

SELLER'S DISCLOSURE STATEMENT

Business		Seller	
Address		Broker	
City	Zip	Broker's Agent	

This series of questions and answers is to inform prospective buyers about this Business. It is supplied by the Seller to provide relevant information and to answer frequently asked questions, but it does not take the place of the Buyer's inspection of the Business and its financial and other records. Those must be carefully examined and approved by the Buyer. The Broker has not verified the accuracy or completeness of any of the information supplied here by the Seller.

PLEASE EXPLAIN ALL "YES" ANSWERS ON THE ADDENDUM

A. Business Conditions	YES	NO
1. Are you aware of any circumstances in the industry or market area that may adversely affect future profitability of the Business?	<input type="radio"/>	<input type="radio"/>
2. 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?	<input type="radio"/>	<input type="radio"/>
3. Is the Business in default of any of its financial or contractual obligations?	<input type="radio"/>	<input type="radio"/>
4. 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 or consulted with any attorney or advisor regarding such proceedings?	<input type="radio"/>	<input type="radio"/>
5. Are there any individual customers who account for more than 10% of annual gross sales? If yes, list each by name and indicate the approximate percentage of annual gross sales and any relationship to the Business or its owners.	<input type="radio"/>	<input type="radio"/>
6. Are there any commitments to employees or independent contractors regarding future compensation increases, promotions or ownership interests?	<input type="radio"/>	<input type="radio"/>
7. Are there suppliers or customers who have a personal or special relationship with the Business or its owners? If yes, list each such person or entity, the nature of the relationship, the approximate total of annual purchases and any special discounts, pricing or other favorable terms that may not be available to a buyer.	<input type="radio"/>	<input type="radio"/>
8. 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.	<input type="radio"/>	<input type="radio"/>
9. Have you had or do you anticipate any disputes with the landlord or problems with the premises the Business occupies?	<input type="radio"/>	<input type="radio"/>
10. Does the premises have any deferred maintenance for which the tenant is responsible?	<input type="radio"/>	<input type="radio"/>
11. Are you aware of any work done to the premises without the proper permits?	<input type="radio"/>	<input type="radio"/>
12. Have there been any deaths, violent crimes or other criminal activity on the premises within the last three years?	<input type="radio"/>	<input type="radio"/>
13. Are you aware of any substances, materials or products on or near the premises which 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?	<input type="radio"/>	<input type="radio"/>
14. 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?	<input type="radio"/>	<input type="radio"/>
15. 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?	<input type="radio"/>	<input type="radio"/>

Business: _____

Agent for Broker: _____

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| 16. Does the Business have a franchise, distributorship or licensing agreement? If yes, please provide a copy of each such agreement. | <input type="radio"/> | <input type="radio"/> |
| 17. Are there any errors or omissions on the pro forma or adjusted income statement prepared by the Broker from information provided by you? | <input type="radio"/> | <input type="radio"/> |
| 18. 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? | <input type="radio"/> | <input type="radio"/> |
| 19. Have there been any workers' compensation insurance claims or injuries in the past 12 months that might lead to such claims? | <input type="radio"/> | <input type="radio"/> |

B. Regulations**YES NO**

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| 1. Is the Business or its operators required to have any licenses or permits other than a local business license? | <input type="radio"/> | <input type="radio"/> |
| 2. Are you aware of any pending zoning changes, redevelopment or nearby construction that might affect the Business? | <input type="radio"/> | <input type="radio"/> |
| 3. Are there any alleged violations filed or under investigation by the following authorities? | | |

