Holdings	Technology Finance Corporation
BANKS AND STRATEGIC INTEREST		
DATE	**ACQUIRER / INVESTOR**	**TARGET**
Jan 2019 [1]	Brookline Bank	Eastern Funding – Rem. 15.93%
Jan 2019 [1]	Peoples United Bank - Leaf	VAR Technology Finance
Oct 2019	Mintaka Financial	Summit Commercial Finance
Oct 2019	Sterling National Bank	Santander EF Portfolio

Note [1] – The Alta Group provided services in connection with this transaction

Source: The Alta Group TheAltaGroup.com

In March 2019, MUFG Bank, a subsidiary of Mitsubishi UFJ Financial Group, acquired DVB Bank Aviation Finance, the aviation finance division of DZ Bank.

In June 2019, JA Mitsui Leasing acquired First Financial Corporate Services, an equipment lessor focused on the healthcare, technology, material handling and warehouse automation segments.

Tokyo Century Corporation and its subsidiary, Tokyo Century USA, both made the 2019 notable transactions list with the announcements that Tokyo Century Corporation acquired its remaining interest in Aviation Capital Group in September, and Tokyo Century USA acquired Allegiant Partners in November. Allegiant continues to operate under the brand name AP Equipment Financing and is a wholly owned subsidiary.

CURRENT MARKET

Based on the current level of activity at the beginning of 2020, Alta has reason to expect another good year for M&A transactions. Merger and acquisition activity is primarily driven by economic factors, including but not limited to, interest rates, stock market trends, unemployment rates, liquidity, access to credit, portfolio quality and political uncertainty. Based in part on the current economic climate, several attractive companies are considering a sale or are being offered for sale, and a number of qualified buyers continue to show interest in acquiring quality finance companies.

Interest rates play a pivotal role in company valuations and the level of M&A activity. When interest rates rise, acquirers also must increase their hurdle rates on acceptable investments, which generally results in lower acquisition values and fewer successful transactions.

While the federal funds rate increased consistently during 2017 and 2018, as the U.S. economy grew, rates were cut throughout 2019 and resulted in a stronger economy and stock market increases. The Fed recently indicated that it plans to leave rates unchanged through the end of 2020. Federal Reserve Chairman Jerome Powell announced that he would need to see a sustained rise in the rate of inflation before he would consider raising rates. This position provides a strong signal to the market and has a positive impact on the expected level of M&A activity this year.

It should be noted, however, that despite the majority of economic factors pointing to another strong year in M&A, there are other events that could potentially derail the economic optimism. As history demonstrates, when economic conditions are as strong as they are currently, it only takes a small impact to set off a decline in the market.

The ability for the new coronavirus, COVID-19, to spread throughout the world, an uptick in portfolio delinquencies across the spectrum or in certain market segments, or the Fed's decision to increase the federal funds rate unexpectedly could hamper the M&A market for 2020.

Another factor that could influence M&A activity is business confidence. The Equipment Leasing and Finance Foundation's 24-month confidence index for the equipment finance industry stood at 58.7 in February 2020, down from 59.9 in January. The index is significantly lower than the 73.2 recorded in January 2018. This index, which is designed to reflect a qualitative assessment of industry leaders' perceptions of current and future business conditions, has been generally declining in recent years, which may suggest that the strong M&A cycle is in its later stages.

POTENTIAL IMPACT OF RECENT BANK MERGERS

In an effort to compete against their larger national rivals, several regional banks have recently announced or consummated mergers. The mergers are structured to drive economies of scale and improve efficiency ratios through larger customer bases and deposit balances. They also are intended to drive cost reduction efforts through personnel costs and technology platform investments.

In February 2019, SunTrust and Branch Banking and Trust disclosed a merger of equals to form Truist. This merger created the sixth largest bank in the U.S., with approximately 10 million customers.

In March 2019, Fifth Third Bancorp completed its acquisition of MB Financial. The deal, originally announced in May 2018, made it the fourth largest bank in Chicago.

In August, TCF Financial merged into Chemical Financial, with Chemical as the surviving company. The merger of equals was renamed TCF Financial, with TCF Bank becoming the 27th largest bank in the country.

Based on the competitive nature of the industry, one would anticipate that bank mergers will continue during 2020. Since many of the regional banks in the country offer equipment financing, it will be interesting to see what impact these mergers have on the industry. It seems only logical that we will begin to see experienced equipment finance lift-out teams emerge from these bank mergers, as industry veterans elect to locate a new bank sponsor or otherwise exit to create their own independent finance companies to serve specific niches in the industry.

SUMMARY & CONCLUSION

Current levels of M&A activity and economic indicators generally point to another successful year of acquisition activity in 2020. Barring the occurrence of potential risks outlined earlier in this article, Alta expects the M&A market to remain active this year and for valuations of quality equipment finance companies to remain strong. •

JAMES (JIM) JACKSON IS A MANAGING DIRECTOR AND LEADER OF THE MERGER AND ACQUISITION ADVISORY PRACTICE OF THE ALTA GROUP.

VIABILITY OF SALES AND MARKETING ROLES IN A TECHNOLOGICAL ERA

BY **ERIC BICKNASE**

Technology is changing sales and marketing for the better. However, as Eric Bicknase explains, to fully realize these improvements, salespeople must determine the best ways to use these technologies in terms of communication, information, automation and personalization.

What does technology herald for the future of sales and marketing? Is it a tool for productivity or a digital wall separating salespeople from the customers they service? One thing is certain, short of apocalyptic outcomes, the pace of technological change will only move in one direction. Any effective sales strategy must assess its impact carefully, both in terms of technologies on the shelf today and what will be available in the next few years.

Technology should not cause sales and marketing teams to question their relevance. It should invite them to consider where they can add value, particularly as custodians of a company's brand promise. It is also important to step back and appraise how technology may refocus salespeople and marketers and the overall contribution they make.

ERIC BICKNASE, CLFP
Senior Account Manager
Amur Equipment Finance

With technology comes great opportunities for automation, but as it becomes faster, easier and less expensive to contact customers, technology also introduces the risk that a clear articulation of value proposition may be diluted. As we integrate new technologies, equipment finance professionals must ask several questions.

HOW FREQUENTLY SHOULD WE COMMUNICATE WITH CLIENTS AND VENDORS?

This is a topic of never-ending debate. Some marketing departments and sales personnel feel it is important to continually push out content, whatever it may be, in hopes of staying "connected" with their audience. Others use electronic communication sparingly — only pushing out information of high value. Whatever your personal philosophy, it doesn't hurt to stay faithful to the old adage "the customer is always right," particularly when it comes to how they receive information.

Since there are many ways to contact a customer, it is important to reach out via their preferred method of communication. Some may favor an e-mail or phone call, while others like to be contacted through social media or web-based platforms.

A customer is not compelled to do business with you, and in a world defined by choice, you only hurt yourself by denying them a voice in how you interact with them. That does not relieve you of the responsibility to initiate communication in a way that makes sense, however, and that requires fully understanding which audience you are communicating with.

For example, are you communicating with a customer or vendor? These are two very different categories. A mass e-mail focused solely on one may miss the mark and prove frustrating to the party with which you are attempting to connect. Luckily, most marketing automation tools allow you to pinpoint the messaging and timing and allow for further segmentation of communication to provide information of value to your intended audience. This tailoring capability is an example of successful technological integration with marketing and sales functions, but it is still not a substitute for human interaction.

HOW MUCH INFORMATION DO WE GIVE CLIENTS AND VENDORS?

Access to information is an area in which technology can be of great benefit to a company and its customers; however, there is a distinction between making information accessible and understandable. Before technology, the scarcity and expense of media drove a natural discipline in how each word or number was selected — newspapers were painstakingly edited and television advertising was expensive. The trick is to make information not only easy and fast to access, but also relevant, meaning the focus must be on controlling the company's business needs — equipment finance is not a hobby.

When faithful to these principles, technology becomes a complement to — not a substitute for — sales, providing a level of speed and responsiveness which busy sales personnel are often unable to offer between running to meetings and catching up on correspondence. Having a robust system in place for quick access to relevant information will ultimately improve any relationship.

There is a final caveat here. Be careful not to use these systems to offload too much work on your customer. People do want convenience, but if they end up doing most of the tasks, they may begin to question the value of the business relationship.

BE A "COOKIE CUTTER" FINANCE COMPANY OR SOMETHING DIFFERENT?

It is ironic that technology, while making us more digitally integrated, can also make customers feel personally disconnected. If we only communicate through automated e-mail or texts, or have systems in place in which a customer or vendor bypasses a sales manager, we lose the space to build rapport, understanding and trust. This leads to missing out on future business opportunities. Additionally, we may miss out on the chance to help educate a customer on new products or services or learn more to fully understand their needs. While the technological systems of today are highly efficient at taking and processing orders, they cannot replace the human connection — at least not yet.

It seems that we are nearing a fork in the road and we need to make some important decisions. Do we simply sit back and let technology take over, or do we work with it to help improve our efficiencies while still maintaining all that is good and enjoyable about business — personal interaction and relationships?

If you go into a McDonald's, you will see it gives its customers several options for interaction and ordering. You can go to the counter, speak with a cashier and place your order, or you can use touchscreens and completely bypass the cashier. However, for all the newness and efficiency of the technology, McDonald's still understands the value of the human connection. Even if you use a touchscreen, you take a number and your meal will be delivered to your table. This approach provides ease, speed and control for the customer, while also providing McDonald's with the opportunity to personally interact with its customers. McDonald's is introducing and blending technology into its business model perfectly while letting the customer choose what works best for them.

Over the last few years, human-to-human marketing (or H2H) has been gaining traction. With thousands of marketing and sales software solutions at our disposal, there has been a decided shift back to the days of one-on-one personalization. People have always bought from other people and this movement is simply a reminder that whether selling or buying, there is a human on the other side of the equation. By returning a focus to the human aspect of business, we can accomplish certain things that technology cannot.

TAKE AWAY

As we continue to integrate technology into the marketing and sales space, it is important not to lose sight of why we are here in the first place — to successfully serve our customers' needs, and in doing so, earn their repeat business. Technology has made the lives of sales personnel easier by taking over many of the basic processes including taking orders, providing information and effectively communicating to multiple audiences quickly. What it has yet to accomplish is the actual process of nurturing and maintaining relationships — building social connections.

By having human interaction, we build mutual trust and respect for one another. When people trust each other, they openly share ideas and needs without reservation — this is key to developing successful business relationships. In such a relationship, the customer benefits by having an avenue to successfully express business needs, while the salesperson benefits by having an opportunity to present the customer with solutions and programs which match those needs.

