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The American Lawyer Quotes New York Locke Lord Partner Jason Ulezalka on Liability Management Transactions

The American Lawyer

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New York Partner [Jason Ulezalka](#) was quoted by The American Lawyer on the increase of liability management transactions (LMTs), a debt restructuring mechanism utilized by borrowers to provide flexibility to restructure their existing liabilities and free up liquidity. In certain cases, these transactions result in new money lenders obtaining increased collateral coverage at the expense of existing secured creditors. Ulezalka explains that the uptick of LMTs is likely related to loose credit agreements migrating down-market, enabling more companies to conduct LMTs with selected groups of lenders.

“Loan documents are having looser covenants, giving borrowers flexibility to do things without lender consent,” Ulezalka adds. “Things you only saw in large, corporate credit agreements have shifted to the middle market. Twenty or 30 years ago, you probably didn’t have the documentation flexibility to do these kinds of LMTs.”

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