Nov 2025

Tricolor, First Brands, and Broadband Telecom

Recent Credit Bankruptcies and Canaries in the Coal Mine

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1 Opening Thoughts

We have received numerous questions from our investors on the recent credit-related bankruptcies—namely, Tricolor, First Brands, and Broadband Telecom—and our view on the state of the private credit market. In response, we offer an updated perspective on the current market. Before we begin our analysis, we want to make two points. First, these bankruptcies predominantly involve bank-led facilities and are characterized by inadequate underwriting and/or monitoring. Second, each case exhibits elements of accounting fraud and funds misappropriation, a topic that we will discuss thoroughly in this paper.

We generally agree that there is rarely a single bad apple and anticipate more bankruptcies to emerge. Fraud and excess leverage are clear signs of late-cycle behavior. Nonetheless, broadly speaking, we believe the U.S. credit market is still relatively healthy. We track and monitor a series of high-frequency data points, including investment-grade credit spreads, private credit fund non-accrual rates, bank non-performing ratios, and loss rates across various loan types. For now, most key credit metrics remain within a reasonable range.

That said, in light of the recent credit-negative developments, we want to re-emphasize the importance of disciplined underwriting, rigorous monitoring, and overcollateralization. When the risk-reward profile is unfavorable, our philosophy is to sit idle. We would never compromise our underwriting standards to secure or invest in a deal.

When we analyze complex situations, we resort to first principles to draw insights. While we are not bankruptcy experts, our experiences in credit investments give us a reasonable grasp of the events at hand. This paper is divided into two parts. Part I outlines what occurred and identifies the key parties involved. Part II offers an analysis and pattern recognition, including a brief refresher on the 2008 subprime crisis and a comparison to today's environment. Below is a summary of the three recent credit bankruptcies.

Company	Bankruptcy Type	Date of Bankruptcy	Reason for Bankruptcy	Industry	Notable Lenders	Outstanding Liabilities	Potential Losses
Tricolor	Chapter 7	Sep 10th 2025	Pledging fictitious car loans	Specialty Auto Finance	JPMorgan Chase, Fifth Third Bank, Barclays	~US1-10 billion	>US$590 million
First Brands	Chapter 11	Sep 28th 2025	Third-party factoring	Aftermarket Auto-parts	Jefferies, Alliance Bernstein (CarVal), Millenium, UBS (O'Connor)	~US$12 billion	>US$2.3 billion
Broadband Telecom	Chapter 11	Aug 12th 2025	Pledging fictitious receivables	Telecom Service Provider	BlackRock (HPS), BNP Paribas	>US$500 million	>US$500 million

Table 1. Summary of Tricolor, First Brands & Broadband Telecom bankruptcies.

2 How Did Tricolor, First Brands, and Broadband Telecom Go Bankrupt?

Tricolor

On September 10th, 2025, Tricolor Holdings, LLC ("Tricolor"), along with 25 affiliated entities, filed for Chapter 7 bankruptcy protection, marking the abrupt collapse and liquidation of an 18-year business.[1] In its initial petition, Tricolor estimated having 1) 25,001~50,000 creditors, 2) assets of US$1~10 billion, and 3) US$1~10 billion in liabilities.[1]

How Did Tricolor Go Bankrupt?

This collapse can be attributed in large part to Tricolor's subsidiary, Tricolor Auto Acceptance, LLC, a "buy here, pay here" ("BHPH") subprime auto finance company. The business model involved drawing on bank-led credit facilities, or warehouse lines, to finance subprime loans to borrowers with limited or no credit history. Specifically, more than two-thirds of Tricolor's subprime borrowers had no credit history, and more than half had no driver's license.[2]

Tricolor then packaged these loans and sold them to investors as asset-backed securities ("ABS"), a model reminiscent of collateralized debt obligations ("CDOs") that proliferated ahead of the 2008 financial crisis. Instead of subprime mortgages, this time it was subprime auto loans. In Part II, we will draw parallels and explain the difference between the current subprime auto market and the 2008 subprime mortgage crisis.

