TEMPLATE

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Real Estate Due Diligence Checklist

TEMPLATE - for transaction-specific completion and review

A simple working checklist for reviewing a real estate acquisition. Tick each item when it has been received, reviewed, and any material issue has been addressed.

Property / Asset ____________________

Address ____________________

Buyer / Investor ____________________

Seller ____________________

Due diligence deadline ____________________

Target closing ____________________

1. Deal setup and key documents

- [ ] Confirm the purchase and sale agreement is signed and all exhibits are included.
- [ ] Record the due diligence, financing, objection, cure, extension, and closing deadlines.
- [ ] Confirm deposit / earnest money terms and escrow instructions.
- [ ] Create a document request list and a secure data room folder structure.
- [ ] Identify the deal team: legal, title, survey, engineering, environmental, tax, insurance, lender, and appraisal.
- [ ] Confirm seller entity details, authority to sell, and required consents.
- [ ] Collect property tax bills, utility records, service contracts, warranties, and maintenance records.
- [ ] Keep a running list of missing documents, questions, material issues, owners, and deadlines.

2. Ownership, title and legal

- [ ] Obtain the current deed and verify the legal owner and legal property description.
- [ ] Order and review the title commitment / preliminary title report.
- [ ] Review mortgages, liens, judgments, easements, covenants, restrictions, and rights of way.
- [ ] Confirm legal access, ingress / egress, parking rights, utility rights, and shared-use rights.
- [ ] Review condominium, HOA, reciprocal easement, declaration, or similar documents, if applicable.
- [ ] Check for litigation, claims, condemnation, eminent-domain matters, or property disputes.
- [ ] Identify purchase options, rights of first refusal / offer, tenant purchase rights, or transfer restrictions.
- [ ] List all releases, payoff letters, estoppels, SNDAs, or lien satisfactions required for closing.

3. Survey, zoning and permits

- [ ] Obtain a current boundary or ALTA/NSPS survey, as appropriate, and compare it with title documents.
- [ ] Verify zoning classification and confirm the current and intended use is permitted.
- [ ] Check setbacks, height, density, lot coverage, parking, signage, and other development standards.
- [ ] Identify variances, nonconforming uses, special permits, conditional approvals, or entitlements.
- [ ] Review certificates of occupancy, building permits, final inspections, and unresolved permit items.
- [ ] Check for building-code, fire / life-safety, and accessibility violations or open cases.
- [ ] Review subdivision, platting, development agreements, impact fees, and public-improvement obligations.
- [ ] Identify floodplain, wetlands, historic, coastal, airport, or other special land-use restrictions.

4. Leases, tenants and occupancy

- [ ] Collect all leases, amendments, side letters, guaranties, notices, and the current rent roll.
- [ ] Reconcile the rent roll to executed leases and tenant records.
- [ ] Verify rent, escalations, deposits, concessions, abatements, arrears, and other charges.
- [ ] Review renewal, expansion, contraction, termination, assignment, sublease, and purchase rights.
- [ ] Identify unpaid tenant improvements, leasing commissions, landlord work, free rent, and other obligations.
- [ ] Review CAM / operating expense recoveries, tax and insurance pass-throughs, caps, and exclusions.
- [ ] Assess tenant concentration, credit quality, disputes, defaults, bankruptcies, and delinquency.
- [ ] Confirm occupancy, subleases, licenses, unauthorized users, estoppels, and required SNDAs.

5. Financial, tax and operating review

- [ ] Collect trailing operating statements, annual financials, budgets, and general ledger detail.
- [ ] Recalculate current NOI and identify unusual or nonrecurring income and expenses.
- [ ] Reconcile rental and other income to the rent roll and lease terms.
- [ ] Review operating expenses for unusual increases, underfunding, or deferred maintenance.
- [ ] Review real estate taxes, assessments, exemptions, appeals, delinquencies, and reassessment risk.
- [ ] Review utility costs, contracts, reimbursements, and unusual consumption trends.
- [ ] Review management, maintenance, security, parking, telecom, signage, and other operating contracts.
- [ ] Identify contracts that survive closing, require consent, or can be terminated.
- [ ] Review capital expenditure history, planned projects, reserves, and near-term replacement needs.
- [ ] Stress-test key underwriting assumptions such as rent, vacancy, growth, capex, exit value, and financing.

