



DOLINKA, VANNOORD & COMPANY

A PROFESSIONAL LIMITED LIABILITY PARTNERSHIP

C e r t i f i e d P u b l i c A c c o u n t a n t s

Seller Financing of Business Sale 10 Things to Consider.

Before Closing

1. Credit Worthiness of Buyer
 - a. Obtain Personal Financial Statement
 - b. Run Credit Report
 - c. Do lien search
 - d. Understand Buyer's Cash Flow.
2. Obtain Sufficient Collateral.
 - a. Person Guarantees
 - b. Lien on Personal and Business Assets.
 - c. Likely Subordinated to Bank Debt
 - i. Completely Until Bank Paid or
 - ii. Subject to Certain Performance Ratios
3. Life Insurance
 - a. Buyer Paid and Owns Policy
 - b. Seller Named Beneficiary.
4. Get Sufficient Down Payment
 - a. Closing Costs
 - b. Income Taxes
 - c. Debt Service
5. Charge Interest
 - a. Minimum is AFR
 - b. Max is 9% (if note under \$5M)

Annually

6. Require Financials
 - a. Business
 - b. Personal
7. Proof of Payment for Real and Personal Property Taxes.
8. Perform a Lien Search.
9. Proof of Insurance Coverage of Collateral and Buyer's Life.
10. In Person Visit.

