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Private Credit Draws Enthusiasm, Scrutiny

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[Genna Garver](#)

Genna Garver, a partner with Troutman Pepper, was quoted in the October 28, 2024 *Regulatory Compliance Watch* article, [“Private Credit Draws Enthusiasm, Scrutiny.”](#)

“I’ve had private credit clients that have been examined already,” Troutman Pepper partner Genna Garver says. “They were tough exams. The regulators are looking for detail. When they come in to review your policies, they want to see details specifically tailored to the nature of private credit assets.”

Garver has seen first-hand regulators’ laser-like focus on valuations. “The amount of detail that the exam staff would like to see in a valuation policy is much deeper than I think industry expected for level 3 assets,” she says. “Everything from how you pick your comparables and calculate their enterprise value at the initial underwriting, to identifying trigger events for adjusting valuations.”

Examiners also seem to be well-briefed about private credit, Garver says. In some cases, they will take “a forensic” look at firms’ valuations and fee calculations.

“Cmp,” Garver adds. “Even in the most conservative fee structures, understanding when you can continue to hold something at cost, when you need to revisit holding it at par. On top of all these issues you’d have with a typical private equity fund—like fees, or broken deals and co-investors—but it’s in addition to the private credit idiosyncrasies.

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