

## Side Letters

Side letters are frequently used in financing and commercial transactions to vary terms signed in an existing contract.

You may find borrower, sponsor or fund manager using a side letter to agree terms with a lender or investor different from terms in a common investors or facility agreement.

You may also find parties using a side letter to clarify terms concerning scope or fees in an earlier signed contract for provision of services or goods.

Whatever its use, a side letter is a new contract between the parties as regards the terms in the side letter.

The parties will most likely intend for the side letter to be enforced with the original contracts. The parties should ensure that the terms of the side letter are clear and provide for what each party is giving and receiving.

The side letter must state what aspects of the original contract apply to it and aspects that do not. The side letter must be signed by all parties bound by its terms.