

STRUCTURED FINANCE ESSENTIALS

Essential Roles in a Structured Finance Deal

Corporate Trust service providers fill a variety of roles that help protect the interests of issuers, end investors, and other stakeholders involved, following a transaction’s terms and conditions. Many also provide administrative support for payments, reporting, and other back-office tasks. In some cases, providers will use different teams to avoid conflicts of interest (known as role segregation).

| Role | Definition |
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| Indenture Trustee & Paying Agent | <p>The Indenture Trustee is named in a legal document called the Indenture, which explains its responsibilities and how it should protect investors. In practice, the Indenture Trustee makes sure every party follows the Indenture rules, oversees compliance, and may step in if there’s a default or other problem.</p> <p>The Paying Agent—also called the Account Bank—opens and manages special cash accounts (such as for collections or reserves), invests the money according to approved guidelines, and sends payments to investors based on the payment frequency, such as waterfall, intra-period payments, etc.</p> <p>These roles can be combined due to their overlapping responsibilities in managing payments and compliance.</p> |
| Owner Trustee & Master Trust | <p>The Owner Trustee is named in a Trust Agreement, which outlines its duties and obligations. Typically, this trust is set up as a Delaware Statutory Trust that serves as the “Issuer” in a securitization, for example, holding the assets that back any notes issued under an Indenture.</p> <p>In more complex structures, the Owner Trustee may create Master Trust arrangements with sub-trusts or series trusts to keep different asset pools separate.</p> <p>In some cases, the Owner Trustee may also take legal title to the assets.</p> <p>The Owner Trustee role is essentially the same in warehouse facilities, forward-flow arrangements, and other structures—its main function is to hold the assets.</p> |
| Calculation Agent & Verification Agent | <p>The Calculation Agent is responsible for who gets paid based on seniority in the structure. They collect data from the servicer to produce final reports for investors or other stakeholders.</p> <p>The Verification Agent, similar to the Calculation Agent, provides an independent check by confirming the accuracy and completeness of the calculations performed by the originator or issuer. They verify that collateral data is correct, that payments are allocated according to the legal documents, and that performance metrics meet deal requirements.</p> <p>Both roles are common in various structures, including warehouse facilities and forward-flow deals, offering critical transparency and reassurance to investors.</p> |

continued

| Role | Definition |
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| Document Custodian | <p>A Document Custodian securely holds both physical and electronic versions of critical files (like loan documents) and verifies key information within those files. This role helps ensure documents are complete, properly recorded, and easily retrievable for audits or compliance checks.</p> <p>Custodians can often offer a secure digital repository to store authoritative copies of electronic records, which can include advanced features like encryption and detailed audit trails.</p> <p>By maintaining organized, verified records, the Document Custodian supports efficient reporting, facilitates smooth transfers or sales of assets, and reduces legal or operational risks in the case of audits or disputes over ownership or enforceability.</p> |
| Backup Servicer | <p>A Backup Servicer is assigned to step in if the primary servicer can't fulfill its duties—such as collecting payments or managing loan accounts—due to default or another failure. In that event, the Backup Servicer either takes on the servicing tasks itself or appoints a sub-agent to handle day-to-day responsibilities.</p> <p>This role is common in many types of structures (like warehouse facilities and forward-flow programs) to reduce operational risk and ensure business continuity if the primary servicer becomes unable to perform.</p> |

By understanding these functions, you can assemble the right team to help mitigate risks, foster transparency, and strengthen a transaction's framework.

Wilmington Trust collaborates with you to ensure that each structured finance transaction is executed and administered properly. [Contact us](https://www.wilmingtontrust.com/structuredfinance) or visit [wilmingtontrust.com/structuredfinance](https://www.wilmingtontrust.com/structuredfinance) for more information.

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