Business Better (Episode 10): What You Need to Know for the Upcoming LIBOR Transition: Best Practices and Guidance

Speakers: John Wright, Joyce Gorman, and Joyce Frost

John Wright:

Welcome to Business Better, a podcast designed to help businesses navigate the new normal. I'm your host, John Wright. For nearly 15 years, I was senior vice president and general counsel at Triumph Group Incorporated, a global aerospace components supplier. I'm now a member of the securities and M&A groups at Ballard Spahr, a national law firm with clients across industries and across the country.

John Wright:

On today's episode, we'll be discussing the upcoming transition from the use of LIBOR as the principal benchmark interest rate in lending transactions. We'll look at the emerging alternatives, their implications and consequences and the actions that should be considered by the many effected market participants to manage through their transition. Our guest is Joyce Frost, co-founder and partner at Riverside Risk Advisors LLC, an independent advisory firm with expertise in interest rate, currency, equity and structured credit derivatives. Within Riverside, she is also the founder of LIBOR Exchange. Leading this discussion, is my Ballard Spahr colleague, Joyce Gorman, senior counsel in the firm's Washington, D.C. office and a member of the firm's finance department. She represents financial institutions, non-financial institution, capital markets investors and issuers in developing and transacting in financial and derivative products in both the primary and secondary markets. With that, let's join the conversation between the two Joyces.

Joyce Gorman:

Joyce, thank you so much for agreeing to be part of our conversation today. We really appreciate your taking time out of your schedule to talk a little bit about the upcoming cessation of LIBOR. And first, I wanted to introduce you and your firm, Riverside Risk Advisors, which originally you had founded to provide derivatives advice to parties who are facing financial institutions and connection with swaps. People who are familiar with Riverside, probably or could likely associate you and your team with swap risks specifically and swap related advice but now, we're really intrigued to learn about Riverside's expansion into another area of risk that our clients may face with the pending demise of LIBOR, one way or another. And we recently understand that you launched a new affiliate to advise clients about the upcoming cessation of LIBOR to help them identify and manage LIBOR related risks they may have in their businesses and not just with respect to derivatives.

Joyce Gorman:

This is such a timely development that when I mentioned this internally to start letting some other Ballard lawyers know about what you and your team are doing, the co-heads of our national finance department thought it is so timely. And it's such a great topic that so many other Ballard lawyers and our clients would be interested in, they suggested that we do this podcast to make people aware of what's going on with LIBOR and what your firm is doing that may be of interest to Ballard and our clients because there are some things you're working on that may be of use to them as they make their plans.

Joyce Gorman:

We've been thinking that Ballard clients who might have an interest in the LIBOR cessation issues that we're going to be discussing and the cost efficiencies and cost saving services that you are offering would be clients like our borrower clients, such as real estate developers, property owners, healthcare, higher ed clients and other corporate clients but also lender or other investor clients such as smaller financial institutions and hedge funds or other investment funds that may not have internally dedicated resources to address LIBOR cessation issues across a portfolio, as most of the larger financial institutions are doing. In fact, we've already had some increase from some smaller financial institutions who are very interested in

maintaining great relationships with their borrowers and keeping their clients informed and offering terms that reflect current

market standards and also that are responsive to their borrowers concerns. Tell us first, just a little bit about Riverside, your team, your backgrounds.

Joyce Frost:

Sure, thanks. And thanks, Joyce. It is the Joyce and Joyce show. I always love when we work together. She's Joyce G and I'm Joyce F. And thank you for the opportunity to speak and hopefully better inform your colleagues at Ballard and some of your clients on ... I just generically call it the LIBOR transition. Just high-level background on Riverside, we actually just celebrated our 11th year anniversary and we are a specialty boutique firm focusing on providing the hedging advice to our clients, either in the interest rate market, as you refer to the swap market, foreign exchange, commodity. We also do a lot in convertible bond hedging and the advisory side of the hedges because those tend to be very, very profitable for the dealers but we've worked together in the past. And matter of fact, Joyce, when we were starting our firm 11 years ago, 12 years ago, when we were doing our due diligence, Chris and I, my partner, came down to Washington, met with you and you were a big thumbs up. And here we are, 11 years later.

Joyce Frost:

We recently just launched an affiliate who's ... His legal name is LXC but it stands for LIBOR Exchange because we've been working I'd say, the last two years, certainly on the hedging side but every time that we're working with our clients on hedging their interest rate risk, it's typically [inaudible 00:06:22] rate LIBOR based risk, we always scour through the credit agreement. And when the idea that LIBOR would be permanently potentially going away, we began paying a lot more attention to the existing LIBOR fallback language.

