ASSET PURCHASE AGREEMENT

1. 1. Parties

This Asset Purchase Agreement (the "Agreement") is made effective as of [EFFECTIVE DATE] between [SELLER NAME], a [ENTITY TYPE] organized under the laws of the State of [STATE] with its principal place of business at [SELLER ADDRESS] (the "Seller"), and [BUYER NAME], a [ENTITY TYPE] organized under the laws of the State of [STATE] with its principal place of business at [BUYER ADDRESS] (the "Buyer"). The Seller operates [BUSINESS DESCRIPTION] under the name [TRADE NAME] at [BUSINESS LOCATION] (the "Business"). Each Party represents that the person signing below has full authority to bind that Party and that no approval is required beyond those obtained or listed in the Disclosure Schedule. [OWNER GUARANTY: [OWNER NAME] joins this Agreement solely to guarantee the obligations of the Seller under Sections 12 and 13.] Notices are effective on delivery by hand, overnight courier, or email with confirmation to [SELLER EMAIL] and [BUYER EMAIL].

2. 2. Purchased Assets

At the Closing the Seller will sell, transfer, and deliver to the Buyer, free and clear of all liens, security interests, and encumbrances, all right, title, and interest in the following assets used in the Business (the "Purchased Assets"): the machinery, equipment, vehicles, tools, furniture, fixtures, and leasehold improvements listed in Schedule 2.1; all saleable inventory, raw materials, work in progress, and supplies as of the Closing, valued under Section 5; the contracts, purchase orders, and leases listed in Schedule 2.2 (the "Assigned Contracts"); the trade names, trademarks, logos, domain names, websites, social media accounts, phone and fax numbers, software, source code, formulas, designs, and other intellectual property listed in Schedule 2.3; customer lists, supplier lists, pricing records, marketing materials, and operating manuals; all transferable permits, licenses, and governmental authorizations; all warranties and claims against third parties relating to the Purchased Assets; the goodwill of the Business as a going concern; and the books and records relating to the foregoing, other than records the Seller must retain by law.

3. 3. Excluded Assets

The Purchased Assets do not include, and the Seller will retain, the following (the "Excluded Assets"): all cash, cash equivalents, marketable securities, and bank and investment accounts; all accounts receivable arising from sales before the Closing, unless listed in Schedule 3.1 as purchased; all prepaid expenses, insurance policies, deposits, and refunds not expressly listed in Schedule 2.1; all corporate records, minute books, ownership records, and tax returns of the Seller; all rights to any refund, credit, or claim relating to taxes of the Seller for periods before the Closing; all employee benefit plans and any assets held under them; all claims, causes of action, and rights of recovery relating to Excluded Assets or Excluded Liabilities; the assets specifically identified in Schedule 3.2; and all rights of the Seller under this Agreement. Nothing in this Agreement transfers ownership of the legal entity of the Seller, and the Buyer is not acquiring any equity interest in the Seller.

4. 4. Assumed Liabilities and Excluded Liabilities

The Buyer will assume, and agree to pay and perform when due, only the following (the "Assumed Liabilities"): the obligations arising after the Closing under the Assigned Contracts listed in Schedule 2.2, other than obligations arising from a breach or default occurring before the Closing; the equipment or capital lease obligations specifically identified in Schedule 4.1; and any other liability expressly listed in Schedule 4.2. The Buyer assumes no other liability of any kind. Without limiting that statement, the Seller retains and remains solely responsible for all other liabilities of the Business and of the Seller (the "Excluded Liabilities"), including all accounts payable and accrued expenses as of the Closing; all indebtedness for borrowed money; all taxes of the Seller of any kind for any period through the Closing; all liabilities to employees, including unpaid wages, commissions, accrued vacation, severance, payroll taxes, and benefit plan obligations; all product liability, warranty, and personal injury claims arising from products sold or services performed before the Closing; all pending or threatened litigation and government proceedings; all environmental liabilities relating to any period before the Closing; and any liability arising from a breach by the Seller of this Agreement.

5. 5. Purchase Price and Allocation Among Asset Classes

The purchase price for the Purchased Assets is [PURCHASE PRICE] (the "Purchase Price"), payable as [DEPOSIT AMOUNT] into escrow with [ESCROW AGENT] within [DEPOSIT PERIOD] of signing, [CASH AT CLOSING] in immediately available funds at Closing, [HOLDBACK AMOUNT] held for [HOLDBACK PERIOD] to secure indemnification claims, and [SELLER NOTE AMOUNT] under a promissory note at [INTEREST RATE] over [NOTE TERM]. Inventory will be counted jointly within [INVENTORY COUNT PERIOD] before Closing and valued at [INVENTORY VALUATION METHOD, e.g., the lower of cost or market], with the Purchase Price adjusted dollar for dollar for any variance from [TARGET INVENTORY VALUE]. The Parties agree to allocate the Purchase Price among the asset classes as follows and to report the transaction consistently on IRS Form 8594 and all tax returns: Class I cash [AMOUNT]; Class III accounts receivable [AMOUNT]; Class IV inventory [AMOUNT]; Class V furniture, fixtures, equipment, and vehicles [AMOUNT]; Class VI intangibles including the covenant not to compete [AMOUNT]; and Class VII goodwill and going concern value [AMOUNT]. Neither Party will take a position inconsistent with this allocation unless required by a final determination of a taxing authority.

