

Delayed draw term loan facilities and permitted change of control provisions

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Davis Polk partners Scott Herrig and Sanders Witkow, counsel Christina Bell and associate Matthew Vallade authored “Delayed draw term loan facilities and permitted change of control provisions” in *International Comparative Legal Guides: Lending & Secured Finance 2026*. In the chapter, the authors discuss the evolving mechanics of leveraged buyouts by a private equity sponsor, specifically “permitted change of control” features and delayed draw term loan (DDTL) facilities.

They note that in order to enhance the sponsor's exit opportunities, especially as a hedge against stress and credit market dislocation, some recent credit facilities for private equity-backed businesses have included “portability” provisions for the benefit of potential acquirors. In particular, the combination of a “permitted change of control” feature, together with a DDTL facility available to finance the permitted change of control, enables potential buyers to acquire existing portfolio companies without arranging new financing. This chapter describes the mechanics of these features, including how they may be utilized in tandem to facilitate successful exits for sponsors and promote continued capital deployment for existing lenders.

[Read the chapter](#)