

## SCHEDULE OF FEES FOR BUSINESS OPPORTUNITY (BULK SALE) ESCROWS

**ESCROW FEE:** **\$1000.00** plus **1%** of the Sales Price (usually paid 50/50). Beach Pacific Escrow reserves the right to charge for extraordinary services requested or required.

**NOTE:** A minimum deposit of **\$1,500.00** is required to open escrow. This money will be used during the escrow process for Publication and Filing fees, due when service is provided and is non-refundable upon being spent. Additionally, there is a **MINIMUM \$500.00 escrow cancellation fee once publications are done.** ALL FEES are paid one-half each by buyer and seller, unless otherwise noted OR unless buyer and seller otherwise instruct escrow holder.

**Preparation (but not filing) of the following documents are included in the Escrow Fee, above:**

*Bill of Sale*

*Covenant Not To Compete*

*Fictitious Name Statement*

*Abandonment of Fictitious Name Statement*

*Notice to Creditors*

*Seller Financing Documents*

*Release Documents*

**3<sup>rd</sup> Party Billings:**

**Typical Examples – actual billings will vary:**

Publication/Filing Fee - Notice to Creditors

\$175.00 (& up)

Publication/Filing Fee – Fictitious/Abandonment

\$100.00 each (& up)

UCC Search Fees - State & County \*

\$250.00 (& up)

\* **searches** any secured filings, liens, judgments affecting seller and/or subject business on state and county level, including IRS & state tax liens.

## IMPORTANT INFORMATION

- a) Buyer pays sales tax on fixtures and equipment valuation (based on allocation given). Sales tax is required for a business having a resale license based on current sales tax for applicable County. Sales tax must be paid prior to issuance of release from Board of Equalization/Close of escrow.
- b) Buyer usually replaces Seller's prepaid security deposit and any prepaid rents and common area assessments, through escrow.
- c) Minimum publication period on regular bulk sale escrow: **12 business days** in the newspaper located in the judicial district of the subject business.
- d) Minimum closing date of typical bulk sale escrow: **Thirty (30) days.** (NOTE: All releases may not be in to pay seller's proceeds within 30 days).
- e) Minimum closing date of bulk sale escrow with liquor license transfer: **sixty (60) days.**
- f) **No money can be released to seller through escrow or given directly to seller by buyer outside of escrow, during the escrow-processing period. (This is the law)**
- g) **No money can be released to seller at close of escrow unless seller has the Certificate of Release from the State Board of Equalization and from the Employment Development Department.**
- h) Claims can be filed in escrow through the 12th business day of publication notice on a regular bulk sale transaction.
- i) Claims can be filed in escrow until the actual date of approval of ABC license transfer, on any ABC regulated escrows.

**FOR FURTHER INFORMATION, contact PJ Garcia, BULK SALES SPECIALIST**

## INFORMATION NEEDED TO OPEN ESCROW ON AN BULK TRANSFER (AKA BUSINESS OPPORTUNITY)

Business Name (current): \_\_\_\_\_

Business address: \_\_\_\_\_ Phone: \_\_\_\_\_

*Terms of the sale:*

**CONSIDERATION:**

Cash deposited herewith \$ \_\_\_\_\_

Cash to be deposited \$ \_\_\_\_\_

Existing Encumbrance(s) \$ \_\_\_\_\_

Security Agreement \$ \_\_\_\_\_

Security Agreement \$ \_\_\_\_\_

Other: \$ \_\_\_\_\_

Other: \$ \_\_\_\_\_

**TOTAL** \$ \_\_\_\_\_

**ALLOCATION:**

Fixtures/Equipment \$ \_\_\_\_\_

Leasehold Interest \$ \_\_\_\_\_

Goodwill \$ \_\_\_\_\_

Inventory \$ \_\_\_\_\_

Leasehold Improvements \$ \_\_\_\_\_

Covenant Not/Compete \$ \_\_\_\_\_

Other: \$ \_\_\_\_\_

**TOTAL** \$ \_\_\_\_\_

- Does Sales Price include INVENTORY? ..... (Yes / No) \_\_\_\_\_
- What is the approximate Inventory value ..... \$ \_\_\_\_\_
- Is the existing TRADENAME included in the sales price? ..... (Yes / No) \_\_\_\_\_

