How to Buy a Laundromat

A plain-English, step-by-step guide for first-time buyers — from finding a store to closing the deal.

Buying a laundromat is one of the more approachable ways into small-business ownership — the business model is simple, the demand is steady, and many stores run with little day-to-day labor. But the difference between a great buy and an expensive mistake comes down to doing the homework in the right order. This guide walks you through the whole process, start to finish.

Three ideas to keep in mind the entire way through:

1. **You're evaluating the deal as it sits today.** The seller's numbers describe how the business performs right now, under the current owner. Your first job is to decide whether the business — as it actually is — is worth the asking price.
2. **You also have to know how you'll run it, and what that costs.** Many owners do work themselves for free — cleaning, repairs, attending the store, bookkeeping. If you'll hire those out, your real costs are higher and the profit is lower than the seller's numbers show. Always run two views: the deal as the seller runs it, and the deal as *you* would run it.
3. **How you pay for it matters as much as the price.** The structure of your financing — bank loan, seller note, down payment, earnout — shapes your cash flow, your risk, and how aligned the seller is with your success. Think about financing from the start, not just when you're ready to make an offer. We cover this in detail below.

The process, step by step

STEP 1

Find laundromats for sale

Start by seeing what's on the market. Check the major business-for-sale websites (BizBuySell, BizQuest, LoopNet, and laundry-specific brokers), local commercial real-estate listings, and industry associations. Drive your target areas too — some of the best stores sell quietly, by word of mouth, before they're ever listed.

Note the asking price, location, size, and whether the real estate is included or it's a business-only (leased) sale. You're building a shortlist to investigate.

STEP 2

Reach out and request the financials

Contact the seller or broker and express genuine interest. Ask for the key documents you'll need to evaluate the deal:

- A **profit & loss statement** (ideally 2–3 years) and/or an **operating memorandum** (sometimes called a CIM or seller's package).
- **Tax returns** for the last 2–3 years — the single best way to verify the income is real.
- **Utility bills**, especially water (water usage helps confirm how busy the store really is).
- The **lease** — remaining term, options, rent, and structure.
- An **equipment list** with ages.

STEP 3

Do a first-pass sniff test

Before going deep, sanity-check the basics. Does the asking price seem reasonable for the revenue? Is the lease long enough to protect the investment (a very short lease is a major red flag)? Is the equipment modern or near the end of its life? If something looks obviously wrong at this stage, it's fine to pass and move to the next store on your list.

STEP 4

Analyze the deal

This is the heart of it. Take the seller's numbers and work out what the business actually earns and what it's worth — its owner earnings (SDE), a fair-value range, whether the price is reasonable, and the red flags. Cross-check the seller's claimed sales against the water usage; verify the lease; check the equipment age; and confirm nothing is missing or assumed.

This is exactly what WashWise is built to do — turn the seller's documents into a clear verdict, a valuation, and a list of what to confirm — so you don't have to be a finance expert to know whether a deal is good.

How businesses are valued: earnings × a multiple

Most small businesses, including laundromats, are valued with a simple idea: the business is worth its yearly earnings (SDE) multiplied by a "multiple." Laundromats generally trade around 3–5 times SDE. So a store earning $100,000 a year might be worth roughly $300,000–$500,000. The exact multiple depends on the deal's quality — a long lease, newer equipment, and verified, growing revenue earn a higher multiple, while a short lease, old machines, or unverified numbers earn a lower one. Figuring out the right multiple for a specific deal is exactly what a proper analysis does.

Two views, always.

First, value the deal *as it sits today* — is the business, run the way it's run now, worth the price? Then ask: *how will I run it, and what will that cost?* If the seller does the cleaning, repairs, and bookkeeping themselves for free and you'll pay someone to do those, your real profit is lower. Decide if the deal still works under *your* costs.

STEP 5

Verify what's unconfirmed (due diligence)

Your analysis will flag items to confirm before you trust the deal — get each one from the seller. Common ones: the tax returns (to verify the revenue), the water bills (to confirm how busy it is), the full lease with any renewal options, the real equipment ages, and whether the real estate is included. Re-run your analysis as you fill in the gaps — the picture sharpens with each confirmed piece.

STEP 6

Line up your financing

Before you make an offer, know how you'll pay for the business — and how much the seller is willing to help. Many laundromat purchases use an SBA 7(a) loan, but the smartest buyers also try to get the seller to finance part of the deal. Seller financing means the seller gets paid over time instead of all cash at closing, which aligns their interests with yours. See the detailed financing section below for the full picture on structures, trade-offs, and why seller financing is worth pursuing.

Bring your analysis to any lender — they want to see the earnings and that the cash flow comfortably covers the loan payments (a debt-service coverage ratio, or DSCR, of at least 1.25 is a common target). Knowing your financing in advance tells you what you can afford and makes your offer far more credible.

Confirm the bank will finance it.

Get a lender's read *before* you commit. A deal that looks good on paper but can't be financed — because the cash flow is too thin or the lease is too short for the loan term — isn't a deal you can actually close.

