# Legal Guide:
## *Buying a Convenience Store*

A Beginners Step-by-Step Guide for Business Owners, Beginners, and Non-Lawyers

Updated: March 11, 2010

**NOTICE TO READER:** The information in this article is a brief summary for informational purposes only. It is not meant to be legal advice. If you require information or advice as it relates to your individual circumstances you are advised to consult with a lawyer.

**Download Links:**
**Purchase and Sale Agreement:**
- USA
- Canada
- United Kingdom

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# 1. Introduction

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Congratulations on your decision to purchase a convenience store. Purchasing a convenience store can be an exciting experience. But, if it is not done properly, it can also be a difficult and expensive experience.

Often times the legal issues regarding the purchase of a convenience store can be confusing and difficult to understand.

This purpose of this guide is to provide some general tips about the legal steps you should take to ensure that the purchase is completed in a way that provides you with some basic legal protections.

Although this guide has lots of information, this guide does not replace legal advice that you would obtain by consulting and retaining a lawyer to represent you. Even if you are going to hire a lawyer, you should still find the information in this guide useful when discussing the legal issues of your transaction with your lawyer.

# 2. Six Keys to a Successful Convenience Store Purchase Transaction

In general, the keys to making a purchase transaction successful are:

(i) examining the operations of the convenience store to understand exactly what you are buying and to identify the particular issues and any problems of the convenience store;

(ii) ensuring that all obligations of the parties, promises made, and representations and warranties made by the seller to the purchaser are written down in a written legal document;

(iii) obtaining professional assistance where required;

(iv) allowing sufficient time to do research and to allow the professionals to complete their job;

(v) obtaining adequate financing to complete the purchase and to operate the convenience store; and

(vi) understanding the character traits of being an entrepreneur.

## 3. Obtaining Professional Assistance

To ensure that all issues are addressed you will need to consult with several professional advisors as soon as you make the decision to buy a convenience store. Depending on your particular circumstances, experience, knowledge, and comfort level, the following will be helpful to you including:

1) lawyer (a business lawyer),
2) real estate agent (familiar with small businesses),
3) accountant,
4) bank manager,
5) insurance broker (for commercial businesses), and
6) anyone who can be of assistance such as a business evaluator, consultant, or other professionals familiar with the convenience store industry.

Each of these professionals serves a different role and offers his or her professional expertise, experience, and contacts. The purpose of these professionals is to inform you, assist you, and advise you.

## 4. Allowing Sufficient Time

Although both purchaser and seller are usually anxious to complete the transaction, it is important that sufficient time be allocated to properly do the work necessary to successfully complete the transaction. In order to do a proper and complete job it is recommend that the minimum amount of time required to complete a straightforward transaction is approximately six to eight weeks. Some transaction may require less time and complicated transactions may require more time.

The date when the actual purchase is to take place and legal ownership is passed on to the purchaser (e.g.: when you get the keys and you have pay for the purchase price) is usually referred to as the “Closing Date”. In theory, on the closing date, all issues are to be completed (or “closed”) – however, as a practical matter, some issues have to be dealt with well before the Closing Date (e.g.: the financing if you are getting a bank loan), but some issues may not be resolved until after the Closing Date (e.g.: the seller may have agreed to accept payment of the purchase price by way of monthly payments for the next 3 years).

## 5. Financing

It is imperative that you obtain adequate financing. Often potential purchasers fail to properly plan for financial requirements involved in the purchase or that they will incur shortly after the purchase including:

(i) Amount to pay for a deposit;

(ii) Amount for payment of the portion of the purchase price that is payable on the Closing Date;

(iii) Amount for payment of any monthly payments if the purchase price is to be paid over a period of time after the Closing Date;

(iv) fees for professional advisors including: lawyers, accountants, and other professional advisors;

(v) operating line of credit for day to day operations;

(vi) funds for payment of new or additional equipment or furniture that may be required soon after the Closing Date;

(vii) operating expenses (e.g.: cost of inventory, security deposits, advertising, employee salaries, rent, personal living expenses).

If you do not have enough cash on hand to satisfy the purchase price on the Closing Date, you may wish to ask the seller to accept payment terms (e.g.: payment over a specified period such as a certain amount of money each month for 3 years after the Closing Date, usually with interest) – if the seller agrees to accept such payment terms, you will need to document the financing by way of a separate loan document called a Promissory Note (this is sometimes commonly known as an "IOU").

