

COMMERCIAL PURCHASE AND SALE AGREEMENTS REVEALED



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What is a Contract?

- An Agreement between two or more persons to do, or not do, certain things
- Express vs Implied
- Unilateral vs Bilateral
- Executory vs Executed
- Valid vs Void

Essential Elements of a Contract

- Competent Parties
- Mutual Assent
(Offer & Acceptance)
- Lawful Objective
- Valuable Consideration

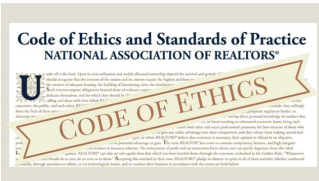


Validity & Enforceability

Valid Contract	Void or Unenforceable Contract
<ul style="list-style-type: none"> • Includes Essential Elements • Satisfy Statute of Frauds (In writing) <ul style="list-style-type: none"> ▪ Sale of Real Property ▪ Not performed within 1 year ▪ Lend Money ▪ Assume another's debts ▪ Contracts of executors & administrators of estates ▪ Contracts for sale of goods ≥\$500 ▪ Contracts for marriage 	<ul style="list-style-type: none"> • No consideration • Party incompetent • Objective unlawful • Forged signature • No mutual consent

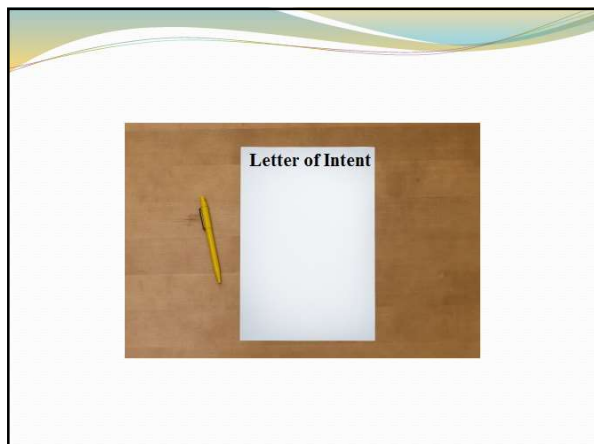
Are You Practicing Law Without a License?

- Article 13 NAR Code of Ethics and Standards of Practice
- DO NOT:
 - Write Contracts
 - Modify Contracts
 - Interpret Contracts



Commercial Mutual Non-Disclosure and Confidentiality Agreement







Commercial Purchase and Sale Agreement Clauses


- Purchase and Sale (1)
 - Parties
 - Property

FIGURE 2 - Section of land divided into quarters (one Section = 36 square miles, 640 acres)

NW 1/4 80 acres		NE 1/4 80 acres	
20 acres	20 acres	40 acres	
SW 1/4 80 acres		SE 1/4 80 acres	
20 acres	20 acres	40 acres	

Commercial Purchase and Sale Agreement Clauses

- Purchase Price (15)
- Earnest Money/Trust Money (19)
 - Failure to Receive (28)
 - Disputes (39)



Commercial Purchase and Sale Agreement Clauses

- Inspections (46)

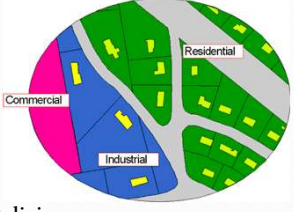


Commercial Purchase and Sale Agreement Clauses

Issues	Due Diligence
• Documents	• Land Use
• Commencement	• Site
• Rights	• Building Code & Development
• Termination	• Transactional/Business & Financing/Cost of Development
• Costs	• Market

Commercial Purchase and Sale Agreement Clauses

- **Land Use Issues**
 - Zoning/Planning
 - Buffers
 - Signage
 - Local Ordinances/Policies



Commercial Purchase and Sale Agreement Clauses

- **Site Issues**
 - Size and Shape
 - Surveys
 - Easements/Rights of Ways
 - Traffic/Roads/Access/Ingress/Egress
 - Environmental Issues
 - Soil characteristics & Topography
 - Other

Commercial Purchase and Sale Agreement Clauses

- **Building Code/Development Issues**
 - Engineering and Building Plans
 - Utilities




Commercial Purchase and Sale Agreement Clauses

- **Transactional/Business & Financing /Costs of Development**
 - Transactional
 - Business & Financing
 - Costs of Development
- **Market Issues**

