Credit Agreement Annotation Guide (Deal Terms)

This guide contains a list of labels and instructions to use them in order to highlight key information in credit/loan agreements. We distinguish 4 groups of labels based on their relations with each other.

General notes

- We do not annotate the same information multiple times. For instance, if company X is one of the parties in a particular credit agreement, it is mentioned plenty of times within the document. We annotate this company name and its role(-s) only once.
- Where possible, we place the labels within some context, i.e., not in headers, tables of content, etc.
- When annotating, we create links (or relations) between the related labels. For instance, a link is placed between a company and its role in the agreement, between a person, its role in the agreement and its company, etc.
- We use the notation "a link FROM one label TO the other label". To create such a link in Label Studio, we need to first click on the first label, then press the link button, and finally click on the other label. The direction of the links is very important.
- If a link is established between 2 labels of the same type, it means continuation of the idea. For instance, some sentences/paragraphs may contain useful information in combination with irrelevant details. Then, we create several labels for the useful part and link it sequentially from one label to the next one.

List of labels:

- Date
- Date Type
- Deal Class [add examples]
- Deal Sub-Class
- Amount Type
- Amount Value
- Principal of Value
- Fee Type
- Fee Value
- Fee Principal of Value

- Fee Condition
- Loan Amount Type
- Loan Amount Value
- Loan Principal of Value
- Loan Amount Condition
- Spread Index
- Spread Type
- Spread Value
- Spread Condition

Instructions:

Annotating the date seems self-explanatory. We do not annotate all the dates presented in the document – we annotate fees, deal types, etc. and link them to corresponding dates if such exist. By date type we mean important events, for instance, closing date.

By the Deal Class we mean revolvers, term loans, lines of credit, etc. as mentioned in the image below. Deal Sub-Classes are, therefore, classes of term loans (term loan A, etc.), revolvers (364-days revolver, etc.), etc.
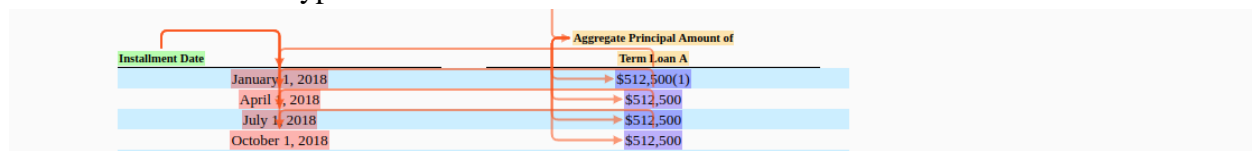

We do not annotate the words like term loan or revolver. We annotate the content like on the image below (yellow). We annotate the given text as Deal Sub-Class – sometimes Deal Classes are not presented explicitly, like in this case. If they were, we would link the Deal Class to each of its classes.

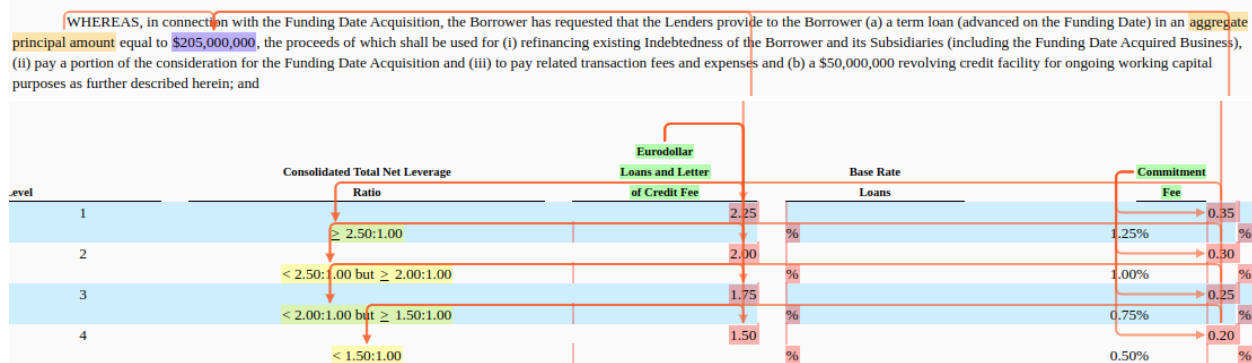For each deal class/sub-class, there should be numerical values which are related to the deal, for instance, installment amounts. In this case, we need to annotate the Amount Type (orange), all the Amount Values (dark blue) and corresponding Dates. Sometimes, the Date Type like Installment Date (light green) is presented and should also be annotated. We should also build links:

- From the deal class/sub-class to the amount type

- From the amount type to each of the amount values
- From each amount value to the corresponding date
- From date type to each of the dates

Installment Date		Aggregate Principal Amount of Term Loan A
	January 1, 2018	$512,500(1)
	April 1, 2018	$512,500
	July 1, 2018	$512,500
	October 1, 2018	$512,500

By Fee Type, we mean upfront fees, commitment fees, etc (light green). If the fee is presented as some amount of money, we annotate it as Fee Value and link the fee type to the fee value. If it is presented as a % of some other value, we annotate it as Fee Principal of Value (red) and that value as Amount Value (dark blue). We link the fee type to the fee principal and the fee principal to the amount value. If that amount value is related to some amount type, we annotate this type (orange) and link it to the value. If the fee value/principal depends on some condition (yellow), we annotate the conditions and link each value to the corresponding condition.

