Letter of Intent

**Introduction**

This Letter of Intent is made on \_\_\_\_\_\_\_(Date)\_\_\_\_\_\_\_\_\_\_\_\_ between:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“**Buyer**”); and

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“**Seller**”) as it relates to sale of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“**Asset**”)

For the purpose of this Letter of Intent, the Buyer and Seller are each referred to herein as a “party” and collectively “the parties.”

**Terms**

1. The Seller owns the Asset. The Buyer wants to acquire the Asset from the Seller. This LOI establishes the terms of the transaction to be used in a future transaction agreement (“**Transaction Agreement**”) between the Seller and the Buyer as it relates to the sale and acquisition of the Asset.
2. The terms contained in this Letter of Intent are not comprehensive and it is expected that additional terms and conditions may be added, and existing terms may be changed in the final “Transaction Agreement”.
3. This Letter of Intent does not create a binding transaction agreement between the Buyer and the Seller and is not enforceable. Only a Transaction Agreement duly executed by the Seller and the Buyer, will be enforceable. The terms and conditions of the Transaction Agreement will override any terms and conditions contained in this Letter of Intent.
4. A transaction between the Buyer and Seller is conditional on the following terms:

[to fill in]

[to fill in]

[to fill in]

Example conditional term [purchase of a machine]: full mechanical inspection of the Asset by company XYZ.

Example conditional term [purchase of a business]: due diligence including but not limited to verifying the accuracy of all financial operating income, expenses, balance sheet and all other relevant financial information.

1. As soon as this Letter of Intent is signed by both parties, the Seller will allow the Buyer to undertake:

[purchase of a business]: [due diligence] examination of the Seller’s financial, accounting and business records and the contracts and other legal documents, inspect the assets being acquired and generally conduct due diligence. The Buyer and Seller will cooperate to complete due diligence expeditiously, within four weeks from the execution of this Letter of Intent.

[purchase of an asset]: [inspection] of the Seller’s machinery/tool/vehicle by an independent third-party inspection or repair company (“Company XYZ located in Deerfield, IL, USA”).

1. Subject to satisfaction of the conditions described above, the Buyer and Seller intend to sign a Transaction Agreement on \_\_\_\_\_[Date]\_\_\_\_\_\_\_ (“**Transaction Date**”).
2. On the Transaction Date, the Buyer will acquire the asset(s) owned by the Seller. This includes:
[asset 1]
[asset 2]
[asset 3]
3. The Seller represents and warrants that the assets described in this Letter of Intent are free and clear of any loans, liens, charges, encumbrances or rights of others which will not be satisfied out of the sale proceeds. If the representations of the Seller are untrue upon the proposed Transaction Date, the Buyer may terminate the Transaction Agreement without penalty.
4. The Buyer intends to pay the Seller an amount of [USD$ PRICE] (“**Purchase Price**”) for the Asset on the Transaction Date.
5. The Seller agrees from the date of this Letter of Intent to use the Asset in the ordinary course and shall in no way conduct any action that would disrupt the Asset’s condition (alternatively: “Stop using the asset until the transaction date”). This obligation shall continue until the Transaction Date.
6. All negotiations regarding the Asset between the Buyer and Seller shall be confidential and not to be disclosed to anyone other than respective advisors and internal staff of the Buyer or Seller and necessary third (3rd) parties, including Inspection Company XYZ.
7. Following the execution of this Letter of Intent, the parties agree to not negotiate or enter into discussions with any other party.
8. This Letter of Intent shall terminate if a Transaction Agreement has not been entered into before \_\_\_\_\_\_\_\_(Date)\_\_\_\_\_\_\_\_\_
9. This LOI constitutes the entire understanding between the Buyer and Seller in relation to its subject matter and supersedes all prior written or oral agreements or undertakings regarding the subject matter.
10. This LOI shall be governed under the laws by the [please enter preferred jurisdiction].
11. Delivery of a signed copy of this Letter of Intent by electronic transmission will be deemed to be execution and delivery of this Letter of Intent as of the date of successful transmission to the Buyer.

**Accepted and agreed**

Name (Buyer)

Name (Seller)