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Date:  
March 31, 2017

## LEGEND

Parent =

Taxpayer =

Trust =

Company =

State A =

Date                      =

Date   b   =

Date                      =

Dear \_\_\_\_\_ :

This letter responds to your letter dated September 26, 2016, requesting a private letter ruling under § 7701(h) of the Internal Revenue Code and § 301.7701-3 of the Income Tax Regulations.

FACTS

Parent is a State A corporation. Parent is the common parent of an affiliated group of corporations (the “Affiliated Group”), which files a consolidated federal income tax return on a calendar year basis.

Taxpayer is a State A limited liability company that has elected to be treated as a corporation for Federal tax purposes. Taxpayer, a wholly-owned subsidiary of Parent, is a member of the Affiliated Group.

Trust is a State A Statutory Trust. Taxpayer is the grantor, beneficiary, and administrator of, and will own 100 percent of the interests in, Trust. For federal income tax purposes, Taxpayer treats Trust as a disregarded entity, the assets of which are owned by Taxpayer. The primary purpose of Trust is to acquire and hold legal title to leased equipment.

Company is a State A limited liability company and wholly owned subsidiary of Taxpayer. For federal income tax purposes, the Affiliated Group treats Company as a disregarded entity.

Each entity listed above uses the calendar year accounting period and an accrual method of accounting for maintaining its accounting books and records and filing its federal income tax return.

Parent and its affiliates are a leading manufacturing group of motor vehicles (“Equipment”).

Taxpayer, together with certain of its subsidiaries, conducts a financial service business, including commercial lending and leasing services, to support the distribution of Parent’s products. As part of Taxpayer’s commercial lending and leasing activities, Taxpayer provides financing for various categories of Equipment, provides loan and lease financing to various operators and end users of new and used Equipment, and services Equipment loans and leases. Taxpayer services substantially all of the Equipment loans (“Loans”) it originates, including Equipment Loans that have been securitized. Taxpayer’s retail servicing portfolio includes Equipment Loans and Leases (defined below) that Taxpayer services, which generally are originated and held by Trust.

Taxpayer also has an internal credit department that evaluates and underwrites retail credit applications submitted by dealers or by Taxpayer’s salespersons. Additionally, Taxpayer gathers information regarding credit scores, payment history, time in business, and purposes of the loan or lease. As a servicer, Taxpayer’s responsibilities include collections, asset recovery, asset remarketing, collateral administration, and insurance tracking. Taxpayer recovers, secures and transfers

repossessed Equipment for resale, and disposes of repossessed units as well as units coming off of lease through an internal marketing department.

Taxpayer funds its commercial lending and leasing activities from multiple sources, including equity, operating capital, private sale syndications of its financial assets, and debt financings on a fully-recourse basis. Taxpayer also engages in refinancing transactions in the form of securitization transactions whereby certain of its financial assets are transferred to a bankruptcy-remote special purpose entity and pledged to secure debt instruments issued by the special purpose entity.

Each customer that leases Equipment from Taxpayer (Lessee) executes a master lease agreement ("Lease Agreement") or a standalone Terminal Rental Adjustment Clause Lease ("TRAC Lease," described below), which sets forth the general terms and conditions of the lease. Trust is designated as the lessor. The customer also executes a one or more lease schedules ("Schedule"), which incorporates the terms and conditions of the Agreement and sets forth the specific terms and conditions of the lease, including the equipment subject to the lease schedule, the lease term, and rent charges.

Each customer that leases Equipment but doesn't enter into a master lease agreement instead enters into a standalone TRAC Lease with Trust ("Lessor"). Each TRAC Lease sets forth the specific terms and conditions of the lease, including the equipment subject to the lease, the lease term, and rent charges.

