

[Due Diligence 2017](#)

Updated on March 31, 2017 by *Annette Cooper*

Danger & Opportunity

The Chinese have two brush strokes that combine to form the word "Crisis". One stands for danger and one stands for opportunity.

I like this term because it illustrates the nature of some outstanding opportunities in this economic climate to purchase real estate; and those who can should take advantage of this "buying window".

There has never been a better time for an occupant to take advantage of the 90% leverage SBA loans and a great time for astute investors willing to take a prudent risk.

How to protect yourself when purchasing new real estate becomes a lot simpler after you put together a Due Diligence road map to assist you in accomplishing your real estate goals.

Due Diligence List

The following is a Due Diligence list to help you formulate your buying strategy:

- Know your market; Educate yourself; Loopnet and MLS; Review all your options; Drive the neighborhood and area.
- Make sure you understand the sales contract (every clause, don't just sign).
- Access your Buying Power, and know all your options – talk to a few lenders; get the best option. UNDERSTAND THE PRE-PAYMENT PENALTIES in your loan documents.
- Be present for the physical inspections – be there if possible to observe, report, and ask questions.

- Review the preliminary title report; go over each item; obtain microfiche detail of all exceptions, easements, etc.
- Review a copy of CC&Rs, association documents, all leases documents. Make sure you understand all options that run with the leases.
- Check closing papers for interest, bond and tax prorations.
- Verify size of site, the building and property boundaries.
- Check if property is in Alquist-Priolo area and/or Federal Floor Insurance map area. Make appropriate disclosures to Buyer and Seller. Provide a Natural Hazards Disclosure Report.
- Buyer to obtain a Phase I investigating the hazardous waste risk for all sites and of all buildings, if necessary.
- Check the deed for correct legal description of what property is being conveyed. Very important!
- Make sure the Liquidated Damages Clause are initialed and written in a bold type or on a separate sheet.
- Obtain environmental clearance, zoning verification, and General Plan compliance.
- Make sure you obtain Estoppels indicating the leases are in full force and effect, if applicable.

Buy and Wait

Don't hesitate to hire a qualified professional to lead your team!

Don't wait to buy real estate and buy; BUY REAL ESTATE AND WAIT.