**DISCLAIMER:** KR Capital does not provide tax, legal or accounting services. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. Users are advised to consult their own tax, legal and accounting advisors before engaging in any transaction.

**SAMPLE LETTER OF INTENT**

**THIS LETTER OF INTENT** (the “Letter”) made as of this \_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_, 2019 (the “Execution Date”),

**BETWEEN:**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “Purchaser”)

**- AND -**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, Inc. (the “Seller”),

**BACKGROUND:**

1. The Seller is the owner of a business that is available for sale.
2. The Purchaser wishes to purchase the business from the Seller.

This Letter will establish the basic terms to be used in a future business purchase agreement between the Seller and the Purchaser. The terms contained in this Letter are not comprehensive and it is expected that additional terms may be added, and existing terms may be changed or deleted. The basic terms are as follows:

**Non-Binding**

This letter does not create a binding agreement between the Purchaser and the Seller and will not be enforceable. Only the future business purchase agreement, duly executed by the Seller and the Purchaser, will be enforceable. The terms and conditions of any future business purchase agreement will supersede any terms and conditions contained in this Letter.

**Transaction Description**

1. [SELLER], Inc. (the “Business”) that is the subject of this Letter is located at: [ADDRESS]
2. The Business is described as:
3. The Business assets shall include:



1. Business assets shall additionally include all office and shipping equipment, contracted FedEx routes as described in section 2 above, and all other items currently used to run and conduct the business.

**Purchase Price**

1. The total purchase price for the business is $XXX,000 USD.
2. The Purchaser will pay to a mutually agreed-upon escrow agent a deposit in the amount of [$XXX] USD (the “Deposit”) upon signature of this letter of intent by the Seller. Deposits will be refunded to Purchaser if a purchase agreement for any reason can’t be reached within 30 days of this letter. The Deposit will be applied towards the purchase price at closing.
3. The Purchaser will pay to the Seller the amount of $XXX,000 (inclusive of deposits) USD on or before the “Closing Date” that is negotiated in the purchase agreement as final payment in full for the Business.

**Offer is contingent on the following:**

1. Buyer due diligence and approval of the financials of the business.
2. Buyer/Seller agreement on an acceptable training and transition period for new management.
3. Buyer being able to obtain any necessary financing at acceptable terms to the buyer.
4. All equipment to be in good working order at the time of closing.
5. All insurance being current at the time of closing.
6. Buyer approval by FedEx

**Representations**

**Due Diligence Review**. Promptly following the execution of this letter of intent, seller will allow purchaser to complete an examination of company financial, accounting and business records and the contracts and other legal documents and generally to complete due diligence. Any information obtained by purchaser as a result thereof will be maintained in confidence subject to the terms of the Confidentiality Agreement. The parties will cooperate to complete due diligence expeditiously.

**Employment Agreement**. Purchaser would also offer employment to substantially all of Seller’s employees and would expect the management team to use its reasonable best efforts to assist in the employment of these individuals.

**Timing**. Purchaser and seller would use all reasonable efforts to complete and sign the Purchase Agreement on or before [DATE] and to close the transaction as promptly as practicable thereafter.

**Exclusive Negotiating Rights**. In order to induce purchaser 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, seller agrees that for a period of [X] days after the date hereof, seller, shall not initiate, solicit, encourage, directly or indirectly, or accept any offer or proposal, regarding the possible acquisition by any person other than purchaser, including, without limitation, by way of a purchase of shares, purchase of assets or merger, of all or any substantial part of seller’s business assets.

The Seller represents and warrants that the Business is free and clear of any liens, charges, encumbrances or rights of others which will not be satisfied out of the sales proceeds. If the representations of the Seller are untrue upon Closing Date, the Purchaser may terminate any future agreement without penalty and any deposits must be refunded.

Purchaser requests a response from the seller within three (3) days of this letter of intent.

This Letter of intent accurately reflects the understanding between the Seller and the Purchaser.

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Purchaser Date

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Seller Date