**If buyer requires a Covenant Not to Compete – provide terms:**

Length of time? ..... \_\_\_\_\_

Area covered – radius of how many miles? ..... \_\_\_\_\_

Other Terms: \_\_\_\_\_

When is escrow to Close: \_\_\_\_\_.

(Minimum period approximately 30 days without Liquor License; 60 days with Liquor License.)

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**PRORATIONS: SPECIFY IF PRORATED ITEMS ARE MONTHLY, QUARTERLY, ETC.**

- Personal Property Taxes ..... \_\_\_\_\_
- Rent ..... \_\_\_\_\_
- Common Area Maintenance ..... \_\_\_\_\_
- OTHER \_\_\_\_\_

**If seller will carry a Note/Security Agreement – provide terms:**

Rate: \_\_\_\_\_ Payment: \_\_\_\_\_

Due Date: \_\_\_\_\_

Other: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**PREMISIS LEASE:**

Will buyer negotiate & execute a NEW lease with the Landlord?..... ( Yes / No ) \_\_\_\_\_

If NO, will present lease be Assigned to buyer? ..... ( Yes / No ) \_\_\_\_\_

Name of Landlord: \_\_\_\_\_

Address of Landlord: \_\_\_\_\_

Phone: \_\_\_\_\_ Account # \_\_\_\_\_

Is prepaid Security Deposit to be reimbursed to seller? \_\_\_\_\_ AMOUNT \$ \_\_\_\_\_

ANY SPECIAL CONDITIONS? \_\_\_\_\_

\_\_\_\_\_

**DOES THE SALE OF THIS BUSINESS INVOLVE A FRANCHISE TRANSFER?** ( Yes / No ) \_\_\_\_\_

IF SO, PROVIDE SPECIFIC INFORMATION REGARDING SAME (NAME, ADDRESS, PHONE, ACCOUNT #, CONDITIONS, FEES):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ANY CONTINGENCIES AFFECTING THE CLOSING OF ESCROW?**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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## SELLER INFORMATION

Owner/Seller name(s): (as it appears on ABC, Business or other licenses/lease):

Seller primary contact Phone: Day: \_\_\_\_\_ Evening: \_\_\_\_\_

Seller Social Security number(s):

#1 \_\_\_\_\_ #2 \_\_\_\_\_  
#3 \_\_\_\_\_ #4 \_\_\_\_\_

Sellers permanent Address(es): #1 \_\_\_\_\_  
#2 \_\_\_\_\_

Name and address of the seller's principal place of business (if same, state "same"): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Federal Tax ID Number (if applicable):..... \_\_\_\_\_

State Board of Equalization ID number: ..... \_\_\_\_\_

Employment Development Dept. ID number: ..... \_\_\_\_\_

Alcoholic Beverage License number & type (if applicable):..... \_\_\_\_\_

**NOTE: ESCROW HOLDER MUST BE PROVIDED COPIES OF ALL APPLICABLE LICENSES SHOWN ABOVE AND ALL OTHER CITY/STATE LICENSES HELD BY THE SELLER TO OPEN ESCROW.**

**If seller is CORPORATION:**

Exact Name of Corporation: \_\_\_\_\_ State of Incorporation: \_\_\_\_\_

Name and title of corporate officers who will sign all documents for sale: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**- PLEASE NOTE: TO OPEN ESCROW - Escrow holder will require a copy of the Articles of Incorporation and a Corporate Resolution authorizing the sale of the business AND who is authorized to sign for the sale on behalf of the corporation.**

