

The Due Diligence Checklist

What to verify before you ever wire earnest money

From Addicted to ROI — addictedtoroi.com. Education, not financial or legal advice.

Print this. Work it top to bottom on every deal. The goal is to find the reason to walk away *before* the money is hard.

1. The numbers (do this first)

- Re-run the deal in the Deal Analysis Calculator with conservative rent
- Verify market rent with 3+ comparable active listings, not the seller's number
- Confirm property taxes AFTER reassessment at your purchase price (not the seller's frozen amount)
- Get a real insurance quote for this specific address and roof age
- Budget vacancy (5%+), maintenance (8%+), and CapEx reserve separately
- Confirm cash-on-cash and cap rate still clear your buy box with the verified numbers

2. The property

- Full inspection by a licensed inspector
- Scope the sewer line (camera) on anything older than ~1980
- Roof age and remaining life, in writing
- HVAC age, type, and last service
- Foundation, grading, and signs of water intrusion
- Electrical panel (no Federal Pacific / Zinsco), confirmed amperage
- Test for the expensive surprises: radon, mold, lead, asbestos where age warrants

3. The money / title

- Lender pre-approval and locked terms in writing
- Preliminary title report reviewed for liens and easements
- Survey if boundaries or encroachments are unclear
- Confirm flood zone and required flood insurance
- Earnest money held by a neutral, reputable escrow / title company

4. The tenants & income (if occupied)

- Estoppel certificates signed by every tenant
- Actual leases reviewed (term, rent, deposit, who pays utilities)

- Rent roll matched against bank deposits, not just a spreadsheet
- Security deposits accounted for and transferring at closing

5. The location

- Drive the street at night and on a weekend
- Check crime, school ratings, and days-on-market trends
- Confirm zoning and any short-term-rental / occupancy rules
- Look for the deal-killer next door (deferred maintenance, for-sale signs everywhere)

6. The exit

- You can name two ways out before you buy (refinance, sell, rent long vs. short)
 - Comparable sales support your future value, not just your purchase price
-

If anything here makes your stomach drop, that is the checklist working. Half of investing well is the deal you walk away from.