Purchase & Sale Agreement Contents Checklist

Contents	Description
Names	Names of the seller, buyer, and business, including the location of each.
Assets	List of all assets included in the sale including fixtures, furnishings, equipment, machinery, inventories, accounts receivable, business name, customer lists, goodwill, and other items. Also includes assets to be excluded from the sale, such as cash and cash accounts, real estate, automobiles, etc.
Liabilities	List of liabilities being assumed by the buyer, often including accounts payable. Also includes a statement that the buyer assumes no liabilities other than those listed.
Closing date	Statement of the date the sale will close.
Price	Statement of the purchase price and how the buyer and seller agree to allocate the price among IRS-determined asset classes.
Adjustments	Detail of how the price will be adjusted on closing day to reflect prorated business expenses and, if inventory and accounts receivable are being sold, to reflect closing-day valuations.
Seller agreements	Detail of non-competition or covenant not to compete agreement, management consulting agreement, or the employment agreement that the seller will sign as part of the closing deal.
Payment terms	Description of the amount of cash to be paid on closing day. Description of the amount payable following terms detailed in a promissory note. Description of the amount to be paid in other defined future payments.
Security agreements	If a portion of the purchase price will be paid through deferred payments, a description of buyer-owned assets listed as loan collateral; personal guarantee requirements, if any; and business-operation requirements to protect against business and asset devaluation before the sale price is paid in full.
Inventory	A list of all inventory included in the sale.
Accounts receivable	A description of accounts receivable included in (or excluded from) the sale, accompanied by a description of how payments for collections will be applied and how uncollected receivables will be handled.
Seller's representations and warranties	A statement verifying the seller's power and legal right to authorize the sale; that the seller has clear and marketable title to assets being transferred; that financial records presented fairly reflect the financial condition as of the date of the statements; that the seller knows of no obligations or liabilities beyond those disclosed as exhibits accompanying the purchase agreement.

Contents	Description
Buyer's representations and warranties	A statement verifying the buyer's power and legal right to authorize the purchase; warranties that statements made by the buyer's guarantors contain no untrue statements or omissions.
Seller's covenants	A statement of provisions the seller will undertake to transfer the business including benefit plans, paying employee wages through the closing date, changing the seller's business name to permit the buyer to legally assume and begin using the name, and other agreed-upon actions.
Employee termination clause	A statement confirming that on closing day seller will terminate all employees except those with transferable contracts, paying all wages, commissions, and benefits earned through the termination date, at which time the buyer will likely complete paperwork to hire terminated employees through the buyer's new business, which will have a new federal employee identification number (FEIN).
Post-closing rights and obligations	A statement of after-sale issues, likely including the buyer's right to offset the purchase price by liabilities or inventory valuation variances that become apparent after the settlement date; and the buyer's obligation to fulfill specified requirements such as carrying insurance, maintaining specified working capital levels, and allowing the seller to access financial records until after the price is paid in full.
Default provisions	A definition of litigation and dispute resolution provisions for dealing with defaults should either the buyer or the seller not fulfill the terms of the agreement
Business transfer agreements	These agreements include the bill of sale; assignments of leases, contract and intellectual property; stock transfer (for entity sales); statement of compliance with state bulk sales law requiring supplier notification (for asset sales).
Participation or absence of brokers	A statement of whether or not brokers or finders were involved in the transaction and, if so, how they will be paid, which is usually stipulated in the broker agreement and usually paid by the seller on closing day.
Obligation of fees	A statement of how the buyer and seller will pay professional fees involved with the sale closing.