

FOR OWNERS THINKING ABOUT A SALE

15 things to have in order *before you sign an LOI.*

Once you sign a letter of intent with exclusivity, your leverage drops and the buyer's diligence team starts looking. Problems found then cost you price, time, or the deal. Most of the items below take weeks to fix and minutes to find.

Ownership and governance

- 01 Confirm who owns what.** Your cap table or membership ledger should match your operating or shareholder agreement, and every issuance or transfer should be documented. Missing paperwork on a past partner's buyout is a common deal delay.
- 02 Get the entity in good standing.** Annual reports filed on Sunbiz, registered agent current, and organizational documents and amendments in one place.
- 03 Read your own agreements for sale restrictions.** Rights of first refusal, consent rights, drag-along and tag-along terms, and buy-sell provisions can give a co-owner a say in your exit.

Contracts and real estate

- 04 List every material contract.** Flag anti-assignment and change-of-control clauses. In an asset sale, many contracts need the counterparty's consent to transfer.
- 05 Paper your key customer relationships.** Buyers discount revenue that rests on handshakes, especially from your largest customers.
- 06 Review your lease.** Check assignment rights, landlord consent requirements, remaining term, and any personal guaranty you will want released at closing.

People

- 07 Check worker classification.** Contractors who work like employees create liability a buyer will price in or ask you to indemnify.
- 08 Make sure the company owns its work product.** Employees and contractors who built your software, brand, or processes should have signed IP assignment agreements.
- 09 Know what you owe your people.** Accrued PTO, commissions, bonuses, and benefit plan obligations, plus which key employees the buyer will want to retain and on what terms.

IP, data, and compliance

- 10 Confirm ownership of your brand and systems.** Trademarks, domain names, social accounts, website, and code should be held by the company, not by an owner or a vendor.

- 11 Gather licenses and permits.** Some are not transferable and must be reissued to a buyer, which affects deal structure and timing.
- 12 Know your claims exposure.** Pending or threatened litigation, regulatory inquiries, and customer disputes all need to be disclosed and will shape the indemnity terms.

Money and structure

- 13 Run a lien search.** Identify UCC filings, loans to be paid off at closing, and personal guaranties to be released.
- 14 Talk to your CPA about structure before price.** Asset sale versus equity sale, purchase price allocation, and entity type can change your after-tax proceeds as much as the headline number.
- 15 Negotiate the hard terms in the LOI, not after.** Price structure, escrow or holdback, earnout, working capital target, your post-closing role, and the scope of your non-compete. Most of an LOI is non-binding, but exclusivity and confidentiality usually are, and your leverage is highest before you sign.

Want a second set of eyes before you sign? Brandes Law Group handles buy-side and sell-side transactions on a flat fee, quoted in writing after a free 30-minute call. jonathan@brandeslawgroup.com · (954) 257-5141 · brandeslawgroup.com