PURCHASE OF BUSINESS

A. Pre-Contract

1. Buyer should require a Financial Statement of the

   business for the last three years certified (if available) by a public accountant and make a preliminary investigation as to the value of the assets reflected by the company's books. Analyze all reserve accounts and capital surplus accounts for at least three years, but otherwise, for as long as is actually available. This is done to discover any past financial and/or tax problems.

2. Prepare and execute a Contract for Sale and Purchase of

   Business (Form No. 101). This document may be prepared by either the Buyer or the Seller; however, both parties should examine it carefully prior to signing it.

B. Post-Contract

1. Obtain an appraisal of the business assets and

   determine if there are any existing liens on the assets by contacting the Secretary of State and searching the public records of the county where the assets have been used for any Financing Statements which may have been recorded under the Uniform Commercial Code.

2. Examine certified profit and loss statements of the

   business as well as federal income tax returns for at least three years or as long as is actually available.

3. Study the Seller's business operation, product lines,

   plant location, available labor markets, services, key personnel, and qualifications to do business in various states.

4. Investigate the laws and regulations applicable to the

   business and determine the company's compliance with them. Determine whether existing business licenses are in order and assignable.

5. Investigate the condition of title to all real estate

to be purchased, following the procedures outlined in the Checklist for the Purchase of Real Estate.

6. Examine any and all leases on premises occupied by the

Seller to determine terms and conditions of tenancy and assignability. If required, obtain the approval of the Lessor to the Assignment of the Lease (Form No. 644)

to you by the Lessee.

7. Examine collective bargaining agreements, employment

contracts, pension or profit sharing agreements, and commitments to purchase materials and supplies or to sell merchandise at prices other than current market price.

8. Examine inventory, machinery and equipment to determine

their condition and examine depreciation schedules.

9. Examine all patents, trademarks and copyrights that

relate to the business.

10. Investigate any subsidiary companies, if applicable.

11. Request estoppel letters from all lien holders and request, in writing, their permission to assume the obligations of the Seller along with any conditions and instructions for assumption.

C. Closing

l. Prepare the following documents for closing:

a. Seller's Affidavit (Form No. 105).

b. Closing Agreement (Form No. 107).

c. Compliance Agreement (Form No. 108), applicable

only if closing agent is involved in transaction. d. Affidavit of Non-Foreign Entity (Forms No. 109 and

110).

e. Bill of Sale (Form No. 104).

f. Promissory Note (Form No. 202), if required.

g. Security Agreement (Form No. 204), if required.

h. Real Estate Sublease or Assignment of Lease (Forms No. 643 and 644), if required.

i. Notice Under Fictitious Name Statute (Form No. 114).

j. Standard RAMCO Form UCC-1/Financing Statement.

k. Covenant Not to Compete (Form No. 111).

l. Business Closing Statement (Form No. 112).

2. Execute all appropriate closing documents.

3. Record UCC-1's with the Secretary of State UCC Bureau, and also in the public records of the county where equipment is located.

4. Publish the Notice Under Fictitious Name Statute with

local newspaper once a week for four consecutive weeks. Upon receipt of publication, from newspaper, prepare Affidavit Under the Fictitious Name Statute (Form No. 115) and record the Affidavit in the public records of the county where business is located.