



CONFIDENTIAL CLIENT QUESTIONNAIRE FOR BUY-SELL AGREEMENT

All information provided to us is confidential and protected by attorney/ client privilege

Purpose of this Questionnaire

The primary purpose of a Buy-Sell Agreement is to predefine when owner(s) may transfer (sell, gift, bequeath) all or a part of their interest in the company. Restrictions on transfer can help assure that control of the company remains with those people preferred by the owners. Another important purpose is to provide a mechanism to pay for a departing owner's interest. Most agreements address what is to occur if there is a retirement, disability or death of an owner. Each company must determine which events are to be addressed and what is to happen when an event occurs. By completing this Questionnaire you can help ensure that our time together is productive

Company Information

Company Name _____

Address _____ Bus Telephone No. _____

Primary Contact Person _____ Telephone No. _____ E-mail _____

Primary Contact E-mail Address _____

State of Organization _____ Tax ID No. _____

Entity Type: Sole Proprietor C Corporation S Corporation LLC (Limited Liability Company) General

Partnership Limited Partnership Type of Business Activity: _____

Owners and Executive Board

Identify Owners (Shareholders, Members, Partners) and Members of Executive Board (Directors, Officers).

Name	Capacity (Owner, director, officer etc.)	% Ownership	Active or Inactive	Address	Date of Birth	Marital Status

Are there any franchise, distributor or representative agreements under which the company is bound? Yes No

Business Succession

Is there an existing buy-sell agreement? Yes No If yes, please bring a copy of agreement to first meeting.

Death of an Owner

Deceased Owner's Interest is 51% or more:

Does the spouse/estate/trust have the option to retain the interest or must they sell? Must Sell Can Retain

If must sell, who is obligated? Company Other Owners "Wait and See" - Company or Other Owners purchase.

If spouse/estate/trust can retain but **chooses** to sell, are other owners/company required to buy? Required Option

If required, who is obligated? Company Other Owners Wait and See

If an option, who has first option? Company Other Owners Wait and See

Deceased Owner's interest is 50% or less:

- Does the spouse/estate/trust have the option to retain the interest or must they sell? Must Sell Can Retain
- If must sell, who is obligated? Company Other Owners Wait and See
- If spouse/estate/trust can retain but **chooses** to sell, are other owners/company required to buy? Required Option
- If required, who is obligated? Company Other Owners Wait and See
- If an option, who has first option? Company Other Owners Wait and See

Disability of an Owner

Answer **ONLY** if disability buyout/overhead insurance will not be purchased:

Time elapsed before buyout provisions become effective _____

Can the disabled owner retain his/her ownership interests:

- a. If his/her interest is 51% or more? Yes No
 - If no, who is obligated to purchase? Company Other Owners Wait and See
 - If yes, and the disabled owner chooses to sell, must the other owners buy? Required Option
 - If the interests must be purchased, who is obligated? Company Other Owners Wait and See
 - If it is an option to purchase, who has first option? Company Other Owners

- b. 50% or less Yes No
 - If no, who is obligated to purchase? Company Other Owners Wait and See
 - If yes, and the disabled owner chooses to sell, **must** the other owners buy? Required Option
 - If the interests must be purchased, who is obligated? Company Other Owners Wait and See
 - If it is an option to purchase, who has first option? Company Other Owners

Retirement of an Owner

How is retirement defined? (eg: Minimum years of service or minimum age or combination of both.) _____

May the retired owner choose to retain his/her ownership interests where the retired owner's interests are:

- a. 51% or more of the company Yes No
 - If no, who is obligated to buy? Company Other Owners Wait and See
 - If yes, and the retired owner chooses to sell, must the other owners buy? Required Option
 - If the interests must be purchased, who is obligated to buy? Company Other Owners Wait and See
 - If it is an option to purchase, who has the first option? Company Other Owners Wait and See

- b. 50% or less Yes No
 - If no, who is obligated to buy? Company Other Owners Wait and See
 - If yes, and the retired owner chooses to sell, **must** the other owners buy? Required Option
 - If the interests must be purchased, who is obligated to buy? Company Other Owners Wait and See
 - If it is an option to purchase, who has the first option? Company Other Owners Wait and See

Voluntary Termination of an Owner

The agreement is not to address this issue. (Check if applicable)

How is voluntary termination defined? (eg. Relocation or change in career.) _____

How is voluntary termination distinguished from retirement? _____

- Is it required or optional for the company or the other owners to purchase? Required Optional
- If the interests must be purchased, who is obligated to buy? Company Other Owners Wait and See
- If it is an option to purchase, who has first option? Company Other Owners Wait and See

