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## The "diligence" in due diligence: How the process has evolved Part 2

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CBREI conducts their own due diligence. The investment officer who underwrites the transaction spends multiple days in the field, meeting with public agencies, engineers, city planners and all the professionals in the due diligence process.

No stone is left unturned. The failure to "lift one stone" can prove disastrous in the due diligence process. As outlined in the definition of "diligence" it is "the attention and care" that are what count.

In one instance where I was completing due diligence, I found that the entire front wall of a multi-story building was on city land. The building skin was owned by the city. It is items of this type that professionals seek to find in order to make an investment decision.

Due diligence need not be completed by the buyer themselves. Professional firms complete due diligence. Consultants are often hired. Names referenced include PCA, Haley & Aldrich, R. M. Currey and Gensler. In all instances, the start of due diligence begins with kick off meetings as the first step. The assignment of tasks, retaining of consultants where necessary and then commencing the process is key. The cornerstone of due diligence is the interview process. Anyone involved with due diligence follows the same steps as their peers. All documents that should be reviewed are reviewed.

In the end, due diligence reports are written. When a closing takes place on a major transaction there is typically a due diligence report that is available for review. The report can be quite lengthy from 10's to 100's of pages. Part of my role in real estate has been assisting "big four" accounting firms in their representation of clients where review of due diligence reports has been part of the process.

Conclusion: Over time, due diligence has evolved as a separate standard of practice for a closing of a loan or property purchase. There are no exams to take or courses to pass. The process is dictated by an "attention and care" standard. The parties with a fiduciary responsibility are the ones who drive the due diligence process. The success or failure of due diligence rests in the hands of those responsible. We do not have to look back very far to recognize huge failures in the real estate industry and which is why due diligence is given a high level of importance with real estate fiduciaries.

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