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## Let the Golf Course/Club Buyer Beware!

How should a golf course/club buyer approach due diligence? As if it's a bunker-filled par 5 with slick greens.

A golf club is like a real estate project in that the golf course and related property take up much land. Therefore, a golf club buyer should undertake traditional real estate due diligence, including title, survey, environmental, facilities condition, land use, zoning and permits. A golf club is also a complicated multi-million-dollar business, often featuring food and beverage outlets, club membership programs and other recreational facilities in addition to golf course operations. Reviewing financial statements, contracts and leases, equipment, and human resources is, as in any business acquisition, crucial. In addition, the buyer should specifically analyze the club's golf operations, including the golfer reservation system, check-in and controls on golfer play, pro shop merchandise inventory purchases and sales, golf course maintenance programs, food and beverage operations (including menus and service), clubhouse traffic flow, and parking facilities.

Golf clubs also present unique legal issues, including:

- Club membership programs, which require the review of club membership documents, both current and historical, and individual members' files for special deals and variations from the membership documents;
- Club relationships with associations and subdivisions, which require the review of community covenants and restrictions and other property owner documents and agreements;

- Public access restrictions in community documents, land use and zoning or local governmental development approvals;
- Sharing of utilities, irrigation and draining systems, signage, operating and computer systems, maintenance, and office space with associations, developers and resorts; and
- Membership refund obligations and membership resignation lists.

A golf club buyer needs to develop a plan for keeping existing club members while expanding the customer base through marketing, membership categories and benefits, and membership initiatives.

Due diligence for the purchase of a golf club involves much more than playing a round and enjoying a meal afterward. It's much more complex-the potential pitfalls are many and mulligans are rarely allowed. Let the golf club buyer beware!

## Author

This GT Alert was prepared by:

- [Glenn A. Gerena](#) | +1 954.768.8223 | [gerenag@gtlaw.com](mailto:gerenag@gtlaw.com)

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