



**National  
Restaurant  
Properties**©

“The Restaurant Store”™  
805 Woodland st. #319  
Nashville, TN 37206

EACH OFFICE IS INDEPENDENTLY OWNED AND OPERATED

## **Tips for Buying A Restaurant**

Whether you retain the current concept or institute a new one, the purchase of an established restaurant can save you tens of thousands of dollars in start-up costs, in addition to giving you an established business with proven income and cash flow.

First-time restaurant buyers can greatly reduce the elements of risk by structuring written offers-to-purchase based on “contingencies” of sale, which require a “Due Diligence” or inspection period prior to any final structuring of the sale of the business.

Although many larger restaurants, especially chain operations, are sold through the purchase of corporate stock, the majority of single-unit operations are considered ‘asset’ sales, which include the assets but not the liabilities of the business.

Standard assets usually include equipment, fixtures, trademarks and other intangibles, but not the inventory or perishables, dry goods and beverages.

Offers to the seller should include these contingencies:

- Seller must prove sales and income.
- All equipment should be in good working order, meet all codes and inspections of local health agencies.
- The premises must also pass all inspections. Several local governments, including Mecklenburg County, will not issue a new business license until the Health Department has approved the facility buyer.
- Offers must be contingent on the buyer being able to obtain satisfactory lease arrangements and financing.
- Most offers also should include a Non-Compete Agreement from the seller, which also has tax advantages for the buyer.

Once all contingencies have been met, an experienced business attorney should prepare the closing documents.

Also, an experienced restaurant intermediary can be of valuable assistance in wading through the myriad of details and red tape.



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In addition to the standard contingencies, the buyer should expect the seller to warrant the following:

- Normal business hours will be maintained until the sale is finalized.
- No organizational or operation changes will be made without the buyer's permission, while the sale is pending, such as changing the menu prices, hiring or firing employees or granting pay raises, changing food vendors and suppliers, or liquidating assets.
- The seller is unaware of any pending new competition, or planned government activity that could harm the restaurant's operation.

Several other important contingencies are recommended, too, which a restaurant intermediary can advise you on.

**Structuring the sale of the business determines the success or failure of your transition**