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The nervous housewife clause

September 05, 2008 - Front Section

I got my training in reviewing commercial loan documents for developer clients in the late sixties and most of the decade of the seventies. My then boss and law partner was the late Howard Rubin. Howard often referred to a common clause in loan documents, which allowed a lender to call a loan if the lender felt uncomfortable about the loan, as "the nervous housewife clause."

Lenders rarely agree to delete this clause. The best I have gotten a lender to do is to modify the clause to read as follows:

"There shall have occurred any significant and material adverse change in the business, operations, properties or condition (financial or otherwise) of mortgagor or any guarantor, which, in the reasonable opinion of the lender acting in good faith, impairs its security or increases its risk."

Fast forward to the present. I practice real estate law with my daughter, Hettie Feldman. Hettie, for obvious reasons, says I can not use the expression "nervous housewife clause."

Out of deference to Hettie, I try to not to use this expression but I have never found a better one to describe this egregious clause in loan documents.

If any of you can think of a better expression, I will buy you lunch.

Just have your girl call my girl.

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New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540