By listening to our customers, we as sales personnel can also help educate customers. We can help them understand how to leverage various forms of financing to successfully grow their business or improve their bottom line. This includes showing a customer how to conserve much needed capital for other business purposes and explaining how different finance programs can affect tax exposure. A close business relationship also uncovers potential additional equipment sales, which can lead to further financing opportunities.

Technology is, without a doubt, more integrated than ever in the sales profession and that is welcome considering the many benefits of automation. Perhaps in the future we will see new technologies, such as AI, begin to take on more of a supporting role in relationship building. However, the challenge for sales professionals and marketers is not that technology will replace us, but rather that it will exact new expectations on us to master new tools and ensure that we never lose sight of the customer need, company value proposition and brand promise. At the end of the day, it will always be people selling to, and buying from, other people. •

ERIC BICKNASE, CLFP, IS A SENIOR ACCOUNT MANAGER WITH AMUR EQUIPMENT FINANCE. OVER THE PAST 18 YEARS, BICKNASE HAS BEEN INSTRUMENTAL IN HIS CONTRIBUTIONS TO THE COMPANY'S SALES AND MARKETING OBJECTIVES. HIS KEY RESPONSIBILITIES INCLUDE NEW BUSINESS DEVELOPMENT AND MAINTAINING RELATIONSHIPS WITH CUSTOMERS AND VENDOR PARTNERS.

2020 AND BEYOND — KEEP AN EYE ON THE TAX CODE!

BY **JOE SEBIK, CPA**

2020 may see many changes to the political arena and possible changes in the Tax Code. This article will examine areas of the Tax Code that lessors should monitor for opportunities as well as with caution.

Be on the watch for potential corporate tax rate increases and other changes!

As the Democratic debates and primaries continue, a common theme is coming through; corporate income tax rates and the Tax Code in general are again subject to change.

Keep in mind that aspects of the Tax Code include incentives to stimulate investment in capital assets which are part of the industrial heart of this country that every candidate says has been damaged by offshoring.

To recap, the Tax Cuts and Jobs Act (TCJA) reduced corporate income tax rates to 21% and re-introduced 100% bonus depreciation. Bonus depreciation somewhat offset the lower tax rate with regards to the sheltering created through accelerated depreciation, by improving the present value of those benefits.

At this time, both remaining candidates suggest tax rate increases and changes should they become president.

Senator Sanders proposes raising the corporate tax rate back to 35% and using an economic depreciation for all investments, something much slower than current accelerated methods.

Vice President Biden suggests 28% as well as a 15% minimum tax.

JOE SEBIK, CPA
Director, Tax Reporting
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BEWARE THE EFFECT ON EXISTING INVESTMENTS

Leasing and lending, as well as investing, in any long-term capital asset have one common thread: their economic effect occurs over an extended timeframe. Any assumption about the after-tax return on the investment assumes a future tax rate.

Loan Pricing: When pricing a loan, one assumes a forecasted spread between the interest income and the interest expense from debt used to leverage the investment. Loan pricings usually assume the tax rate used to calculate the after-tax return on the investment will be uniform for the duration of the loan. Typically, the lender usually assumes any risk of a change in tax rates (however see the tax-exempt loan section below).

Tax Lease Pricing: When pricing a tax lease, it is assumed the leased asset will be disposed of at the end of the lease and taxes will be due on the taxable gain from the asset sale. Again, the tax rates in this equation are usually based on tax rates at the inception of the lease unless a published schedule exists for rates to change in the future.

When the corporate income tax rate decreased from 35% to 21% as a result of TCJA, lessors typically benefited. For instance, a truck lease under a terminal rent adjustment clause (TRAC) lease that assumed a $50,000 residual value was assumed to be taxed at 35%. Assuming the truck has a zero tax-basis, the full proceeds of $50,000 would be taxed and the lessor would retain $32,500 ($50,000 x (100%–35%)). When the tax rate dropped to 21%, lessors had a windfall and could expect to receive 79% of the proceeds, or $39,500!

If the corporate income tax rate is increased back to prior levels, outstanding tax lease transactions and taxable loans that were priced assuming a 21% tax rate would be negatively affected. This could have a material effect on the expected yield of the existing investments.

Tax-exempt Loan Pricing: With respect to tax-exempt loan investments, after the federal income tax rate decreased, after-tax yields of existing tax-exempt loans also decreased. In those cases, the original pricing assumed that the revenue was not taxable but that costs were deductible at 35%. When the after-tax value of those deductions decreased because of the tax rate decrease (while the revenue remained tax-exempt), the after-tax yield on those investments also decreased. While many tax-exempt loans had adjustment clauses which compensated for this change, not all lenders enforced them on the borrowers because of "customer satisfaction reasons."

Therefore, if tax rates increase, the after-tax yields on existing tax-exempt investments would also increase because the after-tax cost of the expenses then decreases. Of course, for those loans in which lenders enforced the indemnification, the borrowers will likely ask for the rate increase back!

Portfolio Balancing: The takeaway here is that since different investments are affected differently from tax rate changes, if possible, lenders and lessors should consider maintaining a balanced portfolio (if possible) so that offsetting effects counter balance each other. Of course, it would also be great if one could simply hedge against the downside risks and retain the upside profits!

BEWARE 'BACK DOOR' TAX INCREASES

In the TCJA, certain new tax rules were put in place which, although they did not specifically change a prior tax rule, created diminished benefits for a targeted circumstance.

For instance, TCJA introduced a limit on the amount of interest expense that can be deducted. Any excess above the limit is carried forward until such time as the current period interest expense is below the limit.

The interest deduction limitation effectively prevents an entity from deducting all of its' interest expense currently if the interest expense is greater than 30% of tax EBITDA. In a few years the limitation becomes even stricter as it is based on EBIT. So, while taxpayers may have borrowed in good faith and planned their long-term investments assuming they can deduct the expense when incurred, the interest expense may not be currently deductible. While this may benefit tax-leasing (because rents are not limited), it may affect those lessors that borrow heavily to finance their rental fleets.

An additional "back-door" tax amendment was the Base Erosion Anti-Abuse Tax (BEAT). BEAT mostly targeted U.S. subsidiaries of foreign entities which previously transferred taxable income overseas through intercompany loans and royalties. BEAT created an alternative tax, which is calculated as 10% on an adjusted taxable income after subtracting BEAT payments (the intercompany interest payments, for example) as well as cutting some tax credits by 20%.

For example, a taxpayer that had previously invested in a wind farm and that subsequently became subject to BEAT would find their projected 10-years of tax credits cut by 20% and their tax losses from accelerated depreciation (also key to their after-tax return) would be valued assuming a 10% tax rate instead of a 21% rate.

So while the basic tax rules did not change, the taxpayer was affected by the "back door" tax increase through a set of new rules. While several tax rules have been presumptively fixed for several years, such as the bonus depreciation phase-down schedule, who knows what other future "back door" revisions could be created that affect these existing tax rules. Biden's minimum tax is just one of those possible examples.

WHAT IS A LESSOR OR LENDER TO DO?

With the real possibility that more radical tax law changes could occur, what actions can a lessor or lender take to mitigate the possible effects?

1. Review your existing portfolio of investments.

Lessors should measure the effect of potential changes in tax rates and consider the effect on the overall portfolio yield. Consider portfolio balancing, if possible. Lenders and lessors should determine whether and how much tax rate changes could either put them at risk or benefit them.

2. Adjust your business model.

Operating lessors that typically borrow large sums to finance the acquisitions of assets for their rental portfolio may consider leasing them instead to reduce interest expenses. Many lessors commonly use leasing to manage their own tax bills.

Lessors that may become subject to BEAT can reduce their cross-border interest expenses by using leasing to finance some of their asset acquisitions.

Using sale lease-backs are one form of managing a company's taxable income as well as interest expenses.

3. Start exploring "two-way" tax-indemnification clauses in agreements.

Lessees and borrowers may have felt that lenders and lessors were given a nice gift from Congress after TCJA and may now be reluctant to agree to indemnify them for any increase in tax rates, but it is worth a try. Perhaps when negotiating lease or loan rates borrowers may ask for a lower initial rate in exchange for providing such an indemnity. Lenders and lessors should incorporate some form of probability analysis of a rate adjustment into their pricing models.

4. Be creative and search for a hedge against tax-rate changes.

We have heard of products that previously provided forms of insurance or hedges for many different types of events — from weather-related events to risk against IRS challenges. Perhaps it is time to ask your investment bankers if hedges exist for tax-rate changes.

CONCLUSIONS

Now more than ever, lessors must understand the repercussions of both current tax laws and potential future changes to those laws. The leasing industry can provide a valuable service to companies to help them manage their tax bills, but the industry must understand how they educate their customers on these benefits! Lessors themselves must also incorporate some of these same actions to manage their own business. •

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Disclaimer – This article represents the views and interpretations of the author and does not reflect any of the positions, views or opinions of the company for which the author works. None of this information should be viewed as providing of tax or business planning advice. In all cases you should consult with your own tax counsel regarding any actions or positions you take.

EXIT STRATEGY FOR GREY HAIRED BROKERS

BY **CHARLES (BUD) CALLAHAN, JR.**

What happens when it's time to wind down your broker business and prepare for retirement? Bud Callahan walks through the steps to consider while making the decision and shares the wisdom he has learned from his exit journey.

CHARLES (BUD) CALLAHAN, JR., CLFP, BPB
President & Founder
National Equipment Leasing

Many of my peers in the equipment leasing and finance broker world are approaching the age where we face several questions. Do we retire? Do we try to sell our businesses? Do we hire someone and try to pass it on as a legacy?

These are all important questions. While the right solution may be different for each broker, I will share what I learned on my journey through these steps to arrive at a decision that worked best for me.

This article is intended for those who are not quite ready to retire, but who are looking beyond their noses and planning ahead. Retirement age came a lot quicker than expected. It seems like yesterday when I was forming my company, and 42 years later, here I am.

Several factors will come into play during this planning process. Your answers to these questions can factor into your decision:

1. How is your health in general?

2. Do you have interests outside of your work environment that will keep you active, both physically and mentally?

3 Can you work for another person after being your own boss?

4. Does your spouse have health issues that require you to be at home?

5. Do you have children who can work in the business and carry on past your day-to-day involvement?

I'm going to back up and share my experience. If it resonates with you, hopefully it will help you move through the steps. I have been active in the AACFB and have a good relationship with my funding sources. Generally, I am respected in the industry, and hopefully so are you. About four years ago, I was approached by a local bank, an investor and a group that wanted an experienced person to start a captive leasing group for them. They offered me large dollar figures to launch this venture, but there were other things I had to consider. If faced with a similar offer, you must consider them too.

> "Retirement age came a lot quicker than expected. It seems like yesterday when I was forming my company, and 42 years later, here I am."

