

DIFFERENCES BETWEEN LETTER OF INTENT AND MEMORANDUM OF UNDERSTANDING

It is customary, in day to day business, to start writing negotiations in between parties when conducting any business purpose, whether buying, distribution or partnership agreements. This home for future consummation of **binding mutual obligations cannot be considered much less a contract itself**, denominating legally as mere letters of intent or preliminary treatment.

A distinction has to be made very clearly as far as the effectiveness of such treatment preliminary binding and can advance even now they represent only simple conversations, writing minutes or crossover projects, offers and counteroffers in which the parties do not show their intent to be bound each other, but the only thing is that record to see the possibility of hiring in the future. Letter of Intents and Memorandum of Understanding (known as MOU's) are **drafts without binding efficiency** and, at best, serve as mere interpretive elements in the event of needing to know the will of the parties to enforce when the business finally completed.

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

Without a certain formality, **the Letter of Intent is ment 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.

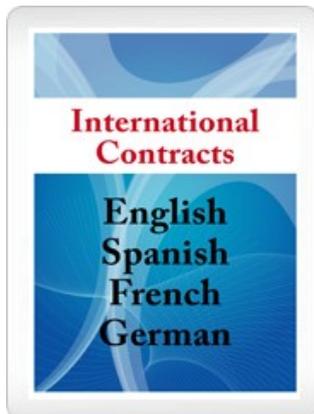
Although the terms refer to different documents, **the differences are often formal**, reflecting different styles of writing or business customs, and not a substantial difference in what Letters of Intent and Memorandum of Understanding pursue.

Depending on which document the number of signatories will differ: In a Memorandum of Understanding, more than two parties may be involved but for a Letter of Intent only two parties are involved. The first one of them imply that all the parties involved have to be signatories, while a letter of intent needs only the party which proposes the agreement to be a signatory.

Both documents define the intent of the parties: both, a Memorandum of Understanding and a Letter of intent describe an intention to take some action. From the business point of view, it is defined as an agreement between two parties before the agreement is finalized.

It is essentially a collection of key points of an agreement between the two parties who pretend to conduct a business transaction, especially when announcing a joint venture, Letters of Intent and Memorandum of Understanding are signed for the purpose of declaring that the various parties involved are negotiating a contract. **It is simply the agreement signed prior to the final agreement.**

Another characteristic is that both Memorandums of Understanding and Letters of intent **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.**



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

CONTRACTS FOR THE INTERNATIONAL COMPANY

INTERNATIONAL CONTRACTS (ENGLISH, SPANISH, FRENCH & GERMAN)

- International Sale Contract
- International Distribution Contract
- International Commercial Agency Contract
- International Sales Representative Agreement
- Intermediary Contract for Trade Operations
- International Joint Venture Contract
- International Franchise Contract
- International Services Agreement
- International Consulting Agreement
- International License Contract
- International Supply Contract
- International Manufacturing Contract
- Expatriate Contract of Employment
- Pack 5 International Contracts English (Basic)
- Pack 12 International Contracts English (Premium)

COMMERCIAL CONTRACTS (ENGLISH, SPANISH, FRENCH & GERMAN)

- Distribution Contract
- Commercial Agency Contract
- Sales Representative Agreement
- Commission Contract
- Joint Venture Contract
- Services Contract
- Consulting Contract
- Technology Transfer Agreement
- Franchise Contract
- Supply Contract
- Manufacturing Contract
- Confidentiality Agreement
- Pack 5 Commercial Contract English (Basic)
- Pack 12 Commercial Contracts English (Premium)

CHINA CONTRACTS (ENGLISH-CHINESE DUAL VERSION)

- Distribution Contract China
- Agency Contract China
- Commission Contract China
- Supply Contract China
- OEM Manufacturing Contract China
- Confidentiality Contract China
- Memorandum of Understanding for Distribution Contract China
- Memorandum of Understanding for Joint Venture China

CONTRACTUAL LETTERS

- Letter Enclosing Contract for Signature
- Letter Proposing Amendments to Contract
- Letter Proposing Variation of Contract
- Letter Terminating Contract on Breach
- Letter Terminating Contract on Notice
- Letter Terminating Contract on Breach
- Pack 5 Contractual Letters

LETTERS OF INTENTS

- Letter of Intent for International Sale
- Letter of Intent for International Distribution
- Letter of Intent for International Joint Venture
- Pack 3 Letters of Intent