

LEGAL DUE DILIGENCE CHECKLIST

Editor's Comments: This Legal Due Diligence Checklist sets out due diligence inquiries that are generally recommended in connection with the purchase or financing of commercial real estate. Based on the type of transaction, some of these inquiries may not be required. Most of these searches are conducted by lawyers and many may be conducted online. Nevertheless, it may save some time and transaction costs for the parties to be aware of the required searches and anticipate tasks in the due diligence process.

Many of the searches require the payment of fees and/or the written consent from the party that is the subject of the search. The checklist indicates if such a consent is required. You should contact the appropriate governmental authority to determine the applicable fee, if any, that must accompany the search request.

THIS CHECKLIST IS NOT EXHAUSTIVE. THERE MAY BE SPECIALIZED INDUSTRY SEARCHES THAT ARE REQUIRED FOR A PARTICULAR TRANSACTION. YOU SHOULD SEEK GUIDANCE FROM YOUR PROFESSIONAL ADVISORS IN THIS REGARD.

Company:	
Re:	
Civic Address of Property	
Legal Description of Property:	
Beneficial Owner (if different from Registered Owner):	

BRITISH COLUMBIA PROPERTY RELATED SEARCHES:

Search		Consent Required	Estimated Time	Conduct Search (<input type="checkbox"/> or <input checked="" type="checkbox"/>)
1.	<p>Land Title Office</p> <p>Will you require a title report summarizing charges on title? Yes / No</p> <p>[To determine the Registered Owner, and list the encumbrances and charges registered against the Property]</p>	No	1 – 2 days	<input type="checkbox"/>

Search		Consent Required	Estimated Time	Conduct Search (<input type="checkbox"/> or <input checked="" type="checkbox"/>)
2.	Heritage Site Registry [To determine if the Property is a “Protected Site” or entered on the Heritage Register which could affect development potential]	No	3 – 15 days	<input type="checkbox"/>
3.	Municipal or Regional Zoning and Land Use Search Municipality / Regional District: _____ [To determine the various zoning and development issues relevant to the Property]	No	2 – 3 weeks	<input type="checkbox"/>
4.	Business Licensing Municipality / Regional District: _____ [To determine if there is a business license in good standing concerning the business operations on the Property]	may be required	2 – 3 weeks	<input type="checkbox"/>
5.	Municipal or Regional Fire Marshall Municipality / Regional District: _____ [To determine the results of the latest inspection and/or if there are any outstanding orders]	may be required	2 – 3 weeks	<input type="checkbox"/>
6.	Municipal or Regional Health Department Municipality / Regional District: _____ [To determine the results of the latest inspection and/or if there are any outstanding orders]	may be required	2 – 3 weeks	<input type="checkbox"/>
7.	Property Tax Municipality / Regional District: _____ [To determine the assessed value of the Property, any arrears for unpaid taxes and utilities and the current year’s taxes and utilities]	No	2 – 3 weeks	<input type="checkbox"/>

Search		Consent Required	Estimated Time	Conduct Search (<input type="checkbox"/> or <input checked="" type="checkbox"/>)
8.	<p>Waste Management Act - Environmental Site Registry Search (Site Profile)</p> <p>Neighbouring Properties: _____</p> <p>[To determine if the Property has been determined to be contaminated, has been entered into the Registry and, if so, to obtain the Site Profile detailing, among other things, the environmental history of the Property]</p>	No	1 – 2 days	<input type="checkbox"/>
9.	<p>BC Safety Engineering Services</p> <p>(a) Boiler and Pressure Vessel Branch</p> <p>(b) Elevating Devices Branch</p> <p>(c) Electrical Safety Branch</p> <p>(d) Gas Safety Branch</p> <p>[To determine if any work orders affecting the Property have been issued or remain outstanding]</p>	<p>No</p> <p>Yes</p> <p>No</p> <p>No</p> <p>Authorization required for all if on site inspection is required</p>	<p>1 week</p> <p>varies</p> <p>varies</p> <p>1 month</p>	<p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p>
10.	<p>Land and Water British Columbia Inc. (formerly BC Assets and Land Corp.) – Leases, Licenses, Water Lots, Permits, Statutory Rights of Way</p> <p>[To determine the details of a party’s tenure in connection with a water lot under Provincial jurisdiction]</p>	No	2 weeks	<input type="checkbox"/>
11.	<p>Federal Water Lot Leases and Licenses</p> <p>(a) Vancouver Port Authority</p> <p>(b) North Fraser Port Authority</p> <p>(c) Victoria and Esquimalt – Transport Canada, Programs Branch</p> <p>(d) Nanaimo and Port Alberni Port Authority</p> <p>[To determine the details of a party’s tenure in connection with a water lot under Federal jurisdiction]</p>	Yes	varies	<input type="checkbox"/>

BRITISH COLUMBIA SEARCHES:

