



Table with 2 columns: Bkr, Date

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Seller Disclosure Statement

Business

Business Address

Seller

City, State, Zip

This Seller Disclosure Statement (SDS) is used to inform prospective buyers about the Business. It does not take the place of a buyer's due diligence. The SDS may be incorporated into a purchase agreement as part of Seller representations and warranties. Broker(s) do not verify or warrant the accuracy or completeness of the SDS.

EXPLAIN ALL "YES" ANSWERS IN THE SDS ADDENDUM

A. General Business

YES NO

- 1. Are there any revenues, expenses, assets or liabilities of the Business that are not clearly and accurately reflected in its financial statements or tax returns?
2. Is the Business in default of any of its financial or contractual obligations?
3. Has the Business or any of its owners been the subject of any bankruptcy filing, assignment for the benefit of creditors or insolvency proceeding of any kind during the last five years?
4. Do any customers account for more than 10% of annual gross sales? If yes, indicate the approximate percentage of annual sales for each such customer.
5. Are there any commitments to employees or independent contractors regarding future compensation increases, promotions or ownership interests?
6. Are there suppliers or customers who have a personal or family relationship with the Business or its owners? If yes, list each such person or entity, the nature of the relationship, the approximate amount of annual purchases or sales and any special discounts, pricing or other favorable terms that may not be available to a buyer of the Business.
7. Are any of the employees or independent contractors related to any of the owners of the Business or to one another? If yes, list them by name and describe the relationship.
8. Have you received notice of pending increases in workers compensation insurance premiums, revised billings for previous periods or any indication that your insurance carrier may terminate coverage?
9. Have there been any workers compensation insurance claims in the past 3 years or injuries in the past 12 months that might lead to such claims?

B. Facilities and Assets

- 1. Have you had or do you anticipate any disputes with the landlord or problems with the condition of the premises that the Business occupies?
2. Does the premises have any deferred maintenance for which the tenant is responsible?
3. Are you aware of any work done to the premises without the proper permits?
4. Are you aware of any pending zoning changes, redevelopment or nearby construction that might affect the Business?

Seller Seller Buyer Buyer

**YES NO**

- 5. Have there been any deaths or criminal activity on the premises in the last 3 years?  YES  NO
- 6. Are you aware of any substances, materials or products on or near the premises that 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?  YES  NO
- 7. Is there any equipment used in the Business that is not in good and operable condition, or for which maintenance has been deferred or that is not suitable for current usage?  YES  NO
- 8. Are there any items used in the Business that the Seller does not own, such as leased or loaned equipment, consigned resale inventory or employees' tools?  YES  NO

**C. Regulation and Compliance**

- 1. Is the Business or its owners, officers or employees required to have any licenses or permits other than a local business license?  YES  NO
- 2. Are there any alleged violations filed or under investigation by the following authorities?

**YES NO**

**YES NO**

- |   |                          |                          |  |                          |                          |
|---|--------------------------|--------------------------|--|--------------------------|--------------------------|
| a. Police Department                              | <input type="checkbox"/> | <input type="checkbox"/> | i. IRS   | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Health Department                              | <input type="checkbox"/> | <input type="checkbox"/> | j. Franchise Tax Board                                   | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Department of Fair Employment and Housing      | <input type="checkbox"/> | <input type="checkbox"/> | k. Department of Tax & Fee Administration (formerly BOE) | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Local, state or federal environmental agencies | <input type="checkbox"/> | <input type="checkbox"/> | l. Bureau of Alcohol, Tobacco, Firearms & Explosives     | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Fire Department                                | <input type="checkbox"/> | <input type="checkbox"/> | m. Alcoholic Beverage Control                            | <input type="checkbox"/> | <input type="checkbox"/> |
| f. Building/Zoning Department                     | <input type="checkbox"/> | <input type="checkbox"/> | n. Immigration & Naturalization Service                  | <input type="checkbox"/> | <input type="checkbox"/> |
| g. OSHA or Cal OSHA                               | <input type="checkbox"/> | <input type="checkbox"/> | o. Other: _____  | <input type="checkbox"/> | <input type="checkbox"/> |
| h. EDD  | <input type="checkbox"/> | <input type="checkbox"/> | p. Other: _____  | <input type="checkbox"/> | <input type="checkbox"/> |

- 3. Is the Business otherwise out of compliance with any laws or regulations that you know of?  YES  NO

**D. Other Conditions**

Does the Business have any of the following?