Most leases originated in connection with Taxpayer's financial services business, including some leases under a master lease agreement, are TRAC Leases and incorporate a terminal rental adjustment clause (or "TRAC"). Except in the case of a Split TRAC Lease, TRAC Leases require that the Lessor pay the Lessee upon termination of the lease and disposition of the leased Equipment as a rental adjustment the amount, if any, by which the net proceeds from the disposition of the Equipment exceed the projected termination value of the Equipment at lease end ("TRAC Amount") as set forth in the TRAC Lease. If the net proceeds are less than the TRAC Amount, the Lessee must pay the Lessor, as a rental adjustment, the amount of the deficiency. Furthermore, when entering into a TRAC Lease, each Lessee agrees that the TRAC Amount is not intended to give the Lessee any equity or ownership interest in the Equipment but instead is intended to provide the Lessee a financial incentive to maintain the Equipment in the condition required by the TRAC Lease throughout the lease term.

Some TRAC Leases contain provisions that allocate a sharing between the Lessor and the Lessee of all or a portion of the amount due to the other party resulting from the difference between the net proceeds and the TRAC Amount (a "Split TRAC Lease").

In each TRAC Lease, the Lessee signs and provides to the Lessor a written statement that (i) contains a Lessee certification, under penalties of perjury, that the Lessee intends that Equipment leased under any Lease Agreement to which § 7701(h) applies will be used more than 50% in the trade or business of Lessee, and (ii) states that Lessee has been advised that the Lessee will not be treated as the owner of the property subject to the agreement for federal income tax purposes (a “Lessee TRAC Certification”).

When a customer seeks to lease Equipment, Taxpayer (on behalf of Trust) will acquire the selected Equipment from the dealer or manufacturer. Acquired Equipment is held by Trust. Taxpayer makes the payment directly to the manufacturer or dealer and creates an intercompany receivable to Taxpayer from Trust. Taxpayer, on behalf of Trust, finances all purchases of Equipment with equity, operating capital, private sale syndications of its financial assets, or fully-recourse loans from an affiliate of Taxpayer. In the future, Taxpayer may borrow on a fully-recourse basis from third parties.

At the end of the lease term, the Lessee either will exercise any available purchase option under the lease or return the Equipment to the Lessor. In the case of a TRAC Lease, upon termination of the TRAC Lease and disposition of the Equipment, either (i) Lessor will pay to the Lessee the excess of the sales proceeds over the TRAC Amount, or (ii) the Lessee will pay to the Lessor the excess of the TRAC Amount over the sales proceeds. If the TRAC Lease is a Split TRAC Lease and the Lessee does not exercise the purchase option, the parties will allocate the difference between the net sales proceeds and the TRAC Amount as provided in the Split TRAC Lease.

### Proposed Transaction

As it currently does with its Loans, Taxpayer intends to use Lease receivables generated in its finance business to raise funds. To that end, taxpayer proposes to engage in securitization transactions whereby Taxpayer or an affiliate will transfer rights to designated pools of loans and leases to a bankruptcy-remote special purpose entity, which will issue debt instruments secured by those rights, including the future cash flows on those designated pools of receivables (a “Securitization Transaction”).

Taxpayer will identify Loans and Leases originated by its financial service business that are eligible to be pooled, transferred to one or more affiliated special purpose entities, and pledged for the benefit of noteholders in connection with a Securitization Transaction. Once identified, the taxpayer will designate the Loans and Leases, including the associated leased Equipment, and the related cash flows (“Designated Assets”), to be included in a particular Securitization Transaction. The eligibility for the Designated Assets to be included in a particular Securitization Transaction will be based, in part, on customer concentration, credit ratings, asset type, asset location, and the term of the Loan or Lease. It is possible that not all of the identified Leases will be TRAC Leases.

Taxpayer will transfer, or will cause to one or more of its affiliates to transfer, all of the right, title, and interest in the Designated Assets to Company for cash. To accomplish this transfer, Trust will issue special units of beneficial interest ("SUBI") to Company. The SUBIs will represent full beneficial ownership in the identified Leases. In exchange, Taxpayer will receive cash that it will use to repay some or all of the intercompany receivables generated when the Equipment was acquired. The Designated Assets will be transferred to Company pursuant to a Sale Agreement.

