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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

# Structured Finance Group Of The Year: Mayer Brown

By **Rachel Rippetoe**

Law360 (February 23, 2022, 2:02 PM EST) -- Mayer Brown LLP helped Bank of America and Class A lenders including Citibank and Goldman Sachs Bank USA loan more than $4 billion in securities to borrowers acquiring Wells Fargo Bank's student loan portfolio, and represented Nomura Securities in what the firm says was a first-of-its-kind offering of securities backed by home equity contracts, landing the firm a spot among **Law360's 2021 Structured Finance Groups of the Year**.


Julie Gillespie, co-head of the firm's structured finance practice, told Law360 that Mayer Brown has one of the largest securitization teams in the world, with more than 100 lawyers. She said the firm saw a record number of deals in 2021, and the demand has caused the practice to grow even larger.

"Even with the great bench we have, we are constantly in the market for associates and counsel and lateral partners to really beef up the team, because it's our goal to have genuine strength and expertise across all asset classes," Gillespie said.

The practice grew last year, particularly in the mortgage-backed securities space, which has always been a core area of the practice, she said.

The firm was a leader in the real estate finance world in 2021, helping finance group Nomura Securities Co. in September 2021 structure a new kind of securities offering, one backed by home equity contracts.

The contracts were sponsored by Point Digital Finance Inc., a fintech company that sells options contracts that allow the holder of the contract to share in potential home price appreciation. These contracts give homeowners the ability to get equity from their homes without having to take out a home equity loan or make monthly loan payments.

Ger O'Donnell, the other co-head of the structured finance practice, told Law360 that the practice has been seeing more activity as more fintech startups begin expanding into new areas, like auto loans and real estate.

"One of the impacts from COVID is that many people are staying home, and that feeds directly into the fintech companies because they're providing products online," he said. "They're providing their loans online and using technology to make their originating decisions. I think it's really helped expand the fintech space even more rapidly."

In March 2021, Mayer Brown was involved in a massive transaction in which Wells Fargo Bank sought to reduce its assets by selling its entire student loan portfolio, worth more than $10 billion. The firm represented Bank of America as the lead bank, working with a group of funds to provide stapled financing for the purchase, Carol Hitselberger, co-leader of Mayer Brown's banking and finance practice, told Law360,

"Bank of America comes to the table, and says, 'Look, we'll be providing X billion dollars of this purchase price, which was pretty darn close to $10 billion,'" she said. "And it has to be pretty much guaranteed funding. So it's not subjected to your typical market outs and other conditions that you would normally see with banks that provide this type of lending."

Hitselberger said that this kind of stapled financing has grown in popularity. As large private equity funds have begun wielding more power, they're able to make bids for huge acquisitions and have banks precommit upfront to funding it.

She said this meant that the firm, in representing Bank of America and other Class A lenders in the big group of banks offering financing, had to do the bulk of the work for the deal before they even knew if the funds — Apollo Global Management and Blackstone Group — had won the bid.

"It's almost like when you go to buy a house, you're going to be a much more palatable buyer to home sellers if you can go to the seller and say, 'Hey, I've got a mortgage commitment,'" Hitselberger said. "That's effectively what this is."

In this case, she said, everything "worked out perfectly." Blackstone and Apollo did win the bid, and they formed a joint venture with student loan servicer Nelnet Servicing LLC. The transaction became a bit more complicated at the 11th hour as Wells Fargo itself decided it wanted to provide financing for the funds, Hitselberger said.

"That created a lot of issues for the transaction given that, when you have a seller providing its own financing to its own purchase, it gives rise to some interesting issues with respect to bankruptcy, remoteness, and legal true sales," she said. "So we had to navigate all of that, and late in the day, but it all closed."

"We really were able to hold everybody's hands and get them through what was the biggest consumer asset deal I think ever done," Hitselberger added.

She said this deal is an example of a transaction that Mayer Brown was able to work on because of its reputation for having top-notch securitization offerings.

"These are private transactions until they're not, so before that sort of transaction becomes public, it's not like we can really go in and pitch for it," Hitselberger said. "So it's our reputation that enables Mayor Brown to get that call. Anytime you've got a giant transaction like that going on in the market, it's highly unusual that Mayor Brown doesn't get one of the calls, at least from one of the bidders."

Gillespie said that the firm's regulatory team has also been heating up in the securitizations space. President Joe Biden's administration has been bringing increased regulatory scrutiny on some of these major transactions, and even to smaller transactions.

Gillespie said the firm added 40 regulatory attorneys back in 2016, and more have joined since. The practice has been intersecting more and more with securitization transactions and financial services, she said.

"There's a regulatory component to a lot of the deals in the fintech space, when we're talking about consumer lending and lending to small businesses, which is a really growing area and an area where there's increased regulatory scrutiny," Gillespie said. "Oftentimes when we're brought into transactions, it's really a combination of our strength in securitization, plus the regulatory aspect."

--Editing by Adam LoBelia.