



## **Stop the Crazy! Don't wait for the bank check list. Ask for it up front.**

Most buyers use some form of financing when purchasing a business, regardless of the size of the business. Therefore, you need to be mindful of what documents the bank is going to need to close the transaction.

Here is a list of several items that the bank may require. Some banks will require some of the items and others will not. It is not an exhaustive list, but covers many of the needed items:

- Three to Five years of the Seller's Tax Returns – If a division is being sold, there are special guidelines to meet.
- IRS Form 4506 - Request for Transcript of Tax Return
- 3 to 5 year Business Plan
- Selling Memorandum on Business
- Cancellations of all UCC filings
- Payoff amounts of Seller's notes as of the day of closing with a per denim amount
- Personal Net Worth Statements of Buyer (Principals and/or Company)
- Life Insurance for Principal(s) – Deal is at risk if the Buyer has not had current physicals and not aware of their current health position.
- Proof of Business Licenses Application
- Trade Name Registration with Secretary of State
- Proof that Selling Company in Good Standing with Secretary of State
- Proof of Bonding Capacity
- Worker's Comp Policy
- Liability Insurance
- General Business Insurance
- Personal Real Estate Appraisals
- Business Real Estate Appraisals
- Appraisal of the Business being Acquired
- Environmental Phase I and/or II on involved real estate whether leased or owned
- Vehicle Registrations and Titles
- Vehicle Insurance
- Corporate Resolutions of both Buyer and Seller's Officer's showing who has the authority to enter into the transaction and place the Buyer in a debt position.
- Proof of New Lease or Assumption of Lease with Landlord

- Approval of any Franchise, Licensing, or any other Restrictive Contracts
- Approval of any Secondary Financing by the senior lender
- Personal Guarantees will be required on many but not all transactions
- Remember that if anyone is going to gift money to buy a business, it needs to be in the buyer's bank account long before applying for the loan, with no strings attached. It needs to be a gift, not a loan.

The key is to be proactive. If you want the transaction to close on time, make sure you are driving the deal through your agents, advisors or you yourself.

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