

Basics and Issues with Selling and Purchasing Real Property, Mineral Leases and Cell Tower Leases

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Acknowledgements

- ▶ Ken Mills, *Top Ten Issues When Negotiating Earnest Money Contracts*
- ▶ Patrick Rouse, *Cell Tower Leases from the Landlord Perspective*

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What is a LOI?

A Letter of Intent (LOI) is an agreement between parties that outlines general business and/or legal terms, prior to drafting the formal, complete documents to effectuate the transaction.

- ▶ Detail and comprehensiveness varies widely
- ▶ Can be binding, non-binding, or a combination of the two
- ▶ LOI by another name: Memorandum of Understanding, Gentlemen's Agreement, Agreement in Principle, Letter of Understanding, Term Sheet, Transaction Outline

Why do we use LOIs?

- ▶ LOIs can save parties both time and money.
- ▶ LOIs can help determine the likelihood of consensus on larger points of possible contention in a transaction.
- ▶ A well drafted LOI should streamline the drafting and negotiation of formal, complete transaction documents.



Who drafts the LOI?

- ▶ **ANYONE** can draft a LOI.
- ▶ LOIs are typically drafted by:
 - ▶ Real estate brokers
 - ▶ Actual parties to the transaction
 - ▶ An attorney representing one of the parties
- ▶ No matter who drafts the LOI, Clients should allow the attorneys to review and provide comments to LOI.



Considerations in drafting a LOI:

1. Be specific, precise and complete.
 - a. Consider the purpose of your LOI
 - b. Be clear, complete, and organized in drafting the terms
 - c. Include an expiration date on the offer, and perhaps an expiration date to finalize formal agreements between parties

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