



NEWS FROM THE DESK OF DAVID FARMER



David H. Farmer, PE, AICP

Dear Friends,

Welcome to my second quarter newsletter. I hope that you find this issue informative and helpful. Please feel free to pass this on to friends and colleagues you feel this may benefit. As always visit my website www.keystonellc.net to see what I have been up to.

Until next time,

Dave

Inside This Issue

- Due Diligence
- Hey Dave-Where Have you been?
- Market Update
- Helpful links
- About Keystone Companies

Favorite Websites

- www.uli.org
- www.swflorida.uli.org
- www.loopnet.com
- www.terraserver.com
- www.googleearth.com
- www.planetizen.com

THE IMPORTANCE OF DUE DILIGENCE IN REAL ESTATE

In the last issue, we discussed how many business owners become real estate investors by necessity, in this issue, I'd like to touch upon the importance of the Due Diligence process. A Quality investment begins with Due Diligence. The first step I recommend during the Due Diligence period is obtaining a current survey of the subject property.

Questions that may be addressed during the Due Diligence period may include roadway/traffic studies, water and sewer capacity verification and environmental studies. Any question a potential buyer can ask is worth the time to find the answer before the property is purchased. During my engineering education, I asked a lot

of questions that most other students did not want to ask of the professors out of fear of appearing ignorant or revealing they had not been paying attention. Do not be afraid to ask questions until you are comfortable with the depth of the answers. The buyer should find an advisor or group of investors with a track record of successful real estate investments to help them determine what questions should be asked and what studies should be commissioned prior to the expiration date of the Due Diligence period. While the advice you receive may not be free, the benefit of understanding your exposure to future problems is well worth the expense. In this case, an ounce of prevention **truly** is worth a pound of cure.

Here is a sample of the items that I review or ask for when hired to carry out the Due Diligence process for a given property:

- Survey
- Topography Map
- Location Map
- Aerial photos
- Frontage Photos
- Floodplain Maps
- United States Geologic Survey Quadra Angle Maps
- Utility Location Information (water and sewer service)
- Site Plans (existing or proposed)
- Current Zoning with descriptions of allowable uses
- Current Future Land Use (as shown in the comprehensive plan)
- Historical Significance Soils
- Concurrency Issues (roads, water, sewer, schools)

-this article is continued on page 2-

HEY DAVE, WHERE HAVE YOU BEEN?!?!

In February I took a trip to the U.S. Virgin Islands where growth remains steady and price appreciation appears to be predictable. We are currently analyzing several opportunities in the USVI

that may merit investment-stay tuned.

Soon I will be leaving on a trip to the extreme Northeast where I will be prospecting for investment opportunities in the Greater New England Area.

Other areas of interest are The Carolina's, Montana and Colorado.

For More information, please email dave@keystonellc.net



We're on the web
www.keystonellc.net

The Keystone principals are:

- **HONESTY**
- **QUALITY**
- **INTEGRITY**

Keystone Companies, LLC
 6017 Pine Ridge Road
 Suite 326
 Naples, Florida 34119
 (239) 261-2140
 Fax (239) 292-6081
 dave@keystonellc.net

Keystone Scope of Services:

- Land Development Feasibility Assessment
- Investment Potential Analysis
 - Pro Forma Review
 - Due Diligence
 - Land Development Consultation
- Property Entitlement/Permits
 - Project Risk/Feasibility Assessment for Financial Institutions
 - Neighborhood Dispute Resolution

Keystone Communities, LLC is a land investment and development company serving Southwest Florida. The company headquarters is located at 6017 Pine Ridge Road Suite 326, Naples, Florida 34119. Paula Davis and David Farmer are the founding partners of Keystone Companies, LLC. Paula Davis is a licensed real estate broker with over 20 years of experience in the real estate and land development business. David Farmer manages the acquisition, entitlement and development of property for Keystone Companies. Mr. Farmer is a licensed professional engineer, certified professional planner and a certified general contractor. Mr. Farmer has been active in Southwest Florida real estate development since 1989. Together, Ms. Davis and Mr. Farmer provide over 37 years of entitlement and development experience to properties under their leadership. Their balanced yet comprehensive experience in land acquisition, entitlement and development help to provide maximum returns and minimize risk for investors.

-Due Diligence Continued from page 1-
 Modern development requires many permits before buildings are erected and parking lots paved. It is a good idea to plan for 18 months to 36 months for permitting time. The fact that these permits take time and money to obtain, greatly increases the value of the land. An important note is that permits generally "run with the land", meaning they do not belong to an individual, but the land itself. No state or federal permit is transferrable from parcel to parcel.

The real key to making money in real estate is to know more about the market than the person selling the land to you. Another cliché in real estate is that you make money buying property, not by selling it. One could purchase land anywhere at any price and hope it goes up in value. Sometimes a trend can be spotted in the market where a particular area is appreciating more rapidly than other areas. Other times a market shift can be found. In this case, property values are rising in a wave similar to an incoming tide. Investing upon an expected wave of appreciation can, however, be harmful to your financial health if the tide does

not reach your investment property. Nothing beats good research.

If you need assistance investigating a property, please feel free to contact me for a personalized consultation

**David H. Farmer, PE,
AICP**

**Keystone Companies, LLC
(239) 261-2140**

dave@keystonellc.net

SERVICES FROM KEYSTONE

The development industry in Florida is one of the fastest growing sectors of the economy. Keystone Companies intends to capitalize on the success of this industry by taking advantage of investment opportunities in Southwest Florida as an entitlement management company.

Key properties are located in areas suitable for intense future development with minimal environmental issues. Many "end user" development companies cannot buy land that is not immediately ready for development. Keystone

Provides a much-needed service to these developers by learning about their needs and delivering suitably entitled property that meets those needs. While many development companies entitle property, they do so for their own use and not for sale to their competition. Independent investment groups also entitle property, but most do not have direct development experience and the entitlements that they obtain are often flawed. Keystone Companies focuses on five major issues when entitling property: environmental limitations, maximum

Density, Project access, utility availability and site location.

By specializing in entitlements for end users, Keystone Companies is well positioned to benefit investors from its expensive experience, by minimizing delays from acquisition through final sale.

To contact

**David H Farmer, PE, AICP
about**

**Services, please call (239)
261-2140 or email:
dave@keystonellc.net**