

Term Sheet for

Purchase of Assets

Version 2017-1b

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FP Transitions, LLC

Instructions for Use of This Term Sheet

1. Unless otherwise specified herein, this Term Sheet summarizes the non-binding and binding terms of your agreement and is to be used as a guideline for further negotiations and due diligence. All other details of the transaction will be addressed in the actual purchase agreements.

2. FP Transitions, LLC, suggests that you do not alter the text of this contract without the assistance of your attorney. *FP Transitions, LLC, is not a law firm; we do not provide legal services; and, your FP Transitions Consultant is not your attorney or tax advisor.*

3. If you handwrite changes to the text, all parties must initial those changes. Any changes that do not fit neatly in a space shall be added to an Addendum.

4. *If you have questions regarding your legal rights or other legal issues, contact your attorney.*

5. *If you have questions regarding your tax liability or other tax issues, contact your CPA/tax advisor.*

6. This Term Sheet is designed to be fair and impartial to all parties. However, your attorney or CPA/tax advisor may recommend revisions to the text to protect your interests.

TIMEFRAME:

Today’s Date:      , 20

Due Diligence Period:       days from date Buyer receives signed Term Sheet from Seller

Proposed Closing Date:      **,** 20

PARTIES:

**Buyer: Seller:**

Name:       Name:

Address:       Address:

Phone:       Phone:

Email:       Email:

TERMS OFFERED:

**Total Purchase Price: $**     **.00**

Down Payment: $     .00 (to be paid at Closing)

**Source:**

**Buyer should be prepared to provide written verification on all fund sources**

Promissory Note $     .00 Term in Years:       Interest Rate:      % First Payment:

Payment Frequency:       Look back provision:

Adjustment at       months

or

– Earn Out - Term:     years      % of Gross Revenue or stated dollar amount $     .00

Tax Allocation: Assets      % Consulting      % Non-Compete/Non-Solicitation      %

Seller’s Staff Needed? No Yes, if due diligence supports.

Seller’s Lease Needed? No Yes, if due diligence supports.

Seller intends to provide post-closing support for at least       months

Seller intends to agree not to Compete or Solicit

Buyer intends to maintain the acquired client accounts at

Buyer intends to transfer all the acquired client accounts to

**NON-BINDING TERMS AND CONDITIONS**

This Term Sheet for Purchase of Assets (the “Term Sheet”), effective when executed by Seller, memorializes the current mutual intent of Buyer and Seller (the “Parties”). The Parties recognize that closing of the proposed transaction is subject to the satisfactory due diligence of the Parties and any other contingencies as may be separately listed on any attached Addendum, along with further negotiation and documentation, including the full execution of one or more formal agreements setting forth the terms and conditions of the sale (collectively, the "Purchase Agreement"). Nevertheless, Buyer and Seller execute this Term Sheet to memorialize their intention to proceed in mutual good faith to complete the work required to negotiate terms of a Purchase Agreement consistent with this Term Sheet.

1. **Assets Purchased.** Seller, and Seller’s Company, if applicable, intends to sell to Buyer, and Buyer plans to purchase from Seller, on the terms and conditions set forth in this Term Sheet, all of Seller’s rights, title, and interest in and to the following assets (collectively, the “Assets”):
   1. All clients and client accounts associated with this listing (including their immediate family members, heirs, and assigns), as well as supporting information, client histories, electronic records, all as set forth more definitively in the Purchase Agreement to be executed (the “Client Accounts”);
   2. Seller's business name/trade name;
   3. Seller’s individual goodwill;
   4. Seller’s continued assistance in the transition of the Client Accounts to Buyer pursuant to the terms set forth in a separate Consulting Agreement;
   5. Seller’s agreement not to compete or solicit the Client Accounts pursuant to the terms set forth in a separate Non-Competition/Non-Solicitation Agreement;
   6. All commissions and/or client fees earned and recognized as of the date immediately following Closing with respect to the Client Accounts, as well as all future commissions, trail commissions, and other revenue derived from the Client Accounts after Closing;
   7. All fees and other revenue derived from the Client Accounts after Closing, based on when it was earned; and,
   8. All other assets as listed on Addendum A, if any.
2. **Excluded Assets.** Excluded from this sale is Seller’s cash and accounts receivable defined as work completed and billed prior to Closing. Buyer and Seller agree to divide all recurring fees, trails, and 12b-1 fees, whenever earned and billed, on a pro rata basis as of the actual date of Closing.
3. **No Liabilities or Obligations Assumed.** All liabilities and obligations of Seller of whatever nature whatsoever (“Excluded Liabilities”) shall remain the obligations and liabilities solely of Seller and shall not be assumed by Buyer.
4. **Buyer’s Representations and Covenants.** Buyer represents that Buyer has sufficient funds available to close this sale in accordance with this Term Sheet and is not relying on any contingent source of funds, unless otherwise disclosed herein. If Buyer requires an institutional or bank loan and this contingency is disclosed by Buyer on an attached Addendum, this transaction is subject to Buyer qualifying for that loan and obtaining funds. Buyer agrees to make a written loan application not later than ten (10) days from the effective date of this Term Sheet, complete the necessary papers, and exert his or her best efforts to close the loan, including but not limited to the payment of all application, valuation, and processing fees.
5. **Standard Form Contracts; Tax Allocation.** The Parties agree to use the standard form agreements provided by FP Transitions as the basis for the transaction contemplated herein unless otherwise agreed upon in writing by the Parties. The Parties agree to use the tax allocation set forth in this Term Sheet.
6. **Post-Closing Support.** As a part of the overall deal structure and for compensation included as a part of the Purchase Price, Seller shall enter into a Consulting Agreement in which Seller agrees to provide assistance and support in delivering the Client Accounts/relationships to Buyer, and to support Buyer’s efforts in retaining the Client Accounts pursuant to the terms and conditions of the Consulting Agreement.
7. **Non-Competition/Non-Solicitation Agreement.** As a part of the overall deal structure and for compensation included as a part of the Purchase Price, Seller shall enter into a non-competition / non-solicitation agreement with Buyer for a period of time equal to at least the term of any seller-financing or as may be allowed by law, whichever is longer.
8. **Security and Collateral.** If Buyer is an entity, then the principal(s) of Buyer and his or her spouse(s), as applicable, will personally guarantee performance of the purchase agreements. In addition, Buyer will pledge the Assets as collateral for the unpaid balance of the Purchase Price. At his/her/its discretion, Seller may file a UCC-1 Financing Statement perfecting such security interest.

