**DUE DILIGENCE REQUEST INFORMATION CHECKLIST**

**Applies to Real Estate Transactions as well as Supplemental Information to Due Diligence Information**

**Property Information:**

Last three (3) years property tax returns (if available)

YTD Financials

Current Rent Roll (if applicable)

Copy of Leases (if applicable)

Color Photos of Property

City/Local Area Information

Copy of Old Appraisals (if available)

Copy of New Appraisals (if available)

Phase I Report (if available)

ALTA Survey (if available)

**Borrower(s) Information:**

Last three (3) years personal tax returns

Personal Financial Statements

Credit Authorization/Credit Report

Resume/Background Summary

**General Information:**

Copy of Purchase Contract (if applicable)

Detailed Construction Budget (if applicable)

Corporate Entity Information (if applicable)

**DUE DILIGENCE**

**DISCLAIMER**

**The documentation of any ESOP transaction, refinancing or purchase of a business will not necessarily vary depending upon the circumstances. Accordingly, the sample documentation section will not be suitable for any particular transaction without review and modification of all the facts and circumstances affecting that particular transaction, including the effective laws and regulations and recent developments in the law.**

**These sample documents are for purposes of illustration only. They should never be without review by the investment advisor and legal counsel representing the company or individuals involved.**

**CHECKLIST**

1. Corporate Organization
   1. Articles of Incorporation
   2. Bylaws
   3. Recent Changes in Corporate Structure
   4. Shareholder List
      1. Show Number of Outstanding Shares and Percent Owned
      2. Stock Option or Share Appreciation Rights Plans
      3. Warrants Issued with Exercising Pricing and Date
   5. Parent, Subsidiaries and Affiliates
   6. Shareholder’s Agreements
   7. Minutes of the Board of Directors
   8. Copies of All Corporate Governance Policies, Procedures and Employee Notifications
   9. Copies of ALL Fund Raising Documents and Registration Statements or Exemption FIlings
2. Business Information
   1. Product Offering
   2. Depreciation Method(s) per Asset Category
   3. Patents
   4. Management Information Systems
3. Marketing
   1. Pricing Strategy
   2. Patents Held
   3. Distribution Channels
   4. Promotion Tactics
   5. Customer Base
      1. Top Ten (10) Customers By Product Line – Showing Volume
      2. Market Share By Product Line
4. Business Plan
   1. Most Recent Five Year Business Plan
   2. Prior Business Plan
5. Financial Statements
   1. Five (5) Years of Historical Audited Statements (if available if not, then unaudited)
      1. Income Statement
      2. Balance Sheet
      3. Cash Flow Statement – sometimes called Funds Statement
      4. Change in Equity Statement
   2. Year-to-Date Internally Generated Monthly Statements
   3. Most Recent Five (5) Year Projections
   4. Monthly Sales Projections Taking Seasonality into Account
6. Tax Status
   1. Historical Tax Rate
   2. Net Operating Losses
7. Operating Data
   1. Accounts Receivable
      1. Turnover or Days
      2. Aging
      3. Control and Credit Policy
      4. Seasonality
      5. Amount Factored and Terms
   2. Inventory
      1. Turnover or Days
      2. Obsolescence Policy
      3. Sources of Supply
      4. Valuation Method
      5. Amount of Inventory Financed and Terms
   3. Sales Backlog
      1. By Product Line
      2. Five (5) Year History
      3. Current
      4. Seasonal Issues
8. Contracts
   1. List Major Contracts by Product Line
   2. Terms
9. Capital Expenditures
   1. Last Five (5) Years
   2. Five (5) Year Gross Projection
   3. Detailed Priority List With As Much Analysis as Possible
10. Equipment
    1. List
    2. Age
    3. Appraisal
       1. Orderly Liquidation
       2. Replacement Value
11. Debt and Leases
    1. Lender
    2. Terms
    3. Interest Rate
    4. Payment Schedule
12. Litigation
    1. Current
       1. Description
       2. Potential Damages
    2. Potential
       1. Description
       2. Potential Damages
13. Property
    1. Description
    2. Recent Acquisitions or Spin-Offs
    3. Expansion Plans
14. Insurance
    1. Property
    2. Liability
    3. Workman’s Compensation
    4. Other – List All
15. Competition
    1. By Product Line
       1. Name, Address and Phone Number
       2. Size of Overall Company
       3. Size of the Business unit that is the Competitor
       4. Market Share
       5. Competitive Advantages and Disadvantages
    2. Trade Publications
       1. Name, Address and Phone Numbers
16. Management
    1. Organizational Chart
    2. Resumes
    3. Ownership Interest
    4. Compensation and Contracts
    5. Performance Evaluation Criteria
    6. Profit or Gain Sharing Policies
17. Employee Relations
    1. Unions
       1. Name of Union
       2. Name of Local President, Address and Phone Number
       3. Copy of Contract
       4. Date of Last Election of Officers
       5. Date of Last Contract Ratification
       6. Term of Contract
    2. Number of Employees by Job Category
    3. Wage Rates
    4. Benefits
    5. Profit or Gain Sharing Policies
18. Pension Plans
    1. Funding Status
    2. Balance Sheet Treatment
    3. Ten (10) Year Projected Cash Expense
19. Retiree Medical Benefits Liabilities
    1. Funding Status
    2. Balance Sheet Treatment
    3. Ten (10) Year Projected Cash Expense
20. Environmental Liabilities
    1. Description
    2. Phase One Studies
    3. Phase Two Studies
    4. Five (5) Year Projected Remediation Cost
    5. Five (5) Year Projected Compliance Cost
21. Last Corporate Transactions
    1. Description of Each
    2. Purchase and Sale Agreement of Each