

## PURCHASE OF XYZ, Inc. CHECKLIST

### Matters to be considered and information needed:

- Identification of parties.
  - Names
  - Addresses.
- Character of each party.
  - Legal Entity Status:
- Recitals.
  - Business or profession conducted by seller.
  - Desire of seller to sell and buyer to buy.
  - Desire of seller to retire.
- Assets subject to agreement.
  - Business building and other real property.
  - Good will; use of firm name or customer lists.
  - Stock in trade.
  - Equipment, furniture, and fixtures.
  - Patents, copyrights, trademarks, and trade names.
  - Cash on hand and on deposit.
  - Insurance policies.
  - Notes and accounts receivable, securities for debts, and outstanding contracts.
  - Other assets.
  - Valuation of assets sold.
- Nature of consideration.
  - Payment of money.

- Assumption of debts and liabilities.
- Other consideration.
- Allocation of purchase price to various assets sold.
- Time and manner of payment.
  - All cash on closing.
  - Part payment on signing and balance on closing.
  - Deposit held in escrow until closing.
  - Installment payments.
  - Mortgage or other collateral security.
  - Forfeiture of deposit for default in paying purchase price.
  - Other methods of payment.
  - Personal guaranty of payment by buyer.
- Closing.
  - Delivery of instruments of transfer.
  - Payment of purchase price.
  - Acquisition of necessary rulings and approvals.
  - Conduct of business until closing.
  - Date of closing.
  - Inspection of assets sold.
- Inspection of books, records, and premises.
  - Furnishing of customer list.
  - Furnishing of supplier list.
- Representations by seller.
  - Title to property and assets.

- Authority to enter into agreement.
  - Accuracy and completeness of books and records.
  - All outstanding liens, contracts, judgments, and other obligations disclosed.
  - Absence of labor disputes.
  - Validity of patents, copyrights, trademarks, and trade names.
  - Compliance with all laws affecting business.
  - Survival of representations.
- Indemnification of buyer.
  - Assumption by buyer of lease, if any.
    - Obtaining of lessor's consent to assignment of lease, if any.
  - Assumption by buyer of outstanding contracts.
    - Disavowal of contracts not listed by seller.
  - Assumption by buyer of seller's collective bargaining/union agreement, if any.
  - Payment of broker's commission, if any.
  - Compliance with UCC Article 6 or other bulk transfer provisions.
  - Instruction of buyer by seller in operation of business.
    - Employment of seller as executive of buyer, if applicable.
  - Covenant not to compete.
    - Territory.
    - Duration.
  - Responsibility for obtaining necessary approvals and making necessary filings.
    - Tax rulings.
    - Antitrust rulings.
    - Similar approvals.
  - Payment of sales or use taxes imposed on transfer of assets.

- Payment of other taxes.
- Transfer of tax identification numbers.
- Insurance.
- Contingencies.
  - On buyer's obtaining license or permit.
- Execution of bill of sale to transfer personal properties.
- Transfer of titles of motor vehicles.
- Execution of warranty deed to transfer real properties.
- Risk of loss.
- Remedies on default.
- Assignability of rights under agreement.
- Modification of agreement.
- Arbitration of disputes.
- Manner of giving notice.
- Binding effect of agreement on successors and assigns.
- Governing law.
- Date of execution.
- Signatures.