

Early Possession

There are times when the buyer and seller think it would be a great idea if the buyer began operation of the business prior to the closing of the sale. Why? Here are some typical reasons:

- The buyer needs the income.
- The seller has really "had it."
- The time it takes to close a deal has been excessively long.
- The seller is in poor health and can't operate the business (or something similar.)
- The buyer feels the business is deteriorating and wants to get in before it all goes.

So, analyzing the reasons above for early possession, does the end justify the means? The answer is a resounding NO. Sellers (who often are as enthusiastic about early possession as the buyer) should remember that the sale hasn't closed yet and the buyer may still have second thoughts. Early possession can create a real obstacle to a closing, whether it's real estate, a business, or almost any other commodity. It makes good business sense to let the early possession "idea" remain just that: an idea and nothing more.