## 6. Do Your Research / Due Diligence

It is important that you learn as much as you can about the convenience store as soon as possible and prior to the Closing Date. You want to do this so that you can deal with any issues upfront in a written agreement before you complete the purchase.

For example, well before the Closing Date (and preferably before you even sign a Purchase and Sale Agreement or Letter of Intent), you should:

- Personally examine all the equipment to make sure it is in working order including: cash registers, lottery terminals, refrigeration display units, photocopier, telephone, fax machine, pop machine, dispensing machine.
- Personally examine all the fixtures in the location including: lights, air conditioning / heating, washroom facilities
- Make a note of anything that requires repairs or replacement.
- Find out if the equipment is under warranty.

- Examine the purchase records for the equipment – you want to know if the seller has proper documents that show to your satisfaction that the seller actually owns of the equipment. Some items may be leased (e.g. photocopier, telephone system) or placed in the store as part of a license arrangement (e.g. lottery terminal, pop machine)

- Visit the convenience store during various hours (morning, lunch, dinner) and on various days (during week and during weekend) to observe the type of customers and the level of business.

- Examine all the books and records of the business (e.g.: accounting records, tax returns, supplier contracts, leasing contracts, licensing contracts).

- Make a list of all the items that are included in the purchase (e.g.: list of equipment, furniture, software/hardware, phone numbers, internet website, business name, etc.). Where possible the list should include brief description, make, model, and serial number. You may also wish to take a digital photo of the various items included on the list.

- Make a list of all the items that are leased (e.g. photocopier, telephone system) or licensed (e.g. lottery terminal, pop machine). Where possible the list should include brief description, make, model, and serial number. You may also wish to take a digital photo of the various items included on the list.

- Make a list of all the supplier contracts (food suppliers, product suppliers) and review each of the contracts. You want to examine each contract to determine whether they are assignable (transferable) to the purchaser so that you may continue using them without interruption. In some cases, you may actually want to terminate a supplier contract, and in such a case you want to examine the contract to determine if there is any locked in term or exclusivity terms preventing the contract from being easily terminated.

- Obtain information about any employees (pay level, seniority, any outstanding issues with current or past employees). You should also determine whether you wish the employees to their employment with the store after the Closing Date.

- Obtain information about any existing problems or potential problems that the seller is aware of (e.g.: any disputes or lawsuits from suppliers, third party contractors, or even any customers). See also Section 23 below with a list of some online resources to assist you in this regard. You may also wish to consult with a lawyer or a paralegal to assist you with certain searches of government and court records to determine whether any lawsuits or judgments against the seller or liens against any of the assets being purchase exist and to ensure that the seller is not bankrupt.

- Examine the lease for the premises where the convenience store is located. In particular, review the term of the lease, the renewal options, the rent, any exclusivity restrictions that may prevent you from expanding your product/service offering, and the procedure for assignment (transfer) of the lease.

- Confirm with the zoning department of the municipality where the convenience store that the premises is zoned to permit a convenience store to be operated. You may also wish to check with the building department to enquire whether there are any building orders issued by the municipality against the convenience store. If you are going to be selling food items such as milk or ice cream, some municipalities also have periodic health department inspections. You may want to check with the health department to ensure that there are no outstanding issues regarding the convenience store.

- Some jurisdictions allow for the sale of alcohol from a convenience store. You should check with your local government agency to determine what is required to continue the sale of alcohol from the convenience store.

- Assess the inventory that the convenience store requires to operate. Assess the current suppliers that are being used and whether you continue to use them or whether you will be changing suppliers.

- If there is a lottery terminal, you should contact the licensing body for lottery terminal to determine what is required to transfer the terminal to the purchaser. Some jurisdictions have strict requirements so you should look into what is required as soon as possible to avoid any delays.

- Ask the Seller to show you the insurance policy for the convenience store. You should then contact your own insurance broker/agent to ask about having insurance in place effective the Closing Date. Do not wait until the last date to do this. It is important that you look into this as soon as possible because your insurance broker/agent may require some time to put into place the insurance. You do not want to find yourself in a position where you do not have insurance in place. If you do not have an insurance broker/agent, you may want to simply use the same insurance broker/agent that the Seller is using for the premises since the broker/agent will already be familiar with the premises.