Company will transfer the Designated Assets acquired in the transfer described above to a wholly owned, special purpose subsidiary ("Issuer") pursuant to a purchase and sale agreement in exchange for cash proceeds from debt instruments issued by Issuer.

Issuer will be newly-created, special purpose State A limited liability company. Upon and as a result of Issuer's formation by Company, all equity interests in the Issuer will be owned by the Company. For commercial law purposes, Issuer is intended to be bankruptcy remote from Taxpayer, so that a future bankruptcy of Taxpayer or other members of the Affiliated Group would not result in the bankruptcy of Issuer.

Issuer will be the borrower in the Securitization Transaction. Issuer will issue debt instruments that will be fully recourse to Issuer, and the holders of the debt instruments will have full recourse against all of the assets of Issuer.

Issuer's activities generally will be limited to: 1) executing and performing its obligations and exercising its rights under the terms of the Securitization Transaction documents and engaging in related transactions; 2) acquiring, transferring, financing, pledging, and otherwise dealing with certificates representing beneficial interests in the SUBIs; 3) dealing with transactions involving the Equipment and related Leases that will be designated to the SUBI; 4) acquiring, transferring, financing, pledging, and otherwise dealing with the pool of Leases; 5) negotiating, executing, or performing the obligations under any agreement relating to the foregoing activities; and 6) engaging in any lawful act or activity and to exercise any powers permitted to limited liability companies organized under State A law that are related or incidental to and necessary, convenient, or advisable for the accomplishment of the foregoing purposes.

The assets of issuer will include: 1) a SUBI certificate evidencing a 100 percent beneficial interest in a portfolio of Leases including TRAC Leases of titled Equipment in Trust, including payments made under such TRAC Leases, which also include payments under the TRACs up to the related TRAC Amounts; 2) Loans; 3) bank accounts established for the Issuer; 4) a reserve account and deposits therein; and 5) rights to proceeds from certain insurance policies covering Equipment leased under the Lease, or, to the extent associated with the related Lease, the related obligors. The Issuer will be entitled to receive all amounts collected on the Designated Assets

transferred to the Issuer. If disposition proceeds with respect to any Equipment are such that the Lessee is entitled to receive a TRAC payment, the obligation to make the TRAC payment will be satisfied out of amounts belonging to the Issuer. After payment of Issuer's expenses, and assuming Loan and Lease defaults are consistent with historical experience, the Issuer should receive amounts sufficient to 1) make any necessary TRAC payments to Lessee; 2) satisfy obligations to the holders of its debt instruments; and 3) return residual value to Taxpayer.

When the outstanding principal balance of Issuer's assets reaches a certain level, generally 10 percent or less of the initial aggregate value of the assets securitized, the Issuer will have the option to redeem the remainder of its outstanding debt obligations by prepayment. The funds to redeem the outstanding debt obligations may be advanced by Taxpayer. Once all of the obligations of Issuer have been satisfied, it will liquidate and distribute its remaining assets to Company.

Taxpayer expects that Company and Issuer will be disregarded as entities separate from Taxpayer for U.S. Federal income tax purposes. Accordingly, Taxpayer expects that any transfers between Taxpayer, Company, and Issuer will be disregarded for U.S. Federal income tax purposes. Similarly, Taxpayer expects that any transfers between an affiliate of Taxpayer, Company, and Issuer will be disregarded for U.S. Federal tax purposes if the applicable affiliate of Taxpayer similarly is disregarded as a separate entity from Taxpayer for U.S. Federal tax purposes.

The use of the Trust to acquire and hold title to title Equipment serves two functions. First, the use of Trust to hold Leases with respect to the titled Equipment eliminates the need to re-title the Equipment multiple times by permitting the use of SUBIs to transfer beneficial ownership of the Equipment. Second, the use of the Trust to hold legal title to the titled Equipment avoids the need to qualify Issuer to do business in each jurisdiction the Equipment is titled in, which facilitates Taxpayer's ability to include Leases as assets in Securitization Transactions.

