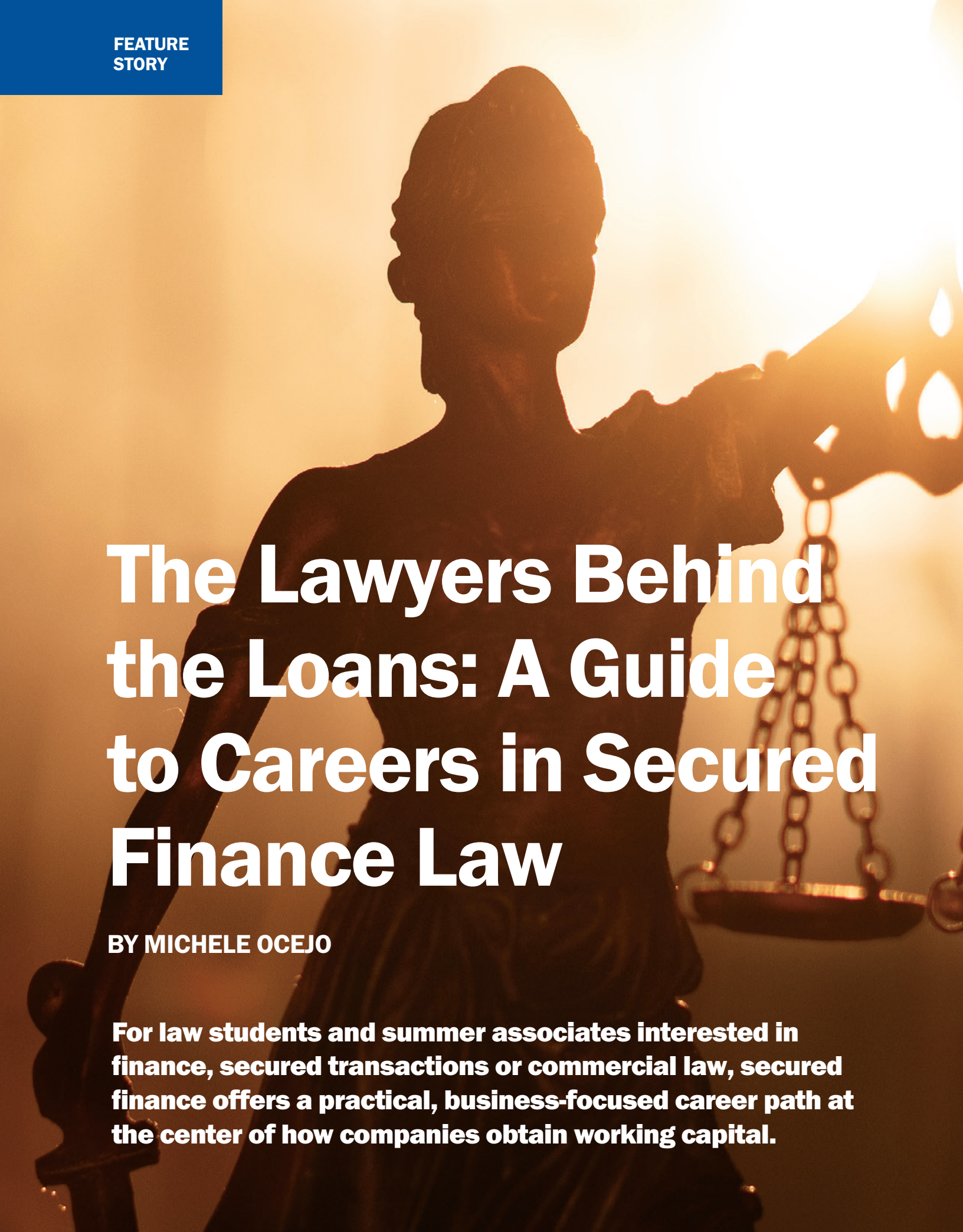


The background of the entire page is a warm, golden-orange sunset or sunrise. Overlaid on this is a dark silhouette of the Lady Justice statue. She is shown from the waist up, facing slightly to the right. Her right arm is raised, holding a pair of scales of justice. The scales are also silhouetted against the bright light. The overall mood is professional and evokes themes of law and justice.

The Lawyers Behind the Loans: A Guide to Careers in Secured Finance Law

BY MICHELE OCEJO

For law students and summer associates interested in finance, secured transactions or commercial law, secured finance offers a practical, business-focused career path at the center of how companies obtain working capital.

For law students and summer associates interested in finance, secured transactions or commercial law, a career as a commercial finance attorney can offer a unique blend of legal analysis, business strategy and deal-making. One of the most specialized areas within commercial finance is representing lenders in asset-based lending (ABL) and factoring transactions. (For detailed articles on ABL and factoring, turn to page 44 and 50.)

Unlike litigators who resolve disputes after problems arise, commercial finance attorneys help structure and document transactions that provide businesses with access to working capital while protecting the lender's interests. Their work spans the lifecycle of a financing relationship—from initial due diligence and loan documentation to ongoing amendments, workouts and enforcement strategy.

The Attorney's Role Before a Deal Closes

A primary responsibility of a commercial finance attorney is conducting legal due diligence. Before a lender commits funds, the attorney investigates the borrower, its corporate structure and its assets to identify legal and business risks that could affect the lender's ability to recover if the borrower defaults. These risks may include competing liens, uncertainty over who owns the collateral, restrictions on the transfer or assignment of receivables, gaps in collateral descriptions, missing consents, or contract terms that could make certain assets more difficult to collect, control or liquidate.

