



Buyers Checklist

There is much to do during the time you are considering the purchase of a business. There are valuable resources for general information online, through your local SCORE office, Chamber of Commerce and other business resources.

After you have found a business and submitted an acceptable offer you are encouraged during the period of *DUE DILIGENCE* to explore your potential investment with an attorney and/or accountant of your choice.

The following checklist is offered for reference only and reflects considerations for both the due diligence and closing periods. The exact circumstances of an opportunity warrant investigations prior to a final closing. Use the professional services of a CPA and/or Attorney.

- Check the condition and circumstances of Assets to be purchased.
- Specify conditions in your contract and verify Inventory at closing.
 - Adjusted Purchase Price — This relates to prorated items such as rent, utilities, and inventory up to the time of closing.
- Confer with financial advisors on the purchase price allocation.
 - The bill of sale will be proof of the sale of the business and will transfer the ownership of the other tangible business assets not specifically transferred on their own.
 - Make sure that all bulk sale laws have been complied with in the transfer of the business assets.
- Confer with financial advisors on Tax Consequences of purchase.
 - Complete IRS [Form 8594 \(PDF file\)](#), Asset Acquisition Statement — This document should be completed by your attorney and will indicate how the purchase is to be allocated. This is important for your tax return.
- Signing Promissory Note: In some cases the seller will carry back financing, so have an attorney review any Note documentation.

- Consultation/Employment Agreement: If the seller has agreed to remain on for an amount of time, this should be outlined in the Purchase and Sale Agreement and additionally documented at closing.
- The Federal I. D. and Sales Tax number should be obtained as soon as possible.
- Open a business banking account.
- Determine credit card equipment status (lease or buy) and obtain a Merchant Account
- Obtain a new lease to take effect at closing.
 - If you have agreed to assume an existing lease, **you** will be required to execute the assumption. Make sure that you have the landlord's concurrence to assumption of the lease. You may negotiate a new lease with the landlord instead of assuming the existing lease and have done so prior to closing.
- Review final condition of accounts receivable.
- Obtain necessary licenses and permits.
- Review employment contracts, pension & profit sharing plans, contracts with customers and/or suppliers and franchise agreements.
- Review patents and trademarks.
- Review and obtain adequate insurance.
- Any legal items, such as claims, judgments and liens should be cleared.
- A Non-Competition Agreement should have been written and signed.
- Transfer titles to motor vehicles.
- Utilities transferred to the new Owner.
- If a stock transaction, the minutes, by-laws, certificates, loan document, contracts should have been reviewed by an attorney.