INDUSTRY REPUTATION

First, it's important to consider how any move you make will affect your reputation, and how the new venture will affect your perception in the industry. In my case, the parties were interested in my relationships with funding sources and the trust that I built with them. How would this work if we formed a new group? How much influence would I have if I was not calling the shots? Was the payout worth comprising a lifetime of work? These are all questions you must consider thoroughly.

HEALTH CONCERNS

How is your health? I had two bouts of cancer, the last being pancreatic, which was detected early. Today, I have been cancer free for more than three years. This fact spooked potential buyers who feared that I would drop dead before they had drained my brain of valuable information and transferred relationships. I was able to overcome this obstacle, but if you have health issues, be aware that they will factor into a selling situation.

ADJUST YOUR EXPECTATIONS

As a broker, be aware that any offerings to buy your business will not be in the millions, so don't become dazzled with expectations of striking it rich. You will be expected to stay on at least two years to keep relationships alive and for others to gain the trust of your funders. Then you can fade into the sunset, which may work for you.

CONSIDER THE LOCATION

Selling your business may require you to move to a new location, and if you are in a home office that will be an adjustment. The culture of the new owner is something you must consider, so take the time to get to know them and see how you get along. You really don't want a culture that makes you dread going to work every morning.

ENLISTING THE KIDS

Do you have children who are young adults with the sales talent to carry on the business in a profitable manner? Do they have the same dedication to the business that you have? Some greats from our industry, such as Charlie Bancroft and Sonny Monosson, have successfully passed on their business to the next generation. But your children may lack the talent to be a leasing and financing broker, or they may have no interest in the business. Be sure to examine their specific talents without parental prejudice and objectively assess if they can properly maintain the business that you have invested a lifetime to maintain.

YOUR SPOUSE'S HEALTH

My spouse has macular degeneration and is compromised because of her eyesight. She has lost her driver's license and is dependent on me or Uber to get around. So I decided to stay at home with her. We have our Social Security, her pension and my income from doing what I know. Although I am not knocking on doors, my income is still fine.

I encourage you to consider that life is not all about money. Yes, we need it, but it can't buy you a retirement that will work for you. So, closely consider your options before health or other circumstances force you to decide. I wish you all good health. Feel free to call me if you have further questions. •

CHARLES (BUD) CALLAHAN, JR., CLFP, BPB STARTED HIS CAREER IN THE AUTOMOTIVE INDUSTRY IN 1969, WHERE HE ACHIEVED THE FORD MOTOR COMPANY'S GRAND MASTER SALES AWARD FIVE YEARS IN A ROW. HE SERVED IN VIETNAM IN 1968 AND 1969. HE STARTED AMBASSADOR FINANCIAL SERVICES A DECADE LATER AND THEN RETURNED TO THE AUTOMOTIVE INDUSTRY AS A NEW CAR SALES MANAGER, VICE PRESIDENT AND GENERAL MANAGER. IN 1998, HE JOINED THE LEASING INDUSTRY ONCE AGAIN AS VICE PRESIDENT AND GENERAL MANAGER OF DELLEN FINANCIAL CORPORATION, WHICH BECAME NATIONAL EQUIPMENT LEASING IN 1999 WITH BUD AS PRESIDENT AND OWNER, A ROLE HE CONTINUED UNTIL THIS DAY. CALLAHAN IS A PAST PRESIDENT OF THE AACFB AND CURRENTLY SERVES ON THE BOARD.

RIGHT TO JURY TRIAL PREEMPTS VALID FORUM SELECTION CLAUSE IN CALIFORNIA

BY **ANDREW K. ALPER**

Pre-dispute jury trial waivers and forum selection clauses are commonly included in lease agreements. Andrew K. Alper examines the developments and cross-state implications pertaining to these items in Handoush v. Lease Finance Group.

Pursuant to the case of *Grafton-Partners v. Superior Court,*[1] the California Supreme Court held that a contractual pre-dispute jury trial waiver was invalid under California law. Article I, Section 16 of the California Constitution states that the right to trial by jury is an "inviolate right" and in a "civil cause" any waiver of that right must occur by consent through the parties "expressed as prescribed by statute." Jury trials can be waived in California but only after a lawsuit is filed and must be based on one of the criteria in the *California Code of Civil Procedure §631*. Pre-dispute jury trial waivers are not one of the criteria.

The *Grafton-Partners* case was not a conflict of laws case as all parties were in California, so California attorneys have been wondering if the *Grafton-Partners'* holding would be extended if there was a choice of law clause indicating another state's laws would apply to a particular transaction, and that state will enforce a pre-dispute jury trial waiver contrary to California. In *Grafton-Partners*, the court held that the exceptions to the fundamental right of a party to a jury were exclusive and a pre-dispute jury trial waiver in a contract was not among the exemptions from having a jury trial.

With the foregoing as background, this brings us to the most recent case of *Handoush v. Lease Finance Group.*[2] In *Handoush*, the lessee sued LFG Finance Group (LFG) in connection with the leasing of credit card processing equipment pursuant to a lease. LFG was the assignee of Americorp Leasing, the lessor under the lease. The complaint alleged causes of action for fraud, rescission, injunction relief and violation of Business and Professions Code, Section 17200. The lease agreement stated in relevant part:

"*Governing law; choice of forum; waiver of jury trial; limitation of action*. You and we agree that our acceptance and execution of the Lease at our executive office in the City and State of New York shall be the final act necessary for the formation of this Lease. This Lease, and any other actions, proceedings and matters in dispute between you and us, whether arising from

ANDREW K. ALPER
Partner
Frandzel Robins Bloom & Csato, L.C.

or relating to the Lease itself, or arising from alleged extra — contractual facts prior to, during or subsequent to the Lease (all collectively referred to hereafter as a "dispute") shall be governed by the laws of the State of New York, without regard to the conflict of law, rules or principals thereof. All disputes shall be instituted and prosecuted exclusively in the Federal or State Courts located in the State and County of New York notwithstanding that other Courts may have jurisdiction over the parties on the subject matter. *You and we waive, insofar as permitted by law, trial by jury in any dispute …*"

On November 11, 2016, LFG moved to dismiss the Complaint under *Code of Civil Procedure § 410.30(a)* (forum non conveniens) based upon the New York forum selection clause in the lease. Without any evidence, Handoush argued that he was unaware of the forum selection clause and that the clause is unenforceable because it would deprive him of his substantive right to a jury trial. According to Handoush, because the forum selection clause deprives him of the right to a jury trial, the burden is shifted to LFG to show that litigating in the contractually designated forum will not diminish Handoush's substantive rights afforded under California law. Unlike California, pre-dispute jury trial waivers are enforceable in the state of New York. LFG argued that the forum selection clause is presumptively valid and that there was no evidence which in any way diminishes the forum selection clause. The trial court found that Handoush did not meet his heavy burden of demonstrating that the forum selection clause was unreasonable. The trial court also stated that there was nothing in the *Grafton-Partners* case that precludes parties from entering into a pre-dispute agreement that New York law applies to the dispute and therefore the pre-dispute waiver of jury trial is enforceable.

California favors contractual forum selection clauses so long as they are entered into freely and voluntarily and their enforcement would not be unreasonable.[3,4] Forum selection clauses are presumed to be valid.[5] Given the importance of forum selection clauses, both the United States Supreme Court and the California Supreme Court have placed a heavy burden on the party seeking to defeat such a clause, requiring it to demonstrate that the enforcement of the clause would be unreasonable under the circumstances of the case.[6] With respect to a mandatory forum selection clause like the one at issue in the *Handoush* case, "mere inconvenience or additional expense is not the test of unreasonableness." Such a clause is reasonable if it has a logical connection with at least one of the parties or their transaction. Moreover, a court would usually honor a mandatory forum selection clause without extensive analysis of factors relating to convenience.[7,8] Thus, both courts in California and throughout the United States regularly enforce forum selection clauses.[9]

The appellate court did not agree with the trial court's ruling to dismiss the complaint based on the forum selection clause, instead holding that if the case were transferred to New York, the New York Court would apply New York law and the pre-dispute jury trial waiver would be enforceable. This would deprive the California borrower of his right to a jury trial which he would have in California. In essence, the appellate court nullified the valid forum selection clause by its ruling. No other court has done so. Grafton-Partners did not involve a forum selection clause or any dispute about the forum when it held the pre-dispute jury trial waiver in a contract was not enforceable. Grafton-Partners was a case about parties willingly litigating their disputes in California. Additionally, in *Grafton-Partners*, California law governed the contract and all disputes at issue, whereas New York law governed the disputes in Handoush. In contrast to *Grafton-Partners*, *Handoush* involved an interstate contract between parties of different states in which the parties voluntarily and freely selected New York as the dispute resolution forum; voluntarily and freely agreed to the application of New York law to their contract and disputes; and voluntarily and freely agreed to waive their jury trial rights, which is permitted under the laws of New York, the chosen forum. Moreover, the lease was conceded to have been formed in New York. Nothing in the *Grafton-Partners* decision indicates that it was intended to apply California pre-dispute jury trial waiver laws involving a contract formed in another state, governed by that state's laws and to be adjudicated in that state under the laws of that state. As a result of the appellate court's ruling, LFG now has to litigate this matter in California before a California jury.

Another interesting part of this case is that a jury is only applicable to the fraud cause of action. Juries only hear matters involving matters at law but not matters in equity. Equitable claims such as rescission, injunctive relief, and the violation of Business and Professions Code §17200 constitute equitable relief and will be tired by a judge, not a jury. Therefore, the contest here was only about the fraud cause of action being tried before a jury.

There are other issues arising out of the opinion as well, such as placing the burden on the party trying to enforce a forum selection clause to show that the forum selection clause was reasonable rather than the party who opposes the forum selection clause having to show that the forum selection clause was unreasonable as the Supreme Court held in Smith more than 40 years ago.

The California Supreme Court has accepted review of the court of appeal decision in *Handoush*. It will be interesting to see what happens when the California Supreme Court is faced with such a novel extension of a pre-dispute jury trial waiver which resulted in nullifying a valid forum selection clause negotiated by the parties.