## 7. Will that Be “Assets” or “Shares” ?

Generally, there are two ways to proceed to legally purchase a business.

1. **Asset Purchase:** One can purchase the assets of the business from the seller. An “asset” refers to what you actually buying – for example, the equipment, furniture, books & records, and also other items such as the name of the business and any logos, the right to the telephone number, and internet domain name, supplier lists, supplier contracts, rights in the lease for the location, and anything else related to the business.

2. **Sale Purchase:** If the seller is a corporation, you may be able to proceed using a method referred to as share purchase. In a share

purchase, you do not actually buy the particular assets, but instead you will be buying the shares of the seller's company.

Generally, in a convenience store purchase, the Purchaser proceeds by way of an "asset purchase", however, depending on the particular circumstances, a "share purchase" may be preferred. There are advantages and disadvantages as to whether to buy the convenience store using an asset purchase or as a share purchase. Which method is the best for your particular situation requires consideration of several factors including legal, accounting/tax, and insurance issues and as such determining which method is best for your particular circumstances is beyond the scope of this article.

## 8. Identify What You Are Buying and What's Being Excluded

It is important to know exactly what you are buying and not buying from the seller. Assets included in a purchase typically include the following:

- Equipment
- Inventory
- Contracts
- books & records
- trademarks and business names
- leasehold interest
- goodwill
- any other assets

If you are purchasing by way of an asset purchase you will need to make a list of the assets that you are purchasing. In a sale purchase, although you are not directly purchasing the assets, you will still want to identify and make a list of the assets owned by the selling company.

Typically, in a purchase, whether by way of asset purchase or sale purchase, certain assets will be excluded or removed from the convenience store prior to the completion of the sale. These may include cash in the bank and certain items that the seller may not wish to be sold. In addition there may be certain assets that are actually obligations that you may not want to assume (e.g.: you may not want to continue with the telephone service provider or the pop machine provider currently being used by the convenience store). You will need to identify these excluded assets/obligations so that you do not find out later on that certain assets are no longer present after you complete purchase or that certain assets your acquired that you did not want to be included.

## 9. Get it in Writing: Purchase and Sale Agreement

The main agreement used in the purchase of a convenience store is called a "Purchase and Sale Agreement". This document will be the key document from which the transaction will flow.

The general rule to follow when buying a convenience store (or any business) is to ensure that all obligations of the parties, promises made, and representations and warranties made by the seller to the purchaser are written down in a written document. Do not simply rely on verbal promises made by the seller – you will run the risk that the seller will deny or dispute any verbal promises and you will have a very difficult time to prove the seller made such promises or even if the seller admits to making such promises, the seller will likely dispute the details. As such, the best thing to do is to ensure anything that is important to you should be made in writing in a written agreement.

Generally, the Purchase and Sale agreement should include provisions regarding:

1. For asset purchase: List of Assets being sold. In share purchase: list of assets and a representation that that the seller owns the assets

2. List of excluded assets and excluded obligations

3. Purchase Price

4. Payment terms (deposit amount if any, payment of balance and how it is to be paid and when it is to be paid)

5. Closing Date. This is the date when you will acquire legal ownership of the assets or the shares.

6. Representations & Warranties – statements and promises made by the seller to the purchaser

7. Special agreements by Seller – e.g.: Non-competition, non-solicitation, confidentiality, indemnity

8. Conditions (see section below *Special Issues: Conditions Precedent*)

By having everything in writing, you will have a written document that you can refer to in the event a problem develops afterwards.

**It is very important to understand that once you sign a Purchase and Sale Agreement, you are signing a legally binding contract that can be enforced against you in a court of law. Unless the agreement contains "conditions" (see below) that permit you to cancel the agreement, and except in other limited circumstances that may occur, you will be required to complete the purchase and you will not be able to change your mind.** As such, if you are worried about signing an agreement at this time, but would like to still proceed forward with negotiations, as an alternative to the Purchase and Sale Agreement, you can sign a different type of document called a "Letter of Intent".

