



November 2, 2011

**By E-Mail: rule-comments@sec.gov**

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090  
Attn: Elizabeth M. Murphy, Secretary

**Re: Release Nos. 33-9244; 34-64968 (File No. S7-08-10)  
Comment Letter – Required Disclosure for Equipment Sector**

Ladies and Gentlemen:

The American Securitization Forum (“ASF”)<sup>1</sup> appreciates the opportunity to submit this letter in response to the request of the Securities and Exchange Commission (the “Commission”) for comments regarding Release Nos. 33-9244; 34-64968; File No. S7-08-10, dated July 26, 2011 (the “2011 ABS Re-Proposing Release”)<sup>2</sup>, relating to the revision and re-proposal of certain rules initially proposed by the Commission in Release Nos. 33-9117; 24-61858; File No. S7-08-10, dated April 7, 2010 (the “2010 ABS Proposing Release”)<sup>3</sup>, relating to offering, disclosure and reporting requirements for asset-backed securities under the Securities Act of 1933 (the “Securities Act”) and the Securities Exchange Act of 1934 (the “Exchange Act”). ASF supports appropriate reforms within the asset-backed securities (“ABS”) market, and we commend the Commission for again seeking industry input regarding its proposed rules. Over the past decade, ASF has become the preeminent forum for securitization market participants to express their views and ideas. ASF was founded as a means to provide industry consensus on market and regulatory issues, and we have established an extensive track record of providing meaningful comment to the Commission and other agencies on issues affecting our market.

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<sup>1</sup> The American Securitization Forum is a broad-based professional forum through which participants in the U.S. securitization market advocate their common interests on important legal, regulatory and market practice issues. ASF members include over 330 firms, including issuers, investors, servicers, financial intermediaries, rating agencies, financial guarantors, legal and accounting firms, and other professional organizations involved in securitization transactions. ASF also provides information, education and training on a range of securitization market issues and topics through industry conferences, seminars and similar initiatives. For more information about ASF, its members and activities, please go to [www.americansecuritization.com](http://www.americansecuritization.com).

<sup>2</sup> Re-Proposal of Shelf Eligibility Conditions for Asset-Backed Securities, 76 Fed. Reg. 47948 (Aug. 5, 2011).

<sup>3</sup> Asset-Backed Securities, 75 Fed. Reg. 23328 (May 3, 2010).

In the 2011 ABS Re-Proposing Release, the Commission requested additional comment regarding the data disclosure requirements of Dodd-Frank Section 942(b) as they relate to ABS backed by equipment loans (“Equipment ABS”).<sup>4</sup> The Commission previously proposed regulations pursuant to Section 942(b) in the 2010 ABS Proposing Release. As proposed, these requirements would obligate issuers to disclose asset-level information in prospectuses and periodic reports for residential mortgages, commercial mortgages, automobile loans or leases, equipment loans or leases, student loans, dealer floorplans, corporate debt, and resecuritizations. Separate, grouped account data requirements for credit and charge card receivables were proposed based largely on the significant privacy and competitive concerns attendant upon disclosure of asset-level information for those asset types. In response to the proposed rule, automobile issuer members of the ASF, joined by a number of automobile investors, explained in an August 31, 2010 letter that the concerns acknowledged by the Commission in adopting group-level disclosure for credit card securitizations were equally applicable for automobile loans, leases, and dealer floorplans (the “ASF Auto Letter”). The Commission issued the 2011 ABS Re-Proposing Release, in part, to request further explanation of the difficulties caused by disclosure of additional ABS information.<sup>5</sup> Part of that request asked for information about the impact of asset-level and group-level disclosure for both loan and lease backed Equipment ABS and for dealer floorplan Equipment ABS.<sup>6</sup> In addition, the Commission requested suggestions for implementing Section 942(b), specifically addressing Section 7(c) of the Securities Act, in a way that is both feasible for Equipment ABS issuers and sufficient for investors.<sup>7</sup> Under Section 7(c) of the Securities Act, the Commission is required to set standard data presentation formats that would facilitate comparison across similar asset types and provide asset-level disclosure if such data are necessary for investors to independently perform due diligence. In response to these mandates and questions raised by the 2011 ABS Re-Proposing Release, ASF now submits this supplemental letter addressing the Commission’s request.

In its Equipment ABS commentary in the 2011 ABS Re-Proposing Release, the Commission correctly notes that there are a variety of views regarding disclosure from both Equipment ABS issuers and investors, as evidenced by the mixed responses received on the original proposal. For Equipment ABS market participants, these differing views are neither unexpected nor unusual. Unlike the other ABS sectors, such as credit cards, mortgage loans, or autos, the Equipment ABS market stands alone as the only mainstream ABS type that is not homogeneous. The lack of homogeneity within the sector results in differing sensitivities regarding disclosure of information, as noted by the Commission in its request for clarification of equipment commentators’ position regarding disclosure.

While all of our Equipment ABS issuer members believe loan-level disclosure to be unnecessary, we were unable to reach a consensus position for all investor members. Instead, our investor members have differing perspectives as to the level of disclosure that should be required for Equipment ABS transactions. This divergence of views is not surprising considering that

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<sup>4</sup> See 76 Fed. Reg. 47,968-69, ¶¶ 86-91 (Aug. 5, 2011).

<sup>5</sup> 76 Fed. Reg. 27,948.

<sup>6</sup> *Id.* at 47,968-69.

<sup>7</sup> *Id.*

investors often rely on different information to perform their analysis and make their investment decisions. The weight accorded to different information by investors can vary for any number of reasons. Some investors may be more interested in macroeconomic factors, such as the extent to which changes in the consumer economy will impact the yield expected to be paid on the Equipment ABS. Other investors may look more to the quality of the sponsor and its experience in securitizing similar assets, or to the quality of the products sold by the sponsor's affiliates to its customers. Other investors may focus more on particular characteristics of the assets and obligors to determine the underlying credit quality of the pool. In other cases, an investor's analysis may be influenced by the type of security being purchased and its place in the capital structure. For example, investing in a "money market" tranche within a securitization may not require the same level of analysis as investing in riskier subordinated tranches or a first loss piece, or even senior securities with a lower payment priority. In other words, there are many different ways that an investor may analyze an ABS and its underlying asset pool, and the information relevant to any particular investor may change over time or based on the nature of the investments.

The varying perspectives across our Equipment ABS investor membership ultimately result in three distinct groups: those who prefer the pool-level disclosures ("Pool-Level Investors"), those who prefer the group-level disclosures ("Group-Level Investors"), and those who prefer loan-level disclosures ("Loan-Level Investors"). The number of investors favoring the group-level disclosures and loan-level disclosures, respectively, is the same. The number of investors favoring the pool-level disclosures is slightly larger (by one investor) than each of the other groups. Our Equipment ABS issuer members believe that the Pool-Level Investors' choice not to request more granular data signifies their recognition of the unique nature of the equipment finance industry.

The Loan-Level Investors have provided their own views, which are set forth in Part V of this letter.

Our Equipment ABS issuer members believe that the lack of homogeneity in the equipment industry is the key difference between the auto and equipment finance industries. As discussed in detail below, this lack of homogeneity results from the variability of a wide range of features in the equipment finance industry, including the many different types of equipment, the many differences in the size and type of customer businesses and the negotiated financing arrangements tailored to the business needs of individual customers. The lack of homogeneity raises important issues for consideration in crafting disclosure rules for Equipment ABS. These issues can generally be grouped into three broad categories:

- (1) the lack of homogeneity across the equipment finance industry that makes the comparison of overly granular pool data across the program of different Equipment ABS issuers counterproductive;
- (2) the concerns of equipment lenders about revealing proprietary underwriting, pricing and customer demographic information to competitors; and
- (3) the need to protect the reasonable commercial privacy expectations of customers.

The key distinction between the disclosure approach outlined in the ASF Auto Letter and the proposals of the Equipment ABS issuers and ASF member investors other than Loan-Level Investors is grounded in the implications that flow from the lack of homogeneity in equipment types and customer businesses. Great diversity exists both within a given Equipment ABS program and across the programs of Equipment ABS issuers. Within a given Equipment ABS program, as disclosure approaches become increasingly granular, the lack of homogeneity creates a heightened risk of revealing sensitive information. Across different Equipment ABS programs, the variability very often results in pools and Equipment ABS that simply are not as readily comparable to one another as some auto pools and programs may be.

In spite of the many differences across platforms, Equipment ABS has uniformly demonstrated substantial creditworthiness even during the recent economic crisis, as recognized by the Board of Governors of the Federal Reserve System in its *Report to the Congress on Risk Retention*. There, the Board of Governors recognized that “Equipment loan and lease ABS ... displayed strong performance throughout the financial crisis.” This important fact should inform the Commission’s decision-making process in setting disclosure requirements.

While the Equipment ABS issuers believe that there are few parallels between the auto and equipment ABS markets, the Commission’s August 5, 2011 request for further comments specifically asked Equipment ABS market participants to explain any differences between the two markets. That request repeatedly referred to the ASF Auto Letter and asked whether the proposals set forth therein would also work for Equipment ABS. The Commission further directed Equipment ABS participants to “be specific” in explaining whether and how any industry differences would change the appropriate disclosure requirements from those suggested in the ASF Auto Letter.

The sections that follow address the Commission’s requests by providing:

Parts I: A description of the features of the equipment finance industry that result in the lack of homogeneity of financing products and lender business practices

Part II: A discussion of the competitive and commercial privacy concerns of equipment lenders and borrowers and the counterproductive effect of presenting overly granular data

Part III: The Pool-Level Disclosure Proposal endorsed by Equipment ABS Issuers and Pool-Level Investors

Part IV: The Group-Level Disclosure Proposal endorsed by certain Equipment ABS Issuers and Group-Level Investors

Part V: Loan-Level Disclosure Proposal by Loan-Level Investors

## **I. Variability within the equipment industry**

Speaking of Equipment ABS as a cohesive whole encourages the notion that equipment industry participants all have similar businesses, but the reality is far different. Indeed, Equipment ABS encompasses a remarkable variety of equipment types, loan structures, borrowers, and lenders. Unlike the automobile industry, which is relatively homogeneous and

based primarily on sales of automobiles to consumers financed with fixed-rate term loans, the businesses of equipment loan borrowers are remarkably different from one another. This variability across borrower businesses requires equipment lenders to tailor their loan offerings and business models to the particular needs of the specific segments of the equipment loan borrower market serviced by each lender. The variability found in the equipment industry is substantially greater than that in the automobile industry and can be illustrated with the following examples:

- Variety in equipment types
- Wide range of equipment prices
- Variability in customer business types (family farms, corporations, etc.)
- Customer geographies
- Seasonality and cyclicalities
- Concentration of equipment market participants in each equipment sector
- Tailored business-to-business negotiations

The variability of equipment and customer businesses results in a wide variety of loan structures and business practices across equipment lenders. The discussion that follows briefly describes the lack of homogeneity in the equipment industry and its implications for disclosure.

**a. Variety in equipment types**

Equipment ABS encompasses a broad variety of asset types, from bulldozers to computers and from maritime vessels to equipment parts. While the automobile industry deals with distinctions between make and model of automobile, at the bottom the product always is relatively similar: a vehicle with four wheels, a motor, and a passenger compartment. The equipment industry is different. It includes, but is not limited to, marine vessels and trucks, electronics and furniture, telecommunications equipment and factory machines, all-terrain vehicles and chainsaws, tractors and earthmovers. Indeed, almost any type of equipment imaginable can be properly included in an Equipment ABS transaction, defying simple categorization.

**b. Wide range of equipment prices**

The prices for individual pieces of equipment are highly variable. Unlike automobile purchases, which are commonly denominated in the tens of thousands of dollars, the range of prices for equipment is nearly unbounded. Prices may range from a two hundred fifty dollar sewing machine to a fifty thousand dollar truck to a three hundred thousand dollar agricultural combine to a multimillion dollar maritime asset. This variability is further complicated by the existence of a strong used equipment market for many equipment types. For instance, agriculture and construction assets commonly retain substantially high values even as used equipment, and loans to finance purchases of such assets are commonly placed into Equipment ABS.

**c. Variability in customer business types**

Not surprisingly, given the vast diversification of equipment asset types and prices, there is a correspondingly broad variety of customer types in Equipment ABS. Of course, vast differences separate the purchasers who acquire fax machines from those who need grain wagons, but even within a single asset type great variability arises. For instance, the agriculture equipment market commonly encompasses purchases of single tractors by proverbial “family farms” as well as purchases of many tractors by large scale industrial farming operations. Yet, aside from the fact that both may happen to purchase the same model of tractor and use such equipment to plant and harvest, there will be little in common between them in terms of how their financing is underwritten, priced, and monitored. Thus, even where the actual asset that is purchased is identical, equipment customers often will bear little resemblance to each other. Nor is this customer variability limited to a particular equipment type. It is similarly found in construction equipment, buses, trucks, electronics, furniture and fixtures, and other equipment types, each of which is commonly sold to sole proprietors of small businesses as well as massive multinational corporations. To reiterate, the broad variation among equipment purchasers results in diffuse borrower characteristics. Thus, certain statistics utilized by auto lenders, such as payment-to-income (“PTI”) ratios, are too varied to be beneficial in determining risk profiles for equipment borrowers that are businesses of varying sizes and could actually be misleading to investors. For example, a small copier loan to a financially weak but large corporate buyer will result in a very different PTI ratio than the same loan made to a financially strong small business.

