

# Are Lenders Becoming Less Concerned About Lender Liability?

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In July, *The Bankruptcy Strategist* published an article entitled, "Are Lenders Becoming Less Concerned About Lender Liability?" The article featured Levenfeld Pearlstein and FuelBreak Capital Partners' annual Dealmakers Summit as the scene of lively discussion on hot-button topics currently facing equity investors, advisers, and their bankers. The question of the role lenders play and have played in working out troubled loans, was a topic of much discussion and debate.

## **From the article:**

One recurring theme at the Summit was that current circumstances are not necessarily making bankers any less conservative in dealing with the troubled loans in their portfolios. Despite their pre-meltdown behavior, bankers are by nature an orthodox group. They have their protocols, processes and procedures. A banker who strays from the standard protocol in dealing with a problem loan, according to some, stands a better chance of getting fired. And so, many of the participants expressed a view that there is

a dominant mind among bankers: "Why place yourself at risk to rescue a transaction that's already been written off?"

Mark Horita, a managing director at The Peakstone Group, Chicago, stated, "I do think that relative to pre-recession timeframes that some of the overly loose practices have come back to a more conservative approach. That said, the banks are experiencing a dramatically more conservative oversight environment, which forces them to probably be more conservative than they would be otherwise. To dig a little deeper, on the lending side, the relationship managers that we know are getting a fair amount of pressure to find lending opportunities. However they're working with credit officers who find themselves in the tough position of having to balance the pressure of trying to put money to work (and increase profits) with increased regulatory scrutiny ... and also in some cases, still cleaning up their balance sheets."

See the full article [here](#).