## 10. Get it in Writing Alternative: The Letter of Intent

Essentially the Letter of Intent contains the same information as a Purchase and Sale Agreement, with the exception that the Letter of Intent (if written properly) is a non-binding document, or in other words, you can walk away and call off the deal if something is not right or if you change your mind. The advantage of using a Letter of Intent is that if you want to get some expert advice but are in a hurry to have something in writing with the seller, you can proceed using a Letter of Intent and then bring the Letter of Intent to a lawyer for review and subsequent preparation of the Purchase and Sale Agreement (based on the Letter of Intent).

It is very important that a Letter of Intent specifically have words that clearly say something like "this Letter of Intent is intended not to be binding on the purchaser and seller" – if the Letter of Intent does not include these words, you run the risk that the Letter of Intent will be binding against you (in such a case the Letter of Intent will be viewed as being a Purchase and Sale Agreement despite what is the title of the document).

Although there are clearly advantages to having an agreement not be binding, there is a downside risk – you run the risk that the seller may also be talking with other potential buyers while talking with you and you may discover that the seller sells to another buyer. In order to protect you from the seller not acting in good faith, you may wish to have some obligations in the Letter of Intent be binding and other not binding. In particular it is preferable that the seller have the obligation to negotiate in good faith, and to have the seller agree that it will not negotiate with anyone else. Sample wording that gives this type of protection is as follows:

> "**This Letter of Intent is intended not to be binding on the purchaser and seller with the exception that: (a) each party agrees to negotiate in good faith to prepare a formal Purchase of Sale Agreement with additional terms a and conditions, and (b) the seller agrees not to have any discussions or negotiations with any other potential purchaser of the business.**"

## 11. Special Issues: Licenses

If the convenience store is part of a group of related but independently stores the operation of the convenience store may be under a franchise system. If this is the case, you will need to examine the franchise agreement between the Seller and franchisor (this is the owner of the brand name and system of carrying on the business). A franchise agreement is essentially a license agreement between the store operator (the franchisee) and a franchisor that permits the current owner of the convenience store to operate the store under the brand name. The franchise agreement contains certain obligations and restrictions regarding the operation of the convenience store and may require that inventory be purchased from specified suppliers. The franchise agreement likely contains a provision regarding the transfer of the franchise from the current owner to a purchaser of the store. You need to examine the agreement carefully.

Some municipalities require a license to operate a business within the town/city. You should check with the city hall to ask about whether a business license is required to operate the convenience store.

If the convenience store sells wine, beer, or liquor, you need to check with your local government to determine if a license or permit is required to sell/serve alcohol. If you do not have experience in the convenience store business in the jurisdiction, you can start by asking the seller to provide you with a copy of the liquor license for the convenience store.

Check with your local lottery agency that operates lotteries in your jurisdiction.

Areas you need to check:

1. Business licence (check with your city hall)
2. Lottery terminal (check with lottery organization)
3. Liquor licence (check with liquor licensing board)

## 12. Special Issues: Representations and Warranties

A representation and warranty is a statement that is made by the seller regarding a certain fact or issue.

For example, the seller may make a representation and warranty to you that the equipment in the convenience store is in "good working order". Although it is good advice that you check out all the equipment first hand, it is not always practical to check everything properly and thoroughly. In order to protect the purchaser, the Agreement will contain a list of representations and warranties made by the seller. In the event that after the Closing Date you discover that the seller's made a false statement, (called a "misrepresentation"), you will be able to point to the particular provision in the Agreement requiring the seller to fix the defect or compensate you for damages.

Representations may include:

1. Equipment is in good working order
2. Lease is in good standing and term continues until a certain date
3. License for the lottery terminal is in good standing
4. Seller has paid all suppliers to date

## 13. Special Issues: Covenants

A "covenant" is an action that the Seller agrees to perform. For example, the Seller may agree that it keep the convenience store freshly stocked with inventory right up to the Closing Date. Or the Seller may agree to repair a piece of equipment prior to the Closing Date. Any agreement the Seller makes to you where the Seller agrees to do something (or agrees specifically not to do something) should be put in writing.

Covenants may include:

1. Seller agrees to terminate employees before Closing Date
2. Seller agrees to repair washroom facilities
3. Seller agrees to co-operate with the Seller to transfer the lottery terminal
4. Seller agrees to stay on after the Closing Date for a period of 45-days to assist in the transition to the new owner

## 14. Special Issues: Conditions Precedent

Usually when you initially agree to purchase a convenience store, certain issues are not fully resolved. For example, you may need to check with your bank to see if they will agree to provide you a loan to pay for the purchase price. However, a bank may refuse to consider your loan application unless you first provide them with a signed Purchase and Sale Agreement. In order to resolve this issue, you can include certain provisions in an Agreement of Purchase of Sale called "conditions".