The BHPH model is inherently fragile in that the quality of the underlying assets is poor. This was made evident in the Tricolor Auto Securitization Trust 2025-2 ("TAST 2025-2"), the most recent ABS transaction Tricolor had sponsored.[3]

- 62.03% of loans were made to customers without a FICO score.[3]
- Among the remaining 37.97% with a FICO score, the weighted-average FICO score was 600.[3]
- 38.45% of loans were made to customers without an SSN or ITIN.[3]

A more direct lead-up to bankruptcy follows the reports surfacing of Tricolor's alleged fraudulent activity, namely the double-pledging of collateral for warehouse lines.[4] The reports also highlighted the U.S. Department of Justice's opening of an investigation into Tricolor over those allegations, further grounding the severity of the situation. To summarize, there are two layers of alleged fraud: 1) a significant number of the subprime auto borrowers were fabricated (i.e., no driver's license), and 2) Tricolor double-pledged its subprime loans to the facilities of different banks.

Who Are Tricolor's Lenders?

The precise exposure of each lender remains undisclosed pending the release of the company's full schedules and statements. Tricolor has been granted a 60-day extension (through and including November 10th, 2025) from the date of the petition to file said documents. Despite the extension, several of Tricolor's known creditors, including Barclays, JPMorgan, and Fifth Third Bank, have already written off credit losses in the hundreds of millions (see *Table 2*).

Lender	Potential Exposure	Notes
Fifth Third Bank	~US$200 million	
JPMorgan Chase	~US$170 million	
Barclays	*~US$145 million	
TBK Bank	~US$23 million	First-lien security interest in inventory
Origin Bancorp	US$30.1 million	Non-accrual
Renasant Bank	US$22.5 million	Non-accrual

Table 2. Tricolor's creditors and reported credit loss estimates (unconfirmed until schedules and statements are released).* = assumes USD to GBP 1:1.32. Data retrieved from multiple sources.[5,6,7,8]

First Brands

First Brands Group, LLC ("First Brands") filed for Chapter 11 bankruptcy protection on September 28th, 2025, 18 days after Tricolor.[9] Chapter 11 differs from Chapter 7 (which Tricolor filed) in that Chapter 11 is a reorganization rather than a liquidation. Typically, management retains control in the aim of continuing the business through measures such as renegotiating debt, selling non-core assets, or even converting debt into equity. The debtors have commenced these proceedings with a US$1.1 billion debtor-in-possession financing facility that will be provided by an ad hoc group of first- and second-lien creditors.[9] This will provide First Brands with a capital injection to resume operations.

How Did First Brands Go Bankrupt?

First Brands is a leading supplier of aftermarket automotive parts. In the past 15 years, First Brands has consummated over 15 acquisition transactions, growing its portfolio to over 25 automotive brands and establishing a significant market share in the global aftermarket parts industry.[9] Each acquisition was debt-funded, resulting in a continued build-up of balance sheet leverage and obscuring the underlying weakness of the core business through newly acquired revenue. This aggressive strategy has been compromised in recent months, due to potential fraud, excessive leverage, and increasing tariffs.

1. Accounts Receivable Factoring

First Brands would sell receivables to unaffiliated third parties. There is an ongoing investigation looking into an unpaid prepetition balance of ~US$2.3 billion, regarding 1) whether receivables had been turned over to third parties, and/or 2) whether receivables had been factored more than once.[9] Interestingly, founder and CEO Patrick James had previously faced multiple lawsuits, with earlier claims alleging inflated accounts receivable and inventory figures, as well as deliberate misrepresentation.[10]

2. Aggressive Leverage

The company was leveraged ~5x based on the total on-balance sheet funded debt of US$6.1 billion and reported EBITDA of US$1.1 billion.[9] The floating-rate interest obligations and elevated cost of capital meant the company has over US$900 million in annual debt service costs, not including off-balance sheet obligations, leaving little room to weather the storm.[9]

3. Tariffs

The Chief Restructuring Officer claims the shifts in U.S. policies toward foreign commercial partners have forced the company to undertake ~US$220 million in inflated capital expenditures.[9] These investments were made in the effort to hedge against scenarios of supply chain disruption where materials are rendered cost-prohibitive.

The combination of the aforementioned factors ultimately led to a liquidity crisis. In July, the company pursued a global refinancing process, led by Jefferies Finance LLC ("Jefferies"), to manage the US$4.5 billion of first-lien debt set to mature in March 2027.[10] However, by August, it became clear that potential lenders would require further diligence, including a quality of earnings report. This report would critically verify 1) whether First Brands' EBITDA was inflated by aggressive accounting, 2) the presence of off-balance sheet financing and factoring irregularities, and 3) whether the company's leverage was understated due to hidden obligations.

