

M&A Indemnification Provisions: Are You Drafting Unenforceable Time Limits?

In a merger-and-acquisition transaction, the convention is for the seller to make representations and warranties to the buyer regarding the target business, according to **an article** posted by Womble Carlyle Sandridge & Rice.

“When the target business is a private company, the acquisition agreement typically provides the buyer with a post-closing right to indemnification if any of the seller’s representations and warranties prove to be untrue,” writes partner **Melinda Davis Lux**. “The purchase agreement also typically provides that the buyer’s right to indemnification is the buyer’s exclusive remedy for breaches of the seller’s representations and warranties.”

In her article, she discusses indemnification time limits, shortening the statute of limitations and its consequences, time extensions, and lengthening the statute of limitations.

Read the article.