



## SELLER'S DISCLOSURE STATEMENT

This series of questions and answers is to inform buyers about this business. It is supplied by the seller to provide relevant information and to answer frequently asked questions, but it does not take the place of the buyer's inspection of the business and its financial and other records. Those must be carefully examined and approved by the buyer. The broker has not verified the accuracy or the completeness of any of the information supplied here by the seller.

_____	_____
Business Name	Business Owner
_____	_____
Address	Phone
_____	_____
City/State/Zip	Email
_____	_____
Name of Broker	Name of Agent

**This Section to be Completed by the SELLER  
Please Explain All "Yes" Answers on the Attached Page**

**Yes    No**

**A. Business Condition**

1. Are you aware of any circumstances in the industry or market area that may adversely affect future profitability of the business?
2. Are there any revenues or expenses of the business that are not clearly reflected in its financial statements?
3. Is the business in default on any of its financial or contractual obligations?
4. Has the business or any of its owners been the subject of any bankruptcy filing, assignment for benefit of creditors or insolvency proceedings of any kind?
5. Are there individual customers who account for more than 10% of annual gross sales? If yes, list each by name and indicate the approximate percentage of annual gross sales and any relationship to the business or its owners.
6. Are there any commitments to employees or independent contractors regarding future compensation increases?
7. Are there suppliers who have a personal or special relationship with the business or its owners? If yes, list each such supplier, nature of the relationship and approximate amount of annual purchases.

**B. Regulations**

1. Is the business or its operator required to have any licenses or permits other than a local business license?
2. Must the new owner personally qualify for any licenses or permits?
3. Are you aware of any pending zoning changes, redevelopment or nearby construction that might affect your business?
4. Are there any alleged violations filed under investigations by authorities issuing licenses or permits by the following Agencies?
  - a. Police Department
  - b. Health Department
  - c. Fire Department

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- d. Building Inspector Control
- e. Zoning Commission
- f. Water Pollution Agency
- g. EPA
- h. OSHA
- i. EEOC
- j. EDD
- k. Alcohol Beverage
- l. Board of Equalization
- m. IRS
- n. Franchise Tax Board
- o. Immigration and Naturalization Service

### C. Legal Considerations

Does the business have any of the following?

- 1. Union or other employment agreements
- 2. Any employee hired after November 6, 1986 without a completed INS Form 19 on file
- 3. Employee Stock Ownership Plan (ESOP)
- 4. Un-funded pension liabilities
- 5. Profit sharing plans
- 6. Back wages or claims for same
- 7. Unpaid medical or insurance claims
- 8. Lease agreements (other than premises)
- 9. Equipment maintenance agreements
- 10. Other outstanding contracts and agreements
- 11. Advertising contracts (including Yellow Pages)
- 12. Pending litigation
- 13. Unresolved insurance claims
- 14. Product liability exposure
- 15. Customer warranty obligations
- 16. Pending tax or Worker Compensation refunds
- 17. Anticipated supplier rebates

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**IF YOU HAVE ANSWERED "YES" TO ANY OF THE ABOVE QUESTIONS,  
PLEASE GIVE A COMPLETE EXPLANATION ON THE ATTACHED PAGE**

### D. Other

Are there any other facts or conditions not disclosed above that adversely affect the operation of the business, a buyer's decision to purchase it, or the price he might pay for it?

*If "Yes", Explain*

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**Attached page contains information and is part of this Agreement**

### SELLER(S)

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_

Signature

Title

**SELLER(S) CERTIFIES THAT THE ABOVE INFORMATION IS TRUE AND CORRECT AND  
ACKNOWLEDGES RECEIPT OF A COPY OF THIS DISCLOSURE STATEMENT.**

**BUYER(S) ACKNOWLEDGES HAVING REVIEWED THE INFORMATION RELATING TO THE SELLER  
CONTAINED IN THIS DISCLOSURE STATEMENT AND HAVING RECEIVED A COPY.**

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Date



**SELLER'S DISCLOSURE STATEMENT  
ADDITIONAL COMMENTS  
for the Seller's Disclosure Statement**

**Dated** \_\_\_\_\_

Please complete this page to explain any yes answers on the Seller's Disclosure Statement

\_\_\_\_\_  
Buyer's Initials                      Date

\_\_\_\_\_  
Seller's Initials                      Date