STEP 7

Make an offer (Letter of Intent)

When the numbers work and your financing is lined up, make an offer — usually a non-binding **Letter of Intent (LOI)** that outlines your proposed price, terms, and timeline. Your analysis gives you the ammunition to negotiate: if utilities are high, the lease is short, or the revenue isn't fully verified, those are reasons to ask for a lower price. Sellers expect negotiation.

STEP 8

Negotiate and sign a purchase agreement

Once you and the seller agree on terms, move to a binding **purchase agreement** (usually an Asset Purchase Agreement, since most laundromat sales are asset deals — you buy the equipment, lease, and goodwill, not the seller's legal entity or liabilities). This is where you bring in an attorney. The agreement spells out the price, what's included, the seller's representations, and the conditions that must be met to close.

STEP 9

Complete due diligence and lease assignment

With an agreement in place, finish verifying everything and handle the legal mechanics: get the landlord to assign the lease to you (and confirm the terms with an estoppel certificate), run a lien (UCC) search so you're not buying equipment that's still collateral for the seller's debt, confirm licenses and permits transfer, and review insurance. Your attorney and accountant earn their keep here.

STEP 10

Close the deal

At closing, the money changes hands (your down payment plus the loan and/or seller note), ownership transfers via a bill of sale, and the lease is assigned to you. Arrange a transition or training period with the seller if you can — a week or two of learning the operation is invaluable for a first-time owner.

Then it's yours to run.

Financing Your Purchase — and Why to Pursue Seller Financing

How you pay for the business matters as much as the price. Whenever possible, try to structure the deal so the **seller finances part (or even most) of it** — called "seller financing" or "owner financing." Here's why it's worth pursuing, how it works, and the trade-offs.

Why pursue seller financing — "skin in the game"

When a seller agrees to be paid over time instead of all cash at closing, they only get fully paid if the business keeps performing. That means they're betting on their own numbers. A seller confident in the business should be willing to carry some of the financing. If a seller flatly refuses ANY owner financing, ask yourself why they won't back their own claims — it can be a yellow flag.

Seller financing also usually means less bank red tape, lower closing costs, a potentially lower down payment, and flexible, negotiable terms.

How it works

The seller acts as a lender for part of the price. You sign a **promissory note** agreeing to pay them back over time, with interest. This is often combined with a bank loan and your own down payment.

Common structures (models)

1. **Partial seller financing (most common):** a mix of your down payment + a bank/SBA loan + a seller note. Example on a $400,000 deal: $40,000 down (10%) + $300,000 SBA loan (75%) + $60,000 seller note (15%) paid to the seller over 5 years at interest.
2. **Heavy seller financing (little/no bank):** Example: $80,000 down (20%) + a $320,000 seller note (80%) paid over 7 years at interest. Faster and simpler, but sellers who'll do this are less common.
3. **Standby seller note (with SBA loans):** the seller note is placed "on standby" (no payments for a set period) to help satisfy SBA down-payment requirements — a common way to lower your cash at closing.
4. **Earnout:** part of the price is paid only if the business hits agreed performance targets. Protects you if the seller's numbers turn out to be inflated. Example: $50,000 down + $250,000 bank loan + $100,000 earnout paid over 2 years only if revenue holds.
5. **Balloon structure:** lower payments for the first few years, then one large "balloon" payment due (often refinanced later). Eases early cash flow but carries refinance risk.

Pros

- The seller has skin in the game — their interests align with yours.
- A seller's willingness to finance helps validate the deal.
- Less bank red tape; often faster and cheaper to close.
- Often a lower down payment and more flexible, negotiable terms.
- If the numbers were overstated, you have more room to renegotiate with one person than with a bank.

Cons

- Not always available — many sellers want all cash at closing.
- The seller usually keeps a lien on the business until you've paid in full; if you default, they can take it back.
- Interest rates and terms vary and can sometimes be higher or shorter than a bank's.
- May still require a personal guarantee.
- Balloon payments and earnouts add their own risks and need careful structuring.

> **Bottom line**
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> Aim to include a seller note in your structure — even a portion. It lowers your upfront cash, aligns the seller with your success, and signals they trust the business. Always have an attorney paper the note properly.

A few things to remember

- **The lease is everything.** A short lease with no renewal options can sink an otherwise good deal — you could lose the location and the value with it. Long-term site control protects your investment.
- **Verify the revenue.** Sellers' claimed sales aren't always accurate. Tax returns and water usage are your two best cross-checks. Don't pay for income you can't confirm.
- **Mind the hidden costs.** Owner-run stores often hide the true cost of labor, maintenance, and management because the owner does it unpaid. Budget for what *you'll* actually pay.
- **Don't forget sales tax.** Self-service laundry is exempt from sales tax in most states, but wash-dry-fold and other services may be taxable depending on where you are — and the rules vary state to state. Confirm your state's treatment with your accountant so you're not caught off guard by a tax obligation you didn't budget for.
- **Use professionals.** An accountant, an attorney, and a lender are worth far more than they cost on a six-figure purchase. This guide and your analysis get you ready; the professionals get you safely to the finish line.
- **Get the seller to finance part of it.** Seller financing aligns interests, lowers your upfront cash, and is a powerful signal that the seller believes in their own numbers.

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