

BUYER CHECKLIST



**GUIDE TO
PURCHASING
MULTIFAMILY
REAL ESTATE**

PROPERTY ADDRESS:

DATE:

ENLIST A BROKER (OPTIONAL)

Connect with a broker/agent to discuss your objectives. Your broker/agent will help find properties that meet your needs based on the parameters you give them. Citypoint brokers/agents have access to a wide array of on market and off market properties, giving you a big advantage at finding the right investment.

DETERMINE YOUR FINANCING OPTIONS

One of the first steps in purchasing your next investment property is securing a financing commitment. A broker/agent can put you in contact with an array of lenders. Some financing options are:

- Cash
- Commercial Financing - Apply at citypoint.com/financing/
- Conventional Financing
- Private Debt
- Agency Debt
- Other

BROWSE AND ANALYZE PROPERTIES

Once you and your broker/agent have reviewed prospective properties, work with your broker/agent to review if those investments are right for you. Pay close attention to:

- General Condition** - Plays an important role when determining approx. yearly maintenance cost.
- Rent Roll** - Current rent vs market rent & current lease expirations (important when trying to increase rents).
- Expenses*** - Try to obtain a rough understanding of what the expenses will be (confirm in DD later).
- Rental Comps** - Are you planning to increase rents? Will the increases be achievable?
- Sales Comps** - Does the list price or purchase price make sense compared to other available properties?
- Market Report** - What are the market trends in the area you are exploring?

*Remember, many preliminary numbers for expenses can be estimates provided by landlords and or listing agents. It is important to verify ALL information before closing. Most sellers will allow plenty of time for a buyer to complete due diligence during the contract process.

VISIT THE PROPERTY BEFORE MAKING AN OFFER

While not required, we highly encourage visiting a property prior to offer submission. Many times the listing photos might not paint the full picture of the property condition and it's surroundings. Things to pay attention to during a site visit are:

- Exterior Condition**
- Interior Condition** - Units and common areas.
- Mechanical Room**
- Surrounding Area** - Drive around the neighborhood.

MAKE AN OFFER

If you are ready to make an offer your broker/agent will guide you on completing an offer package. You can also use Citypoint's instant offer submission available for any Citypoint listing. Inputs required by you will be:

- Offer Amount**
- Earnest Money Amount**
- Financing Type**
- Inspection & Due Diligence Period**
- Any Other Contingencies Requested**
- Desired Closing Date**

OFFER ACCEPTANCE AND CONTRACT PROCESS

If the parties come together, and a contract is executed, the transaction process begins. It is highly encouraged to hire a real estate attorney to help guide you through this process. During this time you will also be able to conduct **Due Diligence** on the property. Important items to complete are:

- Attorney Review** - Your attorney will review the signed contract and flag any items of concern.
- Inspection** - Hire a licensed professional home inspector to complete a property inspection.
- Review Leases and Lease Expirations** - Are they MTM/annual, do they have late fee provisions, etc?
- Review Utility Expenses** - Request copies of Electric, Gas, Water, Sewer, Garbage, Snow/Lawncare bills.
- Review Maintenance Expenses** - Many times landlords omit maintenance expenses in their P/Ls.
- Appraisal** - (Optional for cash purchases). Your lender will order an appraisal on the property.
- Insurance** - Receive multiple quotes from multiple vendors.
- Property Management** - (Optional) Receive quotes from property management companies.

This is a simplified list, your attorney will help you review a much broader scope of due diligence items. Some other items that may be applicable are: Environmental Reports (sometimes required by lenders), T12's, Tenant Interviews, CAPX Review, Past Insurance Claims (if any), Proof of Rent Payments, Local Ordinances, and more.

PREPARE FOR CLOSING

Once your due diligence is complete AND when your financing is ready, it's time for the parties to schedule a closing date with the title company. Here are items to obtain prior to closing.

- **Copy of Insurance Binder**- Your lender will require this.
- **Tenant Directory** - If not already provided, obtain a full list of tenants and their contact details.
- **Change in Ownership Letter** - Drafted and mailed, post closing, to tenants by your attorney.
- **Coordinate Utility Transfer**- Obtaining utility account numbers from the seller is important.
- **Prepare Closing Funds** - Your attorney or the title company will provide you with funding instructions.

POST CLOSING

Congratulations! You have now acquired a new investment property. However, the work is not over. Here are items to complete post closing:

- **Property Management** - Notify your management company.
- **Utility Transfer** - Finalize the utility transfer. Will your management company be handling utility payments?
- **Profit** - Congratulations on your purchase, hopefully you will be awarded lucrative profits and will be ready to buy another property soon. We wish you success on your journey, and if ever needed, we are here to help.

This checklist is intended to be used as a guide and is by no means considered an all inclusive list. Real estate investing is not an easy endeavor and many investors have different levels of expertise, financial levels, and risk tolerances.

Always consult professionals that are experts in their specific fields.

Professionals that can help guide you on your investment journey are, but not limited to:

Agents / Brokers

Attorneys

Accountants

Inspectors

Lenders

Surveyors

Appraisers

Property Management Companies

Other Investors