

Structured Finance Group Of The Year: Dechert

By **Elise Hansen**

Law360 (December 16, 2020, 3:57 PM EST) -- Dechert LLP's structured finance group advised Freddie Mac in an \$850 million securitization and helped a major investment manager provide an innovative, \$350 million rescue loan, earning the group a spot among Law360's Structured Finance Practice Groups of the Year.

Dechert's finance practice boasts about 150 attorneys, spaced out over roughly 10 offices in the U.S., U.K. and Europe. The group makes up a considerable portion of the firm's roughly 1,000 attorneys, and its size has helped the firm build depth and breadth in the structured finance field, partner Laura Swihart said.

"We have so many securitization finance lawyers who do different kinds of asset classes and have touched so many different things," Swihart said. "And we all talk to each other, a lot, and have regular meetings and discussions about new things we're trying."

Among the firm's novel transactions this past year was an \$850 million securitization for Freddie Mac, the mortgage guarantor backed by the U.S. government. The multifamily real estate securitization had bonds indexed to the Secured Overnight Financing Rate, called SOFR, which is a leading U.S. alternative to Libor — the London Interbank Offered Rate.

"That was the first actual SOFR-bond deal ever," Swihart said. "Freddie wanted to take the lead as an industry leader, being the first to actually embrace the fact that LIBOR is going away, and get ahead of the game and try to figure out what a new world would look like with SOFR being a replacement for Libor."

As a "first," the deal was closely watched by industry players, Swihart noted.

"Everyone was sort of watching it just to see how we were going to structure it and whether investors would in fact buy that product," Swihart said. "So it was a fun, cutting-edge, leading thing to do."

Dechert also steered an innovative transaction for a major alternative investment manager that oversees over \$150 billion in assets. The deal was a \$350 million, structured finance rescue loan to another asset manager that the Dechert team had to put together on a short timeline.



"The deal had to be put together on the fly, without precedent, and closed within a month," partner Christopher Duerden said.

Duerden highlighted the emerging role of alternative investment managers in asset-backed securities, which has typically been the realm of large banks.

"When you look at the world of asset-back securities, it's a very large umbrella, but it's typically been one where the major banks play the largest roles in financing those assets," Duerden said. "We're seeing global asset managers stepping in and saying, 'Look, not only do we think there's an attractive investment opportunity there, but with our structure, we can be a bit more nimble than perhaps some of the traditional lenders have been.'"

The firm has also been on the leading edge in the collateralized loan obligation space. Partner Matthew Hays said the firm has helped pioneer marketplace loan CLOs, in which managed vehicles buy loans from marketplace lending platforms, pool the loans together and then sell notes through insurance companies.

"That's been a pretty hot area of getting different types of asset classes in," Hays said. "I think leveraging the CLO technology and expanding that to other asset classes has been a development we've been seeing a lot of."

Looking ahead, Hays said he expects the asset-backed arena to continue its momentum in coming years. It could also be an area of growth for Dechert's practice.

"I think there's a pretty good growth opportunity. We certainly have the capability of doing a lot more transactions [in the space]," he said. "We're always looking to grow."

--Editing by Nicole Bleier.