**Seller’s Disclosure Statement**

Business

SUBJECT BUSINESS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

ADDRESS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 LISTING BROKER SELLER(S)

**PREFACE TO DISCLOSURE STATEMENT**

This series of questions and answers is to inform the prospective Buyer(s) about this transaction. It has been completed by the Seller(s) to provide relevant information and to answer frequently asked questions, but it does not take the place of the Buyer(s)'s inspection of the business and/or property and of its financial and other records. These things must be carefully examined and acknowledged by the Buyer(s). This information is not a warranty. King & King Business Advisors’ have not verified the accuracy nor the completeness of any of the information supplied herein by the Seller(s).

 **A. Business Property Condition Yes No**

|  |  |  |  |
| --- | --- | --- | --- |
| A-1 | Are you aware of any circumstances in the industry or market area of the business that may adversely affect the future profitability of the business and/or property? |  |  |
| A-2 | Are there any revenues or expenses of the business / property that are not clearly reflected in the financial statements you will be presenting to the Buyer(s)? |  |  |
| A-3 | I agree to approve any adjusted income statement or pro-forma prepared by the Broker and understand that all adjustments will need to be verifiable and supplied by Seller(s). |  |  |
| A-4 | Is the business / property in default on any of its financial or contractual obligations? |  |  |
| A-5 | Has the business / property or any of its owners been the subject of any bankruptcy filing, assignment for benefit of creditors or insolvency proceedings of any kind during the last five years, or consulted with any attorney or advisor regarding such proceedings? |  |  |
| A-6 | Is there any one customer who accounts for more than 10% of annual gross sales? If Yes, list each by name and indicate the approximate percentage of the annual gross sales and any relationship to the business / property or its owners. |  |  |
| A-7 | Are there any commitments to employees or independent contractors regarding future compensation increases? |  |  |
| A-8 | Are there any suppliers who have a personal or special relationship with the business and/or property or its owners? If Yes, list them by name and indicate the approximate amount of annual purchases from such suppliers and describe those relationships. |  |  |
|  # | Business Property Condition (cont.) | Yes | No |
| A-9 | Are any of the employees or independent contractors related to any of the owners of the business and/or property or to one another? If Yes, list by name and describe their relationship. |  |  |
| A-10 | Have you had or do you anticipate any disputes with the landlord / tenant or problems with the premises the business and/or property occupies? |  |  |
| A-11 | Is there any equipment used in the business and/or property that it does not own? |  |  |
| A-12 | Is there any equipment / improvement used in the business / property that is not in good and operable condition, or for which maintenance has been deferred or is not suitable for the current usage? |  |  |
| A-13 | Are there any terms or conditions of the premises lease with which the business or the landlord are not in full compliance? |  |  |
| A-14 | Is the business a franchise or a distributorship? If Yes, please provide a copy of each such franchise or distributorship agreement. |  |  |
| A-15 | Have there been any deaths, violent crimes or other criminal activity on the premises within the last three years? |  |  |
| A-16 | Are you aware of any substances, materials or products on or near the premises which may be an environmental hazard such as, but not limited to, asbestos, formaldehyde, radon gas, paint, solvent, fuel, medical waste, surface or underground storage tanks or contaminated soil or water? |  |  |

 **B. Regulations Yes No**

|  |  |  |  |
| --- | --- | --- | --- |
| B-1 | Is the business / property or its operators required to have any licenses or permits other than a local business license? |  |  |
| B-2 | Must the new owner personally qualify for any license or permit? |  |  |
| B-3 | Are you aware of any pending zoning changes, redevelopment or nearby major construction that might affect your business? |  |  |
| B-4 B-4(cont.) | Are there any alleged violations filed or under investigation by authorities issuing licenses or permits by the following agencies? (If yes please complete section below)Police Department………………………………………………………………Health Department……………………………………………………………...Fire Department…………………………………………………………………Building Inspector………………………………………………………………Zoning Commission…………………………………………………………….Water Pollution Control Agency………………………………………………..Regulations (cont.)Alcohol Control Board………………………………………………………….State Professional Standards Agency.....………………………………………..OSHA……………………………………………………………………………EEOC……………………………………………………………………………SDAT……………………………………………………………………………IRS………………………………………………………………………………Other……………………………………………………………………………. | …….…….…….…….…….…….Yes…….…….…….…….…….…….……. | ………………………………No…………………………………… |

 **Legal Considerations**

**C. Does the business have any of the following? Yes No**

|  |  |  |  |
| --- | --- | --- | --- |
| C-1 | Union or other employment agreements |  |  |
| C-2 | Employee stock ownership plan (ESOP) |  |  |
| C-3 | Unfunded pension liabilities |  |  |
| C-4 | Back wages or claims for same |  |  |
| C-5 | Unpaid medical or insurance premiums |  |  |
| C-6 | Lease agreements (other than the premises) |  |  |
| C-7 | Equipment maintenance agreements |  |  |
| C-8 | Advertising contracts (including Yellow Pages) |  |  |
| C-9 | Outstanding contracts or agreements |  |  |
| C-10 | Pending litigation |  |  |
| C-11 | Unresolved insurance claims |  |  |
| C-12 | Product liability exposure |  |  |
| C-13 | Customer warranty obligations |  |  |
| C-14 | Tax or Workman's Compensation refunds |  |  |
| C-15 | Anticipated supplier rebates |  |  |
| C-16 | Unfinished, or not started, work in progress  |  |  |
| C-17 | Unearned income from Contracts/Deposits/W.I.P. |  |  |

**D. Other Yes No**

|  |  |  |  |
| --- | --- | --- | --- |
| D-1 | Are there any other facts or conditions not disclosed above that may adversely affect the operation of the business / property or a Buyer(s)'s decision to purchase? |  |  |
| D-2 | During the past two years, were there any significant revenues or revenues within a category which were substantial in aggregate and which are not likely to repeat within the next two years? If so, please identify, listing customer(s) and amounts. |  |  |

**IF YOU HAVE ANSWERED YES TO ANY OF THE ABOVE QUESTIONS,
EXCEPT QUESTION #A3, PLEASE ATTACH A COMPLETE EXPLANATION**

BY SIGNING BELOW, SELLER(S) CERTIFIES THAT THE ABOVE INFORMATION PROVIDED IS TRUE AND CORRECT AND ACKNOWLEDGES RECEIPT OF A COPY OF THIS DISCLOSURE STATEMENT.

Seller 1\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date \_\_\_/\_\_\_/\_\_\_\_\_

Seller 2\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date \_\_\_/\_\_\_/\_\_\_\_\_

Seller 3\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date \_\_\_/\_\_\_/\_\_\_\_\_

BY SIGNING BELOW, BUYER(S) ACKNOWLEDGES RECEIPT OF THIS DISCLOSURE STATEMENT SIGNED BY THE SELLER(S).

Buyer 1\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date \_\_\_/\_\_\_/\_\_\_\_\_

Buyer 1\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date \_\_\_/\_\_\_/\_\_\_\_\_

Buyer 1\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signature\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_Date \_\_\_/\_\_\_/\_\_\_\_\_