



REAL ESTATE DUE DILIGENCE CHECKLIST
October 2010

Charter School



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Due Diligence Checklist	
Property =	
Buyer / Developer =	
Buyer's Counsel =	
Seller =	
Seller's Counsel =	
Title Company =	
Equity Partner =	
Leader =	
Master Plan Architect =	
Property Manager =	
Environmental =	
Geotechnical =	
Structural =	
Traffic =	
Broker =	

	<u>Responsible Party</u>	<u>Status</u>	<u>Due Date</u>	<u>Tab</u>
A. <u>PROPERTY DETAILS</u>				
1. Location (a) Address (b) Building Type (c) Type of Construction (d) Building Size (e) Topography (f) Special Conditions/Cost (g) Access/Traffic (h) Environmental Access (i) Parking				
2. Exclusions to net acreage				
3. Summary of site history, ownership & development (any development agreements)				
4. General inspection of the improvements, including the following: (a) Interior and exterior maintenance; (b) Occupied and vacant spaces; (c) Restrooms and public facilities; (d) Restrooms and public facilities and;				
5. Property Condition Report				
6. Obtain cost estimates for deferred maintenance / Determine rehab budget				
7. Copies of any ground leases, master leases, joint venture agreements				
8. Copies of site plans, leasing brochures, maps and photographs				
9. List of all personal property				

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10. Existing property inspection reports, including: <ul style="list-style-type: none"> (a) structural systems; (b) mechanical and electrical equipment; (c) fire and life safety systems; (d) roof; (e) curtain wall; (f) parking lot; (g) utility service; (h) deferred maintenance; (i) underground garage; (j) elevators; (k) ADA compliance; 				
11. Obtain and review warranties on: <ul style="list-style-type: none"> (a) Roof; (b) HVAC equipment; (c) Fire water pump equipment (d) General contractor warranty; (e) Major subcontractor warranties: <ul style="list-style-type: none"> i. Electrical; ii. Elevators; iii. Concrete; iv. Windows; v. Flooring/carpet; vi. Landscaping; vii. Parking lot surfaces 				
12. List of all hazardous materials known to be in use at property.				
13. Existing environmental study				
14. As-built plans and specs (including mechanical, electrical and structural)				
15. Certificate of occupancy & building permits, licenses, approvals and/or exemptions				
16. Copies of all insurance policies covering property				

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17. Contact insurance to arrange for coverage				
18. Sales comparable and/or rent comparable study				
19. Current market reports and vacancy data				
B. <u>PROPERTY OPERATIONS</u>				
1. Current rent roll				
2. Standard form of lease				
3. Monthly operating statements for last 2 years				
4. Utility bills for last 3 years (electric, water & gas)				
5. Obtain and review real property tax bills for last 3 years and most recent tax bill (any increases, special assessments forthcoming)				
6. Monthly delinquency report for past 3 years and budgeted for next 2 years				
7. Schedule of capital improvements over past 3 years and budgeted for next 2 years				
8. Operating and service agreement contracts and lease agreements - Prepare summary of contracts including: (a) Vendor name; (b) Services provided; (c) Term; (d) Charges				
9. Property management agreement				
C. <u>TENANT INFORMATION</u>				
1. Tenant Status				
2. All tenant lease agreements and amendments				
3. Current financial statements for all tenants and lease guarantors				
4. Profile and background on each tenant				

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5. Tenant estoppel certificates				
6. Copies of all tenant correspondence for the past 3 years				
7. Summary of pending leases and terms				
D. <u>CONTRACT/LEGAL</u>				
1. Negotiate purchase & sale (price, deposit)				
2. Timing (deposit, due diligence, close of escrow)				
E. <u>TITLE/SURVEY</u>				
1. APNs				
2. Escrow (title office, escrow number)				
3. Preliminary Title Report (a) Liens (b) Assessments (c) Easements (d) Access (e) Environmental (f) CC&Rs (g) Zoning (h) Other				
4. Copies of all underlying title and exception documents				
5. UCC and judgment lien searches in Seller				
6. ALTA as-built survey				
7. Copies of subdivision and parcel maps				
8. Restrictive covenants, easements and common area agreements				
9. Description, ownership and operation of adjacent land uses				
10. Flood zone certificate and seismic zone map				
11. Obtain PML study				

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12. Title policy – estimate of cost of title policy				
F. <u>ENVIRONMENTAL</u>				
1. Obtain and review Phase I Environmental Site Assessment				
2. Soil sampling				
3. Groundwater sampling				
4. Underground storage tanks				
5. Asbestos report				
6. Lead paint and radon testing				
G. <u>VEGETATION/BIOTA/WATER/OTHER</u>				
1. Usefulness of vegetation				
2. Evaluate endangered species concerns				
3. Natural water on site (usefulness/flood hazard)				
4. Erosion potential				
5. Subsidence potential				
6. Fault zone potential				
7. Noise/vibration				
8. Toxics/chemicals				
9. High winds				
10. Incompatibly zoned neighbors				
H. <u>LITIGATION</u>				
1. Review current and threatened actions against Seller with respect to the Property				
2. Review any governmental actions or suits concerning the Property				
I. <u>ZONING & ENTITLEMENT STATUS</u>				
1. Obtain copy of zoning ordinance applicable to the Property				

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2. Confirm zoning classification, obtain zoning compliance letter and examine development standards: <ul style="list-style-type: none"> (a) Density; (b) Site coverage, footprint (c) Public use (open space, roadways, parks, schools); (d) Height, setback requirements; (e) Design criteria; (f) Landscaping requirements; (g) Signage restrictions (h) Sprinkler/Fire life safety requirements; (i) ADA requirements; (j) Parking requirements & restrictions; (k) Traffic mitigation; (l) Exactions; (m) Subdivision compliance; (n) Affordable housing restrictions, if any; (o) Historic/landmark district restrictions, if any 				
3. Investigate any planned zoning changes				
4. Obtain and review copy of any conditional use permit: <ul style="list-style-type: none"> (a) SIC Codes permitted (b) Examine use permit restrictions (c) Determine transferability of entitlements 				
5. Obtain and review all other permits, authorizations, licenses and certificates, including: <ul style="list-style-type: none"> (a) Elevator permits and most recent certification; (b) Fire alarm and life safety system certifications; (c) Business licenses and applications, if any 				
J. LOCAL ADVICE				

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1. Advice of: <ul style="list-style-type: none"> a. Sellers/owners b. Local civil/soils engineers c. Planning d. Public Works e. Architects f. Neighbors g. Community outreach groups 				
K. <u>GOVERNMENTAL</u>				
1. Political situation of the City <ul style="list-style-type: none"> (a) City Council (b) Redevelopment Agency (c) Planning Commission 				
2. Politics of the site				
3. Neighborhood politics				
4. City/State/Redevelopment Agency Entitlement Process (CEQA, SEQR, City entitlements, Agency entitlements, Approvals)				
5. City Fees				
L. <u>UTILITIES</u>				
1. Water <ul style="list-style-type: none"> 2. Sewer 3. Electricity 4. Gas 5. Telephone 				
M. <u>MISCELLANEOUS</u>				
[To be determined]				