- | | Yes | No | | Yes | No |
|------------------------------------|-----------------------|-----------------------|--|-----------------------|-----------------------|
| 1. Police Department. | <input type="radio"/> | <input type="radio"/> | 9. Bureau of Alcohol, Tobacco & Firearms | <input type="radio"/> | <input type="radio"/> |
| 2. Health Department | <input type="radio"/> | <input type="radio"/> | 10. EDD | <input type="radio"/> | <input type="radio"/> |
| 3. Fire Department | <input type="radio"/> | <input type="radio"/> | 11. Alcoholic Beverage Control | <input type="radio"/> | <input type="radio"/> |
| 4. Building Inspector | <input type="radio"/> | <input type="radio"/> | 12. IRS | <input type="radio"/> | <input type="radio"/> |
| 5. Zoning Commission | <input type="radio"/> | <input type="radio"/> | 13. Board of Equalization | <input type="radio"/> | <input type="radio"/> |
| 6. Water Pollution Control Agency | <input type="radio"/> | <input type="radio"/> | 14. Franchise Tax Board | <input type="radio"/> | <input type="radio"/> |
| 7. Environmental Protection Agency | <input type="radio"/> | <input type="radio"/> | 15. Immigration and Naturalization Service | <input type="radio"/> | <input type="radio"/> |
| 8. OSHA | <input type="radio"/> | <input type="radio"/> | 16. Other | <input type="radio"/> | <input type="radio"/> |

C. Other Considerations

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| Does the Business have any of the following? | YES | NO |
| 1. Union or other employment agreements | <input type="radio"/> | <input type="radio"/> |
| 2. Any employee hired after 11-6-86 without a completed INS Form I-9 on file | <input type="radio"/> | <input type="radio"/> |
| 3. Employee stock ownership plan (ESOP) | <input type="radio"/> | <input type="radio"/> |
| 4. Underfunded pension liabilities | <input type="radio"/> | <input type="radio"/> |
| 5. Profit sharing plan | <input type="radio"/> | <input type="radio"/> |
| 6. Accrued back wages, vacation pay or sick leave or claims for same | <input type="radio"/> | <input type="radio"/> |
| 7. Unpaid medical or other insurance premiums | <input type="radio"/> | <input type="radio"/> |
| 8. Lease agreements (other than the premises) | <input type="radio"/> | <input type="radio"/> |
| 9. Advertising contracts (including Yellow Pages) | <input type="radio"/> | <input type="radio"/> |
| 10. Equipment maintenance agreements or any other contracts or agreements | <input type="radio"/> | <input type="radio"/> |
| 11. Pending or threatened litigation | <input type="radio"/> | <input type="radio"/> |
| 12. Unresolved insurance claims | <input type="radio"/> | <input type="radio"/> |
| 13. Product liability exposure | <input type="radio"/> | <input type="radio"/> |
| 14. Customer warranty obligations | <input type="radio"/> | <input type="radio"/> |
| 15. Pending tax or Workers' Compensation refunds | <input type="radio"/> | <input type="radio"/> |
| 16. Anticipated supplier rebates | <input type="radio"/> | <input type="radio"/> |
| 17. Any outstanding gift certificates, coupons or store credits | <input type="radio"/> | <input type="radio"/> |
| 18. Unpaid federal, state, local or other taxes | <input type="radio"/> | <input type="radio"/> |
| 19. Customer deposits for security, prepaid goods or services | <input type="radio"/> | <input type="radio"/> |

D. General**YES NO**

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| Are you aware of any other facts or conditions not disclosed above that may adversely affect the operation of the Business, a buyer's decision to purchase it or the price a buyer might pay for it? | <input type="radio"/> | <input type="radio"/> |
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Business: _____

Agent for Broker: _____

**IF YOU HAVE ANSWERED "YES" TO ANY OF THE ABOVE QUESTIONS,
PLEASE GIVE A COMPLETE EXPLANATION ON THE ADDENDUM**

**SELLER CERTIFIES THAT THE ABOVE INFORMATION IS TRUE AND CORRECT, AGREES TO NOTIFY
BROKER IMMEDIATELY OF ANY MATERIAL CHANGES AND ACKNOWLEDGES RECEIPT OF A COPY OF
THIS DISCLOSURE STATEMENT.**

Name

Name

Corporation

Signature

Signature

by: _____
Signature and Title

Date

Date

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

Name

Name

Corporation

Signature

Signature

by: _____
Signature and Title

Date

Date

Agent for Broker:= _____