**d. Customer geographies**

The differences in equipment types and in the businesses of customers also result in very different geographic concentrations of equipment customers, dealers, and lenders. Some industries are concentrated tightly in particular cities or regions, while others are spread across broad rural areas. For instance, the agriculture equipment market tends to be very dispersed throughout rural regions, reflecting the obvious fact that open farmland is necessary for growing crops. On the other hand, technology and telecommunications equipment is more likely to be used in areas with large populations, reflecting the markets it serves. The geographic location of equipment purchasers and dealers reflect this fact. Unlike automobile purchasers and dealers, where thousands of consumers often choose from many competing brands and dealerships located in a county, city, or zip code, it is common for a very small number of purchasers or dealers to be located in any given area. Indeed, it is not at all unusual for a single purchaser or dealer to be the only market participant in any given area. And even when there are multiple market participants in an area, individual entities still will often constitute a significant portion of the market. Each equipment sector has a distinct geographic footprint driven by the business it predominately serves. This broad variability also translates into similar variations in the number of equipment customers and dealers in any given industry, with resultant privacy and competitive concerns arising from disclosure, as explained below.

**e. Seasonality and cyclicity**

Differences in business and assets between different equipment purchasers also cause substantial variability in when equipment is purchased, put to productive use and when the related financing is repaid. This seasonality is especially seen in industries like agriculture and

construction where the seasons control when certain types of equipment are used. Combine purchases tend to be made at certain times of the year, and planters at another. Another example would be that personal watercraft sell well in warmer states, and snowblowers sell well in colder states, but not vice versa. In still other industries, such as furniture and fixtures, there may be little seasonal variability. Purchasers tend to need these equipment items regardless of season. As a result of seasonality and cyclicity, it may be entirely normal in some industries for inventories to be little changed for long periods during off seasons, while other industries may expect regular and constant turnover. Again, while these equipment types all are commonly placed in Equipment ABS, there are dramatic differences in the expected sales and thus the cashflows these assets produce, based on the divergent characteristics of each equipment sector.

**f. Concentration of equipment market participants in each equipment sector**

Because of the many substantial differences between equipment sectors, equipment lending tends to be concentrated from sector to sector. The equipment industry, and by extension the Equipment ABS market, typically involves fewer participants than the auto industry. This is true on the manufacturing and sales side as well as in terms of the number of lenders and customers in any given sector. There are often fewer companies making a given type of equipment, fewer dealers selling it, fewer lenders providing financing, and fewer customers making purchases as compared to automobiles. The result is an industry consisting of sub-pools of activity arranged by equipment sector, with different organizations and business units participating in each.

**g. Tailored business-to-business negotiations**

Automobile loans typically are made by businesses to consumers. In contrast, equipment loans are primarily business-to-business loans that are often negotiated between sophisticated business entities. This business relationship means that equipment loans are tailored, not to the homogeneous needs of consumers, but to match the specific business needs of each customer's business. Even when the customer's business is a sole proprietorship such as a family farm, the loan is still a negotiated business transaction. These negotiations are not mere formalities. The loan sizes frequently are large and the equipment an important component of the customer's business. Loans are commonly negotiated to match the different cashflow and liability profiles of each business borrower, and that negotiation process results in different transactions with different businesses even within the same equipment sector and region. Thus, just as each distinct type of equipment meets the needs of divergent businesses, so also the loans that finance such acquisitions are negotiated to match the transaction. As a result, equipment financings tend to have distinct characteristics that make them individually identifiable, once again resulting in competitive and privacy concerns as described in Part II below.

**h. Lack of industry homogeneity drives diversity of loan products and business practices**

The lack of homogeneity in equipment types and customer businesses described above is reflected in the different types of funding that are provided to equipment purchasers and securitized in Equipment ABS. A loan structure that makes sense for one type of equipment may make little sense in a different context, and differences in customers and business models

commonly result in different loan structures and terms even within a particular equipment sector. Moreover, these differences also require equipment lenders to employ different business models and practices to address the particular needs of customers in the segments served by the lender.

Because of the diversity found in the equipment industry, there are a wide variety of ways in which equipment loans are structured. This distinction is a substantial difference from the automobile industry, where large numbers of relatively homogeneous borrowers and assets result in standardized loan features that vary almost exclusively in terms of interest rate based on a handful of variables. In contrast, in equipment lending there is a high degree of variability in loan structure, including differences in advance rates, pricing, frequency of payment, interest rate adjustments, amortization terms, collateral balloon payments, and other features. Also, the fact that the equipment market often involves income-producing assets that retain substantial residual value and can be depreciated for tax purposes allows additional flexibility in loan collateralization terms based on expected resale value. Costs for equipment can be far higher than the costs for automobiles, reflecting equipment's industrial, commercial, and agricultural applications rather than the individual consumer focus of the automobile market. The useful life and residual values of different types of equipment vary markedly. As a result, loans are often tailored, especially for equipment sectors with high unit costs and loan sizes. As a consequence, each loan tends to be relatively more distinct and individually identifiable by its characteristics. Equipment lenders generally do not use a uniform calculation in determining loan-to-value ("LTV"), as unlike the automobile industry, there is no standard equivalent to "Auto Blue Book" value for the overall equipment market that could be used to calculate LTVs comparable across asset types.

Similarly, the different types of equipment purchasers described above require different underwriting standards and servicing practices. Equipment lenders develop proprietary underwriting standards that reflect the distinct characteristics of their specific borrower base, industry dynamics, and equipment type. The equipment sector does not uniformly use metrics of creditworthiness like FICO scores or corporate credit ratings, both because they may or may not be available for any given borrower and because such one-size-fits-all measurements often are not especially revealing given the dramatic variability found in the industry. Again, these facts increase the distinctiveness of each equipment loan. Nor do these differences end with origination. The variability in equipment sectors discussed above result in divergent loss profiles and recoveries and related loan servicing practices. The payment performance of an electronics purchaser could be far different from a maritime purchaser. Similarly, the practices and timelines that a prudent equipment lender might pursue following delinquencies for fax machines and printers differ substantially from those employed for backhoes and skid steers. Repossession practices and subsequent resale of assets is similarly diffuse, with corresponding variability in timing of loss recognition.



**II. Disclosure of certain data would raise significant privacy, competitive, and business relationship concerns if disclosed in an Equipment ABS without creating comparability across programs**

**a. Competitive concerns among equipment lenders**

Granular disclosure, especially regarding loan interest rates, would cause competitive concerns among equipment lenders. If equipment lenders in any given equipment sector could discern the specific financing programs their competitors were offering to equipment purchasers in any region or for any type of equipment or borrower, equipment lenders could suffer serious economic harm to their proprietary investments and disclosure of detailed demographic data about their customer base. Competing equipment lenders could then modify the financing they offered to target specific customers or regions. This lending information would cause competitive concerns even if it were only available on a broad regional basis. For instance, if a lender knew from Equipment ABS disclosures that one of its competitors had a current average equipment loan rate of 6%, with an average size of \$300,000 and an average term of seven years in the Midwest, the lender would know even without any “reverse engineering” that it could differentiate its comparable equipment lending product, for instance by offering an initial interest only period or by offering a different term. Regardless of specifics, the availability of such pricing data would be damaging to competition among equipment lenders. These competitive concerns are even more pronounced in the context of the dealer floorplan lending business, in which the number of dealers tends to be relatively fewer than in the case of equipment loans to borrowers and the transactions even more sophisticated. Further, for captive finance companies that facilitate the acquisition of equipment manufactured by their parent company, granular disclosure could reveal confidential information about parent company sales, with corresponding potential for heightened competitive disadvantages.

**b. Commercial privacy interests of borrowers**

Disclosure resulting in identification of specific loans would also violate substantial commercial privacy interests of borrowers. Key aspects of a borrower’s equipment purchases would become publicly available, contrary to borrowers’ reasonable expectations of privacy and exposing such information to their direct business competitors.

Borrowers negotiating business agreements when purchasing equipment do not typically expect their financing arrangements to be disclosed publicly. Indeed, in many situations disclosure of certain data likely would violate confidentiality agreements between equipment borrowers and lenders that are often negotiated in these arms-length business transactions. Any disclosure requirement that enabled specific borrowers to be identified would raise serious privacy concerns for borrowers.

Also, because equipment purchases often form a large percentage of an equipment purchaser’s capital investments, any publicly released data that disclosed information about specific loans would allow businesses to evaluate a substantial source of their competitors’ cost structure with a good degree of accuracy. It would also disclose or allow other businesses to infer the financial strength of the borrower. In addition, equipment purchasers would be able to

compare their equipment costs with those of competitors in their specific market, resulting in detrimental market disturbances wholly unrelated to the interests of investors.

Disclosure of granular information would undermine business relationships grounded in the expectation of commercial privacy. Equipment purchasers would have access to sensitive data about the creditworthiness and cost structure of their competitors. These competitive concerns are equally if not more applicable in the context of dealer floorplan lending where the inventory financing provided to the dealer is an important component of its business.

**c. Granular disclosure will be counterproductive**

The range of features of the equipment finance industry that vary widely across Equipment ABS issuer programs make overly granular presentations of data counterproductive. For all the reasons discussed in detail above, the equipment finance industry is simply too diverse across too many different dimensions to allow meaningful comparisons across programs. As discussed in the pool-level disclosure proposal below, Equipment ABS issuers believe their investors focus on the asset class and the strength and processes of the particular issuer. Unlike the auto finance industry, the Equipment ABS issuers believe that loan-level and group-level data consisting of thousands of lines of granular data will in all likelihood not meaningfully enhance the ability of investors to make comparisons across equipment issuers. Yet it will most certainly inflict damage to the businesses of equipment lenders. For example, in some industries, only two or three large lenders are competing for the financing business of customers or floorplan borrowers. Those large lenders would utilize the Equipment ABS disclosures of their competitors for information about loan pricing, new products, market penetration and weaknesses and other trends. A rule that required Equipment ABS issuers to provide thousands of lines of disclosure about non-homogeneous assets and customers would force issuers to choose between disclosing important proprietary and demographic information about their customers and their own financing practices or relying on alternative funding likely to be less efficient than the Equipment ABS market. In the pool-level disclosure proposal below, the Equipment ABS issuers offer an enhanced standardized servicer summary (“Servicer Summary”) that will be identical for all issuers and greatly facilitate the comparison of the types of information that can be compared across programs. They also set forth, with specificity, the forms of detailed reports that would comprise the pool-level reporting package. As discussed below, these pool-level reports are designed to strike a balance between benefits of enhanced investor disclosure and the potential damage to the businesses of lenders from excessively granular disclosure.

**III. Pool-level disclosure proposal**

Equipment ABS issuers and Pool-Level Investors do not see any indication that group-level data or loan-level data is either necessary for investors or would offset the substantial damage to issuers’ business that would result from providing it. Consequently, Equipment ABS issuers and Pool-Level Investors do not believe investors need group-level or asset-level detail to adequately perform their due diligence analysis.

One of the primary goals of Dodd-Frank Section 942 was to enable comparisons across issuers within a given asset class. However, comparisons across the Equipment ABS market are

largely meaningless because of the lack of homogeneity in Equipment ABS. This lack of homogeneity is the product of a variety of factors discussed earlier including different equipment types, loan structures, and proprietary underwriting standards, among others. For instance, it makes little sense to attempt to compare loans and leases backed by agricultural equipment with loans and leases backed by maritime vessels or office imaging equipment. All are equipment yet serve very different businesses. As a result, such comparisons are uncommon. Pool-level disclosures, together with the standardized Servicer Summary described below, are designed to provide a format and level of disclosure detail that maximizes the comparability of asset information.

As a result of the variability of loan products and the relative unhelpfulness of comparisons between Equipment ABS pools, Equipment ABS issuers historically have provided pool-level disclosure, and Equipment ABS investors have typically focused their diligence efforts on understanding the characteristics of the individual issuer or asset class. ASF's Equipment ABS issuer members and its Pool-Level Investor members believe this approach, together with the enhancements included in the proposal below, remain proper. It is common for investors to perform substantial review of an issuer's underwriting and collection operations, the fundamentals of the particular industry, backup and servicing arrangements (if applicable), equipment remarketing processes, and issuer management team strength. As already indicated, even following the economic downturn of the last several years, Equipment ABS has continued to perform well. There is no evidence that investors have been unable to obtain adequate information to make investment decisions and, as a result, pool-level disclosure should continue to be sufficient for investors to perform due diligence before purchasing Equipment ABS. On the other hand, group-level disclosure or asset-level disclosure could substantially undercut issuance in the Equipment ABS market, paradoxically resulting in fewer investment opportunities for the very investors who were supposed to be aided by more granular data. Thus, while some auto ABS issuers embraced a group-level or asset-level disclosure scheme, the Equipment ABS issuers and the Pool-Level Investors believe that the unique characteristics of the Equipment ABS markets make pool-level disclosures most appropriate.

**a. Standardized Servicer Summary.**

In an effort to promote the standardization goals of Section 7(c), as well as to provide ease of use by investors, the Equipment ABS issuers propose to provide a monthly standardized Servicer Summary. At present, issuers provide monthly payment and performance reporting to investors, filed on Form 10-D. But these reports currently feature differing information and formats. The Equipment ABS issuers believe that it would be helpful to investors to add a standardized Servicer Summary at the beginning of each Form 10-D filing. As indicated in exhibits S-1 through S-3, there would be separate standardized Servicer Summaries for each of the three major types of equipment collateral, loans (exhibit S-1), leases (exhibit S-2), and dealer floorplans (exhibit S-3). These summaries would pull data directly from the currently-filed Form 10-D reports and provide an easy to use view of the transaction in a single place. The Equipment ABS issuers would also propose to provide the standardized Servicer Summaries to investors electronically on the Internet in a standard downloadable format such as an Excel spreadsheet to facilitate data comparisons by investors.

Within collateral types, the standardized Servicer Summaries would be the same for all Equipment ABS issuers. As a result, they thus would facilitate comparison between different securitizations and different issuers. This disclosure would advance the Commission's goal of standardization and would make analysis more uniform and convenient for investors.

