OwnersFit

FREE CHECKLIST

Business Buyer's Checklist

A practical walkthrough for someone considering buying a small business: readiness and money, search, first conversations, financials, due diligence, SBA 7(a) financing basics, then closing and transition. Each section points to a free OwnersFit guide and the affordability calculator.

ownersfit.com · Updated October 2026

01 Readiness and money

Before you chase listings, know what you can put in, what your household needs, and how much of your week you can give the business.

- [ ] Write down unborrowed cash you can inject as equity (not money you still need for rent, groceries, or emergencies).
- [ ] Set a personal runway: months of household expenses covered while the business ramps.
- [ ] Separate three cash buckets you will need on almost every deal: down payment / equity injection, working capital after close, and closing costs.
- [ ] Decide your role preference: hands-on operator, manager who leads a team, or mostly hands-off with a strong manager already in place.
- [ ] Run a rough affordability sketch before you fall in love with a listing price.

Guides: **ownersfit.com/ready-to-own-a-business/** · **ownersfit.com/how-much-money-to-start-a-business/** · **ownersfit.com/signs-not-ready-to-own-a-business/**
Calculator: **ownersfit.com/business-affordability-calculator/**

02 Search

Listings are one channel. Many sales start with brokers' quieter inventory, introductions, or a polite direct conversation with an owner who has not posted a public ad.

- [ ] Scan public marketplaces, then ask brokers about pocket listings that match your capital and role.
- [ ] Build a short target list: industry, geography, size band, and how involved you want to be day to day.
- [ ] Talk with CPAs, attorneys, and bankers who already work with local owners; they often hear about sales early.
- [ ] If you reach out directly, lead with respect for the owner's privacy. Expect an NDA before deeper numbers.
- [ ] Track every conversation in one place so you do not confuse "interesting chat" with a real process.

Guide: **ownersfit.com/how-to-find-businesses-for-sale-off-market/** · Role fit: **ownersfit.com/what-kind-of-business-owner-are-you/** · Job vs business: **ownersfit.com/buying-a-business-vs-buying-a-job/**

03 First conversations with a seller

Ask the big questions before you sign a letter of intent (LOI). Use the LOI later to lock price, diligence access, exclusivity, and a timeline.

- [ ] Why are they selling, and what happens if the deal falls through?
- [ ] How many hours a week is the owner in the business, and what would break if they left tomorrow?
- [ ] Who are the top customers, and how concentrated is revenue?
- [ ] Can the lease transfer? What is left on the term, and what does rent look like after any option?
- [ ] What is included in the asking price (equipment, inventory, vehicles, IP, contracts)?
- [ ] Will they stay for a transition period, and under what terms?
- [ ] Is a non-compete on the table, and for what geography and duration?

Guide: **ownersfit.com/questions-to-ask-when-buying-a-business/**

> **Tip:** Some privacy before an NDA is normal. Refusal to discuss why they are selling, how involved they are, or whether the lease can transfer is different. Treat silence as data.

04 Financials review

On most small business listings, "cash flow" means seller's discretionary earnings (SDE): what is left for one full-time owner before they pay themselves, before many one-owner perks, and before debt service on a new loan.

- [ ] Request a first document drop: recent P&Ls, tax returns, and a written add-back list.
- [ ] Separate SDE (owner-operator earnings) from EBITDA (useful when comparing more professionalized firms).
- [ ] Test every add-back: is it personal and ending under you, or a recurring cost dressed up as one-time?
- [ ] Reconcile the seller's preferred P&L against tax returns.
- [ ] Check customer concentration, margin trends, and whether growth claims show up in the numbers.
- [ ] Build a buyer-case earnings figure, then subtract debt service and the salary you actually need.

Guides: **ownersfit.com/how-to-judge-business-financials-before-buying/** · **ownersfit.com/how-to-value-a-small-business/** · **ownersfit.com/cost-to-buy-a-business-making-100k/**
Calculator: **ownersfit.com/business-affordability-calculator/**

> **Context from the site's pricing guides:** In BizBuySell's Q3 2026 Insight Report, businesses that sold for under $1 million had a median cash flow of $123,000 and a median sale price of $250,000, at an average multiple of 2.30 times cash flow. That is a starting point for framing, not a valuation of any specific deal.

