

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

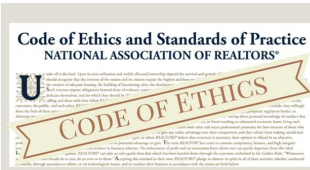


Validity & Enforceability

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"> Contracts for sale of real property Agreements that can't be performed within 1 year Promises to lend money Promises to pay another's debts 	<ul style="list-style-type: none"> No consideration Party incompetent Objective unlawful Forged signature No mutual consent

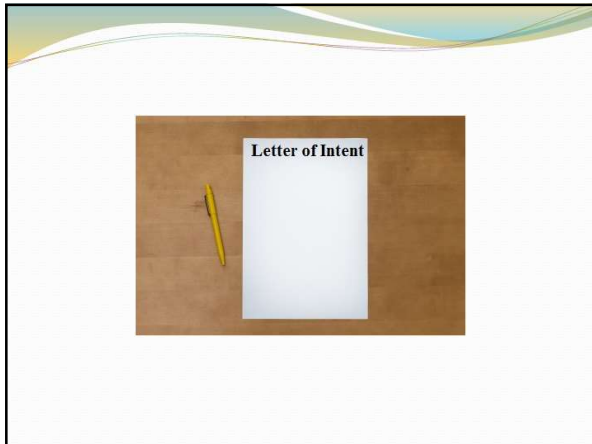
Are You Practicing Law Without a License?

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



Confidentiality/Non-Disclosure Agreement







Commercial Agreement Clauses

- Purchase and Sale (A.1.)
 - Property Identification
 - Legal Description
- Purchase Price (A.2. and B.1.)



Commercial Agreement Clauses

- Closing Costs. Seller's Contributions at closing (A.3)/Costs (B.6.)/Prorations (B7)

- Seller
- Buyer
- Prorations



Commercial Agreement Clauses

- Closing and Possession (A.4.)
 - Closing Date
 - Seller Continues Occupancy of Property
 - Seller's Obligations at Closing (B.4.)
 - Conditions to Closing (B.5.)

Commercial Agreement Clauses

- Holder of Earnest Money (A.5.)
- Closing Attorney/Law Firm (A.6.)
- Earnest Money (A.7., A.12., and B.3.)

Commercial Agreement Clauses (A.8., A.10., and B.2.)

Issues	Due Diligence
<ul style="list-style-type: none"> • Documents • Commencement • Rights • Termination • Costs 	<ul style="list-style-type: none"> • Land Use • Site • Building Code & Development • Transactional/Business/Financing • 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
 - Financing
 - Costs of Development
- **Market Issues**

Commercial Agreement Clauses

- Title Objections (A.9. and B.8.)
- Assignment (A.11. and B. 13.)
- Brokerage Relationships (A.13., B.11., B.12.)

Name: _____

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

Choose an answer from the list on the right. Do not check the box.


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 Agreement Clauses

- Title Objections (A.9. and B.8.)
- Assignment (A.11. and B. 13.)
- Brokerage Relationships (A.13., B.11., B.12.)
- Time Limit of Offer (A.14.)


Commercial Agreement Clauses

- Destruction of Property Prior to Closing (B.9.)



- Representation and Warranties (B.10.)

**Commercial Agreement Clauses
(C)**

- C.1. 
- C.2. Default

**Commercial Agreement Clauses
(C)**

- Other (C.3.)
 - Condemnation
 - Duty to Cooperate
 - Electronic Signature
 - Entire Agreement, Modification & Assignment
 - Extension of Deadline

**Commercial Agreement Clauses
(C)**

- Other (C.3. cont'd)
 - GAR Forms
 - Governing Law & Interpretation
 - No Authority to Bind
 - Notice of Binding Agreement Date
 - Repairs

Commercial Agreement Clauses (C)

- Other (C.3. cont'd)
 - Statue of Limitations
 - Survival of Agreement
 - Warranties Transfer
 - Terminology
 - Time of Essence

Commercial Agreement Clauses (C)

- Definitions (C.4.)
 - Banking Day
 - Binding Agreement Date
 - Broker
 - Business Day

Commercial Agreement Clauses (C)

- Warning to Buyers and Sellers:
Beware of Cyber Fraud(C.5.)



- Limit on Broker Liability (C.6)
- Exhibits & Addenda (C.7.)
- Special Stipulations
