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PODCAST

TMA Chicago/Midwest Podcast Hosted by Paul Musser | Hugh Wilder on Lender Workouts and the Importance of Early Intervention

September 12, 2025

In the latest episode of the Turnaround Management Association (TMA) Chicago/Midwest podcast, host Paul Musser interviewed Hugh Wilder, Managing Director and Head of Loan Administration at CIBC Bank USA (CIBC), to discuss Hugh's extensive career in restructuring and the dynamics of distressed loan workouts.

Hugh shared the process by which distressed credits are managed at CIBC. He emphasized the importance of early intervention, noting that his group is brought in proactively when business lines identify potential issues. This early involvement allows for greater optionality and increases the likelihood of preserving client relationships. Then, once a credit is formally transferred to his team, the initial focus centers on assessing liquidity, understanding the capital structure, evaluating management, and determining whether the business is viable or requires external support.

Next, the conversation turned to the nuances of managing workouts. One significant variable here is the lender group composition. As a sole lender, Hugh explained that CIBC can act more swiftly and flexibly, often leveraging longstanding relationships with sponsors or family-owned businesses. In contrast, workouts involving bank groups require careful communication, organization and consensus-building among participants, particularly as regulatory pressures and increased criticized assets have made some institutions less flexible.

Paul and Hugh also addressed the rise of private credit, with Hugh noting that private lenders often have greater flexibility in structuring solutions and longer investment horizons compared to regulated banks, allowing them to pursue opportunities that traditional institutions may not be able to accommodate. Hugh also commented on exit strategies, noting how proactively executing short sales and note sales in the real estate sector, particularly in office and multifamily portfolios, have helped to reduce distressed assets. When it comes to refinancing scenarios, Hugh told Paul that strong collateral coverage has generally enabled borrowers to find new lenders, aided by CIBC's relationships with takeout lenders. They went on to discuss market challenges such as sector-specific distress, including subprime auto lending and lingering effects from the COVID-19 pandemic, as well as broader issues like tariffs and supply chain disruptions. Hugh highlighted the uncertainty that tariffs create for borrowers, particularly those reliant on imported raw materials or seasonal inventory.

Finally, turning to professional development, Hugh underscored the importance of relationships in the restructuring field, both with clients and industry peers. He credited organizations like TMA for facilitating networking and knowledge-sharing, both of which are especially valuable for professionals early in their careers. For those seeking to build relationships with special asset lenders, Hugh advised patience and persistence, noting that opportunities are limited and often reserved for trusted partners. He recommended that junior professionals should focus on building trust and experience over several years, comparing the process to a four-year college investment, to develop the skills and credibility necessary for long-term success in the industry.

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