WHEREAS, in connection with the Funding Date Acquisition, the Borrower has requested that the Lenders provide to the Borrower (a) a term loan (advanced on the Funding Date) in an aggregate principal amount equal to $205,000,000, the proceeds of which shall be used for (i) refinancing existing Indebtedness of the Borrower and its Subsidiaries (including the Funding Date Acquired Business), (ii) pay a portion of the consideration for the Funding Date Acquisition and (iii) to pay related transaction fees and expenses and (b) a $50,000,000 revolving credit facility for ongoing working capital purposes as further described herein; and

Level	Consolidated Total Net Leverage Ratio	Eurodollar Loans and Letter of Credit Fee	Base Rate Loans	Commitment Fee
1		2.25		0.35
	≥ 2.50:1.00	%	1.25%	%
2		2.00		0.30
	< 2.50:1.00 but ≥ 2.00:1.00	%	1.00%	%
3		1.75		0.25
	< 2.00:1.00 but ≥ 1.50:1.00	%	0.75%	%
4		1.50		0.20
	< 1.50:1.00	%	0.50%	%

By Loan Amount Type, we mean commitment amount, outstanding amount, facility amount, etc. Annotating the value/principal and conditions is the same as for fees.

(a)   (i)   Commitment. The Lender shall make advances to the Borrowers until the Maturity Date in an aggregate principal amount not to exceed at any time outstanding One Hundred Million Dollars ($100,000,000.00) (as the same may be reduced or increased pursuant to the terms of this Agreement, the "**Commitment**"); provided however, that the aggregate amount of the Commitment available for borrowing at any time shall not exceed the amount of the Commitment at that time less the amount of any outstanding Loans under the Line of Credit and the Letter of Credit Liabilities. Within the foregoing limits, and subject to the terms and conditions set forth in this Agreement until the Maturity Date, the Borrowers may borrow under this Subsection 2.2.2, repay or prepay such advances, and reborrow under this Subsection 2.2.2. The Lender shall have no obligation to advance any principal sums in excess of the amount of the Commitment set forth above in this Section 2.2.2(a)(i) and any agreement between the parties to permit advances of the Accordion Amount greater than the Commitment amount set forth above in this Section 2.2.2(a)(i) must be evidenced by compliance with Section 2.2.2(a)(iv) below.

(ii)   Termination of Commitment. Unless terminated earlier pursuant to the terms of this Agreement, the Commitment shall terminate on the Maturity Date.

(iii)   Reduction of Commitment.

(A)   Voluntary Reductions. The Borrowers shall have the right at any time and from time to time upon two (2) Business Days' (or such shorter period as is acceptable to Lender) prior written notice to the Lender to permanently reduce in amounts equal to Five Million Dollars ($5,000,000.00) or integral multiples thereof in excess thereof, or terminate the Commitment, without penalty or premium; provided, however, that no voluntary reduction to the Commitment may be made or shall be effective during each period of time commencing on the date of the Lender's grant of Borrowers' request for the increase of the Commitment utilizing all or a portion of the Accordion Amount in accordance with Section 2.2.2(a)(iv) and ending at the close of the Borrowers' next fiscal quarter.

(iv)   Increase of Commitment. At any time or times when no Event of Default exists (and provided no Event of Default will occur if the request is given effect), the Borrowers may request in writing that the Lender agree to increase the Commitment by an amount not exceeding in the aggregate Fifty Million Dollars ($50,000,000.00) ("**Accordion Amount**"), thereby increasing the Commitment to a total sum no greater than One Hundred Fifty Million Dollars ($150,000,000.00). The Lender shall consider such request in its sole discretion. The Lender shall grant or decline such request within thirty (30) days of its receipt of the request and shall confirm same in writing. Requests by the Borrowers for approval of advances under this Section 2.2.2(a)(iv) shall seek an increased amount of no less than $5,000,000.00 per request (or, if less, any remaining unfunded amount of the Accordion Amount or such lower amounts agreed to by Lender), and shall not be made less than thirty (30) days prior to the Maturity Date. A request for an advance of all or a portion of the Accordion Amount shall be made by a written notice substantially in the form of Exhibit "**B**" annexed hereto and incorporated herein, which is delivered to the Lender in accordance with Section 10.1 below, and shall be executed by the Borrowers' Chief Financial Officer or other authorized signatory. Any Loans made by Lender pursuant to all or any portion of the Accordion Amount which has been approved for advances by the Lender shall be on the same terms set forth in this Agreement (including, for the avoidance of doubt, the Maturity Date and pricing).

Basically, spread is the difference between a reference interest rate (spread index like LIBOR, SOFR, PRIME, etc) and the interest rate that the borrower actually pays. The example below is given for the base rate, which means it is a base spread. We annotate Base Rent (green) as the Spread Type, and then annotate the indices related to this spread as Spread Index (dark blue). The numerical values are annotated as Spread Values (red). In this case, they all depend on one condition – we should take the maximum of those values, which is why there is only one Spread Condition (yellow). As for the links, we link the spread type to the spread indices, spread indices to the spread values and the spread values to the spread condition. Overall, there may by multiple conditions or even dates. Both examples are covered above.

Base Rate   shall mean the highest of (a) the rate which the Administrative Agent announces from time to time as its prime lending rate, as in effect from time to time, (b) the Federal Funds Rate, as in effect from time to time, plus one-half of one percent (0.50%) per annum and (c) the One Month LIBOR Index Rate plus one percent (1.00%) per annum (any changes in such rates to be effective as of the date of any change in such rate). The Administrative Agent s prime lending rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent may make commercial loans or other loans at rates of interest at, above, or below the Administrative Agent s prime lending rate. Notwithstanding anything to the contrary in the foregoing, if the Base Rate is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.