

## PROPERTY DEFECTS DUE DILIGENCE CHECKLIST WHEN REPRESENTING BUYERS

This checklist includes due diligence activities related to property defects that real estate professionals should undertake when representing buyers. It is not an exhaustive list. Due diligence activities that need to be performed in relation to a potential or actual real estate transaction may vary. Real estate professionals should ensure they document in writing all due diligence activities they perform, including situational details, such as the date, time, manner and where the activity was performed.

PROPERTY DEFECTS DUE DILIGENCE CHECKLIST WHEN REPRESENTING BUYERS	Done
<b>Educate buyer about building and environmental evaluations</b> <ul style="list-style-type: none"> <li>• Supply buyer with information regarding:               <ul style="list-style-type: none"> <li>– Property inspections and/or specialized building system inspections</li> <li>– Environmental site assessments</li> <li>– Environmental impact assessments</li> </ul> </li> </ul>	<input type="checkbox"/> <input type="checkbox"/>
<b>Include favourable conditions for buyer in purchase contract</b> <ul style="list-style-type: none"> <li>• Discuss with buyer inclusion of applicable building/environmental evaluation condition in purchase contract</li> </ul> If asked by buyer to recommend building/environmental expert: <ul style="list-style-type: none"> <li>• Provide names of several qualified individuals</li> </ul> If remuneration or other compensation is received from expert for making referral: <ul style="list-style-type: none"> <li>• Make written disclosure to buyer</li> <li>• Obtain buyer's informed consent before proceeding</li> </ul> If issue is identified through building/environmental evaluation: <ul style="list-style-type: none"> <li>• Determine if the buyer does not want to proceed with the real estate trade or wants to renegotiate the purchase contract</li> </ul> If buyer decides to renegotiate purchase contract: <ul style="list-style-type: none"> <li>• Determine if the buyer wants to be responsible for remedying the identified issues or if he/she wants the seller to be responsible for remedying the identified issues</li> <li>• Advise buyer of advantages/disadvantages of each option</li> </ul>	<input type="checkbox"/> <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/> <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/> <input type="checkbox"/>
<b>Inquire if any material latent defects exist</b> If material latent defects do exist: <ul style="list-style-type: none"> <li>• Obtain further information and supporting documentation regarding:               <ul style="list-style-type: none"> <li>– Nature of defects</li> <li>– How defects were discovered</li> <li>– When defects were discovered</li> <li>– Remedial measures taken</li> <li>– Remedial measures not yet taken</li> </ul> </li> <li>• Convey all information and supporting documentation to buyer</li> <li>• Assist buyer understand information and supporting documentation</li> </ul> <div style="text-align: right;"><i>Continued on next page</i></div>	<input type="checkbox"/>  <input type="checkbox"/>    <input type="checkbox"/> <input type="checkbox"/>

**PROPERTY DEFECTS DUE DILIGENCE CHECKLIST  
WHEN REPRESENTING BUYERS**

<b>Inquire if any remedied material latent defects exist</b>	<input type="checkbox"/>
If remedied material latent defects do exist:	
• Obtain further information and supporting documentation regarding:	<input type="checkbox"/>
– Nature of defects	
– How defects were discovered	
– When defects were discovered	
– Remedial measures taken	
– Remedial measures not yet taken	
• Convey all information and supporting documentation to buyer	<input type="checkbox"/>
• Assist buyer understand information and supporting documentation	<input type="checkbox"/>
If seller and his/her real estate professional decline to provide information and supporting documentation:	
• Advise buyer doctrine of caveat emptor applies	<input type="checkbox"/>