ACQUISITION FIELD TOOL

Multifamily underwriting checklist

A stage-gated review tool for acquisition teams, from initial screen through investment committee readiness.

Deal / property		Prepared by	
Review date		Version	

1. Initial screen

Kill weak fits quickly, but record the reason so the funnel can be reviewed.

- [ ] Confirm geography, asset type, unit count, vintage, strategy, and hold period fit the written mandate.
- [ ] Record guidance price, price per unit, going-in yield, broker, bid date, and expected process.
- [ ] Identify any hard gate involving title, zoning, environmental condition, insurance, physical condition, or ownership.
- [ ] Separate a failed criterion from a fact that is still missing.
- [ ] Name the two or three variables most likely to change the initial decision.

2. Source packet

Keep the original source and its date. Never replace source labels in place.

- [ ] Inventory the OM, current rent roll, T12, general ledger detail, tax bills, insurance, debt terms, surveys, and capital records.
- [ ] Record the as-of date, reporting period, accounting basis, and property scope for every source.
- [ ] Create an exception list for missing, stale, inconsistent, or unreadable documents.
- [ ] Assign an owner and due date to each material source gap.

Decision gate	Proceed only if the deal fits the mandate and the available evidence is sufficient for a credible first-pass model.

3. Rent roll and revenue

- [ ] Reconcile rent roll rows to the stated unit count and unit mix.
- [ ] Confirm the rent roll as-of date and standardize lease status, lease dates, unit type, square footage, and rent period.
- [ ] Flag duplicate units, employee units, models, down units, month-to-month leases, and missing lease dates.
- [ ] Compare in-place rent by unit type and lease cohort with signed new leases, renewals, and relevant market evidence.
- [ ] Bridge gross potential rent to effective rental income through vacancy, concessions, bad debt, and loss-to-lease.
- [ ] Reconcile point-in-time scheduled rent with T12 collections and explain timing differences.
- [ ] Avoid counting utility, amenity, parking, and other income twice across documents.

4. Historical operations

- [ ] Confirm twelve consecutive months and recalculate annual totals from monthly detail.
- [ ] Map seller accounts into a separate normalized chart without erasing original labels.
- [ ] Investigate missing months, abrupt step-changes, negative values, reclasses, refunds, and unusually round entries.
- [ ] Separate recurring operations, one-time items, capital expenditures, debt service, and owner-specific costs.
- [ ] Show reported NOI, normalized NOI, and underwritten NOI as distinct figures with a visible bridge.

5. Market and business plan

- [ ] Define the competitive set by location, vintage, quality, unit type, renovation level, and tenant profile.
- [ ] Use effective rent where concessions are material and note the date of every comparable.
- [ ] Connect each rent premium to scope, cost, downtime, lease timing, and achieved evidence.
- [ ] Test supply, absorption, employment concentration, taxes, insurance, and regulatory conditions.
- [ ] Sequence renovation, occupancy loss, lease-up, and expense changes on a realistic timeline.
- [ ] Identify who will execute each operating change and what evidence will show it is working.

6. Capital program

- [ ] Separate immediate life-safety and deferred-maintenance work from elective value-add scope.
- [ ] Support major line items with bids, historical projects, engineering, or a clearly labeled estimate.
- [ ] Include contingencies, permits, design, mobilization, common areas, and resident-impact costs where applicable.
- [ ] Tie the capital draw schedule to unit downtime and the operating projection.

Evidence rule	A business-plan assumption is not a source fact. Label the basis, timing, owner, and scenario for every material forward input.

7. Debt and capitalization

- [ ] Confirm loan amount, rate, index, spread, term, amortization, interest-only period, fees, reserves, and recourse.
- [ ] Test DSCR, debt yield, LTV, extension tests, cash management, and covenant definitions using lender terms.
- [ ] Model funding dates and interest accrual consistently with the sources and uses schedule.
- [ ] Run refinance capacity using a supportable future NOI, rate, amortization, and lender threshold.
- [ ] Show equity timing and any preferred return, promote, or waterfall mechanics consistently.

8. Valuation and returns

- [ ] Reconcile purchase price, closing costs, capex, financing costs, reserves, and working capital in sources and uses.
- [ ] State whether valuation uses current, normalized, year-one, or stabilized NOI.
- [ ] Support exit cap rate and disposition costs with current market evidence and downside cases.
- [ ] Recalculate levered and unlevered returns from dated cash flows and confirm sign conventions.
- [ ] Identify the assumptions that contribute most to value creation.

9. Sensitivities and decision readiness

- [ ] Run downside cases for occupancy, rent growth, concessions, operating expenses, renovation pace, interest rates, and exit cap rate.
- [ ] Show break-even occupancy, debt coverage, and basis where they matter to the strategy.
- [ ] Write each major risk as a trigger, impact, early indicator, and available response.
- [ ] Trace every material output to a source fact, calculation, or clearly labeled assumption.
- [ ] Confirm formulas, units, signs, periods, and scenario switches before circulation.
- [ ] List unresolved diligence with owner, deadline, and the result that would change the recommendation.
- [ ] State the exact decision requested and any approval conditions.

Recommendation

Conditions

Top unresolved item

Next action

Review standard	Completing the spreadsheet is not the same as resolving the investment question. Keep unknowns visible and make the decision conditional when evidence is incomplete.