**b. Pool-level disclosure generally**

As explained above, group-level or asset-level disclosure are both unnecessary and inappropriate for Equipment ABS and would result in substantial privacy and competitive concerns for market participants without enhancing comparability across programs. To avoid these difficulties, the Commission should adopt a pool-level disclosure regime as illustrated in exhibits Pool A through Pool B (loans), Pool C through Pool D (leases), and Pool E (dealer floorplans). It is important to note that these exhibits are intended as minimum disclosure standards. Equipment ABS issuers should retain the ability to provide additional disclosure as appropriate or desired.

As indicated, the Commission requested comparison with the ASF Auto Letter proposed disclosure tables, explaining what changes, if any, would be necessary to make the disclosure workable for the Equipment ABS market.

Because of the differences described above between the Equipment ABS market and the auto loan industry, there are several items in the ASF Auto Letter disclosure tables that are inapplicable for Equipment ABS. As a result, these items are not included in the proposed exhibits attached to this letter. Notably, consumer credit scores (such as FICO scores) are not customarily used in Equipment ABS because of the business-to-business nature of the typical equipment transaction. While some equipment customers may have consumer credit scores, most will not. As a result, consumer credit scores are not included because they are not used in a standardized manner across the industry. Similarly, calculations such as loan to value ("LTV") and PTI or items like manufacturer's suggested retail price ("MSRP") are largely consumer-focused. As such, they are appropriate for auto loans but not relevant or commonly used in Equipment ABS. It makes little sense to speak of the PTI of a corporation purchasing equipment, and the use of varied loan structure types for equipment loans makes LTV of little relevance.

Similarly, the Equipment ABS proposal does not include information such as make and model. Those descriptions are automobile-specific and tailored to an industry that sells high volumes of particular items. It would not be informative for investors to have such granular data because the variability of Equipment ABS makes it difficult to categorize asset types in such a standardized fashion. In like fashion, descriptions of model year are largely irrelevant for equipment. Many types of equipment, for instance electronics or maritime assets, do not even have automobile-like model years, and in most heavy machinery applications such as agriculture or construction equipment, it is the number of hours and not the elapsed calendar years that determine the value of an asset. These categories are either inapplicable, too varied to be standardized, or would not be meaningful for investors.

Also due to problems with standardization, the Equipment ABS issuers have not included proprietary internal credit calculations in the proposed exhibits (termed a "Dealer Risk Group" in the ASF Auto Letter). Each issuer utilizes a distinct set of variables and calculations to internally

evaluate the creditworthiness of equipment borrowers. These calculations cannot be disclosed publicly any more than the proprietary calculations used to create a FICO score. However, because each calculation is developed and utilized internally, there is no way to standardize or compare internal credit calculations of issuers across the industry. Different issuers utilize different credit calculations and may weight the component parts of such calculations differently. Therefore, provision of an out-of-context numerical or letter credit score would be of limited usefulness because investors would have no way of knowing what it meant. Coupled with the privacy and competitive concerns associated with such disclosure, the Equipment ABS issuers believe this disclosure is unwarranted.

Subject to those explanations, the following discussion explains the disclosures set forth in our exhibits.

**1. *Timing and contents of disclosure under a pool-level system***

Under a pool-level system, the Servicer Summary and pool-level disclosures described in exhibits S-1 through S-3 and exhibits Pool A through Pool E, would be provided in the prospectus as of the cutoff date (or the statistical cutoff date for dealer floorplans). Going forward following issuance, the Servicer Summary disclosures would be provided monthly, and the pool-level collateral disclosures would be provided quarterly on Form 10-D. The provision of periodic reports would allow investors to view pool performance over time.

In summary, the following exhibits would be provided at the indicated times under a pool-level disclosure system:

- Servicer Summary exhibit S-1 (loans), S-2 (leases) or S-3 (dealer floorplans): Monthly.
- Pool-level exhibits Pool A-1 through A-7 (loans), Pool C-1 through C-7 (leases), and Pool E-1 through E-6 (dealer floorplans): As of cutoff/statistical cutoff date and updated quarterly.
- Pool-level exhibits Pool B (loans) and Pool D (leases): As of cutoff date.

**c. *Description of pool-level disclosure tables – Collateral Report for Equipment Loan Pools.***

In a Collateral Report, issuers would provide statistical information about the underlying pool, as illustrated in exhibits Pool A-1 through Pool A-7 (loans) and Pool B (loans). Please note that references to “Loans” include finance leases and that references to “leases” refer to operating leases. Because the linking of multiple data points is the primary source of concern for commercial privacy and competitive purposes, this information is provided in separate, pool-level tables that nevertheless provide significant information to investors. In this report, data would be presented based on the following characteristics:

**1. Collateral Report – General.**

This report, displayed as exhibit Pool A-1, will provide a series of data points for purposes of summarizing pool characteristics and orientating investors to the data that follows. For pool-level disclosure, the following data points will be provided as of the cutoff date and updated quarterly:

- i. *As of Date*. The date as of which data is provided, whether the cutoff date or a subsequent period.
- ii. *Aggregate Collateral Balance*. The collateral balance on the As of Date.
- iii. *Average Aggregated Collateral Balance*. On the As of Date, the Aggregate Collateral Balance divided by the Number of Loans.
- iv. *Number of Loans*. The number of loans in the pool on the As of Date.
- v. *Weighted Average APR*. The average annual percentage rate, as calculated by the issuer on the As of Date.
- vi. *APR Range*. The highest and lowest APR in the pool on the As of Date.
- vii. *Weighted Average Remaining Term (months)*. The weighted average of the loans in the pool based on each loan's remaining term to maturity and its outstanding collateral balance on the As of Date.
- viii. *Remaining Term Range (months)*. The highest and lowest remaining term to maturity in the pool on the As of Date.
- ix. *Weighted Average Original Term (months)*. The weighted average of the loans in the pool based on each loan's term and outstanding collateral balance on the cutoff date.

**2. Collateral Report – State.**

This report, displayed as exhibit Pool A-2, will provide a breakout of the states in which the largest number of loans by collateral balance are located. The following data points will be provided as of the cutoff date and updated quarterly:

- i. *State*. A line will be provided for the ten states that constitute the highest percentage of the current collateral balance. This ten state listing is intended as a minimum floor for disclosure purposes; issuers would be free to include additional states beyond the ten largest by collateral balance. Collateral not disclosed in an individual state disclosure line would be included in the data line "Other." Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.

- ii. *Number of Loans.* The number of loans in a given State.
- iii. *Aggregate Current Collateral Balance.* The current collateral balance in a given State.
- iv. *Percentage.* The percentage of the current collateral balance represented by the Aggregate Current Collateral Balance in a given State.

**3. *Collateral Report – Equipment Type.***

This report, displayed as exhibit Pool A-3, will provide a breakout of the types of equipment in which the largest number of loans by collateral balance are located. The following data points will be provided as of the cutoff date and updated quarterly:

- i. *Equipment Type.* A line will be provided for every type of equipment in which the collateral balance exceeds 10% of the current collateral balance. To the extent that the financed equipment included in the data line “Other” represents more than 10% of the current collateral balance, the issuer would include additional data lines for equipment types that represent less than 10% of the current collateral balance until the data line “Other” represents 10% or less of the current collateral balance. To reflect the varied types of assets that are commonly securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Number of Loans.* The number of loans in a given Equipment Type.
- iii. *Aggregate Current Collateral Balance.* The current collateral balance in a given Equipment Type.
- iv. *Percentage.* The percentage of the current collateral balance represented by the Aggregate Current Collateral Balance in a given Equipment Type.

**4. *Collateral Report – New/Used.***

This report, displayed as exhibit Pool A-4, will provide a breakout of the new and used equipment for the collateral. The following data points will be provided as of the cutoff date and updated quarterly:

- i. *Number of Loans.* The number of loans for new and used equipment.
- ii. *Aggregate Current Collateral Balance.* The current collateral balance for new and used equipment.
- iii. *Percentage.* The percentage of the current collateral balance represented by the Aggregate Current Collateral Balance for new and used equipment.

**5. Collateral Report – Payment Frequency.**

Because equipment loans commonly are structured with differing payment frequencies, this report, displayed as exhibit Pool A-5, will provide a breakout of the payment frequency for the collateral. The following data points will be provided as of the cutoff date and updated quarterly:

- i. *Frequency.* The frequency with which the underlying loans are scheduled to pay. To reflect the varied types of assets that are commonly securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Number of Loans.* The number of loans in a given payment Frequency.
- iii. *Aggregate Current Collateral Balance.* The current collateral balance in a given payment Frequency.
- iv. *Percentage.* The percentage of the current collateral balance represented by the Aggregate Current Collateral Balance in a given payment Frequency.

**6. Collateral Report – Current Balance.**

This report, displayed as exhibit Pool A-6, will provide a breakout of the current collateral balance. The following data points will be provided as of the cutoff date and updated quarterly:

- i. *Current Balance.* A series of current collateral balance ranges. Because collateral balances for Equipment ABS are dramatically different depending on the underlying collateral type, these ranges will change as appropriate from issuer to issuer. Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Number of Loans.* The number of loans in a given Current Balance range.
- iii. *Aggregate Current Collateral Balance.* The current collateral balance in a given Current Balance range.
- iv. *Percentage.* The percentage of the current collateral balance represented by the Aggregate Current Collateral Balance in a given Current Balance range.



## **7. Collateral Report – APR.**

This report, displayed as exhibit Pool A-7, will provide a breakout of the current annual percentage rate ranges for the collateral. The following data points will be provided as of the cutoff date and updated quarterly:

- i. *APR.* A series of current annual percentage rate ranges corresponding to the pool, as calculated by the issuer. Because APR rates for Equipment ABS are different depending on the underlying collateral type, these ranges will change as appropriate from issuer to issuer. Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Number of Loans.* The number of loans in a given APR range.
- iii. *Aggregate Current Collateral Balance.* The current collateral balance in a given APR range.
- iv. *Percentage.* The percentage of the current collateral balance represented by the Aggregate Current Collateral Balance in a given APR range.

## **8. Scheduled Payments.**

This report, displayed as exhibit Pool B, will provide a breakout of the scheduled payments for the pool. The following data points will be provided as of the cutoff date:

- i. *Collection Period.* The periodic payment period on which principal and interest payments are scheduled to be remitted to investors. Because collection periods for Equipment ABS vary depending on the underlying collateral type, these ranges will change as appropriate from issuer to issuer.
- ii. *Number of Loans.* The number of loans scheduled to be in the pool as of a given Collection Period.
- iii. *Scheduled Payments.* The aggregate amount of payments scheduled to be received by investors as of a given Collection Period.

### **d. Description of pool-level disclosure tables – Collateral Report for Equipment Lease Pools.**

In a Collateral Report, issuers would provide statistical information about the underlying pool, as illustrated in exhibits Pool C-1 through Pool C-7 (leases) and Pool D (leases). Because the linking of multiple data points is the primary source of danger for commercial privacy and competitive purposes, this information is provided in separate, pool-level tables that nevertheless provide significant information to investors. In this report, data would be presented based on the following characteristics:

**1. Collateral Report – General.**

This report, displayed as exhibit Pool C-1, will provide a series of data points for purposes of summarizing pool characteristics and orientating investors to the data that follows. For pool-level disclosure, the following data points will be provided as of the cutoff date and updated quarterly:

- i. *As of Date.* The date as of which data is provided, whether the cutoff date or a subsequent period.
- ii. *Aggregate Acquisition Cost.* The aggregate cost of the leased assets on the As of Date.
- iii. *Average Securitization Value.* On the As of Date, the Aggregate Acquisition Cost divided by the Number of Leases.
- iv. *Aggregate Residual Value.* On the As of Date, the aggregate amount of residual value, to the extent that it is included in the rated cashflows.
- v. *Number of Leases.* The number of leases in the pool on the As of Date.
- vi. *Weighted Average Securitization Rate.* The average annual lease rate, as calculated by the issuer on the As of Date.
- vii. *Securitization Rate Range.* The highest and lowest lease rate in the pool on the As of Date.
- viii. *Weighted Average Remaining Term (months).* The weighted average of the leases in the pool based on each lease's remaining term to maturity and its outstanding collateral balance on the As of Date.
- ix. *Remaining Term Range (months).* The highest and lowest remaining term to maturity in the pool on the As of Date.
- x. *Weighted Average Original Term (months).* The weighted average of the leases in the pool based on each lease's term and outstanding collateral balance on the cutoff date.

**2. Collateral Report – State.**

This report, displayed as exhibit Pool C-2, will provide a breakout of the states in which the largest number of leases by aggregate securitization value are located. For pool-level disclosure, the following data points will be provided as of the cutoff date and updated quarterly:

- i. *State.* A line will be provided for the ten states that constitute the highest percentage of the current aggregate securitization value. This ten state listing is intended as a minimum floor for disclosure purposes; issuers would be free to include additional states beyond the ten largest by securitization value. Collateral not disclosed in an individual state disclosure line would be included in the data line "Other." Once the

aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.

- ii. *Number of Leases.* The number of leases in a given State.
- iii. *Aggregate Current Securitization Value.* The current securitization value in a given State.
- iv. *Percentage.* The percentage of the current aggregate securitization value represented by the Aggregate Current Securitization Value in a given State.
- v. *Aggregate Current Residual Value.* The current aggregate amount of residual value in a given State, to the extent that it is included in the rated cashflows.

### **3. Collateral Report – Equipment Type.**

This report, displayed as exhibit Pool C-3, will provide a breakout of the types of equipment in which the largest number of leases by aggregate securitization value are located. For pool-level disclosure, the following data points will be provided as of the cutoff date and updated quarterly:

- i. *Equipment Type.* A line will be provided for every type of equipment in which the aggregate securitization value exceeds 10% of the current aggregate securitization value. To the extent that the financed equipment included in the data line “Other” represents more than 10% of the current aggregate securitization value, the issuer would include additional data lines for equipment types that represent less than 10% of the current aggregate securitization value until the data line “Other” represents 10% or less of the current aggregate securitization value. To reflect the varied types of assets that are commonly securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Number of Leases.* The number of leases in a given Equipment Type.
- iii. *Aggregate Current Securitization Value.* The current aggregate securitization value in a given Equipment Type.
- iv. *Percentage.* The percentage of the current aggregate securitization value represented by the Aggregate Current Securitization Value in a given Equipment Type.
- v. *Aggregate Current Residual Value.* The current aggregate amount of residual value in a given Equipment Type, to the extent that it is included in the rated cashflows.

