

Commercial Real Estate Purchase and Sale Transaction Taskline

A step-by-step guide to see how Practical Law Canada supports you

A taskline that highlights Practical Law Canada Commercial Real Estate's resources necessary to carry out a purchase and sale of commercial real property.



Scenario

Your firm has been retained by a purchaser to represent its corporation in connection with the purchase of an industrial property located in Ontario.

The proposed transaction is in its early stages, and the parties are negotiating finalizing the letter of intent.

Your firm has been asked to review the letter of intent as quickly as possible and, once executed, to begin drafting the agreement of purchase and sale with a view to commencing the appropriate due diligence and preparation of draft closing documents. The transaction is scheduled to close in 90 days. The client/purchaser has advised you that it will incorporate a new corporation after the execution of the agreement of purchase and sale to hold registered title to the property.

Challenges



Client Expectations

- Your client needs to settle and execute the letter of intent as soon as possible in order to secure the property.
- The purchaser wants to have the agreement of purchase and sale drafted and ready to sign as soon as possible after the letter of intent has been executed by both parties because the transaction is scheduled to close in 90 days, and it needs to commence its due diligence to ensure there is sufficient time to get back all necessary reports and responses prior to close.



Managing Time and Costs

- Your client has indicated that the legal costs associated with the transaction have been a sensitive point in its negotiations with the purchaser, and your firm has agreed to cap its fees at the lower end of its range for similar transactions.
- While you have extensive expertise in the purchase of commercial industrial properties, time constraints and cost considerations demand that you leverage junior lawyers in your group to get the deal done quickly and within budget.
- This is your first time acting for this client and you want to impress them by delivering documentation and practical advice early and within your quoted cost.



Expertise

- A full team effort is required in order to complete due diligence, assemble and negotiate all documentation required to close the transaction on schedule.
- While your firm has an extensive collection of documents from prior deals for you to draw on, the task of conforming documents and defined terms in documents sourced this way has been time consuming in the past and you want to spend as much of your time as possible focused on material transaction terms instead of conforming documents.

START

Review and comment on Letter of Intent.

Resources:

- Standard Document, Letter of Intent (Commercial Real Estate Purchase and Sale)

Assess the Property and Commence and Carry out Due Diligence.

Resources:

- Practice Note, Due Diligence: Acquisitions (Purchaser)
- Standard Document, Due Diligence Request List (Acquisitions): Commercial Real Property
- Title and Off-Title Searching Checklist
- Standard Document, Off-Titles Authorization
- Standard Document, Due Diligence Summary Template (Acquisitions): Vendor's Documents
- Standard Document, Due Diligence Summary Template (Acquisitions): Commercial Leases
- Standard Document, Due Diligence Memo (Acquisitions): Commercial Real Property
- Practice Note, Requisitions (Commercial Real Estate Acquisition)
- Standard Document, Requisition Letter (Commercial Real Estate Acquisition)
- Standard Document, Notice of Waiver or Satisfaction of Condition (Agreement of Purchase and Sale)

Prepare and Draft Closing Documents.

Resources:

- Practice Note, Bare Trusts and Nominee Relationships
- Standard Document, Nominee Agreement
- Standard Document, Board Resolution for Purchaser: Commercial Real Property Acquisition
- Standard Document, Assignment and Assumption of Purchase and Sale Agreement
- Standard Document, Officer's Certificate: Bring Down Certificate (Purchaser)
- Standard Document, Officer's Certificate: Bring Down Certificate (Vendor)
- Standard Document, Non-Merger Agreement
- Standard Document, Assignment and Assumption of Contracts (Acquisitions)
- Standard Document, Assignment and Assumption of Permitted Encumbrances (Acquisitions)
- Standard Document, Assignment of Due Diligence Materials
- Standard Document, Purchaser's GST/HST Declaration and Indemnity
- Standard Document, Statutory Declaration of Vendor re: Due Diligence Materials
- Standard Document, Vendor 116 Statutory Declaration
- Standard Document, Escrow Agreement (Acquisitions)
- Standard Document, Statement of Adjustments

Prepare and Draft Agreement of Purchase and Sale.

Resources:

- Standard Document, Agreement of Purchase and Sale (Investment/Commercial/Industrial, Long Form)
- Standard Document, Agreement of Purchase and Sale (Investment/Commercial/Industrial, Short Form)
- Standard Clause, Planning Act Provisions
- Practice Note, Planning Act Consents

Manage and Organize Closing Steps.

Resources:

- Standard Document, Closing Agenda, Commercial Real Estate Purchase and Sale
- Closing Documents Checklist
- Practice Note, Purchase and Sale of Commercial Real Estate: Closing
- Practice Note, Title Insurance Policy (Owner): Overview

Closing and Registration.

Resources:

- Practice Note, Land Registration: Overview
- Standard Document, Document Registration Agreement (Two Party)
- Standard Document, Flow of Funds Memorandum (Acquisitions): Commercial Real Property
- Standard Document, Direction re: Funds and Redirection re: Funds
- Standard Document, Direction re: Title
- Practice Note, Land Transfer Tax: Overview
- Standard Document, Title Opinion
- Standard Document, Post-Closing Undertaking
- Standard Document, Receipt re: Payment of Closing Funds
- Standard Document, Acknowledgement and Direction: Electronic Registration

CLOSE

Resources

Coming soon to Practical Law Canada Commercial Real Estate

To see what's available now, or to start a free trial, go to

www.practicallaw.ca

About

Practical Law Canada

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