

# Before You Make an Offer

A Buyer's Checklist for Purchasing a Business

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## SECTION 1

### Know How You're Paying

- Identify your funding source(s): SBA 7(a) loan, seller financing, ROBS 401(k) rollover, cash, or work-to-earn arrangement
- If using an SBA loan, get pre-qualified by a lender first. Sellers will not take you seriously without it.
- Consider a blended structure: a common combination is 90% SBA, 5% seller financing, 5% buyer cash or ROBS
- If speed matters, cash and seller financing close fastest

## SECTION 2

### Know What You're Buying

- Asset purchase or share purchase? Most deals under \$10M are asset purchases
- Tangible assets: equipment, inventory, vehicles, fixtures
- Intangible assets: brand/goodwill, customer relationships, vendor relationships, phone numbers, domain names, social media accounts, online reviews/ratings
- Contracts that need assignment: leases, vendor agreements, customer contracts, licensing agreements
- Intellectual property: trademarks, patents, trade secrets, proprietary software
- Certifications, licenses, or permits that may not transfer in an asset sale (may require a share purchase instead, which changes the risk profile)
- Real estate: is it part of the deal, or is there a lease to assign/renegeotiate?

## SECTION 3

### Know Your Basic Terms

- Proposed purchase price or valuation method
- Proposed timeline from LOI to close
- Exclusivity/no-shop period
- Transition period (seller staying on after closing)
- Non-compete agreement for the seller

- Contingencies: financing, due diligence period, landlord consent

**Sign an LOI, not an "offer."**

An LOI (Letter of Intent) is non-binding, giving you room to negotiate or walk away if due diligence reveals problems. An "offer" can create an irrevocable contract. Some sellers pressure buyers by saying they will not turn away other offers unless you sign a binding agreement. Talk to an attorney before signing anything. If a seller will not let you take a copy of the document with you to review, be willing to walk away.

**SECTION 4**

**Know Who's Involved (and Who Should Not Be Yet)**

- Is there a broker? If buyer and seller found each other directly, a broker is not required. Brokers typically take 5%+ of the deal; an attorney typically costs less than 1%.
- If a broker is involved, who hired them and whose interests do they represent?
- Broker-provided closing documents are rarely attorney-drafted and tend to be seller-friendly or poorly protective of either side
- Do you have your own attorney and CPA reviewing the deal?
- Identify key employees whose departure would hurt the business
- Identify key customer and vendor relationships critical to business value

**Keep it confidential.**

DO NOT tell employees, customers, or vendors before closing. People get spooked and leave. Loss of a key person has killed deals.

**SECTION 5**

**Do Your Homework Before the LOI**

- Review 2-3 years of financials (P&L, balance sheet, tax returns)
- Understand seller's discretionary earnings vs. reported income
- Check industry comparables for valuation
- Check for outstanding litigation, liens, or tax issues
- Understand lease terms and remaining time

**SECTION 6**

**Things People Forget**

- Who owns the online presence (Google Business Profile, website domain, social accounts)?
  - Personal guarantees the seller has that you would be assuming
  - Is the business name part of the deal or does the seller retain it?
  - Pending or threatened litigation
  - Environmental or regulatory compliance issues
  - Seller's email address, phone number, and customer communication channels
  - Will you assume a real estate lease or start a new one?
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### **Ready to Move Forward?**

If you have found a business you are serious about, the next step is a conversation with an attorney who handles acquisitions every day. Surge offers flat-fee deal review so you know the cost before you commit.

**Book a free consultation: [surge.law/contact/](https://surge.law/contact/)**

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