

**[LETTERHEAD]**

DATE OF LOI

Company Name  
ATTN: Owner Name  
Address #1  
City State ZIP

Re: LOI to purchase COMPANY NAME

Dear OWNER NAME,

The purpose of this letter is to lay out the basic terms of an agreement for a team lead by YOUR NAME to purchase COMPANY NAME as evidenced by this Letter of Intent ("LOI"). This LOI is intended solely as a basis for further discussion and is not intended to be and does not constitute a legally binding agreement except for provision of due diligence and confidentiality as proposed herein. The proposed terms and conditions for the acquisition shall include, but are not limited to the following:

Purchaser: YOUR NAME, an affiliated company, or other entity created to complete the Acquisition ("Purchaser").

Company: COMPANY NAME (the "Company")

Sellers: NAME OF SELLER(S) ("Seller").

Form of Acquisition: Stock Purchase of 100% of the outstanding stock of the Company. [or Asset Purchase]

Assets Included: All assets to include but not be limited to equipment and machinery, furniture, fixtures, inventory, customer lists, trademarks and trade names, web sites and any technology IP, records, supplies and all other assets used by the Company. Additionally, all assets will include a working capital amount calculated by taking the trailing 12-month average working capital amount as the baseline for working capital at closing. Purchaser acknowledges that the Seller may have excess cash in the business and working capital calculations will be adjusted to meet normalized operating requirements.

Liabilities: The Company will be sold free and clear of all liabilities, except for current liabilities included in working capital.

**Building Lease:** Buyer agrees to lease the Seller's building in which the business currently resides on a month to month basis, on an agreed lease rate, for a period of no less than six months.

**Purchase Price:** The Purchase Price shall be \$PURCHASE PRICE in cash at closing.

**Payment Terms:** Purchaser will pay Seller \$INSERT AMOUNT at closing. The remaining \$INSERT REMAINING AMOUNT shall be evidenced in a promissory note and paid to Sellers in monthly installments over a INSERT NUMBER year period at an annual interest rate of INSERT RATE%.

**Purchaser Due Diligence:** Purchaser shall have sixty (60) days from the date of this Letter is executed to conduct a due diligence review of the Company's assets, books and records, contracts and agreements, lease agreements, and operations of the Company to determine, in the Purchaser's sole and absolute discretion, whether the Company is acceptable to Purchaser ("Due Diligence Review"). If the results of the Due Diligence Review are not satisfactory to Purchaser, Purchaser may terminate this LOI by providing written notification to Seller of the same on or before the expiration of the Due Diligence Review. In the event of such termination, this Letter of Intent and the parties' obligations hereunder shall have no further force and affect.

**Transaction Documentation:** Purchaser shall retain legal counsel within thirty (30) days from the date of the execution of this LOI and will deliver to Seller an initial draft of the Definitive Stock Purchase Agreement to Seller within 30 days thereafter.

**Stock Purchase Agreement Execution:** Purchaser shall execute the Definitive Stock Purchase Agreement within fifteen (15) days of the approval of such Agreement by both parties.

**Closing Date:** Closing shall occur on or before fifteen (15) days after the execution of the Definitive Stock Purchase Agreement.

**Closing Costs:** Each party shall be responsible for their own closing costs, including legal, due diligence, financing and investment banking costs.

**Non-Compete:** At Closing, Seller shall covenant with Purchaser that, for a period of five (5) years after sale of the Company, Seller shall not operate or invest in any business that competes with the Company.

**Confidentiality:** Purchaser and Seller shall keep the terms of this transaction confidential prior to and after closing. Neither party will issue or approve a news release or other announcement concerning the transaction without the prior written approval of the other party.

Acceptance: If the above terms are acceptable, please sign this LOI where indicated below and return the same to the Purchaser. Purchaser will then countersign and deliver fully executed copies to all parties.

Except with respect to the provisions relating to Confidentiality, this Letter is not a binding contract, but does establish the obligation of the parties to proceed in good faith to complete Due Diligence and work towards a Definitive Stock Purchase Agreement. As long as the Purchaser maintains the timetable set forth in this LOI, this letter shall remain effective through INSERT DATE 90 DAYS IN THE FUTURE, unless extended by mutual agreement of the parties.

If this is agreeable to all parties, then please sign at the appropriate places below.

PURCHASER:

\_\_\_\_\_ Date: \_\_\_\_\_  
YOUR NAME

SELLER:

\_\_\_\_\_ Date: \_\_\_\_\_  
SELLERS NAME