**MODEL DUE DILIGENCE CHECKLIST**

**Purpose:** This template is intended to assist the lender in gathering all information necessary for a robust credit analysis. Further, this model due diligence checklist suggests that the lender gather information that will allow the lender to identify opportunities to invest in “precovery,” measures that will reduce risk and increase positive outcomes.

While some lenders may choose to adopt this template wholesale, many lenders will adapt this template to fit their needs or just use it as a model as they revise their existing materials. It is likely that this Checklist will need to be augmented to include materials specific to a particular asset/project type or lending sector.

**User:** This template is intended to be used by a lender as part of its underwriting and approval process. The Checklist is designed to be used internally by the lending team and could be sent to a potential borrower.

**Instructions:** Applicants should provide the following reports, documentation, and information to the extent available. If something is not applicable, write “NA.” If an item is in process but not yet available, indicate the status and expected date.

This template is part of the **Model Due Diligence and Underwriting Toolkit** which also includes the **Credit Memo Template** and the **Project Intake, Analysis, and Optimization Workbook.**

More information and instructions for how best to use these tools, as well as best practices, data sources, resilience-building strategies, and other information are available on the **Resilient Community Development Finance Resource microsite**.

1. **General**
   * Completed loan application
2. **Project Description – as proposed by applicant**
3. **Property**
   * Project description/business plan, including market analysis
   * Environmental survey and/or assessments
     1. Any Phase I and II environmental site assessments
     2. Energy Audit
     3. Indoor air quality testing report
     4. Mold assessment
     5. Radon testing report
     6. Any other abatement reports, if available
   * Purchase contract, lease, or other site control documents
   * Existing conditions report from a licensed architect or engineer
   * System replacement schedule analysis
   * Appraisal will likely be required prior to going to credit committee or as a condition of closing
   * 3 years of utility bills
   * 3-year history of the property regarding power outages; damage from high winds, flooding, fire, smoke, and/or earthquake; contamination from pollution/toxins; etc.
4. **Community Conditions and Context**
   * List of key project stakeholders
   * Documentation of community engagement efforts related to the project (charrette, focus group, and/or other meeting minutes; survey results; outreach summary; etc.)
   * Documentation of community engagement in sustainability, hazard mitigation, climate resilience planning and/or policy development, if any
   * Results of community engagement, including any existing online public links to results, meeting notes, charrette suggestions, etc.
   * Identification and assessment of chronic stresses and acute shocks that could affect the project including likely incidence and severity
     1. [EPA’s Environmental Justice Screening and Mapping Tool (EJScreen)](https://www.policymap.com/)
     2. [Enterprise Portfolio Protect](https://www.enterprisecommunity.org/impact-areas/resilience/portfolio-protect) overall risk score index for potential damage from natural hazards or climate events, and individual risk scores for Social Vulnerability, Flooding Risk, Sea Level Rise Risk, Hurricane Risk, Wildfire Risk, Heat Wave Risk, Cold Wave Risk, Strong Winds Risk, Tornado Risk, Landslide Risk, Earthquake Risk, and Tsunami Risk
     3. [CDC Social Vulnerability Index](https://www.policymap.com/)
     4. Identification of acute shocks and chronic stresses and community risk inventory
   * Identification of community assets, services, and characteristics that could support the project, the borrower, and/or beneficiaries
   * Regulatory ecosystem analysis:
     + Zoning
     + Building codes
     + Renewable Portfolio Standard or other legal structures affecting energy policy
   * Comparison of local codes and regulations to model codes/best practices
5. **Proforma**
   * Project budget, including construction (schedule of values or equivalent), soft, acquisition, and other key costs
   * Sources and uses of funds during construction and permanent phases
   * Letters of intent (LOIs) for any sources of funds cited in cash flow and income assumptions ο Itemized description of any funds spent to date
   * Monthly operating cash flow projections for 1st year of operations, and annual projections for next 4 years
   * Projected cost savings due to resilience investments built into project or targeted for impact
6. **Leasing/Sales**
   * Rent roll (projected or existing)
   * If rental property, copies of all leases and/or LOIs, verifying terms assumed in cash flow projections
   * For any anchor tenant, description of company and financial statements (3 years)
   * If for-sale, copies of all pre-sale agreements/LOIs
7. **Design and Construction**

* Site plan, renderings, and schematics
* Comparison of project design and specifications against market standards
* Comparison of project design and specifications against best practice performance standards such as Net Zero, Passive House, Enterprise green Communities, etc.
* Overall project schedule, clearly showing key milestones
* Any historic applications and approvals, if applicable
* Description of architect (including AIA B431 qualification statement and relevant experience) ο Description of general contractor (including AIA A305 qualification statement and relevant experience)
* GC Financials (if not included with the AIA form A305):
  + Financials for last 3 years and YTD
  + Profitability/progress report, showing current open projects, status, projected profit, billings progress, what is paid, last month’s billings, and projected monthly billings for next 12 months, percentage complete
  + Current AR and AP aging report
  + Backlog/pipeline report
  + List of any key contractors outside of GC, and the role they will serve on project
  + Copy of GC contract on AIA form, if available (not necessary until closing) ο
  + Copy of any contracts outside the GC contract, if applicable (not necessary until closing)

1. **Ownership and Management**
   * Organization chart of owners showing percentage of ownership in project
   * Resumes or biographical information of key individuals
   * Corporate documents of project sponsor/owner (articles of organization/incorporation, operating agreements, bylaws, etc.)
   * Financial statements of sponsor/owner (3 years historic, current YTD, and projections)
   * Tax returns of sponsor/owner (3 years historic)
   * Personal financial statements of guarantors (3 years historic and current YTD)
   * Credit reports for key individuals and entities
   * Documentation of important credentials, licenses, or other evidence of capacity
   * Agreement or LOI with property manager, if available (not necessary until closing)
   * Succession plan
   * Emergency preparedness and continuity plan
   * Cybersecurity plan/systems
   * Key person insurance
   * Business interruption, parametric, floor, and/or other insurance