



BUY-SELL REVIEW

Use this checklist to determine key considerations for a buy/sell agreement.

Parties to the Agreement	Yes	No	N/A
1. Did you include all owners, including spouses in community property states, and the business entity?			
2. Are there any provisions conditioning ownership/acquisition based on family relations, or other factors?			
3. Have the spouses agreed to accept the terms of the agreement with regard to community property/marital interest?			
Method of Valuation	Yes	No	N/A
1. If appraisal:			
a. Are appraiser qualifications specified?			
b. Is the appraiser selection method specified?			
• Mutual agreement.			
• Each party selects an appraiser and results are averaged.			
• Each party selects an appraiser, then the appraisers choose a third appraiser to do the work.			
2. If formula approach:			
a. Is the formula method clearly explained in the agreement?			
b. Using the capitalization method, is it appropriate to add back the owners' salary and benefits?			
c. Does your agreement provide for arbitration to resolve disputes to avoid costly litigation?			
Triggering Buy/Sell Events	Yes	No	N/A
1. Bona Fide Third Party Offer			
a. Does the other owner retain first right of refusal?			
b. If a right of refusal exists, can it be partially exercised, or does the selling owner's entire interest have to be acquired?			
c. Are offers and exercise of first rights of refusal in writing within a specified time limit?			
2. Dissolution Due to Disagreement			
a. Should you include a provision allowing an owner to offer to purchase the interest of another?			
b. If so, should it be conditional, or a push-pull requiring the owner to sell or match the offer and purchase the other owner's interest?			
c. Does your agreement include a clause for binding arbitration?			
3. Owner's Death			
a. Does the agreement clearly state that the sale/purchase of an owner's interest is required or optional?			
b. If optional:			
(1) Who holds the option - the company or heirs?			