This process may involve reviewing corporate documents, organizational charts, existing debt agreements, customer contracts, leases, bank account information, intellectual property records and public filing records. Attorneys also search Uniform Commercial Code (UCC) records to determine whether other lenders already have security interests in the borrower's assets. Just as important, they work to confirm that the borrower actually owns, or has sufficient rights in, the assets being pledged.

That review often begins with a perfection certificate, which provides detailed information about the borrower's legal name, locations, subsidiaries, prior names, bank accounts, collateral, intellectual property and other assets. The attorney compares that information against public records and material contracts to identify inconsistencies or restrictions that may need to be resolved before closing. In ABL and factoring transactions, this step is especially important because the lender's credit decision often depends heavily on the value and collectability of specific assets, such as accounts receivable, inventory, equipment or other collateral.

For example, if a manufacturing company wants a \$20-million asset-based revolving credit facility, the lender's attorney must determine whether the company's receivables and inventory are already pledged to another creditor.

The attorney may also review major customer contracts to determine whether they contain anti-assignment provisions, offset rights, payment direction restrictions or other terms that could limit the lender's ability to collect receivables after a default. If inventory is located at third-party warehouses or leased premises, the attorney may seek collateral access agreements to help preserve the lender's ability to reach and sell that inventory. Resolving these questions before closing is essential because perfection, priority, control and contractual restrictions can significantly affect the lender's recovery if the borrower defaults.

Drafting and Negotiating Loan Documents

Commercial finance attorneys spend much of their time preparing and negotiating transaction documents. Depending on the deal, these documents may include loan and security agreements, factoring agreements, guaranties, intercreditor agreements, subordination agreements, UCC financing statements, collateral access agreements and deposit account control agreements.

While many transactions follow established market standards, every deal is different. Attorneys must understand both the legal and business objectives of their clients and draft documents that appropriately allocate risk. Representing the lender often means negotiating provisions related to borrowing availability, collateral reporting, financial covenants, defaults, remedies and enforcement rights. Strong drafting can prevent disputes and provide greater certainty if problems arise later.

Closing the Transaction

As a deal approaches closing, the attorney becomes the coordinator of numerous moving parts. They work with the borrower, opposing counsel, lenders, field examiners, appraisers and documentation specialists to ensure all conditions have been satisfied. They review executed documents, confirm lien filings, obtain necessary third-party consents and prepare closing checklists.

Attention to detail is critical. A missed filing, an incomplete lien perfection step or a required consent that is not obtained could jeopardize the lender's collateral position. For many junior attorneys, closings provide an excellent opportunity to learn project management skills while gaining exposure to a variety of legal and business issues.

Managing the Relationship After Closing

A commercial finance attorney's work does not end when funds are advanced. Borrowers frequently request amendments, waivers, increased credit lines, acquisitions or changes to reporting requirements. Attorneys analyze how those requests affect the lender's rights and draft the necessary documentation.

They also advise lenders on regulatory compliance,

collateral issues and evolving business risks. In many ways, they serve as long-term business counselors to financing institutions, helping clients adjust documents and strategy as the borrower's business changes.

When Problems Arise

Not every financing relationship proceeds smoothly. Borrowers may experience declining sales, covenant defaults, borrowing base deficiencies, fraud, customer disputes, liquidity problems or other warning signs that suggest the lender's risk profile has changed.

When these situations occur, commercial finance attorneys often move beyond document drafting and become strategic advisors to the lender. They help the client assess the seriousness of the default, evaluate the strength of the lender's collateral position and consider practical options for protecting the loan. That advice may include whether to reserve rights, increase reporting obligations, reduce availability, require additional collateral, negotiate a forbearance agreement, or begin planning for an orderly exit from the relationship.

In more distressed situations, the attorney may help the lender develop an enforcement strategy. That can involve analyzing remedies under the loan documents and the UCC, coordinating with field examiners and appraisers, communicating with other creditors, negotiating with the borrower and guarantors, or preparing for a possible bankruptcy filing. The attorney's role is not simply to react after a default occurs, but to help the lender make informed business decisions at a moment when timing, leverage, documentation and collateral value all matter.

The goal is often to maximize recovery while minimizing disruption, expense and litigation risk. In that sense, commercial finance attorneys serve as both legal counselors and practical problem-solvers, helping lenders navigate troubled credits while preserving optionality and protecting the institution's interests.

Why Students Should Consider This Practice Area

Commercial finance law offers an excellent career path for students who enjoy transactional work and want to understand how businesses operate. The practice combines contract drafting, negotiation, secured transactions, corporate law, bankruptcy concepts and financial analysis.

Students interested in this area can begin building a foundation while still in law school. Courses such as Secured Transactions are especially valuable because they introduce the rules governing security interests, perfection, priority and remedies—concepts that are central to asset-based lending and factoring. Classes in Bankruptcy, Business Associations, Commercial Law, Contracts and Negotiations can also provide useful context for understanding how lenders evaluate risk and

document credit facilities.

Attorneys in this field are involved in transactions that help companies grow, manage cash flow, acquire equipment, finance inventory and weather economic challenges. They work closely with bankers, credit professionals, accountants, turnaround consultants and business executives, providing a broad perspective on the commercial world.

For students seeking a practice area that is intellectually challenging, commercially focused and deeply connected to the business economy, commercial finance—particularly asset-based lending and factoring—offers a rewarding and dynamic career. It is a field where the legal concepts students encounter in class quickly become practical tools used to structure deals, solve problems and support businesses in the real economy.

This article was created with assistance from an AI tool. 

Michele Ocejo is director of communications for SFNet and editor-in-chief of The Secured Lender.