



**ARIZONA ASSET OR BUSINESS PURCHASE / SALE
LEGAL SERVICES AGREEMENT
FOR TRANSACTIONS UNDER \$1,000,001**



Complete, print, sign and mail this Agreement to hire the Arizona business law firm of KEYTLaw, L.L.C. (the "Firm") to prepare the documents to buy or sell: (i) all or a portion of the assets of an Arizona business, or (ii) all or a portion of the ownership interest in a limited liability company (membership interest), a corporation (stock) or a limited partnership (partnership interest). Use this Agreement only if the purchase/sale price of your transaction is \$1,000,000 or less and the seller and the assets and business are located in Arizona.

The Firm has two business and contracts attorneys who represent clients who buy and sell businesses and assets. Richard Keyt has been practicing business law in Arizona since 1980. For an in depth article about considerations in buying or selling an Arizona business, see Richard Keyt's article called "[Legal Issues When Buying an Arizona Business - Frequently Asked Questions](#)." Jeana Morrissey has practiced law since 2001. For information about the Firm, see www.keytlaw.com. For the resumes and contact information for Firm attorneys, see www.keytlaw.com/people. If you have questions about buying or selling assets, a business or this Agreement, call: (i) Richard Keyt at 602-906-4953, ext. 101, or (ii) Jeana Morrissey at 602-906-4953, ext. 107. We do not charge for general questions about buying or selling an Arizona business or assets of an Arizona business.

The Firm will prepare the following business purchase / sale documents for a guaranteed amount of \$1,999:

1. **Purchase Agreement:** This is the contract between the buyer and seller that states all material terms and conditions of a transaction.
2. **Promissory Note:** The Promissory Note evidences the amount due to the seller and the repayment terms.
3. **Security Agreement:** This document creates a lien on personal property to secure payment of the Promissory Note. It needs a UCC-1 Financing Statement.
4. **UCC-1 Financing Statement:** This document must be filed with the Arizona Secretary of State to perfect a lien on personal property of an Arizona seller. It is the equivalent of recording a lien on real property with the county recorder.
5. **Bill of Sale:** This is the document that evidences the transfer of personal property from the seller to the buyer. It is the equivalent to a deed for real property. It is a must have document when you buy assets.
6. **Deed of Trust:** This document creates a lien on real property to secure payment of the Promissory Note. It must be recorded in the Arizona county where the encumbered real property is located.
7. **Personal Guaranty:** This document obligates the signer(s) to pay the Promissory Note if the buyer defaults.
8. **Amendment to Articles of Organization:** Required when a buyer becomes a member and/or manager of an Arizona LLC. This document is filed with the Arizona Corporation Commission to change its records to show that one or more old members or managers are out and the buyer is in as a member and/or manager.
9. **Noncompete Agreement:** The seller and/or seller affiliated parties promise not to compete with the business being sold for a period of time within a defined territory.
10. **Consulting / Employment Agreement:** Necessary if any seller or seller affiliated party is to provide any consulting services or work for the buyer after the sale.
11. **Consent of Landlord to Assignment of Lease:** If the business being purchased has leased premises and the lease gives the landlord the right to approve a new tenant or a change in ownership or control of the seller, the buyer must get the landlord's consent to assigning the Lease or the buyer could be evicted from the premises.
12. **Landlord Estoppel Certificate:** This is a document the buyer should ask the landlord to sign because it asks the landlord to confirm the Lease is not in default and the other important terms of the Lease such as rent.
13. **Assignment of Lease:** This is the document that actually transfers the seller's interest as a tenant in the Lease to the buyer. It makes the buyer the new tenant under the Lease.
14. **Resolutions Authorizing the Transaction:** Whenever the seller or the buyer is an entity, the other side must obtain resolutions from the entity's members (if it is an LLC) or board of directors (if it is a corporation) that authorize the entity to enter into the transaction and related agreements and names the person who signs for the entity.

The fixed fee agreed to below includes unlimited consultations and telephone calls at no additional charge up to the delivery of the first draft of all of the documents. The fee also includes one hour of attorney time after we deliver all of the documents. If we spend more than one hour of time after we deliver all the documents to you, we will charge you for attorney or paralegal time based on the hourly rates of our personnel. Most transactions do not require additional attorney time unless the other side requests substantial changes and you agree to make the changes.

We will bill you for any additional services not specified in this Agreement on an hourly basis for time spent in connection with the services rendered. Current hourly rates of KEYTLaw attorneys are: (i) Jeana Morrissey - \$250 (she will have primary responsibility for any additional legal services), (ii) Richard Keyt - \$350 (substantially below the hourly rate of \$500 or more that he would be charging if he were still a partner at his former firm of Gallagher & Kennedy, P.A., one of the largest law firms in Arizona, and (iii) legal assistants - \$175. Unless the services are included within the scope of a fixed fee arrangement, we charge for time spent in connection with rendering services such as time spent giving advice; preparing, reviewing and revising documents; legal research when necessary, communicating with you and others regarding the representation; meeting time and time spent traveling to meetings outside our office, if necessary.

