

# Considerations for Stakeholders Regarding Rights and Remedies when a Borrower is in Default

DECEMBER 22, 2017

*This article originally appeared in ACG Chicago's Q4 2017 Journal. Any opinions in this article are not those of Winston & Strawn or its clients. The opinions in this article are the authors' opinions only.*

The vast majority of the time, in the vast majority of deals, a borrower is able to comply with the terms of its credit agreement, including the various covenants and obligations imposed on it by lenders as conditions for extending credit, and eventually repay the lenders in full when loans come to maturity. But in those relatively rare occasions when a borrower runs into trouble, things operate differently. When a borrower breaches its covenants or appears to the lenders at risk of being unable to repay loans when they are due, what happens next? Though a bankruptcy filing or liquidation may be the end result, it is typically not the preferred first step or outcome. This interim stage of a loan deal—after some bumpiness, but before a bankruptcy, often called a “work out”—is not something to be afraid of, but can give rise to new voices, strategies and professionals, works from a different playbook and employs a new vernacular.

1 Min Read

## Related Locations

Chicago

Los Angeles

New York

## Related Topics

Corporate Lending

## Related Capabilities

Debt Finance

Transactions

# Related Professionals

---



Gregory Gartland



Brendan Mace