**4. Collateral Report – New/Used.**

This report, displayed as exhibit Pool C-4, will provide a breakout of the new and used equipment for the pool. For pool-level disclosure, the following data points will be provided as of the cutoff date and updated quarterly:

- i. *Number of Leases.* The number of leases for new and used equipment.
- ii. *Aggregate Current Securitization Value.* The current aggregate securitization value for new and used equipment.
- iii. *Percentage.* The percentage of the current aggregate securitization value represented by the Aggregate Current Securitization Value for new and used equipment.
- iv. *Aggregate Current Residual Value.* The current aggregate amount of residual value for new and used equipment, to the extent that it is included in the rated cashflows.

**5. Collateral Report – Payment Frequency.**

Because equipment leases commonly are structured with differing payment frequencies, this report, displayed as exhibit Pool C-5, will provide a breakout of the payment frequency for the pool. For pool-level disclosure, the following data points will be provided as of the cutoff date and updated quarterly:

- i. *Frequency.* The frequency with which the underlying leases in the pool are scheduled to pay. To reflect the varied types of assets that are commonly securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Number of Leases.* The number of leases in a given payment Frequency.
- iii. *Aggregate Current Securitization Value.* The current aggregate securitization value in a given payment Frequency.
- iv. *Percentage.* The percentage of the current aggregate securitization value represented by the Aggregate Current Securitization Value in a given payment Frequency.
- v. *Aggregate Current Residual Value.* The current aggregate amount of residual value in a given payment Frequency, to the extent that it is included in the rated cashflows.

**6. Collateral Report – Current Securitization Value.**

This report, displayed as exhibit Pool C-6, will provide a breakout of the current securitization value for the pool. For pool-level disclosure, the following data points will be provided as of the cutoff date and updated quarterly:

- i. *Current Securitization Value.* A series of current securitization value ranges corresponding to the pool. Because securitization values for Equipment ABS are dramatically different depending on the underlying collateral type, these ranges will change as appropriate from issuer to issuer. Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Number of Leases.* The number of leases in a given Current Securitization Value range.
- iii. *Aggregate Current Securitization Value.* The current aggregate securitization value in a given Current Securitization Value range.
- iv. *Percentage.* The percentage of the current aggregate securitization value represented by the Aggregate Current Securitization Value in a given Current Securitization Value range.
- v. *Aggregate Current Residual Value.* The current aggregate amount of residual value in a given Current Securitization Value range, to the extent that it is included in the rated cashflows.

**7. Collateral Report – Securitization Rate.**

This report, displayed as exhibit Pool C-7, will provide a breakout of the current securitization rate ranges for the pool. For pool-level disclosure, the following data points will be provided as of the cutoff date and updated quarterly:

- i. *Securitization Rate.* A series of current annual lease rate ranges corresponding to the pool, as calculated by the issuer. Because annual lease rates for Equipment ABS are different depending on the underlying collateral type, these ranges will change as appropriate from issuer to issuer. Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Number of Leases.* The number of leases in a given Securitization Rate range.
- iii. *Aggregate Current Securitization Value.* The current aggregate securitization value in a given Securitization Rate range.

- iv. *Percentage.* The percentage of the current aggregate securitization value represented by the Aggregate Current Securitization Value in a given Securitization Rate range.
- v. *Aggregate Current Residual Value.* The current aggregate amount of residual value in a given Securitization Rate range, to the extent that it is included in the rated cashflows.

## **8. *Scheduled Payments.***

This report, displayed as exhibit Pool D, will provide a breakout of the scheduled payments and booked residuals included in the rated cashflows for the pool. The following data points will be provided as of the cutoff date:

- i. *Collection Period.* The periodic payment period on which payments are scheduled to be remitted to investors. Because collection periods for Equipment ABS vary depending on the underlying collateral type, these ranges will change as appropriate from issuer to issuer.
- ii. *Number of Leases.* The number of leases scheduled to be in the pool as of a given Collection Period.
- iii. *Scheduled Payments.* The aggregate amount of payments scheduled to be received by investors as of a given Collection Period.
- iv. *Booked Residual Value.* The aggregate amount of scheduled residual value, to the extent that it is included in the rated cashflows.

### **e. *Description of pool-level disclosure tables – Collateral Report for Equipment Dealer Floorplan Pools.***

In a Collateral Report, issuers would provide statistical information about the underlying dealer pool, as illustrated in exhibit Pool E (dealer floorplans). Because the linking of multiple data points is the primary source of concern for commercial privacy and competitive purposes, this information is provided in separate, pool-level tables that nevertheless provide significant information to investors. In these reports, data would be presented based on the following characteristics:

#### **1. *Collateral Report – General.***

This report, displayed as exhibit Pool E-1, will provide a series of data points for purposes of summarizing pool characteristics and orientating investors to the data that follows. For pool-level disclosure, the following data points will be provided as of the statistical cutoff date and updated quarterly:

- i. *As of Date.* The date as of which data is provided, whether the statistical cutoff date or a subsequent period.

- ii. *Number of Dealers.* The number of dealer accounts in the pool on the As of Date.
- iii. *Outstanding Balance of Collateral Receivables.* The collateral balance on the As of Date.
- iv. *Average Outstanding Balance of Collateral Receivables per Dealer Account.* The average amount owed by dealer accounts in the pool on the As of Date.
- v. *Weighted Average APR.* The average annual percentage rate, as calculated by the issuer on the As of Date.

## **2. Collateral Report – State.**

This report, displayed as exhibit Pool E-2, will provide a breakout of the states in which the largest number of dealer floorplans by aggregate collateral balance are located. For pool-level disclosure, the following data points will be provided as of the statistical cutoff date and updated quarterly:

- i. *State.* A line will be provided for the ten states that constitute the highest percentage of the current collateral balance. This ten state listing is intended as a minimum floor for disclosure purposes; issuers would be free to include additional states beyond the ten largest by collateral balance. Collateral not disclosed in an individual state disclosure line would be included in the data line “Other.” Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Number of Accounts.* The number of accounts in a given State.
- iii. *Aggregate Current Collateral Balance.* The current collateral balance in a given State.
- iv. *Percentage.* The percentage of the current aggregate collateral balance represented by the Aggregate Current Collateral Balance in a given State.

## **3. Collateral Report – Equipment Type.**

This report, displayed as exhibit Pool E-3, will provide a breakout of the types of equipment in which the largest number of dealer floorplans by aggregate collateral balance are located. For pool-level disclosure, the following data points will be provided as of the statistical cutoff date and updated quarterly:

- i. *Equipment Type.* A line will be provided for every type of equipment in which the aggregate collateral balance exceeds 10% of the current aggregate collateral balance. To the extent that the financed equipment included in the data line “Other” represents more than 10% of the current aggregate collateral balance, the issuer would include additional data lines for equipment types that represent less than 10% of the current aggregate

collateral balance until the data line “Other” represents 10% or less of the current aggregate collateral balance. To reflect the varied types of assets that are commonly securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.

- ii. *Number of Accounts.* The number of accounts in a given Equipment Type.
- iii. *Aggregate Current Collateral Balance.* The current aggregate collateral balance in a given Equipment Type.
- iv. *Percentage.* The percentage of the current aggregate collateral balance represented by the Aggregate Current Collateral Balance in a given Equipment Type.

#### **4. Collateral Report – New/Used.**

This report, displayed as exhibit Pool E-4, will provide a breakout of the new and used equipment for the pool. For pool-level disclosure, the following data points will be provided as of the statistical cutoff date and updated quarterly:

- i. *Number of Accounts.* The number of accounts for new and used equipment.
- ii. *Aggregate Current Collateral Balance.* The current aggregate collateral balance for new and used equipment.
- iii. *Percentage.* The percentage of the current aggregate collateral balance represented by the Aggregate Current Collateral Balance for new and used equipment.

#### **5. Collateral Report – Product Type.**

Because dealer floorplans commonly contain assets held for differing business purposes, this report, displayed as exhibit Pool E-5, will provide a breakout of the product types for the pool. For pool-level disclosure, the following data points will be provided as of the statistical cutoff date and updated quarterly:

- i. *Product Type.* The type of product securitizing a dealer floorplan pool. To reflect the varied types of assets that are commonly securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Number of Accounts.* The number of accounts in a given Product Type.



- iii. *Aggregate Current Collateral Balance.* The current aggregate collateral balance in a given Product Type.
- iv. *Percentage.* The percentage of the current aggregate collateral balance represented by the Aggregate Current Collateral Balance in a given Product Type.

#### **6. Collateral Report – Current Balance.**

This report, displayed as exhibit Pool E-6, will provide a breakout of the current collateral balance for the pool. For pool-level disclosure, the following data points will be provided as of the statistical cutoff date and updated quarterly:

- i. *Current Balance.* A series of current collateral balance ranges corresponding to the pool. Because collateral balances for Equipment ABS are different depending on the underlying collateral type, these ranges will change as appropriate from issuer to issuer. Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Number of Accounts.* The number of accounts in a given Current Balance range.
- iii. *Aggregate Current Collateral Balance.* The current aggregate collateral balance in a given Current Balance range.
- iv. *Percentage.* The percentage of the current aggregate collateral balance represented by the *Aggregate Current Collateral Balance* in a given Current Balance range.

#### **IV. Group-Level Disclosure Proposal**

When taken as a whole, the small number of industry participants in given sectors, distinct equipment and financing characteristics, size, and geographic dispersion combine to make equipment loans, leases, and dealer floorplans, on a relative basis, significantly more distinct than auto financing. As a result, if loan-level or even county, city, or zip code level data were provided publicly, specific data identifying specific borrowers and dealers could be obvious or reverse engineered. A wealth of private data, including pricing and debt levels, would become available to the market. This disclosure would impact market participants across the equipment space and would result in commercial privacy concerns between equipment borrowers, competitive concerns among equipment lenders, and business relationship concerns between equipment lenders and their dealership networks.

All of ASF's Equipment ABS issuer members and its Pool-Level and Group-Level Investor members agree wholeheartedly with the concerns about loan-level data raised by the ASF Auto Letter. They also note that a Senate Report submitted by Senator Dodd from the Committee on Banking, Housing, and Urban Affairs to explain Section 942 indicated that loan-level disclosure was not required where it would raise privacy concerns. The report stated, in relevant part:

The Committee does not expect that disclosure of data about individual borrowers would be required in cases such as securitizations of credit card or automobile loans or leases, where asset pools typically include many thousands of credit agreements, where individual loan data would not be useful to investors, and where disclosure might raise privacy concerns.

As discussed in detail above, the Committee's expressed concerns about the sheer number of auto loans and the associated privacy issues are equally acute for equipment lenders and their borrowers. The lack of homogeneity and the variability in the equipment marketplace discussed above make certain items discussed in Schedule L of the 2010 ABS Proposing Release inappropriate. By way of illustration, Items 6(c)(2), 7(c)(2), and 9(c)(3) would require precise data about the geographic location of borrowers, raising strong privacy concerns due to the likelihood that individual borrowers would be identified. Additionally, Items 1(b)(4) through (b)(7) would mandate disclosure of specific delinquency and payment information that would similarly undermine borrowers' expectations of privacy. Competitive concerns for equipment lenders would also be raised by the Schedule L disclosure requirements, for example by Items 1(a)(6) and (b)(2) (requiring loan-level disclosure of current collateral balances), Items (a)(5), (a)(7), and (a)(8) (loan-level disclosure of term information), and Items 1(a)(10), (a)(13), and (b)(3) (loan-level interest rate data). In combination, this data would give equipment lenders very specific information about each loan that their competitors' made, raising substantial confidentiality concerns. In short, as with automobile loans, leases, and dealer floorplans, release of asset-level data for Equipment ABS would result in substantial disclosure of private customer information as well as commercially sensitive proprietary information. As previously described, these disclosures would result in commercial privacy, competitive, and relational concerns by exposing critical data to competing equipment lenders, customers, and dealers alike.

**a. Group-level disclosure generally**

Pool-level data, especially when combined with customary investor due diligence as described above, should provide investors with more than adequate information with which to make investment decisions. As explained above, the Equipment ABS issuers have great reservations and concerns about the scope, fields, and granularity of data to be provided if the Commission requires disclosure at a more specific level than pool-level. The Equipment ABS issuers strongly believe that disclosure at a more granular level than pool-level data would be highly detrimental to the industry for the privacy, competitive, and relational difficulties without meaningfully enhancing the ability of Equipment ABS investors to conduct necessary due diligence. However, in the event that the Commission believes that disclosure beyond the pool-level is required, a majority of issuer members propose that the following group-level data, similar (though not identical) to that suggested in the ASF Auto Letter, would be provided to investors. As described in the pool-level discussion under Section IV(b) above, the following exhibits do not contain data from the ASF Auto Letter exhibits regarding consumer credit scores, LTVs, PTIs, Dealer Risk Groups, makes and models, MSRPs, or model years either because these data points are not commonly used in the equipment industry or because they cannot be standardized in a way that would be beneficial to investors.

Similarly, while the following exhibits disclose delinquency data for equipment sectors, they do not break that data into groups by credit scores or risk ratings. As explained, the

consumer-based credit scores used by the automobile sector are not applicable to Equipment ABS.

