

LEASING TIMES

Key leasing phrases and topics to think about.

LETTERS OF INTENT – PART 1

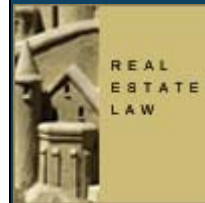
Letters of intent (LOIs) are becoming increasingly more commonplace in Canada. We briefly discussed LOIs in an earlier edition of *Leasing Times*. The recent decision of the Ontario Court of Appeal reversing the lower court decision in *Wallace vs. Allen* casts some doubt on our understanding of the non-binding nature of LOIs. Many of us may dismiss the decision as “fact specific.” In this case, the LOI stated that “there will be much work to be done...and that the wording of this agreement may alter somewhat...” It also provided that the LOI was to be “reduced into a binding agreement of purchase and sale ...within 40 days.” In deciding that the LOI was binding, the Court considered, among other things, the conduct and actions of the parties and their solicitors. The Court went beyond what was stated in the LOI. Simply including a clause in an LOI stating that it is non binding may not be enough. In subsequent issues of *Leasing Times*, we'll examine some of the lessons we can learn from *Wallace vs. Allen* to guide us in our use of LOIs. As always, we welcome your thoughts.

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