	Search	Authorization Required (Y/N)	Estimated Time	Conduct Search (<input type="checkbox"/> or <input checked="" type="checkbox"/>)
12.	Registrar of Companies – Company Search (also could search Extraprovincial Company, Society, Cooperative, Partnership, Limited Partnership or Trade Name) [To determine the corporate registry and incorporation details of a company, including its directors and officers]	No	1 – 2 days	<input type="checkbox"/>
13.	Out of Province or Federal Corporate Searches Province(s): _____ [To determine corporate registry information of a company that was incorporated outside of BC]	Maybe	varies	<input type="checkbox"/>
14.	British Columbia Personal Property Registry Search Search Criteria: _____ [To determine the extent of any security interests, liens and other encumbrances filed under provincial legislation against the company’s assets]	No	1 – 2 days	<input type="checkbox"/>
15.	BC Employment Standards Branch [To determine whether the company owes unpaid wages or other pay to employees that could be enforced by way of lien against the Property]	Yes	3 - 5 days	<input type="checkbox"/>
16.	BC Labour Relations Board [To determine whether the company’s workplace is unionized, the name of the union certified as the bargaining agent, and whether the company is involved in a dispute before the Board]	No	1 day	<input type="checkbox"/>

Search		Authorization Required (Y/N)	Estimated Time	Conduct Search (<input type="checkbox"/> or <input checked="" type="checkbox"/>)
17.	<p>Social Services Tax</p> <p>[To determine whether the company has paid all taxes owing under the <i>Social Services Tax Act</i>, which could, if unpaid, result in liens against the Property]</p>	Yes (Government Form required)	1 – 2 weeks	<input type="checkbox"/>
18.	<p>Workers' Compensation Board</p> <p>(a) Assessment Branch</p> <p>[To ensure that there are no outstanding remittances owed to WCB, which could, if unpaid, result in liens attaching to property used in the subject business]</p> <p>(b) Prevention Branch</p> <p>[To ensure that the company is not in violation of occupational health and safety regulations and that no penalties have been assessed against it]</p>	Yes (but only if searching a sole proprietor)	2 – 3 days	<input type="checkbox"/> <input type="checkbox"/>
19.	<p>Court Registry Search (Supreme Court, Court of Appeal, Provincial Court, Small Claims)</p> <p>Court Registries: _____ (must indicate which Court Registries are to be searched, i.e. Vancouver, Victoria, New Westminster)</p> <p>Out of Province Jurisdictions: _____</p> <p>[To determine the details, if any, of any commenced or pending lawsuits that may affect the transferability of the Property or the financial health of a company]</p>	No	1 weeks	<input type="checkbox"/>
20.	<p>Court Bailiff Search</p> <p>Regions: _____ (must specify search areas by region)</p> <p>[To determine whether there are any outstanding writs of execution against the company that may impede it from transferring good title to its assets or shares]</p>	No	2 – 3 days	<input type="checkbox"/>

FEDERAL SEARCHES:

	Search	Authorization Required (Y/N)	Estimated Time	Conduct Search (<input type="checkbox"/> or <input checked="" type="checkbox"/>)
21.	<p>Canada Revenue Services:</p> <p>(a) Corporate Tax Assessment</p> <p>[To determine if the company has filed income tax returns on time and paid assessed corporate taxes. Failure to remit could result in liens against the Property]</p> <p>(b) Source Deduction</p> <p>[To determine whether to company is current in withholding and remitting employee source deductions under applicable legislation. Failure to remit could result in liens being the Property]</p> <p>(c) GST remittances under Excise Tax Act</p> <p>[To determine whether the company has remitted all taxes, interest and penalties for GST and excise tax. Failure to remit could result in liens against the Property]</p>	<p>Yes</p> <p>Business Numbers are required for each.</p> <p>Search results are sent to taxpayer.</p>	up to 4 weeks	<p><input type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input type="checkbox"/></p>
22.	<p>Bank of Canada – Bank Act Security Registry (Section 427 Security)</p> <p>[To determine whether a notice of intention to take security under s.427 of the <i>Bank Act</i> has been filed against the company]</p>	No	3 – 4 days	<input type="checkbox"/>
23.	<p>Bankruptcy Search – Office of the Superintendent of Bankruptcy</p> <p>[To determine whether the company has a bankruptcy record]</p>	No	1 – 2 days	<input type="checkbox"/>
24.	<p>Canada Labour Code & Canada Industrial Relations Board</p> <p>[To determine, for a company under federal jurisdiction, whether the company’s workplace is unionized, the name of the union certified as the bargaining agent, and whether the company is involved in a dispute before the Board]</p>	No	3 weeks	<input type="checkbox"/>

CORPORATE DOCUMENTS:

Search		Authorization Required (Y/N)	Estimated Time	Conduct Search (<input type="checkbox"/> or <input checked="" type="checkbox"/>)
25.	Corporate Records Office and Minute Book Review [In the case of a nominee title holder, to determine the structure and capitalization of the Nominee]	Yes	N/A	<input type="checkbox"/>
26.	Material Agreement Review List of Agreements: _____ [To determine the company's contractual agreements related to the Property]	Yes (if documents are not public)	N/A	<input type="checkbox"/>