

## PRESALE REPORT

This report is based on information as of September 10, 2003 and makes assumptions regarding issues that may not be finalized until the closing date. Subsequent information may result in material changes to the ratings assigned herein and/or the contents of this report. DBRS will issue a final report when final ratings have been assigned.

### CFI Trust

Series 2003-1, Class A Notes  
Series 2003-2, Class A Notes

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Huston Loke, CFA/Christina Ongoma/Kevin Chiang, CFA  
416-593-5577 x2233/x2267/x2283  
hloke@dbrs.com

### STRUCTURE SUMMARY

Description	Amount	Coupon	Frequency*	Maturity†	Provisional Rating
Series 2003-1, Class A Notes	\$50 million	[•]%	Semi-annual	[Sept. 2005]	AAA
Series 2003-2, Class A Notes	\$100 million	[•]%	Semi-annual	[Sept. 2006]	AAA

\* Interest may be paid monthly under certain circumstances.

† This is the Expected Final Payment Date. The legal final maturity for the Series 2003-1 Notes is [•]. For the Series 2003-2 Notes, the legal final maturity is [•].

Issuer:	CFI Trust
Total Series 2003 Issue Size:	\$150 million
Pool Size:	\$692 million (as of July 31, 2003)*
Total CFI Trust obligations outstanding:	\$644 million (as of July 31, 2003)
Originator/Seller/Servicer:	Various dealer-affiliated and independent leasing companies. As of August 28, 2003, there were 30 Originators in the pool. All Originators service their own portfolios.
Standby Servicer:	Lease Administration Corp.
Collateral:	Retail and small fleet leases and loans related to automobiles, minivans, SUVs, and light-duty trucks.
Administrative Agent:	CFI Leasing Limited
Issuer Trustee:	Montréal Trust Company of Canada
Lead Underwriter:	BMO Nesbitt Burns Inc.
Legal Structure:	Multi-seller, multi-asset ABS program funded with long-term and short-term debt
Credit Support (typical, varies by Originator and/or asset type):	Subordination of 3%, overcollateralization of 6%, cash of 3% (building to 3.5%)
Counsel to the Issuer:	Gowling Lafleur Henderson LLP
Counsel to DBRS:	Internal
Expected Closing Date:	Week of September 22, 2003

\* Pool Size is an aggregate for the entire CFI Trust pool and secures other series and classes of notes issued by the Trust.

### RATING CONSIDERATIONS

#### Strengths:

- High credit enhancement levels (generally, subordination of 3%, overcollateralization of at least 6%, cash of at least 3% (in most cases building up to 3.5%), and an expected interest spread of at least 0.50%).
- Very low historical loss levels (averaging 0.16% on a net basis for the entire portfolio for the year ended December 31, 2002).
- The structure provides heavy incentives for Originators to service their portfolios prudently and with a view to minimizing losses.
- Good diversity in originators and auto manufacturers.

#### Challenges:

- Exposure to non-investment-grade Originators (with no cross-collateralization of credit enhancement).
- Structure uses the present values of cash flows to determine the amount advanced to Originators. Some of the enhancement may become unavailable to the Trust if obligors prepay voluntarily or because of a default.
- Other series issued by CFI Trust are rated AA and R-1(middle). Acceleration or default of these series would cause acceleration of the Series 2003 Notes. However, DBRS considers full repayment of the 2003 Notes to be more likely than other lower-rated series due to the level of Series 2003-specific subordination available to cover defaulted amounts.
- Significant exposure to used vehicles and luxury vehicles.
- Refinancing risk at the time of the Expected Final Payment Date could cause Series 2003 Notes to be repaid later than expected, and could introduce some negative carry.

### Securitization - Auto

### DOMINION BOND RATING SERVICE LIMITED

**PORTFOLIO CHARACTERISTICS**
**Composition of the Revolving Portfolio of Assets**

	As at July 31	As at August 31	
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Aggregate Book Value (\$)	666,889,824	544,507,463	388,748,834
Number of Leases	27,534	23,421	17,230
Number of Secured Loans	1,554	888	657
Average Book Value (\$)	22,927	22,399	21,733

**New/Used Vehicle Distribution of Revolving Portfolio of Assets**

	As at July 31		As at August 31	
	<u>New*</u>	<u>Used</u>	<u>New*</u>	<u>Used</u>
Aggregate Book Value (\$)	509,151,211	157,738,613	454,033,994	90,476,469
Percentage of Aggregate Book Value	76.3%	23.7%	83.4%	16.6%

\* New means a vehicle that is either a current year model or up to two prior model years old at the time of Lease or Secured Loan origination.