**BINDING TERMS AND CONDITIONS**

In addition to the foregoing non-binding terms and conditions, the Parties desire to agree to certain binding terms and conditions. In consideration of the rights and obligations of the Parties hereunder, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereby agree to the following binding terms:

1. **Expenses.** Each party shall pay his/her/its own costs and expenses associated with this Term Sheet and the proposed transaction, including legal fees, accounting fees, or brokerage fees, unless otherwise agreed to in writing and set forth in this Term Sheet.
2. **Confidentiality.** Each party shall refrain from disclosing or copying any information regarding this transaction without first obtaining the other party’s written consent. Notwithstanding the foregoing, each party may disclose information to his/her/its attorneys, accountants, lenders, or consultants providing services related to this transaction and to the extent required by law.
3. **Best Efforts.** Buyer and Seller will negotiate in good faith and use commercially reasonable efforts to arrive at a mutually acceptable agreement for execution and delivery on the earliest possible date. Buyer and Seller will thereupon use their best efforts to complete all tasks by the Closing date.
4. **Seller’s Covenant.** Seller agrees that between the date of this Term Sheet and the Closing Date, Seller will continue to operate the business in its usual and ordinary course and in conformity with all applicable laws, ordinances, regulations, rules, and orders.
5. **Attorney Fees.** If any action is brought by either party against the other party arising out of this Term Sheet, the prevailing party shall recover from the other party reasonable attorneys’ fees, costs, and expenses incurred in connection with the prosecution or defense of such action.
6. **Non-Inclusive; Non-Binding**. This Term Sheet does not contain all matters upon which agreement must be reached in order for the transaction to be completed. Except for the section herein entitled “Binding Terms and Conditions,” this Term Sheet does not create, and is not intended to create, a binding and enforceable contract between the Parties and may not be relied upon by a party as the basis for a contract by estoppel or otherwise.
7. **Binding Effects; Assignment.** The terms of the Binding Agreement herein are binding upon the heirs, personal representatives, successors, and assigns of Buyer and Seller. Either party’s rights or obligations under this Term Sheet are assignable without prior written consent of the other party.
8. **Counterparts.** This Term Sheet may be signed in multiple counterparts with the same effect as if all parties signed the same document. The delivery of a legible photocopy, facsimile, or electronic copy of a signed original of this Term Sheet shall be treated the same as a delivery of the original.
9. **Time of Essence.** Time is of the essence in this Term Sheet.
10. **Integration; Modification.** This Term Sheet, including attached Addenda, contains the entire agreement, and the full and final expression of Seller and Buyer with regard to its subject matter only and may not be changed or supplemented orally. Any changes to this Term Sheet must be in writing and signed by both Seller and Buyer.
11. **Arbitration.** Any controversy or claim arising out of this Term Sheet or the interpretation of any of the provisions in this Term Sheet shall be resolved by binding arbitration by one arbitrator.
12. **Governing Law.** This Term Sheet and the rights and obligations of the Parties shall be construed in accordance with and governed by the laws of the  of      , without regard to the conflict of law principles thereof, and of the United States of America. Any legal action or proceeding with respect to this Term Sheet shall be brought and maintained in the  of      ,       .
13. **.** Seller and Buyer include, authorize, and incorporate the following       .

*This offer expires ten (10) days after the date Buyer signs this Term Sheet.*

BUYER: SELLER:

Signature Date Signature Date