

## WHAT IS A LETTER OF INTENT?

A Letter of Intent is essentially a collection of key points of an agreement between two parties that are negotiating a contract; in this respect a Letter of Intent is simply the agreement signed prior to the final contract.

In certain complex transactions, the parties may wish to come to a preliminary agreement, sometimes called an "agreement to agree", which may or not be enforceable, depending on the circumstances and applicable law. Such an agreement may take the form of a "Letter of Intent" - also known as "Memorandum of Understanding" or "Commitment Letter". The preliminary agreement may be necessary when a certain major issue (such as obtaining a government authorization) is not yet known or definitive.

Another function of Letters of Intent is that the parties will use the preliminary agreement to resolve certain basic issues, while continuing to negotiate on more complicated matters.

Without a certain formality, the Letter of Intent is meant to acknowledge the will of the parties to carry out in the near future all the steps necessary to perform a contract that gives way to a transaction in international business. It involves a reciprocal wills statement, without binding effect, but with high ethical value to the parties who sign.

Thus, among the purposes of the letters of intent we can include:

- Clarifying the key points of an operation for the convenience of the parties.
- The statement that the parties are currently negotiating.
- Provides guarantees if the deal collapses during negotiation.

There are different types of Letters of Intent in international business. The most common are:

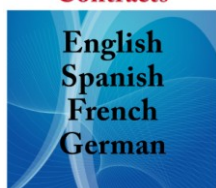
- [Letter of Intent for International Sale Contract.](#)
- [Letter of Intent for International Distribution Contract.](#)
- [Letter of Intent for International Joint Venture Contract.](#)

Another characteristic of the Letters of Intent is that can resemble a written contract but usually not binding on the parties in their entirety. However, the majority of these agreements, contain provisions that are binding, such as non-disclosure and non-compete agreements.

---



**International  
Contracts**



**English  
Spanish  
French  
German**

To obtain models of Letters of Intent in different languages, [click here](#).