**If seller is PARTNERSHIP:**

Exact Name of Partnership: \_\_\_\_\_ Limited or General: \_\_\_\_\_

If less than 10 partners – need all names and social security numbers: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**- PLEASE NOTE: TO OPEN ESCROW - Escrow holder will require a copy of the Partnership Agreement and the GP-1 or LP-1 - Statement of Partnership filed with the State.**

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## SELLER INFORMATION

Continued

- Does seller have any **LEASED EQUIPMENT** for which buyer will assume the lease? ( Yes / No ) \_\_\_\_\_
- If so, has the Lessor been contacted for their requirements? ( Yes / No ) \_\_\_\_\_
- Will escrow holder be required to participate in the assumption process? ( Yes / No ) \_\_\_\_\_
- Who will pay any premises or equipment lease transfer fees? ( Yes / No ) \_\_\_\_\_
- Is the seller's current fictitious name statement filing less than 5 years old? ( Yes / No ) \_\_\_\_\_
- If so, is escrow holder requested to file an Abandonment of the fictitious filing? ( Yes / No ) \_\_\_\_\_

### ANY OTHER TERMS AND CONDITIONS BETWEEN BUYER AND SELLER:

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## BUYER INFORMATION

Names of ALL Buyers: (as they will appear on ABC, Business or other licenses/lease):

Buyer primary contact Phone: Day: \_\_\_\_\_ Evening: \_\_\_\_\_

Buyers Social Security number(s):

#1 \_\_\_\_\_ #2 \_\_\_\_\_  
#3 \_\_\_\_\_ #4 \_\_\_\_\_

Buyers permanent address(es): #1 \_\_\_\_\_  
#2 \_\_\_\_\_

**If buyer is CORPORATION:**

Exact Name of Corporation: \_\_\_\_\_ State of Incorporation: \_\_\_\_\_

Name and title of corporate officers who will sign all documents for purchase: \_\_\_\_\_

**- PLEASE NOTE: TO OPEN ESCROW - Escrow holder will require a copy of the Articles of Incorporation and a Corporate Resolution authorizing the purchase of the business AND who is authorized to sign for the sale on behalf of the corporation.**

**If buyer is PARTNERSHIP:**

Exact Name of Partnership: \_\_\_\_\_ Limited or General: \_\_\_\_\_

If less than 10 partners – need all names and social security numbers: \_\_\_\_\_

**- PLEASE NOTE: TO OPEN ESCROW - Escrow holder will require a copy of the Partnership Agreement and the GP-1 or LP-1 - Statement of Partnership filed with the State.**

➤ Tradename buyer will use: \_\_\_\_\_

➤ Escrow holder to prepare/publish & file a Fictitious Business Name Statement for buyer? ( Yes / No ) \_\_\_\_\_

**ANY OTHER TERMS AND CONDITIONS BETWEEN BUYER AND SELLER:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## CHECKLIST OF ACTIVITIES FOR BUYER

1. Take inventory of fixtures and equipment on subject premises being conveyed in sale. Approve list and valuation in writing and submit when opening escrow.
2. OPEN ESCROW – sign instructions and preliminary documents for filing/publication.
3. ***IF LIQUOR LICENSE IS INVOLVED – make application to the alcoholic beverage control for transfer of liquor license. The ABC will require a certified and conformed copy of the Recorded Notice to Creditors of Bulk Sale and of Intention to Transfer liquor license AND a certified copy of the Escrow Instructions. The notice can be***
4. **File Fictitious Business Name Statement to open business account with bank. Filing may be done by escrow.**
5. Prepare and present financial statement to Landlord for new Lease or Lease assignment, if required by Landlord.
6. Contact Lenders about any necessary financing and get tentative commitment.
7. Obtain City Business License.
8. Contact Fire Department and Health Department in order to obtain permits for subject premises.
9. Go to Department of Benefit Payments and obtain application for registration number to pay unemployment insurance, State Disability Insurance and State Income Tax withholding
10. Go to State Board of Equalization to ascertain amount of deposit needed for sales tax account; this may be obtained with a surety bond or pass book savings account held with a Savings and Loan Association.
11. Obtain Insurance - Worker's Compensation is required by law. Seller's is not assignable. **All insurance is completed outside of escrow.**
12. Go to Telephone Company. Seller signs "Request for Supersedure" allowing buyer to retain same telephone number and Buyer signs acceptance.
13. At the time possession date has been established, contact utility companies to transfer gas and electricity from Seller's name.
14. **Night before or the morning of possession make a list of merchandise inventory and provide to Escrow Holder. Buyer usually pays Seller, at current wholesale prices, through escrow.**