Inevitably, First Brands could not raise the necessary capital, due in part to the discovery of irregularities in its third-party factoring arrangements. By late September, the first-lien debt had fallen to roughly 30 cents on the dollar, while the second-lien debt traded below 10 cents.[10] As a final measure, the company elected to pursue Chapter 11 restructuring.

Who Are First Brands' Lenders?

As of the Petition Date, the Debtors had approximately US$6.1 billion in aggregate principal amount of on-balance sheet outstanding funded debt obligations, US$2.3 billion in aggregate "off-balance sheet" financings incurred through special purpose vehicles, and approximately US$800 million in unsecured supply chain financing liabilities (see *Table 3*).[9] Critically, there is an additional ~US$2.3 billion in factoring liabilities.[9]

Much like for Tricolor, First Brands has been granted a 60-day extension (through and including November 21st, 2025) to file their schedules and statements. As such, the precise exposure, including counterparties and amounts, has not yet been disclosed. Instead, the administrative and collateral agents, as well as some lenders for the off-balance sheet obligations, were listed in the petition (see *Tables 4 & 5*).

Prepetition Indebtedness	Principal Amount Outstanding (US$ millions)
ABL Loans/Letters of Credit Obligations	226.9
ABL Supply Chain Financing/Cash Management	369.4
Total ABL Obligations	**596.3**
First-Lien L/C Facility	100
First-Lien Term Loans (USD)	3886.9
First-Lien Term Loans (EUR)	763
Sidecar Term Loans	250
Second-Lien Term Loans	540
Total Term Loan Obligations	**5539.9**
Aequum Facilities	77.8
CarVal Facilities	159
Evolution Facilities	230
Onset Lease	1880
Total Off-Balance Sheet Obligations	**2346.8**
Supply Chain Financing Obligations	**812.4**
Total Debt Obligations	**9295.4**

Table 3. Prepetition Indebtedness. Term Loan Obligations listed as of June 30th, 2025. Aequum, CarVal, and Evolution facilities are listed as of July 31st, 2025. Assumes USD to EUR conversion ratio of 1:1.19. Data retrieved from First Brands' petition for bankruptcy.[9]

<table>
<tr><th>Facility</th><th>Type</th><th>Administrative Agent</th><th>Collateral Agent</th><th>Agent Type</th></tr>
<tr><td>ABL</td><td>Asset-based revolver</td><td colspan="2">Goldman Sachs Bank USA
→ Bank of America, N.A.</td><td>State Chartered Bank
→ National Bank</td></tr>
<tr><td>First-Lien</td><td>Senior secured term loan</td><td colspan="2">Goldman Sachs Bank USA
→ Credit Suisse AG, Cayman Islands Branch
→ Jefferies Finance LLC</td><td>State Chartered Bank
→ Financial Holding Company (Foreign)
→ Investment Advisor</td></tr>
<tr><td>Second-Lien</td><td>Subordinated secured term loan</td><td colspan="2">Credit Suisse AG, Cayman Islands Branch → Jefferies Finance LLC</td><td>Financial Holding Company (Foreign)
→ Investment Advisor</td></tr>
<tr><td>Side-Car</td><td>Sidecar to first-lien facility</td><td>• Sagard Holdings Manager (US) LLC
• GLAS USA LLC</td><td>GLAS USA LLC</td><td>Alternative Asset Management Firm (Sagard), Debt Administrator (GLAS)</td></tr>
</table>

Table 4. On-balance sheet agents listed in the petition.[9] Arrows indicate the direction of succession. Agent Type is listed in chronological order.

