

## DUE DILIGENCE SCOPE OF SERVICES – INVESTMENT PROPERTIES

CATEGORY	SERVICES
<b>TITLE/ ZONING</b>	<ul style="list-style-type: none"> <li>• Review and summarize the preliminary title report and all underlying documents.</li> <li>• Review and summarize all Seller-provided documents affecting title such as Association documents, REA's and/ or construction, maintenance &amp; operating agreements.</li> <li>• Submit a formal title objection letter to title officer and Seller.</li> <li>• Negotiate a proforma title policy satisfactory to Buyer, lender and counsel</li> <li>• If required, obtain competitive bids for title and escrow services.</li> <li>• Obtain proposal for an updated ALTA survey. If required, obtain competitive proposals and commission a new or updated ALTA survey with qualified civil engineer.</li> <li>• Provide assistance with implementation of actions necessary to address title issues.</li> <li>• Obtain a zoning compliance letter from the City and/or County.</li> <li>• Obtain CofOs, permits, violation history, etc. as may be required.</li> <li>• Obtain zoning report from PZR, ZIS or other qualified zoning group.</li> </ul>
<b>FINANCIAL/ OPERATIONS</b>	<ul style="list-style-type: none"> <li>• Maintain an ongoing budget of the due diligence process and submit regular updates to client.</li> <li>• Review and summarize prior year(s) operating reports.</li> <li>• Review CAM reconciliation and tenant reimbursements.</li> <li>• Confirm Seller's compliance with the capital expense schedule as may be presented in the operating statements.</li> <li>• Prepare a schedule of vendor contracts.</li> <li>• Reconcile contract amounts with operating statements.</li> <li>• Obtain prior years' tax bills. Provide detailed calculation of post-acquisition tax liability and work with tax consulting groups such as Deloitte.</li> <li>• Prepare schedule of security deposits.</li> <li>• Prepare schedule of leasing commission and tenant improvement obligations.</li> <li>• Coordinate the flow of information – CapEx items, lease discrepancies, etc, - to update the ARGUS discounted cash flow analysis throughout the due diligence process.</li> <li>• Coordinate and review closing prorations.</li> </ul>

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**TENANT**

- Audit and abstract leases.
- Compare lease data to seller-provided rent rolls.
- Create new tenant files as needed.
- Review A/R report.
- Conduct tenant interviews.
- Provide summary memo on all tenant issues.
- Coordinate and monitor estoppel process.
- Monitor and summarize in-progress leasing status.

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**PHYSICAL/  
STRUCTURAL**

- Commission new or updated physical review(s) by qualified consultant(s) to address a specific scope of issues including municipal code compliance, ADA, elevator systems, geotechnical, fire/life safety compliance, roof, HVAC, MPE, and other major building systems.
- Commission new or updated PML report and seismic review.
- Walk entire project and review all systems with building engineer and/or property manager.
- Obtain both written and verbal history of the building's operating systems from property files and building staff.
- Commission building measurement by qualified architect or consultant as required.
- Research financial implications of findings.
- Provide detailed capital expense schedule for the hold period and incorporate into financial underwriting.

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**ENVIRONMENTAL**

- Review seller provided environmental reports.
- Obtain competitive proposals and commission new or updated Phase I studies.
- Review draft reports and provide summary and recommendations.
- Coordinate additional work as indicated (Phase II, O&M plans for asbestos, mold, etc.)

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**MARKET:**

- Working with brokers to provide detailed sales and lease comps.
  - Identify market and qualify & quantify sub-markets.
  - Establish 6-10 building/project competitive set.
  - Identify vacancy rate.
  - Identify significant tenancies in the market.
  - Identify planned and under construction competitive projects.
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**ESCROW AND  
TRANSACTION  
MANAGEMENT**

- Act as point of contact for escrow and title officers, lender, financial partner(s), mortgage brokers, seller, brokers and attorneys coordinating flow of all deal-related data.
  - Establish electronic war room for information sharing, file transfer, burning CD/DVDs and circulating time sensitive information.
  - Monitor critical dates – title objection letter due date, contingency period expiration and closing. Monitor actions required (is silence deemed approval, etc).
  - Coordinate and review closing prorations.
  - Assist with property transition – utility changeover, etc.
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