

# REAL ESTATE

July 2005

## THE REAL DEAL

### Real Estate News You Can Use

BY EVI COGLAN



### Doing the Due

Despite its title's similarity to a soft drink slogan, this month's column is not about quenching your

thirst. It's about due diligence and why it's essential to do it when you're buying – and especially when you're selling – a home.

Due diligence is the process of assembling all the key information, and the answers to all potential questions, that an educated buyer would need in order to make an informed purchase decision. For many if not most transactions, this goes way beyond what's included on the listing sheet and in the seller's disclosure forms.

Due diligence may include answering basic questions such as (but not limited to) the following:

1. *Are there wetlands on the property?* If so, how extensive are they and where are they located? This is important because wetlands can limit what a buyer will be able to do with your property, and therefore what he or she would be willing to pay for it.
2. *Is there a pool site?* If not, it could be a deal breaker for many of today's buyers.
3. *Is this property a teardown candidate?* (Something every builder in town will want to determine.)
4. *Where is the septic system located?* What's the size of the tank? This will be important to buyers who envision expanding the house.

Sometimes the questions are more complicated, requiring research at Town Hall or sometimes even contacting state or federal agencies. For example:

5. *Can this property be connected to the Westport sanitary sewer system?* If so,

what's involved and how much will it cost to do so? (Important for older houses whose septic systems may be near the end of their expected life.)

6. *What size house could be built on this property if the existing dwelling was torn down?* (The key criteria for determining builder interest.)

7. *(If the property is at the beach or in another flood plain area) – Is it in compliance with FEMA regulations?* If not, what is the maximum dollar value of improvements that can be made before the property would be required to be put into compliance?

The due diligence process ultimately answers the most important question of all, which is "Is the property priced fairly?"

In most cases, the task of "doing the due" falls to the buyer and his or her agent. Depending on the level of effort and investigative skills of these individuals, the results of this process can vary from (1) accurate and complete – which hopefully it is most of the time – to (2) incorrect, misunderstood and/or missing key information. The second of these scenarios could cause an earnest buyer to walk away from a great opportunity. Or it could result in a misguided purchase that is later regretted.

That's why I consider due diligence to be the primary responsibility of the listing agent – not the buyer's agent. Because most property owners are not in command of town regulations and their implications – or the psychology of builders – top-notch due diligence skills should be high of your list of criteria for selecting the agent who will sell your home.

However, judging from broker open houses at which some listing agents "don't know" the answers to questions posed by their colleagues...or they "forgot to include" key documentation in the brochure...or they cite incorrect informa-

tion (which does happen)...this is apparently not a universally-held point of view.

Detailed up-front due diligence takes a lot more work than some listing agents are used to doing. But following this approach has a number of benefits. Most importantly, it puts you as the seller in control of the information that potential buyers receive about your property – and makes sure that nothing is omitted. It minimizes the communication of incorrect information. And it makes your property easier for buyer agents – who could not possibly have the in-depth knowledge of your property that your listing agent has – to sell.

Ultimately, up-front due diligence can decrease market time and give your property a competitive advantage versus others on the market. That's because buyer agents and their clients will feel more comfortable selecting it versus another option that has a list of unanswered questions or nagging concerns.

Having all the facts readily at hand when you list can also result in a higher sale price. When all potential buyers are equipped with the facts, it's easier for them to come forward with an offer – and thus, multiple offers are more likely.

So here's the bottom line. Whether you're buying or selling, make sure that the agent you select approaches the task of "doing the due" with enthusiasm, confidence and skill. An agent who fits this profile will be your very best advocate.

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