Taxpayer is authorized to enter into the documentation to establish Trust, to acquire a beneficial interest in Trust, and to facilitate the acquisition, ownership, and disposition by Trust of Leases, Equipment, and other related assets. Trust is authorized to acquire cash, the leases, and Equipment, to receive payments made under the leases, to sell or otherwise dispose of Equipment following the end of the leases, to hold Equipment certificates of title, and to own other rights and assets (collectively "Trust Assets").

The beneficial interests Taxpayer holds in Trust consist of an undivided trust interest ("UTI") and one or more Special Units of Beneficial Interest (individually, "SUBI"). The UTI and the SUBI and their related assets constitute separate "Sub-trusts" of Trust. Under State A law, all liabilities of a Sub-trust generally are enforceable only against the assets designated to the Sub-trust.

Taxpayer created Trust pursuant to a trust agreement dated Date a, which was amended and restated on Date b, and was further amended and restated pursuant to Amendment Number 1 on Date c (together, the "Trust Agreement"). Section 1.2 of the Trust Agreement authorizes Trust to (1) execute, deliver, enter into and perform its obligations under the Trust Agreement; (2) acquire, own, hold, and, as permitted under the Trust Agreement, dispose of or pledge trust assets or beneficial interests therein, and distribute trust funds not otherwise allocable to expenses; (3) subject to the Trust Agreement, engage in such other activities as may be required in connection with the preservation of the Titling Trust assets and the making of distributions to or upon the order of the beneficiary or any related holder; and, (4) engage in any activities described or authorized by the Trust Agreement and any and all activities necessary, appropriate, or incidental to accomplishing the foregoing.

The Trustee has no discretionary duties other than performing ministerial acts necessary to accomplish the purposes of the Trust Agreement and therefore looks to and acts at the direction of Taxpayer, as beneficiary, with regard to any non-ministerial acts otherwise permitted under the Trust Agreement. In addition, Section 7.1 of the Trust Agreement provides that the Trustee must establish and maintain, at the direction and for the benefit of Taxpayer, trust accounts in which all cash and proceeds from trust assets shall be deposited. Taxpayer, as beneficiary, may authorize the Trustee to make deposits into, disbursements from, and investment of funds on deposit in, any trust account.

Taxpayer, as the settlor, will cause the Trust to establish the SUBIs to be used in each Securitization Transaction. The SUBIs will represent beneficial interests in the portion of the Trust Assets that comprise a specific Sub-Trust of Trust. The issuance of the SUBIs permit the transfer of beneficial ownership of the Trust Assets that are allocated as assets in a Sub-Trust without having to re-title the titled Equipment in the Sub-Trust.

Taxpayer anticipates that Trust will allocate groups of leases and related equipment (with each group consisting of both TRAC and non-TRAC leases) to separate Sub-Trusts. Unless and until leases and related equipment held by Trust are allocated to a Sub-Trust, the beneficial ownership of those assets will be represented by the UTI.

If a group of leases and related equipment are allocated to a Sub-Trust, Trust will issue a SUBI with respect to that Sub-Trust. The SUBI will represent, with respect to the leased equipment in the Sub-Trust, beneficial ownership of the lease payments, and beneficial ownership of the proceeds from the sale of the equipment increased or decreased, respectively, by any payments due from, or to, the lessee. Title to the leased equipment will remain in Trust and will not be allocated to the SUBI.