Essentially a condition means that before the transaction can proceed something first has to be satisfied. For example, a condition might be that the completion of the purchase is conditional upon the purchaser receiving approval from the purchaser's bank to provide financing to enable to the purchaser to complete the purchase transaction. If the purchaser's bank declines the loan request, generally, the purchaser can then cancel the transaction on the basis that the condition was not satisfied. If the bank approves the financing, the condition will be satisfied and the transaction will proceed forward (subject to any other conditions in the agreement). In addition, sometimes if a condition is not satisfied (e.g.: the bank turns down the purchaser's loan request), the purchaser may be able to obtain financing elsewhere and want to ignore (or "waive") the condition and still proceed forward.

Typical conditions precedent that a purchaser may include a convenience store purchase include:

(a) Financing: On or before the closing date, Purchaser being able to obtain financing to satisfy the purchase price and operate the business after the closing date. This condition is inserted into the agreement for the exclusive benefit of the Purchaser only and that the Purchaser in its sole discretion can waive the condition in whole or part at any time.

(b) Liquor License and Permits: On or before the closing date, the Seller transferring to the Purchaser the liquor license and the Purchaser either obtaining or transferring any other permits required to sell liquor from the convenience store. This condition is inserted into the agreement for the exclusive benefit of the Purchaser only and that the Purchaser in its sole discretion can waive the condition in whole or part at any time.

Other conditions to be included in a Purchase and Sale Agreement for a convenience store may include:

1. Transfer of the lottery terminal to the Purchaser
2. Transfer of the lease to the Purchaser
3. Purchaser being able to continue with existing supplier

4. Purchaser being able to terminate contract with specified suppliers

5. If the convenience store is operated as part of a franchise, the franchise rights in the convenience store is transferred from the Seller to the Purchaser.

6. Vendor completing any covenants it has agreed to under the Purchase and Sale Agreement

Since a lottery terminal provides a source of revenue, the Purchaser may not wish to proceed with the transaction if for some reason the Purchaser is unable to be able continue with the lottery terminal after the Closing Date, As such, if for some reason the lottery terminal is not transferred to for the Purchaser to continue its use after the Closing Date, the Purchaser would have the right to not proceed forward by referring to the condition not being satisfied.

## 15. Special Issues: Non-Compete / Non-Solicitation / Confidentiality

Since the seller has knowledge of the convenience store you are buying and also has general knowledge about operating a convenience store, there is a risk that the seller might open a competing convenience store nearby. As such, a purchaser often wants to restrict the seller from (i) opening/operating a competing convenience store nearby.

In order to protect the Purchaser, often times a provision is included in the Agreement of Purchase and Sale that prevents the Seller from operating a convenience type store within a specified distance for a particular period of time. It is important that the distance and time periods are reasonable for the protection of the Purchaser. However, restricting a Seller for a 100-mile radius for 10-years would be unreasonable and unenforceable. Each situation is different and has be examined. It may be that 6-months using a 1-mile radius is sufficient, however, you will have to examine the situation and determine what would be reasonable under the circumstances.

## 16. Special Issues: Indemnity

One has to prepare for the situation that after the purchase is completed, unexpected problems may arise that you wish to seek compensation from the seller.

For example, a supplier may claim that it is owed money from the seller and since you are now the new owner, the supplier is demanding that you pay the outstanding money or you will be sued in court. Someone may show up claiming they were an employee but you were never made aware of such a situation. A phone bill may arrive a month after the Closing Date and you discover that the seller did not pay the phone bill.

The best way to protect yourself it to ensure you thoroughly research the business to try and discover any potential problems before the Closing Date. However, there is a practical limit to how much research/due diligence you can do prior to the Closing Date. In this regard, usually a provision is included in the Purchase and Sale Agreement that states that in the event the representations, warranties, or promises are not true as stated in the Purchase and Sale Agreement, the seller agrees it will compensate the buyer from any damages incurred by the buyer.

