

PURCHASE & SALE AGREEMENT (PSA) STRUCTURE & ABSTRACT TEMPLATE

A summary of items with ** are often included in a 3-6 page letter of intent (LOI)

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General Guidelines: list section number where the information can be found for ease of reference.

Definitions: many legal documents are full of “defined terms”. This is especially true for joint venture and loan agreements. A defined term is typically a word that is capitalized and has a specific meaning that may or may not be like the normal definition of the word.

*Example: “capital expenditure” and “Capital Expenditure”. The latter would be a defined term that would either be (a) listed before the first use of the term or (b) listed in a separate list of definitions. “capital expenditures” may mean different things to different people whereas “Capital Expenditures” will be specifically defined as “in accordance with generally accepted accounting principles” or similar. **Very important:** don’t assume the meaning of a defined term. Read the definition.*

General	
Seller**	[legal name of seller; typically, a single purpose LLC – example: 123 Main Street, LLC]
Buyer**	[legal name of buyer]
Property**	[property address with legal description as an exhibit]. What is being sold: <ul style="list-style-type: none"> ● Land, improvements (ie. Buildings), and personal property. ● Various items associated with the property such as trademarks, trade names, service contracts, guarantees, plans, permits, and warranties.
Purchase Price**	[enter amount]
Deposit**	[enter amount; buyer will put up a deposit within X days of signing the purchase and sale agreement and then may or may not increase the deposit at the expiration of due diligence period. This is deposited with escrow in a sole order account controlled by the buyer. Upon buyer waiving due diligence and going non-refundable, the deposit is moved to an escrow account controlled by escrow in accordance with the PSA.]
Broker**	[if any]
Escrow Company**	[escrow company – ex. First American Title Insurance Co. or Fidelity] The escrow company is a neutral third party that manages financial and procedural interactions (ex. document exchange) between the buyer and seller.
Title Company**	[title company – ex. First American Title Insurance Co. or Fidelity] The title company provides title documents and insurance. See document on TITLE REPORTS AND INSURANCE for details. It is typically the same company as escrow.

Key Dates	
Effective Date	[date of the agreement]
Due Diligence Period Expiration Date**	[length of the due diligence period – ex. 30 days from effective date]
Closing Date**	[date closing, often listed in days after the due diligence period expiration – ex. 10 or 30 days]
Extended Closing Date**	[extended closing date if buyer or seller has the right to extend closing]

Title, Survey & Title Insurance	
Deed	Seller conveys property to buyer via deed. Form of deed is an exhibit to the PSA.
Title	See document on TITLE REPORTS AND INSURANCE for details. Buyer has a specific time period to review title.

Conditions During Escrow	
Contracts & Leases	Buyer will typically have approval rights over entering into contracts and leases from the effective date until the due diligence period expires. If the buyer goes non-refundable, then buyer will typically have controlling rights.
Leasing Costs	Buyer will typically be responsible for commissions and tenant improvements from leases executed after the effective date of the PSA.

Due Diligence	
Due Diligence Inspections	See document on ACQUISITION PROCESS & DUE DILIGENCE REPORTS for details.
Due Diligence Materials and Review	<p>Provided by Seller to Buyer. Typical materials:</p> <ul style="list-style-type: none"> ● Leases and tenant contact list. ● Operating statements such as income statements, current year budget, reimbursement (aka CAM) reports and calculations, property tax statements and appeals, service contracts and vendor lists, utility lists and invoices. ● Legal & Insurance: any pending legal and/or insurance actions. ● Reports & Inspections: environmental, asbestos survey and/or operations and maintenance plan, roof and HVAC reports, hazardous material surveys, structural report, soil report, ADA report, building square footage calculations, fire sprinkler reports, backflow preventor reports, and any permits/inspections. Some sellers will not have all reports nor be willing to provide old reports. ● Title & Zoning: preliminary title report with underlying documents (from title company), any CC&Rs with contact information, occupancy certificates, building permits, zoning ordinances from city, natural hazard disclosure reports, and development agreements/bonds. ● Other: capital improvement schedule for past [3] years, warranties/guaranties (especially roof), and any other relevant property information.

Legal Description	[legal description of the property being sold]
Due Diligence Materials**	[list of materials seller must provide to buyer]
Form of Deed	[recorded document evidencing sale of the land and buildings]
Form of Bill of Sale	[document evidencing sale of the personal property]
Form of General Assignment	[document evidencing transfer of contract such as leases, warranties, and service contracts]
Form of Estoppel	[unilateral statement signed by tenant for benefit of a buyer/landlord and lender stating the key terms of the lease]