

**CHECKLIST FOR ACQUISITION OF REAL ESTATE
FOR _____**

<u>ITEM</u>	<u>RESPONSIBLE PARTY</u>
1. <u>Verify Financial Projections of the Property.</u>	_____
a. Verify actual rental amounts and that no advance rent has been paid, verify any rental increases	_____
b. Verify historical rental receipts and expenses over several years	_____
c. Verify building expenses and costs, repairs and maintenance. Is this a triple net lease or does landlord have to pay certain expenses on property? Who is responsible for structural repairs to property?	_____
d. Verify no unpaid contractor or material suppliers, and no mechanics liens	_____
e. Verify if any security deposits for utilities	_____
2. <u>Review Leases.</u>	_____
a. Verify and read all leases and amendments including any options to extend, options to purchase, and other provisions. Review entire lease files	_____
b. Obtain tenant estoppel certificates	_____
c. Transfer security deposits and pro rate rent and other amounts under lease. Verify that no claims against landlord or landlord liabilities	_____

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- d. Verify creditworthiness of tenant by independent credit check. Obtain tenant financial statements _____
- e. Verify no unpaid tenant brokerage commissions or unpaid obligations for tenant improvements _____
- f. Verify fire sprinkler requirements _____
- 3. **Verify Ownership and Condition of Title.** Obtain title report and photocopies of each of the underlying documents listed on title report _____
 - a. Review all conditions, easements and restrictions stated in title report _____
 - b. Decide if title insurance endorsements are required _____
 - c. Verify if there is any personal property and have a separate personal bill of sale. Do UCC-1 verification that there are no liens on personal property _____
- 4. **Obtain a Survey.** _____
 - a. Verify property lines, land area, building area and encroachments _____
 - b. ALTA survey _____
- 5. **Verify Governmental Entitlements.** _____
 - a. Obtain copy of certificate of occupancy _____
 - b. Verify if any required retrofitting such as sprinklers or earthquake issues _____
 - c. Verify zoning _____
 - d. Verify compliance with all laws and building codes _____

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- e. Verify if any requirements for environmental impact reports or use of property and effect of CEQA _____
- f. Verify if any applicable moratoriums or other laws affecting development _____
- g. Verify if any applicable rent control laws _____
- h. Verify if any height or setback restrictions, existing light or air easements _____
- i. Verify if any restrictions on traffic ingress and egress, water or energy capacities, or public access roads _____
- 6. **Verify Availability of Utilities.** Water, gas, electric, telephone, cable (both television and telephone), and sewers _____
- 7. **Review Parking Requirements.** Verify that parking requirements are met pursuant to code and also for current and future uses _____
- 8. **Review All Contracts.** Review all service contracts, landscaping contracts and other contracts relating to building. Verify all can be terminated at will _____
- 9. **Do a Physical Inspection of Property.**
 - a. Inspect structural components _____
 - b. Inspect heating, ventilating and air conditioning, electrical and plumbing systems _____
 - c. Inspect for earthquake compliance and fire sprinklers _____
 - d. Inspect roof. Verify if there is a warranty on roof which can be transferred _____
- 10. **Obtain Geological and Soil Studies.** Obtain geological inspection and soil inspection reports _____

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- 11. **Do an Environmental Inspection.** Obtain from seller any information or prior inspections, notices or other information concerning environmental matters. Require that seller disclose to purchaser any known environmental contamination or past use of hazardous materials on the property _____
 - a. Hire environmental engineer to inspect property and also to inspect public and governmental records and the history of the property _____

- 12. **Verify Property Taxes and Assessments.** Obtain photocopies of property tax bills for current year and for past two years _____
 - a. Verify future assessments on property with governmental bodies and payment schedules for any assessments _____

- 13. **Financing of Purchase.**
 - a. If there is to be purchase money financing, verify existing loans and assumability _____
 - b. Obtain outside financing _____

- 14. **Foreign Seller or Buyer.**
 - a. If the seller is a non-resident, foreign citizen or entity, certain tax requirements may be applicable _____

- 15. **Tax Structuring.**
 - a. Like-kind exchange requirements _____
 - b. Allocate in purchase agreement between personal property and real property. Allocate portion of purchase price to other property for tax purposes such as cabinetry, hardscape, landscaping, cranes, etc. _____

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c. California tax withholding requirements _____

16. **What Type of Entity Will Purchase Property.**

a. Limited partnership, individual, limited liability company or corporation? _____