

Checklist for a buy-sell agreement

*Make sure all of these questions are answered in any buy-sell agreement you're considering.**

- Who are the parties to the agreement?
- Is there a restriction on the transfer of the ownership interest?
- Is the related practice real estate controlled by the same or a similar agreement?
- What happens when a partner's employment with the practice ends?
- Are trigger events for the agreement identified?
 - > death
 - > retirement
 - > disability
 - > termination with cause
 - > termination without cause
 - > divorce
 - > bankruptcy.
- How are buyouts structured?
 - > Cross-purchase: owners purchase each other's interests
 - > Business redemption: practice buys interest back
- Is there a first right-of-refusal provision for the practice entity and then for other owners when a buyout needs to occur?
- Does the agreement provide for life insurance that would cover a buyout in the event that an owner died?
- Does the agreement provide for disability insurance that would cover a buyout in the event that an owner was permanently disabled?
- What is the valuation process for each trigger event? Is the value the same for each event?
- What valuation formula is used in the agreement?
 - > Fixed stated value
 - > Formula value
- Is a certificate of value attached to the buy-sell agreement?
- How often will the valuation be updated? What happens if the valuation is not updated and a trigger event takes place?
- Is there a valuation process in the event of disputes?
- What are the payment terms for each trigger event?
 - > Owner financing
 - > Practice financing
- What are the note terms?
 - > Length of repayment
 - > Interest rate
 - > Security interest for note (stock pledge)
- Is there a noncompete covenant (if applicable) in the agreement?

**This checklist is a tool to assist someone who is reviewing a buy-sell agreement but should not be considered a substitute for competent legal counsel or the advice of other professionals.*