

# The Farm Finders' Guide to Due Diligence

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[www.thefarmfinders.com](http://www.thefarmfinders.com)



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# 1. OWNERSHIP

It is imperative that you know how to verify that the person selling you a property has the legal right to sell it! If another person or entity (business, trust, etc.) has an interest in the property, you could endure a potentially lengthy legal dispute, incur attorney fees, and could even lose the property.

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## How to verify ownership:

1. The best and simplest method is simply to email a title company in the same county as the property. Many title companies will do this free of charge. The vesting deed is the deed and will clearly state who owns the property, when they purchased it, and from whom. If there is more than one owner, this isn't necessarily a "red flag". Simply ask the seller if all parties on the deed are able and willing to sign. All parties named as an owner in order for the property's ownership to be transferred to you.
2. Or, you can request a copy of the vesting deed. Some counties have this data available online, others will mail it to you. There may be a charge for this service.

Unreliable methods of checking for ownership: We do not recommend using either of these methods to verify ownership!

1. Unfortunately, there's no way for you to know if the deed the seller gives you is the deed.
2. If the seller hasn't owned the property very long before selling it to you, it's likely that the County has not updated the GIS website to reflect the new ownership. County offices can be very slow to update the GIS website, and it is not a legal record anyway--it may contain errors.

## 2. DESCRIPTION

Researching a property's features can be really fun! But while you're getting excited about all the possibilities, make sure the following points check out OK . . .

### Let's double-check!

1. The best way to double-check a property's size/shape is to compare the Plat Map, Google Earth view, and the County GIS Website. If all three of these match up, it's a pretty safe bet that the size and shape actually lay the way you're expecting them to.
  - a. **Plat Map:** This can often be found on the county website under the heading "Assessor's Maps" or "Assessor's Data" or something similar. Use the property's Tax ID number to search for the property's plat map. A plat map is usually a simple black and white map showing property boundaries, easements, right of ways, road frontage, creeks, etc.
  - b. **Google Earth:** This is a great way to see an aerial photo, which is helpful for seeing what sort of improvements the property has (if any), if there are trees, creeks, etc. and what sort of access it has (legal easement overgrown with trees? Paved road? Single lane dirt road?). Also, you can get an idea of what the neighboring properties look like. Use the address or coordinates to find the property.
  - c. **County GIS Website:** Many U.S. counties have a "Geographical Information System" online where users can search by Tax ID number to see an aerial map of the property, and obtain information about the owner's address, deed book and page number, property's address or coordinates, and occasionally tax information as well. This website often has several different map layers including an aerial photo, as well as a topographical layer to see if the property's terrain is sloped or steep. Also you may be able to determine if the property is in a wetland or floodplain.
  - d. **Recent Survey:** Occasionally a parcel will have a recent survey on file. You can obtain a copy of this by emailing the County or a local title company.



## How to Find Out How Much Tax is Owed

1. Again, emailing a title company can provide you with a quick answer to this question. Title companies often have access to databases requiring paid subscriptions, but they offer this type of information upon request as a service to potential customers.
2. Call or email the county to verify if the taxes are up to date. Provide the Tax ID number and owner name.
3. Some county websites have the capability to accept tax payments online. You can use this feature to find out if taxes are owed. Simply type the property's Tax ID into the search bar on this site, and the current tax balance information will be displayed.
3. If there are back taxes, contact the seller to discuss how to incorporate them into the transaction. You might consider splitting them down the middle, or paying them yourself if the seller pays closing costs, or negotiating for a lower purchase price.