In furtherance of its activities, under the Trust Agreement, Trust will be authorized to: (1) accept the designation as the legal title holder of the leased equipment, (2) enter into and perform, or cause to be performed, obligations and duties under Master Lease Agreements (TRAC and non-TRAC), (3) appoint Taxpayer (or third party) as its attorney-in-fact and direct Taxpayer to perform administrative duties on behalf of Trust, (4) enter into (or accept the assignment of) a servicing agreement under which Taxpayer will act as the servicer of the leased equipment, (5) establish accounts and receive, maintain, invest, and disburse funds in accordance with the Trust Agreement and the servicing agreement, and (6) as long as Taxpayer has not defaulted in its servicing duties, and at the direction of the holder of the UTI or the holder of a SUBI, (i) pledge, transfer or otherwise dispose of any interest in the assets represented by such UTI or SUBI, (ii) amend or revoke trust terms with respect to all or a portion of the assets represented by such UTI or SUBI and (iii) enter into any agreement or instruments affecting all or any portion of the assets represented by such UTI or SUBI.

From time to time, the Taxpayer as owner of the UTI will direct Trust to create a new Sub-Trust and allocate to the new Sub-Trust the Trust's beneficial interests in a designated pool of equipment and related leases. In addition, when selecting the equipment for any particular securitization Sub-Trust, Taxpayer will have to take into account the ordinary concerns of creditors such as lessee concentration, lessee credit ratings, equipment type and location, and lease term.

Following an allocation of leases and related equipment to a Sub-Trust, Trust will issue to Taxpayer as owner of the UTI, the SUBI representing beneficial ownership of the cash flows related to the assets of the Sub-Trust. Taxpayer, as owner of the UTI, will then convey the SUBI to a separate, special purpose entity, which in turn will convey the SUBI to a securitization entity.

In connection with a Securitization Transaction, Trust may issue to Taxpayer SUBIs representing beneficial ownership of the Trust Assets held in one or more Sub-Trusts of Trust. However, any SUBI issued to Taxpayer in connection with a Securitization Transaction will represent beneficial ownership of all of the assets held in the Sub-Trust of Trust to which the SUBI relates.

Trust, Taxpayer, and Company will not pledge to Issuer the title to any Equipment to which the SUBI relates. If Issuer fails to make its debt payments, the assets acquired by the creditors will be the SUBI conveyed to Issuer and not the title to any such Equipment. Equipment will not be considered for financing in a Securitization Transaction before being acquired from the dealer or manufacturer with Taxpayer's funds and being made subject to a Lease.

Trust's activities are limited to those specified in the Trust Agreement and any applicable supplement to the Trust Agreement, or as may be directed by Taxpayer in its capacity as initial beneficiary. Trust's activities may include participating in 1) financing



transactions (including Leases) undertaken by Taxpayer, Company, or other special purpose entities (such as Issuer) that are secured by assets of Trust, by the UTI issued by Trust, or by any SUBI; 2) and sale, transfer, or pledge by Taxpayer, Company, or other special purpose entities (such as Issuer) of any interest in one or more SUBIs issued by Trust; 3) other asset securitizations, secured loans, or similar transactions involving Trust Assets; and 4) similar activities.

Issuer will enter into a Servicing Agreement with Taxpayer, as servicer ("Servicer"). Servicer will invoice the obligors under the Loans and leases, collect payments, and perform ancillary functions on behalf of Issuer. In exchange for its services, Servicer will receive a servicing fee equal to a fixed number of basis points on each Loan and a fixed percentage of the discounted present value of the lease payments on each lease that is a Designated Asset.

Once Issuer has acquired the Designated Assets, it will begin receiving payments on the Loan and Lease receivables. Issuer will use the payments it receives on the Loans and Leases it holds to pay principal and interest on the debt instruments issued by Issuer in the Securitization Transaction. Upon repayment of all principal and interest due on the debt instruments issued by Issuer, and any unpaid expenses of Issuer, Issuer will distribute any and all remaining assets to Company and liquidate.

Taxpayer and its affiliates may enter into additional Securitization Transactions by forming a new Issuer and transferring to it Loans and Leases that Taxpayer has originated.