6. 6. Due Diligence and Access to Records

The Buyer has until [DILIGENCE DEADLINE, e.g., 45 days after the Effective Date] to complete its investigation of the Purchased Assets and the Business. During that period the Seller will provide reasonable access during normal business hours to the assets, premises, and records relevant to the Purchased Assets and the Assumed Liabilities, including equipment titles and maintenance records, inventory records, the Assigned Contracts and any related amendments or default notices, lease files and estoppel information, permits and inspection reports, intellectual property registrations and assignments, UCC and lien searches, and financial records supporting the revenue attributable to the Business. The Buyer may conduct physical inspections, equipment appraisals, and environmental site assessments at its own cost, subject to restoring any condition it disturbs. The Buyer will not contact employees, customers, or suppliers without the prior written consent of the Seller, and all information exchanged remains confidential. The Buyer may terminate by written notice before the diligence deadline and receive a full refund of the deposit.

7. 7. Assignment of Contracts and Required Third-Party Consents

The Assigned Contracts transfer to the Buyer only by written assignment and, where the contract requires it, only with the written consent of the other party to that contract. Schedule 7.1 lists every consent, landlord approval, franchisor approval, license reissuance, and governmental authorization required to complete the transaction. The Seller will use commercially reasonable efforts to obtain each required consent before Closing at the cost of the Seller, and the Buyer will cooperate by providing financial statements, references, and guaranties reasonably requested by the counterparty. Nothing in this Agreement assigns a contract if assignment without consent would breach it or make it void. If a required consent is not obtained by Closing and the Buyer nonetheless elects to close, the Seller will hold the benefit of that contract in trust for the Buyer, will enforce it at the direction and expense of the Buyer, and will pass through all payments received, until the consent is obtained or the contract ends. The failure to obtain a consent identified in Schedule 7.1 as material is a failed condition under Section 11.

8. 8. Bulk Sales, Transfer Taxes, and Prorations

The Parties [COMPLY WITH / WAIVE COMPLIANCE WITH] any applicable bulk sales or bulk transfer law, and the Seller will indemnify the Buyer against any claim asserted by a creditor of the Seller arising from that waiver, without regard to the basket or cap in Section 13. The Seller will obtain and deliver at Closing a tax clearance certificate or certificate of no tax due from [STATE TAX AUTHORITY] confirming that all sales, use, employment, and franchise taxes have been paid, and the Buyer may hold back [TAX HOLDBACK AMOUNT] until that certificate is delivered, since successor liability for unpaid state taxes can attach to an asset buyer in many states. All sales, use, documentary, stamp, and vehicle transfer taxes arising from the transfer of the Purchased Assets will be paid [TRANSFER TAX ALLOCATION, e.g., by the Seller / split equally], and the Parties will cooperate to claim any available occasional-sale exemption. Rent, utilities, personal property taxes, service contracts, and prepaid items relating to the Purchased Assets will be prorated as of the Closing date.

9. 9. Employees and Employee Matters

The Seller will terminate the employment of all employees of the Business effective as of the Closing and will pay all wages, commissions, bonuses, accrued and unused vacation and paid time off, payroll taxes, and benefit contributions owed through that date. The Buyer may, but is not required to, offer employment to any employee on terms the Buyer determines, and the employees listed in Schedule 9.1 will be offered employment as a condition to Closing. Employees hired by the Buyer are new employees of the Buyer with no credited prior service except as stated in Schedule 9.2, and the Buyer assumes no obligation under any benefit plan, employment agreement, severance policy, or collective bargaining agreement of the Seller. The Seller is responsible for all notices and continuation coverage required under COBRA and any applicable plant closing or mass layoff notification law arising from the terminations, and will indemnify the Buyer for any failure to comply. The Seller will release the hired employees from any non-compete or non-solicitation obligation owed to the Seller to the extent needed to work for the Buyer.

10. 10. Representations and Warranties

The Seller represents and warrants that, except as set out in the Disclosure Schedule: it is validly existing and has authority to sell the Purchased Assets; it holds good and marketable title to the Purchased Assets free of liens, and all liens will be released at Closing under recorded payoff letters; the equipment is in working condition and has been maintained in the ordinary course, ordinary wear excepted; the inventory is saleable and not obsolete beyond the reserve stated; each Assigned Contract is valid, in force, and free of default, and no counterparty has given notice of termination; the intellectual property transferred is owned by the Seller and does not infringe the rights of any third party; the Seller holds all permits required to operate the Business and is in compliance with applicable law; there is no litigation, lien, judgment, or governmental proceeding affecting the Purchased Assets; and all taxes relating to the Purchased Assets have been paid. The Buyer represents that it is validly existing, has authority and funds to complete the transaction, and has conducted its own investigation of the Purchased Assets.

