

SELLER'S DISCLOSURE STATEMENT

Business	Owner	
Address	City	Zip
Broker	Agent	

SELLER'S DISCLOSURE STATEMENT

This series of questions and answers is to inform prospective 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 completeness of any of the Information supplied here by the seller.

THIS SECTION TO BE COMPLETED BY THE SELLER

PLEASE EXPLAIN ALL "YES" ANSWERS ON THE ADDENDUM

A. Business Conditions

1. Are you aware of any circumstances in the industry or market area that may adversely affect future profitability of the business? Yes No
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 of 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 proceeding of any kind during the last five years, or consulted with any attorney or advisor regarding such proceedings?
5. Are there any 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, the nature of the relationship and the approximate amount of annual purchase.
8. Are any of the employees or independent contractors related to any of the owners of the business, or one another? If yes, list them by name and describe their relationship.
9. Have you had or do you anticipate any disputes with the Landlord or problems with the premises the business occupies?

- | | | |
|---|---------------------------------|--------------------------------|
| 10. Are there any terms or conditions of the premises lease with which the business or the Landlord is not in full compliance? | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> |
| 11. Have there been any deaths, violent crimes or other criminal activity on the premises within the last three years? | <input type="checkbox"/> | <input type="checkbox"/> |
| 12. 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, solvents, fuel, medical waste, surface or underground storage tanks or contaminated soil or water? | <input type="checkbox"/> | <input type="checkbox"/> |
| 13. Is there any equipment used in the business that it does not own? | <input type="checkbox"/> | <input type="checkbox"/> |
| 14. Is there any equipment used in the business that is not in good or operable conditions, or for which maintenance has been deferred? | <input type="checkbox"/> | <input type="checkbox"/> |
| 15. Does the business have a franchise, distributorship or licensing agreement? If yes, please provide a copy of each. | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. Are there any errors on the Business Profile proforma or adjusted income statement prepared by broker from information provided by you? | <input type="checkbox"/> | <input type="checkbox"/> |

B. Regulations

- | | | |
|--|--------------------------|--------------------------|
| 1. Is the business or its operator required to have any licenses or permits other than a local business license? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Must the new owner personally qualify for any license or permits? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Are you aware of any pending zoning changes, redevelopment or nearby construction that might affect your business? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Are there any alleged violations filed or under investigation by authorities issuing licenses or permits by the following agencies? | <input type="checkbox"/> | <input type="checkbox"/> |

- | | Yes | No | | Yes | No |
|------------------------------------|--------------------------|--------------------------|-------------------------------------|--------------------------|--------------------------|
| 1. Police Department | <input type="checkbox"/> | <input type="checkbox"/> | 9. EEOC | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Health Department | <input type="checkbox"/> | <input type="checkbox"/> | 10. EDD | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Fire Department | <input type="checkbox"/> | <input type="checkbox"/> | 11. Alcoholic Beverage Control | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Building Inspector | <input type="checkbox"/> | <input type="checkbox"/> | 12. IRS | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Zoning Commission | <input type="checkbox"/> | <input type="checkbox"/> | 13. Board of Equalization | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Water Pollution Control Agency | <input type="checkbox"/> | <input type="checkbox"/> | 14. Franchise Tax Board | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Environmental Protection Agency | <input type="checkbox"/> | <input type="checkbox"/> | 15. Immigration/ Naturalization Svc | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. OSHA | <input type="checkbox"/> | <input type="checkbox"/> | 16. Other | <input type="checkbox"/> | <input type="checkbox"/> |

initials date

initials date

C. Does the business have any of the following?

	Yes	No
1. Union or other employment agreements	<input type="checkbox"/>	<input type="checkbox"/>
2. Any employee hired after November 6, 1986 without a completed INS Form 1-9 on file.	<input type="checkbox"/>	<input type="checkbox"/>
3. Employee stock ownership plan (ESOP)	<input type="checkbox"/>	<input type="checkbox"/>
4. Unfunded pension liabilities	<input type="checkbox"/>	<input type="checkbox"/>
5. Profit sharing plan	<input type="checkbox"/>	<input type="checkbox"/>
6. Back wages or claims for same	<input type="checkbox"/>	<input type="checkbox"/>
7. Unpaid medical or other insurance premiums	<input type="checkbox"/>	<input type="checkbox"/>
8. Lease agreement (other than the premiums)	<input type="checkbox"/>	<input type="checkbox"/>
9. Equipment maintenance agreements	<input type="checkbox"/>	<input type="checkbox"/>
10. Advertising contracts (including Yellow Pages)	<input type="checkbox"/>	<input type="checkbox"/>
11. Other outstanding contracts and agreements	<input type="checkbox"/>	<input type="checkbox"/>
12. Pending litigation	<input type="checkbox"/>	<input type="checkbox"/>
13. Unresolved insurance claims	<input type="checkbox"/>	<input type="checkbox"/>
14. Product liability exposure	<input type="checkbox"/>	<input type="checkbox"/>
15. Customer warranty obligation	<input type="checkbox"/>	<input type="checkbox"/>
16. Pending tax or Worker's Compensation refunds	<input type="checkbox"/>	<input type="checkbox"/>
17. Anticipated supplier rebates	<input type="checkbox"/>	<input type="checkbox"/>

D. Other

Are there any other facts or conditions not disclosed above that may adversely affect the operation of the business, a buyer's decision to purchase it or the price he might pay for it? Yes No

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

Seller(S)

Name Date

Name Date

Corporation

by: _____
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