Forum selection clauses are important to interstate commerce to protect the legitimate expectations of the parties when they enter into a contract. Businesses across the United States routinely include pre-dispute jury trial waivers with forum selection clauses in their interstate contracts. This helps them manage risks and costs and ensures consistency and predictability in the interpretation and enforcement of their contracts. Tens of thousands of leases, loans and other contracts have forum selection clauses and pre-dispute jury trial waivers and the pre-dispute jury trial waivers are enforceable in 48 of the 50 states. If a lender, lessor or other contracting party is deprived of their bargained for protections in a business contract, it may change the way they do business in California or the party who will be deprived of its forum selection clause and choice of law may simply elect not to do business in California at all in the future, resulting in a negative economic impact in the state of California. •

[1] 36 Cal. 4th 944 (2005)

[2] 2019 Cal. App. Lexis 1078, Cal. Ct. Appeal Case Number A150863 (Oct. 31, 2019)

[3] *Smith, Valentino & Smith, Inc. v. Superior Court*, 17 Cal. 3rd 491 [1976]

[4] *Verdugo v. Alliantgroup, LP*, 237 Cal. App. 4th 141, 146 [2005]

[5] *Global Packaging, Inc. v. Superior Court*, 196 Cal. App. 4th 1623, 1633 [2011]

[6] *Lu v. Dryclean-U.S.A. of California, Inc.*, 11 Cal. App. 4th 1490, 1493 [1992]

[7] *Berg v. MTC Electronics Technologies Co.*, 61 Cal. App. 4th 349, 358-359 [1998]

[8] *Richtek USA, Inc. v. uPI Semiconductor Corp.*, 242 Cal. App. 4th 651 [2015]).

[9] *Stuart Org., Inc. v. Ricoh Corp.*, 487 U.S. 22,33 [1988])

ANDREW K. ALPER IS A VICE PRESIDENT AND SHAREHOLDER OF FRANDZEL ROBINS BLOOM & CSATO, L.C.

monitor spotlight

FUNDING SOURCES

Monitor has devoted a special spotlight section to highlight the key Funding Sources in the equipment finance industry. When a customer needs to get a deal done, these are the companies our industry relies on to secure the necessary capital. Stay tuned for the spotlight in our next issue, which will focus on technology!

monitor spotlight

FUNDING SOURCES

36th STREET CAPITAL

www.36thstreetcapital.com

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36th Street Capital is an independent provider of alternative financing solutions for the equipment financing industry. With offices in New Jersey, Illinois and California, the firm provides growth capital or liquidity options to middle market companies nationwide through loan and lease transactions.

36th Street Capital is a joint venture affiliate of BlackRock TCP Capital Corp (NASDAQ: TCPC).

GENERAL INFORMATION

Company Type
Independent

In Business Since
2015

Trade Associations
ELFA
NEFA

FUNDING INFORMATION

Funding Source Type
Lessor

Source of Funds
- Internal
- Bank Lines
- Investors

Annual Funded Volume
$150MM

Special Services
- Brokers Welcome
- Custom Structures
- Equity Investor
- Monetary Incentives
- Non-Recourse to Approved Bankers
- Poor Credit/Bankruptcy
- Portfolio Purchases
- Private Label Billing
- Residual Sharing
- Sub-Prime Credit Programs
- Titled Vehicles

TRANSACTION PROFILE

Deal Size Range
$1MM to $15MM

Term
- 1-3 Years
- 3-5 Years
- 5-7 Years

Average Term
4 Years

Products Offered
- Conditional Sale
- Discounting
- EBO
- EFA
- Finance Lease
- FMV
- FMV wEBO
- Leases Intended as Security
- Lines of Credit
- Loans
- Operating Lease
- Sale/Leaseback
- Split-TRAC
- Synthetic Leases
- Synthetic Loans
- TRAC
- True Lease
- Vendor Finance

Scope of Geographic Activity
- Northeast
- Southeast
- Northwest
- Midwest
- Southwest
- West
- National
- Canada

TRANSACTION PREFERENCES

Asset Categories, Agriculture, Ambulance/Emergency, Auto/Light Truck, Auto Test/Repair, Audio, Visual & Broadcast, Bank Systems/ATMs, Bus/Mass Transit, CAD/CAM, Computer Related, Construction, Dry Cleaning/Laundry, Energy Related, Environmental Systems, Food Distribution/Processing, Golf Related, Graphic Arts/Printing, Health/Fitness, Helicopters, HVAC, Industrial/Manufacturing, Machine Tool, Material Handling, Medical/Dental, Mining, Office Equipment, Packaging Paper, Restaurant FF&E, Software/Hardware, Software Only, Telecommunications, Trucks and Trailers, Vending Machines, Waste Disposal, Woodworking

Credit Quality
Near Investment Grade
“B” Quality
“C” Quality

monitor spotlight

FUNDING SOURCES

AMUR Equipment Finance

www.amuref.com

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Founded in 1996, Amur Equipment Finance has originated over $2.5Bn of equipment leases; with a focus on small to medium-ticket transactions, ranging from $10K to $2MM and offering terms of 36 to 84 months. AmurEF serves as a reliable capital partner to many active vendor programs and has funded transactions with over 15K vendors across diversified markets in the United States.

We draw upon years of asset knowledge, diverse industry coverage and situation-specific underwriting expertise to provide fast, friendly and flexible financing solutions. AmurEF employs people across the United States with its underwriting, and servicing functions located in Grand Island, Nebraska and regional sales offices located nationwide. Our philosophy and focus is to build sustainable business across all economic cycles. When you partner with Amur Equipment Finance, you give your customers access to the financing and leasing options that are best suited to their business needs. Your own business will enjoy the competitive advantage of our streamlined finance platform and clear credit guidelines. These aspects allow us to service a broad range of credit profiles while providing you with expanded customer opportunities. Our quick, no hassle financing also helps you improve sales by allowing you to offer more convenient purchasing experiences than your competition.

Our partner financing programs benefit equipment manufacturers and distributors, lessors, banks, independent brokers, and other referral partners.

GENERAL INFORMATION

Company Type
Independent

In Business Since
1996

Trade Associations
ELFA
NEFA
AACFB

FUNDING INFORMATION

Funding Source Type
Lender

Source of Funds
Internal
Warehouse Lines
Securitizations

Annual Funded Volume
$400,000,000

Special Services
Application Only Programs, Brokers Welcome, Custom Structures, Portfolio Purchases, Private Label Billing, Securitization, Titled Vehicles

TRANSACTION PROFILE

Deal Size Range
Up to $2MM

Term
1-7 Years

Average Term
55 Months

Products Offered
EBO, Finance Lease, FMV, FMV wEBO, Operating Lease, True Lease, Vendor Finance, Equipment Financing

Scope of Geographic Activity
National

TRANSACTION PREFERENCES

Equipment Categories
Agriculture, Ambulance/Emergency, Audio, Visual & Broadcast, Auto/Light Truck, Auto Test/Repair, CAD/CAM, Computer Related, Construction, Containers, Dry Cleaning/Laundry, Energy Related, Environmental Systems, Food Distribution/Processing, Graphic Arts/Printing, Health/Fitness, HVAC, Industrial/Manufacturing, Machine Tool, Marine, Material Handling, Medical/Dental, Mining, Office Equipment, Packaging Paper, Rail, Restaurant FF&E, Retail FF&E, Software/Hardware, Software Only, Telecommunications, Trucks and Trailers, Waste Disposal, Woodworking

Credit Quality
"A" Quality, "B" Quality, "C" Quality, Start-ups

"Fast, friendly and flexible financing solutions."

monitor spotlight

FUNDING SOURCES

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BankFinancial[SM]

www.BankFinancial.com

BankFinancial is a national bank headquartered in Burr Ridge, Illinois. As a leader in providing credit solutions focused on the small to mid-size business markets, BankFinancial Equipment Finance operates within the secondary market through the lessor network. As a result, we are not competing for your lessees like some of our competitors. We help lessor's customers, small entrepreneurs and large global companies alike relieve financial cash constrains and equipment acquisition challenges that might otherwise limit their success.

Our Management Team has over 100 years of combined experience in structuring and providing various types of financing including direct commercial, equipment, software, maintenance, lines of credit and others. Let our experienced specialists guide you through the leasing and financing process and help your customers take advantage of the latest advances in technology without tying up their valuable cash and credit resources.

GENERAL INFORMATION

Company Type
Bank

Trade Associations
ELFA
NEFA
AACFB

In Business Since
1924

Funding Source Type
Lender

Source of Funds
Internal

Annual Funded Volume
$325MM

Special Services
- Application Only Programs
- Brokers Welcome
- Commercial Real Estate
- Custom Structures
- Equity Investor
- In-House Legal
- Monetary Incentives
- Non-Recourse to Approved Bankers
- Portfolio Purchases
- Private Label Billing
- Residual Sharing
- Titled Vehicles

TRANSACTION PROFILE

Deal Size Range
- $0-100K
- $100-250K
- $250K-1MM
- >$5MM

Term
- 1-3 Years
- 3-5 Years
- 5-7 Years

Average Term
48 Months

Products Offered
Conditional Sale, Discounting, EBO, EFA, Finance Lease, FMV, FMV wEBO, Leases Intended as Security, Leveraged Debt, Lines of Credit, Loans, Money-Over-Money, Muni/Fed Lease, Operating Lease, Sale/Leaseback, Synthetic Leases, Synthetic Loans, TRAC, True Lease, Vendor Finance

Scope of Geographic Activity
- National
- Canada

TRANSACTION PREFERENCES

Asset Categories
Agriculture, Ambulance/Emergency, Auto/Light Truck, Auto Test/Repair, Audio, Visual & Broadcast, Bank Systems/ATMs, Bus/Mass Transit, CAD/CAM, Computer Related, Construction, Containers, Dry Cleaning/Laundry, Energy Related, Environmental Systems, Food Distribution/Processing, Golf Related, Graphic Arts/Printing, Health/Fitness, HVAC, Industrial/Manufacturing, Machine Tool, Material Handling, Medical/Dental, Office Equipment, Packaging Paper, Project Financing, Restaurant FF&E, Retail FF&E, Software/Hardware, Software Only, Telecommunications, Trucks and Trailers, Vending Machines, Waste Disposal, Woodworking

Credit Quality
- Investment Grade or Equivalent
- Near Investment Grade
- "A" Quality
- "B" Quality

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Baystone Government Finance is the government and non-profit lending division of KS StateBank, a privately owned, full service, community bank with over $2.1 billion in total assets. Baystone has been helping the public sector navigate the complex environment of public finance and providing financial solutions to municipalities since 1987. Over the past 30 years Baystone has funded over 32,000 municipal obligations in excess of 3.47 billion dollars.

