

Ten terms to negotiate **before your ABL closes**

Most teams fight the rate and the line size, then skim the cash management exhibit. The leverage runs the other way.

- 1 Make dominion springing, and set the trigger low**
10% of the line reads very differently than 25%. Anchor the fixed-dollar floor to your seasonal low.
 - 2 Ask for a multi-day test to trip the trigger**
Three to five consecutive business days below, so one slow collection day doesn't flip the switch.
 - 3 Negotiate the exit as hard as the entry**
Define the cure: 30 consecutive days above. Cap or strike two-trips-and-it's-permanent clauses.
 - 4 Exclude the accounts that keep the company running**
Payroll, petty cash, benefits, trust, and tax accounts, listed by account number.
 - 5 Pin reserves to a standard**
Reasonable credit judgment, stated methodology, advance notice, no double-counting with ineligible.
 - 6 Run a sample borrowing base before you close**
Your real aging, computed by both sides. Contractors: see how retainage, unbilled, and bonded jobs land.
- **Negotiate eligibility around how your customers actually pay**
Due-date aging, extended windows for named slow payers, tiered concentration for investment-grade customers.
- **Map the money movement hour by hour**
Sweep timing, cutoffs, clearance days, same-day redraw. Then model a payroll week on paper.
- **Constrain the notice of exclusive control**
Only after default, with notice and cure. Know how fast the bank acts, and how control gets released.
- 10 Write the ending into the deal**
DACA termination notices within set days of payoff, referenced in the payoff letter.

The cheapest time to fix any of this is before close. The most expensive is a Thursday night.

Full guide: DACAs and cash dominion, a CFO's guide. kapwork.com