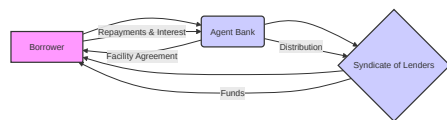




Syndicated Loan Diagram



Agent Bank Responsibilities

- **Communication:** Acts as the primary point of contact for all communication between the borrower and the syndicate.
- **Administration:** Manages loan documentation, disbursement of funds, and collection of payments.
- **Compliance:** Ensures compliance with the loan agreement terms and regulatory requirements.
- **Monitoring:** Monitors the borrower's financial performance and reports to the syndicate.
- **Enforcement:** Coordinates enforcement actions in the event of default.

Key Participants

Borrower:	The entity receiving the loan proceeds.
Agent Bank:	Manages the loan on behalf of the syndicate, acting as an intermediary between the borrower and the lenders.
Syndicate of Lenders:	A group of banks or financial institutions that provide the loan.
Lead Arranger/Bookrunner:	Responsible for structuring and marketing the loan to potential lenders.

Types of Credit Facilities

Term Loan:	A loan with a fixed repayment schedule and a specific maturity date.
Revolving Credit Facility (RCF):	A credit line that allows the borrower to draw down, repay, and redraw funds up to a specified limit during the availability period.
Delayed Draw Term Loan (DDTL):	A term loan where the borrower can draw funds over a specified period.
Letter of Credit (LC) Facility:	A facility that allows the issuance of letters of credit on behalf of the borrower.
Overdraft Facility:	Allows a borrower to overdraw their account up to an agreed limit.

Key Facility Terms

Availability Period: The period during which the borrower can draw down funds under a revolving credit facility or delayed draw term loan.

Maturity Date: The date on which the principal amount of a term loan is due to be repaid.

Commitment: The total amount of the loan facility that lenders have agreed to provide.

Utilization: The amount of the loan facility that the borrower has drawn down.

Borrow, Paydown, and Rate Set

Borrow:	Drawing funds from a credit facility. Increases the outstanding loan balance.
Paydown:	Repaying a portion of the outstanding loan balance. Reduces the amount owed.
Rate Set:	The process of determining the interest rate for a specific period, usually based on a benchmark rate (e.g., SOFR, LIBOR) plus a margin.
Margin Change:	An adjustment to the spread added to the benchmark rate, reflecting changes in the borrower's credit risk or market conditions.

Interest Rate Components

Interest rate on a syndicated loan typically comprises two components:

Benchmark Rate: A reference rate such as SOFR (Secured Overnight Financing Rate) or, historically, LIBOR (London Interbank Offered Rate).

Margin: A spread added to the benchmark rate to reflect the borrower's credit risk and the lender's required return.

Loan Trading

Trade Buy:	Purchasing a portion of an existing loan from another lender.
Trade Sell:	Selling a portion of an existing loan to another lender.
Assignment:	Transferring all rights and obligations of a lender under the loan agreement to a new lender.
Participation:	Selling a portion of the economic benefits of a loan without transferring the rights and obligations under the loan agreement.

Interest Rate = Benchmark Rate + Margin

Fees

Arrangement Fee:	Paid to the lead arranger for structuring and syndicating the loan.
Commitment Fee:	Paid on the undrawn portion of a revolving credit facility.
Agency Fee:	Paid to the agent bank for administering the loan.
Participation Fee:	Paid by a participant to the original lender when purchasing a participation in the loan.

Syndicated Loan Activity Keywords

Activity
Borrowing
Paydown
Interest Payment
Margin Change
Rollover
Rate Set
Cashless Rollover
Restructure
Fees
Conversion
Funding Memo
Commitment Increase
Prepayment