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August 7, 2002

60364-0001

Gary Martinez, Executive Vice President
Phoenix Leasing Incorporated
2401 Kerner Boulevard
San Rafael, CA 94901

Re: Outsourced Portfolio and Leasing Services

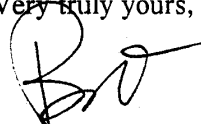
Dear Gary:

The Firm has had the privilege of representing Phoenix for a number of years in connection with Phoenix's collection of defaulted loans and leases and the accompanying litigation and/or bankruptcy cases involving these loans and leases.

During our course of representing Phoenix, we have been impressed with the level of knowledge demonstrated by Phoenix in connection with the collection of these troubled loans and leases and Phoenix's ability to recognize and understand the numerous complex issues which are involved in their collection.

The Firm looks forward to continuing to assist Phoenix in working out troubled loans and leases.

Very truly yours,



ROBERT B. KAPLAN of
Jeffer, Mangels, Butler & Marmaro LLP

RBK:nb