**Geographic Distribution of Revolving Portfolio of Assets**

Province	As at July 31, 2003				As at August 31, 2002				As at August 31, 2001			
	Number of Originators	Number of Leases and Secured Loans	Aggregate Book Value (\$)	Percentage of Aggregate Book Value	Number of Originators	Number of Leases and Secured Loans	Aggregate Book Value (\$)	Percentage of Aggregate Book Value	Number of Originators	Number of Leases and Secured Loans	Aggregate Book Value (\$)	Percentage of Aggregate Book Value
Ontario	19	21,532	471,818,564	70.74%	17	18,053	380,952,386	70.0%	16	14,472	283,214,121	72.9%
British Columbia	6	2,308	129,278,653	19.39%	6	4,281	111,865,819	20.5%	6	2,635	83,901,160	21.6%
Alberta	3	2,308	59,417,007	8.91%	3	1,554	40,962,357	7.5%	1	298	8,754,402	2.3%
Saskatchewan	1	271	<u>6,375,599</u>	<u>0.96%</u>	1	421	<u>10,726,901</u>	<u>2.0%</u>	1	482	<u>12,879,151</u>	<u>3.3%</u>
Total	29	29,088	<u>\$666,889,823</u>	<u>100.0%</u>	27	24,309	\$544,507,463	100.0%	24	17,887	\$388,748,834	100.0%



### Bad Debt Experience of Originators

	Fiscal in year ended (1)			
	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Originators' total net investment in leases and secured loans at end of period, both securitized and financed by debt (\$)	995,013,961	769,617,909	623,817,838	550,589,712
Originators' total bad debts for the year (2) (\$)	1,576,140	1,086,137	688,683	579,205
Total bad debts as a percentage of total net investment in leases and secured loans at end of period	0.16%	0.14%	0.11%	0.11%

1) Originators have varied fiscal year ends.

(2) Bad debts are equal to the aggregate of the Originators' undepreciated capital cost of all leases and balances of secured loans which are determined to be uncollectible in the period, plus unpaid amounts in respect of lease rents, less any amounts realized from the sale of repossessed vehicles and any recoveries on leases or secured loans charged off in the current or prior periods net of any disposition expenses.

### Delinquency Experience of Revolving Portfolio of Assets

	As at August 31				
	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Delinquent payments as a percentage of Billings					
Unpaid between 60-90 days from the date of billing	0.87%	1.95%	1.69%	1.71%	2.34%
Unpaid for 91 days or more from the date of billing	0.0%	0.0%	0.0%	0.0%	0.0%

**Rating Summary:** DBRS is assigning a provisional rating of AAA to both the Series 2003-1, Class A Notes (the “2003-1A Notes” and the Series 2003-2, Class A Notes (the “2003-2A Notes”, collectively, the “Series 2003 Notes”) to be issued by CFI Trust. The rating is based on the following factors: (1) High credit enhancement levels (subordination of 3% provided on a series-specific basis, generally, overcollateralization of at least 6%, cash of at least 3% (in the case of leases) building up to 3.5%, and expected interest spread of at least 0.50%) provide for a very substantial cushion against losses. Given that the subordination structure mitigates losses across an entire series (as opposed to other forms of enhancement, which are largely Originator-specific), and high losses in any single originator pool would cause acceleration, the probability of losses for the Series 2003 Notes, even in periods of extreme stress, is very low; (2) Historically, loss levels have been extremely low for auto loan/lease pools, and are on par with the performance found in the strongest auto pools in the leasing and loan industry (averaging 0.16% on a net basis for the entire portfolio for the year ended December 31, 2002); (3) The structure provides heavy incentives for Originators to service their portfolios prudently and with a view to minimizing losses, such as servicer termination events based on tight delinquency and loss triggers; and (4) Good diversity in Originators and the make of vehicles within the pool.

