

LOIs Are Nothing to LOL About: A Primer on Letters of Intent

Letters of intent can be minefields, writes **Jeffrey Brown** of **Thompson Coburn**.

“On the one hand, business people want to use them to tie up a deal. On the other, they don’t want to be bound by them if they want to walk away,” he explains in the article published on [JDSupra.com](#). “As one court explained, ‘It is a common commercial practice for two negotiating parties to sign a letter of intent or an agreement in principle, signaling that they have come to a tentative agreement on the general outlines of a deal without having nailed down all of the details. Not infrequently, the negotiations that follow the execution of this document break down, prompting the disappointed party to sue on the theory that the preliminary document is binding.’ ”

He writes that parties must be careful in drafting LOIs if they want to avoid having a judge later hold that instead of a precursor to an agreement, the LOI became an enforceable agreement.

Read the article.