

FAQ



WHAT IS A LETTER OF INTENT (LOI)?

A **Letter of Intent (LOI)** is a written document that outlines the preliminary terms of a proposed transaction between two or more parties. While generally **non-binding**, it serves as an important first step in expressing serious interest in pursuing a formal agreement—such as a merger or acquisition, partnership, or joint venture.

A typical LOI may include:

- The parties involved
- The nature of the proposed transaction
- Key terms and conditions (e.g., purchase price or financial terms)
- A description of the assets, services, or shares being exchanged
- Conditions that must be met before finalizing the agreement
- A target timeline for completing the transaction

Although an **LOI is not a legally binding contract**, it plays a critical role in:

- Establishing a framework for negotiations
- Outlining expectations for both sides
- Facilitating due diligence before drafting a formal agreement

Once the LOI terms are agreed upon, the parties can move forward with a legally binding contract that incorporates those terms.

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