<table>
<tr><th>Facility</th><th>Type</th><th>Administrative Agent</th><th>Collateral Agent</th><th>Known Lenders</th></tr>
<tr><td>Aequum</td><td>Asset-based revolver</td><td colspan="2">• Aequum Capital Financial II, LLC
• UMB Bank, N.A.</td><td>BAWAG PSK</td></tr>
<tr><td>CarVal</td><td>Asset-based revolver</td><td>GLAS Trust Company LLC</td><td></td><td></td></tr>
<tr><td>Evolution</td><td>Uncommitted asset-based revolver</td><td></td><td></td><td>Evolution Credit Opportunity Master Fund II-B, L.P</td></tr>
<tr><td>Onset</td><td>Leases</td><td></td><td></td><td>Onset Financial, Inc.</td></tr>
</table>

Table 5. Off-balance sheet agents & lenders listed in the petition.[9]

Raistone

Furthermore, in connection with its exposure to First Brands' accounts receivable factoring, Raistone Capital ("Raistone") requested an independent investigation.[11] Initially, First Brands had reported holding US$1.9 billion of the total US$2.3 billion associated with third-party factoring arrangements. However, the company subsequently disclosed its uncertainty as to whether it had received said amount, while also noting the corresponding bank balance stood at US$0. Raistone, asserting its entitlement to US$172 million, formally petitioned for an independent review to determine the disposition of the missing proceeds.[11]

Broadband Telecom

Broadband Telecom, Inc. ("Broadband"), together with its affiliated entities, filed for Chapter 11 bankruptcy earlier this year on August 12th, 2025. Broadband reported having US$10-50 million in assets against US$50-100 million in liabilities.[12] The lenders have accused the debtors of fabricating accounts receivable that were pledged as loan collateral and further allege that every customer email used to verify invoices over the past two years originated from fake domains.[13] Bankhim Brahmbhatt, the owner of Broadband, also filed for personal bankruptcy on the same day as his telecom companies.[13]

Who Are Broadband's Lenders

Multiple lenders, including BlackRock's private credit arm, HPS Investment Partners, have fallen victim to alleged fraud carried out by the companies owned by Brahmbhatt. This was especially surprising considering HPS hired Deloitte and CBIZ, an accounting firm, to conduct random customer and annual asset checks. After an HPS employee contacted a purported customer, the Belgian telecom company BICS, BICS denied any involvement with Broadband.[13] This event prompted a series of investigations that uncovered the aforesaid fraudulent activity.

Lender	Potential Exposure	Notes
HPS Investment Partners	~US$430 million	Size of debt investment in August 2024
BNP Paribas	~US$220 million	Financed ~half of HPS' loans

Table 6. Broadband Telecom's creditors and reported credit loss estimates. Data retrieved from The Wall Street Journal.[13]

3 What Can We Glean from These Bankruptcies?

A Quick Refresher on 2008

Many investors draw parallels between today's environment and that of 2008. We find it useful to revisit the dynamics of the period to assess whether such comparisons are warranted, or where key differences may lie. The rise in subprime mortgages throughout the early 2000s ultimately culminated in the 2008 financial crisis. Amid a prolonged stretch of low interest rates and a booming housing market, lenders increasingly extended loans to those with weak credit histories and limited documentation based on the belief that home prices would only rise. As due diligence and underwriting standards weakened, outright fraud became common. Brokers and investment banks grew less concerned with the quality of the underlying asset and more interested in the fees earned from originating and selling subprime mortgages, either through securitization or even more complicated derivatives.

To that point, the fallout was magnified by the financial engineering of derivatives such as CDOs, which bundled the subprime loans into "diversified" packages. As defaults mounted, the losses cascaded beyond subprime mortgages and overflowed into what were considered safe, prime loans, eroding trust in the asset class as a whole. Because these securities were deeply embedded in the balance sheets of major banks, investment funds, and the like, the contagion rapidly spread throughout financial markets globally. Liquidity evaporated and credit markets froze as the collapse of Lehman Brothers in September 2008 ignited a full-scale systemic crisis.

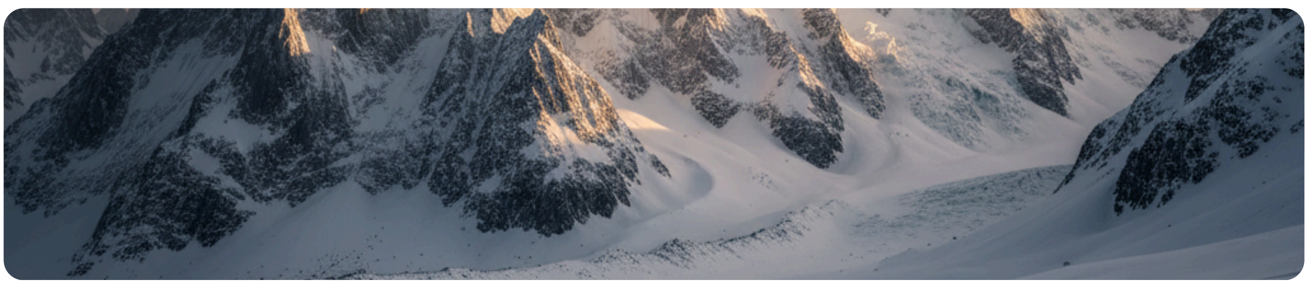
The Regulatory Irony: How 2008's Reforms Shifted Risk to PC

