

Using Credit Enhancements to Minimize Fallout From Another Company's Bankruptcy

An article written by **Raymond Patella** and **Michael Viscount** of **Fox Rothschild LLP** outlines a handful of popular credit enhancements oil and gas companies may use to minimize their risk or exposure to a counterparty that they believe may be having financial difficulties.

"There are many different types of credit enhancements depending on the parties' leverages, cash flow, size and risk. All of these factors should be considered to arrive at an enhancement best tailored to address the concerns of specific circumstances," they explain.

The cover such topics as tighter payment terms, consignment, security interest, security deposit, credit insurance, guaranties, and setoff.

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