

### 1.8 LETTER OF INTENT

**1. Letter of Intent.** This Letter of Intent (“LOI”) sets forth certain non-binding provisions and certain binding provisions between Buyer and Seller with respect to purchase of certain property described below.

**2. Names of Parties to this LOI (the “Parties”):**

Buyer _____	Seller _____
Buyer _____	Seller _____
Buyer _____	Seller _____
Buyer _____	Seller _____

**3. Names of Brokers or Real Estate Agents.**

Buyer’s Agent: \_\_\_\_\_ Seller’s Agent: \_\_\_\_\_

**4. Property Description (the “Property”).**

Property Address: \_\_\_\_\_ County of: \_\_\_\_\_

**5. Property Type:**  Residential<sup>1</sup>  Commercial<sup>2</sup>  Manufactured or Floating Home<sup>3</sup>  Agricultural Land<sup>4</sup>  Vacant Land<sup>5</sup>  
Provisions with superscript number (1, 2, 3, 4, 5) only apply to the above numbered Property Type.

**6. Counting Time.** All time and date related provisions in this LOI are proposed to begin upon Mutual Acceptance of the Agreement by both parties. The time and date related provisions are to be interpreted using the time zone in which the Property is located. Any period counted in either Business Days or Calendar Days commences on the next Business Day or Calendar Day, respectively, following the triggering event. Unless otherwise stated in this Agreement, the triggering event is Mutual Acceptance of this Agreement. A period ends, or a deadline is reached, at 5pm (if Business Days) or 11:59pm (if Calendar Days) on the final day of the period or on the day of the deadline.

#### NON-BINDING PROVISIONS

Parties to this LOI agree and acknowledge that all Non-Binding Provisions reflect only general understandings of matters described therein and are not intended to constitute a complete statement of, or legally binding or enforceable obligation on the part of the Parties. Neither Party shall have any liability to the other with respect to the Non-Binding Provisions until a Real Estate Purchase and Sale Agreement (“Agreement”) is signed and delivered by and between the Parties. If an Agreement is not prepared, signed, or delivered for any reason, neither Party to this LOI shall have any liability to any other Party arising from the Non-Binding Provisions of this LOI.

**7. Basic Transaction.** Subject to any changes to the provisions that may be negotiated by the Parties in the Agreement, the Buyer would purchase the Property from Seller upon the terms and provisions in this LOI.

The Agreement would contain all the usual and customary conditions and terms found in an OR Forms Purchase and Sale Agreement, and any addendums, exhibits, or additions thereto.

**8. Proposed Real Estate Commission.** A commission would be paid by  Buyer;  Seller; or  Other: \_\_\_\_\_  
If Property is not currently listed in an MLS, a sale commission of \_\_\_\_\_% of the Purchase Price would be paid to Seller’s Broker.

**9. Proposed Financial Terms.**

- (i) Buyer would purchase the above described Property from Seller for the **Purchase Price** of \$ \_\_\_\_\_
- (ii) **Earnest Money** to be held by  Escrow; or  \_\_\_\_\_ (Client Trust Account Holder) \$ \_\_\_\_\_
- (iii) **Balance of Down Payment** to be paid at Closing \$ \_\_\_\_\_
- (iv) **Balance of Purchase Price** to be paid at Closing by  Cash  Loan  Seller Financing \$ \_\_\_\_\_  
If Paid in Cash and based on Contingent Funds/Nonliquid Funds, specify: \_\_\_\_\_
- (v) **Buyer’s closing costs and prepaid items** to be paid by Seller (if applicable) in the amount of \$ \_\_\_\_\_

**10. Proposed Loan Program (if applicable):**  Conventional  FHA  VA  USDA  ODVA  Private Money  
 Other (specify \_\_\_\_\_). **Buyer is pre-approved**  Yes (will attach to offer)  No

**11. Proposed Financing Representations/Proof.** Buyer would provide evidence of Buyer’s Intent to Proceed with loan or would provide Proof of Funds within  2 Business Days;  5 Business Days; or  \_\_\_\_\_ Business Days

**12. Proposed Conveyance.** Transaction to be accomplished by way of  Deed;  Title Transfer<sup>3</sup>; or  
If transaction to be Seller-Carried:  Promissory Note and Deed of Trust; or  Land Sale Contract

**Buyer Initials** \_\_\_\_\_ **Seller Initials** \_\_\_\_\_



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46 **13. Proposed Closing:** Date: \_\_\_\_\_ Possession Date, if different: \_\_\_\_\_

47 **13a. Proposed Prorations** will occur as of  Closing  Possession  Other Date \_\_\_\_\_