Taxpayer makes the following representations:

- 1) TRAC Lease payments paid by Lessees represent arm's-length lease payments at current fair market value;
- 2) The economic life of the Equipment exceeds the lease term for such Equipment by at least 20 percent;
- 3) All current TRAC Leases have, and all future TRAC leases will have, a Lessee TRAC Certification that satisfies the requirements of § 7701(h)(2)(D);
- 4) Each Lessee with respect to a TRAC Lease will provide a signed Lease TRAC Certification substantially in the form of examples submitted with Taxpayer's letter ruling request;
- 5) Taxpayer, Trust, Company, and Issuer have no reason to believe or knowledge that the Lease TRAC Certification provided by any Lessee is false;

- 6) No Lessee is required to acquire the Equipment with respect to a TRAC Lease at the end of the lease term;
- 7) If analyzed without regard to the TRAC, each TRAC lease will qualify as a lease for U.S. Federal income tax purposes;
- 8) Taxpayer, Trust, Company, and Issuer will treat the TRAC Leases as leases for U.S. Federal income tax purposes;
- 9) To the extent Taxpayer finances the acquisition of Equipment on behalf of Trust, the financing is fully recourse to Taxpayer;
- 10) The amounts borrowed by Issuer pursuant to a Securitization Transaction provide for full recourse to Issuer;
- 11) Defaults by Lessees have been rare as a matter of Taxpayer's historical experience. Issuer will have more than sufficient assets to satisfy its obligations to the holders of its debt instruments based upon a level of rental defaults consistent with historical experience.
- 12) Trust, as holder of the title to the Equipment, will be recognized as the sole owner of such Equipment for state law purposes.
- 13) At the time Issuer issues debt instruments, Taxpayer will expect to receive an opinion from qualified tax counsel that such debt instruments are properly characterized as indebtedness for U.S. Federal income tax purposes.
- 14) At the time Issuer issues debt instruments, Taxpayer and the holder of the debt instruments will expect the cash flows payable on the Loans and the SUBI held by Issuer to be sufficient to make timely and complete payments on the debt instruments issued by Issuer.
- 15) Taxpayer will be the sole owner (either directly or through a disregarded entity or entities) of each of Trust, Company, and Issuer; and none of Trust, Company, or Issuer will file an election to be classified as an association for U.S. Federal income tax purposes under § 301.7701-3.
- 16) Each of Parent, Taxpayer, Trust, Company, and Issuer uses the calendar year for its accounting period and the accrual method of accounting for purposes of maintaining its accounting books and records for U.S. Federal income tax purposes.

## RULINGS REQUESTED

Taxpayer requests rulings that each TRAC Lease pursuant to which Trust is the Lessor, including those which are subsequently transferred to Issuer, is a qualified motor vehicle operating agreement as defined in § 7701(h)(2); that, pursuant to § 7701(h)(1), qualification of each TRAC Lease as a lease for U.S. federal income tax purposes will be determined without regard to the TRAC provision of the such TRAC Lease; that for U.S. Federal tax purposes, Trust, Company, and Issuer will be disregarded as entities separate from Taxpayer under § 301.7701-3(b); and that no gain, loss, or income will be realized by Taxpayer, Trust, Company, or Issuer as a result of the transfer of Designated Assets from Taxpayer to Company and subsequently from Company to Issuer as a part of the Securitization Transaction.

## LAW AND ANALYSIS

Section 7701(h)(1) provides that in the case of a “qualified motor vehicle operating agreement that contains a terminal rental adjustment clause,” the agreement is treated as a lease if (but for such “terminal rental adjustment clause”) the agreement would be treated as a lease for federal income tax purposes, and the lessee is not treated as the owner of the property subject to the agreement during the period the agreement is in effect.

Section 7701(h)(2)(A) defines a “qualified motor vehicle operating agreement” as any agreement with respect to a motor vehicle (including a trailer) that meets three requirements, which are set forth in subparagraphs (B), (C), and (D) of § 7701(h)(2).

