TEMPLATE

Business Purchase Agreement

This is a template, not legal advice

This document is a general-purpose template provided for information only. It is not legal advice, it does not create a lawyer–client relationship, and nobody has reviewed it against your situation.

Laws differ by country, state and province, and they change. A clause that is standard in one place can be unenforceable — or illegal — in another. Terms that are ordinary between two businesses can be void in a consumer or employment context.

Read every clause before you use it, fill in every blank, and delete anything that does not apply. For anything high-value, unusual, or that you could not afford to lose a dispute over, have a qualified lawyer in your jurisdiction review it before it is signed.

How to use this template

1. Read it end to end and delete any clause that does not apply to you. Blanks are shown as a grey label on a line.
2. Need the other party to sign too, with an audit trail and a tamper-evident seal? That is what the paid product does.

Business Purchase Agreement

This Business Purchase Agreement (this "Agreement") is made on [Date] (the "Effective Date") between [Seller's full legal name, and entity type if applicable, e.g. "Jane Doe" or "Riverside Holdings LLC, a Texas limited liability company"] of [Seller's address] (the "Seller") and [Buyer's full legal name, and entity type if applicable] of [Buyer's address] (the "Buyer"). Each is a "Party" and together they are the "Parties".

The Seller owns and operates the business known as [Business name, e.g. "Riverside Cafe"] (the "Business"), described generally as [Nature of the business, e.g. "a full-service restaurant and catering operation"] , operating from [Business premises address, or write "no fixed premises"] . Where the Business is conducted through a company, partnership or other entity rather than by the Seller personally, it is operated through [Legal entity operating the Business, e.g. "Riverside Cafe LLC", or write "the Seller directly"] (the "Company"). The Seller wishes to sell, and the Buyer wishes to purchase, the Business on the terms of this Agreement.

1. Structure of the Sale

The sale under this Agreement is structured as [State "an asset purchase" or "a share purchase" — see the explanation below] (the "Structure"). In an asset purchase, the Buyer acquires specific assets — and, if the Parties agree, specific liabilities — of the Business, and the Company continues to exist, still owned by the Seller. In a share purchase, the Buyer acquires ownership of the Company itself, and with it, automatically, all of the Company's assets and liabilities, known and unknown, except as this Agreement expressly limits.

The Structure the Parties choose changes what this Agreement transfers, what the Buyer inherits automatically, and how each Party is taxed on the sale. An asset purchase generally lets the Buyer select which liabilities to assume and can give the Buyer a stepped-up tax basis in the assets purchased; a share purchase transfers the Company whole — including any liability neither Party has yet identified — but preserves the Company's existing contracts, licenses, permits and operating history intact. Clauses 2 and 3 apply differently depending on which Structure is stated above. The Parties should confirm the Structure with their own accountant or lawyer before signing; the better choice depends on facts specific to the Business that this Agreement does not evaluate for them.

2. Purchased Assets or Shares

If the Structure stated above is an asset purchase, the Seller shall sell, transfer, convey and assign to the Buyer, free and clear of all liens, security interests and encumbrances except as this Agreement expressly states, the following assets used in or relating to the Business (collectively, the "Purchased Assets"): [Describe the assets included, e.g. equipment, inventory, goodwill, trade name, customer lists, lease — be specific] . Ownership of, and risk of loss in, the Purchased Assets passes to the Buyer at Closing.

If the Structure stated above is a share purchase, the Seller shall sell, transfer and assign to the Buyer [Number or percentage of shares, membership interests or other equity being sold] of the issued and outstanding equity of [Legal entity named as the Company in the preamble] (the "Shares"), constituting [Percentage of the Company's total outstanding equity this represents, e.g. "100%"] of its outstanding equity, free and clear of all liens, security interests, options and other encumbrances. The Buyer acquires the Company subject to clause 3, which does not apply to a share purchase except to the extent that clause itself says so.

Where the Business has goodwill — its name, reputation, customer relationships, and ongoing operations as a going concern — that goodwill transfers to the Buyer as part of the Purchased Assets or, in a share purchase, remains inside the Company the Buyer now owns. The Seller shall not use the Business's trade name, or hold itself out as continuing to operate the Business, after Closing, except to the extent clause 11 (Transition Assistance) requires.

