Real Estate Due Diligence

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Buying commercial real estate involves more than agreeing on a price and signing a contract. A property may have title defects, unpaid liens, zoning restrictions, environmental concerns, or existing leases that affect how you can use it. At Joseph, Greenwald & Laake, we help buyers, sellers, developers, investors, and property owners evaluate the legal issues involved in real estate transactions.

What Is Due Diligence in Real Estate Transactions?

Real estate due diligence is the process of investigating property and reviewing the legal and financial terms of a proposed transaction before closing. It helps buyers understand what they are acquiring, what obligations come with the property, and whether any issues could affect its value or intended use. The scope of the review depends on the property, the transaction, and the buyer's plans.

Due diligence may involve reviewing the purchase and sale agreement, examining title records, checking property boundaries, evaluating zoning restrictions, and reviewing leases or other agreements that affect the property. Buyers may also need inspections, environmental assessments, and financial reviews. An attorney can help coordinate these efforts, identify legal concerns, and determine whether the parties should address any issues before completing the transaction.

Why Due Diligence Matters in Real Estate Transactions

A property's apparent condition does not always reveal its legal issues. For example, an easement may limit where a buyer can build, a title defect may affect ownership, or zoning rules may prevent a planned business from operating on the site. Commercial properties can also come with existing tenants, lease obligations, maintenance responsibilities, and other agreements that affect future operations.

Conducting due diligence before closing allows buyers to learn of any potential concerns while they can still evaluate their options. Depending on the purchase agreement and the findings, a buyer may negotiate different terms, request that the seller resolve a problem, seek additional protections, or decide not to proceed if the contract allows. A thorough review cannot eliminate every risk, but it can help prevent potential surprises.

How a Real Estate Attorney Can Help you During the Due Diligence Period

A real estate attorney reviews the legal documents involved in a transaction and helps determine whether the terms protect the client's interests. This work often begins with the purchase and sale agreement, including its deadlines, contingencies, representations, and requirements for closing. Understanding these terms early helps buyers know what they must do, which issues they can investigate, and when they must raise objections.

Our attorneys can also review title commitments, title records, surveys, leases, and other documents affecting the property. If the review identifies liens, easements, access restrictions, title defects, or other concerns, we can explain their potential legal effects and work to address them with the appropriate parties. We can also help evaluate title insurance coverage and determine whether the transaction needs additional documentation or contractual protection.

Some due diligence matters require input from professionals outside the legal team. Depending on the property, we can help coordinate with title companies, surveyors, inspectors, environmental consultants, and other specialists. These professionals assess technical issues within their areas of expertise, while our attorneys focus on the legal implications and how the findings affect the transaction. JGL also handles real estate disputes, which can be important when a transaction reveals issues the parties cannot resolve through negotiation.

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What Does Real Estate Due Diligence Include?

The review depends on the property's location, intended use, and transaction terms. In a real estate matter, due diligence may include the following:

- **Title and ownership:** Reviewing title records, existing liens, easements, restrictions, and other claims that may affect ownership or use.
- **Title insurance:** Reviewing title commitments and coverage to identify potential exclusions, exceptions, or issues that may need resolution before closing.
- **Surveys and property boundaries:** Examining surveys for boundary discrepancies, encroachments, access concerns, or conflicts with recorded documents.
- **Zoning and land use:** Checking whether the property's zoning and applicable restrictions allow the buyer's planned use, development, or renovation.
- **Environmental and physical condition:** Coordinating appropriate environmental assessments and property inspections to identify potential contamination, structural problems, or needed repairs.
- **Leases and existing agreements:** Reviewing commercial leases, property management agreements, service contracts, and other obligations that may continue after the sale.
- **Financial and closing obligations:** Reviewing relevant taxes, assessments, financing terms, insurance requirements, and other costs associated with acquiring and operating the property.
- **Purchase agreement and closing documents:** Confirming that contractual requirements are addressed and that identified legal issues are resolved or appropriately accounted for before closing.

Not every transaction requires the same level of investigation. A buyer acquiring an occupied commercial property, for example, may need a more extensive review of leases and operating obligations than someone purchasing vacant land. An attorney can help determine which issues deserve attention based on the specific deal.

Contact Joseph, Greenwald & Laake for Maryland Real Estate Due Diligence

Real estate transactions often involve substantial financial commitments and deadlines. At Joseph, Greenwald & Laake, we represent clients in commercial real estate purchases and sales, leasing, financing, title analysis, and related disputes. Our attorneys help clients identify legal concerns, evaluate potential liabilities, and address problems before they interfere with their plans. Learn more about our Maryland real estate legal services.

Whether you are purchasing commercial property, investing in real estate, developing land, or reviewing an interest in an existing property, JGL can help you evaluate the legal issues before you commit. To discuss your transaction and schedule a consultation with a Maryland real estate attorney, contact us here.

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