

The Purchase Process

- Step 1. Buyer prepares offer and Contract to Purchase Agreement
A deposit is retained in Broker's Escrow Account
- Step 2. Seller Accepts, Rejects or Counter-offers proposal.
The agreement may be marked-up, initialed and go back and forth several times between buyer and seller, until a final agreement is reached.
A new clean contract may be prepared to be signed by both parties.
- Step 3. Seller and buyer have both accepted and signed the agreement.
Time is of the Essence and the process proceeds toward the Closing date as specified on the agreement (on or before)
Any modifications of terms or dates as stated on the agreement must be in writing and signed by both parties.
- Day 0 Broker will indicate "contract pending" on MLS and decline showing the business to any other interested buyers or brokers.
- Day 1 – 5 Buyer will place remaining balance of deposit in escrow (usually 10%-20%)
Buyer will make request of Seller for documents to be inspected as part of Due Diligence. (tax returns, accounting statements, receipts ,invoices, etc.)
Buyer and Seller will contact landlord to request lease assignment.
Buyer and Seller will have their attorneys review contract, if so desired.
- Day 6 - 10 Seller will produce all documents for Buyer's review.
- Day 11-15* Buyer will complete Due Diligence process
Buyer will obtain lease assignment.
- Day 16* – closing Buyer will obtain remaining funds for closing
Closing agent will prepare all final documents.
- Closing - Business in transferred to Buyer.
Seller will begin training as set forth in agreement.

*Depending on agreement, due diligence period may have more or less days specified.

The Standard Asset Purchase Contract

In order to facilitate the process, a Standard Asset Purchase Contract is used. This form is filled out by hand entirely or in part is typewritten (prepared on word processor). This document is prepared by attorneys and approved by Business Brokers organizations such as BBF and FBBA.

One-line interpretations of the Standard Asset Purchase Contract

Note: These interpretations are intended for convenience only, and do not superseded nor modify the actual content of the referenced clauses. You must read the full content of all actual clauses on the agreement before signing the document.

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|-----------------------------|---|
| <u>The Who, What</u> | Business Name etc. Buyer, Seller Company name, etc. |
| a. <u>The Money</u> | Price, Down payment, Financed amount etc. |
1. **Answer By** The date/time Seller has to respond to offer
 2. **Closing Date** The date/time of closing (on or before).
 3. **Time is of the essence**
 4. **Authority** Buyer and Seller are capable of signing this contract
 5. **Warranty** Seller sells the business free and clear of debt.
 6. **Indemnification** Seller is responsible for any debts discovered later.
 7. **Promissory Note** Seller may place lien on business if buyer doesn't comply.

 Seller may take over business if buyer doesn't comply
 8. **Litigation** Seller warrants that there in no pending litigation
 9. **Incorporation** Buyer my incorporate and transfer sale to corporation later.
 10. **Default** Seller keeps deposits if Buyer Defaults.
 Buyer entitled to compensation for expenses if Seller defaults
 Broker entitled to commission if either defaults.
 11. **Buyer's Acknowledgement** Broker doesn't represent Seller's claims.
 12. **Seller's Acknowledgement** Broker doesn't represent Buyer's ability to purchase
 13. **Bill of Sale** Seller will give buyer a Bill of Sale for all equipment.
 14. **Equipment Condition** Equipment is "as-is" but must be working.
 15. **Loss/Damage** Seller is responsible before closing. Buyer after.
 16. **Accounts Payable** Whether or not included in the sale.
 17. **Business Deposits** Belong to Seller. (Rent, FPL etc.)

18. **Business Operation** Seller must operate business normally after contract signed.
19. **Phone and Yellow Pages** Transferred to Buyer
20. **Business Mail** Buyer will send Seller's personal mail to Seller.
21. **Business Records** Seller will transfer all records to Buyer
22. **Premises** Seller must maintain premises in good order prior to closing.
23. **Pro-rating** Expenses will be pro-rated as of closing date.
24. **Licenses, Permits** Seller will help Buyer obtain licenses and permits and resolve any issues that may inhibit.
25. **Inventory** Included or not. Value determined by Buyer and Seller and adjusted at closing.
26. **Due Diligence Period** Buyer may cancel contract during this period of discovery
27. **Accounts Receivable** Include or not with sale.
28. **Familiarization** Seller will train buyer at no cost for specified time.
29. **Trade Names** Transferred to Buyer as part of sale
30. **Non-Compete** Seller will not compete within specified distance and time
31. **Lease Assignment** Seller helps Buyer transfer and negotiate lease.
32. **Closing Agents** Buyer and Seller will use respective attorneys to close.
33. **Confidentiality** Sale kept confidential. Buyer can't visit without consent.
34. **Governing Law** Specify which Florida county laws to prevail.
35. **Escrow Disputes** Funds in escrow until resolved. Dispute report to FREC
36. **Waivers** All waivers must be in writing
37. **Paragraph Headlines** Are for convenience only.
38. **Survivability** This contract extends beyond closing date.

39. **Binding Effect** This contract binds parties' successors, representatives etc
40. **Entire Agreement** This contract is entire agreement unless specified in writing.
41. **Severability** If any clause(s) are not enforceable those remaining are still valid.
42. **Contract Review** Attorneys may revise wording within 5 days. Not terms.
43. **Handwritten Terms** Must be initialed by both parties to be valid.
44. **Broker** Broker is South Florida Realty Group, Inc. and others that participate.
45. **Environmental** Broker not responsible for Environmental hazards.
46. **Florida Taxes** Parties should investigate tax liabilities for asset transfers
47. **Correspondences** Address of parties for receipt of correspondence.
48. **Real Property** A separate contract attached if real estate is involved

Addendum

Clauses 49, 50 etc. may include additional terms and conditions as required for specific concerns of the Buyer or Seller.