GENERAL INFORMATION

Company Type
Bank Affiliate

In Business Since
1987

Trade Associations
- American Bankers Association
- ELFA
- NEFA
- Other

FUNDING INFORMATION

Funding Source Type
Lender

Source of Funds
Internal

Annual Funded Volume
$260MM

TRANSACTION PROFILE

Deal Size Range
- $0-100K
- $100-250K
- $250K-1MM
- >$5MM

Term
- 1-3 Years
- 3-5 Years
- 5-7 Years
- 7-10 Years
- >10 Years

Average Term
5 Years

Products Offered
- Tax-Exempt Lease Purchase Agreement
- EFA
- Finance Lease
- FMV
- Muni
- Operating Lease
- TRAC
- True Lease
- Vendor Finance

Scope of Geographic Activity
National

TRANSACTION PREFERENCES

Asset Categories
Agriculture

- Ambulance/Emergency
- Auto/Light Truck
- Audio, Visual & Broadcast
- Bus/Mass Transit
- Computer Related
- Construction
- Energy Related
- Health/Fitness
- HVAC
- Industrial/Manufacturing
- Machine Tool
- Material Handling
- Medical/Dental
- Office Equipment
- Project Financing
- Software/Hardware
- Software Only
- Telecommunications
- Trucks and Trailers
- Waste Disposal

Credit Quality
- Municipal – all credits types considered
- Nonprofits – A or B Quality

Special Services
- Brokers Welcome
- Custom Structures
- In-House Legal
- Private Label Billing
- Titled Vehicles
- Construction draw-down management; interim construction finance (USDA takeout); tax-exempt municipal finance

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CONTACT

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GENERAL INFORMATION

Company Type
Non-Bank Financial

In Business Since
2013

Trade Associations
NEFA
AACFB
NACLB

FUNDING INFORMATION

Funding Source Type
Lender

Annual Funded Volume
$1.2 Billion

Special Services
- Brokers Welcome
- Monetary Incentives

TRANSACTION PROFILE

Deal Size Range
- $0-100K
- $100-250K

Average Deal Size
- $55,000.00

Term
1-3 Years

Products Offered
- Lines of Credit
- Term Loans
- Invoice Factoring

TRANSACTION PREFERENCES

Unsecured Funding
- Do not need an asset in order to secure our funding

Credit Quality
"A", "B", and "C" Quality

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FUNDING SOURCES

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For over 50 years, Boston Financial & Equity Corporation has leased equipment to High Risk Credits. One of our first leases was the computer that went up and took the first photos of Mars! Back then it was a risky deal! Our clients since then, have included startups from Twitter and MedImmune to large companies like RiteAid. Our specialty is working with early stage and emerging growth companies, where we can work with the companies to structure a lease creatively. We don't take personal guarantees, letters of credit, additional collateral or warrants in the company. This is a huge benefit to a startup.

The majority of our team has worked together for over 25 years. All decisions are made internally, all our paper is held by BFEC. This allows us to work quickly, from proposals to funding!

GENERAL INFORMATION

Company Type
Independent

In Business Since
1968

Trade Associations
ELFA
NEFA
CFA

FUNDING INFORMATION

Funding Source Type
Lessor

Source of Funds
- Internal
- Warehouse Lines

Annual Funded Volume
$0

Special Services
- Brokers Welcome
- Venture Capital

TRANSACTION PROFILE

Deal Size Range
$100-250K
$250K-1MM

Term
1-3 Years

Average Term
36 Months

Products Offered
FMV
Lines of Credit
True Lease

Scope of Geographic Activity
National
Canada

TRANSACTION PREFERENCES

Equipment Categories
- Audio, Visual & Broadcast
- CAD/CAM
- Computer Related
- Food Distribution/Processing
- Industrial/Manufacturing
- Material Handling
- Software/Hardware
- Telecommunications

Credit Quality
"C" Quality
Start-ups

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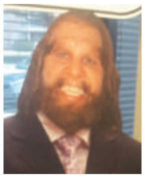

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GENERAL INFORMATION

Company Type
Direct Funder

Trade Associations
NEFA
AACFB

In Business Since
6/01/2008

Funding Source Type
Lender

Source of Funds
Internal

Annual Funded Volume
$75MM

Special Services
- Application Only Programs
- Brokers Welcome
- Commercial Real Estate
- Custom Structures
- Franchise Specialty
- In-House Legal
- Monetary Incentives
- Poor Credit/Bankruptcy
- Private Label Billing
- Titled Vehicles

TRANSACTION PROFILE

Deal Size Range
150K Application Only

Term
1-3 Years
3-5 Years

Average Term
60

Products Offered
EFA Only

Scope of Geographic Activity
- Northeast
- Southeast
- Northwest
- Midwest
- Southwest
- West
- National

TRANSACTION PREFERENCES

Asset Categories
- Agriculture
- Ambulance/Emergency
- Auto/Light Truck
- Audio, Visual & Broadcast
- Business/Corporate Air
- CAD/CAM
- Computer Related
- Construction
- Containers
- Dry Cleaning/Laundry
- Energy Related
- Environmental Systems
- Food Distribution/Processing
- Golf Related
- Graphic Arts/Printing
- Health/Fitness
- HVAC
- Industrial/Manufacturing
- Machine Tool
- Material Handling
- Medical/Dental
- Office Equipment
- Restaurant FF&E
- Software/Hardware
- Software Only
- Telecommunications
- Trucks and Trailers
- Waste Disposal
- Woodworking

Credit Quality
Investment Grade or Equivalent, Near Investment Grade, "A", "B", "C" Quality & Start-ups

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FUNDING SOURCES

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Founded in 1995 C.H. Brown Company (CHB) has funded over $900MM equipment loans and leases. Today, CHB works with referral partners nationwide to fund a variety of credits in the transportation, construction, agricultural, medical and other miscellaneous industries. We continue to embrace our founding traditions of honesty, personalized service and a strong commitment to our customers. Our mantra of quick, simple and fair approvals is evident in our fast turnaround times and our careful consideration of every funding request.

GENERAL INFORMATION

Company Type
Funding Source

In Business Since
1995

Trade Associations
AACFB
NEFA
NTDA
UTA

FUNDING INFORMATION

Funding Source Type
Bank Affiliate

Source of Funds
Bank Affiliate

Annual Funded Volume
$45,000,000

TRANSACTION PROFILE

Deal Size Range
$10,000-$300,000

Term
12–72 Months

Average Term
48 Months

Products Offered
• EFA Loans
• Finance Leases available (collateral specific)

Scope of Geographic Activity
United States of America (except Louisiana)

TRANSACTION PREFERENCES

Equipment Categories
• Hard Assets
• Transportation and Trucking
• Vocational
• Construction
• Agricultural
• Manufacturing, Medical

Credit Quality
• “A-C” Credits
• Start-ups

monitor spotlight

FUNDING SOURCES

CHANNEL PARTNERS CAPITAL

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Based in Minnetonka, MN, Channel Partners Capital is a leading provider of small business loans, advances and equipment finance utilizing customized technology, data analytics and business processes. Channel Partners Capital delivers finance solutions to small businesses exclusively through partnerships with equipment finance companies.

Since its founding in 2009, Channel Partners Capital has originated over 12,000 loans for $650 million and is one of a limited number of full-service, non-bank lenders successfully filling the gap in small business credit availability.

GENERAL INFORMATION

Company Type
Non-Bank Financial

In Business Since
2009

Trade Associations
ELFA
NEFA
AACFB

FUNDING INFORMATION

Funding Source Type
Lender – Working Capital,
Equipment Finance

Source of Funds
Bank Lines

Annual Funded Volume
$300MM

Funding Business Success

TRANSACTION PROFILE

Deal Size Range
$10,000-$250,000

Term
Working Capital, 6 – 24 months
Equipment Finance, 24-60 months

Average Term
Working Capital, 12 months
Equipment Finance, 50 months

Products Offered
Working Capital, Equipment Finance

Scope of Geographic Activity
Nationwide

TRANSACTION PREFERENCES

Equipment Categories
Working Capital, Non-Asset Dependent
Equipment Finance, Asset Dependent

Industries
Construction, Transportation, Medical, Manufacturing, Franchises

Credit Quality
A+, A, B, and C Quality

DAKOTA FINANCIAL

www.dakotafinancial.com

CONTACT

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WHO WE ARE

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Dakota Financial, LLC is an asset-based direct funding source. We focus on funding trucks, trailers, construction equipment, agriculture equipment, and machine tools. Our national programs are specifically designed to provide funding solutions for customers that have prior bankruptcies, tax liens, judgments, repossessions, or slow pays. We fund traditional leases as well as sale-leasebacks, private party sales, start-ups, and owner/operators from $10,000 up to $400,000.

GENERAL INFORMATION

Company Type
Independent

In Business Since
2002

Trade Associations
ELFA
NEFA
AACFB

FUNDING INFORMATION

Funding Source Type
Lender

Source of Funds
Internal
Bank Lines

Annual Funded Volume
$50,000,000

TRANSACTION PROFILE

Deal Size Range
$0-100K
$100-250K

Term
1-3 Years

Average Term
36 Months

Products Offered
True Lease

Scope of Geographic Activity
National

TRANSACTION PREFERENCES

Asset Categories
Agriculture
Machine Tool
Trucks and Trailers

Credit Quality
“B”, “C” and Start-up

Your most challenging deals. Done.

monitor spotlight

FUNDING SOURCES

Financial Pacific Leasing®

www.finpac.com

CONTACT

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an Umpqua Bank Company
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Established in 1975, Financial Pacific has been an industry leader, supporting the Third Party Origination (TPO) channel for over 30 years. FinPac works with a network of brokers, lessors and vendors specializing in small ticket, A-C credits to closely held small businesses nationwide. FinPac finances essential use equipment in most industries with a broad diversification.

In 2013, Financial Pacific joined Umpqua Bank, as a subsidiary, to further diversify and grow the bank's lending platform. FinPac's growth and success is supported by a staff of over 200 highly qualified and experienced employees.

GENERAL INFORMATION

Company Type
Bank

In Business Since
1975

Trade Associations
ELFA
AACFB
NEFA

FUNDING INFORMATION

Funding Source Type
Lender

Annual Funded Volume
$700-800 Million

Funds
- Buy Paper from Brokers
- Buy Paper from Leasing Comp
- Discount-Nonrecourse
- Fund Leases as a Group
- Fund Leases Individually
- Tax-Exempt Municipal Leasing
- Purchase Portfolios
- Progress Payments

Products
- Conditional Sale/Money-Over-Money
- Debt
- Leveraged Lease
- Tax-Exempt Municipal Lease
- Sale/Leaseback
- TRAC
- Vendor Finance

Equipment
- Agricultural
- Broadcast
- Buses
- Communications
- Intermodal
- Computer
- Construction
- Electronic
- Energy
- Emergency Vehicles
- Furniture/Fixtures
- Graphic Arts/Printing
- Industrial
- Laundry/Dry Cleaning
- Medical
- Materials Handling
- Mining
- Marine
- Machine Tool
- Office
- Other
- Point of Sale/Banking
- Recycling
- Rail
- Recreation
- Restaurant
- Software
- Trucks & Trailers
- Utility
- Video
- Waste Removal

States of Operation
Nationwide

For 40 years, our partners have relied on Financial Pacific to provide them with innovative financing solutions for their customers.

monitor spotlight

FUNDING SOURCES

Global Financial & Leasing Services, LLC (Global Financial) is a Financial Services and Management company. The Company's primary purpose is to provide financing solutions for the small and mid-sized businesses that find it difficult to get bank type financing. The senior management team is made up of J. D. Jenks, Founder & CEO; Judi Jenks, President; Sean Duffy, CFO and Nerio Gonzalez, VP of Operations and Credit.

