

# Seller's Disclosure Statement

Business / Property

BUSINESS / PROPERTY \_\_\_\_\_

ADDRESS \_\_\_\_\_

LISTING ASSOCIATE

SELLER

SELLING ASSOCIATE

## PREFACE TO DISCLOSURE STATEMENT

This series of questions and answers is to inform the prospective buyer about this transaction. It has been completed 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/or property and of its financial and other records. These things must be carefully examined and acknowledged by the buyer. This information is not a warranty. \_\_\_\_\_ (name of brokerage) \_\_\_\_\_  
*has not verified the accuracy nor the completeness of any of the information supplied herein by the seller.*

A. Business / Property Conditions	Yes	No
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?	_____	_____
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?	_____	_____
3. I agree to approve any adjusted income statement, <b>recast</b> or pro-forma prepared by the Broker and understand that all adjustments will need to be verifiable and supplied by Seller.	_____	_____
4. Is the business / property in default on any of its financial or contractual obligations?	_____	_____
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?	_____	_____
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.	_____	_____
7. Are there any commitments to employees or independent contractors regarding future compensation increases?	_____	_____
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.	_____	_____
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.	_____	_____
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?	_____	_____

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

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

**SELLER'S DISCLOSURE STATEMENT (continued)**

Sunbelt Business Brokers of Las Vegas

**Business / Property Conditions (continued)**

**Yes No**

- 11. Is there any equipment used in the business and/or property that it does not own? \_\_\_\_\_ \_\_\_\_\_
- 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? \_\_\_\_\_ \_\_\_\_\_
- 13. Are there any terms or conditions of the premises lease with which the business or the landlord are not in full compliance? \_\_\_\_\_ \_\_\_\_\_
- 14. Is the business a franchise or a distributorship? If Yes, please provide a copy of each such franchise or distributorship agreement. \_\_\_\_\_ \_\_\_\_\_
- 15. Have there been any deaths, violent crimes or other criminal activity on the premises within the last three years? \_\_\_\_\_ \_\_\_\_\_
- 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**

- 1. Is the business / property or its operators required to have any licenses or permits other than a local business license? \_\_\_\_\_ \_\_\_\_\_
- 2. Must the new owner personally qualify for any license or permit? *If so, which?* \_\_\_\_\_ \_\_\_\_\_
- 3. 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) \_\_\_\_\_ \_\_\_\_\_

**YES NO YES NO**

- |                                    |       |       |                           |       |       |
|------------------------------------|-------|-------|---------------------------|-------|-------|
| 1. Police Department               | _____ | _____ | 9. OSHA                   | _____ | _____ |
| 2. Health Department               | _____ | _____ | 10. EEOC                  | _____ | _____ |
| 3. Fire Department                 | _____ | _____ | 11. EDD                   | _____ | _____ |
| 4. Building Inspector              | _____ | _____ | 12. ABC                   | _____ | _____ |
| 5. Zoning Commission               | _____ | _____ | 13. IRS                   | _____ | _____ |
| 6. Water Pollution Control Agency  | _____ | _____ | 14. Board of Equalization | _____ | _____ |
| 7. Environmental Protection Agency | _____ | _____ | 15. Franchise Tax Board   | _____ | _____ |
| 8. Nevada Gaming Control Board     | _____ | _____ | 16. Any Other             | _____ | _____ |
4. Are you aware of any pending zoning changes, redevelopment or nearby major construction that might affect your business? \_\_\_\_\_ \_\_\_\_\_

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

**SELLER'S DISCLOSURE STATEMENT (continued)**

Sunbelt Business Brokers of Las Vegas

**C. Legal Considerations (Business Only)**

Does the business have any of the following?

	YES	NO
1. Union or other employment agreements	_____	_____
2. Employee stock ownership plan (ESOP)	_____	_____
3. Unfunded pension liabilities	_____	_____
4. Back wages or claims for same	_____	_____
5. Unpaid medical or insurance premiums	_____	_____
6. Lease agreements (other than the premises)	_____	_____
7. Equipment maintenance agreements	_____	_____
8. Advertising contracts (including Yellow Pages)	_____	_____
9. Outstanding contracts or agreements	_____	_____
10. Pending litigation	_____	_____
11. Unresolved insurance claims	_____	_____
12. Product liability exposure	_____	_____
13. Customer warranty obligations	_____	_____
14. Tax or Workman's Compensation refunds	_____	_____
15. Anticipated supplier rebates	_____	_____

**D. Other**

YES NO

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 decision to purchase? \_\_\_\_\_
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.

Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

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

Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

**Addendum to  
Seller's Disclosure Statement**

Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

**Explanation of "Yes" Answers**

Question# \_\_\_\_\_

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Question# \_\_\_\_\_

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Question# \_\_\_\_\_

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THE UNDERSIGNED CERTIFY THAT THE ABOVE INFORMATION IS TRUE AND CORRECT.

Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

Name \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_