LIBERTY
BUSINESS ADVISORS
Commercial Division of
CENTURY 21 MASTERS—DRE #01849354

Bkr	Date

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?	○	○
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?	○	○
3.	Is the Business in default of any of its financial or contractual obligations?	○	○
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?	○	○
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.	○	○
6.	Are there any commitments to employees or independent contractors regarding future compensation increases, promotions or ownership interests?	○	○
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.	○	○
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.	○	○
9.	Have you had or do you anticipate any disputes with the landlord or problems with the premises the Business occupies?	○	○
10.	Does the premises have any deferred maintenance for which the tenant is responsible?	○	○
11.	Are you aware of any work done to the premises without the proper permits?	○	○
12.	Have there been any deaths, violent crimes or other criminal activity on the premises within the last three years?	○	○
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?	○	○
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?	○	○
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?	○	○

Buyer Buyer Seller Seller

	YES	NO
16. Does the Business have a franchise, distributorship or licensing agreement? If yes, please provide a copy of each such agreement.	○	○
17. Are there any errors or omissions on the pro forma or adjusted income statement prepared by the Broker from information provided by you?	○	○
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?	○	○
19. Have there been any workers' compensation insurance claims or injuries in the past 12 months that might lead to such claims?	○	○

B. Regulations

	YES	NO
1. Is the Business or its operators required to have any licenses or permits other than a local business license?	○	○
2. Are you aware of any pending zoning changes, redevelopment or nearby construction that might affect the Business?	○	○

3. Are there any alleged violations filed or under investigation by the following authorities?

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

C. Other Considerations

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

D. General

	YES	NO
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?	○	○

Buyer _____ Buyer _____ Seller _____ Seller _____

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	Signature	Date
Name	Signature	Date
Corporation	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	by: Signature and Title	Date

Buyer Buyer Seller Seller

Business: _____ Agent for Broker:= _____

ADDENDUM TO DISCLOSURE STATEMENT

○ SELLERS ○ BUYERS

Business _____

Seller _____ Buyer _____

Question #	Explanation of "YES" Answers

(ATTACH ADDITIONAL PAGES IF NEEDED)

THE UNDERSIGNED ○ SELLER ○ BUYER CERTIFIES THAT THE ABOVE INFORMATION IS TRUE AND ACKNOWLEDGES RECEIPT OF A COPY OF THIS DISCLOSURE STATEMENT.

_____ _____ _____ _____

Signature Date Signature Date

THE UNDERSIGNED ○ BUYER ○ SELLER ACKNOWLEDGES RECEIPT OF A COPY OF THIS DISCLOSURE STATEMENT.

_____ _____ _____ _____

Signature Date Signature Date

_____ _____ _____ _____

Buyer Buyer Seller Seller