Joyce Frost:

Today, there's three big things that people definitely need to know now. And don't forget these dates. December 31st, 2021 is the date that the banks that are submitting their LIBOR rates or quotes, will no longer be expected by any governmental body or entity, their administrator to submit those quotes. And I believe right now, there's 17 banks who by the way, I didn't really realize this. They're not contractually obligated to submit their LIBOR rates but they do so because of the influence of the central banks to do so but they'll no longer be required to but essentially, December 31st, 2021 is the big date that the market's looking toward. And the governmental bodies are cuing that after that date, LIBOOR will no longer be available or may no longer be representative. Then what's next?

Joyce Frost:

The second thing to think about, is the replacement for LIBOR. In the US, it's been recommended by the ARRC, which I'll explain in a bit, that the new reference rate taking LIBOR's replacement is a term called SOFR, not so far, spelled S-O-F-R. And it's basically an acronym for the secured overnight financing rate, which essentially is the overnight repo market. Many financial professionals are familiar or aware of the repo market. It is a very, very large, robust, very liquid market borrowing lending on a secured basis, not just between the banks but everywhere, hedge funds, financial institutions, insurance companies. And it's a very, very deep and liquid market.

Joyce Frost:

And then the third thing to take away, which is what I really want people to take away, is we've got a transition period that as of now, it's a little bit over a year away but when you should start doing something, is capital NOW, Joyce, now. That doesn't mean you have to run out and start amending all your agreements today. And many of you probably ... If you're on the leverage finance side or on the financing side, certainly this has become more apparent in terms of the need and coming up with alternative language for LIBOR's replacement but you really, really need and I highly encourage people to start looking at their risk now.

Joyce Frost:

Even as simple as if you haven't already done it, who is your LIBOR transition team? I think for Ballard, I'm anointing Joyce as in charge of the LIBOR transition team but many companies haven't self appointed. Some companies have and certainly much larger ones may have a LIBOR transition team that's been fine. They'd be certainly someone in treasury. Very possibly, it should be someone on the technology side because of the treasury management systems and certainly, the general counsel office as well but at a minimum, put together your team. It could be a team of one or it could be a team with three, four or five, depending on your organization.

Joyce Gorman:

In terms of transition then, it seems like a place to start is just figuring out what LIBOR contact exposure one of our clients may have to begin with in existing contracts. If we set aside for a minute new contracts, which could be drafted in a way that they incorporate the new SOFR replacement rate when it's available, a bigger problem is existing contracts, which are sometimes referred to as legacy contracts. If we start with legacy contracts in the cash market side. It's loans and bonds and things like that. We've had some increase by some clients who've asked us to look at some of their legacy contracts. And some of the things that we found, is that some of them may not even have a fallback, may not have any LIBOR fallback. It'll just say your interest rate is LIBOR. And they define what that is.

Joyce Gorman:

In other cases, the fallbacks ... We've seen a number of variations with the fallbacks and some issues with them. One issue, is that some fallback language has been really designed for a temporary unavailability of LIBOR. It'll say something like if the LIBOR rate isn't published on such and such a page, in such a publication on a certain date when you have to determine the rate, it'll have a fallback for that, which seems to be more of a temporary problem.

Joyce Frost:

Like yesterday, last LIBOR, it was last Friday. And then that's your rate.

Joyce Gorman:

Yeah, exactly.

Joyce Frost:

That's your rate for the next 10 years, right.

Joyce Gorman:

Right. And just another big picture issue that we've run into, is that the LIBOR replacement and some of the provisions that ARRC and ISDA have been working on, are they also would apply if LIBOR is no longer representative as you said, that if the banks are not required to submit rates or if the rates being submitted for LIBOR do not reflect actual trading activity, there could come a point even before the end of 2021, when LIBOR itself, as it's being determined now, is determined to be not representative. And most of the LIBOR fallback language that we've seen, does not contemplate that. It really talks about LIBOR being unavailable or not published or something like that.

Joyce Gorman:

In terms of fallbacks that actually could kick in if LIBOR is not published or not available, as you said, it could refer you back to the last published rate. And then if LIBOR's not published anymore, you could find yourself in a situation where you've got a fixed rate because that was the last rate and there aren't any more being published, so that's a problem. Another one, is that it could give the lender the right to select an alternative rate if there isn't one that's specified.

