

Instruction: This is a model letter. Adapt to fit your facts and circumstances.

D A T E

VIA HAND DELIVERY

N A M E
A D D R E S S L I N E 1
A D D R E S S L I N E 2
C I T Y , S T A T E Z I P C O D E

Dear :

This letter of intent sets forth the basic terms and conditions upon which (collectively "Buyer") are willing to purchase the assets which , Inc. ("Buyer") utilizes in the operation of its business of providing tax return and accounting services located at A D D R E S S L I N E 1, C I T Y , S T A T E Z I P C O D E

1. Purchase Price. The aggregate purchase price to be paid by Buyer for the Purchased Assets and the other agreements contemplated thereby (the "Related Agreements") shall be an amount equal to twenty percent (20%) of the Gross Profit from the Business during each of the five (5) calendar years after the date of Closing, calculated according to a formula to be determined by mutual agreement of Buyer and Seller.

2. Earnest Money. Coincidental with the signing of this letter of intent, Buyer had delivered to Seller the sum of \$. At Closing, this sum shall be applied to the amounts due pursuant to the employment contract to be executed by Buyer and her at Closing. If Buyer defaults in the performing the requirements of this letter of intent, said \$ shall be retained by Seller as liquidated damages, and neither party shall be under any further obligation to the other. If Seller defaults in the performing the requirements of this letter of intent, said \$ shall be returned by Seller to Buyer, and neither party shall be under any further obligation to the other.

3. Assets to be Purchased. The Purchased Assets include, but are not limited to:

(a) All furniture, fixtures, machinery, equipment, vehicles, computers, printers, telephone systems, supplies, leaseholds or other existing improvements, and other tangible personal property located or maintained at Seller's facilities at A D D R E S S L I N E 1, C I T Y , S T A T E Z I P C O D E (the "Premises");

(b) All existing inventory, together with any additional inventories obtained in

the ordinary course of business prior to the Closing Date;

- (c) All available operating data and records used in connection with the Business, including books, ledgers and journals; records; customer lists, accounting files, tax files and related information; supplier information; purchasing records; technical and repair data and manuals; invoices; and sales and promotion literature;
- (d) All of Seller's rights under, and interest in, the contracts, customer agreements, purchase orders, leases and other agreements, to the extent they are assignable;
- (e) All work in process, associated accounts receivables and customer deposits;
- (f) All licenses, processes, designs, formulas, computer programs, computer software packages, trade secrets, product instructions, technology, research and development, know how and all other intellectual property utilized in conducting the Business;
- (g) The right to use the telephone number or numbers used by Seller immediately prior to the closing date; provided that Purchaser make all necessary arrangements for the transfer of telephone billings to its own name and address;
- (h) All rights of Seller as of the Closing Date under or pursuant to warranties, representations and guarantees made by suppliers in connection with the Business, Purchased Assets or services furnished to Seller pertaining to the Business or affecting the Business or Purchased Assets, to the extent such warranties, representations and guarantees are assignable by Seller to Purchaser;
- (i) All transferrable governmental licenses, permits, and other authorizations held by the Seller in connection with the conduct of the Business; and
- (j) All trademarks, logos, tradenames or other proprietary property.
- (k) All other property and rights, except the Excluded Assets, tangible and intangible, which Seller owns, uses or is acquiring in connection with the operation of the Business, wherever located regardless of whether (1) reflected on Seller's books and records, and (2) enumerated in clauses (a) through (j) above.

Excluded from the contemplated transaction are all bank accounts, cash and life insurance policies existing as of the date of Closing.

4. Liabilities Assumed.

Buyer will only assume those liabilities of Seller relating to specific acquired assets and expressly provided for in the Purchase Agreement. Seller will agree to indemnify Buyer with respect to all such nonassumed liabilities, including, without limitation, any liabilities with respect to any employees of Seller and claims with respect to the Business which result from operation of the Business prior to the Closing. Seller will also agree to indemnify and hold harmless Buyer with respect to any liabilities incurred by Buyer to the extent such liabilities arise out of obligations imposed or claimed to be imposed by operation of law on Buyer as successor to the business of Seller.

5. Employment. As a condition precedent to the contemplated transaction, Buyer, at Closing, shall enter into an employment contract with _____ which provides for a salary of \$ _____ per year and shall contain such other terms and conditions as the respective parties shall mutually agree.