## 17. What Can I Expect From the Seller ?

Sellers are generally not as concerned as a purchaser with respect to the well-being of a convenience store after the completion of a transaction. As a result, a seller sometimes puts pressure on a purchaser to complete a transaction as soon as possible and to ignore any potential problems that have been raised by you (or your professional advisors). Therefore, as a purchaser it is important to be aware of undue influence from the seller and to carefully consider the advice from your professional advisors.

## 18. Being an Entrepreneur

If you are planning to purchase and operate a convenience store for the first time you should study the character traits of being an entrepreneur to ensure that you have a good understanding of being an owner/manager. A good place to start is the business section of your local bookstore. In section 23 below there is a list of various online resources to assist you in operating a convenience store.

## 19. Where to Easily and Quickly Get a Customized Purchase and Sale Agreement or Letter of Intent Online

Now that you have a basic understanding of the legal issues of buying a convenience store, you are ready to prepare a Purchase and Sale Agreement (or Letter of Intent).

You can obtain a Purchase and Sale Agreement online from a third-party source such as LawDepot (see links below) – simply fill in certain information regarding the particulars of your transaction and a sample agreement will be automatically provided to you. In order to complete the form, use the information and samples in this guide to help you. See below for step-by-step guide on filling out the LawDepot form for use in buying a convenience store. You will be required to purchase the completed document before you can use it.

Alternatively, if you do not feel comfortable using an online source, your lawyer can prepare the Purchase and Sale Agreement for you.

## 20. Creating the Agreement / Letter of Intent

To prepare a Purchase and Sale Agreement (or Letter of Intent) legal document, consult with your attorney / lawyer or obtain one online at LawDepot by clicking below on your country to get started:

**Purchase and Sale Agreement (or Letter of Intent):**

- USA
- Canada
- United Kingdom

Once you are at LawDepot, follow these steps and cross-reference to sections in this Guide:

| Section in online form: | See Guide Section #: | Additional Notes: |
|---|---|---|
| Governing Law | | Select your jurisdiction. Usually this is the state/province where the convenience store is located. |
| Transaction Type | 7 | Select Assets or Shares. |
| Output Format | 9 , 10 | Select whether you are going to proceed at this time by Purchase and Sale Agreement or by Letter of Intent. |
| Business Information | | Enter information about the business that is being sold.<br><br>Under "Business Name", enter the name of the convenience store – usually this is a corporation name. However, if there is no corporation and the convenience store is owned by an individual, enter the individual's legal name here.<br><br>Operating Name: if the convenience store operates under a name that is different from the "Business Name" then enter it here.<br><br>Under "Business Description" enter:<br><br>"**a convenience store**" |

| Section in online form: | See Guide Section #: | Additional Notes: |
|---|---|---|
| Seller Information | | This section only appears if you selected “Shares” above as the Transaction Type.<br><br>Enter the name of the owner of the shares being sold to you. This is the shareholder (usually an individual) of the company that owns the convenience store. |
| Purchaser Information | | Enter the name of the purchaser. If you are buying the assets/shares individually in your personal name, enter your legal name.<br><br>If you are buying using a corporation that you already have enter the name of the corporation here.<br><br>If you plan to buy in the name of a new corporation, but you have not yet created the corporation, you can enter the following: “***John Smith* in trust for a corporation to be incorporated without personal liability**” and select “corporation” for Type of Party. [Replace “*John Smith*” with your own name].<br><br>(you may wish to incorporate first so that you can enter the corporation name here instead, see the links in section 23 below to incorporate) |

| Section in online form: | See Guide Section #: | Additional Notes: |
|---|---|---|
| Assets and Purchase Price (for Asset Purchase) | 8 | Check all the boxes that apply; and then enter the amount that you are paying for each asset. “Goodwill” is generally always purchased unless you have a specific reason to exclude it. You may need to consult with your accountant to determine the dollar amount to assign (or “allocate”) to each asset category. If you do not know the amount to allocate for each asset category, select the categories that you are buying but leave the amount boxes for each item blank, and then select the “Other Assets” box and then under the description enter “all assets” and under the amount box specify the full purchase price.<br><br>If you assembled a list of equipment, inventory, contracts, and other assets, enter it as an “Other Asset” and under the description enter “See attached Schedule”. When you print out the final document, be sure to attach the list to the document.<br><br>If there are any assets that do not come under the categories listed and is not included on your list, select the “Other Assets” box and enter an description and amount in the boxes show.<br><br>Under “Excluded Assets” select all that apply. If there are any other excluded assets, select “Other excluded assets” and enter a description. |

