

<http://www.bloomberg.com/small-business/business-forms/letter-of-intent-for-business-venture#docstoc-embed>

This letter of intent is used by a party seeking to enter into a proposed business arrangement with another party. The letter of intent outlines the material terms and conditions of the proposed agreement. It includes the purpose of the business entity, each party's percentage of interest, and other additional terms. This document also provides instructions and a checklist for drafting an effective letter of intent.

Letter of Intent for a Business Venture - Collaborating Institutions

TO: [Name & Address of Receiving Institution]
FROM: [Name & Address of Offering Institution]
DATE: [Insert Date Letter Sent]
SUBJECT: [Describe nature of proposed collaboration]

Dear: [Name of Recipient at Receiving Institution]:

[Offering Institution's Name] offers this letter of intent ("Letter"), outlining the mutual intent of both institutions to collaborate and enter into a proposed business arrangement between [Offering Institution] and [Receiving Institution] in regard to: [Describe nature of proposed agreement].

This letter sets forth the terms and conditions that [Offering Institution] seeks to use as material terms for the proposed agreement. This letter supersedes in its entirety any and all communications which previously occurred between the parties.

The Terms and Conditions proposed are as follows:

1. Overall Structure:

The mutual goal of the Parties is to establish "[Name of New Entity Being Created, hereinafter referred to as the "New Entity"]," an Entity to be jointly owned by [Offering Institution] and [Receiving Institution]. The general purpose and structure of [New Entity] is set forth as follows:

[Describe in detail the nature of the business proposed, including responsibilities and benefits of both Institutions, structure of New Entity, purpose of creating New Entity]

[Offering Institution] Agrees To: [Duties of Offering Institution]
[Receiving Institution] Agrees To: [Duties of Receiving Institution]

Attached is a description of the effort and resources that [New Entity] will commit to this project, along with a budget. The proposed budget period is [Number of Years] years, from [Date] through [Date]. The total budget for [New Entity] is _____ (\$____) Dollars, which includes [Detail the major expense category budget figures, for example, facilities and administrative costs _____ (\$____) Dollars, salaries _____ (\$____) Dollars, etc.]

2. Ownership:

The registered capital for the joint venture shall be _____ [\$ total equity] Dollars of which [Offering Institution] shall own fifty percent (50)% and [Receiving Institution] shall own fifty percent (50)%.

3. Negotiation:

Institutions agree to enter into negotiations under the terms and conditions of this Letter, and to determine whether this collaboration is viable for both parties. Both Institutions agree not to enter into negotiations or solicit information or negotiations with any third party from receipt of this Letter until the term of negotiations has ended either under the terms and conditions of this Letter, or by a mutual agreement by the Institutions that negotiations have ended.

4. Confidentiality:

In the case that any confidential information should be exchanged between the Parties, resulting from negotiations under the terms and conditions of this Letter, both Parties shall agree to make any necessary efforts to keep all information confidential.

5. Time:

Parties shall make all reasonable efforts to end the negotiation period within ninety (90) days of the receipt of this Letter by [Receiving Institution].

6. Public Announcement:

Neither Institution shall make any public announcement regarding these negotiations, nor make any public announcement regarding the formation of [New Entity] without the express consent of both Parties.

7. Financial Contribution of Each Party:

The financial contribution of each party with respect to this collaboration shall be as follows:

A. [Offering Institution] agrees to pay [Proposed Price] for New Entity].

B. [Receiving Institution] agrees to pay [Proposed Price] for [New Entity].

C. [Describe any additional financial contributions for any products or services to be rendered by both Parties that is not covered under 7A or B above].

8. Governing Law:

All matters arising from this Letter and any subsequent negotiations shall be governed by the laws of [State of Governing Law].

9. Additional Terms of Transaction:

[Include all relevant terms of business transaction, tailored to your specific agreement, i.e. additional consideration, future negotiations, liabilities, conditions precedent, closing dates, covenant not to compete, expenses, arbitration agreement, venue clause etc.]

If [Name of Receiving Institution] finds the terms and conditions of this Letter to be acceptable and a reflection of the intentions of both Parties, please demonstrate this intent by signing and returning this letter at the principal place of business of [Offering Institution] as indicated in the opening of this Letter, on or before