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LETTER OF INTENT- AGREEMENT TO NEGOTIATE IN GOOD FAITH

Date

[name]
[address]

Dear _____

This Letter of Intent is made on date, between Company/Person/Entity of address and Company/Person/Entity of address.

This letter serves to formalize our intent to negotiate in good faith for [explain relationship intended] under the following terms and guidelines:

I. Binding Nature

This letter is not intended to be and will not create any legal binding obligation on anyone or any entity, except as specifically set out in Section B below. This entire transaction is subject to the negotiation and execution of a separate legal agreement as reasonably required by our lawyers (the “Definitive Agreement”), to be negotiated following execution of this letter of intent and executed on closing. The Definitive Agreement would contain additional terms and conditions which are appropriate for a transaction of this kind, including, but not limited to, representations and warranties, provisions concerning notice, force majeure, indemnification, liability, confidentiality, choice of law, termination, and other similar provisions.

Part A – Business Terms

As set out under Section I above, the provisions of this Part A shall not be legally binding upon either party, and are presented as a good faith expression of intent only. This is a contract as to the conduct of the good faith negotiations and the issues, upon which the parties will, in good faith, endeavor to negotiate and prepare the Definitive Agreement.

1. Main Agreement

1.1 [Use this area to describe the main intentions for drafting a letter of intent. The letter of intent represents a preliminary commitment; describe the details of the intent of both parties here.]

2. Collateral Agreements

2.1 [list and collateral agreements such as drawings, specs, brochures here with terms and reference them as Appendices to this Letter of Intent]

3. Conditions

3.1 [Describe the conditions on which both parties agree to this letter of intent. For example: you may be entering into this letter of intent to purchase a car or home, but only if your current car or home sells by such a date. Or perhaps you are looking to buy a business or major asset, but it is contingent upon receiving financing, then describe that arrangement here]

4. Proposed Timetable

4.1 [Document the proposed timetable for any milestones associated with this letter of intent]

Part B – Legally Binding Issues

As set out in Section I above, the provisions of this Part B shall be legally binding upon both parties immediately upon their joint execution of this Letter of Intent.

1. Lockup

The [party] agree that, until such time as this transaction has been completed or these discussions are terminated as set out below, they will not entertain, solicit or enter into any other offers, agreements or negotiations for or with respect to (describe intended relationship).

2. Termination

Either party to this agreement may terminate the above-mentioned disclosure arrangements and these discussions at any time upon _____ days prior written notice to the other party at the following addresses:

Address 1

Address 2

3. Dissolution Fees

If either (or name party here) terminates these discussions under Section 2 above for any reason other than a default by [other party] in complying with its obligations under Part B of this agreement, then [party] shall pay [other party] a dissolution fee of \$ _____ within _____ (____) days of termination.

4. Confidentiality

4.1 Confidential Information. We also confirm and agree that this and all future negotiations and disclosures between all parties subject to this agreement will be subject to the following confidentiality provisions:

- (a) In the course of our discussions we will each have access to and will be entrusted with detailed confidential information relating to the other; and
- (b) The right to maintain the confidentiality of this information constitutes a proprietary right which the other party is entitled to protect and which shall be respected and honored; and
- (c) Neither party will at any time disclose any confidential information or use same for any purpose which would give it or any competitor or other interested party an advantage over its counterpart in these discussions;
- (d) At the end of these discussions, and subject to any other agreement reached, all copies of any documentation or records referring to or containing confidential information belonging to the other party shall be returned or destroyed, to be confirmed by a statutory declaration if so requested; and
- (e) The entering into of this letter of intent, and the potential completion of this transaction, will be kept strictly confidential and will not be disclosed to customers, suppliers, employees or other persons without the consent of both parties, such consent not to be unreasonably delayed or withheld; this provision shall not apply to disclosure to professional advisors, potential financiers, or appraisers, provided they agree to maintain the same level of confidentiality required by the parties.

4.2 Confidentiality Exclusions. Confidential Information does not include the following information that:

- (a) is developed by the receiving party independently and without use of or concerning the disclosing party's Confidential Information;
- (b) is obtained by the receiving party from a third party without restriction on disclosure and without breach of a nondisclosure obligation;
- (c) is in or enters the public domain other than through the fault or negligence of the receiving party and without breach of this Agreement;
- (d) the receiving party possesses before first receiving it from the disclosing party; or
- (e) as legally required to be disclosed by law, at which point the disclosing party will notify the other party.

Sample Preview