

# LEGALDOCS

## Raw Land Purchase Agreement - Short Form - Example Document

This is a sample Raw Land Purchase Agreement, Short Form, based on a hypothetical sale of a some unimproved real property. In this example, the agreement contains the following basic terms:

- Purchase Price: \$750,000;
- Deposit: \$25,000;
- Description of due diligence contingency dates;
- Description of escrow closing date;
- Property description, address and legal description to be attached;
- Name of Title Company and Escrow Company;
- Delivery of preliminary title report and dates for delivery;
- Delivery of property disclosure documents and dates for delivery;
- Description of brokers and compensation;
- Description of different warranties Seller will make; >LI> Description of manner of waiver or objection to contingencies;
- Provisions of for written notice to the parties; and
- Signing information.

This Agreement can be used as the basic and binding sales contract for unimproved real estate, which the parties then would hand to the escrow agent, and would then be used as the escrow agent's instructions for the transaction.

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### PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS

THIS PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS ("Agreement"), dated for reference purposes \_\_\_\_\_, is entered into on this day by and between John Thompson, an individual ("Seller"), and Single Point Investors, LLC, a limited liability company ("Buyer").

#### ARTICLE 1. RECITALS

1.1 The Property. Seller is the owner of unimproved real property commonly known as 1035 - 1039 Single Point Lane, Temecula, California, located in the City of Temecula, County of Riverside, State of California. The Property is more particularly described on Exhibit "A" attached hereto (the "Land"). The Land is also referred to as the "Property", which term shall also encompass, in addition to the Land, all of Seller's right, title and interest in and to any easements, rights of way, air rights, mineral, water and riparian rights appurtenant to the Land, and all permits, land use entitlements, development rights, sewer

capacity, map approvals, and other rights or approvals relating to or authorizing the development, construction, ownership, or the operation of the Property..

1.2 Intention of the Parties. Buyer wishes to purchase the Property from Seller, and Seller is willing to sell the Property to Buyer, all on the terms and subject to the conditions of this Agreement.

## **ARTICLE 2. DEFINITIONS**

2.1 Definitions. Unless the context otherwise indicates, whenever used in this Agreement:

2.1.1 "City" means the City of Temecula.

2.1.2 "Closing Date" means the date which is thirty days after the Contingency Date.

2.1.3 "Contingency Date" means the date which is the later of sixty days after the Effective Date, or thirty days following approval by the City of Buyer's preliminary development permit application

2.1.4 "County" means the County of Riverside.

2.1.5 "Deposit" means the sum of \$25,000.

2.1.6 "Effective Date" means the date on which both Buyer and Seller have signed this Purchase and Sale Agreement, or if signed on different dates, the date this Agreement was signed by the later signing signator.

2.1.7 "Escrow Holder" means Nationwide Title Insurance Company.

2.1.8 "Hazardous Materials" means any substance, material or other thing regulated by or pursuant to any federal, state or local statute or ordinance by reason of its potential for harm to human health or the environment, or because of its flammability, toxicity, reactivity or corrosiveness, including but not limited to those substances defined as "hazardous substances", "hazardous materials", or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.; or the Hazardous Materials Transportation Act, 49 U.S.C. § 1801 et seq.; or the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq.; and also including those substances defined as "hazardous wastes" or as "hazardous substances" pursuant to the laws of the state of California; and in the regulations adopted and publications promulgated pursuant to all such current and future federal and state laws and local ordinances.

2.1.9 "Property Documents" means all reports, studies and information relating to the Property, including without limitation the items described in Paragraph 7.2.

2.1.10 "Purchase Price" means the sum of Seven Hundred Fifty Thousand Dollars (\$750,000).

2.1.11 "Title Insurer" means Nationwide Title Insurance Company - Escrow Department.