**Structure:** CFI Trust is structured as a multi-seller conduit. The Trust has historically issued Series 1999-1 short-term and long-term notes (rated AA and R-1(middle)) that fund an interest in vehicle loans and leases (the “Collateral”) originated by 30 Originators. The Trust plans to issue the new Series 2003 Notes to repay certain Series 1999-1 Notes. All Series 1999-1 Notes are either term amortizers or in the form of Commercial Paper, that provide for amortization as principal collections, in respect of the Collateral, are received. Since the Series 2003 Notes are intended to be bullet obligations, as principal in respect of the Collateral is repaid by obligors, the Trust will generally use these amounts to fund the acquisition by the Trust of new Collateral or repay Series 1999-1 Notes. In addition, the Trust is free to engage in further issuance of Series 1999-1 Notes to increase the pool of Collateral (but may choose to deny funding for Originators at its discretion). Each of the three series of notes (the 1999-1 series, the 2003-1 Series, and the 2003-2 Series), and any additional series that may be subsequently issued, will receive their respective interest costs on a *pari passu* basis. In addition, holders of the Series 1999-1 Notes will receive principal collections that have not been re-invested in new Collateral. This is expected to take place provided no event of default (such as failure to pay amounts when due) takes place. If an event of default occurs, to avoid structurally subordinating holders of the Series 2003 Notes, the pool will be split into interests for all existing series, and cash flows from the total pool of Collateral will essentially be diverted to all existing series accounts on a *pro rata* basis (based on the aggregate amount of notes outstanding). The rating differential

between the Series 1999-1 and Series 2003 Notes is the result of a layer of subordination (the “Subnotes”) provided exclusively to holders of the Series 2003 Notes. The Subnotes, which represent 3% of the related Series 2003 Notes, on each Expected Final Payment Date, holders of the Series 2003-1A and Series 2003-2A Notes are expected to receive proceeds from a re-financing of the respective Notes (either from issuance of new notes, or increases in amounts of Series 1999-1 Notes that may be outstanding at that time). If a Series 2003 Note is not paid in full on its Expected Final Payment Date, this will constitute a “Monthly Pay Event”. After the occurrence of such an event, principal will be repaid to Series 2003 noteholders monthly. Under such a scenario, interest would be payable monthly at the rate of BA’s + 1.25%, which could result in negative carry for the Trust. No new funding of Collateral will be permitted until such series is paid in full. A Monthly Pay Event can also occur if the Trust cannot find suitable assets to replace leases and loans that are repaid while the Series 2003 Notes are outstanding, and over 15% of the value of leases and loans securing the Series 2003 Notes is comprised of cash. This Monthly Pay Event is intended to reduce the impact of negative carry in the event that principal collections are not being invested in assets that generate suitable levels of spread.

Failure to pay the entire amount of Series 2003 Notes on the Expected Final Payment Date is not an event of default. However, failure to pay the entire amount on or before the legal final payment date (which is five years after the Expected Final Payment Date), or failure to pay down the balance of the notes by a minimum level in accordance with an amortization schedule that will be indicated by the Trust following an Expected Final Payment Date on which principal relating to that date is not fully repaid, will be an event of default.

Notes are backed by cash flows arising from master concurrent lease agreements (“MCLA”) and secured loan purchase agreements (“SLPA”, collectively the “Securitization Agreements”) between the Trust and the various Originators. For some Originators, frequent draws under the Securitization Agreements take place from time to time. While deals are not cross-collateralized between Originators, all tranches originated by the same Originator are cross-collateralized.

The MCLA governs the securitization of auto leases. As part of each MCLA, the Originator agrees to lease the leased vehicles to the Trust. The Trust prepays a portion of the net present value of the leases to the Originator. Typically, the prepaid amount is 94% of the total net present value (“NPV”) of all the leases. The result is overcollateralization of 6%. The discount rate used to value the leases is equal to the cost of funds plus a minimum spread of 0.50%. In addition, the Originator is obligated to use 3% of the total NPV to fund a segregated reserve (the “Cash Reserve”) maintained by the Trust. This amount is held in cash or eligible investments and will grow to a