Joyce Frost:

Right, without potentially borrower consent.

Joyce Gorman:

Exactly, that the lender just selects it. Or the fallback could be a base rate, which could be the higher of several different alternatives, one of which could be prime. Let's talk a little bit about the prime base rate because that seems to be very prevalent. And it seems to be really problematic in terms of being a commercial equivalent I guess, of the LIBOR rate that was intended in the first place.

Joyce Frost:

Let's just look at credit agreements generically, in three different stage. The first stage is in your typical credit agreement, as you stated. When LIBOR is no longer available, the admin agent can choose whatever rate but typically it will be defined as the fallback to base rate, which given the alternatives, it's the higher of prime type funds plus a spread, LIBOR puts a spread. It's going to be prime, which is depending on your credit agreement and your credit spreads, your margins, it's going to be anywhere from two to 3% higher than where LIBOR is today. Prime right now is a little bit above, three, three and a quarter. I believe LIBOR is a little bit less than one. Imagine in a world, which we will be coming to where LIBOR's no longer available and you have hundreds and thousands of credit agreements, all of a sudden fallback to prime and obviously will then need to be amended, okay. That's what's typical of what we call legacy contracts.

Joyce Frost:

Now, now's a good time to introduce ARRC because we refer to them a number of times. ARRC is an acronym for the alternative reference rate committee, A-R-R-C. If you haven't already read that, you'll see it quite a bit in the press. This is a committee that was convened by the fed several years ago but really began to increase let's just call it membership to the committee, it's not an association. It purely is committee and includes widespread reflection of the market. You have financial institutions, you also have for example, I think Blackrock Pimco, MetLife is on the committee, national association of treasurers is on their representation. And certainly, given the importance of LIBOR, the ARRC committee and all the different subcommittees ...

Joyce Frost:

For example, I'm on the ARRC's business loan working group committee. I didn't want to be on the derivatives because I know that's going to be much smoother. As everyone knows here, the cash markets are very bespoke with respect to its credit agreements. It's not going to be as simple but in an effort to reduce the potential for financial disruption over this change, the ARRC put out last year recommended language that would replace what we had in this legacy language so that uniformly, if you included the ARRC language, there were two forms of choices to make. It was either the amendment approach or the hard word. SOFR, as I mentioned, it's daily, secured overnight. There'll be interest periods in the loan, again, one month or three month but it will be a daily rate that changes daily and the borrower and lenders really won't know what the final payment is until right before the interest period date. That's a little problematic, especially for some borrowers who really need to know for cashflow forecasting or others, what their rate will be but as of now, it's a daily rate.

Joyce Gorman:

If it's a daily secured rate and LIBOR is not a secure rate, it's an unsecured rate. They're not really equivalent, right. It's apples to oranges, replacing LIBOR with SOFR.

Joyce Frost:

Exactly. That's very important to bring up. Secured rates because they're secured, are lower than LIBOR, which is unsecured rate. And the whole idea was minimal value transferal, let's be neutral. The market has agreed, both ARRC's recommended language and ISDA's recommended language. There's going to be a spread adjustment. It will be SOFR, daily overnight SOFR, plus some spread adjustment, which is going to be based on a five year historical median difference between LIBPR

and SOFR, both one month LIBOR and then three month LIBOR. Right now, just based on the last three to five years essentially, that spread adjustment for one month is about 11 basis points and the three-month LIBOR spread adjustment is about 23, 24 basis points, which means that SOFR plus 11 over long periods of time, should approximate one month LIBOR.

Joyce Frost:

There will be a spread adjustment and that's not a cost against to make the borrower and lender neutral but Joyce, you mentioned earlier that announcement where LIBOR will no longer be representative, that's a trigger event to essentially establish what that fixed spread will be because that spread is determined once, following that announcement event. And that will probably be done well in advance of this 12/31/2021 date, because of the market, we'll all know what the spread adjustment is so any modeling that they need to do, what have you, it'll be set and done. And importantly, it's the same spread adjustment that will be used on your [inaudible 00:18:09] contracts as on your cash based products.

Joyce Gorman:

Before we leave the conversation about the prime base rate, can you give us a sense of how much it would cost in dollars for a borrower that's automatically because of documents requirement, they're moving from LIBOR to prime.