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When Other Lenders Say "No," We Often Say "Yes."

GLOBAL FINANCIAL & LEASING SERVICES

Innovative Equipment Leasing Solutions

www.gfrservices.com

Global Financial & Leasing Services, LLC (Global Financial) is a Financial Services and Management company. The Company's primary purpose is to provide financing solutions for the small and mid-sized businesses that find it difficult to get bank type financing. The senior management team is made up of J. D. Jenks, Founder & CEO; Judi Jenks, President; Sean Duffy, CFO and Nerio Gonzalez, VP of Operations and Credit.

Global Financial provides equipment financing solutions for companies that typically will not qualify for bank type financing, or "Story" credits. These companies can also be startups. Should the principals have legacy issues, such as prior bankruptcy, tax lien, foreclosure, short sale, etc. It is our objective to learn what our applicants went through that created the issues with their credit and identify how did they dealt with those issues. In other words, what was their "Story"? First, we wanted to better understand their character. Did they struggle, ruining their credit in the meantime as they made their debt obligations, however delinquent they may have been. Or, did they file bankruptcy in spite of the fact they had the money? Should we find that the lessee has good character, we might learn that their current cash flow can service the new equipment financing requirement. In these cases, we might have a solution. In short, "When Other Lenders Say No, We Often Say Yes™".

Global Financial provides equipment financing solutions for a wide range of equipment types such as manufacturing, medical/health care, construction, commercial landscaping, printing, automotive, transportation, restaurant and other essential use equipment. The equipment can be new or used.

We provide equipment financing for equipment costs ranging from $25,000 up to $1,000,000. Our lease terms range between 36 to 48 months and everything is structured as an operating Lease with a Fair Market Value (FMV) end position. All principals, with 20% or greater ownership, are required to personally guarantee (PG) the lease. We have a "App Only" program for up to $75,000. All submissions require a signed credit application by all principals (20% or greater ownership), a minimum of three (3) months of bank statements and a vendor quote or invoice. For the opportunities over $75,000 (in total exposure) we require full financial disclosure (financial statements, tax returns, PFS, debt schedule, etc).

When the situation requires it, we consider credit enhancements such as larger 1st payments and additional pledged collateral, which can be in the form of real estate, titled vehicles or cross-corps.

We validate the new vendors and before we fund the lease, we will call the lessee to verify the equipment and lease structure they were approved and documented for.

GENERAL INFORMATION

Company Type
Independent

In Business Since
2009

Trade Associations
ELFA, NEFA, AACFB

FUNDING INFORMATION

Funding Source Type
Lessor

Source of Funds
Bank Lines, Private Fund

Special Services
Application Only Programs, Brokers Welcome, Non-Recourse to Approved Bankers, Poor Credit/Bankruptcy

TRANSACTION PROFILE

Deal Size Range
$0-100K, $100-250K, $250K-1MM

Term
3-4 Years

Average Term
42 Months

Products Offered
Finance Lease, FMV, Operating Lease, True Lease

Scope of Geographic Activity
National

TRANSACTION PREFERENCES

Equipment Categories
Auto Test/Repair, Audio, Visual & Broadcast, Construction
Dry Cleaning/Laundry, Food Distribution/Processing
Graphic Arts/Printing, Health/Fitness, Industrial/Manufacturing
Machine Tool, Material Handling, Medical/Dental, Mining
Office Equipment, Packaging Paper, Restaurant FF&E
Retail FF&E, Waste Disposal, Woodworking, Titled Vehicles

Credit Quality
"C" Quality & Start Up Quality

monitor spotlight

FUNDING SOURCES

NATIONS EQUIPMENT FINANCE

www.nationsequipmentfinance.com

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Nations Equipment Finance was founded in 2010 by former GE Capital equipment finance professionals with decades of industry experience. Since 2010, the company has originated over two billion dollars of equipment lease and equipment secured term loan transactions in various industries and with various collateral types. Nations has extensive experience in valuing fixed assets and structuring transactions, which allows us to provide our clients with quick, creative, and straightforward solutions to their equipment financing needs.

Nations is owned by Solar Capital, a public company traded on the New York Stock Exchange. This ownership provides us with significant committed capital to invest in equipment lease and loan transactions.

GENERAL INFORMATION

Company Type
Independent Commercial Finance Company

In Business Since
2010

Trade Associations
ELFA, NBAA

FUNDING INFORMATION

Funding Source Type
Direct Lender

Source of Funds
Bank Lines/Parent Company

Annual Funded Volume
$200MM

TRANSACTION PROFILE

Deal Size Range
$1MM-$50MM

Terms
3-7 Years

Average Term
60 Months

Products Offered
- Capital Leases
- True Leases
- Term Loans
- Lines of Credit

Scope of Geographic Activity
US & Canada

TRANSACTIONS PREFERRED

Equipment Categories
- Transportation
- Construction
- Manufacturing & Industrial
- Marine
- Corporate Aviation
- Mining
- Oil & Gas (Non-industry specific assets)
- Rail
- Logging & Forestry

FUNDING SOURCES

NAVITAS CREDIT CORP. | PARTNER FUNDING A UNITED COMMUNITY BANK COMPANY

https://pf.navitascredit.com/

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As a bank-owned subsidiary of United Community Banks (UCBI), we are a nationwide lender with a focus on servicing third party originators of all sizes. We are comprised of two groups, focused on credit-based and asset-based transactions. Our credit-focused group is an A-C+ lender offering financing for everything from software and LED lighting upgrades, to office furniture and restaurant equipment. Our collateral- focused group specializes in asset-based transactions ranging from titled vehicles to yellow iron and much more. We accept Navitas or originator documents and support brokering, assigning and discounting relationships, as required by the originator. Reasonable, knowledgeable credit experts underwrite applications (no automated scoring) from $10,000 to $1.5MM+. Navitas was founded in 2008 and is managed by a team of industry professionals with a long track record of success.

GENERAL INFORMATION

Company Type
Bank Affiliate

In Business Since
2008

Trade Associations
- ELFA
- NEFA
- AACFB

FUNDING INFORMATION

Funding Source Type
Lessor

Source of Funds
Internal

Annual Funded Volume
$200,000,000

Special Services
Application Only Programs, Brokers Welcome, Custom Structures, Franchise Specialty, Portfolio Purchases, Titled Vehicles, Startup Financing, Commercial to $1.5MM+, Customized Vendor Programs

TRANSACTION PROFILE

Deal Size Range
- $0-100K
- $100-250K
- $250K-1MM

Terms
- 1-3 Years
- 3-5 Years
- 5-7 Years

Average Term
48 Months

Products Offered
Conditional Sale, Discounting, Finance Lease, FMV, Loans, Money-Over-Money, Muni/Fed Lease, Operating Lease, Sale/Leaseback, True Lease, Vendor Finance

Scope of Geographic Activity
Northeast, Southeast, Northwest, Midwest, Southwest, West, National

TRANSACTIONS PREFERRED

Asset Categories
Ambulance/Emergency, Auto Test/Repair, Audio, Visual & Broadcast, CAD/CAM, Computer Related, Construction, Containers, Dry Cleaning/Laundry, Energy Related, Environmental Systems, Food Distribution/ Processing, Golf Related, Graphic Arts/Printing, Health/ Fitness, HVAC, Industrial/Manufacturing, Machine Tool, Material Handling, Medical/Dental, Office Equipment, Packaging Paper, Project Financing, Restaurant FF&E, Retail FF&E, Software/Hardware, Software Only, Telecommunications, Trucks and Trailers, Waste Disposal, Woodworking

Credit Quality
Investment Grade or Equivalent, “A”, “B’, “C” Quality, Start-ups

Third party originators command higher closing rates with Navitas.

NFS Leasing

We are THE story lender. Tell us your story.

www.nfsleasing.com

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NFS Leasing is a privately held North American leader in Equipment Finance with more than 18 years' experience. NFS provides solutions supporting businesses and organizations with challenged credit including early stage, start-up & pre-revenue, financially distressed companies and turn-arounds. NFS uses its own balance sheet capital and provides fast flexible credit decisions.

- Creative Solutions for Story Credits
- Provides Fast Flexible Credit Decisions
- We are THE story lender. Tell us your story.

GENERAL INFORMATION

Company Type
Independent

Trade Associations
ELFA, NEFA, AACFB

FUNDING INFORMATION

Funding Source Type
Lessor

Source of Funds
- Utilizes Own Capital
- Direct Funding Source

Funded Volume
Approaching $1,000,000,000 in originations

Special Services
Story Lender:
- Brokers Welcome
- Custom Structures
- Monetary Incentives
- Portfolio Purchases

TRANSACTION PROFILE

Deal Size Range
$100K-$15M+

Products Offered
FMV Operating Leases
Finance / $ Buy Out Leases
Sale and Leaseback
Working Capital Loans
Creative Structures Including:
- Step Payment Leases (term)
- Quarterly/Annual Payment Options
- Short-term leases

TRANSACTIONS PREFERRED

Equipment Categories
Offering solutions regardless of the industry or circumstance
- Most Hard Assets

Most Often:
- IT
- Medical Imaging
- Scientific Instrumentation
- Manufacturing
- Robotics
- Construction
- Machine Tools

Exclude:
- Weapons, Adult Entertainment
- Marine and Aircrafts

Credit Quality
Challenged credit (C, D, and Story Credit)

We are THE story lender. Tell us your story.

monitor spotlight

FUNDING SOURCES

NORTH MILL EQUIPMENT FINANCE LLC

www.nmef.com

CONTACT

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At North Mill Equipment Finance, our business model is built entirely around our valued referral sources. As a broker-centric commercial lender, the company offers business loans and leases nationwide.

- A-C credits
- Financing from $15k to $300k
- Application only from $15k to $150k
- Commission up to 12 points
- Multiple asset categories
- Refinance cash-out solution
- Owner operators / start-ups
- FICOs from 550+
- Competitive rates and down payments
- 100% Broker-centric (we don't go direct)
- Private sales
- Placeholder approval option

GENERAL INFORMATION

Company Type
Non-Bank Financial

In Business Since
1962

Trade Associations
AACFB
NACLB
NEFA
ELFA

FUNDING INFORMATION

Funding Source Type
Lender

Source of Funds
Bank Lines
Warehouse Lines
Investors

Annual Funded Volume
$200 million

Special Services
Application Only Programs, Custom Structures, Franchise Specialty, Monetary Incentives, Portfolio Purchases, Titled Vehicles

TRANSACTION PROFILE

Deal Size Range
$15k to $300k

Term
36 to 60 months

Average Term
42 Months

Products Offered
Conditional Sale, Discounting, Finance Lease, FMV, Operating Lease, Sale/Leaseback, TRAC, True Lease

Scope of Geographic Activity
National

TRANSACTION PREFERENCES

Equipment Categories
Agriculture, Ambulance/Emergency, Auto/Light Truck, Bus/Mass Transit, Construction, Digital Cinematic Projection, Energy Related, Food Distribution/Processing, Graphic Arts/Printing, Health/Fitness, HVAC, Industrial/Manufacturing, Livery, Machine Tool, Material Handling, Mining, Packaging Paper, Trucks and Trailers, Waste Disposal

Credit Quality
"A", "B" & "C" Quality
Start-ups

"Close more deals with our one-stop-shop lending solutions."

