

Spring  
2016

# CLFP CIRCULAR

News for Leasing and Finance Professionals

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## Message from the President



**Bob Fisher, CLFP**  
*Sr. VP, Business Development*  
**Ascentium Capital**

2016 is shaping up to be an amazing time within the CLFP Foundation as we build off of our fantastic year in 2015. We ended the year with 290 CLFPs in good standing, this being the highest count since the inception of the designation in 1985. The acceptance of the CLFP designation has been nothing short of phenomenal! Last year, we approved 87 CLFP applications and had 63 applicants sitting for and passing the certification exam, just a great result. The Foundation also introduced the Academy for Lease & Finance Professionals (ALFP) in 2015 - a three-day event that covers the mandatory sections of the exam-in -depth, as well as popular electives, and on the final day candidates can sit for the exam. Additionally, the Foundation rolled out the CLFP exam online, overlaying the written exam but at the same time allowing for a faster pace per individual and less stress from handwritten answers.

As we jump off into 2016, your Foundation continues to work and expand our services to the various Equipment Leasing Associations and their memberships and of course our sponsors and partners, offering specific Academy locations around the country. We have completed two Academies already this year, one in Albany, MN hosted by Stearns Bank with 9 new CLFPs and one in Los Angeles hosted by Dakota Financial with 6 new CLFPs. A big thanks to our Corporate Sponsors for these locations. We have three additional Academy's scheduled at this time in Walnut Creek CA, Philadelphia and Denver. If excitement is any indication of what's to come, I believe we may be holding additional Academies this year. Along with support of the National Association of Equipment Leasing Brokers (NAELB) and the National Equipment Finance Association (NEFA), the Foundation has put together a collaboration with the Equipment Leasing and Finance Association (ELFA) which has already had a tremendous impact on interest in the designation.

All of this and more could not have been accomplished without the support of our CLFP Executive Director, our CLFP volunteers and our CLFP Board. If you have not yet looked be sure to review the new 2016 Board Members and certainly reach out with any and all communications. Your Executive Committee and Board of Directors are here to assist and serve.

Strategically our Executive Committee met late last year for a planning meeting and in January our Board ratified our Strategic Plan for the next 2 years, something that is exciting in coming. Ongoing assets will be allocated to continue updating of our Handbook, Exams and generally legal, accounting and other business issues that will focus on the Foundation continue to providing the CLFP Designation as the premier designation for our industry.

I am humbled and feel much honored to serve as the Foundation's 2016 President.

**Bob Fisher, CLFP**  
President, 2016 CLFP Board of Directors

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# Remembering Shannon Green, CLFP

*Past CLFP Board Member and Volunteer*



On December 25th, 2015, Shannon Green, CLFP passed away after a very brief battle with cancer.

Shannon spent her entire professional career in the equipment leasing and finance industry - first at Financial Pacific Leasing for 16 years and later moved to Orion First Financial where she was there for over 12 years and culminated her career as President of the company. In 1999, she achieved her CLFP designation and used her knowledge and encouragement to mentor many others to obtain their designation. She served on the CLFP Board of Directors in 2012, served twice on the nominating committee, instructed classes, and was a valuable contributor to the Body of Knowledge.

***“Shannon had a smile that would light up any room, a heart full of gold and a selflessness that never ceased to amaze me. Her dedication and commitment to the small commercial finance industry was paramount on so many levels. Many people in our industry not only considered her a professional but also a mentor, friend and family. She will be greatly missed.”***

***- Jenny Wood, CLFP***



Pictured at the 2015 CLFP Puget Sound Power Hour on July 28, 2015 from L-R: Jenny Wood, CLFP; Shannon Green, CLFP; LaDonna Fosback, CLFP

***Shannon was such an inspiration. She was one of the first managers I met when I start at FP 18 years ago and with her support and encouragement she taught me to always believe in myself. With her can do attitude she could accomplish anything. It might have been months since I last saw or spoke with her but with Shannon it was always just like it was yesterday. She touched so many of us in the leasing industry as she was a true leader.***

***- LaDonna Fosback, CLFP***

# ELFA and CLFP Foundation Announce Collaboration



Exciting News! The Equipment Leasing and Finance Association (ELFA) and the CLFP Foundation announced a joint collaboration to support and advance the CLFP designation. Throughout 2016, ELFA will collaborate with the Foundation to raise awareness of the credential among the association’s membership and encourage members to enroll in the CLFP program to improve their skills, advance their careers and prepare for the future.

