Buying a service business without a trade license

HVAC • Plumbing • Cleaning • Pest control | U.S. acquisitions | November 4, 2026

You can often own the business without personally holding a trade license. The business must still have the right licensed people, supervision, insurance, and approvals to operate legally after closing. Requirements depend on the state, city, and exact services offered.

1. Your role and the licensed person's role

You may handle finances, sales, hiring, and growth. A qualified technical leader handles the regulated work and required supervision. A **qualifier** is the licensed person formally responsible for qualifying the business under the applicable rules. A general manager is not automatically qualified to fill this role.

2. The biggest risk: the seller is the only license holder

Ask this first: **"If the seller stopped working the day after closing, who would legally qualify the company and supervise its work?"**

Current situation	What it means for you
Qualified employee runs operations and will stay	Best starting point. Verify credentials, responsibilities, and retention.
Seller qualifies the company; another employee may qualify	Potentially workable. Confirm eligibility and required approvals before closing.
Seller stays while you recruit a replacement	A temporary bridge. Agree on duties, compensation, timing, and a backup plan.
Seller leaves immediately; no approved replacement	Major closing obstacle. Resolve the licensing plan before completing the purchase.

3. A license is not automatically included in the sale

Buying assets through a new LLC may require a new business license or qualifier approval. Buying the existing entity may have different rules, but is not an automatic solution. Counsel should confirm which entity will be licensed and when it can legally bid, contract, obtain permits, and perform work. [1]

What needs to be in place

4. Use a real technical leader

Do not rely on a promise to “leave the license with the business.” The licensed person must fulfill the actual duties required by the regulator. For example, Texas requires full-time HVAC contractor coverage at each permanent office; its Responsible Master Plumber has supervision duties and can serve only one company at a time. [2, 3]

5. Understand the differences between industries

Industry	Main licensing question
HVAC	Who holds the appropriate contractor license, and does coverage match the work and locations?
Plumbing	Who is responsible for licensed plumbing supervision, permits, and field-worker compliance?
Pest control	Does the company have the required business license and properly credentialed applicators for each service category? [4, 5]
Ordinary cleaning	Often a lighter technical licensing burden, but employer registrations and specialty-service rules still need checking. California has janitorial employer registration requirements. [6]

6. Recalculate profit after replacing the seller

The seller may hold the license, estimate jobs, supervise crews, and manage customers. A small qualifier fee does not necessarily replace all that work.

Illustration only - not a salary estimate	Annual amount
Advertised seller’s discretionary earnings (SDE)	$500,000
Replacement technical manager, including employer costs	($140,000)
Additional estimating / dispatch support	($40,000)
Cash flow before acquisition debt and other items	$320,000

The $320,000 is before acquisition loan payments, taxes, capital spending, and buyer compensation. Do not subtract a manager’s pay twice if already included in expenses. Use actual hiring costs to recalculate debt coverage.

7. Protect continuity after closing

Agree on the technical leader’s pay, responsibilities, and retention incentives before closing. If the seller stays temporarily, document the transition. Identify a replacement path and develop backup coverage. A contract helps retention but cannot guarantee someone will remain available.

Your pre-closing checklist

Licensing and operating experience are separate issues. Even with valid licenses, a first-time buyer needs someone capable of pricing jobs, supervising quality, managing technicians, and controlling callbacks.

Questions to ask the broker and seller

1. Who holds every required company and individual license? Please provide license numbers, service categories, locations, and expiration dates.

2. Is the seller the only qualifier? Who else is already licensed or eligible, and what approval would they need?

3. What does the seller actually do each week, and who will take over each responsibility?

4. Will the technical leader stay after closing, and have compensation and retention terms been discussed?

5. Does our proposed purchase structure require new licenses, filings, insurance, bonds, or approvals? What must happen before work can continue?

6. Are there licensing complaints, disciplinary actions, expired credentials, permit issues, or unresolved inspections?

7. What happens if the licensed person resigns? What work must stop, and what replacement process applies?

What we should verify before you close

People: A qualified person has agreed to the role and can actually oversee operations.
Approvals: The buyer's operating entity has the required effective licenses and associations.
Economics: The financial model includes the real cost of replacing the seller.
Continuity: A transition and backup plan are documented.

Our acquisition approach: We can pursue these industries even if you have no trade license. We favor businesses with a capable technical team that will stay, a confirmed licensing path, and enough profit to pay for the management you need.

Official references

1. California CSLB - Change in Business Entity
2. Texas HVAC - Occupations Code, Chapter 1302
3. Texas - Responsible Master Plumber
4. EPA - Pesticide Applicator Certification
5. Pennsylvania - Pesticide Application Businesses
6. California - Janitorial Service Providers

General U.S. acquisition guidance. These state examples are not nationwide rules. The target's state, locality, services, and purchase structure must be checked with acquisition counsel and the relevant licensing authority.