**Note: The escrow instructions have priority over this check list. This list is provided only as an accommodation to assist buyer and seller in transferring the business efficiently and NO WARRANTY is made as to the completeness of this list.**



## CHECKLIST OF ACTIVITIES FOR SELLER TO DO

1. **Take inventory of fixtures and equipment on subject premises being conveyed in sale. Approve list and valuation in writing and submit when opening escrow.**
2. **OPEN ESCROW – Sign instructions and preliminary documents for filing/publication.**
3. ***IF LIQUOR LICENSE INVOLVED - make application to the alcoholic beverage control for transfer of liquor license.***
4. Contact State Board of Equalization regarding close out of account on the location being sold and obtaining escrow tax release, prior to closing out escrow. This release will show: (a) Proof of having paid sales tax on fixtures and equipment conveyed in sale. (B) Proof of having paid sales tax on goods sold up to date of possession.
5. Contact Employment Development Department regarding close out of account on the location being sold and obtaining escrow tax release, prior to closing out escrow. If you had no employees go to Employment Development Dept. and so inform them. They will have you sign an affidavit, and at that time may issue an escrow release. If you had employees contact the office with which you have been dealing for their requirements regarding the escrow tax release.
6. Furnish Buyer and Escrow with name and address of Landlord, and copy of Lease covering subject premises, in order that the proper assignments may be made to the Buyer.
7. Copies of any equipment lease contracts on subject premises submitted to the Buyer - give information to escrow if lease assignments are required.
8. Present name and address of insurance carrier (fire and liability only) to Buyer for use at his option. Workers Compensation is non-transferable. All insurance completed outside of escrow.
9. If you are a corporation, obtain corporate resolution authorizing sale of the corporate assets and designate authorized signature(s).
10. Go to Telephone Company. Sign "Request for Supersedure" allowing Buyer to retain same telephone number.
11. When time of possession date has been established, contact utility companies to transfer gas and electricity to Buyer.
12. **Night before or the mornings of buyer's possession, make a list of merchandise inventory and provide to Escrow Holder. Buyer usually pays Seller, at current wholesale prices, through escrow.**

***Note: The escrow instructions have priority over this checklist. This list is provided only as an accommodation to assist buyer and seller in transferring the business efficiently and NO WARRANTY is made as to the completeness of this list.***

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## Contact Information

### Orange County

Employment Development Dept.  
1855 West Katella #100  
Orange, CA 92668  
(714) 288-2601

Employment Development Dept. (#2)  
23151 Plaza Pointe #140  
Laguna Hills, CA 92653  
(714) 768-6103

State Board of Equalization  
28 Civic Center Plaza, Room 23  
Santa Ana, CA 92701  
(714) 558-4501

Alcoholic Beverage Control  
28 Civic Center Plaza, Room 369  
Santa Ana, CA 92701  
(714) 558-4101

### Los Angeles County

Employment Development Dept.  
1525 S. Broadway, Room 219  
Los Angeles, CA 90015  
(213) 744-2238

Employment Development Dept. (#2)  
4300 Long Beach Blvd. #400  
Long Beach, CA 90807  
(310) 428-0021

State Board of Equalization  
11870 Santa Monica Blvd.  
Los Angeles, CA 90025  
(213) 879-0600

Alcoholic Beverage Control  
(There are various locations throughout  
Los Angeles County - check phone book for  
the office closest to you.)