Joyce Frost:

Right because there's not a little ferry that could automatically amend the agreements overnight, there will be some period of time and just to be conservative, again, every credit agreement is different but the difference between your all in rate before and after, LIBOR versus prime, it's going to be either two or 3% difference. If your credit spread is the same for Euro dollar based loans, the same for base rate loans, let's just be conservative at 3%. For every hundred million dollars you have outstanding loans, for each month that that credit agreement is not amended, it'll cost about a quarter million dollars. Imagine many of your clients, many of our clients, have a billion dollars outstanding. That's a $2.5 million a month problem. Now I hear quite a bit, "Well, I've got such a good relationship with my bank. Of course, they're going to take care of me."

Joyce Frost:

And I tell them, "Oh, I just got off the phone. And someone just told me the exact same thing."

Joyce Frost:

What we're really encouraging our clients to do, not just corporate borrowers but across the board, is you really should be now analyzing what type of LIBOR exposures that you have. And if you do have this fallback to base rate, be proactive with your lender and at least start asking the questions, what the fix is and we will be recommending to clients ... Certainly, we're comfortable with the ARRC's hardwired language right now. Certainly over the course of the next six months ... Certainly next three to four months, after you've identified your risk, start talking to your admin agent on what their plan is because if they don't have a plan, if they don't have a good answer, borrowers are picking up the cost of creating the amendment anyway, so why don't you do the first turn and at least have the dialogue of, "Let's just go ARRC hardwired, so we don't have to amend it again. We're comfortable with SOFR. We've gone through ... "

Joyce Frost:

If they have hedged their risk, we've gone through the basis risk that may be prevalent but there may be a legislative fix for those type of contracts that have no fallback or whose fallback is for example, last Friday. And the rates going to be now 20 basis points now, for the next 10 years. There is a strong initiative actually in New York state legislature because ... The focus was there because as most people know many, many, many contracts are under New York law. There would be a legislative initiative to automatically contractually ... And I'm not a lawyer, so I'm not going to get these terms exactly right, like you guys would. The fallback would be SOFR. However, let's just call that legislative safe harbor if it does go through because there's a lot of things on the docket right now, would not be able to address the base rate issue in credit agreements because that is a negotiated contract and both parties agree to those economic terms.

Joyce Gorman:

Okay. Before we leave the prime rate problem, a couple of other things that you've mentioned about prime before, one that something to think about other than the potential monthly cost for every month that you've got prime, there could be other ramifications like dot service coverage ratios, right. You want to talk about that first [inaudible 00:21:46].

Joyce Frost:

Yeah. And we point this out to clients, especially clients that are real estate project finance, certainly not your covenant light clients because they're covenant light but if you do have covenants tied to DSCR and it depends on when your reporting periods or your length is but you just don't want to be in a situation where now, you're paying more because of your fallback is prime but your DSCR covenant has been tripped because you're in this temporary artificial higher environment. I would assume the covenant would be waived but no one who wants to trip covenants could. And even though it's a technical default, it could cause cross default issues. We're really keen on working with our real estate clients, especially those who have very large investment platforms, to remedy as much as this as soon as we can and to understand what your fallbacks are, what's your DSCR and just try to avoid the problem.

Joyce Gorman:

You had mentioned a few minutes ago about your borrowers with variable rate debt would have a corresponding hedge, typically. And of course, they would have a mismatch if their debt goes to a prime based rate and their swap was originally intended for a LIBOR index swap rate. And so there could be a mismatch there. And what makes it worse, is that the borrower can't hedge prime, right. There's no prime hedge.

Joyce Frost:

Yeah that's true but take it that that fallback to prime is temporary. It might take a couple of weeks. It might take a month. It might take a couple of months because there'll be just a deluge of demand. This probably is a good segway to what happens to your swap in general because the fallback ... We talked at length about the fallback and cash agreements but the fallback in your ISDA agreements, the fallback is a dealer pole, literally.

Joyce Frost:

Can you imagine these trillions of dollars of contracts? LIBOR is no longer there and you have all these dealers calling each other. ISDA just recently announcement and is publishing on October 23rd, their ISDA protocol with respect to the fallback. The fallback will be daily compounded SOFR for either one month, three month, six month, plus that margin that we talked about, that adjustment spread. And that protocol, essentially, if clients sign on which we highly encourage them to do across the board, they automatically ... Their contract essentially becomes amended to include the SOFR as the fallback, any nude hedges occurring after January 25th of next year, 2021, you won't have to do a protocol because the 2006 definitions will already include this new fallback. It's literally for all legacy, any swaps caps, anything that you have on the books right now that references LIBOR, you will need to go through the protocol. And that's something I know Ballard can help with, Ballard and Riverside.