11. 11. Closing Conditions and Closing Deliverables

The Closing will take place on [CLOSING DATE] at [CLOSING LOCATION OR REMOTELY]. Until the Closing the Seller keeps risk of loss, will maintain the Purchased Assets in their present condition and existing insurance in force, and will not sell, encumber, or amend any Purchased Asset or Assigned Contract outside the ordinary course. The obligation of the Buyer to close is conditioned on the representations of the Seller remaining true in all material respects, the release of all liens on the Purchased Assets, receipt of every consent identified as material in Schedule 7.1, delivery of the tax clearance certificate, the absence of damage exceeding [CASUALTY THRESHOLD], and the hiring of the key employees in Schedule 9.1. At Closing the Seller will deliver a bill of sale, an assignment and assumption agreement covering the Assigned Contracts and the Assumed Liabilities, assignments of registered intellectual property, vehicle titles, UCC-3 terminations and lien releases, the landlord consent or a new lease, keys, credentials, and passwords, and the non-competition agreement under Section 12. The Buyer will deliver the Purchase Price less the deposit and holdback, the executed note and security documents, and evidence of authority.

12. 12. Non-Competition and Non-Solicitation of the Seller

Because a portion of the Purchase Price is allocated to goodwill and to the covenant not to compete under Section 5, the Seller and [OWNER NAME] agree that for [NON-COMPETE PERIOD, e.g., three years] after the Closing they will not, directly or indirectly, own, operate, finance, manage, consult for, or be employed by any business that competes with the Business as conducted at the Closing within [GEOGRAPHIC AREA]. For the same period they will not solicit or accept business from any customer of the Business, will not interfere with any supplier or referral relationship included in the Purchased Assets, and will not solicit or hire any employee the Buyer hires under Section 9, except through general public advertising. The Seller will not use or disclose confidential information relating to the Purchased Assets and will not use the trade names, marks, phone numbers, domains, or social media accounts transferred to the Buyer. The Parties agree the restrictions are reasonable to protect the goodwill purchased, and a court may narrow rather than void any term it finds excessive.

13. 13. Indemnification, Survival, and Limits

The representations and warranties survive the Closing for [SURVIVAL PERIOD, e.g., 18 months], except that those concerning title to the Purchased Assets, authority, taxes, Excluded Liabilities, bulk sales, environmental matters, and fraud survive until [FUNDAMENTAL SURVIVAL PERIOD, e.g., the applicable statute of limitations]. The Seller will indemnify the Buyer against all losses arising from a breach of a representation or covenant of the Seller, from any Excluded Liability, and from any claim that a liability of the Seller attaches to the Buyer as a successor. The Buyer will indemnify the Seller against losses arising from a breach of its own representations and from the Assumed Liabilities and the operation of the Business after the Closing. No claim may be brought until aggregate losses exceed [BASKET AMOUNT], and total liability is capped at [INDEMNITY CAP, e.g., 20 percent of the Purchase Price], except for fraud, title, taxes, bulk sales, and the Excluded Liabilities, which are not subject to the basket or the cap. The holdback is the first source of recovery but is not the exclusive remedy.

14. 14. Governing Law, Termination, and General Provisions

This Agreement is governed by the laws of the State of [GOVERNING STATE], without regard to conflict of laws rules, and any dispute will be resolved first by good-faith negotiation for [NEGOTIATION PERIOD, e.g., 30 days], then by mediation in [MEDIATION LOCATION], and finally in the state or federal courts located in [VENUE COUNTY AND STATE]. This Agreement may be terminated by mutual written consent, by the Buyer before the diligence deadline, by either Party if a Closing condition remains unsatisfied by [OUTSIDE DATE], or by either Party on an uncured material breach after [CURE PERIOD] written notice. After the Closing each Party will sign any further assignment, title transfer, or filing reasonably needed to vest the Purchased Assets in the Buyer. This Agreement, with its schedules and exhibits, is the entire agreement between the Parties and supersedes all prior letters of intent and discussions except any confidentiality agreement, which survives. Amendments must be in writing and signed by both Parties. Neither Party may assign this Agreement without written consent, except that the Buyer may assign to an affiliate or a lender as collateral without releasing the Buyer from its obligations.

15. 15. Signatures

By signing below, each Party confirms that it has read this Agreement, has had the opportunity to consult its own legal and tax advisors, and agrees to be bound by its terms as of the Effective Date. SELLER: [SELLER NAME]. Signature: ______________________. Printed Name: [SELLER SIGNER NAME]. Title: [TITLE]. Date: [DATE]. BUYER: [BUYER NAME]. Signature: ______________________. Printed Name: [BUYER SIGNER NAME]. Title: [TITLE]. Date: [DATE]. OWNER, solely as to Sections 12 and 13: [OWNER NAME]. Signature: ______________________. Date: [DATE]. This Agreement may be executed in counterparts, and electronic signatures have the same effect as original signatures on a single document.

16. Disclaimer

This template is provided for general informational purposes only and is not legal advice. Asset sales raise successor liability, bulk sales, sales and use tax, employment notification, and environmental issues that differ substantially from state to state, and the price allocation you agree to has lasting tax consequences for both parties. Have counsel and an accountant review the schedules, the allocation, and the consent list before signing. Use of this template does not create an attorney-client relationship with ScanContract.