

Covenants and Documentation



DURATION

1 Day



DELIVERY CHANNEL

Virtual
Instructor-Led
OR In-Person
Classroom



PROGRAM LEVEL

Introductory to
Intermediate

PREREQUISITES

One year of experience
in a credit-related
function OR completion
of Moody's Analytics
Fundamentals of
Corporate Credit or
Commercial Lending
course or the equivalent.

ADVANCE PREPARATION

None

CPE CREDITS

7

Overview

Covenants and Documentation explores the covenants and loan documents designed to protect lenders' and investors' interests. It emphasizes the ways in which these defensive tools can be undermined if they are not drafted appropriately.

Participants also learn how Moody's Investors Service's framework for assessing covenant quality can be applied to their daily work.

Learning Objectives

Participants will be able to:

- » Identify the important features of standard loan documents.
- » Identify the appropriate document structure for various types of debt.
- » Structure documents to protect their financial institution in the event of default.
- » Explain how poor definitions, ambiguous language, exceptions, and carve-outs can weaken covenants.
- » Understand how Moody's Investors Service rates covenant quality and defines protective markers.
- » Discuss documentation issues with legal representatives.

Who Should Attend?

Covenants and Documentation is suitable for non-legal financial services professionals, including:

- » Commercial bankers
- » Investment bankers
- » Underwriters
- » Credit analysts
- » Fixed income professionals (buy and sell sides)
- » Loan administrators
- » Syndication desks
- » Structured finance investors

Course Detail

MODULE	TOPICS
1 Covenants	<ul style="list-style-type: none"> » The purpose of covenants » Financial and non-financial covenants » Characteristics of effective covenants » Covenant limitations » Typical covenant categories and levels in various instruments » Restricted subsidiaries, payments, and investments » Default and acceleration standstills » Negative pledges and limits on liens » Financial covenants: performance and prerequisite tests » Clauses and restrictions on asset sales, mergers, new debt, and subsidiary borrowings » Change of control clauses » Limitations on sale-leasebacks » Methods of improving covenant effectiveness » Syndication issues and resulting covenants » Pay-in-kind (PIK) toggle notes
2 Documentation Types	<ul style="list-style-type: none"> » Using documentation to mitigate risk of default » Developing and negotiating terms » Term sheets » Bank loan agreements » Bond indentures
3 Documentation Features	<ul style="list-style-type: none"> » Conditions precedent » Representations and warranties » Material adverse change (MAC) clauses » Recitals » Definition of terms » Cross-default provisions and events of default » Lender's power to act in event of default

MODULE	TOPICS
4 Structure and Subordination Issues	» Relative and referential nature of subordination
	» Forms of subordination
	» Personal guarantees to mitigate structural subordination
	» Credit base parties
	» Unrestricted subsidiaries and affiliates
	» Layers of debt financing

Accreditation

Moody's Analytics is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Students should check for up-to-date information directly from the NASBA website: www.nasbaregistry.org.

Why Moody's Analytics?

Current and Consultative

We work with you to understand the distinct needs of your organization to design, implement and track the performance of your learning programs from end-to-end, including skills assessment, program design, implementation, evaluation and enhancement.

Comprehensive Coverage

We offer a broad set of technical and soft skills programs that can be combined and adapted to the needs of your staff. Our areas of expertise include banking, finance, sales, fintech, negotiation and leadership development.

Unparalleled Expertise

In delivery, our people make the difference – combining deep experience with intellectual passion for content, and having earned superior academic credentials, they are committed to delivering outstanding quality.

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TAILOR ANY COURSE FOR YOUR ORGANIZATION

Moody's Analytics offers customized training and eLearning solutions to help you maximize your training investment. Our hands-on approach benefits companies of all sizes and requirements – from those with just a few local employees to those with staff dispersed around the globe. Contact us to learn more and to work with one of our training consultants to design the right program for your organization.

GROUP DISCOUNTS

Special rates may be available for multiple course or group bookings. Please contact us for details.

FEES AND CANCELLATIONS

The fee listed is per participant. Course fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the course. Registrations may be canceled in writing via letter or email at least 30 days before the first date of the training for a full refund. Cancellations received less than 30 days in advance are eligible for substitution with another course, but fees will not be refunded. We reserve the right to cancel or reschedule courses at any time. For further information on our refund and complaint policy, please contact us.

Contact Us

AMERICAS

TrainingAmericas@moody.com

EMEA

TrainingEMEA@moody.com

ASIA

TrainingAsiaPac@moody.com