

Dixcart Security Trustee Services and Corporate Lending Arrangements

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Introduction

As a reminder, a Security Trustee is a person or entity who holds security on behalf of lenders. They are appointed to safeguard and manage the assets that are put up as collateral for a loan. Security Trustees play an important role in providing comfort to lenders and ensuring that they are protected in case of a borrower default.

Dixcart Trust Corporation Limited operate a number of corporate security trustee arrangements, primarily for property development and acquisition lending, particularly loan note and alternative debt arrangements.

Role of Security Trustees

The primary role of a Security Trustee is to act as an independent third-party that holds security on behalf of lenders. This means that the Security Trustee is responsible for managing the security, ensuring that it is properly maintained and protected, and that any proceeds from the security are distributed to the lenders in accordance with the terms of the security agreement.

Security Trustees are typically appointed in situations where there are multiple lenders involved in a transaction or where the security being provided is complex or difficult to manage. In these situations, a Security Trustee can provide a single point of contact for all lenders and can help to simplify the process of managing the security.

The responsibilities of a Security Trustee can vary depending on the specific terms of the security agreement. However, some common responsibilities include:

1. Holding and managing the security: The Security Trustee is responsible for holding and managing the security on behalf of the lenders. This includes maintaining the security, ensuring that it is properly insured, and taking any necessary steps to protect the security.
2. Distribution of proceeds: In the event that the security is realized, the Security Trustee is responsible for distributing the proceeds to the lenders in accordance with the terms of the security agreement.
3. Monitoring the borrower: The Security Trustee may be responsible for monitoring the borrower and ensuring that they are complying with the terms of the security agreement. This can include monitoring financial performance, compliance with covenants, and ensuring that the borrower is properly maintaining the security.
4. Taking enforcement action: Should the borrower default on the loan, the Security Trustee may be responsible for taking enforcement action to realize the security on behalf of the lenders. This can include taking legal action, selling the security, or taking any other necessary steps to protect the interests of the lenders.

Conclusion

In conclusion, Security Trustees play a vital role in providing security to lenders and ensuring that their interests are protected. They are responsible for holding and managing security on behalf of lenders and distributing any proceeds in accordance with the terms of the security agreement.

Additional Information

For additional information regarding security trustee services, please contact the Dixcart office in Guernsey: advice.guernsey@dixcart.com.

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