

## Letter of Intent

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You are a seller who has been waiting months for a legitimate buyer to show up, an offer letter sits in your inbox, and you cannot find a pen fast enough. Or perhaps you are a buyer who has been searching for the right aircraft, you have finally found it, and you are yelling at your broker to get that standard form offer or letter of intent (LOI) sent out with your offer price. You are only focused on the price now, and everything else will surely fall into place...just as long as you get that signed LOI.

Times have changed. Buyers and sellers have different motivations, timeframes and expectations, all of which need to be anticipated in order to have a successful completed transaction. The result of failing to understand the new paradigm? Deals fall apart, both parties claim the deposit, aircraft are left mid-inspection without payment, liens are filed, and everyone has a costly mess to clean up.

To prevent this from happening, take a little

extra time before you send or accept that LOI. In the past, the LOI may have been little more than a formality. Neither the buyer nor the seller may have looked any further than the price before signing. This mindset remains especially tempting for a seller in today's market. The seller wants a signed LOI and wants to believe that the rest of the issues will be easily worked out in the purchase agreement.

While a buyer may consider anything less than a full phase 1-5 inspection to be a deal-breaker, the buyer fails to address this in the LOI and wonders why, after 2 weeks of negotiations, the parties cannot reach agreement on the terms of the purchase agreement. A broker that was eager for his client to accept that LOI now has an unhappy client who has spent considerable time and money on a transaction which, it turns out, was doomed from the start.

The next time you are drafting or reviewing an LOI, consider this: It is an Opportunity. You can

create a better overall deal at less cost by ensuring the LOI addresses your most important business points in the way you will want them addressed in the purchase agreement. Aviation lawyers negotiating purchase agreements hear "that is how it was written and agreed to by the parties in the LOI" too many times and must notify their client that the LOI he/she signed reads exactly as the other side claims. Taking the time to address your most important points in the LOI creates fewer surprises and fewer costly delays down the road. Take a deep breath, read carefully, and whether you are buying or selling, think about the entire deal, not just the price.

**Michelle M. Wade and Dillon L. Strohm are attorneys with the law firm of Jackson & Wade, L.L.C. and counsel clients on the acquisition, financing and operation of corporate jets operated under Part 91 and Part 135 of the Federal Aviation Regulations. Jackson & Wade, L.L.C. can be found at [www.jetlaw.com](http://www.jetlaw.com).**



Michelle M. Wade

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