**LETTER OF INTENT**

Seller Name

Seller Company

Street Address

City, State Zip

Dear Seller Name:

The purpose of this Letter of Intent ("LOI") is to outline certain non-binding understandings and certain binding commitments with respect to a proposed transaction to purchase certain assets of Seller Company registered at Street Address City, State Zip (“Company” or "Business" or "Seller"). Buyer Name ("Buyer") is an individual/company residing in City, State.

1. **Purchase Price and Terms:** The consideration to be paid for the acquisition of the Company assets described in Paragraph 2 is to be a total of $1,000,000 (the "Purchase Price"). The payment of the Purchase Price shall be structured as follows:

	1. **Cash at Close:** The Purchaser shall pay in cash to the Seller an amount equal to $900,000.
	2. **Promissory Note:** The Purchaser shall hold a promissory note in the original principal amount of $100,000. The Note will be payable over thirty six (36) monthly installments of principal and interest. The note will bear interest at six percent (6%).
2. **Purchase of Assets:** Subject to the conditions, agreements and undertakings referred to below in this LOI, Purchaser will acquire from the Seller substantially all of the assets owned or used by Seller in connection with its business (excluding assets set forth in Paragraph 3), tangible and intangible, including without limitation trade-names and trademarks (if any), patents, licenses and permits, raw materials, inventory, machinery, work-in-progress, deposits and pre-paid expenses, tools and equipment, furniture and fixtures, leasehold improvements, vehicles, customer lists and records, customer deposits, supplier contracts, purchase orders, books and records, manuals, catalogs and sales literature, and general goodwill associated with the Seller.
3. **Assets Excluded from Sale:** The following assets will be specifically excluded from the sale and shall remain the property of the Seller:

	1. Cash in the Company’s bank account
	2. Accounts Payable
	3. Accounts Receivable
	4. Any personal assets that are not employed in the operation of the business that the Seller and Purchaser mutually agree to expressly exclude from the sale.
4. **Selected Liabilities Assigned/Acquired by Purchaser:** Only selected liabilities will be assigned and assumed by Purchaser, to be specifically listed in a Purchase Agreement exhibit, including:

	1. Any liabilities assumed?

All other liabilities and obligations of Seller, including all tax, employment, and environmental liabilities, any warranties, and other known or unknown liabilities not specifically listed as included assumed liabilities, shall remain the sole obligation of Seller.

1. **Good Faith Deposit:** Buyer will agree to place five thousand dollars ($5,000) in Escrow as of the signing of the LOI, as a good faith deposit. The good faith deposit will no longer be refundable to the buyer after 45 days from the signing of the LOI by Buyer and Seller, but will be applied to the purchase price at closing.
2. **Consulting Agreement**: Seller will remain available as needed by request of the Buyer for up to two months to assist in a smooth transition of the business operations and customer accounts. After the second month of the transition period, the Buyer will pay the Seller a consulting fee of $50.00 per hour plus all mandatory payroll burdens.
3. **Current Company Employees:** The Purchaser intends to hire Seller's current employees and maintain their current positions and, if allowed by law, accrued vacation. Certain key employees identified during the due diligence process may be asked to sign employment contracts. Final determination of required resources will be determined during the due diligence process.
4. **Covenant Not to Compete/Solicit:** As part of the consideration for this transaction, the Seller agrees to enter into a mutually agreeable Non Compete Agreement that will specify that Seller Name will not compete directly or indirectly with the Buyer in a like-kind or similar business activity for a period of three (3) years post Closing covering Michigan (or other geographic area). This agreement shall include a standard non-solicit clause relating to customers and employees.
5. **Definitive Purchase Agreement:** The Purchase Agreement will be prepared consistent with the terms and conditions outlined in this LOI including warranties, representations, covenants and indemnifications of both parties customary for transactions of this size and type. The Purchase Agreement will contain customary representations, warranties, covenants, indemnities and other agreements of the parties.
6. **Continuation of Business:** During the period from the date hereof until the Closing date, the Company and Seller Name will use best efforts to conduct the business of the Company in a reasonable and prudent manner in accordance with past practices; will engage in no transactions out of the ordinary course of business; will use best efforts to preserve the existing business organization and relations with its employees, customers, suppliers, and others with whom it has business relationship; will use their best efforts to preserve and protect the assets; will not dispose of any of its assets dedicated to the operations, except such as are retired and replaced in the ordinary course of business; and will conduct their business in compliance with all applicable laws and regulations.
7. **Closing Conditions:** The obligations of the parties to effect the proposed transaction will be subject to, among other customary conditions, the following conditions:

