

BUYING YOUR RESTAURANT, BAR OR CLUB:

Below are guidelines a business buyer might take during the buying process either with the owner or broker of the sale.

INTERVIEW

Initial Phone Call You make an initial phone call to the owner or broker inquiring about purchasing a restaurant, bar or club of your interest. If you are calling a broker, you may describe your criteria for purchase as they may have multiple leads meeting what you require.

Background Information You will most likely be asked to provide the owner or broker with your personal background information including your financial history. **If you are determined to be a qualified buyer, the owner or broker will in turn provide you with information on the business of your interest.**

SHOWING

Meeting The owner or broker will set up an appointment for you to tour the business. At this time you may ask the owner specific questions about the business. This appointment is generally scheduled during non-business hours so as not to interrupt or alert the employees or customers, especially in the event of a confidential sale.

OFFER

Writing the Offer With assistance of your Broker or Legal Counsel you submit an offer with a deposit to acquire the business. Your offer should be made contingent upon physical inspection of the business, your inspection of the financial records, the assignment of the premises lease or negotiation of a new lease and any other necessary contingencies (i.e. alcohol license transfer or other special licenses, financing, etc).

Presentation You, your broker, or legal counsel will then present your offer to the seller. It is highly recommended to use an intermediary of some sort for this process. The intermediary will give the seller background information on you, your previous experience, your perspective on how you arrived at your price, terms and conditions, etc. Using an intermediary can help to keep the process smooth and prevent confrontations. If an intermediary is used, they will likely present your financial statement, credit report, resume and business plan to the seller. This may be required even if you do not use such an intermediary.

Response The seller will either accept, reject or counter your offer. The seller or intermediary will notify you of the owner's response. At this point you may either accept, reject or counter the seller's response.

Mutual Acceptance When both parties agree to all of the terms and conditions of the sale and sign all amendments and counteroffers, the offer then becomes a purchase agreement signed both ways. At this time there may be contingencies or conditions that still need to be satisfied prior to closing.

Buyer Guidelines- Page 2

Advisors We encourage you to include your CPA and/or your attorney in reviewing the transaction should you feel the need to do so.

ESCROW

Deposit You deposit check (made payable to the escrow company) is deposited and this opens the escrow holding account. An intermediary should provide the escrow officer with copies of all documents relating to the sale.

Inspection Provided the Seller is willing, you should be given copies of the financial records of the business for your review.

Contingency Removal As your requirements are met existing contingencies in the purchase agreement are removed. Once all contingencies are removed the purchase agreement becomes a binding agreement and the deposit is increased and the escrow is opened.

Closing Date The closing date or the close of escrow is the date when title to the business and normally physical possession of the business is transferred to the buyer. The closing papers are signed in the title company's office or through the mail prior to the closing date.

Inventory Arrangements are made for you and the seller and/or inventory service to take a physical inventory as it applies to the value of the salable items (food, beverages, etc.) and non-salable items (fixtures, equipment, etc.) usually one or two days prior to the close of escrow.

The Closing All parties meet at the escrow office to sign the closing papers or the closing papers are sent to the parties to be executed prior to the close of escrow.

Fees You will generally be responsible for your own accountants and attorney's fees, half of the escrow fees, security deposit for the premises lease and sales tax on the value of the fixtures and equipment that you allocate as part of the purchase price.