Further, the exhibits addressing Equipment ABS delinquencies do not contain columns describing recoveries on delinquent equipment. Again as a result of variability in the securitized equipment, there are widely differing procedures and timeframes for recovering, reselling, and recognizing returns for delinquent equipment. Recovered equipment has different resale value and remarketing procedures, and each equipment lender has distinct procedures that match those differences. Likewise, the timing of dispositions and reporting conventions vary dramatically from lender to lender and from one equipment type to another. As such, the data is not comparable and not meaningful for investors. For example, it would not be unusual for the sale of a combine to take a year due to seasonality while disposition of a truck may take place in less than 30 days.

Subject to that explanation, the following discussion explains the line-by-line disclosures set forth in our exhibits.

**1. *Timing and contents of disclosure under a group-level system***

Under a group-level system, the pool-level reports would continue to be filed as of the cutoff date. As a result, the applicable Servicer Summaries and pool-level disclosures described in exhibits S-1 through S-3 and exhibits Pool A through Pool E under Part III, above, would still be provided as of the cutoff date. In addition to the pool-level reports, the group-level disclosures found below in exhibits Group A (loans), Group C (leases), and Group F (dealer floorplans) would also be provided as of the cutoff date (or statistical cutoff date for dealer floorplans).

Going forward following issuance, the Servicer Summary disclosures would continue to be provided monthly, and all group-level disclosures (including exhibits Group B, Group D, and Group E, which disclose delinquencies and thus begin to be provided the first quarter following issuance) would be provided quarterly. However, on an ongoing basis the group-level disclosures described below would take the place of the pool-level disclosures. As a result, exhibits Group A through Group F would be provided in lieu of exhibits Pool A through Pool E. The provision of periodic reports would allow investors to view pool performance over time. Again, it is important to note that these exhibits would be intended as minimum disclosure standards. Equipment ABS issuers should retain the ability to provide additional disclosure as appropriate or desired.

In summary, the following exhibits would be provided at the indicated times under a group-level disclosure system:

- Servicer Summary exhibits S-1 (loans), S-2 (leases) or S-3 (dealer floorplans): Monthly.
- Pool-level exhibits Pool A through Pool E (as applicable for asset type): As of cutoff/statistical cutoff date.

- Group-level exhibits Group A (loans), Group C (leases), and Group F (dealer floorplans): As of cutoff/statistical cutoff date and updated quarterly.
- Group-level exhibits Group B (loans), Group D (leases), and Group E (dealer floorplans): Quarterly following issuance.

**b. Description of group-level disclosure tables – Representative Line Data Reports for Equipment Loan Groups.**

In a Representative Line Data Report, issuers would provide statistical information about the underlying pool. These reports would be provided as of the cutoff date and updated quarterly. While the ASF Auto Letter proposed to provide representative line data reports on a monthly basis, the Equipment ABS issuers as well as the Group-Level Investors believe that differences between the auto and equipment industries render quarterly reporting more appropriate. Equipment assets frequently pay annually, semiannually, or quarterly in addition to monthly, as opposed to the monthly payments used almost exclusively for autos.

**1. Line Data Report – Account Information by Group.**

In this report, as illustrated in exhibit Group A (loans), data would be grouped by every combination of the following characteristics based on values at the time of loan origination:

- Equipment Type.* A line would be provided for every type of equipment in which the collateral balance exceeds 10% of the current collateral balance. To the extent that the financed equipment included in the data line “Other” represents more than 10% of the current collateral balance, the issuer would include additional data lines for equipment types that represent less than 10% of the current collateral balance until the data line “Other” represents 10% or less of the current collateral balance. To reflect the varied types of assets that are commonly securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. An example of a typical breakdown would be (A) Truck, (B) Construction, (C) Bus, (D) Maritime, (E) Agricultural, (F) Industrial, (G) Tech & Telecom, (H) Furniture & Fixtures, and (I) Other.
- New/Used.* A line would be provided for the new and used equipment in the pool.
- Payment Frequency.* Because equipment loans commonly are structured with differing payment frequencies, a line would be provided for payment frequency for assets in the pool. Typical breakdowns would be (A) Annual, (B) Semiannual, (C) Quarterly, (D) Monthly, and (E) Other.
- Region.* A line would be provided setting forth the geographic location of the assets in the pool, based on the appropriate geographic territories selected by the sponsor. Typical breakdowns would be (A) Northeast, (B) Northwest, (C) Southeast, and (D) Southwest.
- Original Term.* A line would be provided for the term of the underlying assets in months as of the origination date. To reflect the varied types of assets that are commonly

securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. Typical breakdowns would be (A) 1-12 months, (B) 13-24 months, (C) 25-36 months, (D) 37-48 months, (E) 49-60 months, (F) 61-72 months, (G) 73-84 months, and (H) More than 84 months.

As with pool-level disclosure, once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.

For each combination of Equipment Type, New/Used, Payment Frequency, Region, and Original Term, a separate data line would be provided setting forth the following data for the collateral, as of the end of the reporting period:

- i. *Number of Loans.* The number of loans for a given representative data line.
- ii. *Aggregate Original Collateral Balance.* The collateral balance at origination for a given representative data line.
- iii. *Aggregate Current Collateral Balance.* The current collateral balance for a given representative data line.
- iv. *Weighted Average Remaining Term (months).* The remaining term to maturity of the loans for a given representative data line based on each loan's remaining term to maturity and its outstanding collateral balance as of the end of the reporting period.
- v. *Contract APR Range.* Because of strong privacy and competitive concerns with providing average APR on the granular level contemplated by the Representative Line Data Report, the issuers propose to provide a range within which the weighted average contract APR for a given representative data line falls. For instance, if the weighted average contract APR for new trucks paying monthly in the northeast with original terms of 49-60 months was 8.59%, the issuer would indicate on the appropriate line that the Contract APR Range was 6.01% to 9.00%. To reflect the varied types of assets that are commonly securitized in Equipment ABS and the confidentiality concerns attendant upon providing granular data, issuers retain discretion to report Contract APR Ranges relevant to their business model. An example of a typical breakdown would be (A) 0.00% to 3.00%, (B) 3.01% to 6.00%, (C) 6.01% to 9.00%, (D) 9.01% to 12.00%, (E) 12.01% to 15.00%, (F) 15.01% to 18.00%, (G) 18.01% to 21.00%, (H) 21.01% to 24.00%, (I) More than 24.00%.

As noted, the number of lines provided in the Representative Line Data Report will vary depending on the appropriate categories provided. However, issuers believe that the number of data lines and data points will be substantial. For instance, using the example data fields described above, there would be 2,880 group-level representative data lines and 14,400 unique data points. Such extensive requirements may cause Equipment ABS issuance to decrease, and it is important for the Commission to consider the time and expense to Equipment ABS issuers involved in producing such large amounts of data on a regular basis to avoid this possible result.

## 2. *Line Data Report – Delinquency Data by Group.*

In this report, as illustrated in exhibit Group B (loans), delinquency data would be provided based on Equipment Type categories. The following data lines would be provided:

- i. *Equipment Type.* A line would be provided for every type of equipment in which the collateral balance exceeds 10% of the current collateral balance. To the extent that the financed equipment included in the data line “Other” represents more than 10% of the current collateral balance, the issuer would include additional data lines for Equipment Types that represent less than 10% of the current collateral balance until the data line “Other” represents 10% or less of the current collateral balance. To reflect the varied types of assets that are commonly securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. An example of a typical breakdown would be (A) Truck, (B) Construction, (C) Bus, (D) Maritime, (E) Agricultural, (F) Industrial, (G) Tech & Telecom, (H) Furniture & Fixtures, and (I) Other. As with pool-level disclosure, once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
  - ii. *Number of Loans.* The number of loans for a given representative data line.
  - iii. *Aggregate Original Collateral Balance.* The collateral balance at origination for a given representative data line.
  - iv. *Aggregate Current Collateral Balance.* The current collateral balance for a given representative data line.
  - v. *31-60 Days Delinquent.* The Number of Loans and Aggregate Current Collateral Balance that are between 31 and 60 days delinquent for a given representative data line.
  - vi. *61-90 Days Delinquent.* The Number of Loans and Aggregate Current Collateral Balance that are between 61 and 90 days delinquent for a given representative data line.
  - vii. *More than 90 Days Delinquent.* The Number of Loans and Aggregate Current Collateral Balance that are more than 90 days delinquent for a given representative data line.
- c. **Description of group-level disclosure tables – Representative Line Data Reports for Equipment Lease Groups.**

In a Representative Line Data Report, issuers would provide statistical information about the underlying pool. These reports would be provided as of the cutoff date and updated quarterly. While the ASF Auto Letter proposed to provide representative line data reports on a monthly basis, the Equipment ABS issuers as well as the Group-Level Investors believe that differences between the auto and equipment industries render quarterly reporting more appropriate. Equipment leases frequently pay annually, semiannually, or quarterly in addition to monthly, as opposed to the monthly payments used almost exclusively for autos.

**1. *Line Data Report – Lease Information by Group.***

In this report, as illustrated in exhibit Group C (leases), data would be grouped by every combination of the following distributional groups based on values at the time of lease origination:

- i. *Equipment Type.* A line would be provided for every type of equipment in which the aggregate securitization value exceeds 10% of the current aggregate securitization value. To the extent that the financed equipment included in the data line “Other” represents more than 10% of the current aggregate securitization value, the issuer would include additional data lines for equipment types that represent less than 10% of the current aggregate securitization value until the data line “Other” represents 10% or less of the current aggregate securitization value. To reflect the varied types of leases that are commonly securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. An example of a typical breakdown would be (A) Truck, (B) Construction, (C) Bus, (D) Maritime, (E) Agricultural, (F) Industrial, (G) Tech & Telecom, (H) Furniture & Fixtures, and (I) Other.
- ii. *New/Used.* A line would be provided for the new and used equipment in the pool.
- iii. *Payment Frequency.* Because equipment leases commonly are structured with differing payment frequencies, a line would be provided for payment frequency for leases in the pool. Typical breakdowns would be (A) Annual, (B) Semiannual, (C) Quarterly, (D) Monthly, and (E) Other.
- iv. *Region.* A line would be provided setting forth the geographic location of the leases in the pool, based on the appropriate geographic territories selected by the sponsor. Typical breakdowns would be (A) Northeast, (B) Northwest, (C) Southeast, and (D) Southwest.
- v. *Original Term.* A line would be provided for the term of the underlying leases in months as of the origination date. To reflect the varied types of leases that are commonly securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. Typical breakdowns would be (A) 1-12 months, (B) 13-24 months, (C) 25-36 months, (D) 37-48 months, (E) 49-60 months, (F) 61-72 months, (G) 73-84 months, and (H) More than 84 months.

As with pool-level disclosure, once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.

For each combination of Equipment Type, New/Used, Payment Frequency, Region, and Original Term, a separate data line would be provided setting forth the following data for the collateral, as of the end of the reporting period:

- i. *Number of Leases.* The number of leases for a given representative data line.

- ii. *Aggregate Acquisition Cost.* The aggregate cost of the leased assets at origination for a given representative data line.
- iii. *Aggregate Current Securitization Value.* The current aggregate securitization value for a given representative data line.
- iv. *Weighted Average Remaining Term (months).* The remaining term to maturity of the leases for a given representative data line based on each lease's remaining term to maturity and its outstanding aggregate securitization value as of the end of the reporting period.
- v. *Weighted Average Securitization Rate Range.* Because of strong privacy and competitive concerns with providing average annual lease rates on the granular level contemplated by the Representative Line Data Report, the issuers propose to provide a range within which the weighted average annual lease rate for a given representative data line falls. For instance, if the weighted average annual lease rate for new trucks paying monthly in the northeast with original terms of 49-60 months was 8.59%, the issuer would indicate on the appropriate line that the Weighted Average Securitization Rate Range was 6.01% to 9.00%. To reflect the varied types of leases that are commonly securitized in Equipment ABS and the confidentiality concerns attendant upon providing granular data, issuers retain discretion to report Weighted Average Securitization Rate Ranges relevant to their business model. An example of a typical breakdown would be (A) 0.00% to 3.00%, (B) 3.01% to 6.00%, (C) 6.01% to 9.00%, (D) 9.01% to 12.00%, (E) 12.01% to 15.00%, (F) 15.01% to 18.00%, (G) 18.01% to 21.00%, (H) 21.01% to 24.00%, (I) More than 24.00%.

As noted, the number of lines provided in the Representative Line Data Report will vary depending on the appropriate categories provided. However, issuers believe that the number of data lines and data points will be substantial. For instance, using the example data fields described above, there would be 2,880 group-level representative data lines and 14,400 unique data points. Such extensive requirements may cause Equipment ABS issuance to decrease, and it is important for the Commission to consider the time and expense to Equipment ABS issuers involved in producing such large amounts of data on a regular basis to avoid this possible result.

- vi. *Aggregate Residual Value – Equipment Type.* In addition to the data lines provided for the combinations of each distributional group, issuers will provide an additional data line indicating the aggregate residual value of each Equipment Type at the end of each Equipment Type data report, to the extent that residual is included in the rated cashflows. For instance, at the end of all the data lines for agriculture equipment, issuers will provide an additional line that gives the residual value of the agriculture equipment leases in the pool.

