



MODEL WARRANTY BILL OF SALE & GUIDELINES

Included:

Overview

Dos and Don'ts Checklist

Warranty Bill of Sale Instructions

Sample Warranty Bill of Sale

1. Overview

A company's ability to buy and sell property is essential to its long-term life and vitality. A business saddled with excess merchandise or equipment lacks efficiency, directing limited funds towards maintenance, storage, or repair of unneeded property. When it does come time to grow a business and purchase property to support that growth, businesses must be sure that the seller does, in fact, have title to the desired items. A properly-drafted bill of sale can help in both circumstances.

A bill of sale is a legal document that transfers ownership of property from a seller to a buyer. To say a bill of sale is "warranty" is to describe it as a document with promises: property sold under a warranty bill of sale is guaranteed to belong to the individual selling it. This allows a buyer to purchase property without an exhaustive and expensive search for ownership documents, since the warranty of ownership is provided in the sale document itself. Bills of sale, whether quitclaim or warranty, are a required part of a company's financial documents, useful for tax reporting and general accounting purposes.

If you follow the enclosed sample and guidelines, you will have a written acknowledgment of the rights and responsibilities being transferred as part of a property sale. This will provide essential documentation of ownership rights and liabilities. You will be well on your way to establishing a clear records of title for any property purchased.

2. Dos & Don'ts Checklist

- A bill of sale isn't needed for every trade in the ordinary course of business. In many situations, a simple receipt will suffice. However, if you are buying or selling expensive or unique property – or anticipate that ownership may be challenged at a later date – make sure a complete bill of sale is signed and witnessed.
- Keep a log to track property exchanges, whether you are the buyer or the seller. We recommend that you create a numbering system - this will prove valuable when you are searching for a specific sale.
- Retain a copy of every bill of sale issued, either electronically on your hard drive or physically in your files. Itemized records are essential for tax and accounting purposes.
- Getting the correct name and physical address of the other party to your deal is essential. If questions emerge, you'll need to contact that person or company directly.
- Bills of sale (like the one contained in this package) are generally used to transfer personal property, like furniture and equipment: they are not used to convey real estate. Buying and selling real estate requires specific documents, and the recording of those papers with government agencies. In addition, some types of personal property (like cars or boats) will also require more information and separate forms to complete an official transfer of title. Review your state's laws to see if there are special requirements applicable to the kind of property you want to transfer.

- To sell intellectual property (like copyrights, trademarks, or patents), the seller must transfer its interest using a document called an “assignment.” A bill of sale will not suffice to convey rights and title in that property.
- If you are the seller, give the buyer the completed bill of sale only after you have received your money and the transaction is complete. The bill of sale states specifically that you have already been paid: it may be difficult to collect any outstanding amounts if you give written evidence that the buyer’s payment obligations are complete.

3. Warranty Bill of Sale Instructions

The following provision-by-provision instructions will help you understand the terms of your warranty bill of sale. Please review the entire document before starting your step-by-step process.

- **Purchase Price.** Write the purchase price in the first blank provided. Be sure to include the full price, including any down payments that have already been made.
- **Names of Parties.** Identifies the parties and the date of the agreement. One party to this bill is called the “Seller” and the other is called the “Buyer.” As you probably guessed, the Seller is the party that will sell the property and the Buyer is the party that will purchase it. If real estate, intellectual property, or titled goods (like cars) are being sold, use a more specific bill of sale: do not use the enclosed form.
- **Property Information.** The blank space provided allows you to describe fully the property you are buying or selling. Be as specific as possible, making sure the item can be identified clearly from the description. If there is a serial number on the property, include that here as well.
- **Property Title.** This paragraph is what is called a “warranty of ownership.” The Seller is guaranteeing the Buyer that it owns the property, and that no third parties have any ownership rights in that property. If this later turns out to be false, the Buyer can sue the Seller for damages.
- **Indemnity Clause.** In keeping with the Seller’s promise that it owns the property being sold, this provision indicates that the Seller will be responsible for paying the Buyer’s costs if the Buyer is forced to defend itself against a third party’s claims to the property.
- **Condition of Property.** The Seller is not making any promises about whether or not the property is in perfect condition. Under the enclosed bill of sale, the property is being sold “as is” – in other words, what you see is what you get. Note, however, that if there are defects or problems with the property that the Seller knows about, the Seller should disclose those problems; this will limit future claims that the sale is void because the Buyer was misled or defrauded.
- **Signatures.** Only the Seller needs to sign the bill of sale. The sample form includes space for a witness’ signature as well, although this is not required in all states. However, this step could protect the parties from later claims that a signature is invalid

DISCLAIMER

LegalZoom is not a law firm. The information contained in the packet is general legal information and should not be construed as legal advice to be applied to any specific factual situation. The use of the materials in this packet does not create or constitute an attorney-client relationship between the user of this form and LegalZoom, its employees or any other person associated with LegalZoom. Because the law differs in each legal jurisdiction and may be interpreted or applied differently depending on your location or situation, you should not rely upon the materials provided in this packet without first consulting an attorney with respect to your specific situation.

The materials in this packet are provided "As-Is," without warranty or condition of any kind whatsoever. LegalZoom does not warrant the materials' quality, accuracy, timeliness, completeness, merchantability or fitness for use or purpose. To the maximum extent provided by law, LegalZoom, its agents and officers shall not be liable for any damages whatsoever (including compensatory, special, direct, incidental, indirect, consequential, punitive or any other damages) arising out of the use or the inability to use the materials provided in this packet.

WARRANTY BILL OF SALE

BE IT KNOWN, that for good and valuable consideration, and in payment of the sum of \$ _____, the receipt and sufficiency of which is hereby acknowledged, the undersigned _____ (the "Seller") hereby grants, sells, and transfers to _____(the "Buyer") and its heirs, executors, administrators, successors, and assigns forever, the following described personal property (the "Property"):

The Seller warrants to the Buyer it has good and marketable title to the Property, full authority to grant, sell, and transfer the Property, and that the Property is sold free and clear of all liens, claims, or other encumbrances.

The Seller further warrants to the Buyer that it will fully defend, protect, indemnify, and hold harmless the Buyer and its lawful heirs, executors, administrators, successors, and assigns from any adverse claims thereto.

The Property is otherwise sold in "as is" condition and where presently located.

Signed this _____ day of _____, 20____.