maximum of 3.5% of the aggregate NPV of leases in the pool. The Originator remits payments to the Trust, which applies the payments towards paying the expenses of the Trust, interest on the Notes, and reduces the prepaid rent amount. Any cash generated by the leases in excess of funding costs will be available to cover interest in respect of delinquent or defaulted leases, or to cover losses. Cash available at this stage is used to fund the Cash Reserve (if necessary) up to 3.5%. Typically, the Cash Reserve grows from 3% at closing to 3.5% within a few months. In total, 9.0% to 9.5% credit enhancement is typically available, in addition to spread and the Subnotes. Amounts received on account of principal reduce the prepaid rent, paid upfront by the Trust, and are passed on to noteholders. Certain vehicles, Originators, and Securitization Agreements provide for higher enhancement levels (see “Credit Enhancement”).

Each SLPA deals with the securitization of conditional sales agreements, which generally arrange for financing of cars and light trucks. Under this arrangement, provided the Obligor has made a minimum downpayment that covers at least 6% of the purchase price plus the amount of taxes applicable to the purchase price, the Trust will fund the rest of the vehicle. The Trust has additional recourse to the dealer and will build a cash reserve to 3.5% of the aggregate principal amount. Assets that are securitized under the SLPA are cross-collateralized with assets that are securitized under the MCLA for the same Originator.

To limit commingling risk, under both agreements, the Originators are obligated to remit funds on a billings basis. That is, the Originators remit the aggregate billing amount for the month in advance, less any delinquencies or defaults from the previous month. To the extent that the Originator receives prepayments during the month, the Originator must remit these amounts within two business days of receipt.

#### Originator Profile

The Originators in the pool are geographically diversified, with a concentration in Ontario (70.8% as of July 31, 2003, 2003). Of the 30 Originators, 20 are affiliated with dealers while the remaining ten are independent. DBRS considers the originator pool to be well-diversified, with no more than 11.9% (as of July 31, 2003) of the Collateral originated by a single Originator. Prior to approval for funding, DBRS and the Administrative Agent engage in an on-site due diligence review of the Originator where the following issues are discussed:

- (1) corporate history,
- (2) portfolio performance,
- (3) customer profile,
- (4) underwriting,
- (5) collections, and
- (6) systems.

Both DBRS and the Administrative Agent must approve participation of every Originator, and slight changes to the agreements pertaining to a specific Originator (for example, reflecting increased credit enhancement levels or restricting

asset eligibility) are requested from time to time by DBRS and the Administrative Agent. The Administrative Agent performs periodic audits at the premises of each Originator. These audits involved checking the completeness of lease files, ensuring that vehicles have not been sold out of trust, and matching ledger entries of the Originator with those of the Trust for randomly selected files. The audits assist in detecting and correcting anomalies and administrative errors or misunderstandings, and help ensure compliance with Originator covenants. The Trust is the beneficiary of a \$5 million insurance policy that would cover fraud such as falsified leases. The regular audits and the presence of insurance were considered significant positives by DBRS. Holders of the Series 2003 Notes will be exposed to not only current Originators, but all new Originators that are added to the program during the period in which Series 2003 Notes are outstanding.

#### Servicer Default

Agreements with Originators provide for potential servicer replacement if, among other things:

- (1) The Originator fails to make payments;
- (2) The Originator breaches covenants or makes an untrue representation or warranty that is not or cannot be remedied;
- (3) Originator insolvency;
- (4) Average 90-day defaults rise above 2%;
- (5) Average 60-day delinquencies rise above 5%; and
- (6) Losses over a three-month period are above 1.5%.

Should any of these events occur, excess spread will be retained in the structure and no amounts will be repaid to the Originator until all Notes relating to Collateral originated by that Originator have been repaid. This provides a strong incentive to the Originators to ensure that portfolio performance meets acceptable standards.

Lease Administration Corp. (“LAC”) has been engaged as the Standby Servicer for Originators in this program. LAC has acted as a servicer or backup servicer for several other DBRS-rated auto and equipment lease transactions. The fee payable to LAC, should such services be necessary, is expected to be less than the spread available to the Trust. Either the Trust or LAC may terminate the Standby Servicer agreement, but DBRS expects obtaining backup servicers for prime auto receivables would not be difficult. As an added precaution, several Originators have agreed in principle to perform backup servicing duties for other Originators should they be required.

