



# THE CLP CIRCULAR

News for Leasing and Financing Professionals

*“Setting the Standard for Leasing & Finance Professionals the World Over”*

## HIGHLIGHTS

- **BSB to Pay CLP Dues**
- **Section 179 for 2011**
- **How to Increase Your Closing Ratios**
- **Call for Nominations**
- **CLP Spotlight:  
Zach Marsh, CLP**

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To read these articles in their entirety, go to [www.CLPFoundation.ORG](http://www.CLPFoundation.ORG) and click **Toolbox » Articles**.

## Attention All Brokers:

Achieve your CLP Certification by passing the CLP exam,  
between now and December 2012, and  
BSB Leasing will pay your 2012 dues!

### Section 179 of the IRS Code for 2011

### How to Increase Your Closing Ratios

By Terry Winders – Winders Consulting, Inc.

By Brian Schonfeld – Pawnee Leasing Corporation

Section 179 of the IRS tax code allows businesses to deduct the full purchase price of qualifying equipment and/or software purchased or financed during the tax year. That means that if the customer buys (or leases with a bargain purchase option) a piece of qualifying equipment, they can deduct the full purchase price from their gross income. It's an incentive created by the U.S. Government to encourage businesses to buy equipment and invest in themselves.

Although we all got into this business for different reasons, I think I can safely say the one that we have in common is the desire to make money. And I think I can also safely say that most of you don't like losing money. Yet when you don't close an open approval, that is exactly what you are doing: losing money!

When your business buys certain items of equipment, it typically gets to write them off a little at a time through depreciation. In other words, the company spends \$50,000 on a machine, it gets to write off (if it is a five year asset under MACRS) a percentage of the cost each year. Now, while it's true that this is better than no write off at all, most business owners would really prefer to write off the entire equipment purchase price for the year they buy it.

We all know it is more difficult to close a Pawnee or Financial Pacific deal than a Bank of the West "A" deal; however, just because a bank charges a higher interest rate doesn't mean it's impossible to close that deal. While they certainly have a higher close rate, not every "A" deal is going to fund either.

In fact, if a business could write off the entire amount, they might add more equipment this year instead of waiting. That's the whole purpose behind Section 179... to motivate the American economy (and business) to move in a positive direction. For most small businesses (adding total equipment, software, and vehicles totaling less than \$500,000 in 2011), the entire cost can be written-off on the 2011 tax return. For large businesses adding even more than \$500,000, the write-offs are just as substantial.

There is no such thing as a 100% close rate, however, if you take the following steps, I can guarantee you'll see an increase in your closing ratios.

1. **Know Your Deal**
2. **Know Your Lender**
3. **Pre-Close, Pre-Close, Pre-Close**
4. **The Commitment Agreement**
5. **Send them a Complete Package**

To find out the details of these 5 easy steps, please go to our website at <http://www.clpfoundation.org> and read this entire article.

You'll be glad you did.

All businesses that purchase, finance, and/or lease less than \$2 million in new or used business equipment during tax year 2011 should qualify for the Section 179 Deduction. If a business is unprofitable in 2011, and has no taxable income to use the deduction, that business can elect to use 100% Bonus Depreciation and carry-forward to a year when the business is profitable. Most tangible goods including "off the shelf" software as well as business use vehicles (restrictions apply) qualify for the Section 179 Deduction. Also, to qualify for the Section 179 Deduction, the equipment and/or software purchased must be placed into service between January 1, 2011 and December 31, 2011.

The deduction begins to phase out if more than \$2 million of equipment is purchased - in fact, the deduction decreases on a dollar for dollar scale after that, making Section 179 a deduction specifically for small and medium-sized businesses. However, as noted above, large businesses can expense all qualifying capital expenditures with 100% Bonus Depreciation for the 2011 tax year.

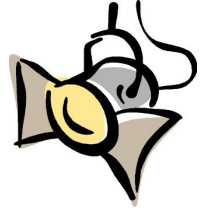
Terry's full article is available at <http://www.clpfoundation.org>

### Call for Nominations

The CLP Foundation is currently seeking members that are interested in serving on its Board of Directors. The Board is comprised of 11 CLP Directors, five are elected by CLPs and six are appointed by the industry associations: NAELB and NEFA. Elected board members serve for a two-year term. Currently there are three positions open for the 2012-2013 term.

As stated in the bylaws, a nominating committee will present a slate of qualified CLP candidates to run for these positions and CLPs of record and in good standing will have the opportunity to vote and elect three of the nominees.

If you are interested in running for a board position or know of a qualified CLP you would like to nominate, please contact Executive Director, Cindy Spurdle at (610) 687-0213 or [cindy@clpfoundation.org](mailto:cindy@clpfoundation.org) by November 15th. The CLP Foundation continues to thrive and hopes that you will seriously consider serving as one of its leaders.



# CLP Spotlight

## AN INTERVIEW WITH ZACH MARSH, CLP

### **What is your favorite thing about the equipment finance industry?**

I like that it is large enough that some of the biggest banks and corporations play a role in the industry, yet even the smallest of companies and individuals can carve out a niche. I also like that a big part of our industry serves the small business person. For every Microsoft, GE and Walmart, there are thousands of small businesses that employ the general populous and truly are the backbone of our nation. Our industry helps many of those businesses to not only survive but also to thrive.

