

LETTER OF INTENT: COMMERCIAL REAL ESTATE

Date: [date]

To (Seller or Landlord): [full legal name or company name], [address]

Attention: [contact name, or broker's name and firm]

From (Buyer or Tenant): [full legal name or company name], [address]

Property: [street address, city, state, ZIP], parcel / tax ID number [number], approximately [number] ☐ acres ☐ rentable square feet (the "Property")

This letter of intent ("LOI") sets out the main terms on which [Buyer or Tenant's name] ("Buyer/Tenant") proposes to ☐ **buy** ☐ **lease** the Property from [Seller or Landlord's name] ("Seller/Landlord"). Section C explains which parts of this LOI are binding. Everything else is a non-binding summary of proposed terms.

A. PROPOSED PURCHASE TERMS

(Use this section for a purchase. Delete it for a lease.)

1. Purchase price. [\$ amount], payable in cash at closing, subject to normal prorations and adjustments.

2. Earnest money. [\$ amount], deposited with [title company or escrow agent] within [number] business days after a purchase agreement is signed. Refundable during the due diligence period.

3. Due diligence. [number] days after the purchase agreement is signed. Within [number] days after signing, Seller will provide: current rent roll and copies of all leases; operating statements for the last [number] years; service, maintenance and management contracts; existing surveys, title policies, environmental reports, property condition reports and permits; and anything else reasonably requested. Buyer may inspect the Property, including environmental and physical inspections, at Buyer's cost.

4. Financing. ☐ All cash, no financing contingency. ☐ Subject to Buyer obtaining a loan of at least [\$ amount or percentage of price] by [date].

5. Title and survey. Seller will provide a title commitment within [number] days. Buyer may obtain a survey. Seller will convey by [special warranty / general warranty] deed, free of liens other than exceptions Buyer accepts.

6. Closing. On or before [number] days after the due diligence period ends. Closing costs split ☐ as is customary in the county ☐ as follows: [describe].

7. Existing leases. ☐ Buyer takes the Property subject to existing leases, with tenant estoppel certificates from [all tenants / tenants occupying at least (percentage) of the space]. ☐ The Property will be delivered vacant.

B. PROPOSED LEASE TERMS

(Use this section for a lease. Delete it for a purchase.)

- 1. Premises.** Approximately [number] rentable square feet at [suite number or description of the space or land].
- 2. Term.** [number] years, starting on [date or "the earlier of the date Tenant opens for business or (number) days after Landlord delivers the Premises"].
- 3. Base rent.** [\$ amount] per square foot per year (or [\$ amount] per month), increasing by [percentage or \$ amount] each lease year.
- 4. Lease type and operating expenses.** ☐ Gross ☐ Modified gross ☐ Triple net (NNN): Tenant pays its pro rata share of real estate taxes, insurance and common area maintenance, estimated at [\$ amount] per square foot for [year]. ☐ Other: [describe].
- 5. Free rent.** [number] months of ☐ base rent ☐ base rent and operating expenses, at [start of term / other timing].
- 6. Tenant improvements.** ☐ Landlord will deliver the Premises in [as-is / "vanilla shell" / described] condition. ☐ Landlord will provide a tenant improvement allowance of [\$ amount] per square foot. ☐ Landlord will perform the following work at its cost: [describe].
- 7. Permitted use.** [describe, e.g. "outpatient physical therapy clinic and related retail sales"].
- 8. Renewal options.** [number] options of [number] years each, at ☐ [percentage] of fair market rent ☐ [\$ amount or increase], with [number] months' prior written notice.
- 9. Security deposit.** [\$ amount]. ☐ A personal guarantee from [name] ☐ No personal guarantee.
- 10. Parking and signage.** [number] parking spaces ☐ reserved ☐ unreserved; signage on [building / pylon / storefront], subject to landlord approval and local codes.
- 11. Contingencies.** Tenant's obligations under the lease will depend on obtaining [permits, licenses, zoning approvals or financing] by [date].

C. BINDING AND NON-BINDING TERMS

- 1. Non-binding terms.** Sections A and B, and anything else in this LOI not listed in paragraph C.2, are not binding. They are a summary of proposed terms only. Neither party is obligated to buy, sell, lease or rent the Property, or to continue negotiating, unless and until both parties sign a final purchase agreement or lease. Either party may end negotiations at any time, for any reason, by written notice, without liability, except under the binding terms below.
- 2. Binding terms.** Once this LOI is signed by both parties, the following paragraphs are binding:

(a) **Confidentiality.** Each party will keep the terms of this LOI, and any non-public information it receives about the other party or the Property, confidential, and will share it only with its lenders, investors, advisers and consultants who need to know it and agree to keep it confidential, or as required by law. This lasts for [number] months after this LOI is signed or ends.

(b) **Exclusivity (optional; delete if not used).** For [number] days after this LOI is signed, Seller/Landlord will not market the Property to, solicit or accept offers from, or negotiate with anyone else for the ☐ sale ☐ lease of the Property, or the portion of it described above.

(c) **Costs.** Each party pays its own legal, broker (except as stated in Section D), inspection and other costs, whether or not a final agreement is signed.

(d) **Access.** If Buyer/Tenant enters the Property before a final agreement is signed, it will do so only with Seller/Landlord's permission, will carry liability insurance, and will repair any damage it causes.

(e) **This Section C, and the governing law, expiration and signature paragraphs below.**

D. BROKERS

Buyer/Tenant is represented by [broker and firm, or "no broker"]. Seller/Landlord is represented by [broker and firm, or "no broker"]. Commissions are paid by [who], under separate written agreements.

E. GENERAL

Drafting the final agreement. [Buyer/Tenant's or Seller/Landlord's] attorney will prepare the first draft of the purchase agreement or lease within [number] days after this LOI is signed.

Governing law. This LOI is governed by the laws of the state where the Property is located.

Expiration. This LOI expires if not signed by both parties by 5:00 p.m. local time on [date].

Counterparts and electronic signatures. The parties agree this agreement may be signed electronically and in counterparts, and an electronic signature has the same effect as a handwritten one.

Signatures

Buyer or Tenant

Signature: _____

Name: [full name]

Date: [date]

Seller or Landlord

Signature: _____

Name: [full name]

Date: [date]