

DUE DILIGENCE: LENDER ITEMS

BUSINESS INFORMATION:

Law Firm Entity

Name _____

Contact person _____

Each owner's name, % owned and title _____

Entity tax Structure _____

Tax ID Number _____

Real Estate

Retaining seller's office space? _____

Address _____

Total square footage and total occupied _____

Owned or leased? _____

Lease expiration _____

Monthly rent expense _____

Real Estate Entity (if being purchased)

Name _____

Each owner's name, % and title _____

Entity tax structure _____

Tax ID Number _____

FINANCIAL INFORMATION:

- 3 years personal tax returns - buyer
- 3 years business tax returns – both buyer's and seller's business
- YTD P&L and Balance sheet – both buyer's and seller's business
- Letter of Intent – if possible
- The attached loan applications

PRACTICE INFORMATION:

Revenues

Revenue by practice area _____



Total number of clients _____
Fee schedules or rates _____
Reoccurring or repeat revenues? _____

Any additional information regarding income of the seller's firm? _____

Top 5 Clients

Client description _____
Revenue generation annually _____
Risk of client loss due to transition _____

Employees:

Attorneys: Number employed, hours, compensation _____
Paralegals: Number employed, hours, compensation _____
Administrative: Number employed, hours, compensation _____
Management: Number employed, hours, compensation _____

Role of Owner(s)

Duties and responsibilities _____
Weekly billable production _____
Transition plan intended? _____

Competition

Top 3 competitors in market _____
• Distance _____
• Description _____
• Primary services _____
• Website _____

Technology

What type of software for client management and billing does the seller's firm utilize? _____

Will this change post-transition? _____

ACQUISITION INFORMATION:

Why is the owner selling? _____
What are the transition plans? _____
How will clients be informed of new ownership? _____



How will staff be informed of new ownership? _____

What changes, if any, are planned? _____

CLIENT INFORMATION:

How will you reach potential new clients? _____

Describe your marketing plans. _____

Do you have an existing client base or book of business? _____

- How many clients? _____
- What are total revenues generated from your top 5 clients? _____

What is the plan to maintain or merge into the acquired practice? _____

PERSONNEL MANAGEMENT:

Describe your management experience. _____

How will you manage the new employees through transition and after? _____

Will any changes in personnel result in a decrease or increase in payroll expense?
If yes, please explain. _____

OTHER:

Will any changes brought by your business plan impact the cash flow of the business? _____

Are there any expenses that will discontinue, or new expenses that will be incurred based on changes due to acquisition or the way the business will be operated? _____

