



## Checklist for Buying a Business

1. Review tax returns, profit and loss statements and balance sheets for five years.
2. Review loan documents if you are going to assume any obligations of the old business.
3. Review the lease if you are taking over seller's space or title documents if you are purchasing the seller's building to ensure there are no new encumbrances.
4. Review ownership documents of vehicles if they are included in the purchase. Also check the vehicle registration and safety inspection.
5. Check with appropriate county or state offices to see if there are liens on any vehicles, equipment or merchandise.
6. Ask to see copies of any lawsuit papers and letters from any people threatening lawsuit. Check with county court clerk to see if any lawsuit is on file.
7. Review any warranties issued by the company you are purchasing to determine future obligations.
8. Obtain a copy of employee contracts and benefit packages.
9. If company has trade secrets and other proprietary information, be sure they are safeguarded.
10. Check to ensure that all past tax liabilities have been paid. This includes property taxes, sales tax, federal income tax and any other tax liability.
11. Look carefully at all space and equipment leases.
12. If the company has contracts with suppliers or customers, become familiar with the terms.
13. If patents or copyrights are involved, get hold of the basic registration documents and contracts giving the business the right to exploit these rights.
14. Make sure you have the right to continue to use the trademark, service marks, business names and product names.
15. Check into any licenses that you will need to continue the business.
16. Check the zoning requirements to ensure you are in compliance and that the previous owner was not operating under a temporary or conditional use permit.

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17. Check to ensure that toxic waste has been properly disposed in the past so you are not liable for past improprieties.
18. Make sure you are not liable for unpaid balances of accounts payable.
19. Determine exactly what assets and liabilities are included and not included in the sale.
20. Be sure the sale contract is acceptable to both buyer and seller.

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