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While commercial loans often appear similar on the surface, especially when dealing with the same client, the subtle differences between each mean commercial lending documents may (and should) differ significantly. These differences make relying on personalization of “one-size-fits-all” documents (for example, drafting all loans using the same starting template, but changing names and amounts) risky, as important specific deal terms can be overlooked, and manual editing may result in mistakes and unnecessary time and expenses. Modern legal document drafting systems offer a solution through mass customization, and, more specifically, parametrized legal drafting.

Mass Customization in Commercial Lending

Document personalization changes names, addresses, loan amounts, and other identifying information but leaves the underlying substance of the document the same. On the other hand, customization changes the legal substance of the documents themselves by altering the parties’ rights, obligations, and protections. Mass customization is not about making each document look entirely different but rather ensuring that each provision in a specific document accurately reflects the structure of the transaction being documented.

Every loan involves unique characteristics (e.g., borrower structure, collateral, repayment terms, guarantors, governing law, financial covenants, etc.), each of which determines the rights and obligations of the parties involved. Take, for example, two commercial loans. One, a fixed-rate equipment loan to an LLC in Texas, secured by specific real property, and the other a variable-rate revolving line of credit to a corporation in New York, with two personal guarantors and secured by business assets, including after-acquired assets. The legal documentation for the two commercial loans will vary substantially, and drafting the two loans manually can be time-consuming and increase the risks of inconsistencies or omissions. Each prior document used, template provision copied and pasted, and individual edit made present an opportunity for human error, especially when the prior documents used are from commercial loans of

an entirely different structure.

Parametrized legal drafting provides a more efficient and accurate way to document commercial loans regardless of the loan structure. Instead of maintaining dozens (or more) of separate document templates, modern drafting systems, like Clause9, use an extensive library of attorney-drafted clauses. Each clause will automatically appear when relevant based on the user's responses to a series of structured questions. The process reduces human error, inconsistencies, and time.

BankDocs Pro

BankDocs Pro, a commercial lending documentation program on Clause9 created by Farley Law, is one mass customization option currently available.

BankDocs Pro's process begins with a structured, guided question-and-answer assessment. The user will input information such as borrower type, loan purpose, collateral, interest rate, guarantors, governing law, and other relevant transaction details. Those answers then become the parameters that govern how the system customizes the commercial loan documentation. The system will select all relevant clauses from its attorney-drafted clause library. For example, if the user indicated in the assessment that the loan includes guarantors, guaranty provisions are automatically inserted. Or, if the user indicated the loan is a fixed-interest loan, the appropriate fixed-interest loan will be included and variable-rate language will be excluded.

This customized, parameterized drafting system provides true, accurate document customization rather than mere personalization. So, not only is the surface-level loan information (party names, loan amounts, and addresses) correct, but the loan structure and legal substance of the loan are also correct. The attorney-developed clause library assembles fully customized loan packages, including promissory notes, loan agreements, security agreements, guaranties, and other documents when relevant, based solely on the information provided by the user. The generated customized, transaction-specific documents are then ready for attorney review and distribution.

Using Mass Customization in Your Practice

As commercial lending grows more sophisticated, the technology used to draft commercial loan documents should also improve to support these transactions. Using boilerplate language and manually editing can result in overlooked typos, unnecessary provisions, and omitted required provisions, regardless of how much reviewing takes place. Mass customization allows lenders and attorneys to produce documents that are both efficient and legally precise, reducing drafting time while improving your final work product. Attorneys and firms should be considering mass customization drafting

systems, like BankDocs Pro, to improve output, save time, and increase overall client satisfaction.