“We are very pleased to support the CLFP Foundation and help raise the visibility of their important work among the ELFA membership,” said Ralph Petta, ELFA President & CEO. “ELFA has decided to expand our involvement with the CLFP Foundation to raise awareness and increase the visibility of their existing credential. We are encouraging all members who haven’t yet earned the CLFP designation to consider enrolling in this highly-respected program to demonstrate their industry expertise and increase their opportunities for advancement in this great industry.”

During the first week of March, CLFP Executive Director Reid Raykovich, CLFP and CLFP Board Treasurer Chris Enbom, CLFP presented to the ELFA Board Executive Committee in Miami, Florida. The main purpose of the visit was to educate the ELFA Executive Committee about the program more in-depth and the excitement around the program among young, emerging talent in the industry.

“Having just come off the ELFA Board and Executive Committee, I know the importance the ELFA is placing on the education and inclusion of the next generation of leasing professionals within the association. The timing is perfect for the ELFA to more fully embrace the powerful impact the CLFP designation has on the industry, especially with younger professionals,” stated Chris Enbom, CLFP.



Chris Enbom, CLFP (L) with fellow colleague, Chris Lerma, CLFP

## ELFA Events that CLFP will be Exhibiting

### ***Credit and Collections Conference***

June 2016,  
Denver CO

### ***Operations and Technology/Lease Accounting Conference***

September 2016  
Baltimore, MD

### ***ELFA 55th Annual Convention***

October 2016  
Palm Desert, CA

# What Now? What Next?

*Written by Barry Marks, Esq., CLFP*

# D

id you ever see the goggle-eyed seer in the Harry Potter movies? Remember Jerry McGuire's manifesto? Well, this is somewhere in between.

There was an interesting article in Equipment Finance Advisor by Vernon Tiery of LeaseQ (2/16/16) about trends to expect in the coming year(s). Looking into our cracked crystal ball (thank goodness for duct tape...even saved Matt Damon in The Martian)....

We agree with Mr. Tiery that vendor finance, reliance on automation and what he calls "Uberization" (growth of small business and entrance of Millennials into management fueling leasing) are all in the cards. We have our own take and a few added trends to watch:

- **One-Stop Shopping.** We are seeing increased interest by vendors in financing sales of their equipment. This is occurring at a time when banks are feeling increased pressure to enter into equipment finance (about which we and others have written much). The upshot for many of our clients will be to focus on creating partnerships with vendors.

No, we do not mean actual legal partnerships (forbidden by some bank regulations and not the greatest idea anyway). We mean the mutually-beneficial arrangements that vendors will find comforting. Having a program format in place and being ready to sell it may be essential to success by banks and leasing companies wanting to catch this wave.

There is more: vendors wanting to finance their own equipment may need to be prepared to assist in financing both additional/support/peripheral equipment as well as software and services. This should encourage vendors to partner with a bank or experienced lessor who can offer ready financing for these other items.

This, however, gets into the daunting and dangerous world of managed services and bundling. We are seeing more and more calls for creative solutions to address the need to finance software and services along with hardware. We expect to see more and more calls for commitments to finance upgrades, which has long been a gray area. This will not only present opportunities and risks, it will open the door another crack for all manner of skullduggery (more on that in a minute). Refresh leasing and replacement equipment may be more and more common not only in computers and IT, but also in low-tech equipment as well.

