

CAPITAL LEASE FUNDING INC
 Form 4
 March 27, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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 *
 Hughes Paul C

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)
 VP, General Counsel, Corp. Sec.

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 Indirect Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	03/24/2006		L	20,000 (1) A \$ 0	30,000	D	
Common Stock	01/17/2006		L	18 (2) A \$ 11.48	1,070	I	By IRA Account

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 Beneficially (Instr. 5)
				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
Hughes Paul C 110 MAIDEN LANE NEW YORK, NY 10005			VP, General Counsel, Corp. Sec.	

Signatures

/s/ Paul C. Hughes
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).
- Stock grant under the company's stock plan, which is a Rule 16b-3 plan. 6,500 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 13,500 shares are scheduled to vest through March 24, 2009, if performance criteria determined by the Compensation Committee are met. One-third of the 13,500 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.
- (2) Represents shares acquired through reinvestment of dividends.

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.