

CAPITAL LEASE FUNDING INC  
 Form 4  
 March 27, 2006

**FORM 4**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 MCDOWELL PAUL H

2. Issuer Name and Ticker or Trading Symbol  
 CAPITAL LEASE FUNDING INC [LSE]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
 110 MAIDEN LANE  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 03/24/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 Chief Executive Officer

NEW YORK, NY 10005  
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount (D) Price		
Common Stock	03/24/2006		A		54,200 (1)	A	\$ 0
Common Stock					8,124	I	By 401(k) Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Reporting Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MCDOWELL PAUL H 110 MAIDEN LANE NEW YORK, NY 10005	X		Chief Executive Officer	

## Signatures

/s/ Paul H. McDowell 03/24/2006

\*\*Signature of Reporting Person Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Stock grant under the company's stock plan, which is a Rule 16b-3 plan. 16,700 shares are scheduled to vest in three equal annual installments beginning on March 24, 2007, with any unvested portion generally being forfeited if the reporting person terminates his employment with the issuer prior to the vesting date. The remaining 37,500 shares are scheduled to vest through March 24, 2009, if performance criteria determined by the Compensation Committee are met. One-third of the 37,500 shares are available for vesting annually beginning on March 24, 2007, provided that shares which fail to vest will accumulate and not be forfeited but will be available for vesting in subsequent years through March 24, 2009, at which time all unvested shares will be forfeited. All unvested shares will generally be forfeited if the reporting person terminates his employment with the issuer prior to the vesting date. The restricted stock awards have voting and dividend rights until forfeited.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.