Vendors who want creative solutions may favor programs that allow them to finance 100% of a customer's needs while laying off the (risk and reward) of only a portion of the equipment.

There is also the question of protecting residuals. Structures in which the lessor runs the lease but the vendor winds up with the equipment, controlling the after-market, managing the risk, utilizing its ability and knowledge in valuing and marketing the equipment just make sense.

All this means that the vendor-driven leasing will be one of several factors that promote customer-driven, sales-oriented marketing for banks and leasing companies as well as other factors, discussed below. There also is an article in the December Monitor by Kristine A. Snow on IT captives that may provide more on vendor leasing in the 21st Century.

- Simple, Better Documents. Vendors will want user-friendly docs that they and their customers can understand. Pressure on bank and leasing company partners to do better than the hoary-headed long form lease will mount. So will pressure on the responsible lessors to be clear and do better than the loosely-worded 20th century "short form" leases (some of which, run 5 pages). Recent cases questioning the hell or high water clause and showing that lessee counsel is getting smarter and knows how to spell c-l-a-s-s a-c-t-i-o-n make it clear: the old forms and amateur hour documents prepared by "our counsel" who don't know a TRAC lease from a toaster are the legal equivalent of Russian roulette. (Usually overpriced and inefficient, too.)

What is more, we do not have to tell our readers that competitive pressure is intense where good credit lessees and saleable collateral are concerned. Margins (what were those, anyway, Grandpa?) may be making a comeback...or not...but are still depressed except where the ultra-high-risk market is concerned. There, the risks mandate the very best documents and procedures. Which reminds us: please when we say "documents" we include processes and procedures and policies and training and understanding what a PMSI is and why you don't want to wait until your lessee is in Chapter 11 to declare a default and the worth and meaning of financial covenants and all that jazz. (Commercial message: We audit portfolios and provide training to your staff. Our document packages are always tailored to our client's needs, never just off-the-shelf, sent out with nothing but a bill. We always accompany our documents with an offer of direction as to implementation and use. We encourage calls and emails with questions by minimizing charges for quick Q & A. Really. Some of y'all know it. Please tell the others if they ask.)

We are seeing more EFAs than dollar-outs and a welcome shift away from the old versions of notes and security agreements and loan agreements and such. Years ago, we suggested a radical departure from the standard master/schedule format: A simplified set of Terms and Conditions that could be posted online or pre-printed and incorporated into short form leases. Just a thought. There are other variations on the theme. Something is on the horizon.

- Automation and Electronics. Ain't it great how things all tie in together? As increased competition is leading the equipment finance industry to be more customer/sales oriented and vendors are becoming more involved in financing, we see leasing companies increasingly relying on the internet and IT to make all of this work more efficiently. Think about the wildly mushrooming merchant cash advance/cash flow lending/working capital loan industry.

Why does it exist? Banks tightened credit AND someone did exactly what a fellow named Milken did in the 80's. (Hold onto your hat, here I go again). Michael Milken read an article about how rewards outweighed risks in junk bond lending. He created an industry and empire before he went a bit too far. Several of today's young men and women figured out that computer modeling and projections, the speed of daily automated clearing house (ACH) withdrawals and the use of the internet as a sales device meant they could put out \$10,000 and get back \$12,000 in a few months...you take it from there.

We have seen bankers and their counsel get red-faced and rage-addled when told that their borrowers have borrowed and repaid daily a half dozen loans while they dithered over late monthly payments.

So... when and how does equipment finance get in on the action? Are we ready for similar structures in leasing? Does merchant cash advance really work or is it just another unsecured loan? Daily rent? Can a lessor discount daily rents by doing a monthly perfect pay to the lender? Partial recourse? How about the OCC concentration regs?

We have electronic and quasi-electronic documents being offered up as chattel paper, electronic signatures, the envelope being pushed and expanding like latex on the legal and IT front, all when we are seeing new pressures to do things differently anyway.