Joyce Gorman:

And so one nice thing about the protocol is that parties who adopt the protocol, adopt it for any other adhering counterparties that they have, so that an entity could amend all of their outstanding ISDAS at one time by adopting the protocol, if their corresponding counterparties also adopt the protocol. It has the effect ... That's why it's efficient across a portfolio of swaps anyway but also, just to be clear, even if people use the hardwired approach under the ARRC provisions, that still requires that you amend your existing documents to incorporate the hardwired approach.

Joyce Gorman:

For legacy contracts, people have two things to think about. One, is their cash products and getting those amended and also any corresponding swaps that they may have. That can be a huge job for some organizations, may not have the internal capacity with people who can figure out where all the different potential swap exposures are within the organization, figure out what existing documents say, figure out what fallbacks they do or don't have. That could be a very time consuming and expensive job. And it's not just borrowers who have the burden of all this due diligence because financial institutions and other credit providers also may have entire portfolios of bespoke negotiated agreements on their books. And they could have enormous operational issues too, to address even after they've identified all of their LIBOR related exposures. The one thing we were very intrigued by, is that that is something that Riverside has been working on to try to help our clients with a very efficient and cost-effective solution. Tell us a little bit about what you've been working on there.

Joyce Frost:

Oh, thanks, Joyce. Knowing that this was going to be a very big deal for our clients and then others. Big deal meaning really the amendment process but just flushing out where your labral exposures are. We've been working again, the past year or so on a number of different facets. One of which is we developed a very comprehensive questionnaire that we've really kicked the tires on, not with ourselves but with some large multinational companies and trying to make sure that we're flushing out all the different areas that LIBOR couldn't what I call creep into, including by the way ... It depends what you want to do with your HR. Many of your employees may have mortgages tied to prime. I'm sorry, not prime. Mortgages tied to LIBOR, car loans tied to LIBOR, so you may want to give them a heads up as well.

Joyce Frost:

There's this comprehensive questionnaire that really acts as a diagnostic tool for starting flushing out some of these exposures because there could be accounting policies and others. And obviously, if your main credit agreement is very obvious but others may not ... Importantly, is that we partnered with a company in the UK after talking to several different technology-based companies that had already similar to us, jump-started their resources toward helping to address this risk. And they actually are a technology company that has already used an LP, natural language processing, as part of ... I just call it our engine, so that you can go through these documents that are very dense, very bespoke. You can go through on a very efficient manner and pull out all the different references that either you would, Ballard or we would need to pull out, which could take hours and hours. I know because I've done it for the last five years, looking at other things. My eyes are trained now but this way, it's really a technology based solution that will make the entire process much more cost-effective.

Joyce Frost:

And there literally are not enough legal hours in this country to handle this on a very bespoke, one-on-one basis. That's part of the way that we're going to keep costs down and essentially be very efficient in our ability to scale work with clients that have investment platforms such as private equity companies, that may have 20 to 30 different portfolio companies. Real estate entities that might have a hundred different properties, they might not have as much investment LIBOR creep that could be project finance, operating companies out there with equipment finance. Through this holistic approach of addressing this issue with the transition with our clients, we think we've come up with something pretty unique. I'll add to that too, the education piece is not insignificant. I know this stuff cold now but even for me to read through some of these documents ... Now, I'm not talking about the credit agreements. The ISDA language that comes out and you think it would be completely second nature, which by now really frankly it is but you don't want necessarily your treasury departments starting from scratch, spending a lot of time and resources on Google, "Okay, what is SOFR?"

Joyce Frost:

And then they'll be pronouncing it so far. People will say you don't know what you're talking about. And what are the calculations? Some people in treasury on the controller side will really need to get in the weeds with this. Some just need ... On the CFO level or others [inaudible 00:30:18] larger organization just needs that the high level but we're doing either customized or webcasts. We've been doing webcasts Joyce, I think you noticed, since literally over a year. Dozens of webcasts on just educating, what is this amendment approach mean? Who is the ARRC?

Joyce Frost:

We're still doing that. I just did a big one yesterday for AFP with corporates. The education piece to me is just an important element in this whole thing because I remember ... I'm dating myself. I started in the 80s when people were calling it LIBOR and everyone was borrowing prime and all of a sudden, people started borrowing out on a LIBOR basis. It's come full circle here. I really just want to do as much as I can to mitigate the risk to the market, client by client.

Joyce Gorman:

It would start with if a client is interested and as you say, they're going to have to deal with this anyway.

Joyce Frost:

They have to. Yeah.

