

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 procedures 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.

Small Business Administration (SBA) or commercial loans and general lease requirements will require the following, detailed information:

Buyer/Lessee Checklist

- Identify and bank and make an appointment.
- Complete application for incorporation and have it filed.*
- Three years, signed income tax statements.*
- A current, signed financial statement.*
- A Business Plan narrative that includes the following:*
 - Executive Summary and financial request
 - Current operation
 - New mission and strategy
 - How you will operate and what you intend to do
 - Management and staff
 - Financial pro forma (two years)
 - Personal resume
- Assignments or lease or new lease from landlord/lender/vendor or Letter of Intent to Lease.*
- IRS verification of income tax form.
- Assumed Business Name/State tax number/IRS tax number.*
- Application for insurance.*

Seller Checklist

- EPA and/or Property Disclosure forms.
- Three years, signed income tax statements.
- Current, signed income and balance sheets.
- Equipment list, signed and dated, with serial numbers, models, values.
- Signed Accounts Receivable aging report, with names, amounts due.
- Copy of all leases.
- Legal description of real property.
- Seller's intent and reason for selling statement.
- IRS verification of income tax form.
- Copy of all liabilities as note, or contingent liabilities (include personal property tax).
- Signed, Sellers Carry Back agreement or note to Buyer.
- Assignment of Lease or Letter of Intent to Lease documents.
- Proof of pay off for tax liabilities (personal property, etc.)
- Signed, current Purchase and Sale Agreement.
- Signed, subordination agreement for carry back loan (required by SBA).
- Authorization for pay off document (liabilities to be paid) to title company.
- Signed indemnity agreements (liabilities, encumbrances, warranties, etc.).

This list is not all inclusive as banks or lessor may require additional information. It is not uncommon for the process to take up to 90 calendar days, however, the average processing time will be shortened extensively if you **first complete the above**. A realistic goal is to have your funding available within 30 to 45 working days from the time you actually make a bank or lease application. Packaging your application is a **service** provided to you in order to meet both buyer and seller contingencies. You are under no obligation to accept this assistance.

*Items required for lease application.