

HIRC

The High-Risers Club

Coach Jeff Wright

Welcome

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- **Ask Jeff : Similarities and Differences Between Commercial and Residential Real Estate**

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Greatness is Within



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HRC LETTER OF INTENT TO PURCHASE AND SELL COMMERCIAL REAL ESTATE EXAMPLE

Non-Binding Letter of Intent

Re: 123 Main St, Hometown, USA 11111

I have been authorized to present the following Letter of Intent to purchase the above referenced property. This letter outlines the terms under which Buyer will work toward executing a Purchase and Sale Agreement with Seller. Both parties agree to use good faith efforts to expeditiously execute a letter of intent within _____ days and a Purchase and Sale Agreement within _____ days after the seller signs this Letter of intent. If a Purchase and Sale Agreement is not executed by the agreed upon date, this proposal and all negotiations may be terminated by either party by notice to the other. The Purchase and Sale Agreement will, among other things, contain the following terms and conditions:

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1. PROPERTY:

Street address: _____

Town: _____

State: _____

Square feet of building: _____

Acreage: _____

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2. SELLER: _____

3. BUYER: _____

and or his/her assigns

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4. PURCHASE PRICE: _____

5. DEPOSITS:

\$_____, payable upon seller, signing this letter of intent, to be applied to the purchase price or refunded to Purchaser if either party terminates negotiations, to be held in escrow by _____

\$_____, payable upon execution of purchase and sale agreement. The Buyer's liability will be limited to loss of Deposit, but the Deposit will be refunded if the Contract is terminated, (a) during the "due diligence period" (b) because of defect in the Seller's title; or (c) because of the occurrence of an adverse event (such as casualty, condemnation, or a discharge of hazardous substances on, onto or from the Property) before closing.

\$_____, payable at closing.

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6. FINANCING:

a) _____ (check) No financing contingency

b) Obligation to purchase will be contingent on Purchaser obtaining a written mortgage commitment from an institutional lender or bank in the amount of \$ _____ for a term of _____ years, with such commitment to be obtained within _____ days after the date of the executed purchase and sale agreement.

c) Other: _____

- Appraisal Contingency (if required) 45 days from the issuance of a loan commitment
- Environmental Contingency (if required): 45 days from the issuance of a loan commitment

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7. DUE DILIGENCE:

7a. COSTS AND EXPENSES:

Buyer will pay costs of all due diligence.

7b. TIME PERIOD

Within 10 days after execution of the purchase and sales contract, the seller must provide all of the due diligence documents that were agreed to in the purchase and sales contract. The due diligence period will be ____ days but does not start until all copies of all of the due diligence documents have been received.

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7c. DOCUMENTS - Please provide as a minimum the following documents (if available). The final list will be agreed to in the contract:

- Certificate(s) of Occupancy
- Engineering Report(s)
- Environmental Report(s)
- Income and Expense Schedule (most recent year)
- Lease(s) (Current)
- Rent roll to include tenant(s), current rent payment to include any additional charges and lease expiration date(s)
- Survey
- Title Insurance Policy (Current)

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7d. INSPECTIONS- may include but are not limited to the following. The final list will be agreed to in the contract:

- Engineering
- Mechanical
- Mold
- PCB's
- Pest
- Radon
- Structural
- Underground storage tank
- Other:

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7e. PROVISIONS:

Buyer shall have the right to terminate the Purchase Agreement within this due diligence period for any reason whatsoever. If Buyer terminates the Purchase Agreement within the due diligence period, the deposit shall be returned to the Buyer.

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8. CLOSING: _____

If financing is involved, the closing to occur within 20 business days from full and complete mortgage commitment to include acceptance of the environmental reports (if any) and the appraised value.

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9. ADJUSTMENTS:

All taxes, fuel, sewer and water charges, rents (if any) and other customary adjustments to be made at closing in accordance with acceptable closing customs of the municipality, county or state in which the Property is located.

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10. A Formal Purchase Agreement will be prepared by Purchaser for review by Seller. The parties acknowledge that they have not set forth herein nor agreed upon all essential terms of the subject matter of an agreed transaction, including without limitation, warranties and representations, conditions precedent, indemnities and other anticipated terms, and essential terms will be the subject of further negotiations. The performance by either party prior to execution of the formal purchase agreement of any of the obligations which may be included in a purchase agreement between the parties when negotiations are completed shall not be considered as evidence of intent by either party to be bound by this Non-Binding Letter of Intent.

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11. EXPENSES:

Each Party will pay its own legal fees in connection with the negotiation of a written purchase and sale agreement. Purchaser will pay the costs of any inspections, title search of survey obtained by Purchaser.

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12. PROPERTY OFF MARKET:

In consideration of the agreement Seller shall take the Property off the market and shall not solicit or entertain offers or interest by third parties.

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13. CONFIDENTIALITY:

Buyer and Seller agree that the terms of this transaction are confidential, and neither will disclose, or permit employees or agents to disclose, the terms of this letter the Purchase Agreement except as reasonably necessary to complete the transaction or as required by law. All Property documents and information are, and shall be treated by Buyer, its agents, employees and consultants as, confidential, and the Purchase Agreement will contain appropriate provisions relating thereto.

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14. SELLER COVENANT:

Without the prior written consent of Buyer (which shall not be unreasonably withheld) after the Purchase Agreement execution, Seller will not, except as required by law: (i) enter into any new lease agreement, extension, expansion, renewal, or any material modification, or any other form of commitment that will bind Buyer other than lease extensions, expansions or renewals that are required pursuant to the existing leases; (ii) enter into any vendor or service agreement not cancelable as of the Closing; or (iii) allow any interest in the Property to be liened, encumbered or transferred.

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15. BROKER:

_____ is the listing broker in this transaction and _____ is the buyer's broker.

Buyer and Seller represent and warrant that neither has employed or dealt with any other broker or finder in connection with this transaction and each party will indemnify the other from and against all brokerage commissions and finders' fees arising or resulting from acts or omissions of the indemnifying party.

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If the terms of this Letter of Intent are acceptable, please sign this letter in the space provided below and return this letter to us by the close of business on _____.

Very truly yours,

Agent/Broker name

Firm

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AUTHORIZED SIGNATORY: Each person signing this Letter of Intent on behalf of Purchaser and Seller is authorized to so sign and to enter into this Agreement. If a partnership all partners other than limited partners must sign; if a corporation an authorized officer must sign: if a limited company all members or an authorized member must sign.

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PURCHASER (printed name): _____

Signature: _____

General Partner/Duly Authorized Corporate Officer/Manager/Individual

Address: _____

Date: _____

SELLER (printed name): _____

Signature: _____

General Partner/Duly Authorized Corporate Officer/Manager/Individual

Address: _____

Date: _____

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DISCLAIMER.

This form is intended to represent an example of a Letter of Intent. Any actual Letter of Intent used in a commercial transaction should be reviewed by an attorney for completeness and accuracy. This form is not intended to represent all terms that may or may not be required in a Letter of Intent. Each transaction will have terms and conditions specific to that transaction.

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Next Session

Buyer Sequence: Valuation

**Tuesday, November 7, 2023
@ Noon Eastern**

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