

# MULTI-FAMILY PROPERTIES

## DILIGENCE CHECKLIST

ITEMS YOU WANT FROM THE SELLER	NOTES	✓
Title Search	Received & reviewed - OK	✓
Rent Rolls for past 12 month period and current months. Include suite number; type of suite; Tenant name; current rental rate. Rent roll certified by the seller and dated the month before closing confirming that all leases are not over one month in arrears and are otherwise in good standing, that the total gross rental income is at least \$_____ per year net of parking, laundry or other income or any other tenant inducements and all tenants are in occupancy and paying rent.		
Last Rental Increase Report (modify to comply with your provincial tenancy laws)		
Current tenant information including amount of security deposit, with move-in-date; disclosure of any reductions being given; disclosure of any notice to vacate given by either the Landlord of the Tenant.		
Leases: legible copies of all tenant leases and move in reports		
Income & Expense Statement: For one year: January 01 to December 31st of last year and January to current month of current year. Income to include rental income, laundry income and any other source of income. Expenses to include all expenses such as but not limited to Management company, Resident Manager, Utilities, Contract Obligations or other services, Insurance, Real Estate Taxes, Repair & Maintenance, Etc.		
Invoices/Billings for: <ul style="list-style-type: none"> <li><input type="checkbox"/> Last year Property Tax Billing</li> <li><input type="checkbox"/> Current Year Property Tax Billing</li> <li><input type="checkbox"/> Note from seller advising if they are appealing the tax notice</li> <li><input type="checkbox"/> Insurance cost &amp; coverage; Name &amp; Contact Number of Insurance Agent;</li> <li><input type="checkbox"/> Utility Billings for the past 12 months, Heat, Power, Water, Phone, Sewage &amp; Waste Disposal Billings for the past 12 months</li> <li><input type="checkbox"/> Any Utility Contracts to be assumed</li> </ul>		

Copies of any Contracts: i.e. Laundry, Management; Resident Manager; Laundry Equipment; Landscaping Company, any other Maintenance or Service Contracts to be assumed by the Buyer; Where there are no contracts, a letter from the seller indicating that there are no existing contracts to be assumed		
List of Any Major Upgrading; during the ownership of the building or any upgrading that has been done in the past 5 years (i.e. roof, mechanical/boiler, Electrical, Exterior, etc.). Letter from the seller confirming there is no deferred maintenance.		
Copy of any Correspondence / Certificates / Inspections / Notices / Deficiency Notices or Letters / Work Orders, etc.: received from any Federal, provincial, county or municipal department or agency including Health Department, Fire Department or Emergency Response Team of the Fire Department including Boiler Inspections & Fire Department Inspection / Certificates, etc. in the possession of the Seller. Fire Code Compliance Letter.		
List of Chattels to be left with the Property: i.e. stoves, fridges, washers, dryers, dishwashers, lawn mowers, snow blowers/removers, shed, rug shampooer, shovels, garden tools, vacuum cleaner, etc.		
List of miscellaneous (brooms, mops, cleaning supplies, etc.)		
Current survey, ( Real Property Report ) with written evidence of municipal compliance		
Copy of Existing Environmental/Engineering/Inspection Reports/Appraisals: that the Seller/owner has in his possession.		
Copy of the Plans of the project (if existent)		
Copies in the seller's possession of Condo Plan, Budgets, reserve fund studies, reserve fund plans and all documents related , if applicable, to a condo conversion.		
Letter of Authorization: allowing the buyer, their Lawyer & his Engineer/Inspector to perform any and all searches and inspections		

Conclusion: For any of the above items, if you couldn't get them from the seller or if they are inadequate, now you have to decide. Do I need the item , do I try to get the items myself, do I negotiate further, does my lender need the diligence item? Work hard with your team to make your decisions.

## 2. SEARCHES AND DILIGENCE

	NOTES	√
Adequate insurance, at the minimum as required by your lender and confirmed by your lenders independent third-party insurance consultant		
Occupancy certificate		
Clear electrical branch search		
Clear fire Department search		
Clear bankruptcy searches, especially important for your joint venture partner/company		
Satisfactory Phase 1 environmental		
Clear building inspection search re work orders and deficiencies		
Clear boiler search (if applicable)		
Confirmation of permits approved been property as developed including number of units		
Any GST/HST issues?		
Safe housing searches		
Health Act searches		
Environmental/hazardous issues: check your neighbours on all sides, walk around the neighborhood		

**REMEMBER, HAVING THE PIECE OF PAPER IN YOUR HAND IS NOT ENOUGH. YOU MUST ANALYZE. IS THAT PIECE OF DILIGENCE ADEQUATE? DOES IT REVEAL ISSUES? THIS IS NOT AN EXHAUSTIVE LIST. EVERY PROPERTY IS DIFFERENT. CONSULT WITH PROFESSIONALS ESPECIALLY YOUR LAWYER REGARDING ALL ASPECTS OF DILIGENCE. BARRY MCGUIRE RITCHIE MILL LAW OFFICE WWW.RMLO.COM**