**LETTER OF INTENT**

**Business Acquisition**

[Date]

\_\_\_\_\_\_[Title and Name]\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_[Address]\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

This letter confirms your and our mutual intentions with respect to the potential transaction described herein between \_\_\_\_\_\_\_\_\_\_\_ (“Buyer”) and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Seller”). This document, in and of itself, does not represent an enforceable legal contract.

1. **Terms**. The principal terms of the proposed transaction would be substantially as follows:

(a) **Real and Effective Acquisition**. Buyer would acquire substantially all of the assets, tangible and intangible, owned by Seller that are used in, or necessary for the conduct of, its business.

(b) **Consideration**. The aggregate consideration for the assets and business to be purchased would be $ \_\_\_\_\_\_\_\_\_\_\_\_.

(c) **Seller Note**. Seller agrees to carry a promissory note in the amount of $ \_\_\_\_\_\_\_\_\_\_\_\_. Accrual of interest would be permitted on the Seller Carry Note, but no payment of principal nor interest would be permitted for the first twenty-four (24) months after loan closing. The balance at that time could then be amortized up to seven (7) years or more and/or paid off by the Buyer. Repayment of Seller Carry Note is subject to permission, in writing, from the SBA lender and SBA.

(d) **Due Diligence Review**. Promptly following the execution of this letter of intent, you will allow us to complete our examination of your financial, accounting and business records and the contracts and other legal documents and generally to complete due diligence.

(e) **Definitive Purchase Agreement**. All of the terms and conditions of the proposed transaction would be stated in the Purchase Agreement, to be negotiated, agreed and executed by you and us. Neither party intends to be bound by any oral or written statements or correspondence concerning the Purchase Agreement arising during the course of negotiations, notwithstanding that the same may be expressed in terms signifying a partial, preliminary or interim agreement between the parties.

(f) **Expediency**. All parties would use all reasonable efforts to complete and sign the Purchase Agreement on or before \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and to close the transaction as promptly as practicable thereafter, generally 45 to 90 days.

2. **Exclusive Negotiating Rights**. In order to induce us to commit the resources, forego other potential opportunities, and incur the legal, accounting and incidental expenses necessary properly to evaluate the possibility of acquiring the assets and business described above, and to negotiate the terms of, and consummate, the transaction contemplated hereby, you agree that for a period of [45] days after the date hereof, you, your affiliates and your and their respective officers, directors, employees and agents shall not initiate, solicit, encourage, directly or indirectly, or accept any offer or proposal, regarding the possible acquisition by any person other than us, including, without limitation, by way of a purchase of shares, purchase of assets or merger, of all or any substantial part of your equity securities or assets, and shall not (other than in the ordinary course of business as heretofore conducted) provide any confidential information regarding your assets or business to any person other than us and our representatives.

3. **Miscellaneous**. This letter shall be governed by the substantive laws of the State of [YOUR STATE] without regard to conflict of law principles. This letter constitutes the entire understanding and agreement between the parties hereto and their affiliates with respect to its subject matter and supersedes all prior or contemporaneous agreements, representations, warranties and understandings of such parties (whether oral or written). No promise, inducement, representation or agreement, other than as expressly set forth herein, has been made to or by the parties hereto. This letter may be amended only by written agreement, signed by the parties to be bound by the amendment. Evidence shall be inadmissible to show agreement by and between such parties to any term or condition contrary to or in addition to the terms and conditions contained in this letter. This letter shall be construed according to its fair meaning and not strictly for or against either party.

4. **No Binding Obligation**. Except for Sections 1(c) and 2 through 6, **THIS LETTER OF INTENT DOES NOT CONSTITUTE OR CREATE, AND SHALL NOT BE DEEMED TO CONSTITUTE OR CREATE, ANY LEGALLY BINDING OR ENFORCEABLE OBLIGATION ON THE PART OF EITHER PARTY TO THIS LETTER OF INTENT. NO SUCH OBLIGATION SHALL BE CREATED, EXCEPT BY THE EXECUTION AND DELIVERY OF THE PURCHASE AGREEMENT CONTAINING SUCH TERMS AND CONDITIONS OF THE PROPOSED TRANSACTION AS SHALL BE AGREED UPON BY THE PARTIES, AND THEN ONLY IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF SUCH PURCHASE AGREEMENT**.

If the foregoing terms and conditions are acceptable to you, please so indicate by initialing each page and signing the enclosed copy of this letter and returning it to the attention of the undersigned.

Sincerely,

[Buyer]

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

ACCEPTED AND AGREED

[Seller]

By:

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_