## **ARTICLE 3. AGREEMENT OF PURCHASE AND SALE**

3.1 Agreement of Purchase and Sale. In consideration of the covenants contained in this Agreement, Buyer shall purchase the Property from Seller, and Seller shall sell the Property to Buyer, for the Purchase Price and upon the terms and subject to the conditions of this Agreement.

## **ARTICLE 4. BUYER'S DELIVERIES TO ESCROW HOLDER**

4.1 Deposit. Buyer shall, concurrently with delivery of this Agreement, deliver to Escrow Holder the Deposit in Cash. The Deposit shall be invested by Escrow Holder into an interest bearing account, and

both the Deposit and all interest accrued thereon shall be applicable to the Purchase Price.

4.2 Deliveries Before Closing Date. Subject to the following Paragraph, Buyer shall, no later than 1:00 p.m. of the last regular business day before the Closing Date (or, with respect to Cash being wire-transferred to Escrow Holder, no later than 11:00 a.m. on the Closing Date), deliver to Escrow Holder each of the following:

4.2.1 Balance of the Purchase Price. In immediately available funds, the balance of the Purchase Price after crediting the Deposits.

4.2.3 Additional Documents. Any additional documents that Escrow Holder or Title Insurer may reasonably require that are not inconsistent with the other provisions of this Agreement.

4.2.4 Buyer's Charges. In immediately available funds, the charges to Buyer under the Article 9. of this Agreement entitled "Prorations, Fees and Costs".

## **ARTICLE 5. SELLER'S DELIVERIES TO ESCROW HOLDER**

5.1 Deliveries Before Closing Date. Seller shall (i) convey to Buyer the fee estate to the Property free of all encumbrances and matters except those permitted by Paragraph 8.1.2, and (ii) no later than 3:00 p.m. of the second (2nd) Business Day before the Closing Date deliver to Escrow Holder:

5.1.1 Seller's Deed. Seller's Deed, conveying the Land to Buyer, signed and acknowledged by Seller and such person(s) as Title Insurer requires in order to issue the Title Policy.

5.1.2 FIRPTA Affidavit. A FIRPTA affidavit stating that Seller is not a "foreign person" as defined in the federal Foreign Investment in Real Property Tax Act of 1980 and any similar affidavit to comply with the tax withholding requirements of the state of California; provided, however, that in the event Seller is unable or unwilling to deliver the FIRPTA affidavit, in lieu thereof Escrow Holder shall adjust the funds payable to Seller in such a manner as to comply with the withholding provisions of such statutes.

## **ARTICLE 6. SPECIAL CONDITIONS; WAIVER; TERMINATION**

6.1 Special Conditions. The Close of Escrow is subject to the following special conditions:

6.1.1 Title. Buyer's approval of matters (excepting taxes, deeds of trust or other liens) described in the Preliminary Report. No later than 10 days after the Effective Date, Seller at Seller's expense will deliver to Buyer a Preliminary Report pertaining to the Property dated no earlier than the Effective Date, with legible copies of all listed exceptions.

6.1.2 Suitability of the Property for Buyer's Purposes. Buyer's approval of the physical condition, soils, maintenance history, appearance, marketability, investment potential, any studies or investigations made by Buyer pursuant to Paragraph 10.2 below, the Property Documents (including the documents to be delivered pursuant to Paragraph 7.2 below) and all other aspects of the Property which Buyer, in its sole and absolute discretion, deems material to Buyer's decision to purchase the Property.

6.1.3 Environmental Contingency. Buyer's approval of a Phase I environmental site assessment made at Buyer's expense under Buyer's direction, and all other studies or investigations made by Buyer relating to the presence of Hazardous Materials or other environmental conditions on the Property.

6.2 This contingencies and conditions to closing set forth above shall be conclusively deemed to have failed, and the Escrow will terminate and Deposit returned to Buyer, unless Buyer delivers to Seller and Escrow Holder, on or before the Contingency Date, written notice of approval of the conditions set forth in this Section 6.1.2. In the event that Buyer should in its sole and absolute discretion timely disapprove

any of the above set forth contingencies, or the contingencies are deemed disapproved as set forth above, then the Deposit and all accrued interest thereon shall be returned to Buyer and this Agreement, and all rights and obligations of the parties, shall terminate; provided, however, that Buyer's obligations under Paragraph 10.2 shall survive any such termination.

