Overview

A Letter of Intent (LOI) is a useful tool to bring the early stage of collaborative discussions to a close and to launch the more formal stage of negotiations that will govern the future relationship between the parties. It should define the purpose, process, and timeline for these discussions. The following material should be considered a sample of how to approach the content of this document.   It should be adjusted and customized to the specific circumstances and the specific requests of the parties. LOI's between and among nonprofits should be nonbinding rather than binding. In a nonbinding agreement, the parties waive the right to sue for failure to complete the negotiations.

Letter of Intent Sample

Nonbinding Letter of Intent
Between Agency A and Agency B
(Date)

Section 1
This letter is entered into as of (Date) between Agency A and Agency B, both nonprofit organizations.

Section 2

Representatives of these groups have been meeting to explore ways in which they might come together to improve the effectiveness of their services.   The strategy chosen is the merger of the two organizations.   At this time, they wish to commit the participants to a specific process that will further elaborate the collective strategy and to define their mutual obligations within the process.

Section 3: Purposes

The purposes of this Letter of Intent are:

1. To clearly define the purposes of the merged entity;
2. To define the planning process by which the new entity will be designed and established;
3. To set target dates for completion of various aspects of the process;
4. To govern the conduct of the parties during the planning process.

Section 4: Expiration and extension

This Letter of Intent will expire on (Date). It may be extended by mutual agreement of the parties. It may be dissolved by either party with ten days notice to the remaining party.

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