48 **14. Escrow (if applicable):** Escrow Company/Agent \_\_\_\_\_ Officer \_\_\_\_\_

49 **15. Proposed Included Items.** All Fixtures and integral related items (see below definitions), and no Personal Property, except:

50 **15a. Specifically included Personal Property in as-is condition at no value:** \_\_\_\_\_

51 \_\_\_\_\_

52 \_\_\_\_\_

53 \_\_\_\_\_

54 **15b. Excluded Fixtures:** \_\_\_\_\_

55 **16. Tenants:** Property is currently Tenant-Occupied  Yes  No

56 **16a.** If yes, Seller to issue termination notice to Tenant:  Yes  No

57 **17. Proposed purchase/Sale Contingencies.** Subject to  Buyer's Sale Contingency  Seller's Purchase Contingency

58 **18: Home Warranty.** Home warranty included  Yes  No. Paid by  Seller  Buyer  Other (Specify: \_\_\_\_\_)

59 Description (plan type, issuer and cost): \_\_\_\_\_

60 **19. Contingencies, Diligence, Disclosures.** Buyer plans to utilize all of the following and release or waive all unselected options:

61  Appraisal Contingency

62  Loan Contingency

63  Title Review Period (Buyer has  5 Business Days;  10 Business Days; or  \_\_\_\_\_ Business Days to object to title)

64 (Seller has  5 Business Days;  10 Business Days; or  \_\_\_\_\_ Business Days to correct title objections)

65  Due Diligence Period<sup>1, 2, 3, 4, 5</sup> (Buyer has  10 Business Days;  20 Business Days; or  \_\_\_\_\_ Business Days for diligence review)

66  Rental Document Review Period<sup>3</sup> (Buyer has  10 Business Days; or  \_\_\_\_\_ Business Days to review Rental Documents)

67  Lead-Based Hazard Inspection Period<sup>1, 2, 3, 4</sup> (Buyer has 10 Calendar Days to complete inspection)

68  Statutory Seller Property Disclosure Statement Review Period<sup>1, 2, 3, 4</sup> (Buyer has 5 Business Days after delivery to revoke offer)

69  Seller Agricultural Land Disclosure Review Period<sup>4</sup> (Buyer has 5 Business Days to Terminate based on disapproval)

70  Seller Vacant Land Disclosure Review Period<sup>5</sup> (Buyer has 5 Business Days to Terminate based on disapproval)

71 **20. Environmental Assessments<sup>2</sup>:** If Buyer performs a Phase 1 environmental assessment and a Phase 2 assessment is necessary,

72 Seller will extend any due diligence periods by  45 Calendar Days; or  \_\_\_\_\_ Calendar Days; or  Seller will not extend period.

73 **21. Proposed Earnest Money Deposit:** Within  3 Business Days; or  \_\_\_\_\_ Business Days

74 **22. 1031 Exchange Like-Kind Exchange.**

75 Buyer intends to do a 1031 Exchange as part of the Agreement:  Yes  No

76 Seller intends to do a 1031 Exchange as part of the Agreement:  Yes  No

77 **23. Grazing, Timber, Crop, Mineral Rights<sup>4</sup>.** The Seller intends to retain crop, timber, grazing rights, or mineral rights in the Property

78 after Closing.  Yes (Specify: \_\_\_\_\_)  No

79 **24. Water Rights<sup>4</sup>.** Water rights are associated with the Property and will transfer with the Sale.  Yes  No

80 **25. Title Reports, Documents and Contingency.** Seller would provide Buyer with an American Land Title Association ("ALTA") Standard

81 Coverage Owner's Policy of Title Insurance, showing title vested in Buyer, at Seller's Expense. Buyer may acquire extended coverage

82 at Buyer's expense. If applicable, Buyer would pay the cost of obtaining the ALTA Loan Policy of Title Insurance required by Buyer's

83 lender.

84 **26. Proposed Proration of taxes, fees, utilities, rents and deposits.**

85 Unless the Parties agree otherwise in writing:

86 **Buyer** would be responsible for all property-related taxes, fees and utility charges, and would be entitled to all property-related

87 rents and other income that accrue after the chosen Proration date. If Buyer is taking Property subject to tenant, all deposits held

88 by Seller on behalf of tenant would be transferred to Buyer.

Buyer Initials \_\_\_\_\_

Seller Initials \_\_\_\_\_

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89 **Seller** would be responsible for paying all property-related taxes, fees and utility charges, and would be entitled to all property-  
90 related rents and income, that accrue prior to the chosen Proration date.