## **ARTICLE 7. PRE-CLOSING RIGHTS AND OBLIGATIONS**

7.1 Delivery of Property Documents. No later than five days after the Effective Date, Seller shall provide Buyer copies of the following Property Documents, to the extent not already delivered to Buyer: (i) existing topography maps and surveys, (ii) all existing current reports pertaining to the Property, (iii) all warranties and guaranties relating to the Property that are in Seller's possession; (iv) all permits and governmental correspondence and notices relating to any Property that are in Seller's possession; (v) a current title report, together with copies of all exceptions to title; (vi) preliminary grading plans, building design concepts and elevations in Seller's possession, (vii) all reports concerning the physical condition of any Property that are in Seller's possession; (viii) all soil reports relating to any Property that are in Seller's possession; (ix) any environmental site assessments relating to the Property that are in Seller's possession; and (x) the bill for Property Taxes for the current tax year.

7.2 Consultation by Buyer About Property. During the term of this Escrow, Buyer and its representatives, employees, agents and independent contractors may (i) meet with all City, County, district and other governmental entities and agencies, and (ii) discuss with any of those entities or agencies Buyer's proposed development.

7.3 Cooperation With Exchange. Each party agrees to cooperate with the other party in completing an exchange qualifying for non-recognition of gain under Internal Revenue Code §1031 and the applicable provisions of the tax code of the state of California ("Exchange"), and each party reserves the right to convert this transaction to an Exchange at any time before the closing date.

## **ARTICLE 8. THE CLOSING**

8.1 Conditions to Closing. Escrow shall close on the Closing Date WHEN AND ONLY WHEN (i) All funds and documents described in Articles 4 and 5 have been delivered to Escrow Holder, and (ii) Title Insurer is irrevocably committed to issue an ALTA Title Policy with liability in the amount of the Purchase Price, insuring that the fee title to the Property vests in Buyer subject only the exclusions listed in the standard "Schedule of Exclusions from Coverage" in the Title Policy, Property Taxes which are, as of the Close of Escrow, not delinquent, the exceptions to coverage listed in the Preliminary Report that are Permitted Exceptions, and any liens voluntarily imposed by Buyer.

## **ARTICLE 9. PRORATIONS, FEES AND COSTS**

9.1 The parties will prorate all income (leases, etc.) and expenses (property and supplemental taxes, utilities, etc.) to the Close of Escrow.

9.2 If information to prorate income and expense items is not available at the Close of Escrow, the parties will prorate such matters after the Close of Escrow, after receiving more accurate information with respect thereto.

9.3 Seller's Charges. Seller shall pay (i) all Documentary Transfer Taxes, (ii) the Title Policy premium in an amount that does not exceed the premium for a standard coverage policy, (iii) one-half of Escrow

Holder's fee or termination charge, (iv) fees for beneficiaries' statements, and (v) usual seller's document-drafting and recording charges.

9.4 Buyer's Charges. Buyer shall pay (i) one-half of Escrow Holder's fee or termination charge, (ii) any costs associated with any Survey separately requested by Buyer, (iii) the additional Title Policy premium for a lender's policy above a standard policy, and (iv) usual buyer's document-drafting and recording charges.

## **ARTICLE 10. POSSESSION; ENTRY BY BUYER**

10.1 Possession. Possession of the Property shall pass to Buyer at the Close of Escrow, free and clear of all interests of third parties.

10.2 Entry by Buyer. Buyer may, prior to the Close of Escrow, reasonably go upon the Property for purposes of inspecting, testing and the like, subject to the following terms and conditions:

10.2.1 Permits. Before undertaking any activity on the Property which requires a permit from the City and/or County (or other applicable governmental authority), Buyer or Buyer's agent shall obtain such permit and pay any fee or expense required to obtain or carry out the permit.

