

# “LOI”

## Letter of Intent

A document containing a declaration of the intentions of the writer.

---

It is a document outlining the understanding between two or more parties which understanding they intend to formalize in a legally binding agreement.



# WHEN IS THIS USED?



This option of an LOI is not used in residential RE but frequently makes an appearance in Commercial Transactions. WHY?



Once we send out an idea to an interested client that wants to move forward, it starts!



Not to be redundant but at this point we have or should have had an NDA signed by our own clients.



Also at this point would have signed an NDA by the sellers agent.



These two NDA's will be protections covering selling agent as well as protections covering you from your own Clients.



These two items remove all insecurities and put both sides at ease to move forward with the "Letter of Intent"



It will help with your real estate insomnia!

# “Who can prepare an LOI”?



A Real Estate agent can prepare.



If your clients have representation of a Real Estate Attorney. You may also suggest this and of course ask for the copy to keep for your files.



What is in an LOI ?



Lets take a closer look at items to be included

# LOI includes the following items

---



**Buyer Name &  
Seller Name**



**Property  
Address &  
Legal  
description**



**Lists of  
included and  
Excluded  
property**



**Purchase Price ,  
Earnest Money  
Deposits &  
Financing**



**Closing Date ,  
Broker  
Commissions  
and Party  
paying for it?**



**Any Special  
Clauses ,  
Attachments**



**Buyer and Seller  
signatures.**

# Disclaimer

---

You need to make sure that, “This is a non-binding agreement and not a legal contract”. Include language that makes it clear the letter has no further effect if all parties don’t sign a formal contract within 30 days. It is always a good rule of thumb to consult an attorney if you have doubts.