
LETTER OF INTENT TO PURCHASE A BUSINESS

January 23, 2018

Evan I Antonelli
3389 Tully Street
Detroit, MI 48226

Re: Purchase of ABC, Inc.

Dear Evan I Antonelli,

This Letter of Intent (this "Letter") sets forth the mutual interest of Michael M Rice located at 3425 Beechwood Avenue, Renovo, PA 17764 ("Buyer"), and Evan I Antonelli located at 3389 Tully Street, Detroit, MI 48226 ("Seller") regarding the possible acquisition by Buyer of certain assets and liabilities of ABC, Inc., a Michigan corporation wholly-owned by Seller ("Target"). Buyer and Seller may be referred to herein individually as a "Party" and collectively as the "Parties." The Parties are executing this Letter to enable and facilitate the ability of the Parties to negotiate the execution of a final and binding contract.

1. Agreement to Negotiate in Good Faith: The Parties agree that their goal and interest herein is to bring about a sale and transfer of Target (the "Transaction"), and thus, each Party promises to negotiate in good faith, for the period set forth below, a definitive purchase agreement (the "Purchase Agreement") to include the terms and conditions set forth in this Letter and such other representations, warranties, conditions, covenants, indemnities and other terms as the Parties may agree upon. The closing of the Transaction (the "Closing") shall occur on or before January 30, 2018.

2. Purchase Price. No purchase price for the Transaction is listed at this time, pending completion of due diligence.

3. Due Diligence. After the signing of this Letter, Seller will grant Buyer and its duly authorized representatives full access to the facilities, financial, accounting and business books and records, material contracts, legal records, key employees, advisors and any other matters of Target as Buyer's accountants, tax and legal counsel and other advisors deem appropriate, subject to the Confidentiality provision provided below, for the purpose of allowing Buyer to complete its due diligence. The Purchase Agreement shall be contingent upon the satisfactory completion of due diligence by Buyer.

4. Seller's Covenants. During the period this Letter is in effect, Seller will conduct Target's business in the ordinary course and will not undertake any activity or transaction that would significantly reduce the value of Target's business or assets.

5. Expenses. Each Party will be responsible for its own costs and expenses associated with the negotiation and execution of this Letter and the Purchase Agreement.

6. Governing Law. This Letter and all matters related thereto shall be governed by and construed in accordance with the laws of the State of Michigan without giving effect to its conflict of laws principles.

7. Termination. This Letter will automatically terminate upon the earliest of:

- (A) the execution of the Purchase Agreement by the Parties
- (B) the mutual written agreement of Buyer and Seller
- (C) February 06, 2018

8. Non-binding. This Letter is intended only as a reflection of the intention of the Parties, and neither this Letter nor its acceptance shall constitute or create any legally binding or enforceable obligation on any Party, except with regards to paragraphs regarding Confidentiality, Expenses, Governing Law and Termination hereof. No agreement or obligation regarding Target and/or the Transaction shall be deemed to exist between the Parties and any of their respective affiliates, unless and until the Purchase Agreement has been executed and delivered, and then only in accordance with the terms and conditions of such Purchase Agreement.

9. Miscellaneous. This Letter contains the entire understanding between the Parties and supersedes all previous agreements, if any, between the parties concerning the same or substantially similar subject matter. This Letter may be amended, supplemented or otherwise modified only in a writing signed by duly authorized representatives of each Party. This Letter maybe executed in counterparts, each of which shall be deemed an original and all of which together, shall constitute one and the same document. The section headings are for reference purposes only and shall not otherwise affect the meaning, construction or interpretation of any provision in this Letter.

If the foregoing terms and conditions are acceptable, please sign and return this Letter to the undersigned.

Very truly yours,

Michael M Rice

Buyer Name

Agreed to and accepted by:

Seller Signature

Evan I Antonelli

Seller Full Name

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GENERAL INSTRUCTIONS

WHAT IS A LETTER OF INTENT?

A Letter of Intent for Purchases is a written document that outlines a preliminary agreement between two parties regarding the terms of a potential purchase transaction. The two parties can settle on certain terms while agreeing to continue to negotiate the other terms and details of the transaction before actually signing a purchase agreement.

WHAT SHOULD BE INCLUDED IN A LETTER OF INTENT?

Who are the Parties?

Identify who is the seller (the current owner) and the buyer (the potential new owner).

What is the Transaction?

Describe in detail what is being purchased, including any agreements on what will be included or excluded in the transaction the parties will be negotiating.

What are the Terms?

Include any terms that have been agreed upon, such as purchase price or price adjustments. If the seller has agreed to exclusivity (i.e. not to negotiate with other parties), that should be included as well.

Are there any Conditions?

The parties can include certain conditions that must occur before a final agreement will be signed, such as:

- the buyer securing financing
- the buyer completing due diligence
- the buyer successfully selling his or her home
- an inspection of the property
- regulatory or other required approvals

WHAT ABOUT THE LETTER OF INTENT ITSELF?

The agreement should explicitly state whether it is binding or non-binding – don't leave this open for a court to determine. Also include when it

(and negotiations) will end and which state's law will govern it.

Here are some other terms that may also be included:

- Confidentiality – the agreement and any information learned will remain confidential
- Covenants – things each party must do while negotiations are taking place
- Special Terms – any special terms that the parties agree will be in the purchase agreement, such as leaving certain items of furniture or hiring certain employees

As a reference, a Letter of Intent is known by other names:

- Intent to Purchase Letter
- LOI
- Letter of Interest
- Term Sheet
- Memorandum of Understanding
- MOU
- Assurance Letter
- Framework Letter

WHEN SHOULD I USE ONE?

This agreement is most often used in transactions involving a purchase. Sometimes two parties will know that they want to do a business deal together, but they aren't ready to sign an actual agreement. For example, they may agree that one party will sell his or her business for a certain price, but they do not yet agree on who will take on certain liabilities of the business. The parties can sign this document to show each other a good faith intention to work out a deal. It can also help parties get on the same page as to what they expect from the purchase.

WHAT HAPPENS IF I DON'T USE ONE?

Without this document, you might miss out on a number of purchase or sale opportunities. Sometimes banks or lenders will require some kind of proof of a deal before they will promise to grant financing. Or if you are still negotiating certain terms of the deal, either side may question the other party's commitment to actually getting the deal done and walk away.