## **2. *Line Data Report – Delinquency Data by Group.***

In this report, as illustrated in exhibit Group D (leases), delinquency data would be provided based on Equipment Type categories. The following data lines would be provided:



- i. *Equipment Type.* A line would be provided for every type of equipment in which the aggregate securitization value exceeds 10% of the current aggregate securitization value. To the extent that the financed equipment included in the data line “Other” represents more than 10% of the current aggregate securitization value, the issuer would include additional data lines for Equipment Types that represent less than 10% of the current aggregate securitization value until the data line “Other” represents 10% or less of the current aggregate securitization value. To reflect the varied types of leases that are commonly securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. An example of a typical breakdown would be (A) Truck, (B) Construction, (C) Bus, (D) Maritime, (E) Agricultural, (F) Industrial, (G) Tech & Telecom, (H) Furniture & Fixtures, and (I) Other. As with pool-level disclosure, once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
  - ii. *Number of Leases.* The number of leases for a given representative data line.
  - iii. *Aggregate Acquisition Cost.* The aggregate securitization value at origination for a given representative data line.
  - iv. *Aggregate Current Securitization Value.* The current aggregate securitization value for a given representative data line.
  - v. *31-60 Days Delinquent.* The Number of Leases and Aggregate Current Securitization Value that are between 31 and 60 days delinquent for a given representative data line.
  - vi. *61-90 Days Delinquent.* The Number of Leases and Aggregate Current Securitization Value that are between 61 and 90 days delinquent for a given representative data line.
  - vii. *More than 90 Days Delinquent.* The Number of Leases and Aggregate Current Securitization Value that are more than 90 days delinquent for a given representative data line.
- d. Description of group-level disclosure tables – Representative Line Data Reports for Equipment Dealer Floorplan Groups.**

In a Representative Line Data Report, issuers would provide statistical information about the underlying pool. These reports would be provided as of the statistical cutoff date and updated quarterly. While the ASF Auto Letter proposed to provide representative line data reports on a monthly basis, the Equipment ABS issuers as well as the Group-Level Investors believe that differences between the auto and equipment industries render monthly reporting inappropriate. Equipment assets frequently pay annually, semiannually, or quarterly in addition to monthly, as opposed to the monthly payments used almost exclusively for autos.

**1. *Line Data Report – Dealer Floorplan Information.***

In this report, as illustrated in exhibit Group E (dealer floorplans), dealer floorplan data would be provided based on Geographic Location. To reflect the varied types of assets that are commonly securitized in Equipment ABS and the confidentiality concerns attendant upon providing granular data, issuers retain discretion to report Geographic Location relevant to their business model. The following data lines would be provided:

- i. *Geographic Location.* A line would be provided setting forth the geographic location of the assets in the pool, based on the appropriate geographic territories selected by the sponsor. Typical breakdowns would be (A) Northeast, (B) Northwest, (C) Southeast, and (D) Southwest. As with pool-level disclosure, once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Number of Accounts.* The number of accounts for a given representative data line.
- iii. *Percentage of Accounts.* The percentage of accounts based on aggregate current collateral balance as of the end of the reporting period for a given representative data line.
- iv. *Beginning Period Collateral Balance.* The aggregate collateral balance for a given representative data line as of the beginning of the reporting period. This column would correspond to the End Period Collateral Balance of the prior reporting period.
- v. *Collateral Balance of Added Receivables.* The aggregate collateral balance of receivables added to the equipment dealer floorplan during the reporting period.
- vi. *Collateral Balance of Removed Receivables.* The aggregate collateral balance of receivables removed from the equipment dealer floorplan during the reporting period.
- vii. *Collateral Balance of New Sales from Existing Accounts.* The aggregate collateral balance resulting from new sales.
- viii. *Collateral Collections.* The total collateral payments received during the reporting period.
- ix. *Collateral Balance of Defaulted Receivables.* The aggregate collateral balance of receivables that became defaulted during the reporting period.
- x. *End Period Collateral Balance.* The aggregate collateral balance of for a given representative data line at the end of the reporting period.
- xi. *Payment Rate %.* The Collateral Collections divided by the Beginning Period Collateral Balance.

xii. *Non Collateral Collections.* Collections received for reasons other than normal dealer floorplan business transactions, including collections received as a result of recognition of gains or losses on repossessions following default.

**2. *Line Data Report – Age Distribution of Loans by Risk Group.***

In this report, as illustrated in exhibit Group F-1 (dealer floorplans), dealer floorplan data would be provided based on the period of time loans have been extended on dealer floorplans.

i. *Loan Age Distribution.* The length of time assets have been financed on dealer floorplans. To reflect the varied types of assets that are commonly securitized in Equipment ABS and the confidentiality concerns attendant upon providing granular data, issuers retain discretion to report Loan Age Distribution ranges relevant to their business model. Typical breakdowns would be (A) 0-360 Days and (B) 360+ Days.

ii. *Q1 Year 6.* The average percentage of loans by aggregate current collateral balance for a given Loan Age Distribution over prior three month reporting period.

iii. *Q1 Year 5.* The average percentage of loans by aggregate current collateral balance for a given Loan Age Distribution over the same quarter from the prior year.

iv. *Year 5 – Year 1.* The average percentage of loans by aggregate current collateral balance for a given Loan Age Distribution over the year ending December 31, going back for up to five prior years of the pool, if applicable.

**3. *Line Data Report – Age Distribution of Loans by Product Line.***

In this report, as illustrated in exhibit Group F-2 (dealer floorplans), dealer floorplan data would be provided based on the period of time loans have been extended on dealer floorplans, separated by data type.

i. *Equipment Type/Product Line.* A line would be provided for every type of equipment or product in which the aggregate securitization value exceeds 10% of the current aggregate securitization value. Because dealer floorplans can contain equipment as well as other product lines (as illustrated in exhibit Pool E-5), this column may contain assets other than merely equipment. To the extent that the financed assets included in the data line “Other” represent more than 10% of the current aggregate securitization value, the issuer would include additional data lines for equipment types that represent less than 10% of the current aggregate securitization value until the data line “Other” represents 10% or less of the current aggregate securitization value. To reflect the varied types of leases that are commonly securitized in Equipment ABS, issuers retain discretion to report categories relevant to their business model. An example of a typical breakdown would be (A) Truck, (B) Construction, (C) Bus, (D) Maritime, (E) Agricultural, (F) Industrial, (G) Tech & Telecom, (H) Furniture & Fixtures, and (I) Other. As with pool-level disclosure, once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.

- ii. *Percentage.* The percentage of accounts based on aggregate current collateral balance as of the end of the reporting period for a given representative data line.
- iii. *0-360 Days and 360+ Days.* The length of time assets have been financed on dealer floorplans. To reflect the varied types of assets that are commonly securitized in Equipment ABS and the confidentiality concerns attendant upon providing granular data, issuers retain discretion to report ranges relevant to their business model.

#### **4. *Line Data Report – Account Balance Distribution.***

In this report, as illustrated in exhibit Group F-3 (dealer floorplans), dealer floorplan data would be provided based on a breakout of the current collateral balance for the pool.

- i. *Current Balance.* A series of current collateral balance ranges corresponding to the pool. Because collateral balances for Equipment ABS are different depending on the underlying collateral type, these ranges would change as appropriate. Once the aggregate collateral levels in the securitization fall below the cleanup call level stated in the transaction documents (typically 10% of the original collateral balance), issuers need the discretion to consolidate lines to protect against unintentional disclosure of confidential information.
- ii. *Aggregate Current Collateral Balance.* The current aggregate collateral balance in a given Current Balance range.
- iii. *Percentage.* The percentage of the current aggregate collateral balance represented by the Aggregate Current Collateral Balance in a given Current Balance range.
- iv. *Number of Accounts.* The number of accounts in a given Current Balance range.
- v. *Percentage of Number of Accounts.* The percentage of the Number of Accounts in a given Current Balance range.

#### **V. *Recommendation for Loan-Level Disclosure – Views of Loan-Level Investor Members***

Consistent with the Commission's 2010 ABS Proposing Release, certain of our investor members favor loan-level disclosure and reporting for equipment loan, lease and dealer floorplan ABS transactions. These investors believe that loan-level granularity would represent a significant enhancement to current disclosure practice and provide greater insight into the asset pool than a pool-level or group-level data framework. Standardization of data across issuers will enable Loan-Level Investors to compare asset pools and issuers and better identify market risks. These investors believe that provision of loan-level data will strengthen the Equipment ABS market and make it more resilient over the long term.

Loan-level information allows an investor to develop more refined risk estimations by removing any opacity created by pool- or group-level data and permitting the investor to use his own assumptions and risk indicators. Pool-level and group-level data is preset, which prohibits a

customizable analysis of information by an investor and presupposes that critical credit metrics and indicators do not change over time. Loan-Level Investors do not feel comfortable making such a presumption, and believe that a loan-level disclosure and reporting regime will provide enough flexibility to fulfill their needs even if changes in the market occur. Providing raw loan-level information across a broad range of collateral characteristics will allow investors to develop customized prepay, default, gross loss and loss severity assumptions which take into account the risk-layering characteristics that they believe are most predictive, and then refine those assumptions over time using the ongoing monthly data. Ultimately, such a disclosure regime would allow investors to develop better risk-based pricing for securities.

Loan-Level Investors acknowledge that Equipment ABS generally consists of a more heterogeneous asset pool than auto ABS. However, this differentiation heightens the benefit provided by loan-level information even more. Given the lack of uniformity of collateral types, loan-level data will provide better comparability and value assessments on individual assets (such as tractors) across the issuer pool. Pool-level or group-level data does not provide sufficient information to value individual assets.

Last summer, as part of the ASF Auto Letter,<sup>8</sup> the Loan-Level Investors produced a set of loan-level fields that they believed would be important to adequately assess a given pool of auto loans or leases. The Loan-Level Investors believe that the fields set forth in the ASF Auto Letter would be equally relevant for Equipment ABS and recommend, for the same reasons outlined in that letter, that the Commission adopt a comparable set of fields for Equipment ABS.

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<sup>8</sup> Their views can be found under Section II.C. of the ASF Auto Letter entitled “Recommendation for Loan-Level Disclosure – Views of Loan-Level Investor Members.”

ASF Equipment ABS Comment Letter  
November 2, 2011

ASF very much appreciates the opportunity to provide the foregoing comments in response to the Commission's 2011 ABS Re-Proposing Release. Should you have any questions or desire any clarification concerning the matters addressed in this letter, please do not hesitate to contact me at 212.412.7107 or at [tdeutsch@americansecuritization.com](mailto:tdeutsch@americansecuritization.com), Evan Siegert, ASF Managing Director, Senior Counsel, at 212.412.7109 or at [esiegert@americansecuritization.com](mailto:esiegert@americansecuritization.com), or ASF's outside counsel on these matters, Paul Jorissen of Mayer Brown LLP, at 212.506.2555 or [pjorissen@mayerbrown.com](mailto:pjorissen@mayerbrown.com).

Sincerely,

A handwritten signature in black ink that reads "Tom Deutsch". The signature is written in a cursive, slightly slanted style.

Tom Deutsch  
Executive Director  
American Securitization Forum

## **Exhibits**

ASF Equipment ABS Comment Letter  
November 2, 2011

## **Servicer Summary Reports**



**Servicer S-1 (Loans)**

**Form of Servicer Report for Equipment Loan Pools<sup>9</sup>**

- Filed monthly with Form 10-D for pool-level disclosure
- Filed monthly with Form 10-D for group-level disclosure

**SERVICER SUMMARY - LOAN ABS**

Original Issue	Issue Name		
	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	Not Offered
	<u>\$0.00</u>	Total	

<b>CURRENT COLLECTION PERIOD ACTIVITY</b>		Month/Year
<b>Cash Available for Distribution</b>		
	Collections For The Period	\$0.00
	Reinvestment Income	\$0.00
	Deposits from Cash Reserve Account to Distribution Account	\$0.00
	Deposits from Principal Supplement Account to Distribution Account	\$0.00
	Deposits from Pre-funding Account to Distribution Account	\$0.00
	Deposits from Negative Carry Account to Distribution Account	\$0.00
	<b>Total Cash Available</b>	<u>\$0.00</u>
<b>Cash Allocation (Cashflow Waterfall)</b>		
	Servicing Fee	\$0.00
	Backup Servicing Fee	\$0.00
	Administration and Trustee Fee	\$0.00
	Net Swap Payment	\$0.00
	Class xx Interest	\$0.00
	Class xx Interest	\$0.00
	Class xx Interest	\$0.00
	Class xx Interest	\$0.00
	Class xx Principal	\$0.00
	Class xx Principal	\$0.00
	Class xx Principal	\$0.00
	Class xx Principal	\$0.00
	Class xx Principal	\$0.00
	Deposits to Cash Reserve Account	\$0.00
	Reimbursable Expenses of the Backup Servicer	\$0.00
	Reimbursable Expenses of the Servicer	\$0.00
	Release to Seller as Excess	\$0.00
	<b>Total Cash Distributed</b>	<u>\$0.00</u>

<sup>9</sup> All data is provided as of the end of the reporting period.

