



LETTER OF INTENT

Buyer Name

Buyer Company

Address

City/State/Zip

Phone

Date: _____

Seller Principal 1 _____

Seller Principal 2 _____

Seller Company _____

Seller Address _____

City State Zip _____

Ref: Letter of Intent

Dear Mr./Ms. _____ :
Seller Principal(s)

Buyer, on behalf of themselves and, as applicable, an as yet unnamed corporation or entity, (“**Buyer**”), wishes to acquire the assets] of [Seller Company] _____ (“**Seller**”) d/b/a [Tradename] _____ located at [Address] _____ [City/State/Zip] (the “**Premises**”)

and in connection therewith propose the following transaction:

1. **Asset Purchase.** Seller is engaged in the business of [Description of Business] _____

(the “**Business**”). Buyer shall purchase substantially all of the assets used or usable by Seller in the Business, including but not necessarily limited to those assets listed on the attached Schedule 1 (the “**Assets**”). Buyer shall not assume any of liabilities of the Business accrued prior to Closing except as follows:

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2. **Purchase Price.** The purchase price, which is subject to adjustment as provided herein, shall be \$ _____, and paid as shown below:

\$ _____	Deposit towards closing (Earnest Money – see Section 4)
\$ _____	Cash amount due at Closing (Cash)
\$ _____	Seller Financing amount (Seller Financing) – (See Section 3)
\$ _____	Third party financing (Third-Party Financing) – (See Section 5)
\$ _____	Other: _____
\$ _____	TOTAL PURCHASE PRICE (Purchase Price)

3. **Seller Financing.** Buyer shall execute a personally-guaranteed, secured promissory note in favor of Seller, subordinated to a third party lender if any, and with the following characteristics:

Term _____ Interest Rate _____
 Period of payment (e.g., monthly) _____
 Amount of Payment per period _____
 Security: All Assets of the Business, now owned or after-acquired
 Other Terms _____

4. **Earnest Money.** Upon the signing of this Letter of Intent, Buyer will place on deposit the full amount of the Earnest Money to be held in the escrow account of:

(Escrow Agent), and to be applied to the Purchase Price payable at Closing. All Earnest Money is fully refundable to Buyer upon termination or expiration of this Letter of Intent without the execution of the Definitive Agreement (as such is defined in Section 12) for any reason. The Definitive Agreement shall govern the holding and dispersal of Earnest Money upon its execution and shall provide that in the event this transaction fails to close after all contingencies have been removed or waived, without fault of the Seller, this deposit shall be paid to Seller; and shall further provide that in the event the transaction described by this Letter of Intent (the “Transaction”) should fail to close through no fault of the Buyer, this deposit shall be refunded to Buyer.

5. **Third Party Financing.** Within _____ business day(s) after this Letter is executed by all parties hereto, Buyer shall apply for a loan of not less than the Third Party Financing amount at an interest rate not to exceed _____% per year for a term not to exceed _____ years.

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6. **Inventory.** The Purchase Price shall include inventory with a delivered cost to Seller of \$ _____ (**Minimum Inventory**). Buyer and Seller shall take and agree to an itemized physical count of the Inventory on the day prior to the Closing to determine the actual Inventory and adjust the Purchase Price by the difference between the Minimum Inventory and actual Inventory. An increase in Purchase Price shall be added to the Seller's note, or in the absence of a Seller's note, to the Buyer's down payment. A decrease in Purchase Price shall be deducted from the cash due at closing.
7. **Due Diligence.** Buyer and Seller shall have until _____ to complete their individual due diligence investigation of the other.
8. **Closing.** The transaction shall be closed on or before _____ at a mutually agreed upon location. Buyer and Seller shall each be responsible for their own independent legal and financial advisors' fees.
9. **Non-Compete.** The Seller agrees to execute and be bound by a non-compete agreement for _____ years and within a _____ mile radius of the current Business location or other:

10. **Training.** Seller agrees to provide training to Buyer in the operation of the Business at no additional charge to Buyer. This training shall be for at least _____ hours per day for _____ days after Buyer purchases the Business during normal business hours.
11. **Contingencies.** The obligation of the Buyer to consummate the Transaction shall be expressly contingent upon each of the following being satisfied or waived (remove check mark or strike-thru and initial those provisions **not** applicable):
- a. Buyer's obtaining the Third Party Financing on or prior to _____;
 - b. Buyer's obtaining a lease from the landlord of the Premises with reasonable and acceptable terms;
 - c. Seller's having good and marketable title to the Assets, free and clear of all liens and encumbrances, except for the liens and encumbrances that Buyer agrees to assume, and Seller's having the full right and authority to transfer such Assets;
 - d. Buyer's securing a satisfactory lease with the leasing company(ies) for leased assets of Seller, if any;
 - e. Seller's delivering at closing a sales tax certificate from the Georgia Department of Revenue to the effect that all sales taxes from the business have been paid through the end of the month prior to the closing;
 - f. Each of the parties having concluded due diligence examinations as are customarily performed in similarly structured transactions, and each party and their advisors having been satisfied with the results thereof. In connection thereof, Buyer shall be given reasonable access to the books, records, and financial statements of Seller, and Seller shall be permitted to perform a credit check upon Buyer and all guarantors;
 - g. Other (attach additional pages as needed):

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12. **Definitive Purchase Agreement.** The final purchase and sale agreement (the “**Definitive Agreement**”) shall:
- a. have the following form (choose one):
 - i. the GABB form Asset Purchase Agreement, completed by a Broker (as hereafter defined), subject to review and revision, where necessary, by the parties respective attorneys, or
 - ii. the GABB form Asset Purchase Agreement that shall be generated and revised, if necessary, by the Seller’s or Buyer’s Attorney
 - iii. an asset purchase agreement drafted by the Seller’s or Buyer’s Attorney, or Closing Agent, in compliance with Georgia statutes (“**Drafting Attorney**”); the costs of generating the asset purchase agreement shall be paid directly to the Drafting Attorney by the: (check only one) Seller Buyer Both (Seller and Buyer split the cost of the Drafting Attorney equally);
 - b. contain standard seller representations and warranties concerning the accuracy of the financial statements and other matters;
 - c. contain an agreement by Seller and its equity owners to jointly and severally indemnify the Buyer with respect to obligations and liabilities of Seller which are not expressly assumed by Buyer and any breach of a representation or warranty made by Seller;
 - d. contain an agreement by Buyer and its equity owners, to jointly and severally indemnify the Seller with respect to (i) the operation of the Business following the closing of this Transaction, (ii) and any breach of a representation or warranty made by Buyer, and (iii) with respect to the operation of the Assets after the closing;
 - e. contain a provision whereby the Seller fully assigns all of the trademarks or other intellectual property related to the Business owned by Seller or any of its principals to Buyer;
 - f. be executed by all necessary parties no later than _____ days from the date this Letter of Intent is accepted by Seller (the “**Drafting Period**”); and
 - g. contain a provision whereby the owners of Seller guaranty all obligations of Seller and the owners .
13. **Brokers.** The parties acknowledge that the Brokers and/or their licensed agents as listed below (each a “**Broker**”), have acted as brokers with respect to this Transaction (and shall be entitled to a commission in accordance with Seller’s listing agreement or other agreement with Seller and/or Buyer. Moreover, Broker(s) may receive a commission, rebate, fee or other compensation for assisting in procuring leases, financing, insurance or other services on behalf of Buyer and/or Seller. Seller represents that it is not selling the Assets and the Business to Buyer based upon any representation, oral or written, by either Broker, and that Seller is solely responsible to do any and all due diligence on Buyer, and Buyer, likewise, represents that it is not acquiring the Assets or the Business based upon any representation, oral or written, by either Broker but rather by independent examination and judgment as to the prospects of the Business and the Assets. No Broker shall have any liability to either Buyer or Seller with respect to statements made by either Broker or any information provided to such party by any Broker (this paragraph continues on following page).



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Listing Broker representing the Seller:
Agent or Designated Agent of Listing Broker:
Selling Broker representing the Buyer:
Agent or Designated Agent of Selling Broker:
Transaction Broker (who represents only itself):
Agent of Transaction Broker:

- 14. Right to Market. It is hereby agreed that Seller and Seller's Broker may continue to market the Business during the Drafting Period...
15. Confidentiality. Each party will maintain in confidence all confidential information and trade secrets concerning the other party...

This Letter of Intent shall become null and void unless accepted as indicated by your authorized signature below by 5:00 p.m. on the ___ day of ___, 20__.

THIS LETTER OF INTENT IS NOT INTENDED TO BE A BINDING AGREEMENT FOR THE PURCHASE OF THE BUSINESS, BUT MERELY A STATEMENT OF INTENT AND GUIDELINE FOR THE DRAFTING OF A DEFINITIVE ASSET PURCHASE AGREEMENT AS OUTLINED IN THIS LETTER.

Very truly yours,

Buyer 1

Buyer 2

Agreed to and accepted this ___ day of ___, 20__.

Owner and/or Seller's Authorized Officer