

Seller: Initial \_\_\_\_\_ Date \_\_\_\_\_

Buyer: Initial \_\_\_\_\_ Date \_\_\_\_\_



\_\_\_\_\_  
**Business**

\_\_\_\_\_  
**Owner**

\_\_\_\_\_  
**Address**

\_\_\_\_\_  
**City/State**

\_\_\_\_\_  
**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 due diligence about business and its financial and other records. Those must be carefully examined and approved by the buyer. This information is supplied by the seller and the broker has not verified the accuracy or the completeness of any of the information supplied in this form.

**THIS SECTION TO BE COMPLETED BY THE SELLER**

PLEASE EXPLAIN ALL "YES" ANSWERS ON THE AMENDMENT

**A. Business Conditions**

- |  | Yes                      | No                       |
|--|--------------------------|--------------------------|
| 1. Are you aware of any specific situations or planned events in the industry or market area that may adversely affect future profitability of the business?   | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is the business in default on any of its financial or contractual obligations?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. 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?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Are there any individual customers who account for more than 10% of annual gross sales? If yes, indicate the approximate percentage of annual gross sales and any relationship to the business or its owners. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Are there any commitments to employees or independent contractors regarding future compensation increases?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Are there suppliers who are affiliated with the business or its owners? If yes, list each such supplier, the nature of the relationship and the approximate amount of annual purchases.                       | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. 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 the relationship.                                     | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Have you had or do you anticipate any disputes with the landlord  | <input type="checkbox"/> | <input type="checkbox"/> |

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or problems with the premises the business occupies?    
 Yes No

- 9. Are there any terms or conditions of the premises lease with which the business or the landlord are not in full compliance?
- 10. Have there been any deaths, violent crimes, or other criminal activity on the premises within the last three years?
- 11. Are you aware of any substance, materials or products on or near the premises which may be an environmental hazard such as, but not limited to, asbestos, formaldehyde, radon gas, lead paint, solvents, fuel, medical waste, surface or underground storage tanks, or contaminated soil or water?
- 13. Is there any equipment used in the business that it does not own?
- 14. Is there any equipment used in the business that is not in good and operable condition, or for which maintenance has been deferred?
- 15. Does the business have a franchise, distributorship, or licensing agreement? If yes, please provide a copy of each.

**B. Regulations**

- 1. Is the business or its operator required to have any licenses or permits other than an occupancy permit?
- 2. Must the new owner personally qualify for any license or permit?
- 3. Are you aware of any pending zoning changes, redevelopment or nearby construction that might affect your business?
- 4. Are there any past or presently alleged violations filed under investigations by authorities issuing licenses or permits by any of the following agencies?

- |                               | 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. State Tax Authorities<br>Income, Sales, Payroll. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Fire Department            | <input type="checkbox"/> | <input type="checkbox"/> | 11. Alcoholic Beverage<br>Commission                 | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Building Inspector         | <input type="checkbox"/> | <input type="checkbox"/> | 12. Board of Equalization                            | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Zoning Commission          | <input type="checkbox"/> | <input type="checkbox"/> | 13. IRS  | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Texas Workforce Commission | <input type="checkbox"/> | <input type="checkbox"/> | 14. Comptroller                                      | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. EPA or TCEQ                | <input type="checkbox"/> | <input type="checkbox"/> | 15. Immigration and<br>Customs Enforcement           | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. OSHA                       | <input type="checkbox"/> | <input type="checkbox"/> |  |                          |                          |

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**C. Legal Considerations**

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<br>without a completed INS form I9 on file. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Employee stock ownership plan (ESOP)  | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Un-funded 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 insurance claims  | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Lease agreements (other than premises)  | <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 obligations  | <input type="checkbox"/> | <input type="checkbox"/> |
| 16. Pending tax or Worker 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 COMPLETE AND ACCURATE AND ACKNOWLEDGES RECIEPT 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 OF THIS STATEMENT.**

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

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**ADDENDUM TO  
SELLER'S  
DISCLOSURE STATEMENT**

Question#

EXPLANATION OF "YES" ANSWERS

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(ATTACH ADDITIONAL SHEETS IF NEEDED)

**THE UNDERSIGNED CERTIFIES THAT THE ABOVE INFORMATION IS COMPLETE AND ACCURATE AND ACKNOWLEDGES RECIEPT OF A COPY OF THIS DISCLOSURE STATEMENT.**

**SELLER(S):**

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

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