

What is a Letter of Intent in Real Estate?

A letter of intent, commonly referred to as an “LOI,” is a simple, 1-3 page document that prospective buyers or tenants use to outline the terms of their offer for a property. It includes the basic terms of what they’re willing to pay for a property and under what conditions.

Key components to include in a Letter of Intent for a real estate transaction:

- Introduction and Purpose:
 - State the purpose of the LOI and specify that it is non-binding.
 - Identify the parties involved (buyer and seller or landlord and tenant).
- Property Description:
 - Provide a detailed description of the property, including its address, size, and any other relevant details.
- Proposed Terms:
 - Purchase Price or Rent: Specify the proposed purchase price for a sale or the rental rate for a lease.
 - Payment Terms: Outline the payment structure, including any deposits, down payments, and financing contingencies.
 - Lease Terms: For leases, include the lease term, renewal options, and any escalation clauses.
 - Due Diligence Period: Define the time frame for conducting due diligence, including property inspections, title searches, and environmental assessments.
 - Closing Date: Indicate the proposed closing date for the transaction.

Our Services

Traditional Loan Programs

- VA Program
- USDA Programs
- FHA Programs
- Traditional Programs

Bridge Loan Programs

- Fix and Flip
- Cashout Refinance
- Rate and Term Refinance
- Purchase

Commercial Loan Programs

- Fix and Flip
- Purchase
- Cashout Refinance
- Rate and Term Refinance

SBA Loan Programs

- SBA - 7A
- SBA - 504

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Key components to include in a Letter of Intent for a real estate transaction:

- Contingencies:
 - List any contingencies that must be satisfied for the transaction to proceed, such as financing approval, satisfactory due diligence results, or zoning approvals.
- Brokerage and Commission:
 - Specify any real estate brokers involved and the commission structure.
- Confidentiality:
 - Include a confidentiality clause to protect sensitive information shared during the negotiation process.
- Exclusivity:
 - State whether there is an exclusivity period during which the seller or landlord agrees not to negotiate with other parties.
- Signatures:
 - Provide spaces for the signatures of the parties involved, acknowledging their receipt and agreement to the terms outlined in the LOI.
- Governing Law:
 - Specify the governing law that will apply to the LOI and any future agreements.
- Expiration Date:
 - Include an expiration date for the LOI, after which it will no longer be valid if not executed.

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