Ironically, the very reforms designed to prevent another 2008-style crisis have contributed to today's vulnerabilities in private credit. In the aftermath of the financial crisis, the Dodd-Frank Act and Basel III capital rules forced traditional banks to de-risk their balance sheets. They were required to hold more capital against risky loans, limit leverage, and improve liquidity coverage ratios. While these measures did strengthen the banking system, they also barred banks from participating in higher-yield, higher-risk lending. We have written extensively about the regulatory evolution since 2008 in our private credit primer.[14]

As a result, capital formation migrated to less regulated parts of the financial ecosystem—most notably, private credit funds, business development companies, and structured finance vehicles. The shift was not merely a substitution of lender types but a transformation in the market's risk-bearing structure. The same economic activities once conducted within regulated balance sheets are now dispersed across opaque fund vehicles financed by institutional and retail capital with fewer disclosure requirements and limited supervisory oversight. Thus, banks often find themselves having to find ways to compete with non-bank lenders.

To compete, many banks have re-entered higher-risk credit indirectly, whether through originating and syndicating loans before transferring the majority of credit risk to non-bank lenders, private funds, or securitization vehicles. This “originate-to-distribute” model allows banks to earn structuring and agency fees while keeping regulatory capital usage low. In practice, however, it recreates the same late-cycle weaknesses observed in private credit: overreliance on borrower representations, limited transparency into collateral, and reduced incentives for rigorous ongoing monitoring once exposure is sold. The recent bankruptcies of Tricolor, First Brands, and Broadband Telecom illustrate this convergence.

In short, post-2008 reforms prevented another Lehman-style collapse but fostered a hybrid credit system in which banks and nonbanks now share the same incentives under different regulatory umbrellas. Banks appear safer, yet the broader credit ecosystem has grown more opaque, with risk recycled through layers of syndication and participation rather than contained within traditional balance sheets. Regulation changed who holds the risk, not how risk itself behaves.



What Do the Recent Bankruptcies Imply for the Broader Market?

The migration of credit risk away from banks helps explain why today’s stress appears not as systemic contagion but as isolated blow-ups. Still, the underlying forces, excess leverage, weak underwriting, and complacency, echo familiar late-cycle patterns. The two biggest differences between 2008 and now are that: 1) the Fed was in a rate hike cycle leading up to 2008 vs. a rate cut cycle now, and 2) the bad assets were all concentrated in housing in 2008 vs idiosyncratic cases recently. Specifically, because the three bankruptcies were due to different reasons and the companies were in different industries—making it difficult to draw market-level conclusions—but we can make a few observations.

First, fraudulent behaviors and excess leverage are typical late-cycle signals. We saw it in the last credit cycle in 2008. Leverage had time to accumulate and do its damage. Underwriting standards were relaxed because of complacency. As a result, fraud became rampant. The recent blatant displays of fraud are reminiscent of that dynamic, making us cautious around companies that have levered balance sheets and lenders who take junior positions. We can put this into practice by avoiding lending to those with 1) an aggressive debt-financed M&A strategy which can mask organic growth with acquired revenue on the income statement, 2) reliance on supply chain financing with exorbitant effective interest rates which indicates previous stretching of payables as well as constrained liquidity, and 3) founder-owned businesses with a history of fraud allegations all together.