Should the purchase price be discounted when an owner leaves with minimal years of service? Yes No

If yes, what do the owners have in mind? _____

Involuntary Termination of an Owner The agreement is not to address this issue. (Check if applicable)

Can an owner be fired? Yes No

If yes, for what reasons? (eg. Failure to produce, felony conviction) _____

If yes, by what process (eg. By vote of the board felony)._____

Is it required or optional for the terminated owner to sell his/her interests? Required Optional

If the interests must be purchased, who is obligated? Company Other Owners Wait and See

If it is an option to purchase, who has first option? Company Other Owners Wait and See

Should the purchase price be discounted when an owner leaves with minimal years of service? ? Yes No

If yes, what do the owners have in mind? _____

Voluntary Lifetime Transfers by an Owner

Can an owner sell his/her interest to a third party without first offering to sell to other owners? Yes No

If no, who has first option to purchase? Company Other Owners

Transfer due to Owner's Personal Bankruptcy/Creditor Liens

Is it required or optional for other owners or company to purchase interests if bankruptcy/creditor lien? Required Optional

If required, who is obligated? Company Other Owners Wait and See

If an option, who has first option? Company Other Owners Wait and See

Transfers due to an Owner's Divorce

If shares are to be transferred due to divorce/separation, is ex-spouse required to sell interests in the Company? Yes No

If yes, does the divorcing owner have first right? Yes No

If divorcing owner does not elect, who has next right? Company Other Owners Wait and See

Key Employees: (List below)

Name	Position	Address	Date of Birth	Family relationship if any

As part of a succession plan, is ownership interest to be transferred to any the key employees? Yes No

If yes, will the interest be purchased or gifted? Purchased Gifted

Family

Can an owner gift his/her interests to a family member not listed above? Yes No

Can an owner sell his/her interest to a family member other than those listed above? Yes No

Does each owner currently have a family trust? Yes No

Can an owner transfer his/her ownership interests into a family trust? Yes No

Purchase Price of the Company

What do you estimate is the value of your company? _____

What methodology did you use to determine the value? _____

Is there an industry standard method used to value companies in your industry? Yes No Don't Know

If yes, identify the organization that publishes the standard: _____

If yes, identify the method of valuation _____

Note: It is recommended that a tax advisor be consulted on this matter.

Funding the Purchase

Purchasing the Departing Owner's Interests - Funds will come from: (check applicable funding method for each event)

	100% from insurance proceeds	Partially from insurance proceeds	Cash - Personal owner assets	Cash - Business assets	Loan(s) from third party
Death					
Permanent Disability					
Retirement					
Voluntary Termination					
Involuntary Termination					
Owner's Bankruptcy/ Creditor Lien					
Divorce					

Who will pay for and own any insurance policies? _____

Who will be the beneficiary(ies) of the policies? _____

Will any of the policy proceeds be available for use by the company? Yes No

What type of policies will be purchased (eg. term, whole life, etc.)? _____

What is the current (or anticipated) policy benefit amount for each policy? _____

Terms of Payment

Payment terms generally are either Lump Sum or Installments. Specific payment terms may vary by type of event. Please indicate how the purchase price is to be paid for each event type:

Death

Life insurance proceeds equal purchase price

Lump Sum Installments

No life insurance proceeds or proceeds not sufficient to pay full purchase price

Lump Sum Installments

Permanent Disability

Disability buyout insurance proceeds equal purchase price

Lump Sum Installments

No buyout insurance or proceeds not sufficient to pay full purchase price

Lump Sum Installments

Retirement

Lump Sum Installments

Voluntary Termination

Lump Sum Installments

Involuntary Termination

Lump Sum Installments

Owner's Personal Bankruptcy/Creditor Lien

Lump Sum Installments

Divorce

Lump Sum Installments

For each event where the purchase price is to be paid in installments, complete the following:

	Down Payment, if any	Frequency	#. of Installments	Interest Rate	When do payments start?
<u>Death</u>					
Life insurance proceeds	_____	_____	_____	_____ %	_____
No/insufficient life insurance proceeds	_____	_____	_____	_____ %	_____
<u>Permanent Disability</u>					
Disability buyout insurance proceeds	_____	_____	_____	_____ %	_____
No disability insurance proceeds	_____	_____	_____	_____ %	_____
<u>Retirement</u>	_____	_____	_____	_____ %	_____
<u>Voluntary Termination</u>	_____	_____	_____	_____ %	_____
<u>Involuntary Termination</u>	_____	_____	_____	_____ %	_____
<u>Bankruptcy/Creditor Lien</u>	_____	_____	_____	_____ %	_____
<u>Divorce</u>	_____	_____	_____	_____ %	_____