



After Hurricane Irma- “due diligence” – more than mere words in a contract!

By: Carlos J. Reyes

After Hurricane Irma, many damaged properties will be purchased and sold, with the degree of liability to be negotiated between the parties. Parties routinely throw around references to conducting “due diligence” in residential and commercial real estate transactions without truly understanding the complexity of what that entails and means. Black’s Law Dictionary defines due diligence as “*such a measure of prudence, activity, or assiduity, as is properly to be expected from, and ordinarily exercised by, a reasonable and prudent man under the particular circumstances; not measured by any absolute standard, but depending on the relative facts of the special case.*” In practical real estate terms, due diligence amounts to investigations and examinations of critical components related to a real estate purchase to determine their condition and acceptability for purchase. These include reviewing and revealing the status of the property’s title, personal property conditions, land dimensions, building “wear & tear”, suitability for construction, environmental concerns, zoning, and more. A damaged property can be sold “as is” but that does not mean due diligence or other aspects are abandoned.

The purchase of a residence or commercial property is generally the largest and most significant purchase a buyer makes. It also involves the law of real property, which is unique and raises special issues of practice, and problems not present in other transactions. As a consequence, you need to know what you’re buying BEFORE you buy it. And that’s where due diligence is critical. Where the transaction involves a commercial piece of property, the scrutiny is heightened even further as additional questions come into play revolving around leases, tenants, estoppels, financing information, and more. This process continues throughout the transaction – through the actual closing – until you’re ready to send the client their recorded warranty deed and final title policy.

Most clients have no clue what the myriad of paperwork means, how it connects to one another other, and/or why you need it. But you can be assured that today, even in the information technology age, some basic tasks never go away. In a post-Hurricane Irma environment, conducting due diligence remains as critical as ever to the proper contracting and closing of each and every single real estate transaction.

About the Firm

Carlos J. Reyes



Carlos J. Reyes is the Founder and Managing Partner of RLG providing overall firm direction and management of the firm’s real estate development and transactional work (residential and commercial), investment practice areas, and business and litigation matters for clients. Mr. Reyes is AV-rated by Martindale Hubbell.