The fixed fee does not include any costs and expenses paid or incurred by us in connection with the services. If we pay or incur any expenses on your behalf, you will reimburse us on receiving an itemized invoice of the expenses. Examples of common expenses are the costs for judgment, lien and bankruptcy searches; extra-ordinary postage; overnight FedEx or UPS costs; and messenger costs. We do not charge for photocopies or long distance phone calls within the U.S.

You may terminate our services at any time by notifying us in writing, but you will be billed at an hourly rate for all services performed before we receive your notice, including work done on a fixed fee basis. We may terminate this Agreement if you default on your obligations under this Agreement and for any other reason allowed by the Arizona Rules of Professional Conduct. The entire amount you pay KEYTLaw, LLC, for fees and costs is nonrefundable, but you may nevertheless discharge KEYTLaw, LLC, and its attorneys at any time and in that event you may be entitled to a refund of all or part of the fee based upon the value of the representation. The person who pays our fees and costs by credit card confirms that the company that issued the credit card allows charges for future services, costs and expenses.

The exact costs of our services are set forth below and depend on the services you order. We require payment in advance before we provide any services. Unless there are unforeseen costs (for example you want us to send documents to you via FedEx or UPS overnight) or developments or you hire us for additional services unrelated to the services agreed to in this Agreement, your advance payment should be the only amount you pay us for the services.

We will send itemized invoices to you for our legal fees and costs. You agree to pay the full amount of the balance owed on an invoice within ten days after it is mailed. Due to the time lag between the time we receive bills for outside services and supplies and the time it takes to prepare an invoice, your monthly invoice may not contain charges for all costs incurred during the billing period for that invoice. If you do not pay a invoice within thirty days, we may charge interest on any unpaid amounts at the rate of one and one half percent per month, and we may terminate our services and/or withdraw from further representation of you, regardless of the status of the matter at the time of nonpayment.

Unless previously terminated, our representation of you will terminate upon our sending our final invoice for services rendered. We are being hired to provide legal services in connection with the specific matter contemplated in this Agreement. After completion of the matter for which we are engaged, changes may occur in laws or regulations that are applicable to you that could have an impact upon your future rights and liabilities. Unless you continue to engage us to provide additional advice, we do not have any continuing obligation to advise you with respect to future legal developments.

Our policy is not to retain original documents or other valuable documents. We will make a copy for our file of original documents that we receive and return the original documents to you. If you give us original documents or copies of documents that are your only copies, please let us know and we will make copies for our file and return the originals or only copies to you. It is also our policy to retain client files for a limited period to time, which is usually, but not always, five years, after which we destroy the documents. You authorize us to destroy your documents after five years without giving you any prior notice. If any dispute arises over this Agreement or our providing services to you, the sole place for venue will be Maricopa County, Arizona.

We are not acting as your attorney in advising you with respect to this Agreement because we would have a conflict of interest in doing so. If you or any person or entity affiliated with you have questions about whether you should sign this Agreement, we recommend that each concerned person consult with other legal counsel.

You are hiring the Firm to prepare documents to purchase or sell assets or an ownership interest in a company, not to advise the buyer or seller or any of the buyer's or seller's owners, managers, officers or directors with respect to federal or state income tax issues. We recommend that before we prepare your documents you consult with an experienced income tax advisor with

respect to all federal and state tax issues and elections arising from buying/selling assets of a business versus buying/selling the ownership interests of the entity that operates the business. If your tax advisor notifies you or the Firm in writing that the transaction should be structured a certain way for income tax purposes we will prepare the documents to correspond to your advisor's recommendation. We cannot follow tax advice from an advisor unless it is in writing.

Unless you instruct us to the contrary, we will document the transaction as: (i) a purchase of assets if we represent the buyer, or (ii) a sale of ownership interests in a company if we represent a seller. Because a buyer who purchases the ownership interest in a business takes the business with all of its known and unknown liabilities and obligations, we recommend that buyers we represent purchase the assets of the business unless there is an over-riding business reason to purchase the ownership interests. When we represent sellers, we recommend that the transaction be a sale of the ownership interests in the company so that the seller can get capital gains on the sale because an asset sale can create ordinary income and recapture of deductions previously taken.

Recommendations for Sellers: Get paid in full at closing or get as much money at closing as possible. If you don't get paid in full at closing: (i) get a lien on all assets sold, (ii) if the buyer is an entity, require all owners of the entity to guaranty the Purchase Agreement and the Promissory Note, (iii) get a lien on as much real property as possible to secure the Promissory Note and/or Guaranty. Consult a tax advisor about the tax consequences and structure of the transaction before becoming obligated on a contract.

