Your Purchase Client Has Been "Cleared to Close" By Their Lender. Not So Fast.

"A Case Study in How to Avoid Disaster."

"The seminal moment in any real estate transaction is when the purchaser has been cleared to close by their lender, thereby removing, in most transactions, the last bar on the way to a successful closing. However, just because the lender has issued a clear to close letter, it does not mean the contractual finance contingency has been satisfied," writes John Heneghan in Fornaro Law's ***Case Study***.

"The death of your deal may be, truly, in the details of that clear to close letter."

"There is no such thing as an 'unconditional' clear to close letter. All clear to close letters come with 'subject to' conditions that must be satisfied before the loan is actually cleared to close. It is a misnomer to say that a loan is clear to close unless these 'subject to' conditions have been satisfied. The clear to close letter must be read carefully to make sure it satisfies all aspects of the financing contingency requirements so there is no threat of your client being in breach of contract."

Read the article.