Commercial Purchase and Sale Agreement Clauses

- Title (60)
 - Warranties of Seller (61)
 - Issues and Objections (70)
- Closing (85)
 - Closing Date (86)
 - Possession (89)



Commercial Purchase and Sale Agreement Clauses

Seller's Obligations at Closing (91)

- Closing Statement (92)
- Deed (93)
 - Statutory
 - General
 - Limited
 - Fiduciary
 - Quit Claim
- Buyer Title Policy (96)
- Additions to Seller's Closing Documents (100)

Commercial Purchase and Sale Agreement Clauses

- Conditions to Closing (103)
- Costs (114)
 - Seller Costs (115)
 - Buyer's Costs (127)
 - Additional Costs (131)



Commercial Purchase and Sale Agreement Clauses

- Taxes and Prorations (140)



- Representations and Warranties (148)

Commercial Purchase and Sale Agreement Clauses

- Agency and Brokerage (161)
 - Agency (162)
 - Agency Disclosure (181)
 - Brokerage (214)



Name: _____

Broker Relationships

Write the letter of the correct match next to each problem.

Choose an answer from the list on the right and write the letter.


1. _____ No Agency	a. Chosen by Broker to represent party as an exclusive agent
2. _____ Client	b. No formal agency relationship/no fiduciary
3. _____ Customer	c. Seller pays commission only if Broker sells property
4. _____ Dual Agency	d. Used if Buyer & Seller not represented by Broker
5. _____ Designated Agent	e. Does not represent either party
6. _____ Transaction Broker	f. Exclusive relationship including fiduciary
7. _____ Exclusive Agency	g. Broker represents Buyer & Seller whose interests may not align
8. _____ Exclus Right to Sell	h. Relationship between Broker and owner or property
9. _____ Material Relationship	i. Seller pays commission no matter who sells property

Commercial Purchase and Sale Agreement Clauses

- Disclaimer (222)

Commercial Purchase and Sale Agreement Clauses

- Destruction of Property (244)



Commercial Purchase and Sale Agreement Clauses

- Other Provisions (253)
 - Exhibits, Binding Effect, Entire Agreement, Modification, Assignment and Binding Agreement Date (254)
 - Survival of Agreement (265)
 - Governing Law and Interpretation (270)

Commercial Purchase and Sale Agreement Clauses

- Other Provisions (cont'd)
 - Time of Essence (272)
 - Terminology (273)
 - Responsibility to Cooperate (283)
 - Notices (290)
 - Remedies (296)

Commercial Purchase and Sale Agreement Clauses

- Other Provisions (cont'd)
 - Equal Opportunity (306)
 - Termination by Buyer (308)
 - Severability (312)
 - Construction (315)

Commercial Purchase and Sale Agreement Clauses

- Exhibits and Addenda (317)
- Special Stipulations (331)
- Method of Execution (346)
- Time Limit of Offer (351)

Commercial Purchase and Sale Agreement Clauses

- Signature Block (360)

Buyer hereby makes this offer:

BUYER	BUYER
By: _____	By: _____
Title: _____	Title: _____
Entity: _____	Entity: _____
Offer Date: _____	Offer Date: _____

Seller hereby:

☐ ACCEPTS - accepts this offer.

☐ COENTERS - accepts this offer subject to the attached Counter Offer(s).

☐ REJECTS this offer and makes no counter offer.

SELLER	SELLER
By: _____	By: _____
Title: _____	Title: _____
Entity: _____	Entity: _____
Date: _____	Date: _____

Binding Agreement Date. This business deal becomes a "Binding Agreement" as the date ("Binding Agreement Date") the last offer, or initial or follow-up, receives notice of offer's acceptance. Notice of acceptance of the last offer was received on the _____ day of _____, 20____.

For Independent Purpose Only:

Listing Company	Selling Company
Independent License	Independent License
License Email	License Email

Commercial Purchase and Sale Agreement Exhibits

- Exhibits
 - Exhibit A – Legal Description (CF501)
 - Exhibit B – Due Diligence Documents (CF502)
 - Exhibit C – Additions to Seller's Closing Documents (CF503)
 - Exhibit D - Seller's Warranties and Representations (CF504)

Thank you and Go Close Those Deals!!!

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