

# Legal Connections



LEGAL EXPERTISE FOR THE BUSINESS COMMUNITY

APRIL 15 - 28, 2022

*It's back! And better than before.  
Save the date for the CBA's  
Annual Meeting on June 9.  
Details to come.*

**Jill Snitcher, Esq.**  
Executive Director  
jill@cbalaw.org



## 7 CRITICAL STEPS TO CLOSING YOUR BUSINESS

**W**hether you have decided to close your business after a long successful run or because you are seeking a fresh start, it is usually not as simple as shutting the doors and wiping your hands clean. You'll often need to take numerous steps to obtain finality and liability protection. Ohio business owners should consider these steps before, during and after closing to reduce problems and liability along the way.



**CAROL SHEEHAN, ESQ.,**  
Carlile Patchen & Murphy LLP

business' network. Notify them. It may sound silly, but this step is often overlooked. Remember to talk with your creditors, suppliers, lenders, service providers and utility providers. You'll need to ask about any final requirements needed from their end. Don't forget to inform your employees and pay them. Lastly, let your customers know and resolve any remaining contractual obligations.

### Everything Must Go

Many businesses have tools of the trade or a home base. Sell off inventory and other business assets, if possible, or donate to a charity to generate a charitable deduction. Anything remaining should be distributed to yourself and any other owners under the governing documents.

### Collect Receivables and Pay Your Debts

Before you notify your debtors you are going out of business, collect outstanding accounts receivable. Be sure to settle or pay your debts to the extent possible,

prioritizing your personal liability protection. For instance, sales tax and income tax withheld from your employees' paychecks are amounts for which you will be held personally liable if not properly remitted to the applicable governmental agency.

### Wrap It Up

Your business had many needs throughout its life, some of which required you to sign leases or service agreements. Take the time to list out and terminate applicable contracts. If appropriate, cancel state or county permits or licenses, including your vendor's license. Make sure to cancel any business names you no longer need, including your trade name.

Look at the different accounts associated with your business. Cancel business credit cards and subscriptions. Make your final federal and state payroll deposits and close your business bank and other accounts, including all state & federal agency accounts.

### Conclude Employee Benefits

One of the complex areas in the conclusion

of a business is employee benefits. We suggest getting professional advice if you provide a pension or benefit plan, health savings accounts or similar benefits for your employees. Often, there are special obligations required upon closing your business.

### Fireside with Uncle Sam

Finally, the step many business owners do not want to think about: taxes and the IRS. Depending on your business type, this step can become increasingly complex and require expert advice. In most situations, business owners should:

- Notify federal and state tax agencies. The IRS recommends cancelling your federal employer identification number.
- Submit final sales tax forms and funds due up to the closing date.
- File your final employment-related tax returns: IRS Form 940, IRS Form 941 and state withholding and wage reporting forms.
- File your final income tax returns and designate on the return that it is your final return.
- Keep your business records for four to seven years. ■

### Make it Official

Document your decision to close your business! This should be a written resolution or agreement, especially if multiple business owners are involved. Each entity is different, and documenting the close should comply with any relevant governing documents. Once you have wrapped up everything, be sure to formally dissolve this entity.

### Communicate with Your Network

There are many people involved in your

JOIN US FOR THE FIRST CLASS OF OUR FINANCIAL LITIGATION SUPPORT SERIES, FOCUSING ON ACCOUNTING TOOLS FOR THE COURTROOM. REGISTER NOW: CBALAW.ORG

## RESIDENTIAL REAL ESTATE 2022: A BUYERS' SURVIVAL GUIDE

**A**s everyone who has looked at purchasing residential real estate this year is aware, the current market in Central Ohio is extraordinarily favorable for sellers. Demand is high, with interest rates still low by historical standards, and new home construction has been slowed by supply chain problems related to the COVID-19 pandemic. As a result, the inventory of new and existing homes for sale is historically low. Currently, there are fewer than 1,700 homes listed for sale in metropolitan Columbus, versus 5,009 in 2019, another year of high housing demand.

The above-described market conditions



**WILLIAM D. FERGUS, JR., ESQ.,**  
Northwest Title Family  
of Companies, Inc.

are likely to continue into 2023 absent a substantial deterioration of the U.S. economy and/or a large increase in prevailing mortgage interest rates. As a result, increasingly desperate buyers are submitting completely non-contingent purchase offers on properties for far above list price in hopes of outbidding rival potential buyers. As might be expected, some of the foregone contingencies carry more risk to buyers than others.

In a normal, balanced real estate market, sellers will accept contracts with contingencies for obtaining financing based on the full amount of the purchase price, as well as satisfactory

inspection of the premises with the opportunity to request remedies for defective conditions. However, in the current sellers' market, buyers are eliminating some or all of these contingencies, sometimes without understanding the consequences.

Buyers should exercise caution before eliminating contingencies that are built into a real estate purchase contract that are specifically designed to protect their interests. Financing contingencies should be completely waived only if the buyer is prepared to pay cash at closing (as many are in the current market). A clause making the contract contingent on the property appraising for the purchase price for loan purposes should similarly be waived in whole or part only if the buyer is ready to provide

cash to cover the "gap" between the appraised value that the lender will use for loan purposes and the purchase price. Finally, it is reasonable to provide in a purchase contract that the purchase is contingent upon a satisfactory inspection of the premises, but the buyer will not request that the seller remedy defective conditions. However, buyers should never waive the right to inspect the premises. Such voluntary failure to inspect can curtail a buyer's right to pursue legal remedies in the event of defective conditions being discovered after closing.

Market conditions never last forever. The buyers' market of 2010 is now the sellers' market of 2022. The market will swing back in favor of buyers. Until then, *caveat emptor!* ■



## BACKGROUND CHECKS

BCI and FBI fingerprinting available at the Columbus Bar Association

The Columbus Bar Association is an official WebCheck location for BCI and FBI background checks. By appointment only at our downtown office (175 S. Third St., 11th Floor, Columbus, OH 43215).

✓ Pre-Employment Screening ✓ Notary Applicants ✓ And More

**CBA**  
www.cbalaw.org  
(614) 221-4112