

Approximate Time-Line to Close on the sale of a business.

Here is a normal – fast pace time line where the buyer has adequate cash for a down payment and initial working capital, the buyer and the seller have favorable opinions of each other, the business is not too complex, and the asking price and offer prices are very close.

1. The buyer takes an initial look at the business from the offering memorandum and asks questions and gets a speedy response to the questions.
2. After about two weeks from getting the memorandum the buyer then has an initial meeting with the seller
3. A week later the buyer then comes up with an initial non-binding offer
4. There is another week of back and forth negotiating the offer
5. 2 weeks later the buyer issues a draft of a binding asset purchase agreement(APA)
6. Then there are 1 to 2 weeks of negotiating the terms of the APA.
7. The buyer will then begin their due diligence. This will take 2 to 3 weeks. We are assuming this is a smaller business with a purchase price of \$500K or less (the smaller the business the shorter the time, but two weeks is normally the minimum time that a buyer will take to complete this process.
8. While the APA is being negotiated, the buyer begins to look for loans and funding. If it is a bank loan this is often a month. If it is SBA guaranteed loan it is normally 90 days. If it is seller financed without any commercial lender it could be a week or less.
9. Document preparation is normally 2 weeks with attorney's that are familiar with small deals and willing to make it happen. Normally there are some more negotiations in these documents.
10. Closing is normally a week after all the parties agree to the documents.

If everything goes smoothly with the negotiations and due diligence the timeline from the after the informal non-binding letter of intent has been agreed to in step 4, then steps 5 through 10 will take about two months without SBA funding. If there is SBA funding then add another three months.