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MDC amends loan agreement

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Denver homebuilder **MDC Holdings** Inc. has amended a 2006 loan agreement headed by J.P. Morgan Chase Bank N.A., according to a Securities and Exchange Commission filing dated Dec. 22.

MDC Holdings (NYSE: MDC), started in 1972, builds houses under the Richmond American brand in Colorado, Utah, Nevada, Arizona, California, Virginia, Maryland, Florida and Pennsylvania. The company reported long-term debt, as of the third quarter ended Sept. 30, of a little more than $1 billion.

Changes to the credit agreement include:

• Reducing total commitment amount to $800 million, and uncommitted amount to which total can be increased to $1.3 billion.

• Cut sublimit for letters of credit to total of $300 million from $500 million.

• Modified calculation of interest rates and pricing under agreement.

• MDC must maintain a ratio of adjusted cash flow from operations to consolidated interest incurred of at least 1.50 to 1, or at least $500 million in liquidity. Failure to meet those requirements wouldn't cause a default, but would start a term-out of the credit facility.

Term-out is the transfer of debt on a company's balance sheet without taking on new debt, through the capitalization of debt.

J.P. Morgan acts as the administrative agent for a package of loans provided by several other banks, and is one of the lenders.

Other banks involved in the facility, according to the SEC filing, include Wachovia Bank, Citicorp North America Inc., The Royal Bank of Scotland plc, RBC Bank (USA), SunTrust Bank, U.S. Bank, Bank of America, Guaranty Bank, BNP Paribas, California Bank & Trust, Comerica Bank, Regions Bank, Bank of the West, Calyon New York Branch, KeyBank, Mizuho Corporate Bank Ltd., PNC Bank, City National Bank, Fifth Third Bank and Natixis (a French corporate and investment bank).

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