Due Diligence Preparation Checklist

Hillside Landscaping LLC — prepared 29 July 2026

Important

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What buyers will ask for

A serious buyer, and certainly any lender behind them, will ask for the documents below. Gathering them before you list does two things: it shortens the period between handshake and closing, which is when most deals die, and it signals that the business is run properly. You do not need every item. You do need to know which ones you cannot produce, and why, before a buyer discovers it for you.

Financial records

The first thing asked for and the most common reason deals stall.

- ☐ Federal tax returns for the last three years
- ☐ Profit-and-loss statements for the last three years and year to date
- ☐ Balance sheets for the last three years
- ☐ Bank statements for the last twelve months
- ☐ Your add-back schedule, with an explanation of each item
- ☐ Accounts receivable ageing, if you extend credit
- ☐ Accounts payable and any outstanding debt, with payoff figures
- ☐ Sales tax filings and payroll tax filings
- ☐ Merchant processor or point-of-sale reports, if you take card payments

Legal and corporate records

Your attorney will want these assembled before a purchase agreement is drafted.

- ☐ Entity formation documents and any amendments

- ☐ Operating agreement or bylaws, and any ownership agreements
- ☐ Current business licences and permits, with expiry dates
- ☐ Professional or trade licences, and whether they transfer
- ☐ The premises lease and any amendments, plus the assignment clause
- ☐ Equipment leases and financing agreements
- ☐ Customer or client contracts, especially any that require consent to assign
- ☐ Supplier and vendor agreements
- ☐ Franchise agreement, if applicable, and the franchisor's transfer terms
- ☐ Any pending or threatened litigation, and any past claims
- ☐ Insurance policies and the loss history for the last three years

Operations and people

This is where a buyer works out whether the business runs without you.

- ☐ Employee roster with roles, tenure, pay, and employment status
- ☐ Any employment or contractor agreements, and any non-competes in place
- ☐ Your organisation chart, however informal
- ☐ Written procedures for the work only you currently know how to do
- ☐ Equipment list with age, condition, and ownership status
- ☐ Inventory list valued at cost, if you carry stock
- ☐ Customer list summary — counts and concentration, not names, until closing
- ☐ Supplier list with terms and any exclusivity
- ☐ Marketing assets: website, domains, social accounts, review profiles, phone numbers

Before closing — verify with your advisers

These requirements vary by state and by industry, and getting one wrong can delay or unwind a closing. This is a prompt to ask, not a statement of what applies to you. Take this list to your attorney.

- ☐ Whether your state requires bulk-sale notice to creditors
- ☐ Whether a sales-tax clearance or good-standing certificate is needed
- ☐ How each licence and permit transfers, and how long that takes
- ☐ Whether the landlord's written consent to assign the lease is required
- ☐ How the purchase price will be allocated across asset classes, and the tax effect on you
- ☐ Whether any liens are recorded against business assets, and how they will be released
- ☐ What happens to employees at closing, and any notice obligations
- ☐ How and when customer deposits, gift cards, and prepaid work will be handled