

Buy-Sell Agreement Checklist

Action Checklist — ClearLegalTips.com (2026)

Plan owner transitions before they happen — while everyone still likes each other.

Step 1 — Owners & Triggering Events

- ☐ Listed every owner and their exact ownership percentage
- ☐ Chose which events trigger a buyout (death, disability, divorce, bankruptcy, voluntary exit, termination for cause)
- ☐ Wired each trigger as mandatory (usually death) or optional (usually voluntary exits via right of first refusal)

Step 2 — Structure (Cross-Purchase vs. Redemption)

- ☐ Picked cross-purchase, entity redemption, or wait-and-see hybrid
- ☐ Checked estate-tax exposure — near the \$15M federal exemption or a lower-threshold state? Reviewed the Connelly (2024) redemption issue with counsel

Step 3 — Valuation & Price

- ☐ Set the valuation method, not just a number: agreed value + formula fallback + appraisal tiebreaker
- ☐ Added the staleness rule (agreed value expires after 18 months, then formula takes over)
- ☐ Certified the current Agreed Value on Schedule A

Step 4 — Payment & Funding

- ☐ Set payment terms: cash at closing and/or a promissory note over a defined term at a defensible rate
- ☐ Arranged funding — life insurance for the death trigger, installment notes for living exits
- ☐ Listed all policies (insurer, number, insured, owner, face amount) on Schedule B

Step 5 — Execute & Maintain

- ☐ Confirmed the agreement does not contradict the operating agreement or bylaws
- ☐ Added S-corp protection language if the company has an S-election
- ☐ All owners and the company signed
- ☐ Calendared an annual re-certification of Schedule A and a review of Schedule B insurance

INSTRUCTIONS FOR USE

Work top to bottom; the most common failure is a valuation nobody updated after signing. This checklist is provided for informational purposes only and does not constitute legal advice. Laws vary by state and change over time. Have an attorney review your completed document before relying on it.

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