Second, consumer balance sheets are stretched. While Tricolor is just one example, Fitch's subprime auto 60-day+ delinquencies peaked around 6.5% earlier this year.[15] On the same token, if we look at credit card debt, a broader metric of consumer balance sheet health, new seriously delinquent (90+ days) loans currently sit at ~6.9%, which is around double where it was in 2021, but still far below the 11.0% figure seen during the GFC in Q4 2009 (see *Figure 1*).[16] While the U.S. subprime auto market is only ~US$20 billion (compared with a US$400 billion subprime mortgage market in 2008), we do not rule out the potential contagion effect. Still, the likelihood of subprime auto driving the U.S. into a full economic crisis remains low. On a separate note, the dip and subsequent rise in student loan delinquencies, from late 2020 to early this year, is largely a byproduct of the deferment and resumption after a ~5-year moratorium following the pandemic, a devlopment we will continue to monitor.[16]

Transition into 90+ day delinquency by loan type.

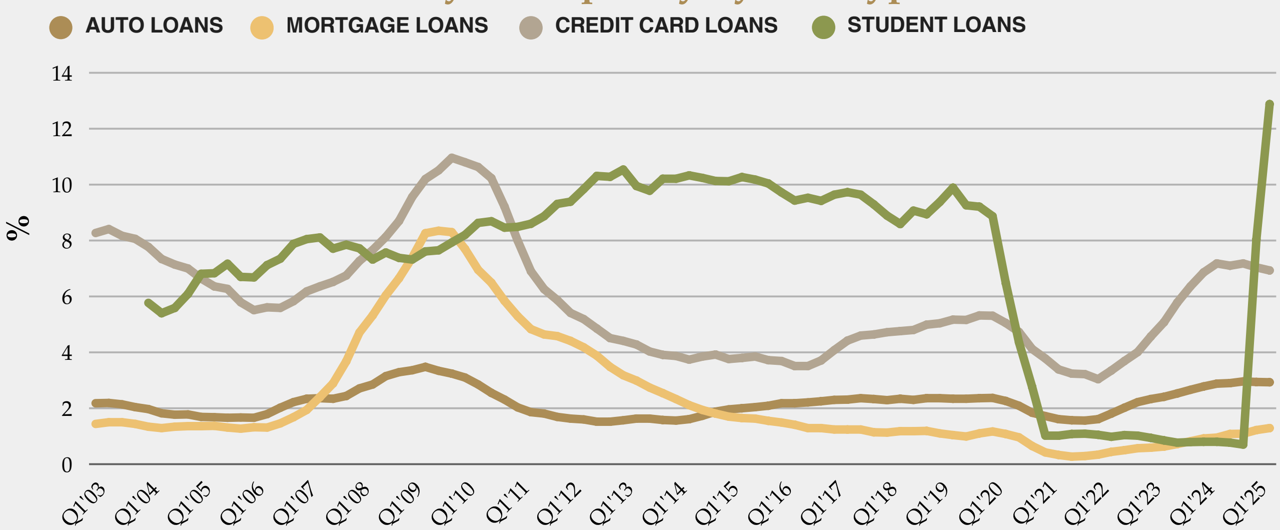


FIGURE 1. Data retrieved from Federal Reserve Bank of New York.[16]

Third, these events reaffirm the importance of rigorous due diligence and underwriting, not only on financial statements, but also on the integrity of underlying assets and collateralization practices. For example, it took First Brands' quality of earnings report to discover US$2.3 billion was missing. Implementing a quality of earnings report can reveal 1) whether a borrower's reported EBITDA is inflated by aggressive accounting, and 2) the use of SPVs for off-balance sheet debt to understate liabilities. For Tricolor, once liquidity evaporated, the questionable quality of the underlying assets, coupled with over-leverage and fraud, exacerbated losses. As for Broadband, a single phone call to the supposed customers would have immediately brought to light the fraudulent collateral. These episodes remind us that even large companies can obscure and hide financial frailty and fraudulence beneath layers of leverage and securitization.

Unity's Takeaways and Positioning

The past several months have underscored a simple truth: underwriting discipline and collateral verification are not optional—they are the business. The failures of Tricolor, First Brands, and Broadband Telecom show how easily leverage, opacity, and moral hazard compound when capital is abundant and oversight is fragmented. For Unity, these episodes reaffirm the central pillars of our investment philosophy:

1. We lend against verifiable assets, not narrative.

Each of the recent bankruptcies stemmed from underwriting that relied on projected liquidity rather than demonstrable, self-liquidating collateral. Unity structures facilities around tangible, cash-generating assets, accounts receivable, litigation proceeds, and healthcare claims, where collections can be independently verified and reconciled on a regular basis. Our conviction is grounded entirely in asset performance.

