

Hatfield Philips strikes up B notes with dedicated servicing team

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Special servicer sets up division to specialise in junior debt

Hatfield Philips International has doubled the size of its recently launched "B note" team to strengthen its junior debt servicing capabilities.

Europe's largest independent primary and special servicer says it has hired six staff in London and 12 in Frankfurt in the past six months and now has a "B note" or junior debt team comprising six people.

The B note team will look after all classes of junior debt, including that of lenders in syndicated loans.

It may also be called in to take over from existing special servicers, as an increasing number of junior debt holders seek independent representation, particularly when commercial property loans are in default.

Hatfield Philips is marketing the "B note" services as a standalone function to junior debt holders, who are currently not represented by a servicer, where there may be a conflict of interest with the existing servicer managing both the A and B note, or where they believe that they may be better represented.

It says the team will represent the "defined interests of junior lenders with respect to events" such as:

- The rights under the intercreditor agreement
- Loan modification
- Loan extension
- Transfers of property or equity interests
- Loan acceleration
- Commencing possession actions
- Ensuring the existing servicer deals explicitly with the terms of the transaction.

Amanda Little, director and head of the B note team at Hatfield Philips, says: "As Europe's largest servicer we are duty bound to respect the differing needs of senior, junior and mezzanine debt.

"However, junior lenders often feel that their needs fail to be heard when loans start to default.

"Our dedicated team ensures that all lenders are appropriately represented and, while servicers are always guided by the intercreditor deed and servicing agreements, having an independent voice ensures that all options are considered."

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