

Generate a buyer due diligence check list tailored for this deal.

Here is a **tailored Buyer Due Diligence Checklist** for acquiring the Dallas, area-based auto repair and maintenance business, focused on financial validation, operational transition, key risks, and future growth:

Buyer Due Diligence Checklist – Auto Repair Shop

1. Financial Due Diligence

- Last 3–5 years of **tax returns**
 - Last 3–5 years of **P&L statements and balance sheets**
 - Year-to-date financials and **monthly breakdown** for past 12 months
 - Verify **SDE add-backs** (e.g., owner salary, discretionary expenses)
 - Review **bank statements** (12–24 months) for consistency with reported revenue
 - **Sales by service type** (e.g., brakes, diagnostics, A/C) breakdown
 - Payroll reports and **W-2/1099 forms** for all employees
 - Lease agreement and **NNN (Triple Net) details**
 - Aged **accounts receivable** and **payable** reports (if any)
 - CapEx and equipment purchase records (past 3 years)
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2. Legal & Compliance

- Business **licenses and permits** (city, state, environmental)
 - Current **lease agreement** and option to extend or assign
 - Review any **pending legal issues or disputes**
 - Insurance policies: **liability, worker's comp, property**
 - Confirm **UCC liens or debt obligations** (should be debt-free)
 - Franchise tax compliance and **Texas Comptroller standing**
 - Employment agreements or **non-compete clauses** (if any)
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3. Operational Due Diligence

- Detailed **equipment list** with estimated fair market values

- Condition and **maintenance records** of lifts, diagnostic tools, etc.
 - Employee roster: roles, pay rates, tenure, certifications
 - **Service writer SOPs**, workflow, and job scheduling process
 - Vendor relationships: parts suppliers, delivery schedules, terms
 - Assess **software systems**: POS, CRM, accounting (QuickBooks?), labor tracking
 - Review shop **hours, customer throughput**, and bay utilization
 - Interview key staff (especially service writer and senior techs)
 - Assess any documented **training materials or handbooks**
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4. Customer & Market

- Analyze **customer database**: # of repeat customers, service frequency
 - Review **online reviews** (Google, Yelp) and customer feedback
 - Website and **digital presence** audit (SEO, booking, reviews)
 - Evaluate **local competition** within a 2–5 mile radius
 - Inquire about **fleet/commercial accounts** (potential growth lever)
 - Assess area demographics and **vehicle ownership data**
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5. Growth Potential Validation

- Owner's view on **growth initiatives** (e.g., extended hours, fleet work)
 - Evaluate **marketing efforts**: current spend, ROI, missed channels
 - Assess **physical capacity constraints** and possible expansion
 - Feasibility of adding mobile services or second shift
 - Inventory controls and upselling of **preventive maintenance packages**
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6. Transition & Seller Involvement

- Confirm seller's **post-sale involvement commitment** (duration, pay)
- Knowledge transfer plan: vendor lists, tech training, SOPs
- Determine how seller will help with **customer and staff retention**
- Clarify **owner's role** in daily operations and client interaction

7. Valuation & Deal Structure

- Confirm basis for SDE and **valuation multiple**
- Evaluate working capital needs post-close
- Determine any **earnout structure** or seller financing
- Clarify **inventory treatment** at closing (included or separate?)
- Engage CPA to validate structure for tax efficiency (asset vs. stock sale)

Optional (if growth-focused):

- Feasibility of acquiring **adjacent space** or second location
 - Local **zoning restrictions** for signage, expansion, etc.
 - Licensing required for **fleet accounts** or commercial servicing
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