2. Founder-led risk requires elevated diligence.

Founder-owned businesses can be attractive partners, but they also carry concentration and governance risks, particularly when prior fraud or litigation is on record. We conduct comprehensive background checks, review all litigation filings, and perform counterparty reference calls. We make it a routine to rely on third-party checks rather than documents provided by the borrower. If management resists routine verification requests or displays defensiveness under diligence, that is a disqualifying event. Transparency is mandatory.

3. We prioritize structural seniority and downside control.

We prefer first-out positions, hard cash sweeps, and mandatory reserve mechanisms over incremental yield. In stressed environments, the lenders who get repaid are those who control the cash, not those who negotiated the best headline rate.

4. We are willing to sit out when risk is mispriced.

Late-cycle behavior rewards patience. We would rather compound liquidity than stretch into marginal yield. Market discipline eventually distinguishes between those who price credit and those who buy into narratives. Unity's approach is built for the next phase of the cycle, when truth and collateral will once again matter more than narratives.

5. We welcome heightened scrutiny.

Rising investor attention to diligence standards ultimately benefits disciplined managers. Unity's processes are built for transparency: regular collateral reports, automated reconciliation tools, and internal credit reviews that document every assumption. The more the market differentiates between underwritten cash flow and manufactured yield, the greater our comparative advantage becomes.

In our view, these bankruptcies are not market-ending events but natural stress tests for a maturing asset class. The regulatory constraints that insulated banks after 2008 pushed risk into private credit; it now falls to responsible lenders to impose their own guardrails. Unity's edge lies in doing so preemptively, anchoring our underwriting process to verifiable data, real collateral control, and structural seniority. The next phase of the cycle will reward credit platforms that compound trust as carefully as they compound capital.

A Tangent: Resurgence of Adjustable-Rate Mortgages ("ARMs")

Beyond corporate balance sheets and consumer credit, another area showing late-cycle characteristics is the housing market, particularly in the renewed popularity of ARMs. The housing market has become increasingly unaffordable, leading a growing number of homebuyers to turn to riskier loan structures. ARMs typically offer a lower introductory interest rate, which resets after a predetermined period depending on the mortgage rate. Unlike fixed-rate mortgages, however, borrowers with ARMs face the risk of significantly higher monthly payments should interest rates rise. While ARMs are not necessarily subprime, the reset after the initial teaser rate may impair homeowners' capacity to pay down the line.

In the week ended October 3rd, ARMs accounted for roughly 10% of all purchase mortgages, up significantly from less than 3% in 2021.[17] This resurgence is driven by multiple factors, most notably the more than 50% increase in home prices since 2019.[17] Additionally, the Federal Reserve's ("Fed") recent cuts to short-term interest rates have sparked expectations that mortgage rates could continue to decline. The government shutdown has complicated further cuts, but mortgage rates could keep declining if the Fed continues to lower rates.

In the lead-up to the 2008 financial crisis, ARM usage shot up, and in 2004/05, around a third of all mortgage applications had adjustable rates. This meant that when rates increased, millions of homeowners were unable to pay their mortgages, resulting in mass foreclosures. This pattern is unlikely to repeat as loans are less risky due to tighter lending standards and caps on the degree of adjustment. Yet, seeing the sensitive sentiment around the credit market and large, blue-chip financial institutions falling victim to fraud reminds us to remain vigilant.[17]

4 Conclusion

Looking ahead, the recent bankruptcies serve as a wake-up call for both lenders and borrowers. We believe that idiosyncratic events like these are generally good for the market, as they promote increased scrutiny of 1) verifying the quality and quantity of pledged assets, and 2) tightening monitoring and oversight responsibilities. Although the risk of fraud or mistakes cannot be fully eliminated, robust underwriting and strict monitoring can significantly reduce the probability of permanent loss.

As we await the forthcoming schedules and statements of financial affairs, we will gain a more comprehensive understanding of the creditor relationships and the associated capital structures. In the meantime, if you have any further questions regarding the recent credit bankruptcies and/or the degree to which private credit plays a part, please feel free to reach out to us at IR@unityinvestments.com.

$$A = P\left(1 + \frac{r}{n}\right)^{nt}$$

This is Life, Compounded.

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