PROVIDENCE EQUIPMENT FINANCE

A Division of Providence Bank & Trust

www.providenceleasing.com

CONTACT

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PEF is Providence Equipment Finance, a Division of Providence Bank & Trust, the successor company to Cobra Capital which was acquired in 2016 to expand the banks commercial product offerings to include national equipment finance services to privately held businesses. Headquartered in the Chicagoland area, PEF will consider most types of equipment and differentiates itself by providing creative financing structures for experienced and growth-oriented entrepreneurs. PEF's ability to accommodate non-conforming situations is limited only by the essential use nature of the equipment, minimum DSC of at least 1:1, a customer industry niche, and experienced owner operators. PEF provides the most value added services for those growth oriented firms having proven experience in their specific industry and provides the best value for customers who deserve to be financed.

GENERAL INFORMATION

Company Type
Bank Affiliate

In Business Since
2000

Trade Associations
NEFA
ELFA
AACFB

FUNDING INFORMATION

Funding Source Type
Lessor

Source of Funds
Internal

Annual Funded Volume
$35,000,000

TRANSACTION PROFILE

Deal Size Range
$250K–$1MM

Term
5-7 Years

Average Term
4 Years

Products Offered
- Conditional Sale
- Finance Lease
- FMV
- Money-Over-Money
- Sale/Leaseback

Scope of Geographic Activity
National

TRANSACTION PREFERENCES

Equipment Categories
- Agriculture
- Audio, Visual & Broadcast
- Auto/Light Truck
- Bus/Mass Transit
- CAD/CAM
- Computer Related
- Construction
- Containers
- Dry Cleaning/Laundry
- Energy Related
- Food Distribution/Processing
- Graphic Arts/Printing
- Health/Fitness
- HVAC
- Industrial/Manufacturing
- Machine Tool
- Materials Handling
- Medical/Dental
- Mining
- Office Equipment
- Packaging Paper
- Restaurant FF&E
- Retail FF&E
- Software Only
- Software/Hardware
- Stone Fabrication
- Telecommunications
- Trucks and Trailers
- Waste Disposal

Credit Quality
"B" Quality

Special Services
- Brokers Welcome
- Custom Structures
- Working Capital ABL services considered on a case by case basis
- PEF funds privately held mature and emerging growth businesses. Our pricing is credit based and we provide creative financing structures for experienced entrepreneurs.

Quality Leasing

www.qualityleasingco.com

CONTACT

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Quality Leasing Co., Inc. is a Midwest-based, family-owned independent finance company offering flexible terms, convenient structures, and personalized service. We focus on funding B-C credit transactions from $30,000 up to $3,000,000. Specializing in titled vehicles, manufacturing, and heavy equipment, we can also fund almost any type of commercial asset through our nationwide lease financing programs at a fair, affordable monthly payment. Contact your Quality rep today for details.

SOME EQUIPMENT WE FUND: • Light, Medium, & Heavy Duty Trucks • Construction • Cranes • Collision repair • Logging • Landscaping • Manufacturing machinery • Material handling • Wood fabrication • Metal fabrication • Granite/stone saws • Car Wash Equipment • Cosmetic Lasers • Medical equipment • Surgical equipment • Optical • Dental • Fitness center equipment • Lasers • Imaging • Printing • Security systems • Food production machinery • Cryotherapy/Sports recovery • Aesthetic/Spa equipment • Cool Sculpting • Drilling • Oil & gas (WITH RESTRICTIONS) • Garbage trucks • Mixers • Concrete pumps • Bucket trucks • Roll Off trucks • Wreckers • Tow trucks • And much, much more!

GENERAL INFORMATION

Company Type
Independent leasing company

In Business Since
1957

Trade Associations
NEFA, AACFB, ELFA, NACLB, UTA, NTDA

FUNDING INFORMATION

Funding Source Type
Lender

Source of Funds
Internal
Bank Lines

TRANSACTION PROFILE

Deal Size Range
$30K-$3MM

Term
1-6 Years

Average Term
4-5 years (54 Months)

Products Offered
- Finance Lease
- True Lease
- EFA

Scope of Geographic Activity
National

TRANSACTION PREFERENCES

Asset Categories
- Auto/Light Truck
- Auto Test/Repair
- Construction
- Containers
- Dry Cleaning/Laundry
- Food Distribution/Processing
- Graphic Arts/Printing
- Industrial/Manufacturing
- Machine Tool
- Material Handling
- Medical/Dental
- Trucks and Trailers
- Waste Disposal
- Woodworking

Credit Quality
"B-C" Quality

Proudly Providing Commercial Equipment Financing for More than 60 Years!

Trade River USA

Supply Chain Finance That Works

www.traderiverusa.com

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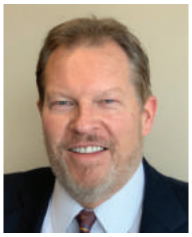
WHO WE ARE



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TradeRiver USA provides a powerful Supply Chain Finance solution for Buyers and Sellers through our unique STEPS Transaction Platform. The process delivers working capital for growth, removes administrative complexities and costs inherent in traditional trade finance. Clients transact with the confidence of a 'Cash Buyer' and monetize the strength of their balance sheet to secure incremental growth, without the need for additional security.

Clients (Buyers) and their suppliers (Sellers) gain access to our STEPS Transaction Platform to negotiate and complete purchases directly without the encumbrances and complexities of traditional trade finance. Our Clients gain 'Preferred Buyer' status and secure the best terms. Suppliers receive the benefit of early payment in their preferred currency anywhere in the world.

Qualifying U.S. and Canadian companies are approved for unsecured 'Revolving Trade Facilities' of $100,000 to $5 Million. Clients and suppliers complete paperless transactions efficiently on our secure platform and TradeRiver pays Seller 100% of agreed price within 24 to 48 business hours. Clients choose their own repayment date, from 30 to 120 days, and repay the lump sum plus our transaction fee on that due date.

GENERAL INFORMATION

Company Type
Non-Bank Financial

In Business Since
2013

Trade Associations
NEFA, AACFB, IFA, NACLB

FUNDING INFORMATION

Funding Source Type
Lender
Working Capital
Supply Chain Finance

Source of Funds
Bank Lines

Special Services
- Brokers Welcome
- Supply Chain Finance
- Unsecured Trade Facilities

TRANSACTION PROFILE

Deal Size Range
$100k - $5MM

Term
1 Year Renewable

Average Term
Trade Facility Term 1 Year + Yearly Renewals
Transaction Term 30–120 Days/ea.

Products Offered
- Lines of Credit
- Unsecured Revolving Trade Facility
- Transaction Platform
- Cross-Border

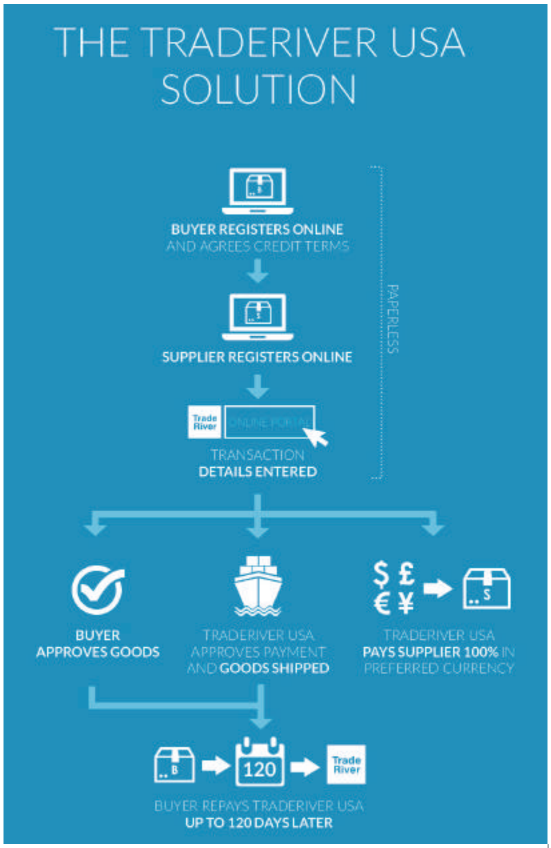
Scope of Geographic Activity
- National
- International

TRANSACTION PREFERENCES

Equipment Categories
Revolving trade facilities are for inventory, short term equipment purchases and services

Credit Quality
"A" & "B" Quality

SUPPLY CHAIN FINANCE THAT WORKS



monitor spotlight

FUNDING SOURCES

WINTRUST SPECIALTY FINANCE

www.wintrust.com/wsf

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Business Development
(949) 268-9098
ngibbens@wintrust.com

Wintrust Specialty Finance is an equipment focused financing group, headquartered in California, offering loan and lease products to companies throughout the United States. The division has a customer-focused philosophy derived from many years of experience providing innovative capital solutions in a large variety of industries. WSF specializes in quick and efficient financing of business-essential equipment.

WSF is led by a seasoned management team with an average of 25 years of experience. The group shares extensive background with proven success in developing, growing and managing commercial finance and leasing organizations. The WSF team is prepared to consider structures that can enhance your business and empower your sales team to gain market share within your markets.

As part of Wintrust Financial Corp., a $36 Billion Bank, we bring a strong foundation to the equipment finance market providing a reliable source of capital using a partnership approach to provide solutions that improves your competitive advantage. WSF leverages direct experience in creating successful finance companies to help your business to the next level.

Call us today to learn more how we can begin our relationship and support your growth!