Recommendations for Buyers: Get at least a 30 day free look period to investigate. Review at least two years of tax returns and financial statements. Review all contracts and the Lease for premises and have an option to cancel the transaction and get your earnest money back if your review finds problems that cannot be solved before closing.. Don't give any earnest money. Pay as little at closing as possible. Form a new LLC to purchase assets and don't let any owner of the LLC guaranty anything. Consult a tax advisor about the tax consequences and structure of the transaction before becoming obligated on a contract.

USE THIS AGREEMENT ONLY IF YOUR PURCHASE / SALE PRICE IS \$1,000,000 OR LESS

The documents and prices listed on the next page are intended to be used only for transactions of \$1 million or less. If your transaction involves more than \$1 million you must use our Legal Services Agreement found at www.keytlaw.com/buybusiness/largek.pdf. If your purchase/sale price exceeds \$10,000,000 contact Richard Keyt at 602-906-4953, ext. 101 for a fee quote.

SELECT SERVICES YOU DESIRE

- \$1,999 **Complete Purchase / Sale Document Bundle:** We prepare all of the documents listed in the third paragraph on the first page that are necessary for your transaction. Some documents may not be needed. For example, if your transaction is all cash, there will not be a Promissory Note, Security Agreement, UCC-1, Deed of Trust or Personal Guaranty. If your transaction has a Promissory Note, but it is not secured by a lien on real estate, you will not need a Deed of Trust. **Note:** Reviewing a Lease is not included in the document bundle and is an additional fee.
- \$175 **Judgment & Lien Search (Required for buyers):** A buyer must perform a judgment and lien search on the seller(s) to see if the seller(s) has any liens, lawsuits or is in bankruptcy. If you are a buyer, check the box & we will hire a service to do the search on the seller. If the actual cost is more than \$175, we will bill you for the excess. If you have more than one seller (for example, a husband and wife selling membership interests in an LLC), we need to do a search on each seller so the cost of the searches will be approximately \$175 times the number of sellers. When you pay in our store, add this item to your shopping cart and increase the quantity to equal the number of sellers. If you are a buyer and do not pay for the searches in advance, we will bill you for the actual cost of the searches on each seller.
- \$499 **Review Commercial Lease:** We recommend that all buyers who are assuming a Lease or taking premises subject to a Lease hire Arizona real estate attorney Jeana Morrissey to review the Lease. You should not incur the substantial financial obligations of a Lease without having it reviewed by an experienced real estate attorney.
- \$500 **Two Business Day Expedited Document Preparation Service:** Check this box if you want your documents within **two** business days of receiving your signed Agreement and payment instead of 7 – 10 days.
- \$250 **Four Business Day Expedited Document Preparation Service:** Check this box if you want your documents within **four** business days of receiving your signed Agreement and payment instead of 7 – 10 days.
- \$_____ Total amount **payable to KEYTLaw, LLC**

19. Is Note Guaranteed: Yes No

20. Who Guarantees: _____

21. Note Secured by: Personal property Yes No Real property Yes No
If secured, list all the personal property (itemize) and real property to be encumbered below:

22. Noncompete Agreement: Yes No

23. Party or Parties: _____

24. Terms of Noncompete:

25. Consulting Agreement: Yes No

26. Party or Parties: _____

27. Consulting Agr. Terms:

28. Seller Contingencies: List below any conditions or contingencies that apply to seller. For example, the seller may require buyer to enter into a new lease for premises or alternatively get landlord's consent to assign lease to buyer. Contingencies are items that must be satisfied or seller is not obligated to close.

29. Buyer Contingencies: List below any conditions or contingencies that apply to buyer. Contingencies are items that must be satisfied or buyer is not obligated to close. For example, the buyer should require that buyer enter into a new lease for premises or alternatively get landlord's consent to assign lease to buyer. Another condition is that buyer apply for and obtain a loan on terms and conditions acceptable to buyer.

Preferred Address (our UPS Store mail box)

Give the envelope to the clerk behind the counter

Richard Keyt
5025 North Central Avenue, #467
Phoenix, Arizona 85012

Secondary Address (Office)

Give the envelope to the receptionist in Suite 130

Richard Keyt
3001 East Camelback Road, Suite 130
Phoenix, Arizona 85016

HOW TO PAY

1. **Preferred Method:** [Click on this link](#) to access our Credit Card Authorization form to pay using your Visa or MasterCard. The form is located at www.keytlaw.com/cca.pdf. Complete the Credit Card Authorization form, sign it and send it to us with this agreement using one of the methods listed above.
2. Mail or deliver your check payable to: **KEYTLaw, LLC** to the address at the top of this page.
3. Call 602-906-4953, ext. 106 and give your credit card information to Richard Keyt's secretary Milena.