

MENDOZA COUNSELS ON \$35M FINANCING FOR EXCELCREDIT

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Mendoza Abogados has counselled Bancolombia, Banco Santander de Negocios Colombia, Banco de Bogotá and Banco de Occidente in the grating of US \$35,000,000 for ExcelCredit through a syndicated revolving credit facility.

Dentons Cárdenas & Cárdenas advised ExcelCredit in the transaction.

The funds will be used to finance libranza loans in Colombia and to repay certain financial liabilities of ExcelCredit.

The deal was completed in a record time of 4.5 months, setting a precedent in the Colombian financial instruments market.

Mateo Mendoza, leading partner of the transaction, mentioned that this is the first time that a trust acting as a borrower is used to directly acquire the accounts receivable portfolio (at face value) of its trustor and guarantor of the loan (ExcelCredit) through several accounts receivable purchase transactions paid for with the loan disbursements. The structure sought to ensure that the trust, through the income derived from the acquired portfolio, would generate sufficient income to service the debt on itself, substantially mitigating both the credit risk of the transaction and the risk of bankruptcy of the guarantor, thereby making the trust a bankruptcy auction vehicle. In addition, the structure of the transaction provided for the possibility that ExcelCredit, as guarantor of the loan, would become a financing company.

The advice involved taking into account the recent regulation of drawdown loans, which reduced the number of non-supervised entities qualified to manage drawdown loans to trusts and investment funds.

The structure of the transaction will grant sufficient operational flexibility to ExcelCredit by allowing a timeframe for the transfer of the loan portfolio to the trustee after the payment of its price, which made it necessary to establish a procedure coordinating, among other actors, the seller, the custodians, the external auditor, the purchasing trustee and the portfolio manager with additional mechanisms implemented to verify the quality of the portfolio before, during and after the purchase transaction.

The advised Fintech is one of the main originators of libranza loans in Colombia, with more than \$600 billion Colombian pesos granted to more than 65,000 clients in the country, since its start of operations in 2013.

Dentons's team comprised partner **Eduardo Cárdenas**, senior associate **Felipe Molano** and associate **Mariana Moncada**.

Mendoza's team consisted of partner **Mateo Mendoza** (pictured left), together with associates **Christina Brun** (pictured centre, left), **Rodrigo Domínguez** (pictured centre, right) and **Daniel Vargas** (pictured right).