

Sample Transaction Timeline

One of the most common questions our clients ask us is “how long will the transaction take from a handshake to closing”?

Unfortunately, there’s no easy answer to that question. A simple credit facility between a borrower and a lender who have worked together before might take only a few weeks. On the other hand, a complicated security package, overseas guarantors, intercreditor concerns and/or a need for commitment papers are all examples of complications that could in some cases add months to a deal timeline.

Despite the absence of a one-size-fits-all deal timeline, we nevertheless think it helpful to provide a benchmark that lenders and borrowers can measure against in trying to estimate the length of their own transaction ahead of time. To be as useful as possible, we’ll provide a timeline based off a straightforward direct lending transaction with a standard domestic security package, no overseas guarantors, no intercreditor arrangements and no commitment papers. We’ll assume that the parties don’t already have a precedent between them, but that both sides are commercially reasonable and working to close on a fast-paced but reasonable timeline.

On the next page is an approximation of the work streams and timelines that the parties might expect to see in those circumstances.

Work Stream	Parties Primarily Involved	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6 Closing
Initiation of Transaction							
• Engagement of Advisors	Borrower and Arranger	■					
• Negotiation and Execution of Engagement Letter	All Parties	■	■				
Business Diligence and Commitment Approval Process							
• Lender Meeting and Completion of Business Diligence	Lenders	■	■	■			
• Preparation of Quality of Earnings Report	Report Provider and Borrower		■	■	■		
• Lender Credit Approval	Lenders		■	■	■		
Legal Diligence							
• General Legal Diligence	Arranger's Counsel and Borrower		■	■	■		
• Specialists' Diligence, if Applicable (e.g. real estate, antitrust, intellectual property, tax, bankruptcy, environmental, etc.)	Arranger's Counsel and Borrower		■	■	■		
Transaction Documents							
• Drafting and Negotiation of Credit Agreement	All Parties		■	■	■	■	
• Drafting and Negotiation of Other Legal Documents	Arranger's Counsel and Borrower's Counsel			■	■	■	■
• Execution and Delivery of All Documents and Funding of Loans							■