

CORPORATE HEALTH TASK FORCE

Your Resource for Managing Counter-Party Risk

BRYAN
CAVE
LEIGHTON
PAISNER **BCLP**

"PERIODIC CHECK-IN" ACCOUNTS

Solid operations, credit history, and would not question payment health but for COVID-19

"WAIT AND WATCH" ACCOUNTS

Historically solid operations and credit but more susceptible to distress due to vulnerability of its industry/sector to COVID-19 fallout

"STRESSED BUSINESS" ACCOUNTS

Pre-existing stress or distress and likely to have been discussing turnaround for months prior to COVID-19

"PRE-EXISTING DEFAULT" ACCOUNTS

Business would have failed regardless of the pandemic

RECOMMENDED ACTIONS

- Bi-weekly performance review
- Obtain concessions for any extension of payment terms
- Full reevaluation after 30 days

RECOMMENDED ACTIONS

- Weekly review of credit and overall industry/sector of borrower
- Monitor payment aging and escalate for reevaluation for noticeable deviations
- Obtain concessions for any extension of payment terms
- Internal consensus on reclassifying credit as Yellow – "Stressed Business" on bi-weekly basis

RECOMMENDED ACTIONS

- Evaluate and identify defaults
- Evaluate A/R Insurance
- Issue carefully detailed Notice of Default subject to cure, if appropriate
- Evaluate requirement for deposit, LC, or COD
- Obtain concessions for any extension of payment terms
- Assess perfection of statutory liens (mechanics, warehouse, PACA, etc.)
- Confirm possession of all contractual agreements
- Weekly reassessment of Triage categorization
- Implement internal controls to monitor and stop delivery/services
- Document all communications

RECOMMENDED ACTIONS

- Evaluate and identify defaults
- Cease any pending shipments/services
- Prepare instructions to apply deposits or LCs
- Issue carefully detailed Notice of Defaults, if appropriate
- Effect any procedural requirements to liquidate property/inventory subject to statutory liens
- Document all communications

BCLP SPECIAL SITUATIONS KEY CONTACTS



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