### **Give a short description of your background in the industry.**

I am still relatively young in the industry at ten years but have been on the ground floor of a growing company for most of my tenure. I went to college and studied business and computer science and after a six month sabbatical from school and work (why not?), I found that the computer part of my degree had already begun to age. After discouraging interviews with Microsoft, RealNetworks and Amazon, I decided to take a job with a local leasing company to help write reports and ended up performing various admin, IT, accounting and finance job functions within my first two years. I had the opportunity to work directly with the CEO and made enough of an impression that when he left the company to start Orion First Financial he chose me as one of his initial handful of employees. I have been with Orion ever since and continue help our team build a dynamic servicing organization.

### **What are the biggest challenges in your day?**

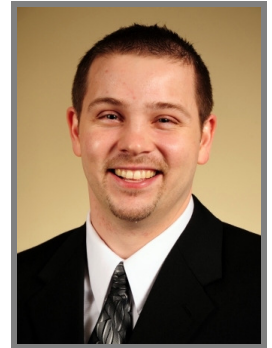
I think the economic downturn has to be the biggest challenge of my day thus far. In the past five years all types of money has entered and exited the industry as well as some of the most profitable companies have had to close their doors. As if dealing with the stresses of survival during the rapid downturn while further watching your peers disappear into unemployment and failure wasn't enough, we now have to figure out how best to seize the opportunities that exist for those fortunate enough to have survived.

### **What is the last book you read?**

I actually don't read books all that often. Instead I have become a content reader. I have two main methods of receiving that content: email and social media. I receive industry topics and LinkedIn discussions to my email and I have subscribed or "liked" several content providers from my Twitter and Facebook accounts. With all of those content feeds easily viewed from my smartphone and PC I can scan the content whenever is convenient and if something sounds interesting I follow the links to the actual article or website.

### **Would you like to share an interesting hobby or accomplishment?**

I have always been a competitive person and part of how I cultivate that I continue to play a lot of softball. But keep in mind it is not the co-rec, Sunday afternoon, beer league type softball. I play the once or twice a week league and several weekends a year tournament brand. To do so requires maintaining a delicate balance of being a good husband, father and working professional. However I have always believed that competition is a good thing – it is what drives our free market system as the fuel of the entrepreneurial spirit and a driving force behind some of our great leaders and innovators. Perhaps I have too much competitive spirit since wanting to be the best I can be with my family and professional life is not enough to satisfy me, but I will continue to play so long as my body lets me.



**Zach Marsh, CLP**  
Chief Financial Officer  
Orion First Financial, LLC

**Leasing Solutions LLC**

**GotDeals?** Steve Geller, CLP

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**Where in the World is this CLP?**

**Mindbender**

**Kyle Gilliam, CLP**  
of **Arvest Equipment Finance**



**Last Month:**

Zach Marsh, CLP  
Orion First Financial, LLC,  
in New York, NY

All correct answers sent to [info@clpfoundation.org](mailto:info@clpfoundation.org) by 11/15 will be entered into a drawing for \$20 off your annual dues.

This month's Mindbender is an example question from the *Lease Pricing Section* of the CLP Exam.

You are a lessor and have booked a 60 month lease for a pizza oven. The cost of the oven was \$50,000, it came with year's worth of free pizza and you paid your broker 3 points for originating the transaction. You intend to sell the lease stream of 58 payments to your bank. Your bank's first payment is anticipated 30 days following the discounted transaction. Each payment is \$1,000 and you are selling at a discount rate of 12%.

Your banker will pay you:

- A. \$ 43,848.63
- B. \$ 44,287.12
- C. \$ 44,719.99
- D. \$ 45,348.63

The solution will be posted on the CLP website on November 15<sup>th</sup>. Five correct answers received by then will be selected at random and have their authors recognized in the next issue of the CLP Circular.

**Save the Dates**

Events

**Advertising Opportunities**

**NEFA Super Regional**

November 6-7, 2011  
Teaneck, NJ

**NAELB West Coast**

November 11-12, 2011  
Costa Mesa, CA

**NAELB Annual Conference**

April 26-28, 2012  
Denver, CO

**CLP Exams**

Nov 13 Costa Mesa, CA

Nov 17 Gig Harbor, WA

Dec 5 San Ramon, CA

**Additional Details Online**

**Website Banners Ads**

We are now accepting banner ads to be displayed on our website.

Check the website: [Members >> Advertising Opportunities](#)

**CLP Circular**

**Get Exposed** to industry leaders from CLP, NAELB, NEFA, Leasing News readers and more... Run a business card size ad in the CLP Circular for only \$40/month or **\$80/3 issues**. Ads are first come first served.

**Consider This...**

**"As we express our gratitude, we must never forget that the highest appreciation is not to utter words, but to live by them."**

*John Fitzgerald Kennedy*

**Can you identify this angelic gal before she became a CLP?**



- LaDonna Fosback, CLP
- Silvia Greninger, CLP
- Jennifer Wood, CLP
- Tamara McCourt, CLP

**Last month's lady was Lia Wax, CLP**

All correct answers submitted to [info@clpfoundation.org](mailto:info@clpfoundation.org) before November 15<sup>th</sup> will be entered in a drawing for 50% off a copy of the NEW 4<sup>th</sup> Edition CLP Handbook.

**Leading Industry Organizations**



**Use of the CLP Designation, Logo and Other CLP Branding** – The terms "Certified Lease Professional", "CLP Foundation" and "CLP", as well as the CLP Designation as they all pertain to their use in the equipment leasing industry are owned by the CLP Foundation and protected under Federal Trademark Law. Only upon meeting and maintaining the qualifications for use as determined by the CLP Foundation Board of Directors will the CLP Foundation grant an individual a license for use of materials owned by the CLP Foundation. The CLP Foundation intends to comply with all antitrust laws.