6. Non-Competition Agreements. As a condition precedent to the contemplated transaction, Seller, _____, at Closing, shall enter into confidentiality and non-competition agreements which provide for a term of five (5) years and which shall include such other terms and conditions as the respective parties shall mutually agree.

7. Insurance Applications. As a condition precedent to the contemplated transaction, _____, at Closing or subsequent thereto, shall sign such applications of insurance on their lives as Buyers shall reasonably request.

8. Assignment of Lease. At Closing, Seller shall execute an assignment to Purchaser of its rights under its lease for the Premises. It shall be the obligation of Seller to obtain any and all consents necessary in connect with said assignment of the lease to Buyer.

9. Bulk Sales Law. Buyer will waive the requirements of the _____ Uniform Commercial Code-Bulk Transfers Act with respect to notification of Seller's creditors, and Seller will hold Buyer harmless from any liability of Seller not assumed by Buyer and any liability to creditors of Seller arising out of its failure to comply with said act.

10. Access of Buyer. During the period from the date of execution by Buyer of this letter of intent to the Closing, Buyer and its representatives shall have access to all facilities, equipment, buildings, personnel, computers, books and records of Seller relating to the Business and to the Lease Premises, and Seller shall furnish to Buyer financial and other data and information requested for the completion of Buyer's investigation of Seller's Business. In the event the transactions herein contemplated do not take place, Buyer agrees to keep confidential and not to use for any purpose any proprietary confidential information provided to Buyer by Seller, excluding any information which is otherwise known by or becomes known to Buyer outside of its due diligence investigation of Seller or of Seller's Business, or is made public.

11. Purchase Agreement. The parties' respective counsel (initially, counsel for Buyer)

will prepare an appropriate purchase agreement (the "Purchase Agreement") and other appropriate documents to effectuate the transactions herein contemplated, such documents to be subject to approval by the parties. The Purchase Agreement will include, without limitation: (a) appropriate warranties as to the financial statements of Seller and the title of the Assets, (b) indemnification provisions in favor of Buyer against liabilities of Seller under claims based on or arising out of actions or events which occurred on or before the Closing, (c) allocation of the purchase price, (d) appropriate provisions concerning the confidentiality of the transaction herein contemplated, (e) other provisions mutually acceptable to the parties.

12. Closing. It is proposed that the parties enter into a Purchase Agreement as soon as reasonably possible and close (the "Closing") the transactions contemplated herein no later than

13. Exclusive Negotiating Rights. In consideration of the expenditures of time, effort and expense by Buyer in connection with its review of Seller's operations and the preparation of the contemplated Purchase Agreement, Seller agrees that between the date of execution by Seller of this letter of intent and the Closing it will not enter into or conduct any discussions with any other prospective purchaser of the Business of Seller, and that Seller will use its best efforts to preserve its Business and operations and to retain the goodwill of its customers, suppliers and others having business relations with it.

14. No Broker. The parties agree that there are no fees or commissions due any Broker or Finder on account of this proposed transaction.

15. Expenses. Each party agrees that such party will pay the fees and expenses of its accountants, attorneys and others in connection with this letter of intent, the transaction herein contemplated and the negotiation of the Purchase Agreement.

16. Limited Binding Effect. This letter of intent is not intended to constitute a legally binding contract, and is merely intended to confirm preliminary negotiations and to serve as a basis for further negotiations, and is subject to (i) Buyer obtaining financing on satisfactory terms and conditions, (ii) the preparation and execution of a definitive Purchase Agreement and (iii) approval by the respective Boards of Directors of the parties and, if required by applicable law, by the stockholders of Seller; provided, however, the agreements regarding confidentiality under the last sentences of paragraphs 10 and 11 and Seller's agreement regarding exclusive negotiating rights under paragraph 13 shall be binding upon Buyer and Seller, as the case may be, upon execution and delivery of this letter of intent by both parties.

17. Assignment. Buyer reserves the right to assign the rights and obligations under this letter of intent and the Purchase Agreement to a related corporation or other entity.

If the foregoing reflects the present intention of and is generally acceptable to Seller, please execute and date the enclosed counterpart signed by Buyer and return such executed counterpart to Buyer.

by: _____

Accepted:

, INC.

By: _____
_____, President

, Individually

, Individually