

Cubbage, Fuller, Manente in Bloomberg Law: ‘Treatment of HNW Feeders in Subscription Secured Credit Facilities’

May 5, 2023 Todd Cubbage, Kinne Manente, Emily Fuller

PRACTICES Finance, Fund Finance

Partner [Todd Cubbage](#), Counsel [Emily Fuller](#) and Partner [Kinne Manente](#) authored an [article](#) in *Bloomberg Law* discussing the treatment of high net worth feeders and individuals in subscription secured credit facilities.

With up to 20% of new committed capital in private equity funds (“**Funds**”) coming from retail investors—typically high net worth individuals—a percentage that is projected to grow, there is an increasing demand to include such investors in the borrowing bases of subscription secured credit facilities.

Historically, high net worth individuals, their estate planning vehicles and family offices (collectively, “**HNW Individuals**”) have participated in Funds, but were often excluded from borrowing bases because the borrowing base mechanics, and the underlying risk assessments, were generally tailored to large institutional investors. Some lenders, however, are reconsidering this approach.

This article focuses on why HNW Individuals and aggregator vehicles that pool the subscriptions of HNW Individuals (“**HNW Feeders**”) are becoming more attractive as investors in Funds, and the risks and issues lenders should consider when evaluating the creditworthiness of HNW Individuals and HNW Feeders.

The article also includes a [separate checklist](#) of drafting considerations to be discussed when documenting a Subscription Secured Credit Facility with HNW Feeders and HNW Individuals.

To read the full article on *Bloomberg Law*, [click here](#).