**Credit Enhancement** The Notes are protected by spread (generally a minimum of 0.5%), the cash reserve (generally 3.5%), and overcollateralization (generally 6%). Certain vehicle types such as trucks that are used primarily for commercial purposes (but which still qualify as light-duty), luxury vehicles (the demand for which tends to be more volatile), older vehicles (where at lease termination the vehicle would be over seven years old), and portfolios with higher risk profiles (due to portfolio performance, concentration, or customer base) attract higher credit

enhancement levels. In addition, after the occurrence of an Event of Default or a Monthly Pay Event, the Series 2003 Notes are protected by 3% of additional enhancement in the form of series-specific Subnotes that will not receive principal until the Class A Notes of the related series have been repaid.

Due to the low historical loss levels, typical stress multiples of observed net loss levels are not particularly meaningful. However, DBRS believes that the steady-state net loss rate of 0.16% understates true expected performance in the event of an Originator insolvency, because Originators currently have the opportunity to re-market repossessed vehicles in the retail or re-lease market, where values are considerably higher than the wholesale market. DBRS believes 0.50% is a reasonable estimate of the losses that would be incurred if repossessed vehicles were sold in wholesale markets. In addition, the presence of lease residuals, which can be established at the discretion of the Originators, can result in incrementally higher losses should Collateral need to be repossessed. The use of an NPV advance calculation essentially provides upfront credit for some excess spread to Originators, which can result in higher losses. Using an annual stress level loss rate of 5% (or ten times the estimated adjusted net loss level), DBRS models indicate that no losses would be incurred to holders of the Series 2003 Notes. DBRS believes that such conservative multiples are necessary due to the issues raised above, the non-investment-grade nature of the Originators, the potential for commingling losses, and the lack of cross-collateralization between Originator portfolios. Credit enhancement modeling does not explicitly attempt to cover losses due to fraud, but fraud is covered on a total portfolio basis (up to \$5 million) by the fraud insurance policy. Lastly, although DBRS does not give full credit to the certainty of its availability, the program fee payable to the Administrative Agent can be subordinated to all other fees and expenses of the Trust, and may be available to cover small losses.

**Securitized Assets** The securitized assets are mostly (97.2%, as of July 31, 2003) auto, minivan, SUV, and light-duty truck leases. The remaining 2.8% relate to similar

assets, but are loan obligations. The leases are mostly (98.8%) open-ended, with the obligor guaranteeing the residual value at the end of the lease term. The vast majority of leases are of the 36-month or 48-month variety, and customers are a mix of retail and small fleet. The Collateral varies from typical auto loan or lease transactions in that there is increased exposure to small fleets, luxury cars (as of July 31, 2003, approximately 9% of the pool is comprised of vehicles with a NPV of over \$70,000), and used vehicles (as of July 31, 2003, approximately 24% of the total pool). In addition, the presence of lease residuals, which can be established at the discretion of the Originators (and reviewed by the Administrative Agent prior to funding), can result in incrementally higher losses should Collateral need to be repossessed. However, DBRS believes the nature of the customer base, motivation, and capabilities of the Originators, and the credit enhancement available in the structure provide solid protection against risks related to these exposures. The Collateral provides a well-diversified mix of auto manufacturers. The largest manufacturers in the pool, Ford and General Motors, comprised 30.4% and 21.8% of the pool respectively, as of July 31, 2003.

Leases that are not guaranteed by the obligor total 1.2% of the pool and have residual values covered off firstly by an indemnity from the Originator, and secondly by a letter of credit issued by a AA(low)-rated bank. The amount of the letter of credit is equal to 11.1% of the aggregate unguaranteed residual value. Some amortization of the letter of credit is permitted as the leases mature. Additional leases may and are expected to be added by Originators on a regular basis, but will be open-ended unless additional credit enhancement is made available to cover residual losses.

**Legal:** At the close of each Securitization Agreement, counsel to the Originator provides an opinion indicating the enforceability of the Securitization Agreement. Counsel to the Trust also provides an opinion stating that creditors of the Originator would not be able to successfully look to the Collateral to satisfy claims in the event of an Originator bankruptcy. DBRS reviews these opinions at the time of each closing.