<b>PRINCIPAL BALANCES</b>		
	Class xx Ending Principal Balance	\$0.00
	Class xx Ending Principal Balance	\$0.00
	Class xx Ending Principal Balance	\$0.00
	Class xx Ending Principal Balance	\$0.00
	Class xx Ending Principal Balance	\$0.00
	Total	<u>\$0.00</u>
<b>Pool Factor</b>		0.00
<b>CPR</b>		0.00%

<b>ACCOUNT BALANCES</b>		
<b>Cash Reserve Account</b>		
	Specified Cash Reserve Account	\$0.00
	Ending Cash Reserve Account Balance	\$0.00
<b>Supplement Account</b>		
	Specified Principal Supplement Account Balance	\$0.00
	Ending Principal Supplement Account	\$0.00
<b>Pre-funding Account</b>		
	Ending Pre-funding Account Balance	\$0.00
	Beginning Pre-funding Account Balance	
<b>Negative Carry Account</b>		
	Beginning Negative Carry Account Balance	\$0.00
	Ending Negative Carry Account Balance	\$0.00

<b>POOL PERFORMANCE</b>		
<b>Delinquency (60+ days past due):</b>		
	Face Amount	\$0.00
	Percent of Pool Balance	0.00%
<b>Loss:</b>		
	Net Loss This Period	\$0.00
	Cumulative Net Loss	\$0.00
	Cumulative Net Loss Percent of Original Balance	0.00%

**Servicer S-2 (Leases)**

**Form of Servicer Report for Equipment Lease Pools<sup>10</sup>**

- Filed monthly with Form 10-D for pool-level disclosure
- Filed monthly with Form 10-D for group-level disclosure

**SERVICER SUMMARY\* - LEASE ABS**

Original Issue	Issue Name		
	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	Not Offered
	<u>\$0.00</u>	Total	

<b>CURRENT COLLECTION PERIOD ACTIVITY</b>		Month/Year
<b>Cash Available for Distribution</b>		
	Collections For The Period	\$0.00
	Reinvestment Income	\$0.00
	Deposits from Cash Reserve Account to Distribution Account	\$0.00
	Deposits from Principal Supplement Account to Distribution Account	\$0.00
	Deposits from Pre-funding Account to Distribution Account	\$0.00
	Deposits from Negative Carry Account to Distribution Account	\$0.00
	<b>Total Cash Available</b>	<u>\$0.00</u>
<b>Cash Allocation (Cashflow Waterfall)</b>		
	Servicing Fee	\$0.00
	Backup Servicing Fee	\$0.00
	Administration and Trustee Fee	\$0.00
	Net Swap Payment	\$0.00
	Class xx Interest	\$0.00
	Class xx Interest	\$0.00
	Class xx Interest	\$0.00
	Class xx Interest	\$0.00
	Class xx Principal	\$0.00
	Class xx Principal	\$0.00
	Class xx Principal	\$0.00
	Class xx Principal	\$0.00
	Class xx Principal	\$0.00
	Deposits to Cash Reserve Account	\$0.00
	Reimbursable Expenses of the Backup Servicer	\$0.00
	Reimbursable Expenses of the Servicer	\$0.00
	Release to Seller as Excess	\$0.00
	<b>Total Cash Distributed</b>	<u>\$0.00</u>

<sup>10</sup> All data is provided as of the end of the reporting period.

<b>PRINCIPAL BALANCES</b>		
	Class xx Ending Principal Balance	\$0.00
	Class xx Ending Principal Balance	\$0.00
	Class xx Ending Principal Balance	\$0.00
	Class xx Ending Principal Balance	\$0.00
	Class xx Ending Principal Balance	\$0.00
	Total	<u>\$0.00</u>
<b>Pool Factor</b>		0.00
<b>CPR</b>		0.00%

<b>ACCOUNT BALANCES</b>		
<b>Cash Reserve Account</b>		
	Specified Cash Reserve Account	\$0.00
	Ending Cash Reserve Account Balance	\$0.00
<b>Supplement Account</b>		
	Specified Principal Supplement Account Balance	\$0.00
	Ending Principal Supplement Account	\$0.00
<b>Pre-funding Account</b>		
	Ending Pre-funding Account Balance	\$0.00
	Beginning Pre-funding Account Balance	
<b>Negative Carry Account</b>		
	Beginning Negative Carry Account Balance	\$0.00
	Ending Negative Carry Account Balance	\$0.00

<b>POOL PERFORMANCE</b>		
<b>Delinquency (60+ days past due):</b>		
	Face Amount	\$0.00
	Percent of Pool Balance	0.00%
<b>Loss:</b>		
	Net Loss This Period	\$0.00
	Cumulative Net Loss	\$0.00
	Cumulative Net Loss Percent of Original Balance	0.00%

**Servicer S-3 (Dealer Floorplan)**  
**Form of Servicer Report for Equipment Dealer Floorplan Pools<sup>11</sup>**  
**Filed monthly with Form 10-D for pool-level disclosure**  
**Filed monthly with Form 10-D for group-level disclosure**

**SERVICER SUMMARY\* - DEALER FLOORPLAN ABS**

		<b>Issue Name</b>	
<b>Original Issue</b>	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	CUSIP
	\$0.00	Class, Coupon, Maturity	Not offered
	<u>\$0.00</u>	Total	

<b>CURRENT COLLECTION PERIOD ACTIVITY</b>		Month/Year
<b>Cash Available for Distribution</b>		
	Collections For The Period	\$0.00
	Reinvestment Income	\$0.00
	Deposits from Cash Reserve Account to Distribution Account	\$0.00
	Deposits from Principal Funding Account to Distribution Account	\$0.00
	Deposits from Accumulation Account to Distribution Account	\$0.00
	<b>Total Cash Available</b>	<u>\$0.00</u>
<b>Cash Allocation (Cashflow Waterfall)</b>		
	Servicing Fee	\$0.00
	Backup Servicing Fee	\$0.00
	Administration and Trustee Fee	\$0.00
	Class xx Interest	\$0.00
	Class xx Interest	\$0.00
	Class xx Principal	\$0.00
	Class xx Principal	\$0.00
	Deposits to Cash Reserve Account	\$0.00
	Reimbursable Expenses of the Backup Servicer	\$0.00
	Reimbursable Expenses of the Servicer	\$0.00
	Reinvested in New Receivables	\$0.00
	Release to Seller as Excess	\$0.00
	<b>Total Cash Distributed</b>	<u>\$0.00</u>

<b>PRINCIPAL BALANCES</b>		
	Class xx Ending Principal Balance	\$0.00
	Class xx Ending Principal Balance	\$0.00
	<b>Total</b>	<u>\$0.00</u>

<sup>11</sup> All data is provided as of the end of the reporting period.

<b>ACCOUNT BALANCES</b>		
<b>Cash Reserve Account</b>		
	Specified Cash Reserve Account	\$0.00
	Ending Cash Reserve Account Balance	\$0.00
<b>Supplement Account</b>		
	Specified Principal Supplement Account Balance	\$0.00
	Ending Principal Supplement Account	\$0.00
<b>Accumulation Account</b>		
	Beginning Account Balance	\$0.00
	Ending Account Balance	\$0.00

<b>POOL PERFORMANCE</b>		
<b>Delinquency (60+ days past due):</b>		
	Face Amount	\$0.00
	Percent of Pool Balance	0.00%
<b>Loss:</b>		
	Net Loss This Period	\$0.00
	Cumulative Net Loss	\$0.00
	Cumulative Net Loss Percent of Original Pool Balance	0.00%
<b>Payment Rate</b>		
		0.00%

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November 2, 2011

## **Pool Data Reports**

**Pool A-1 (Loans)**

**Form of Collateral Report for Equipment Loan Pools<sup>12</sup>**

- **Filed as of cutoff date and updated quarterly for pool-level disclosure**
- **Filed as of cutoff date for group-level disclosure**

**Collateral Report – General**

As of Date	
Aggregate Collateral Balance	\$
Average Aggregated Collateral Balance	\$
Number of Loans	
Weighted Average APR	%
APR Range	% to %
Weighted Average Remaining Term (months)	
Remaining Term Range (months)	
Weighted Average Original Term (months)	- to -

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

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<sup>12</sup> All data is provided as of the end of the reporting period.



**Pool A-2 (Loans)**

**Form of Collateral Report for Equipment Loan Pools<sup>13</sup>**

- **Filed as of cutoff date and updated quarterly for pool-level disclosure**
- **Filed as of cutoff date for group-level disclosure**

**Collateral Report – State**

State	Number of Loans	Aggregate Current Collateral Balance	Percentage
State 1			
State 2			
State 3			
State 4			
State 5			
State 6			
State 7			
State 8			
State 9			
State 10			
Other			
<b>Total</b>		\$	%

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

<sup>13</sup> All data is provided as of the end of the reporting period.

**Pool A-3 (Loans)**

**Form of Collateral Report for Equipment Loan Pools<sup>14</sup>**

- **Filed as of cutoff date and updated quarterly for pool-level disclosure**
- **Filed as of cutoff date for group-level disclosure**

**Collateral Report – Equipment Type**

Equipment Type	Number of Loans	Aggregate Current Collateral Balance	Percentage
Truck			
Construction			
Bus			
Maritime			
Agricultural			
Industrial			
Tech & Telecom			
Furniture & Fixtures			
Other			
<b>Total</b>		<b>\$</b>	<b>%</b>

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

<sup>14</sup> All data is provided as of the end of the reporting period.

**Pool A-4 (Loans)**

**Form of Collateral Report for Equipment Loan Pools<sup>15</sup>**

- **Filed as of cutoff date and updated quarterly for pool-level disclosure**
- **Filed as of cutoff date for group-level disclosure**

**Collateral Report – New/Used Equipment**

New/Used Equipment	Number of Loans	Aggregate Current Collateral Balance	Percentage
New			
Used			
Total		\$	%

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

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<sup>15</sup> All data is provided as of the end of the reporting period.

**Pool A-5 (Loans)**

**Form of Collateral Report for Equipment Loan Pools<sup>16</sup>**

- **Filed as of cutoff date and updated quarterly for pool-level disclosure**
- **Filed as of cutoff date for group-level disclosure**

**Collateral Report – Payment Frequency**

Frequency	Number of Loans	Aggregate Current Collateral Balance	Percentage
Annual			
Semiannual			
Quarterly			
Monthly			
Other			
<b>Total</b>		\$	%

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

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<sup>16</sup> All data is provided as of the end of the reporting period.

**Pool A-6 (Loans)**

**Form of Collateral Report for Equipment Loan Pools<sup>17</sup>**

- **Filed as of cutoff date and updated quarterly for pool-level disclosure**
- **Filed as of cutoff date for group-level disclosure**

**Collateral Report – Current Balance**

Current Balance	Number of Loans	Aggregate Current Collateral Balance	Percentage
Up to \$30,000.00			
\$30,000.01 - \$60,000.00			
\$60,000.01 - \$90,000.00			
\$90,000.01 - \$100,000.00			
\$100,000.01 - \$300,000.00			
\$300,000.01 - \$600,000.00			
\$600,000.01 - \$1,000,000.00			
\$1,000,000.01 and above			
<b>Total</b>			<b>%</b>

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

<sup>17</sup> All data is provided as of the end of the reporting period.

**Pool A-7 (Loans)**

**Form of Collateral Report for Equipment Loan Pools<sup>18</sup>**

- **Filed as of cutoff date and updated quarterly for pool-level disclosure**
- **Filed as of cutoff date for group-level disclosure**

**Collateral Report – APR**

APR	Number of Loans	Aggregate Current Collateral Balance	Percentage
0.00 – 1.99%			
2.00 – 3.99%			
4.00 – 5.99%			
6.00 – 7.99%			
8.00 – 9.99%			
>10.00%			
<b>Total</b>		<b>\$</b>	<b>%</b>

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

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<sup>18</sup> All data is provided as of the end of the reporting period.

**Pool B (Loans)**

**Scheduled Payments for Equipment Loan Pools**

- **Filed as of cutoff date for pool-level and group-level disclosure**

**Scheduled Payments**<sup>19</sup>

Collection Period	Number of Loans	Scheduled Payments
Month 1		
Month 2		
Month 3		
Month 4		
Month 5		
Month 6		
Month 7		
Month 8		
Month 9		
Month 10		
Month 11		
Month 12		
Month 13		
Month 14		
Etc.		
Total		\$

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

<sup>19</sup> All data is provided as the cutoff date.

**Pool C-1 (Leases)**

**Form of Collateral Report for Equipment Lease Pools<sup>20</sup>**

- **Filed as of cutoff date and updated quarterly for pool-level disclosure**
- **Filed as of cutoff date for group-level disclosure**

**Collateral Report – General**

As of Date	
Aggregate Acquisition Cost	\$
Average Securitization Value	\$
Aggregate Residual Value**	\$
Number of Leases	
Weighted Average Securitization Rate	%
Securitization Rate Range	% to %
Weighted Average Remaining Term (months)	
Remaining Term Range (months)	
Weighted Average Original Term (months)	- to -

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

\*\* To be included in cases where the booked residual value is included as part of the rated securitized cashflows.

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<sup>20</sup> All data is provided as of the end of the reporting period.



**Pool C-2 (Leases)**

**Form of Collateral Report for Equipment Lease Pools<sup>21</sup>**

- Filed as of cutoff date and updated quarterly for pool-level disclosure
- Filed as of cutoff date for group-level disclosure

**Collateral Report – State**

State	Number of Leases	Aggregate Current Securitization Value	Percentage	Aggregate Current Residual Value**
State 1				
State 2				
State 3				
State 4				
State 5				
State 6				
State 7				
State 8				
State 9				
State 10				
Other				
<b>Total</b>		\$	%	\$

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

\*\* To be included in cases where the booked residual value is included as part of the rated securitized cashflows..

<sup>21</sup> All data is provided as of the end of the reporting period.

**Pool C-3 (Leases)**

**Form of Collateral Report for Equipment Lease Pools<sup>22</sup>**

- Filed as of cutoff date and updated quarterly for pool-level disclosure
- Filed as of cutoff date for group-level disclosure

**Collateral Report – Equipment Type**

Equipment Type	Number of Leases	Aggregate Current Securitization Value	Percentage	Aggregate Current Residual Value**
Truck				
Construction				
Bus				
Maritime				
Agricultural				
Industrial				
Tech & Telecom				
Furniture & Fixtures				
Other				
<b>Total</b>		\$	%	\$

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

\*\* To be included in cases where the booked residual value is included as part of the rated securitized cashflows.

<sup>22</sup> All data is provided as of the end of the reporting period.

**Pool C-4 (Leases)**

**Form of Collateral Report for Equipment Lease Pools<sup>23</sup>**

- Filed as of cutoff date and updated quarterly for pool-level disclosure
- Filed as of cutoff date for group-level disclosure

**Collateral Report – New/Used Equipment**

New/Used Equipment	Number of Leases	Aggregate Current Securitization Value	Percentage	Aggregate Current Residual Value**
New				
Used				
<b>Total</b>		<b>\$</b>	<b>%</b>	<b>\$</b>

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

\*\* To be included in cases where the booked residual value is included as part of the rated securitized cashflows.

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<sup>23</sup> All data is provided as of the end of the reporting period.