And don't forget the security issues. State and federal regulations are going to reach beyond banks.

- Operating Leases. Going, going...what will replace them? Short term rentals? Service contracts? Multi-tiered financings with depreciation and residual going one way, cash another and the lessee having what is clearly an off balance sheet deal? Where will vendors fit in? What will the documents look like?
- BTW: There is this election thing coming up.
- Regulation. By the pricking of my thumbs, something wicked this way comes. For 20 years, lawyers working in small ticket and middle market leasing have said that the sky is falling. Obviously exaggerated. Nothing much happened. Thing is, it is like the one pill in the old Jefferson Airplane song - not the ones that change things but the ones mother gives you - the sky has been falling ever so slowly.

Several states adopted laws restricting the taking of advance rentals to get deals off the market while securing funding and we saw the sky begin to drop like the trash compactor ceiling in Star Wars episode IV. A couple of states began looking into banning automatic renewals because some of us got greedy and the sky fell an inch. Dodd-Frank came along and the sky fell two inches. California started paying attention to the CFLL laws and it fell an inch, then went nuts altogether and it dropped another two.

So here is the thing. Tight margins make it ever more attractive to outsmart lessees who don't read carefully and their lawyers who don't know what they are reading. Automatic renewals are not only reasonable; they are necessary in many deals to avoid loss. Interim rent makes sense much of the time. There are many boilerplate items you and we rely upon to make leasing and equipment finance profitable. In and of themselves they may be tough and smart but we support and use them.

Those who abuse this language to trick lessees into deals that any reasonable judge is going to look to find a way to void and any state legislator or attorney general could use to organize a legislative lynch mob are doing us a grave disservice. When governments try to kill mosquitoes they poison the environment and kill everything smaller than a pigeon. When they try to kill ants they use bulldozers. We keep seeing leases and practices that seem to be asking for the 6 O'clock news. Don't support the lessors who make money off them.

'Nuff said, you know the rest.



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## Save the Date

### NAELB Annual Conference

April 28 - 30; Las Vegas, NV

### Academy for Lease & Finance Professionals

May 12- 14; Walnut Creek, CA

### ELFA Credit & Collections Management

June 5 - 7; Denver, CO

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Padco Financial Services

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## New CLFPs

Shawn Brady, CLFP - Provident Leasing

Skylar Crane, CLFP - Celtic Equipment Finance

Steve DeSimone, CLFP - National Funding

Kristian Dolan, CLFP - Tamarack Consulting

Brent Dunbar, CLFP - Celtic Equipment Finance

Mark El-Hinn, CLFP - Celtic Commercial Finance

Don Ferguson, CLFP - Celtic Equipment Finance

Jennifer Finken, CLFP - NCMIC Finance Corp.

Cindy Fleck, CLFP - GreatAmerica Financial Services

Michelle Fuchs, CLFP - Stearns Bank

Lisa Genereux, CLFP - Dell Financial Services

Mikki Henkelman, CLFP - Stearns Bank

Andy Horne, CLFP - Provident Leasing

Marc Keepman, CLFP - KLC Financial

Celenia Kurtz, CLFP - Oak Capital Group, Inc.

Daryn Lecy, CLFP - Stearns Bank

Mark McKissick, CLFP - Banc of California

Beth McLean, CLFP - Northland Capital

Korie Nicholson, CLFP - Provident Leasing

Timothy Ong, CLFP - Celtic Commercial Finance

Christopher Park, CLFP - Dakota Financial

Jim Peach, CLFP - Stearns Bank

Mae Philpott, CLFP - Maxim Commercial Capital

Carrie Radloff, CLFP - American Financial Partners

John Rodwell, CLFP - OIC Lender Services

Imtiaz (Mike) Seyal, CLFP - Diagnostic Institute of Imaging

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Spencer Thomas, CLFP - KLC Financial

Brian Thune, CLFP - Celtic Commercial Finance

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