

THE ULTIMATE DUE DILIGENCE CHECKLIST

Before finalizing any real estate investment, it's crucial to conduct thorough due diligence to mitigate risks and make informed decisions. Use the following checklist to guide you through the process:

1. Property Overview:

- Location analysis
- Property type and size
- Zoning regulations

2. Financial Analysis:

- Purchase price and negotiation terms
- Current market value assessment
- Financing options and terms

3. Market Analysis:

- Comparative market analysis (CMA)
- Future development plans in the area
- Rental market trends

4. Property Condition:

- Home inspection report
- Necessary repairs and estimated costs
- Environmental considerations

5. Legal Considerations:

- Title search and ownership verification
- Pending liens or legal disputes
- Compliance with local building codes

6. Operating Expenses:

- Property taxes and assessments
- Utility costs
- Insurance requirements

7. Income Potential:

- Rental income projections
- Historical rental performance
- Vacancy rates in the area

8. Tenant Analysis:

- Current lease agreements
- Tenant payment history
- Screening processes in place

9. Exit Strategy:

- Clear exit plan in case of unforeseen circumstances
- Market conditions affecting resale potential
- Contingency plans for different scenarios

10. Regulatory Compliance:

- Compliance with Fair Housing Act
- ADA accessibility requirements
- Any existing or potential violations

11. Property Management:

- Existing property management arrangements
- Costs and services associated with property management
- Reputation of property management company

12. Insurance Coverage:

- Adequate property insurance coverage
- Liability coverage
- Policy terms and exclusions

Remember to adapt this checklist based on the specific type of real estate investment and local regulations. Conducting a comprehensive due diligence process can significantly contribute to the success and sustainability of your real estate investment.