

# Condominium Unit Due Diligence Health Check

## Building Overview:

What is the neighbourhood demographic? \_\_\_\_\_  
Would you live in the area? YES / NO  
What is the condition of the building? (scale 1-10) \_\_\_\_\_  
What is the type of building? Townhouses (20+) Walk-up(40+) High Rise (50-70) Other \_\_\_\_\_  
How many units are in the building/complex? \_\_\_\_\_  
Are there any amenities? Gym Pool Hot tub Other \_\_\_\_\_  
What is the owner profile in the building? Younger Older Families Professional Retired  
Is there a recent Phase 1 Environmental Study available? YES / NO  
Rental Ratio % (how many units are rented vs owner occupied) \_\_\_\_\_  
(Lower is better)

## Parking & Storage

How many parking stalls come with the unit? \_\_\_\_\_  
Can I rent extra stalls? Yes / No \$ \_\_\_\_\_  
Does parking map clearly define stall location? YES / NO  
Does storage locker map clearly define location? YES / NO / NA

## Bylaw Review:

Check Bylaws for:

- |  |         |          |
|--|---------|----------|
| A. Rental Restrictions (how many allowed in building)      | # _____ |          |
| a. If so, can you rent yours?                              |         | YES / NO |
| B. A large 'damage deposit' to condo corp for rentals      |         | YES / NO |
| C. Is there an easy Owner grievance arbitration procedure? |         | YES / NO |
| D. Parking Restrictions (of any sort)                      |         | YES / NO |
| E. An age restriction (May affect CMHC financing & rental) |         | YES / NO |
| F. Requirement of rental notification to condo corp        |         | YES / NO |

## SPECIAL NOTE

Always present your tenants with a copy of the bylaws and to have them sign the **Tenant Condo Bylaw Acknowledgement Form**.

## Condo Suite Overview:

### Condition

What is the interior condition of suite? (scale 1-10) \_\_\_\_\_

Does it need renovations to meet 'Rent Ready™' status? YES / NO

Estimated cost to make it ready \$ \_\_\_\_\_

Does this include replacement of appliances? YES / NO

### Rent

What do units of this size rent for in this area? \$ \_\_\_\_\_

Is it currently being rented? YES / NO

What is the Rent? \$ \_\_\_\_\_

Is rent competitive to the market? YES / NO

When Was Last Rental increase given? \_\_\_\_\_

Do I want the current tenant? YES / NO

Do I need vacant possession? YES / NO

### Management

Read the Rental Management Contract (*and rental pool agreement if in place.*) Speak with a management company representative AND on-site manager to get a feel for their thoughts on the building.

How is the unit currently being managed? Professionally Managed / Self Managed

Management Phone Numbers \_\_\_\_\_

Is there an Onsite Manager? YES / NO Professional / Needs Improvement

Are the contracts coming due for negotiations? YES / NO

Are management costs slated to increase in near future? YES / NO

### Rental Pool

Is there a rental pool in place? YES / NO

What is the unit factor for distribution of pooled rents? \_\_\_\_\_

Who manages the pool? \_\_\_\_\_

What is their fee? \_\_\_\_\_ %

Can you participate? YES / NO

## Financial:

### Condo Fee

What is the current monthly Condo fee \$ \_\_\_\_\_

How is it calculated (unit factor/other) \_\_\_\_\_

Does it include utilities for the unit? YES / NO Heat Power

Is it appropriate for the type of property? YES / NO

Are there any special levies? YES / NO Amount \$ \_\_\_\_\_

Are there any increases scheduled? YES / NO Amount \$ \_\_\_\_\_

### **Reserve Fund**

Do the contributions match the budget and financial statements? YES / NO

Does the reserve balance match the financial statements (within reason) YES / NO

Are there any pending or current cash calls to be paid by the owners? YES / NO

### **Insurance (Corp and Yours):**

When was Condo Corp's Insurance Last Reviewed? \_\_\_\_\_

What is the deductible on the Corporation's Insurance? \$ \_\_\_\_\_

Will your insurance company provide you with:

a. Rental Loss Coverage? YES / NO

b. Loss Assessment Coverage? YES / NO

## **Condominium Corporation Health Check**

Speak with representatives of the Condo Board to get a feel for the atmosphere.

Is there pending litigation against the condominium corporation? YES / NO

*(the Condo Board must reveal this to you – also check board minutes)*

Review last 2 years of Condo AGM Minutes and last 6 months of meeting minutes for potential problems.

Review the Annual Condo Budget.

A. Compare last year's budget for accuracy with actual operating costs.

B. Review the upcoming year's budget to see if appropriate adjustments have been made.

Review the Condominium's Financial Statements for an Adequate Reserve Fund vs Upcoming Required Repairs

### **SPECIAL NOTE**

When purchasing a condo or group of condos, in addition to completing this checklist, ensure you complete the REIN™ Property Analyzer Form with accurate market numbers and review the "Focus on Due Diligence" booklet in your ACRE™ program.