First, § 7701(h)(2)(B) requires that, under the agreement, the sum of the amount the lessor is personally liable to repay, and the net fair market value of the lessor’s interest in any property pledged as security for property subject to the agreement, equals or exceeds all amounts borrowed to finance the acquisition of property subject to the agreement. Any property pledged that is property subject to the agreement or property directly or indirectly financed by indebtedness secured by property subject to the agreement is not taken into account.

Second, pursuant to § 7701(h)(2)(C), the agreement must contain a separate written statement signed by the lessee that the lessee certifies, under penalty of perjury, that it intends that more than 50 percent of the use of the property subject to the agreement is to be in a trade or business of the lessee, and that clearly and legibly states that the lessee has been advised that it would not be treated as the owner of the property subject to the agreement for federal income tax purposes.

Finally, § 7701(h)(2)(D) requires that the lessor must not know that the certification in § 7701(h)(2)(C) is false.

Taxpayer represents that, if analyzed without regard to the terminal rental adjustment clause, each TRAC Lease will qualify as a lease for federal income tax purposes.

Further, Taxpayer represents that any amount it borrows to fund the initial acquisition from the manufacturer or dealer of Equipment that is subject to a TRAC Lease will be recourse debt that Taxpayer is personally liable to repay, and that it will fund the entire acquisition price of the Equipment using equity, operating capital, private sale syndications of its financial assets, or fully-recourse loans from an affiliate of Taxpayer. Hence, Taxpayer will be fully at risk on the acquisition price of the Equipment from the time of initial acquisition of the Equipment. In addition, Taxpayer represents that each TRAC Lease will contain a Lessee TRAC Certification that satisfies the requirements of subparagraphs (C) and (D) of § 7701(h)(2).

Based on the facts and representations made by Taxpayer, and provided that: (1) Issuer borrows funds only on a recourse basis; and (2) amounts received in lease payments and from the disposition of Equipment (using rental defaults consistent with historical experience) are expected to be sufficient to satisfy all obligations to lenders, we conclude as follows:

- (1) Each TRAC Lease pursuant to which Trust is the Lessor, including those which are subsequently transferred to Issuer, is a qualified motor vehicle operating agreement as defined in § 7701(h)(2);
- (2) Qualification of each TRAC Lease as a lease for federal income tax purposes will be determined without regard to the TRAC provision of such TRAC lease.
- (3) Trust will be treated as a business trust as described in § 301.7701-4(b) and not as a trust under § 301.7701-4(a) for federal income tax purposes;
- (4) Under § 301.7701-3(b)(1)(ii) Trust, Company, and Issuer are domestic eligible entities with a single owner that are disregarded as entities separate from the Taxpayer; and
- (5) No gain, loss, or income will be realized by Taxpayer, Trust, Company, or Issuer as a result of the transfer of Designated Assets from Taxpayer to Company and subsequently from Company to Issuer as a part of the Securitization Transaction.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. Specifically, we express or imply no opinion concerning: (1) whether the Lease Agreement is a true lease for federal income tax purposes; (2) a situation in which Issuer borrows funds from lenders on a nonrecourse basis; and (3) a

situation in which the amounts received in lease payments and from the disposition of Equipment (using rental default consistent with historical experience) are not expected to be sufficient to satisfy all obligations to lenders.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Temporary or final regulations pertaining to one or more of the issues addressed in this ruling have not yet been adopted. Therefore, this ruling will be modified or revoked by the adoption of temporary or final regulations, to the extent the regulations are inconsistent with any conclusion in the letter ruling. See § 11.04 of Rev. Proc. 2017-1, 2017-1 I.R.B. 1, 60. However, when the criteria in § 11.06 of Rev. Proc. 2017-1, 2017-1 I.R.B. 1, 61 are satisfied, a ruling is not revoked or modified retroactively except in rare or unusual circumstances.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

SEAN M. DWYER  
Senior Counsel, Branch 7  
Office of Associate Chief Counsel  
(Income Tax & Accounting)

cc: