

DOCUMENT #12

The Blueprint System™ - Legal Series

Letter of Intent (LOI) Template & Strategy Guide

The document that locks up your deal and gives you leverage through closing.

⚠️ LEGAL NOTE: This template is for educational purposes. Always have an attorney review before signing. But here's what most attorneys won't tell you about maximizing your leverage...

Why Your LOI Terms Matter More Than Price

The Psychology of the LOI:

- Sellers emotionally commit after signing (even though it's non-binding)
- 90% of LOI terms make it to final purchase agreement
- You can renegotiate price easier than terms
- Exclusivity period is your leverage window

The Power LOI Template

LETTER OF INTENT TO PURCHASE BUSINESS ASSETS

Date: [Current Date]

[Seller Name]

[Business Name]

[Business Address]

Dear [Seller Name]:

This Letter of Intent ("LOI") sets forth the basic terms and conditions under which [Buyer Name/Entity] ("Buyer") would purchase substantially all of the assets of [Business Name] ("Business") from [Seller Name/Entity] ("Seller").

1. PURCHASE PRICE AND TERMS

Purchase Price: \$ [Amount]

Payable as follows:

- Cash at Closing: \$ [Amount]
- Seller Financing: \$ [Amount] ([X] % interest, [Y] year term, monthly payments)
- Earnout: Up to \$ [Amount] based on performance metrics below
- Escrow Holdback: \$ [Amount] for [12] months

2. ASSETS TO BE PURCHASED

Buyer will purchase all assets of the Business including but not limited to:

- All equipment, furniture, fixtures, and inventory
- Customer lists and relationships
- Intellectual property, trade names, phone numbers, websites
- All assignable contracts and leases
- Goodwill

3. EXCLUDED ASSETS

The following will be excluded:

- Cash and cash equivalents
- Accounts receivable prior to closing
- Personal vehicles (list: [specify])
- [Other exclusions]

4. DUE DILIGENCE

Buyer shall have [45] days from execution of this LOI to complete due diligence. Seller agrees to provide full access to:

- Three years of tax returns and financial statements
- All contracts, leases, and agreements
- Employee records and handbooks
- Customer and vendor lists
- All business records and operations data

5. CONDITIONS TO CLOSING

This transaction is contingent upon:

- Satisfactory completion of due diligence
- Buyer obtaining financing acceptable to Buyer
- Landlord consent to lease assignment
- Key employee agreements ([list names])
- No material adverse change in business
- [Other conditions]

6. EXCLUSIVITY AND CONFIDENTIALITY

Upon execution of this LOI, Seller agrees to:

- Immediately cease discussions with other potential buyers
- Not solicit, negotiate, or accept other offers

- Maintain strict confidentiality of this transaction
- This exclusivity period shall last [90] days

7. TRANSITION ASSISTANCE

Seller agrees to provide:

- [60] days of full-time transition assistance at no cost
- Additional consulting at \$ [X]/hour as needed
- Non-compete agreement for [3] years within [50] miles

8. CLOSING

Target closing date: [Date]

Closing contingent on execution of definitive purchase agreement and all conditions being met.

9. EXPENSES

Each party bears their own expenses, except:

- Seller pays for business broker commissions
- Buyer pays for financing costs
- Environmental assessments split 50/50

10. NON-BINDING NATURE

This LOI is non-binding except for:

- Exclusivity (Section 6)
- Confidentiality (Section 6)
- Expenses (Section 9)

Which shall be binding upon execution.

If these terms are acceptable, please sign below and return by [Date - 48 hours].

Sincerely,

[Buyer Name]

Date: _____

ACKNOWLEDGED AND AGREED:

[Seller Name]

Date: _____

Killer Clauses Most Buyers Miss

CLAUSE #1: The "Reverse Breakup Fee"

Add this to exclusivity section:

"If Seller breaches exclusivity by entertaining other offers, Seller shall pay Buyer's documented due diligence costs plus \$25,000 as liquidated damages."

CLAUSE #2: The "Expanded Due Diligence" Right

"Due diligence period may be extended by Buyer for additional 30-day periods upon payment of \$5,000 non-refundable deposit per extension."

CLAUSE #3: The "Assumed Earnout" Protection

"Any earnout shall be calculated assuming Buyer makes no operational changes. Seller warrants current operations can achieve earnout targets."

Psychology Tactics for LOI Negotiation

Tactic	What to Say	Why It Works
Deadline Pressure	"This offer expires in 48 hours"	Forces quick decision
Alternative Option	"I have another LOI out on a similar business"	Creates competition fear
Incremental Commitment	"Let's agree on price, we can work out terms"	Gets psychological buy-in
Professional Pressure	"My attorney needs this signed to start work"	Makes it seem inevitable

Red Flags in Seller's Counter-LOI

Walk Away If They Want:

- Non-refundable deposits before due diligence
- Less than 45 days for due diligence
- No exclusivity period
- Buyer to pay broker commission
- No seller financing option
- Shortened non-compete (less than 3 years)

- No escrow holdback

Advanced LOI Strategies

Strategy #1: The "Stepped" LOI

Submit multiple LOIs with different structures:

- LOI A: All cash (lower price)
- LOI B: 50% seller financing (medium price)
- LOI C: Heavy earnout (higher price)

Let seller "choose" - they always pick the highest number, giving you favorable terms.

Strategy #2: The "Vanishing" LOI

Price reduces over time:

"Purchase price is \$2M if signed within 48 hours, reducing by \$50K per week thereafter."

After LOI Signing: Maintaining Leverage

1. **Start Due Diligence Immediately** - Shows you're serious
2. **Communicate Weekly** - Keep seller emotionally invested
3. **Find Problems Early** - More time to renegotiate
4. **Build Relationship** - Seller less likely to walk
5. **Have Backup Financing** - Never depend on one source

Email Scripts for LOI Process

Initial LOI Submission:

Subject: LOI for [Business Name] - Ready to Move Forward

[Seller Name],

Attached is my Letter of Intent for [Business Name]. The terms reflect our discussions and my analysis of the business opportunity.

I'm prepared to move quickly - my attorney is standing by and my financing is pre-arranged. I'll need your response by [date/time] as I have another opportunity requiring decision.

Looking forward to working together.

[Your Name]

[Phone]

Follow-Up (if no response in 24 hours):

Subject: Re: LOI - Withdrawing Tomorrow at 5PM

[Seller Name],

I haven't heard back on the LOI. I'm assuming you're reviewing with advisors.

I need to allocate my capital by end of week, so the LOI will expire tomorrow at 5PM if unsigned. Happy to discuss any concerns by phone today.

[Your Name]

[Phone]

Remember: *The LOI sets the tone for entire transaction. Be firm but fair. You can always give concessions during purchase agreement negotiation, but it's hard to claw back rights you give up in the LOI.*

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