3. Excluded Assets and Retained Liabilities

This clause applies where the Structure stated above is an asset purchase. Where the Structure is a share purchase, the Buyer acquires the Company's assets and liabilities as a whole under clause 2, and this clause applies only to the extent it expressly carves something out of that share purchase.

The following remain the Seller's property and are not sold under this Agreement: [List excluded assets, e.g. cash on hand, accounts receivable, the Seller's personal property, or write "none"] (the "Excluded Assets").

Except for a liability the Buyer expressly agrees in writing to assume — see [Reference to an attached schedule of assumed liabilities, or write "no liabilities are assumed; this is a sale of assets only"] — the Buyer does not assume, and the Seller remains solely responsible for, every liability of the Business arising before Closing, including trade payables, taxes attributable to the pre-Closing period, existing or threatened claims, and any liability arising from the Seller's operation of the Business before Closing (the "Retained Liabilities"). The Seller shall pay and satisfy the Retained Liabilities as they come due and shall indemnify the Buyer against them under clause 15.

4. Purchase Price and Payment

The total purchase price for the Business is [Total purchase price and currency] (the "Purchase Price"), payable as follows: a deposit of [Deposit amount, or write "no deposit"] on signing this Agreement, held [How the deposit is held, e.g. "in the Escrow Agent's trust account under clause 5" or "by the Seller's attorney in trust, pending Closing"]; and the balance payable at Closing by [Payment method for the Closing balance, e.g. wire transfer of immediately available funds].

Where the sale is an asset purchase, the Parties shall allocate the Purchase Price among the Purchased Assets, for tax reporting purposes, consistent with [Reference to an attached price allocation schedule, or write "a schedule the Parties agree in writing before Closing"], and neither Party shall report the transaction to any tax authority in a manner inconsistent with that allocation.

If any part of the Purchase Price is financed by a third-party lender to the Buyer, or by seller financing from the Seller, the terms of that financing are set out in [Reference to a promissory note or seller-financing addendum, or write "not applicable — the Purchase Price is paid in full at Closing"]. Clause 9 states what happens if that financing does not close by the Closing Date.

5. Purchase Price Adjustment and Escrow

The Purchase Price in clause 4 assumes the Business has net working capital of approximately [Target working capital amount, or write "not applicable — no working capital adjustment applies"] as of the Effective Date. Within [Period after Closing to prepare a closing statement, e.g. "60 days"] after Closing, the Buyer shall prepare and deliver to the Seller a statement of the Business's actual net working capital as of Closing. If actual working capital is lower than the target, the Seller shall pay the Buyer the shortfall; if higher, the Buyer shall pay the Seller the excess — in either case within [Period to pay a working-capital adjustment, e.g. "15 days"] of the statement becoming final.

Either Party may dispute the closing statement within [Period to dispute the closing statement, e.g. "20 days"] of receiving it, in which case the Parties shall refer the dispute to [Independent accountant or firm to resolve a working-capital dispute, or write "an independent accountant the Parties agree on in writing"], whose determination is final and binding on both Parties, with the cost of that determination split [How the accountant's fee is split between the Parties, e.g. "equally"].

At Closing, [Escrow holdback amount or percentage of the Purchase Price, e.g. "10% of the Purchase Price"] shall be withheld from the amount otherwise payable to the Seller and deposited with [Escrow agent's name] (the "Escrow Agent") under a separate escrow agreement consistent with this clause (the "Escrow"), to secure the Seller's obligations under this clause and under clause 15 (Indemnification).

The Escrow Agent shall release [Escrow release schedule, e.g. "50% of the Escrow twelve (12) months after Closing and the balance twenty-four (24) months after Closing"] to the Seller, less any amount then subject to a good-faith claim by the Buyer under this Agreement, which stays in Escrow until that claim is resolved. The Escrow is the Buyer's first source of recovery for a claim under clause 15, up to the Escrow amount, but does not cap the Seller's liability for a claim exceeding it except as clause 15 states.

