

Three Stages in a Buyer's Process

Stage 3

Part 3: Buyer and Seller CLOSING CHECK LIST

In accordance with the Purchase and Sale Agreement, the buyer and seller shall have the following responsibilities at or prior to closing escrow:

Satisfaction of Contingencies

Removal of all contingencies from the Purchase and Sale Agreement by the agreed upon dates. Non-response will indicate removal and/or approval by BUYER and SELLER.

Cashier's Check

The title company will require a cashier's check from the buyer **on the day of closing**. Contact the title company at least 24 hours prior to the closing date to review the statement and to receive the settlement amount.

Establish

- The day and hour for buyer's inspection and approval of equipment, inventory, receivables and/or real estate.
- Mutual agreement of asset values (new basis) between Buyer and Seller for future tax considerations. Inform the title company of the dollar value assigned to the asset list.

Licenses

For all operational requirements. Contact all state, city and county agencies for property establishment/removal of your business licenses, Assumed Business Name, personal liability associated with the business, and insurance.

Review Liabilities to be Paid

Contact the title company to receive assurance that all bills, liabilities and taxes are paid prior to closing or arrange for the title company to withhold and pay at closing.

Send to Title Company

Liabilities to be paid/collected and copy of letter (if applicable) of incorporation or dissolution.

Contracts to be Signed

If additional agreements, other than the Purchase and Sale Agreement, notes or documents are to be provided by outside agents (lawyer), please provide a copy to the closing agent or authorize your agent to contact the closing agency directly.

Review

The closing statements, contracts, bank financing and agreements to be signed at the closing. Understand what you sign before you sign it. Take the necessary time.

Other

Please bring a copy of your corporate resolution that describes you both as officers. It is a one-page part of the entire document describing who you are in the corporation.

This information is provided as a **general** guide for the processes in buying an existing business. The steps indicated are placed in a chronological order to indicate procedure that should be completed prior to closing and taking over ownership. Some of the steps are **required by law**. The list is **not all inclusive** and other steps may be necessary.

STAGE 1 (Parts 1, 2 and 3)

Finding and Valuing, Offering, Due Diligence

This is a series of actions that allow you ample time to review all information PRIOR TO BUYING. It is a right of the buyer to obtain information and seek disclosure of facts already presented by the seller. It is your right as a buyer to be informed. Take the necessary time to complete the process to your satisfaction.

STAGE 2

Financing

A separate series of actions is required to obtain the financing. Some of the required information for banks is included in the due diligence processes and will "overlap". Usually the financing steps will take place prior to accomplishment of full due diligence, but remember that obtaining necessary financing is usually a prerequisite before a seller is willing to disclose all operational information. If you cannot finance the business, the seller is not willing to share all the information with you.

STAGE 3 (Parts 1, 2 and 3)

Operational Licensing and Closing

The legal transferring of ownership, title and equity in the business. Includes all of the necessary steps prior to your first day of ownership so that you can operate legally in Idaho. The steps should take place during the financing and due diligence stages and do overlap in both areas. As an example, you must have your federal identification number prior to accepting any SBA loans; therefore, you will need to file for the number early in the process so that you can close on the indicated date of closing. Another example is insurance. It is necessary to obtain insurance information for financial proforma as well as liability protection during ownership.

This information is provided by Kip F. Moggridge of Arthur Berry & Company for general use. For questions you may contact Kip at 208-336-8000. Please consult an attorney or accountant for legal or financial assistance.

NOTE: This document is not all-inclusive. Other considerations will require additional assistance from both Buyer and Seller. This list is provided by Kip Moggridge of Arthur Berry & Company as a guide to probable closing actions. You are always encouraged to seek professional guidance from legal and accounting perspectives in the final disposition of a sale.