	1. The completion by the Buyer, to its satisfaction, of due diligence on the Company and said business and its financial condition, markets, prospects and potential;
	2. Satisfactory completion of Purchaser's third party financing;
	3. The occurrence of no material adverse change in the business or prospects of the Seller prior to Closing; and
	4. The completion of satisfactory Purchase Agreement, including customary indemnifications and representations, and related ancillary documents.
	5. Other conditions
8. **Due Diligence:** The Seller will permit the Purchaser to have access to the facility premises during reasonable business hours with prior notice and coordination with the Seller. The Seller will furnish to purchaser financial data, operating data, and other information as Purchaser shall reasonably request, and, to the extent permissible by law, will make available to Purchaser or their representatives for review its employment agreements, leases, contracts, etc. pertinent to the continued operation of Company's business. Purchaser shall have 30 days from execution of this agreement to complete its due diligence review.

Purchaser agrees to keep all matters contemplated by this transaction and materials reviewed as part of the due diligence review in confidence and will not discuss such matters with any person other than the investor group, accountants, lenders, attorneys and other such advisors as may be necessary to complete the due diligence review. Purchaser further agrees not to communicate with any Seller's employees or vendors without the prior consent of and coordination with Seller's; and agrees to take reasonable care in its due diligence review so as not to alert said employees of the pending transaction, including review of corporate information during non-business hours or off-premises.
9. **Expenses:** Buyer and Seller will each pay their respective expenses in conjunction with the transaction contemplated hereby, (whether consummated or not). The Seller agrees that a commission is due to Small Business Deal Advisors, LLC at closing. Under no circumstance should the Buyer become liable for any commissions, fees, or expenses due to Small Business Deal Advisors, LLC.
10. **Exclusive Opportunity:** After execution of this LOI, the parties agree that the Buyer shall have the exclusive right to negotiate with the Seller for the purchase of the Seller's assets, and the Seller agrees not to, directly or indirectly, through any representative or otherwise, solicit or entertain offers from, negotiate with, provide information to, or in any manner encourage, discuss, accept or consider any proposal of, any other person relating to the acquisition of Seller's corporate stock or assets (“Exclusivity Period”). The Exclusivity Period will end 45 days from the signing of the LOI.
11. **Confidentiality:** Without the prior consent of the other party hereto, each party shall not, and shall cause its affiliates, directors, officers, partners, employees, representatives, and agents not to, make any public statement or press release with respect to the transaction contemplated hereby or otherwise disclose to any person or entity the existence, terms, content or effect of this letter or the negotiations among the parties hereto regarding the proposed transaction; provided however, that if a disclosure is required by law, the party required to make such disclosure shall be permitted to make such disclosure but shall make a good faith effort to consult with the other party hereto before making the required disclosure.
12. **Closing Date:** The parties to this agreement will use their best efforts to prepare the definitive agreements necessary to consummate the transaction contemplated within 60 days from the mutual execution of this LOI, or January 1, 2020 (the “Closing”). Buyer and Seller agree to cooperate in making all necessary consents and documents. If the parties are diligently working toward Closing and are unable to consummate the transaction within the 60-day period, the Closing will be extended for 30 days.

If the foregoing is acceptable to you, kindly sign a copy of this letter in the place set forth below. This offer expires on [date] unless accepted as shown by the signature of the Seller, or is extended in writing by the Buyer.

Thank you for your consideration,

**PURCHASER:**

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Buyer Name, Buyer Date

**SELLER:**

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Seller Name, Seller Date