6. Seller's Representations and Warranties

The Seller has owned and operated the Business for [How long the Seller has owned or operated the Business, e.g. "the past 6 years"] and has full power and authority to enter into this Agreement and to sell the Purchased Assets or the Shares, as applicable, without needing a consent the Seller has not already obtained.

The Buyer is entitled to rely on each of the following regardless of what investigation the Buyer has made or could have made, and each is a separate representation even where it overlaps another. The Seller represents and warrants to the Buyer, as of the Effective Date and again as of the Closing Date, that:

(a) the Seller has good and marketable title to the Purchased Assets or the Shares, as applicable, free and clear of all liens, security interests and encumbrances except as disclosed to the Buyer in writing;

(b) the financial statements of the Business provided to the Buyer — for [Financial statement periods provided, e.g. "the last three fiscal years and the most recent interim period"] — fairly present the Business's financial condition and results of operations, and were prepared on a consistent basis;

(c) there is no liability of the Business other than one disclosed in those financial statements or in writing to the Buyer, and no undisclosed liability, contingent or otherwise, that would be required to be disclosed under the accounting basis used;

(d) a true and complete list of the Business's material contracts, leases and licenses is set out in [Reference to an attached schedule of material contracts, or write "a schedule delivered to the Buyer before signing"], each is in full force and effect, and the Seller is not in default, nor aware of a default by the other party, under any of them;

(e) there is no pending or, to the Seller's knowledge, threatened litigation, arbitration, investigation or regulatory proceeding against the Business or the Seller relating to the Business, other than [Disclosed litigation, claims or investigations, or write "none"] ;

(f) the Business holds every license and permit required to operate as currently conducted, is in compliance with applicable law in all material respects, and has filed all required tax returns and paid all taxes due in connection with the Business, other than a tax being contested in good faith and disclosed to the Buyer;

(g) since [Date from which the Seller warrants no material adverse change — usually the date of the most recent financial statements] , the Business has been operated in the ordinary course and there has been no material adverse change in its financial condition, operations, or relationships with its material customers, suppliers or employees; and

(h) to the Seller's knowledge, the Seller has disclosed to the Buyer all facts material to the Buyer's decision to purchase the Business.

7. Buyer's Representations and Warranties

The Buyer represents and warrants to the Seller, as of the Effective Date and again as of the Closing Date, that the Buyer has full power and authority to enter into this Agreement and to purchase the Purchased Assets or the Shares, as applicable, that this Agreement is a valid and binding obligation of the Buyer, and that entering into it does not violate any other agreement or obligation the Buyer is bound by.

The Buyer further represents that it has, or will have available by the Closing Date, sufficient funds — from its own resources, third-party financing, or a combination — to pay the Purchase Price and perform its obligations under this Agreement, subject to clause 9 (Conditions to Closing).

8. Conduct of the Business Before Closing

Between the Effective Date and the Closing Date (the "Interim Period"), the Seller shall operate the Business only in the ordinary course consistent with past practice, use commercially reasonable efforts to preserve its relationships with employees, customers and suppliers, and maintain its assets, insurance and licenses in the ordinary course.

During the Interim Period the Seller shall not, without the Buyer's prior written consent: sell, transfer or encumber a material asset of the Business other than inventory sold in the ordinary course; enter into, materially amend or terminate a material contract; increase compensation for an employee other than in the ordinary course; incur a material liability outside the ordinary course; or take an action inconsistent with the representations in clause 6.

The Seller shall give the Buyer prompt written notice of an event during the Interim Period that makes, or would make, a representation in clause 6 untrue in a material respect, or that materially and adversely affects the Business.

9. Conditions to Closing

The Seller's obligation to close is subject to the accuracy in all material respects of the Buyer's representations in clause 7, the Buyer's performance of its obligations under this Agreement required to be performed before Closing, and the Buyer's delivery of the Closing payment required by clause 4.

During the period from the Effective Date until [Due diligence deadline] (the "Due Diligence Period"), the Buyer and its advisors may review the Business's financial records, contracts, licenses and physical assets, and interview key employees on reasonable notice. If the Buyer is not satisfied with that review, in the Buyer's sole discretion, the Buyer may terminate this Agreement by written notice given before the Due Diligence Period ends, in which case [What happens to a paid deposit if the Buyer terminates during due diligence, e.g. "the deposit is refunded to the Buyer in full"] and neither Party owes the other anything further under this Agreement.

