

JANUARY 26, 2015

Not Worth The Paper It's Printed On? Strategies For Dealing With The Fraud Exception To The Parol Evidence Rule

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This article explores possible measures that parties to commercial transaction and their attorneys can take to help ensure greater contract certainty when fraud claims of one type or another are not barred by the parol evidence rule. In California, as in a majority of other states, the parol evidence rule does not bar claims for fraudulent misrepresentations or promises at variance with the terms of a written contract.

This presents a dilemma for parties involved in retail leasing, financing and other commercial transactions. Most lenders, landlords and other institutional and corporate parties do not want their loan documents, leases, and other agreements to be impaired or voided, in whole or in part, due to actual or alleged representations or understandings not reflected in the negotiated written documents.

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