

Mary Touchstone Quoted in *Private Funds CFO* on Increase of NAV Covenants

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Corporate Partner Mary Touchstone spoke about the increase of net asset value covenants (“NAV covenants”) in subscription credit line deal documents in *Private Funds CFO* article titled, “Sub line lenders look beyond LP collateral.” The article, which is part of a *Private Funds CFO* series titled, “Subscription Credit: A Shifting Landscape,” explored the other metrics subscription credit line lenders are turning to—including NAV covenants and capital call minimums—as sources of repayment and safety nets during the coronavirus pandemic. Generally, if the NAV of a portfolio falls below a certain threshold, lenders can demand a quick repayment of drawdowns. Mary advised that borrowers should try to avoid or limit NAV covenants because of expected volatility, saying “[y]ou don’t want to have to go back to the banks for waivers or amendments if there’s some significant fluctuations in those asset values.”

To read the full article, please [click here](#) (subscription required).

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