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GUARANTEES AND RISKS IN POST-BANKRUPTCY FINANCING: GOLDEN OPPORTUNITY OR MINEFIELD?

BANKRUPTCY LAW

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PRIORITY IN REPAYMENT OVER PREVIOUS CREDITORS

DIP financing grants the new investor a privileged position in the order of payments, even above secured creditors. This court-approved priority is one of the main incentives for participating in restructuring processes.

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ACCESS TO COLLATERAL OVER STRATEGIC ASSETS

DIP lenders may receive guarantees over key company assets, such as real estate, inventory, or intellectual property. These guarantees are usually preferential and enforceable, which reduces the risk of total loss.

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RISK LINKED TO THE SUCCESS OF THE BANKRUPTCY PROCESS

If the company does not manage to restructure successfully, the DIP investor may face significant losses, even with guarantees. The feasibility of the recovery plan and the quality of management are critical factors.

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JUDICIAL SUPERVISION AS A DOUBLE-EDGED SWORD

Although court involvement provides legal certainty, it can also slow down decisions, modify agreed conditions, or create uncertainty if conflicts with previous creditors arise.

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