6. Physical condition and building systems

- [ ] Complete a property condition / engineering inspection appropriate to the asset.
- [ ] Inspect structure, foundation, facade, roof, waterproofing, windows, and drainage.
- [ ] Inspect HVAC, electrical, plumbing, fire protection, elevators, generators, and controls.
- [ ] Review maintenance records, warranties, repair history, and recurring problem areas.
- [ ] Identify immediate repairs, safety items, and expected 1-, 3-, 5-, and 10-year capital needs.
- [ ] Inspect paving, sidewalks, retaining walls, lighting, landscaping, fencing, and site improvements.
- [ ] Confirm utility capacity and service for the current and intended use.
- [ ] Review accessibility / ADA conditions and likely remediation needs, where applicable.
- [ ] Confirm ownership or lease status of major equipment and whether it transfers at closing.

7. Environmental and natural hazards

- [ ] Order or review a Phase I Environmental Site Assessment when appropriate.
- [ ] Investigate any recognized environmental conditions and determine whether further testing is needed.
- [ ] Review historical uses, spills, storage tanks, hazardous-material records, and remediation history.
- [ ] Assess asbestos, lead-based paint, mold, radon, PCBs, refrigerants, and other building-material risks as relevant.
- [ ] Review environmental permits, notices, violations, consent orders, and monitoring obligations.
- [ ] Evaluate flood, wetlands, seismic, wildfire, subsidence, coastal, stormwater, and other location-specific hazards.
- [ ] Review soil / geotechnical reports and contamination or development constraints, when relevant.
- [ ] Identify continuing cleanup duties, environmental indemnities, engineering controls, or land-use restrictions.

8. Insurance, financing and valuation

- [ ] Review current insurance policies, premiums, deductibles, claims history, and loss runs.
- [ ] Confirm required property, liability, rent loss / business interruption, flood, wind, earthquake, and equipment coverages.
- [ ] Check replacement cost, sublimits, exclusions, catastrophe deductibles, and insurance availability after closing.
- [ ] Confirm lender insurance requirements and required endorsements.
- [ ] Confirm financing structure, lender diligence requirements, conditions precedent, and appraisal requirements.
- [ ] Review the appraisal and compare its assumptions with the deal underwriting and market evidence.
- [ ] Stress-test debt service, interest-rate sensitivity, refinancing risk, and key credit metrics as applicable.
- [ ] Update sources and uses, closing costs, reserves, working capital, capex, and contingency.

9. Closing readiness and final decision

- [ ] Resolve, accept, price, insure, or otherwise address every material diligence issue before the deadline.
- [ ] Confirm final title pro forma, survey, closing statement, prorations, and transfer-tax treatment.
- [ ] Verify all required certificates, consents, estoppels, SNDAs, releases, payoff documents, and signatures.
- [ ] Confirm any price adjustment, repair credit, escrow, holdback, indemnity, or special closing condition.
- [ ] Confirm lender and internal investment / credit approvals and all remaining conditions.
- [ ] Confirm utility, vendor, tenant, property-management, banking, key, and access-control transition plans.
- [ ] Record post-closing obligations, survival periods, escrows, holdbacks, punch-list items, and follow-up dates.
- [ ] Archive the final diligence record and approved versions of key transaction documents.

Top issues / missing documents / follow-up

Final decision

- [ ] Proceed
- [ ] Proceed with conditions
- [ ] Renegotiate
- [ ] Extend diligence
- [ ] Do not proceed

Decision conditions / approvals

Source framework: Real Estate Data Rooms - Due Diligence Guide. This checklist is an original, simplified working document based on the guide's diligence topics.

General information only. Requirements vary by property, jurisdiction, financing, and transaction. Use qualified legal, tax, engineering, environmental, insurance, accounting, appraisal, and investment professionals as appropriate.