Joyce Gorman:

And then one way or another, it's going to cost them something to figure out what they've got, what legacy exposures they have, what has to be amended, what form the amendments should take. And so you start with a very simple questionnaire. Yes, no answers, fill in the blank answers, just to get some sense of the scope and where all the potential exposures could be, some of which may not have occurred to them. They may not be the most obvious exposures. And then after that, the next step, once you get the questionnaire, they would send you the corresponding documents for the different [inaudible 00:31:48].

Joyce Frost:

We're getting savvy here.

Joyce Gorman:

Okay.

Joyce Frost:

Upload them because [inaudible 00:31:52] very, very hyper military grade box account. Everything is stored there. We bring them through the engine for those that we can bring through the engine but it's also putting together a timeline for our clients. And it's not going to be so different client to client but everyone's going to have different needs. Certainly, your multinationals got global exposure, so I'm hoping that they're already one, two steps down the road in terms of seeking this out but the timeline and everything, "Have you thought about talking to your treasury management system, your technology providers? Where are they?"

Joyce Frost:

There's a lot of things to think about other than just this fallback to prime, right.

Joyce Gorman:

Yep. And so then the next step is on a client by client basis, depending on what you find, you would then help with negotiations, which could be bilateral negotiations with the various different creditors involved or swap counter parties involved in working with the clients transition team, including outside counsel, their accounting firm, financial advisors that they may have, maybe even swap advisors who may not actually be offering the same scope of services that LIBOR exchange is.

Joyce Frost:

Or maybe not as deep. Or at least when you talk about your auditors, we do have accounting support services, at least working with you together so that you have the vernacular. You know the questions to ask without having to read up on it

independently because we're there to guide you. I'll also add on there, for me, the importance of communication with your stakeholders, your different constituents. I know the SEC has sent out some letters recently. I think more to the financial institutions, just inquiry based, "What are you doing? And where are you with the LIBOR transition?"

Joyce Frost:

I think you and the audience are probably going to start getting questions from your auditors in terms of what is your plan. You're going to have disclosures, more likely than not. You will want to have disclosures in your financial statements on either what your exposure is or that you've identified your exposures and you're working on it. There's a lot of different areas that your rating agencies, for example. Rating agencies might be asking questions but be proactive and come up with a communication plan.

Joyce Frost:

And we can help you with that too but with respect to LIBOR exchange, really, when we work with advisors, including our law firm, friends like yourselves, we really work with them in partnership. I'm not saying that okay, for any client, just dump all of your LIBOR stuff on us and we handle anything. It's a complete partnership. It's a partnership with the client because there's going to be things that are more efficient for the client to do directly on the legal side with you. We know our bounds in terms of ... We're not lawyers nor do we pretend to be but it's a real partnership. And for those financial advisors out there who haven't done the brain damage, like we've done, really getting into the weeds with this LIBOR, SOFR amendment announcement, we're happy to help there too. And offer them a little leverage on their side.

Joyce Gorman:

And we've got a hard deadline here where a lot has to be done.

Joyce Frost:

Yeah. Yes.

Joyce Gorman:

And it might seem like a lot of time that we have over a year to deal with it but yeah ...

Joyce Frost:

No, no, no because everyone's thinking that and this is what's going to happen. A lot of people are saying ... Not even saying, they're not even thinking about it. It's going to happen. And we're going to turn the calendar January 2021, it's going to start to get a little more pressed. And then everyone's like, "Oh, yeah. I have to do something now."

Joyce Frost:

And that's when the cascade's going to happen and the domino effect. And most corporates entities, what end-user borrowers know, first quarter you're closing your books, right. You're closing your year out, new budget, new strategy, who knows where we're going to be with COVID but typically January, February are very pressed. And to layer this on top, if you can just do something at least start now, the better for everybody.

Joyce Gorman:

Well, thank you so much. We enjoyed having you and always appreciate everything we learn every time we talk to you.

Joyce Frost:

The same, vice versa. It's a two way street. Thank you, friends at Ballard and your clients. Happy to chat and start looking at this stuff now.

John Wright:

Thanks again to Joyce Gorman and her guest Joyce Frost. Make sure to visit our website, www.ballardspahr.com, where you can find the latest news and guidance from our attorneys. Subscribe to the show in Apple podcasts, Google Play, Spotify or your favorite podcast platform. If you have any questions or suggestions for the show, please email podcast@ballardspahr.com. Stay tuned for a new episode coming soon. Thank you for listening.