

Letter of Intent to Do Business

Non-Binding

- 🔊 Use this letter to engage potential customers for your future product or service – it serves best as documented proof to investors and lenders that you have a bona-fide customer.
- 🔊 A collection of these letters would be a great testimonial of many potential customers to come! (Investors will likely call these customers!)
- 🔊 Be sure they are real and expecting calls that may come from your potential investors!)

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From JIAN

NOTICE:

We wish we could provide an agreement that was tailored *exactly* to your business. While this is not always possible, we feel that we've come very close and that this document provides you with the head-start that you need to get your deal moving. Nevertheless, we must make this disclaimer:

- 🔴 **Do Not Use This Agreement 'As-Is.'**
- 🔴 **This Agreement Is Not Legal Advice.**
- 🔴 **Read it Thoroughly and Make All Appropriate Changes to Fit Your Requirements.**
- 🔴 **You Should Have this Agreement Reviewed and Approved by a Qualified Attorney at Law Before Using It.**
- 🔴 **JIAN Accepts No Liability for the Effectiveness of This Document For Your Purposes.**

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Editing Your Sample Contract

Since this entire agreement is formatted in Word, you can edit it like any other Word document. You can jump from variable to variable by clicking the above  green arrows (JIAN Menu) which will take you forward / backward and highlight the entire sample text identified within the “[]” brackets – simply edit / type-over with your information.

To make sure you have filled in all the variables, use Word's 'FIND' function to locate any “[]” which may contain an unedited variable.

- Click the  icon in the JIAN menu above to turn the expert comments on/off.
- Upon completion, delete any unnecessary blank lines that remain.
- You may format this document any way you like.
- Delete this page.

[Company Legal Name]

[Address] * [City], [State] [Zip Code]
[Telephone] * [WebSite Address]

🔊 I would remove the above headline and request that your potential customer copy this letter onto *their* letterhead and send it to you.

[Date]

[President / VP Sales]

[Title: President / VP Sales]

[Company Name]

[Address]

[City, State and Zip]

Dear [x],

Re: Non-Binding Letter of Intent to Purchase [product/services]

We are very excited about the development of your new [product/service], and we are very much looking forward to working with your company. This non-binding Letter of Intent (“LOI”) shall confirm our intentions to purchase [product/service] from you. While we anticipate that all of the terms and conditions will be fully set forth in a Purchase Agreement, we understand our current mutual intentions to be as follows:

1. Description & Quantity

Provided that your completed [product/service] complies substantially with the description and specifications stated in your [brochure/data sheet/catalog] with the headline “[headline],” [company] intends to purchase:

- [x] units of [product/service] to be delivered on or before [date]
- [y] units of [product/service] to be delivered on or before [date]
- [z] units of [product/service] to be delivered on or before [date]

Should there be a change to the description and/or specifications, you will notify us immediately in writing. If the change(s) result in a product/service not to our satisfaction, we may cancel our order.

🔊 Remember, this is a sales device—both for this customer as well as for your investors. Make it easy for your customer to agree to providing this letter.

2. Delivery

We understand that you are currently working to complete your [prototype / factory /first production run] and that you expect to ship on or before [date]. If the delivery date appears to be slipping, you will notify us immediately in writing. If the new ship date results in delivery not to our satisfaction, we may cancel our order.

🔊 Can't make the ship date, let them off the hook.

🔊 This letter may also serve to demonstrate urgency to your investor/lender, and the 2-edged sword may come back to haunt you if you become desperate to fulfill this order and feel compelled to

accept a bad investment deal (I would run from any investor who tries to pressure you this way—they are evil people and no one you want to do business with for the long term.)

3. Confidentiality: Public Announcements

🔊 You must respect the position of your potential customer—they may not want to publicize this deal, but by all means ASK if you can send out a press release. Accept a 'no' graciously. You want/need these people to speak favorably to investors and lenders—keep your eye on this ball!

Each of Purchaser and shall maintain the confidentiality of and shall not disclose any of the terms of this LOI (including its existence or the fact that the parties are in negotiations) and any other information related to the other party or its representatives or affiliates except to the extent required by law (provided that any party so required shall provide the other party with the contents of such disclosure as soon as reasonably practicable prior to making such disclosure). It is understood that all press releases or other public communications of any sort relating to this Letter of Intent or the transactions contemplated between us, including the method of release for publication, shall be subject to the approval of each of the parties; provided, however, that the parties shall be entitled to make such disclosures as may be required pursuant to applicable law or the lawful requirements of any governmental agency or by order of a court of competent jurisdiction.

4. Effect of this Letter of Intent

This LOI is intended merely as a guide in the negotiations and preparation of the Purchase Agreement on terms and conditions satisfactory to both parties, and nothing contained in this LOI shall be construed to preclude other provisions from being included in the Purchase Agreement, provided that such other provisions are consistent with the content of this LOI and otherwise satisfactory to both parties. While we intend to proceed promptly to complete and execute the Purchase Agreement, it is expressly understood that this is a LOI only, and no liability or obligation of any nature whatsoever is intended to be created between either of the parties except as set forth in Paragraph 3 (confidentiality).

5. Termination

This Letter of Intent may be terminated at any time, by mutual consent of the parties, and (if) by Purchaser on notice to [Company]. Upon such termination, this Letter of Intent shall have no force and effect other than under Paragraph 3.

Understood, Agreed & Accepted:

[Owner/Founder], [Title]

[Name]