GENERAL INFORMATION

Company Type
Bank

In Business Since
1991

Trade Associations
ELFA
NEFA

FUNDING INFORMATION

Funding Source Type
Lessor

Source of Funds
Bank

Annual Funded Volume
$500MM

TRANSACTION PROFILE

Deal Size Range
$20K–$2MM

Term
2–7 Years

Average Term
52

Products Offered
- EFA
- FMV
- TRAC
- Loans & Leases

Scope of Geographic Activity
National

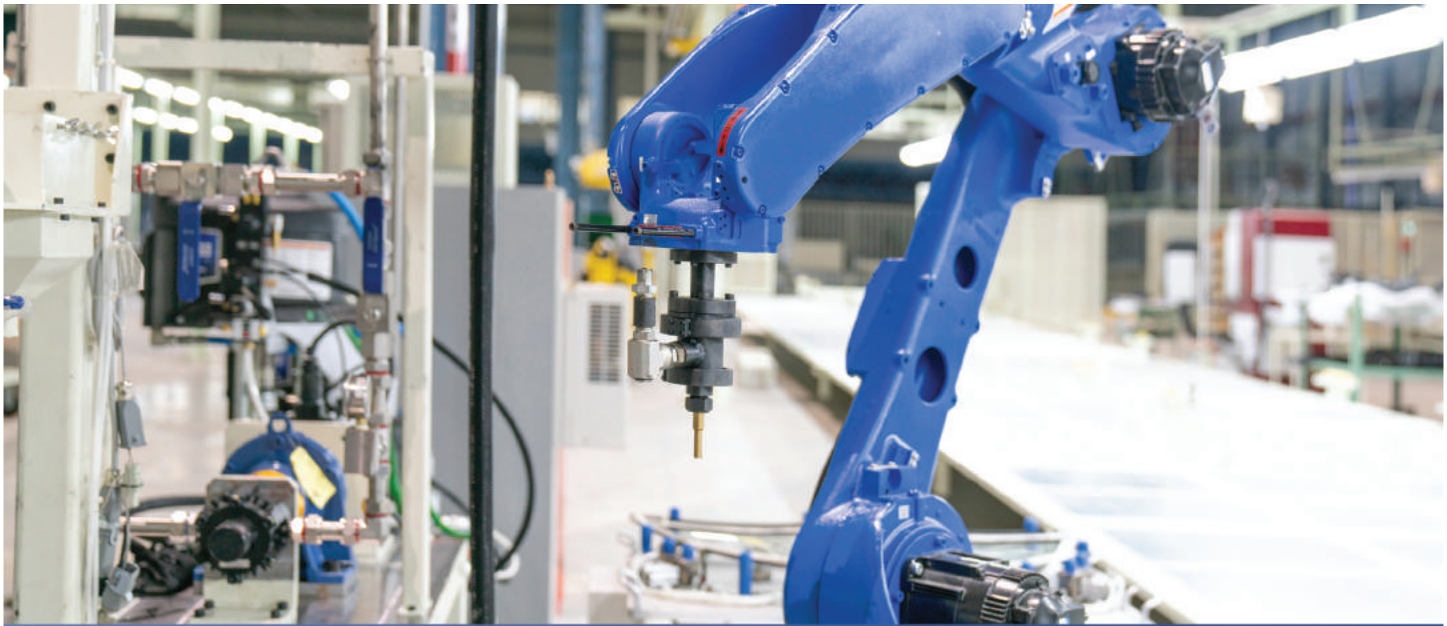
Credit Quality
A to B-

EQUIPMENT CATEGORIES

- Ambulance/Emergency
- Auto Test/Repair
- Auto/Light Truck
- Bus/Mass Transit
- CAD/CAM
- Computer Related
- Construction
- Energy Related
- Environmental Systems
- Food Distribution/Processing
- Health/Fitness
- HVAC
- Industrial/Manufacturing
- Machine Tool
- Materials Handling
- Medical/Dental
- Office Equipment
- Software Only
- Software/Hardware
- Telecommunications
- Trucks and Trailers
- Waste Disposal
- Woodworking

SPECIAL SERVICES

- Application Only Programs
- Custom Structures
- Portfolio Purchases
- Private Label Billing
- Titled Vehicles



WHITE OAK
EQUIPMENT FINANCE

CAPITAL THAT WORKS

White Oak Equipment Finance ("WOEF") is focused on credit-driven financing opportunities for a wide range of companies, particularly those who may have elevated leverage, who are generally larger scale enterprises, and those who may not fit within standard bank underwriting guidelines.

More information can be found at
https://whiteoaksf.com/credit-solutions/equipment-lending-and-financing/.

SOLUTIONS

- True lease financings with residuals
- Full payout leases
- Discounting of major vendor and other third party paper
- Structured lease investments

INVESTMENT TARGETS

- Transaction hold positions ranging from $10 million to $100 million+
- Larger scale companies with recurring and defensible cash flows
- Equipment material to ongoing operations
- Locations may include domestic and foreign

EQUIPMENT

- Opportunistic; no predetermined exclusions
- Telecom, enterprise storage, and other enterprise computing assets
- Software EULAs from major licensors
- Sale leasebacks of existing assets/facilities
- Progress fundings of equipment with extended build times

BUSINESS PRACTICE

- No brokering; WOEF is a funding source and not a lease broker
- WOEF is committed to the highest standard of clarity and customer-orientation in its lease documents

CONTACT WHITE OAK EQUIPMENT FINANCE

Rick Petrucci
+1 415 549 2933
rpetrucci@whiteoakef.com

ELFA
MEMBER

WHITE OAK

ASSET/EQUIPMENT MANAGEMENT

AVGear ....avgear.com/businessservices

BigIron Auctions................................bigiron.com

Equipment Placement Services, Inc..................equipmentplacement.com

Great Lake Asset Solutions .... glassetllc.com

Irontrax... irontrax.com

Quiktrak, Inc ....quiktrak.com

RTR Services, Inc. ....rtrservices.com

CONSULTANTS

The Alta Group........................ thealtagroup.com

ECS Financial Services .... ecsfinancial.com

JDR Solutions, Inc .... jdrsol.com

EQUIPMENT INSPECTIONS

Equipment Placement Services, Inc..................equipmentplacement.com

Inspection Services................................ is-rtr.com

IronTrax .... irontrax.com

Quiktrak ....quiktrak.com

RTR Services, Inc. .... rtrservices.com

FUNDING SOURCES

4 Hour Funding/Centra Funding ..centrafunding.com

Amur Equipment Finance .... amuref.com

Arboretum Commercial Finance.... arboretumcf.com

Ascentium ....acentiumcapital.com

Baystone Government Finance...........baystone.net

BlueVine Capital .... bluevine.com

Boston Financial & Equity Corp................bfec.com

C.H. Brown Company .... chbrownco.com

Channel Partners Capital .... channelpartnersllc.com

Dakota Financial, LLC............. dakotafinancial.com

Entegra Capital ....entegracapital.com

Equify Financial .... equifyfinancial.com

Fifth Third Bank Lease Banking..................53.com

Fifth Third Equipment Finance 53.com/equipmentfinance

Financial Pacific Leasing .... finpac.com

Global Financial & Leasing Services...gfrservices.com

Government Leasing, LLC ....GLeasing.com

Leasing Solutions LLC.......... leasingsolutionsllc.com

Marlin Capital Solutions ....marlincapitalsolutions.com

Nations Equipment Finance .... nationsequipmentfinance.com

Navitas Credit Corp .... navitascredit.com/partner-funding.html

NFS Leasing .... nsfleasing.com

North Mill Equipment Finance................ nmef.com

PMC Financial Services Group, LLC ....pmcfsg.com

Providence Equipment Finance .... provideneleasing.com

Quality Leasing Co............... qualityleasingco.com

TradeRiver USA Inc. ....traderiverusa.com

Umpqua.................................UmpquaBank.com

Wintrust Specialty Finance .... wintrust.com

INSURANCE

Great American Insurance Group ..... gaig.com/equipmentinsurance

OUTSOURCING/PORTFOLIO MANAGEMENT

Advanced Property Tax Compliance....... avptc.com

ECS Financial Services .... ecsfinancial.com

GreatAmerica Portfolio Services Group, LLC ....greatamerica.com/portfolio-services/

JDR Solutions, Inc .... jdrsol.com

Orion First Financial ....orionfirst.com

SOFTWARE/TECHNOLOGY SERVICES

Alfa... alfasystems.com

The Alta Group......................... thealtagroup.com

Codix .... codix.us

Constellation Financing Systems....constellationfs.com

Dominion Leasing Software LLC ......dominionls.com

IDS... idsgrp.com

IFS Technology Solutions .... ifstechnologysolutions.com/ifsleaseworks/

Inovatec Systems............................ inovatec.com

Ivory Consulting Corporation..............ivorycc.com

JDR Solutions, Inc .... jdrsol.com

Leasepath.................................... leasepath.com

LTi Solutions, Inc........................... ltisolutions.com

odessa...................................... odessatech.com

Vision Commerce, Inc........... visioncommerce.com

White Clarke Group............whiteclarkegroup.com

TAX SERVICES

Advanced Property Tax Compliance....... avptc.com

ECS Financial Services .... ecsfinancial.com

OSG ....osgtax.com

To view company profiles, visit *monitordaily.com*!

Reach the Equipment Finance Industry with *monitordaily.com*'s Online *Monitor* Services Directory

Our *Monitor* Services Directory provides a venue for companies serving the equipment leasing industry to reach their target audience.

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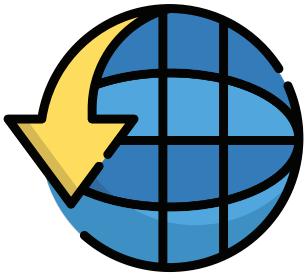
Contact Susie Angelucci for details at 484.253.2508 or e-mail *susie.angelucci@monitordaily.com*.

monitor ADVERTISER INDEX

FUNDING SOURCES SPOTLIGHT

BY THE **NUMBERS**

Short on time? The editors of Monitor collected the most striking data points presented in the Mar/Apr 2020 issue and condensed them into an infographic.



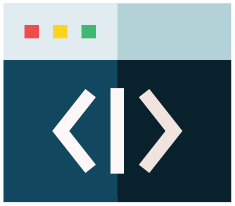
1%

Global economic growth could fall by a full percentage point due to COVID-19, according to Dun & Bradstreet (Pifani)

48

Pre-dispute jury trial waivers are enforceable in 48 of 50 states (Alper)

8-12 months



Time to build custom software (Morgan)

35%

Bernie Sanders' proposed increase in the corporate tax rate (Sebik)

28%

Joe Biden's proposed increase in the corporate tax rate with a 15% minimum tax (Sebik)

21%

Corporate tax rate under the Tax Cuts and Jobs Act (Sebik)

$800MM

Santander sold approximately $800 million of equipment leases and loans to Sterling National Bank in 2019 (Jackson)

The product.

The platform.

The Odessa platform isn't one thing, it's everything.

A lease management product is critical, but it isn't enough. The Odessa platform brings system configuration, app development and test automation into one seamless platform. Eliminate workarounds by unifying IT and business. Work smarter, scale faster. Building your business your way? In leasing, that means everything.

odessa

odessainc.com