If a condition in this clause is not satisfied by [Outside Date by which Closing must occur, or the Agreement may be terminated] (the "Outside Date"), and the Party the condition benefits has not waived it in writing, either Party may terminate this Agreement by written notice, in which case [What happens to the deposit if a condition fails through no Party's fault, e.g. "the deposit is refunded to the Buyer"], unless the failure resulted from the other Party's own breach, in which case the non-breaching Party keeps any remedy available at law.

The Buyer's obligation to close is also subject to satisfaction, or the Buyer's written waiver, of each of the following by the Closing Date:

(a) the accuracy in all material respects of the Seller's representations in clause 6, both as of the Effective Date and as of the Closing Date;

(b) the Seller's performance in all material respects of its obligations under this Agreement required to be performed before Closing, including clause 8;

(c) no material adverse change in the Business since the Effective Date;

(d) if the Buyer's purchase is contingent on financing, the Buyer having obtained financing on terms acceptable to the Buyer by [Financing contingency deadline, or write "not applicable — the purchase is not contingent on financing"];

(e) the Seller having obtained and delivered to the Buyer each third-party consent required to transfer the Purchased Assets, the Shares, or a material contract or lease — including

[Key consents needed, e.g. "landlord consent to assignment of the lease" and "payoff or consent from any secured lender", or write "none requi...]; and

(f) no pending or threatened action or proceeding seeking to prevent the sale.

10. Closing

Closing shall take place on [Closing date] (the "Closing Date"), or another date the Parties agree in writing, remotely by exchange of signed documents and funds, unless the Parties agree in writing to close in person at [Closing location, or write "a location the Parties agree on"].

At Closing, the Buyer shall pay the Seller the balance of the Purchase Price due under clause 4, less the amount deposited into Escrow under clause 5, and each Party shall deliver to the other any document reasonably necessary to complete the sale, in addition to the deliverables below.

At Closing, the Seller shall deliver to the Buyer:

(a) a bill of sale and assignment of the Purchased Assets, or stock powers, share certificates or an assignment of membership interests transferring the Shares, as applicable;

(b) assignments of the material contracts, leases and licenses listed under clause 6, together with any consent required to assign them;

(c) releases or payoff letters for any lien on the Purchased Assets, or on the Company, that is not being assumed;

(d) resignations of any officer or director of the Company the Buyer has asked to resign, where the sale is a share purchase; and

(e) the records, keys, access credentials and other items reasonably needed for the Buyer to operate the Business from Closing.

11. Transition Assistance

For [Length of the transition-assistance period, e.g. "thirty (30) days"] after Closing (the "Transition Period"), the Seller shall make [Name of the individual(s) providing transition assistance, e.g. "the Seller personally"] reasonably available, for up to [Hours per week included in transition assistance, e.g. "10 hours per week"], to assist the Buyer with an orderly transition of the Business — including introducing the Buyer to key customers, suppliers and employees, explaining the Business's operating procedures, and answering the Buyer's reasonable questions about it.

Transition assistance under this clause is provided

[Whether transition assistance is included in the Purchase Price or billed separately] .

Assistance beyond the scope or hours stated in this clause is provided only if the Parties separately agree to it in writing, and the Seller is not obligated to relocate or to provide assistance that would breach clause 13.

The Seller provides transition assistance under this clause as an independent contractor, not as the Buyer's employee, and remains responsible for the Seller's own taxes on any fee paid for it.

12. Employees

The Buyer [Whether the Buyer will offer employment to the Business's existing employees, and on what terms] . Nothing in this Agreement obligates the Buyer to retain an employee for any period, or on the same terms the Seller offered.

The Seller remains solely responsible for wages, accrued vacation or paid time off, benefits, and any other employee obligation that arose before Closing, and shall satisfy them, or disclose them to the Buyer in writing, before Closing. The Seller shall comply with any notice to employees that applicable law requires in connection with the sale.

