

## MATTERS TO BE CHECKED BY CMU

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Before the agreement has been executed and the sale is closed, the buyer should investigate the following:

1. Purchasing should check the boundaries of the covered property and have a survey made, if needed.
2. If a survey is made, have the surveyor indicate whether or not there are encroachments.
3. Development will ascertain the terms of any mortgage on the donated property, and obtain from the mortgagee a statement of the unpaid balance of the mortgage debt plus interest and any other charges up to date for the closing. Does the mortgage contain a clause providing that on the sale of the property the mortgage debt becomes due and payable?
4. If payments made by the mortgagee include expenditures for taxes, insurance premiums, and so on, General Counsel shall obtain from the mortgagee a statement of the accruals in such accounts as of the closing date.
5. Development will check with persons in possession, and ascertain the rights to which they claim in the property. Also, check with the parties in possession as to what items attached to the premises they claim as their property.
6. If the property is rental property under lease, General Counsel or Purchasing shall obtain the lease, and examine it. General Counsel or Purchasing shall prepare a schedule showing the principal provisions of the leases, such as options either to renew the lease or to purchase the property, unexpired term of the lease, rent received, services to be rendered by the landlord, and all other related matters.
  - 6.a. General Counsel will prepare assignments of the security deposits and leases, notices to the tenants of the sale of the property, and notices to make future payments of rent to the buyer; have these assignments and notices signed by the seller on the closing date.
  - 6.b. If the property is an apartment house or office building or similar building supervised by a manager, or if the landlord-seller employs the staff which services the building, General Counsel will give notice should be given to the manager and other building employees terminating their service. If the buyer wishes to continue their service, new contracts of employment must be negotiated. A contract for personal services is not assignable.

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- 6.c. Rent adjustments should be computed as of the closing date.
7. General Counsel should investigate tax history and assessments and any adjustment of taxes and assessments should be computed as of the closing date.
8. Risk Management should check all insurance policies; if they are to be assigned, the consent of the insurer should be obtained. The adjustment of the premiums should be computed.
9. Purchasing shall inspect the building to ascertain whether or not any zoning or other ordinances are being violated.
10. Purchasing shall check the premises to ascertain if any building or used restrictions on the property are being violated.
11. Purchasing shall make arrangements to have all utility meters read (if the seller has furnished the utilities) and the account transferred to the name of the buyer. It is critical that all charges for water owed by seller be paid, as the water debt, if left unpaid, can become a lien against the property. If utilities are on a tax basis and charged against the property, the meters should be read on the closing date and the utility bills adjusted.
12. Purchasing shall inspect the premises immediately prior to closing the sale to make certain that no fixtures, shrubs, or chattels, which are to go with the property, have been removed.
13. If the seller is a corporation, the corporate records should be investigated by General Counsel to ascertain whether or not proper corporation action has been taken to authorize the sale, and to determine which officer or officers are authorized to execute the deed in the name of the corporation.