

MEMORANDUM

To: Subscribers to *Structuring and Drafting Commercial Loan Agreements*

From: A.S. Pratt & Sons

Subject: 2007 Update No. 1

Enclosed you will find your 2007 Update No. 1 to *Structuring and Drafting Commercial Loan Agreements*. This update includes the following new and revised information:

- “Agented” credits—multilender credits in which the administrative functions are performed by an agent bank—continue to remain attractive vehicles for high-value loans. This update takes a fresh look at these credits and includes a discussion of swingline loans, electronic assignments, the agent’s knowledge of defaults, indemnification, establishment of rates (including risk-based pricing), and the tax gross-up (see Chapter 11).
- Can a single bank in a syndicated loan oppose the decision of the entire syndicate and bring an action against the borrower in its own name? In the case of *Beal v. Sommer*, a savings bank that acquired its interest in a syndicated loan post default sought to enforce the provisions of a keep-well agreement after the other lenders in the syndicate voted to forbear from exercising remedies. This update discusses the court’s decision and the steps lenders should take in its aftermath (see ¶ 11.05[2]).
- When is an ordinary corporate note a “security” for purposes of the Uniform Commercial Code? If such notes can be securities, what are the consequences for secured parties perfecting a security interest in notes, and for holders of such notes? These issues, raised in the case of *Highland Capital v. Schneider*, are discussed in ¶ 3.09[4][a].
- Which types of “electronic collateral” are governed by Article 9, and which by other laws? What are the other laws? This update provides a guideline (see ¶ 3.10[1]).