13. Non-Competition and Non-Solicitation

For [Length of the non-compete period, e.g. "three (3) years"] after Closing, within [Geographic area of the non-compete, e.g. "a 25-mile radius of the Business's premises" or "the State of Texas"] , the Seller shall not, directly or indirectly, own, operate, work for, invest in — other than a passive holding of less than [Passive-ownership carve-out, e.g. "2%"] of a public company's shares — or otherwise assist a business that competes with the Business as conducted at Closing.

For the same period, the Seller shall not solicit or hire an employee of the Business, and shall not solicit a customer or supplier of the Business to reduce or end its relationship with the Buyer or the Company, in each case other than through general advertising not targeted at them.

The Parties agree the scope, area and duration of this clause are reasonable to protect the goodwill the Buyer is paying for, given the Purchase Price. Where this clause exceeds what applicable law allows for a covenant given in connection with the sale of a business, it applies to the maximum extent that law permits. Non-compete enforceability varies sharply by jurisdiction — some places limit or refuse to enforce one even in a sale-of-business context — so the Parties should confirm this clause is enforceable where the Seller is located before relying on it.

14. Confidentiality

Each Party shall keep confidential the terms of this Agreement and any non-public information about the other Party or the Business obtained in connection with the sale, and shall not disclose it except to its own advisors, lenders or investors who need it and agree to keep it confidential, or as required by law or to enforce this Agreement.

From Closing, information about the Business that was confidential to the Seller becomes the Buyer's confidential information — in a share purchase because the Buyer now owns the Company that held it, in an asset purchase as part of the goodwill sold — and the Seller shall keep it confidential on the same basis, except for information the Seller reasonably needs to retain to comply with law or prepare its own tax filings.

15. Indemnification

The Seller shall indemnify the Buyer against a loss, liability, cost or expense (including reasonable legal fees) arising from a breach of the Seller's representations, warranties or covenants in this Agreement, or from a Retained Liability under clause 3. The Buyer shall indemnify the Seller against a loss, liability, cost or expense arising from a breach of the Buyer's representations, warranties or covenants in this Agreement, or from the Buyer's operation of the Business after Closing.

A claim for indemnification must be made by written notice describing the claim in reasonable detail within [Survival period for indemnification claims, e.g. "eighteen (18) months"] after Closing, except a claim relating to title to the Purchased Assets or Shares, fraud, or unpaid taxes, which may be made until [Extended survival period for title, fraud or tax claims, e.g. "the expiry of the applicable statute of limitations"] .

Neither Party owes indemnification under this clause until claims exceed [Indemnification basket or threshold, e.g. "$5,000 in aggregate", or write "no threshold applies"] , and then only for the excess, and neither Party's total liability under this clause exceeds [Indemnification cap, e.g. "the Purchase Price"] — except that these limits do not apply to a claim based on fraud or intentional misrepresentation. The Escrow under clause 5 is the Buyer's first source of recovery, up to the Escrow amount; the Buyer may pursue the Seller directly for any amount the Escrow does not cover.

16. Governing Law and General Provisions

This Agreement and any dispute arising out of it are governed by the laws of [Governing law, e.g. "the State of Delaware"] , and the Parties submit to the jurisdiction of the courts of [Jurisdiction] .

This Agreement is the entire agreement between the Parties about the sale of the

Business and replaces any earlier understanding, letter of intent or term sheet about it. It may be amended only in writing signed by both Parties. Neither Party may assign this Agreement without the other's written consent, except the Buyer may assign it to an affiliate or to a lender as security without the Seller's consent. If a provision is held unenforceable, the rest continues in force, and clause 13 applies to the maximum extent the law where it is enforced allows.

Notices under this Agreement must be in writing and delivered by hand, by post to the address stated for that Party in the preamble, or by email to [Seller's email for notices] and [Buyer's email for notices] .

This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement. Where a Party is a company, partnership or other entity, the person signing below must be authorized to bind it. Until each Party has signed, this Agreement is a draft and binds no one.

In agreement with the terms above, the parties have signed below on the dates written beside their signatures.

Seller

Signature: ______________________

Printed name: ______________________

Company: ______________________

Title: ______________________

Date: ______________________

Buyer

Signature: ______________________

Printed name: ______________________

Company: ______________________

Title: ______________________

Date: ______________________