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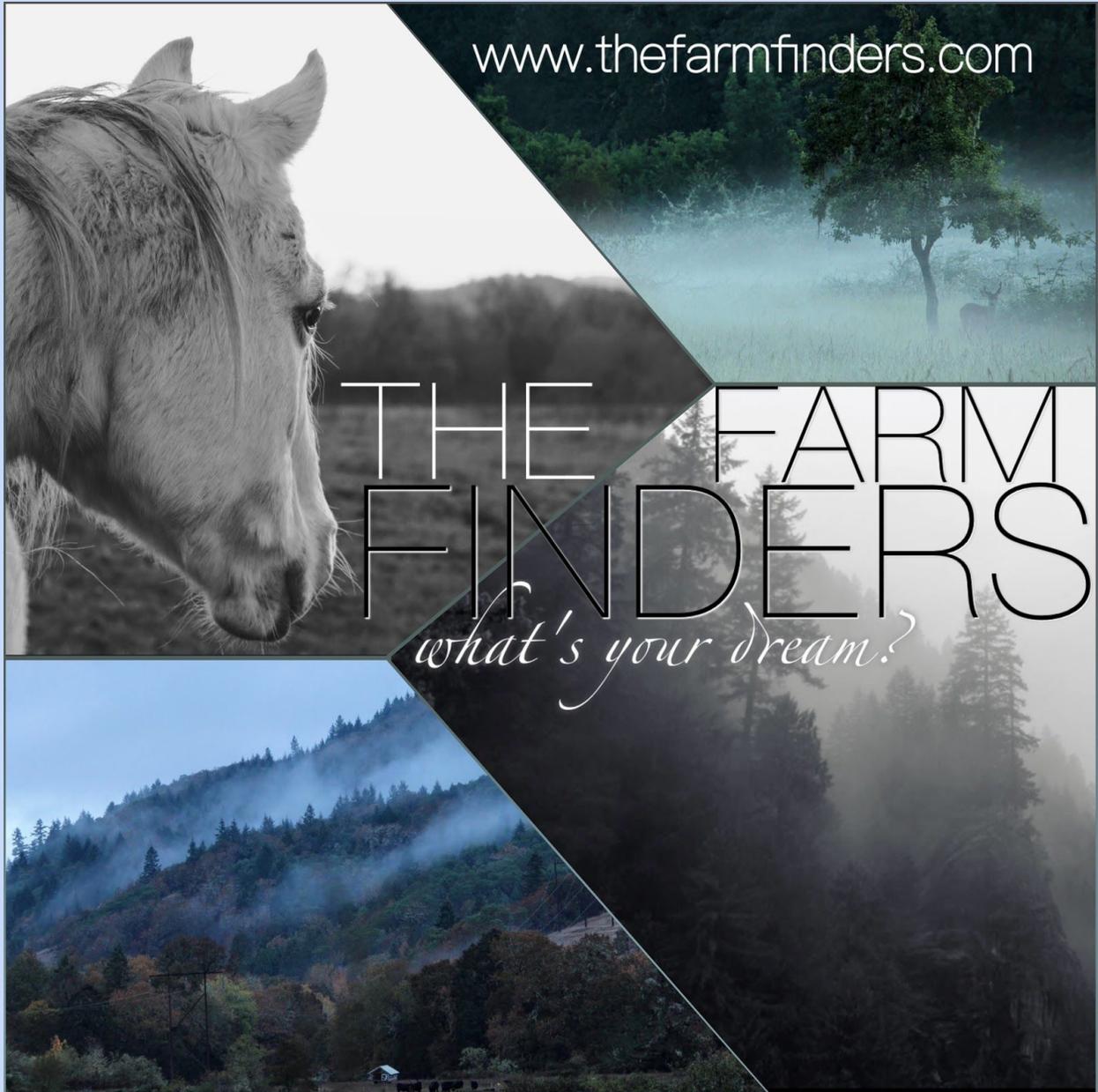
## **4. PRICE**

### How to Find Out if the Price is Reasonable

Even if you have a pretty good grasp of the current real estate market in your area, it's always a good idea to look up a few comparable properties, called "comps", to make sure the property's asking price makes sense--mainly to verify that you aren't over-paying!

### How to Find Out if the Price is Reasonable

1. The best and simplest way to find prices for comparable properties is to conduct a search on a real estate listing website. Popular sites include Zillow or Landwatch, as well as many others. No need to go crazy with comp research, just 2 or 3 will help verify that your property's price is reasonable. Go to the website and search for properties of a similar size, in the same county. Sort by price: "Lowest to Highest", to see the lowest comps. If your property falls below or within a similar range to those comps, then you're probably getting a good deal.



## 5. INTENDED PURPOSE

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The best way to avoid frustration and disappointment is to know **what** you want to buy this property. Then, check to make sure it possesses features that are a positive compliment to your intentions for it. So, how do find out the zoning? Read on!

## How to Find Zoning Information

1. Sometimes, property zoning information is available on the county website, usually under the “Planning and Zoning Department” (or similar department). If you cannot locate this site or can't find the zoning data, simply call the county office on the phone to be directed to the correct department, where you can inquire about the property's zoning. Make sure you have the property's Tax ID number or address, and/or the current owner's name.

## **RESTRICTIONS/HOAs**

It's important to find out if the property carries any restrictions. A deed restriction is placed by a previous owner to prevent the property from being used for certain purposes. Common restrictions include building houses of a certain size or larger, no manufactured homes, or the exclusion of businesses such as auto wrecking yards or commercial feedlots. However, there are many possible restrictions. Make sure you check to see if there are restrictions, and if so, if they will affect your plan for the property's use. HOAs (Homeowners' Associations) typically charge a yearly membership fee, and govern many aspects of your home and property's aesthetics including landscaping and buildings. Find out if the property is part of an HOA, and if so, what fees and stipulations you will be subject to.

## How to Find Deed Restrictions

1. Go to the courthouse and browse the databases to review the property's history. By reading the deeds that were created each time the property changed ownership, you will likely unearth any restrictions if they were created.
2. You can ask the seller if there are any known restrictions on the property.

## How to Find HOA Information

1. Sometimes it is obvious if the property is in a neighborhood with a Homeowner's Association. If the community has a locked gate or requires a code to enter, then it is likely that the properties within are subject to HOA ordinances.
2. Sometimes it is not apparent if an HOA is in effect. Ask the seller, or you could ask the owner(s) of neighboring properties.

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**Doing your own due diligence can be an exciting treasure hunt! Conducting your own research can provide peace of mind, confidence, and hopefully, the satisfaction of a successful property purchase!**

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**Well, that's all, folks!**

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**We hope you have found this booklet helpful and informative. Our goal is to empower you to conduct your own due diligence, and to increase your confidence in your ability to check out potential real estate purchases!**

QUESTIONS OR COMMENTS? WE'D LOVE TO HEAR FROM YOU! EMAIL: [SUPPORT@THEFARMFINDERS.COM](mailto:SUPPORT@THEFARMFINDERS.COM)