10.2.2 Indemnity. Buyer agrees to indemnify and hold Seller and the Property harmless from any claim, cost, lien, action or judgment (including, without limitation, Seller's attorney's fees and defense costs) pertaining to such entry.

10.2.3 Notice. Buyer shall give Seller no less than 24 hours' telephonic notice of Buyer's entry onto the Property, and Seller shall have the right to accompany Buyer onto the Property and during any such inspections.

## **ARTICLE 11. ACKNOWLEDGMENTS, WARRANTIES AND REPRESENTATIONS**

11.1 "As Is" Purchase. Subject to the representations, warranties and covenants of Seller expressly set forth in this Agreement, Buyer shall accept the Property in its "as is" condition or status as of the Effective Date.

11.2 Brokerage Commissions. Seller has employed the services of Realty Brokers, Inc. pursuant to a separate written agreement between them, and Seller will pay to Realty Brokers, Inc. a brokerage commission of five percent of the Purchase Price, such commission to be paid out of escrow proceeds. Buyer has employed the services of Sam Gungee Realty pursuant to a separate written agreement between them. Seller will pay to Sam Gungee Realty a brokerage commission of equal to one half of the commission paid to Seller's Broker, such commission to be paid out of Seller's Broker's commission and escrow proceeds. Each party warrants to the other that other than as set forth above, the warranting party has incurred no obligation for any real estate brokerage commission for which the other party would be liable. Each party will hold the other party free and harmless from and against any damage or expense the other party may incur by reason of the untruth as to the warranting party of the foregoing warranty, including expenses for attorneys' fees and court costs.

11.3 No Hazardous Materials. Seller represents and warrants that to the best of Seller's knowledge, except in compliance with applicable laws, (i) the Property is free of Hazardous Materials; (ii) no environmental condition on the Land is in violation of any applicable federal, state or local law, ordinance or regulation relating to Hazardous Materials; and (iii) there have been in the past no suits, claims or causes of action or other governmental or administrative proceedings against the Property

alleging the presence, release or threatened release of any Hazardous Materials.

11.4 Condition of the Property. While Seller does not warrant the condition of the Property, Seller has no actual knowledge of any material conditions relating to the Property that are not reflected in the Property Documents actually delivered to Buyer pursuant to Paragraph 7.2.

11.5 No Environmental Restrictions. Seller has no knowledge of any environmental conditions, including but not limited to presence of any endangered species, vegetation or wetlands areas, that would make any portion of the Property subject to development restrictions.

11.6 Free of Liens and Claims of Possession. Buyer will take the Property free from all claims, including any claims for rights of possession, any easements and/or rights of way for private or public uses, other than as set forth in the Review Documents.

11.7 Information Provided to Buyer. To Seller's actual knowledge, all Property Documents and other documents and information delivered to or inspected by Buyer pursuant to the terms of this Agreement are either original counterparts or complete and true copies of such documents, and Seller is aware of no material inaccuracy in or material misrepresentation of the matters purported to be contained therein.

