Snake River Business Brokers LLC
Exit on Your Terms



Due Diligence Ready

How to Organize Your HVAC Company's Documentation for a Seamless Sale

HVAC EDITION

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Every serious buyer and lender runs through some version of this list. HVAC companies that can produce it quickly hold their price and get through diligence in weeks instead of months. The ones that scramble for it after the letter of intent is signed lose bargaining power right when they need it most. You don't fill this out for us. It's organized the way we set up our own deal files, so when it's time to go to market, everything already has a home.

200 Core Financials & Tax

201 — Income Statements (P&L) & Balance Sheets

- ☐ Three years of profit & loss statements and balance sheets
- ☐ Month-by-month P&Ls for the last 24 months, so a buyer can see your busy and slow seasons

Items still needed:

202 — Tax Returns & Payroll Filings

- ☐ Three years of business tax returns, matched to the financials
- ☐ Payroll filings

Items still needed:

203 — Cash Proof & Debt Schedules

- ☐ Accounts receivable and accounts payable aging
- ☐ Proof of cash / bank statements
- ☐ A list of all business debt, including truck and equipment loans, leases, and lines of credit, with balances and payoff terms

Items still needed:

204 — Items Buyer May Request

- ☐ Your complete financial statements, ready for a recasting interview. We build the add-back schedule together from your numbers (owner vehicles, family on payroll, one-time expenses). You don't draft it yourself, but you'll review and sign off on the final version

Items still needed:

300 Legal, Licensing & Contractual

301 — Licenses & Certifications

- ☐ Your state HVAC contractor license(s): who holds each one, the license class, and the expiration date
- ☐ Your plan for the license after closing: is there a licensed person besides you who could qualify the company?
- ☐ In Texas: confirm the license is assigned to the company with TDLR, and that the license holder works full time for the company
- ☐ City and county contractor registrations and any open permits
- ☐ EPA Section 608 refrigerant certifications for every technician who handles refrigerant
- ☐ Any NATE or manufacturer training certifications your techs hold

Why this matters: In most HVAC companies the owner is the license holder, and in both Texas and Idaho a contractor license can't be transferred to a buyer. Buyers and their lenders check this early, so knowing who can qualify the company after closing keeps it from becoming a last-minute obstacle.

Items still needed:

302 — Real Estate & Leases

Organize by how the property is held.

If leased from a third party:

- ☐ Fully executed lease agreements, including amendments, extensions, and side agreements
- ☐ Correspondence with the landlord over the last 24 months (renewal notices, default notices, rent adjustments, major repairs)
- ☐ Security deposit proof, current rent statements, and landlord contact info for an estoppel certificate or assignment consent

If owned by the business:

- ☐ Recorded deed and title insurance or a title search report
- ☐ Documentation on any mortgages, deeds of trust, or liens, including payoff statements
- ☐ Property surveys, plat documents, and property tax bills for the past two to three years
- ☐ Certificate of occupancy and zoning approvals (including truck parking and equipment storage)
- ☐ Environmental reports (Phase I/II if any exist) and building condition inspections

If owned by you personally or by a related entity:

- ☐ Everything above, plus any lease between the operating company and the real estate entity
- ☐ The proposed rent, term, and maintenance terms if a buyer would lease from you after closing

> **Why this matters:** If you own the building through a separate entity, the rent you've been charging yourself changes the company's real earnings once it's corrected to fair-market rent. We sort that out before a buyer does.

Items still needed:

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303 — Legal Proceedings & Corporate

- ☐ Entity formation documents and any amendments
- ☐ Ownership records
- ☐ Any pending or past litigation, liens, or licensing-board complaints
- ☐ Insurance declarations pages (general liability, commercial auto, workers' comp) with loss-run history

Items still needed:

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304 — Seller Disclosure

- ☐ You'll complete a Seller Disclosure form we provide. No need to draft anything yourself

Items still needed:

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305 — Environmental & Refrigerant Records

- ☐ Refrigerant purchase, recovery, and disposal records
- ☐ Disposal records for old equipment and other waste
- ☐ Environmental Site Assessments (Phase I/II), if any exist

Items still needed:

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306 — Contracts

- ☐ Your standard maintenance-agreement form, and whether agreements can be assigned to a new owner
- ☐ Any builder, general contractor, or property-management contracts, including retainage terms and whether they need consent to transfer
- ☐ Manufacturer dealer agreements and program status, and whether that status transfers to a new owner
- ☐ Distributor and supplier agreements and credit terms
- ☐ Consumer financing program agreements, if you offer customers financing

Items still needed:

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307 — Name, Brand & Online Presence

- ☐ Trademark or assumed-name filings for your company name
- ☐ Who owns your website domain, main phone numbers, and Google Business Profile (the company, or you personally?)
- ☐ Logins for your review sites and social media accounts

> **Why this matters:** Your name, your phone number, and your reviews are a big part of what a buyer is paying for. If any of them are in your personal name, we plan how they move to the buyer at closing.

Items still needed:

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400 Operations & Assets

401 — Fleet, Tools & Equipment

- ☐ A vehicle list: year, make, model, mileage, owned or leased, and any liens
- ☐ Which vehicles are also used personally (these often become add-backs)
- ☐ Major shop tools and equipment, with age and condition
- ☐ Maintenance records for trucks and equipment

Items still needed:

402 — Inventory

- ☐ Truck stock and warehouse inventory of parts and equipment, and how it's counted

Items still needed:

403 — Systems & Procedures

- ☐ Your field-service software (or other system) holding customer and equipment history
- ☐ Your flat-rate price book, and when prices were last updated
- ☐ How calls are booked and dispatched, and who does it
- ☐ How you track job costs, warranty registrations, and callbacks

Items still needed:

500 Revenue & People

501 — Revenue & Customer Data

- ☐ Revenue by type for the last two to three years: service and repair, replacement, new construction, and commercial
- ☐ Your largest accounts (builders, contractors, property managers, commercial customers) and their share of revenue
- ☐ Average ticket, and replacement close rate if you track it
- ☐ Where your calls come from, and what you spend on marketing by channel

Items still needed:

502 — Maintenance Agreements

- ☐ Number of active agreements, price, and visits included
- ☐ Renewal history: how many customers renew each year
- ☐ Prepaid visits already paid for but not yet performed
- ☐ Whether agreements auto-renew, and how customers pay

> **Why this matters:** Maintenance agreements are revenue on the books before the season starts, and buyers pay for that. Prepaid visits you haven't performed yet are a promise the new owner will have to keep, so we settle how they're handled in the letter of intent, not at closing.

Items still needed:

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503 — Personnel & Payroll

- ☐ An org chart or simple employee list with roles and tenure
- ☐ Pay rates and any commission, spiff, or bonus structure
- ☐ Existing employment agreements or non-competes
- ☐ W-2 vs. 1099 classification records
- ☐ Brief profiles for your key people: technicians, service manager, dispatcher, and comfort advisors, with years in the trade, licenses and certifications held, and who backs up whom
- ☐ How you recruit and train new technicians

Items still needed:

Once your file looks like this, the next question is what it's worth in today's market. That's a fifteen-minute conversation, not a research project.

Pick a time at srbb15.com/hvac and I'll call you.

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