| Section in online form: | See Guide Section #: | Additional Notes: |
|---|---|---|
| Shares and Purchase Price (for Share Purchase) | | Unless you are buying less than 100% of the seller's company, select the "Aggregate Purchase Price" method and enter in the full purchase amount you are paying. |
| Taxes and Totals | | Enter the information as indicated. |
| Payment Terms | | Specify a closing date if known at this time.<br><br>If the seller will want a deposit from you, specify it here and when it is payable. Usually with a Letter of Intent, no deposit is made.<br><br>For payment options, choose one of the available options:<br><br>1. Lump Sum Payment – choose this option if you are paying the full amount (less any deposit) on the Closing Date<br><br>2. Lump Sum plus Promissory Note – choose this option if you are paying a portion on the Closing Date and a portion over time<br><br>3. Promissory Note – use this option if you are going to be paying the balance of the purchase price over time. |

| Section in online form: | See Guide Section #: | Additional Notes: |
|---|---|---|
| Specific Clauses and Warranties to Include | 15 | Select the applicable provisions. |
| Representations, Warranties | 12 | Promises made by the Seller/Purchaser will survive the Close by… usually a 2 year period is chosen.<br><br>The Purchaser/Seller will confirm its representations with:… usually select "Officer Certificate"<br><br>Number of additional promises made by the Seller/Purchaser… you will need to select from the menu a sufficient number to add in additional promises then enter in the text into the box. Refer to section 12 above for sample Representations and Warranties. |
| Conditions Precedent | 14 | Number of conditions to be performed by the Seller … you will need to select from the menu a sufficient number to add in additional promises then enter in the text into the box.<br><br>Refer to section 14 above for sample Conditions Precedent. |
| Employees | | Follow instructions on screen. |
| Assumed Liabilities | | Generally, the purchaser should not assume any liabilities of the seller. |

| Section in online form: | See Guide Section #: | Additional Notes: |
|---|---|---|
| Mediation / Arbitration | | This section specifies how disputes should be handled. Generally, the option of “mediation before arbitration” will satisfy the needs of a purchaser. |
| Additional Clauses | 13, 14 | Enter any covenants in this section. See section 13 above for sample text.<br><br>Enter the Indemnity provision in this section. See section 14 above.<br><br>Enter in any other provision into the agreement that you want to be included. |
| Signing Details | | Generally, it is recommended that witnesses be required (select Yes for this box).<br><br>The “execution date” refers to the date that you will be signing the agreement. Unless you know the date you will be signing the document, select “Unsure” and you will be able to handwrite in the date when you sign the document. |

Additional instructions: When preparing a document using an online system, be sure to review the completed document Read through to make sure it makes sense and reflect your intention as you understand the transaction.

If you created a “Letter of Intent” please review the document to ensure it contains wording similar to the wording described in section 10 above.

## 21. What's the Next Steps

Once you have created your Purchase and Sale Agreement (or Letter of Intent), you need to:

- review the agreement to make sure it is complete
- have the agreement dated and signed by each party to the agreement (also have a witness sign at the same time).

It is recommended that 2 original documents be signed by each party. Each party should receive a signed original.

If you have signed a Letter of Intent, you should proceed as soon as possible to work out any outstanding issues. Once you are ready, you can prepare a Purchase and Sale Agreement containing the final terms.

Once you have completed the above, start to get into contact with your professional advisors.

You should contact your insurance broker/agent to ensure that you have insurance in place effective on the Closing Date.

## 22. Conclusion

Purchasing a convenience store can be exciting. Just remember these points:

- Start as soon as possible
- Get it in writing
- Do your due diligence
- Consult with professionals
- Complete any steps required to be done prior to the Closing Date

# 23. Useful Resources Online

Downloadable Legal Forms:

- Promissory Note: • USA • Canada • UK
- Purchase and Sale Agreement: • USA • Canada • UK
- Lease Assignment: • USA • Canada

Credit Reports:

- Equifax: • USA • Canada
- Dun & Bradstreet: • USA • Canada

Incorporation online:

- Incorporate a new business: • USA • Canada

Convenience Store Associations:

- USA: National Association of Convenience Stores
- Canada: Canadian Convenience Stores Association