## **ARTICLE 12. REMEDIES IN THE EVENT OF DEFAULT**

12.1 Default by Buyer. BY PLACING THEIR INITIALS TO THIS SECTION 12.1 BELOW, THE PARTIES AGREE THAT THE PURCHASE PRICE HAS BEEN DETERMINED NOT ONLY BY A CONSIDERATION OF THE VALUE OF THE PROPERTY PER SE BUT ALSO BY A CONSIDERATION OF THE VALUE OF THE VARIOUS COVENANTS, CONDITIONS AND WARRANTIES OF THIS AGREEMENT AS THEY RELATE TO THE PROPERTY. THE CONSIDERATION OF SUCH VALUES, SOMETIMES MEASURABLE IN RELATION TO KNOWN EXTERNAL STANDARDS AND SOMETIMES DETERMINED ONLY BY SUBJECTIVE BUSINESS JUDGMENTS OF THE PARTIES, ARE ALL INTERRELATED AND AFFECTED BY THE PARTIES' ULTIMATE AGREEMENT UPON THE PURCHASE PRICE. THE PARTIES HAVE DISCUSSED AND NEGOTIATED IN GOOD FAITH UPON THE QUESTION OF THE DAMAGES THAT WOULD BE SUFFERED BY SELLER IN THE EVENT BUYER BREACHES THIS AGREEMENT. THE PARTIES HAVE ENDEAVORED TO REASONABLY ESTIMATE SUCH DAMAGES AND THEY HEREBY AGREE THAT, BY REASON OF THE AFORESAID CONSIDERATIONS, (I) SUCH DAMAGES ARE AND WILL BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, (II) LIQUIDATED DAMAGES IN THE AMOUNT OF THE DEPOSIT ACTUALLY DELIVERED BY BUYER ARE AND WILL BE REASONABLE, (III) IN THE EVENT OF SUCH BREACH, SELLER SHALL RECEIVE SUCH DEPOSIT AS LIQUIDATED DAMAGES, AND (IV) IN CONSIDERATION OF THE PAYMENT OF SUCH LIQUIDATED DAMAGES, SELLER SHALL BE DEEMED TO HAVE WAIVED ALL OTHER CLAIMS FOR DAMAGES, EXCEPT FOR CLAIMS FOR INDEMNITY ARISING UNDER PARAGRAPH 10.2.2.

Seller's Initials: \_\_\_\_\_

Buyer's Initials: \_\_\_\_\_

12.2 Default by Seller. If this transaction fails to close as a result of Seller's default, the Deposit and all interest thereon shall be returned to Buyer. In addition, Buyer shall be entitled to such remedies for breach of contract as may be available at law as also set forth in Section 8.2.3, and in equity, including without limitation, the remedy of specific performance.

## **ARTICLE 13. NOTICES**

13.1 Time of Delivery; Addresses. Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly delivered upon personal delivery, or by Federal Express (or similar reputable express delivery service), or by facsimile transmission with back-up copy mailed the same day, or as of the second business day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Seller, to: John Thompson  
123 Main Street  
Temecula, CA 92342  
attn: John Thompson  
909-123-4567  
909-123-2222

If to Buyer, to: Single Point Investors, LLC  
234 Spring Lane  
Riverside, CA 82231  
attn: Joe Tudor  
909-345-3434  
909-345-9229

or to such other address or to such other person as any party shall designate to the others for such purpose in the manner set forth above.

## **ARTICLE 14. GENERAL PROVISIONS**

14.1 Attorneys' Fees. If either party commences litigation for the judicial interpretation, reformation, enforcement or rescission of this Agreement, the prevailing party will be entitled to a judgment against the other for an amount equal to reasonable attorneys' fees and court and other costs incurred. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover its costs shall not recover attorneys' fees. No sum for attorneys' fees shall be counted in calculating the amount of a judgment for the purposes of determining whether a party is entitled to recover its costs or attorneys' fees.

14.2 Time of the Essence. Time is of the essence of each covenant of this Agreement for which a date of performance is specified.

14.3 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

14.4 Entire Agreement. This Agreement contains the entire agreement between the parties relating to the transaction contemplated hereby and all prior or contemporaneous agreements (including without limitation any letter of intent signed by either or both parties), understandings, representations and statements, oral or written, are merged herein.

14.5 Modifications. No modification, waiver or discharge of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver or discharge is or may be sought.

14.6 Successors. All terms of this Agreement shall be binding upon and inure to the benefit of the parties and their respective administrators or executors, successors and assigns.

14.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one instrument.

This Agreement has been executed at Temecula, California, as of the date set forth at the beginning hereof. **SELLER:**

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John Thompson

**BUYER:**

Single Point Investors, LLC

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by:

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