**YES NO**

- 1. Employment agreements  YES  NO
- 2. Union or collective bargaining agreements  YES  NO
- 3. Any employees without a completed INS Form I-9 on file  YES  NO
- 4. Employee stock ownership plan (ESOP)  YES  NO
- 5. Underfunded pension liabilities  YES  NO
- 6. Profit sharing or bonus plan  YES  NO
- 7. Accrued back wages, vacation pay or sick leave or claims for same  YES  NO
- 8. Past due medical or other insurance premiums  YES  NO
- 9. Equipment or vehicle leases  YES  NO
- 10. Equipment maintenance agreements  YES  NO
- 11. Franchise, distributorship or dealership agreement  YES  NO
- 12. Advertising contracts (including Yellow Pages)  YES  NO
- 13. Customer warranty obligations  YES  NO

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Seller

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Buyer

Business \_\_\_\_\_

	<b>YES</b>	<b>NO</b>
14. Pending or threatened litigation	<input type="checkbox"/>	<input type="checkbox"/>
15. Unresolved insurance claims	<input type="checkbox"/>	<input type="checkbox"/>
16. Unresolved employment-related claims	<input type="checkbox"/>	<input type="checkbox"/>
17. Unresolved product liability claims	<input type="checkbox"/>	<input type="checkbox"/>
18. Pending tax or Workers Compensation refunds	<input type="checkbox"/>	<input type="checkbox"/>
19. Anticipated supplier rebates	<input type="checkbox"/>	<input type="checkbox"/>
20. Outstanding gift certificates, coupons or customer credits	<input type="checkbox"/>	<input type="checkbox"/>
21. Customer deposits for prepaid goods or services	<input type="checkbox"/>	<input type="checkbox"/>
22. Past due federal, state, local or other taxes	<input type="checkbox"/>	<input type="checkbox"/>
23. Registered intellectual property (patents, trademarks or copyrights)	<input type="checkbox"/>	<input type="checkbox"/>
24. Software or other IP that is licensed to or from a third party	<input type="checkbox"/>	<input type="checkbox"/>
25. IP infringement claims by or against the Business	<input type="checkbox"/>	<input type="checkbox"/>
26. Any contracts or agreements not disclosed above	<input type="checkbox"/>	<input type="checkbox"/>
27. Liabilities not shown on the balance sheet (contingent or otherwise) and not disclosed above	<input type="checkbox"/>	<input type="checkbox"/>

**E. Other Disclosures**

**YES    NO**

Are you aware of any business, regulatory, industry or market conditions or facts not disclosed above that may materially and adversely affect the future sales or profitability of the Business?

  

**EXPLAIN ALL "YES" ANSWERS IN THE SDS ADDENDUM**

No representation is made as to the legal validity or adequacy of any provision of this form in any specific transaction. The above information has been provided by the Seller and not through any recommendation of the broker(s). Brokers are not licensed or qualified to give legal, accounting or tax advice, and the parties should consult appropriate professionals.

SELLER WARRANTS THAT THESE REPRESENTATIONS ARE TRUE AND CORRECT AND AGREES TO IMMEDIATELY NOTIFY BROKER AND BUYER IN WRITING OF ANY MATERIAL CHANGES UNTIL CLOSING.

\_\_\_\_\_  
Name

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

\_\_\_\_\_  
Name

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

\_\_\_\_\_  
Corporation, LLC or other Entity

By: \_\_\_\_\_  
Signature and Title Date

BUYER ACKNOWLEDGES HAVING REVIEWED THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND HAVING RECEIVED A COPY.

\_\_\_\_\_  
Name

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

\_\_\_\_\_  
Name

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

\_\_\_\_\_  
Corporation, LLC or other Entity

By: \_\_\_\_\_  
Signature and Title Date

Business \_\_\_\_\_

## Seller Disclosure Statement Addendum

Attach additional addendum pages as needed.

**Question  
Number**

**"YES" Answer Explanation**

_____	_____
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\_\_\_\_\_  
Signature Date

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

**BUYER ACKNOWLEDGES RECEIVING AND REVIEWING THIS SDS ADDENDUM.**

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

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