91 **27. Proposed Closing Costs.** Compensation for real estate agents would be paid at Closing according to the terms of any written  
92 compensation agreement between the Parties and their agents/agent's firms and/or between the agents/agent's firms. Unless  
93 otherwise agreed in writing or prohibited by Buyer's loan program, Closing Costs would be divided as follows:

94 **Buyer to pay at or before Closing.** Buyer's recording fees, Buyers closing costs not agreed to be paid by Seller, and, if applicable,  
95 lender fees and cost of lender's title insurance policy.

96 **Seller to deduct from the proceeds of the Sale to pay.** Owner's title policy [Owner's title policy will not be construed as a Seller  
97 credit], Seller's recording fees, the costs of clearing any liens or encumbrances that must be cleared to meet the terms of this  
98 LOI, other Seller's closing costs and any of Buyer's closing costs agreed to be paid by Seller in this LOI.

99 **28. Closing, Possession, Property Condition.** Closing and Possession would occur by 5:00pm on the Closing Date. If the Closing Date  
100 fell on a day other than a Business Day, or any other day when the county recording office is closed, the Closing Date would be the next  
101 day that is not a Saturday, Sunday, legal holiday, or day when the county recording office is closed.

102 At the time of Possession, Seller would deliver the Property and all its included components to Buyer in substantially the same  
103 condition as when the Parties came to Mutual Agreement on this LOI.

### BINDING PROVISIONS

104 Binding Provisions will constitute legally binding and enforceable agreements of the Buyer and Seller. The Buyer and Seller are  
105 advised to seek independent legal counsel to further interpret or understand their rights under this LOI.

107 **29. Termination.** Either Party may terminate this LOI:

- 108 (i) at any time by mutual written consent; or
- 109 (ii) where a Party is in breach of these Binding Provisions, the non-breaching Party may deliver a written statement terminating  
110 this LOI and stating which Binding Provision the other Party has breached.

111 Upon termination, the Parties shall have no further obligations under this LOI unless the LOI provision states otherwise.

112 **30. Expiration Date.** If the Parties do not sign and deliver the Agreement or terminate this LOI by 5:00 P.M. on \_\_\_\_\_  
113 [Date], the Parties will be considered to have mutually agreed to terminate this LOI.

114 **31. Reasonable Efforts.** The Parties will negotiate in good faith and use reasonable efforts to arrive at a mutually acceptable contract  
115 for signature and delivery until such point that this LOI is terminated.

116 **32. Confidentiality.** If this LOI is terminated, each Party agrees they will not retain any documents, work papers, or other materials  
117 from the other Party as a result of or in connection with this LOI, and will not use or disclose any confidential, non-public information  
118 in those documents, work papers, or other materials unless required by law. Neither Buyer nor Seller may disclose the existence or  
119 status of this LOI or any negotiations to any party other than Seller or Buyer's attorney, broker, lender, or other advising agent  
120 related to this LOI, unless required by law. This provision will survive termination of the LOI.

121 **33. Brokers.** The Parties agree and acknowledge that the Brokers and Real Estate Agents designated in this LOI have participated in  
122 the transaction by acting as agent for the Parties during the negotiations.

123 **34. Costs.** Buyer and Seller will pay all of their own respective costs and expenses incurred in connection with this LOI, including, but  
124 not limited to, attorney review, professional services, and advisory fees. This provision will survive termination of the LOI.

125 **35. Non-Discrimination.** The Parties agree and acknowledge that it is illegal for either Party to refuse to display, lease, or sell the  
126 Property to any person on the basis of race, color, national origin, religion, gender, familial status, disability, marital status, or source  
127 of income. The Parties agree to comply with all applicable federal, state, and local fair housing laws.

### 36. Signatures.

129 IN WITNESS WHEREOF, the Parties have caused this LOI to be executed as of the day and year accompanying the signatures below:

130 Buyer: \_\_\_\_\_ Dated: \_\_\_\_\_ Seller: \_\_\_\_\_ Dated: \_\_\_\_\_  
 131 Buyer: \_\_\_\_\_ Dated: \_\_\_\_\_ Seller: \_\_\_\_\_ Dated: \_\_\_\_\_  
 132 Buyer: \_\_\_\_\_ Dated: \_\_\_\_\_ Seller: \_\_\_\_\_ Dated: \_\_\_\_\_  
 133 Buyer: \_\_\_\_\_ Dated: \_\_\_\_\_ Seller: \_\_\_\_\_ Dated: \_\_\_\_\_

134 **37. This LOI was delivered/presented on:** \_\_\_\_\_ [Date], at \_\_\_\_\_ [Time]  
 135 By: \_\_\_\_\_ [Agent Name]  
 136 \_\_\_\_\_ [Agent Signature]