**Pool C-5 (Leases)**

**Form of Collateral Report for Equipment Lease Pools<sup>24</sup>**

- Filed as of cutoff date and updated quarterly for pool-level disclosure
- Filed as of cutoff date for group-level disclosure

**Collateral Report – Payment Frequency**

Frequency	Number of Leases	Aggregate Current Securitization Value	Percentage	Aggregate Current Residual Value**
Annual				
Semiannual				
Quarterly				
Monthly				
Other				
<b>Total</b>		<b>\$</b>	<b>%</b>	<b>\$</b>

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

\*\* To be included in cases where the booked residual value is included as part of the rated securitized cashflows.

<sup>24</sup> All data is provided as of the end of the reporting period.

**Pool C-6 (Leases)**

**Form of Collateral Report for Equipment Lease Pools<sup>25</sup>**

- Filed as of cutoff date and updated quarterly for pool-level disclosure
- Filed as of cutoff date for group-level disclosure

**Collateral Report – Current Securitization Value**

Current Securitization Value	Number of Leases	Aggregate Current Securitization Value	Percentage	Aggregate Current Residual Value**
Up to \$30,000.00				
\$30,000.01 - \$60,000.00				
\$60,000.01 - \$90,000.00				
\$90,000.01 - \$100,000.00				
\$100,000.01 - \$300,000.00				
\$300,000.01 - \$600,000.00				
\$600,000.01 - \$1,000,000.00				
\$1,000,000.01 and above				
<b>Total</b>			<b>%</b>	<b>\$</b>

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns

\*\* To be included in cases where the booked residual value is included as part of the rated securitized cashflows.

<sup>25</sup> All data is provided as of the end of the reporting period.

**Pool C-7 (Leases)**

**Form of Collateral Report for Equipment Lease Pools<sup>26</sup>**

- Filed as of cutoff date and updated quarterly for pool-level disclosure
- Filed as of cutoff date for group-level disclosure

**Collateral Report – Securitization Rate**

Securitization Rate	Number of Leases	Aggregate Current Securitization Value	Percentage	Aggregate Current Residual Value**
0.00 – 1.99%				
2.00 – 3.99%				
4.00 – 5.99%				
6.00 – 7.99%				
8.00 – 9.99%				
>10.00%				
<b>Total</b>		\$	%	\$

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

\*\* To be included in cases where the booked residual value is included as part of the rated securitized cashflows.

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<sup>26</sup> All data is provided as of the end of the reporting period.

**Pool D (Leases)**

**Scheduled Payments for Equipment Lease Pools**

- Filed as of cutoff date for pool-level and group-level disclosure

**Scheduled Payments**<sup>27</sup>

Collection Period	Number of Leases	Scheduled Payments	Booked Residual Value**
Month 1			
Month 2			
Month 3			
Month 4			
Month 5			
Month 6			
Month 7			
Month 8			
Month 9			
Month 10			
Month 11			
Month 12			
Month 13			
Month 14			
Etc.			
<b>Total</b>		\$	\$

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

\*\* To be included in cases where the booked residual value is included as part of the rated securitized cashflows.

<sup>27</sup> All data is provided as the cutoff date.

**Pool E-1 (Dealer Floorplan)**

**Form of Collateral Report for Equipment Dealer Floorplan Pools<sup>28</sup>**

- **Filed as of statistical cutoff date and updated quarterly for pool-level disclosure**
- **Filed as of statistical cutoff date for group-level disclosure**

**Collateral Report – General**

As of Date	
Number of Dealers	0
Outstanding Balance of Collateral Receivables	\$0.00
Average Outstanding Balance of Collateral Receivables per Dealer Account	\$0.00
Weighted Average APR	0.00%

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

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<sup>28</sup> All data is provided as of the end of the reporting period.



**Pool E-2 (Dealer Floorplan)**

**Form of Collateral Report for Equipment Dealer Floorplan Pools<sup>29</sup>**

- Filed as of statistical cutoff date and updated quarterly for pool-level disclosure
- Filed as of statistical cutoff date for group-level disclosure

**Collateral Report – State**

State	Number of Accounts	Aggregate Current Collateral Balance	Percentage
State 1			
State 2			
State 3			
State 4			
State 5			
State 6			
State 7			
State 8			
State 9			
State 10			
Other			
<b>Total</b>		\$	%

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

<sup>29</sup> All data is provided as of the end of the reporting period.

**Pool E-3 (Dealer Floorplan)**

**Form of Collateral Report for Equipment Dealer Floorplan Pools<sup>30</sup>**

- Filed as of statistical cutoff date and updated quarterly for pool-level disclosure
- Filed as of statistical cutoff date for group-level disclosure

**Collateral Report – Equipment Type**

Equipment Type	Number of Accounts	Aggregate Current Collateral Balance	Percentage
Truck			
Construction			
Bus			
Maritime			
Agricultural			
Industrial			
Tech & Telecom			
Furniture & Fixtures			
Other			
<b>Total</b>		\$	%

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

<sup>30</sup> All data is provided as of the end of the reporting period.

**Pool E-4 (Dealer Floorplan)**

**Form of Collateral Report for Equipment Dealer Floorplan Pools<sup>31</sup>**

- Filed as of statistical cutoff date and updated quarterly for pool-level disclosure
- Filed as of statistical cutoff date for group-level disclosure

**Collateral Report – New/Used Equipment**

New/Used Equipment	Number of Accounts	Aggregate Current Collateral Balance	Percentage
New			
Used			
<b>Total</b>		\$	%

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

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<sup>31</sup> All data is provided as of the end of the reporting period.

**Pool E-5 (Dealer Floorplan)**

**Form of Collateral Report for Equipment Dealer Floorplan Pools<sup>32</sup>**

- Filed as of statistical cutoff date and updated quarterly for pool-level disclosure
- Filed as of statistical cutoff date for group-level disclosure

**Collateral Report – Product Type**

Product Type	Number of Accounts	Aggregate Current Collateral Balance	Percentage
Equipment			
Rental			
Parts			
Other			
<b>Total</b>		\$	%

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

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<sup>32</sup> All data is provided as of the end of the reporting period.

**Pool E-6 (Dealer Floorplan)**

**Form of Collateral Report for Equipment Dealer Floorplan Pools<sup>33</sup>**

- Filed as of statistical cutoff date and updated quarterly for pool-level disclosure
- Filed as of statistical cutoff date for group-level disclosure

**Collateral Report – Current Balance**

Current Balance	Number of Accounts	Aggregate Current Collateral Balance	Percentage
Up to \$499,999.99			
500,000.01 – 1,000,000.00			
1,000,000.01 – 3,000,000.00			
3,000,000.01 – 5,000,000.00			
5,000,000.01 – 10,000,000.00			
10,000,000.01 – 20,000,000.00			
20,000,000.01 and above			
<b>Total</b>			<b>%</b>

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

<sup>33</sup> All data is provided as of the end of the reporting period.

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## **Group Data Reports**

**Group A (Loans)**

**Illustration of Representative Line Data Report for Equipment Loan Groups**

- Filed as of cutoff date and updated quarterly for group-level disclosure

**Account Information by Group**<sup>34</sup>

Distributional Groups						Accounts				
Line	Equipment Type	New/Used	Payment Frequency	Region	Original Term (months)	Number of Loans	Aggregate Original Collateral Balance	Aggregate Current Collateral Balance	WA Remaining Term (months)	Contract APR Range
1	Truck	New	Annual	Northeast	1-12					
2	Construction	Used	Semiannual	Northwest	13-24					
3	Bus	New	Quarterly	Southeast	25-36					
4	Maritime	Used	Monthly	Southwest	37-48					
5	Agricultural	New	Other	Northeast	49-60					
6	Industrial	Used	Annual	Northwest	61-72					
7	Tech & Telecom	New	Semiannual	Southeast	73-84					
8	Furniture & Fixtures	Used	Quarterly	Southwest	>84					
<b>Total</b>							\$	\$		% to %

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

<sup>34</sup> All data is provided as of the end of the reporting period.

**Group B (Loans)**

**Illustration of Periodic Representative Line Data Report for Equipment Loan Groups**

- Filed quarterly for group-level disclosure

**Delinquency Data By Group**<sup>35</sup>

Data Line	Equipment Type	Number of Loans	Aggregate Original Collateral Balance	Aggregate Current Collateral Balance	31-60 Days Delinquent		61-90 Days Delinquent		More than 90 Days Delinquent	
					Number of Loans	Aggregate Current Collateral Balance	Number of Loans	Aggregate Current Collateral Balance	Number of Loans	Aggregate Current Collateral Balance
1	Truck									
2	Construction									
3	Bus									
4	Maritime									
5	Agricultural									
6	Industrial									
7	Tech & Telecom									
8	Furniture & Fixtures									
<b>Cumulative</b>			\$	\$		\$		\$		\$

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

<sup>35</sup> All data is provided as of the end of the reporting period.



**Group C (Leases)**

**Illustration of Periodic Representative Line Data Report for Equipment Lease Groups**

- Filed as of cutoff date and updated quarterly for group-level disclosure

**Lease Information by Group**<sup>36</sup>

Line	Distributional Groups					Accounts				
	Equipment Type	New/Used	Payment Frequency	Region	Original Term (months)	Number of Leases	Aggregate Acquisition Cost	Aggregate Securitization Value	WA Remaining Term (months)	WA Securitization Rate Range
1	Truck	New	Annual	Northeast	1-12					
2	Construction	Used	Semiannual	Northwest	13-24					
3	Bus	New	Quarterly	Southeast	25-36					
4	Maritime	Used	Monthly	Southwest	37-48					
5	Agricultural	New	Other	Northeast	49-60					
6	Industrial	Used	Annual	Northwest	61-72					
7	Tech & Telecom	New	Semiannual	Southeast	73-84					
8	Furniture & Fixtures	Used	Quarterly	Southwest	>84					
9	Aggregate Residual Value – Equipment Type**									
Total							\$	\$		% to %

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

\*\* To be provided in the aggregate for each equipment type in cases where the booked residual value is included as part of the rated securitized cashflows.

<sup>36</sup> All data is provided as of the end of the reporting period.

**Group D (Leases)**

**Illustration of Periodic Representative Line Data Report for Equipment Lease Groups**

- Filed quarterly for group-level disclosure

**Delinquency Data By Group**<sup>37</sup>

Data Line	Equipment Type	Number of Leases	Aggregate Acquisition Cost	Aggregate Current Securitization Value	31-60 Days Delinquent		61-90 Days Delinquent		More than 90 Days Delinquent	
					Number of Leases	Aggregate Current Securitization Value	Number of Leases	Aggregate Current Securitization Value	Number of Leases	Aggregate Current Securitization Value
1	Truck									
2	Construction									
3	Bus									
4	Maritime									
5	Agricultural									
6	Industrial									
7	Tech & Telecom									
8	Furniture & Fixtures									
Cumulative			\$	\$		\$		\$		\$

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

<sup>37</sup> All data is provided as of the end of the reporting period.

**Group E (Dealer Floorplan)**

**Illustration of Representative Line Data Report for Equipment Dealer Floorplan Pools**

- Filed quarterly for group-level disclosure

**Line Data Report – Dealer Floorplan Information**<sup>38</sup>

Geographic Location	Accounts		Receivable Collateral Balance Roll Forward							Performance	
	Number of Accounts	Percentage of Accounts	Beginning Period Collateral Balance	Collateral Balance of Added Receivables	Collateral Balance of Removed Receivables	Collateral Balance of New Sales from Existing Accounts	Collateral Collections	Collateral Balance of Defaulted Receivables	End Period Collateral Balance	Payment Rate % <sup>39</sup>	Non Collateral Collections
Northeast	#	%	\$	\$	\$	\$	\$	\$	\$	%	\$
Northwest											
Southeast											
Southwest											

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

<sup>38</sup> All data is provided as of the end of the reporting period.

<sup>39</sup> Payment Rate equals Collateral Collections divided by Beginning Period Collateral Balance.

**Group F-1 (Dealer Floorplan)**

**Illustration of Representative Line Data Report for Equipment Dealer Floorplan Pools**

- Filed as of statistical cutoff date and updated quarterly for group-level disclosure

**Line Data Report – Age Distribution of Loans by Risk Group**<sup>40</sup>

Distribution Groups	Three Months Ended		Year Ended December 31				
	Q1 Year 6	Q1 Year 5	Year 5	Year 4	Year 3	Year 2	Year 1
Loan Age Distribution							
0-360 days	%	%	%	%	%	%	%
360+ days							

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

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<sup>40</sup> All data is provided as of the end of the reporting period.

**Group F-2 (Dealer Floorplan)**

**Illustration of Representative Line Data Report for Equipment Dealer Floorplan Pools**

- Filed as of statistical cutoff date and updated quarterly for group-level disclosure

**Line Data Report – Age Distribution of Loans by Product Line**<sup>41</sup>

Equipment Type/Product Line	Percentage	Loan Age Distribution	
		0-360 days	360 + days
Truck	%	%	%
Construction			
Bus			
Maritime			
Agriculture			
Industrial			
Tech & Telecom			
Furniture & Fixtures			
Other			

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

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<sup>41</sup> All data is provided as of the end of the reporting period.

**Group F-3 (Dealer Floorplan)**

**Illustration of Representative Line Data Report for Equipment Dealer Floorplan Pools**

- Filed as of statistical cutoff date and updated quarterly for group-level disclosure

**Line Data Report – Account Balance Distribution**<sup>42</sup>

Distribution Groups				
Current Balance	Aggregate Current Collateral Balance	Percentage	Number of Accounts	Percentage of Number of Accounts
\$0 to \$15,000,000.00	\$	%	#	%
\$15,000,000.01 to \$25,000,000.00				
Greater Than \$25,000,000.00				

\*The listed groupings are illustrative. Issuers retain discretion to report categories relevant to their business model and/or consolidate smaller or highly concentrated subgroups for privacy or competitive concerns.

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<sup>42</sup> All data is provided as of the end of the reporting period.