05 Due diligence

Due diligence is the structured check after an LOI opens the books. Keep costs down by going deep on earnings first, then legal and operational risk.

Financial and tax

- [ ] Bank statements vs reported revenue
- [ ] Quality of earnings / add-back proof
- [ ] Sales tax, payroll tax, and income tax filings
- [ ] AR/AP aging and inventory reality

Customers and people

- [ ] Top-customer contracts and churn
- [ ] Key employee roles and retention risk
- [ ] Who holds customer relationships today

Legal, lease, licenses

- [ ] Entity docs, liens, litigation
- [ ] Licenses and permits that must transfer
- [ ] Lease assignability and landlord consent
- [ ] Material vendor and customer contracts

Red flags that pause a deal

- [ ] Numbers that will not reconcile to tax returns
- [ ] One customer that is most of revenue
- [ ] Owner is the only trained operator
- [ ] Lease that cannot transfer on workable terms

Guide: **ownersfit.com/small-business-due-diligence/**

06 Financing with SBA 7(a) basics

An SBA 7(a) loan is a bank loan with a government guaranty on part of it, not a grant. You apply through a participating lender. SBA's detailed origination rules live in SOP 50 10. Eligible uses include changes of ownership. The maximum loan amount is $5 million.

- [ ] **Equity injection floor:** For an Initial Acquisition (new majority or largest owner), SOP 50 10 sets a minimum equity injection of 10% that cannot be reduced or eliminated. Lenders often want more than the floor.
- [ ] **Cash you need is more than the down payment:** Plan for equity, working capital left in the business, closing costs, and personal runway.
- [ ] **Personal guaranty:** Any individual with 20% or more ownership generally must give an unlimited full personal guaranty.
- [ ] **Credit and coverage:** SBA requires creditworthiness and a reasonable ability to repay. There is no single published consumer FICO cutoff on the borrower-facing 7(a) page; your lender's policy still matters. Coverage tests (such as debt service coverage) are part of how lenders underwrite.
- [ ] **Terms in plain language:** Change-of-ownership 7(a) loans generally run ten years or less unless real estate or long-lived equipment is involved. Rate caps are set by SBA relative to a base rate (often prime); lenders set the actual offer inside those rules.
- [ ] **Documents:** Expect personal financial statements, tax returns, a purchase agreement or LOI, business financials, and a written plan as the lender builds the file.

Guides: **ownersfit.com/sba-7a-loan-requirements-buying-a-business/** · **ownersfit.com/sba-loans-401k-rollover-funding/** ·
Capital bands: **ownersfit.com/buy-a-business-with-25k/**
Calculator: **ownersfit.com/business-affordability-calculator/**

> **Primary sources behind these basics:** SBA 7(a) loan program page (sba.gov), SOP 50 10 (Version 8.1 with Technical Updates, effective October 1, 2026), and SBA 7(a) terms notes for lenders. Always confirm current rules with your lender; SBA updates SOPs.

07 Closing and transition

- [ ] Confirm what transfers on day one: bank accounts, POS, vendor accounts, licenses, insurance, domain and phone numbers, and customer lists.
- [ ] Get landlord consent and any required license transfers on a written timeline before you wire funds.
- [ ] Agree in writing how long the seller stays, what they will train on, and how they are paid for that help.
- [ ] Introduce yourself to key employees and top customers with the seller present when that helps trust.
- [ ] Keep a 30/60/90-day operating plan: payroll, suppliers, quality checks, and cash monitoring.
- [ ] Do not empty working capital on day one. The first months are when surprises show up.

Related: **ownersfit.com/small-business-due-diligence/** · **ownersfit.com/leaving-corporate-to-own-a-business/** · **ownersfit.com/keep-your-job-while-owning-a-business/**

Next step

When you want a scored read on capital, timeline, and owner type, take the free Ownership Readiness Assessment (about two minutes): **ownersfit.com/assessment/**

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