



The Business Purchase Process

Get to know the steps to follow in the purchase of a business.

Buying a business is a process that involves various steps, as well as a lot of documents and formats, plus the involvement of various professionals in order to complete the operation. The following is a typical sequence of events for the purchase of a business:

- 1** The Buyer meets with the Broker in order to help him define the type of business that best suits him according to his tastes and preferences.
- 2** The Buyer signs a Confidentiality Agreement, in order to protect the interests of the business Sellers.
- 3** The Broker gives the Buyer confidential information of the businesses that suit his profile.
- 4** In case the Broker doesn't have any businesses that are of the liking of the Buyer, he initiates a search in the city or zone of his preference.
- 5** The Buyer visits the businesses he is interested in the company of the Broker.
- 6** The Buyer makes his selection and purchase decision.
- 7** The Buyer with the guidance of the Broker, structure a Purchase Offer in writing, in which the conditions and contingencies to the purchase of the business are established.
- 8** The Broker presents the written Purchase Offer to the Seller, accompanied by a deposit as a gesture of seriousness of the offer.
- 9** In case the Seller agrees to the offer, he accepts and signs the Purchase Offer contract.
- 10** The Buyer deposits with the Broker in an escrow account the down payment for the purchase of the business (normally 10% of the total sales price).
- 11** The Buyer then commences his investigation and verification of all the aspects of the business (financial, legal, fiscal, etc.). This stage is also known as the "Due Diligence" process.
- 12** The final draft of the Purchase Offer contract is then prepared with the assistance of an attorney and is then passed on to a Public Notary.
- 13** Between Buyer and Seller a final count of the inventory is held and the final sales price is adjusted.
- 14** Employees of the business are fired or hired.
- 15** The Seller pays all the debts pending that are not taken over by Buyer.
- 16** The final Purchase Offer contract is signed before a Public Notary and the Buyer pays of the remainder of the down payment or sales price of the business.
- 17** Finally, the Seller hands to the Buyer the keys to the business.

Independent of the process, every sales transaction involves closing costs for both the selling and buying parties. Some of the most important costs for a Buyer are: sales price or down payment, deposits, forward rents or "key money", transference of contracts, services, permits, licenses, lawyer and accountant fees, remodeling of the business, additional working capital and advertising, etc.

The main function of a professional Business Broker is to guide you and give you all the tools you need so that the purchase of a business oversees every detail, and in the end becomes a highly gratifying experience.

If you are a business **BUYER**, don't wait any longer to hold a completely free confidential meeting with us. We will be very glad to help you!