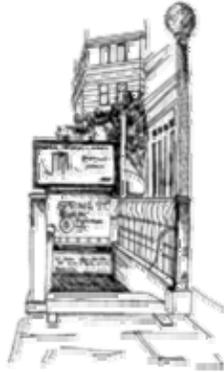




From the Law Office of Ronald H. Gitter, Esq.

Addressing the Realities of Residential Real Estate

Asked and Answered



We are buying a condo, but we have a delayed closing as the seller has a tenant in place for the next six months. We will be able to retain our loan commitment for an extended period of time?

No. Loan commitments will only last for ninety days, at most. Once the commitment period expires, the loan application will have to be resubmitted and will be subject to underwriting all over again. If the contract has a mortgage contingency that was satisfied by the issuance of a commitment letter, things could get complicated if the bank declines to reissue the commitment after the first commitment expires.

Disputes can arise over whether or not a mortgage commitment was issued, even if the bank subsequently withdraws its underwriting. In those situations where the closing date is delayed to accommodate the seller, particularly where the contract is subject to financing, the parties should agree that the purchaser is not obligated to apply for financing until a time in closer proximity to the closing. The purchaser is accommodating the seller by agreeing to a delayed closing, so the seller should cooperate and allow the purchaser a longer period of time to obtain a loan commitment. Where the transaction is not subject to financing, but the purchaser is obtaining a loan, the purchaser should wait until no more than ninety days before the closing to apply for financing.

For more on mortgage and funding contingencies, see "[The New Normal](#)".

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