What happens if the bank does not timeously approve the purchaser’s loan application?

The deed of sale of land would typically stipulate that the purchaser must obtain a loan for a certain amount from a bank or another financial institution before a certain date for the transaction to proceed. It is called a condition precedent or suspensive condition of the agreement. If the loan is not granted before the date stipulated in the agreement, the agreement would typically lapse.

If the loan is granted after the said cut-off date, and both parties are still eager to proceed with the transaction, a new agreement of sale can be concluded and the transfer of the land registered.

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