**Guideline for Purchasing Land/ Lot for Building a Home**

There is more to purchasing a tract of land, or an individual lot, than meets the eye. There are many factors to consider in the land purchasing equation. The emotion of owning our own “piece of paradise” sometimes clouds our rational thinking and we don’t spend the time to thoroughly exhaust the inspection process. Respectfully, the majority of purchasers, and most real estate agents (unless they specialize in land only), don’t have the wherewithal to conduct a thorough due-diligence process and have not had a comprehensive guideline to follow.

I have purchased over 1,000 acres of land, 100’s of lots, and developed many subdivisions, in my career of almost 40 years. I made some mistakes, early on, because I didn’t exhaust every possible scenario prior to closing on a property. I trusted what other “experts” told me and it cost me dearly in time and money. The knowledge of land purchasing I’ve gained, through almost four decades of experience, is laid out in this simple guideline to help you avoid costly mistakes. To this day, I follow each one of these steps before closing on large or small tracts of land and individual building lots.

We see it all too frequently; people come to us for a custom home, to be built on their land, and we discover that they did very little investigating before they closed on their property. Our hearts go out to them when we tell them the costs of bringing their property to a buildable status. The excitement of their purchase instantly turns to a look of despair. One recent client had to spend over $30,000 (not including clearing) just to get the land suitable to begin forming a foundation. Not to mention, it took 5 months longer to build their home, because of third party inspections and all the additional requirements. Another, (fortunately came to us before closing) ask us to give an opinion on a cul-de-sac lot they were looking to purchase. After inspecting the lot I told them not to even take the lot for free, because it had so many problems.

If the asking price for a tract of land or a building lot is substantially lower than market prices, I can assure you…There is a reason! Please don’t put blinders on, because you feel you are getting a bargain basement price on a property. It will bite you in the wallet every time, guaranteed.

If you closely follow this step-by-step guideline, you have a 99.99% chance of maintaining your excitement about your “smart” purchase. I have written this easy-to-understand guideline for you; people looking for a plot of land, or a lot, to build your custom home. The costs of land, lots and building a home are substantial. We want you to avoid having surprise expenses that crush the enjoyment of your experience.

My Best to You in Your Land/Lot Purchase and Home Building Experience.

Ron DuPree

**These guidelines are grouped in order of sequence; beginning with actions that will not cost any, or very little, money. These steps require a bit of computer time, phone time and possibly some leg-work. Please keep in mind, following this step-by-step guideline could save you a ton of money and a lot of heartache.**

**Check FEMA Map.**

Prior to visiting the property, I recommend you go to the FEMA website and see what zone the property falls under. There are certain zones that require flood insurance and zones that disallow building at all, if it is in the 100 year or 500 year “Flood Plain”. This will save you the time and effort of looking at an undesirable plot of land.

http://msc.fema.gov/portal/search

**Tax Records.**

Go online to the County Tax Accessors website, plug in the address and the records should be there. You will want to verify the following:

* + Confirm the seller and the owner of record are the same.
  + Paid taxes are current and the yearly tax rate. (If the property is inside the city limits of a municipality you will pay both county and city property taxes).
  + That the land is not under a conservation classification.

**Warranty Deed.**

Go to the County Records website, for the county where you are purchasing, and pull the Warranty Deed. This step will enable you to check for any “Deed Restrictions” or “Encumbrances” that may be a hindrance to your plans for the property.

**HOAs and POAs.**

If the building lot you are purchasing is in a neighborhood check for an HOA (Home Owners Association) or POA (Property Owners Association). The seller should disclose this information, but may not. If an agent is involved with the sale or purchase of the lot, they certainly should know. If an agent is involved, have them get you a copy of the Guidelines and the Architectural Control Covenants, because they all differ. It is important that you read the Association Guidelines and Restrictive Covenants, because you will have to adhere to these if you move forward with the purchase.

**Check for Available Utilities.**

1. **Public Water/Sewer.**

If you see fire hydrants all along the street/road where the property is located, chances are, public water is available. However, the surest source of verification is to contact your water/sewer authority in your municipality. They can immediately tell you if public water and/or sewer is available for the address you give them. Also, ask them the cost of a tap and a meter for your location.

If public water is not available, at your site, you will have to install a well. There are two types of wells; a bored well and a drilled well. I strongly discourage a bored well. They are much more susceptible to bacteria and contaminates. I haven’t heard of anyone installing a bored well in over 20 years.

You will want to opt for a drilled well. Over the past 5 years I have seen drilled well costs range from $6,500. - $12,000. There are a lot of variables in pricing that include; how far they have to drill to hit the GPM (gallons-per-minute) needed to supply the household, the size of the pump, the distance of the line from the well to the house and what well drilling company you use.

1. **Electric.**

In most cases, you will see utility poles and lines on the right-of-way at your location. If there are no utility poles close to the property, call the local power company and they can tell you if there are any costs involved to run power to your property. If you are wanting to run underground power to your home, you will want to ask them the cost of doing so. Most power providers give you a certain number of feet of underground free and charge for additional footage. In our area, two of the three power providers give 150’ free and charge $6 per linear foot for additional.

If you are purchasing a building lot in a developed neighborhood, chances are, underground power has been installed there.

1. **Natural Gas.**

There is really no visual way you can detect natural gas in an area, other than trying to locate gas meters on the outside of nearby homes (the meters are usually located on either side of the house). Call the local Natural Gas provider, give them the address and they will tell you if natural gas is available for your location.

1. **Propane Gas.**

Propane gas is not the same as natural gas. Propane gas is stored in a tank (which you purchase or lease from the propane company) on your property. These tanks can be placed above ground or installed underground. The propane gas is purchased from a local (independent) propane provider, which they deliver to your home and fill your tank. Propane gas is available most anywhere in the U.S. Traditionally, propane gas is more expensive, per unit, than natural gas.

Natural gas appliances will not operate with propane gas unless the elements in the natural gas appliances have been changed to propane elements.

1. **Cable/Internet/Land Lines.**

The first way (actually the quickest) is a bit unconventional. You simply knock on someone’s door in the immediate area and ask them. However, for those of you that are shy, simply call the cable/internet provider for the area (your agent should know the cable provider) and, after being on hold for 20 minutes and talking to 12 people, you might get your answer.

**Current Zoning.**

Contact the Community Development Department (Planning and Zoning) of the municipality where the property is located. They will give you the current zoning classification. Don’t take this lightly, because most municipalities have minimum lot/ acreage sizes that you can build on, with certain zoning classifications. Be sure you give them the number of acres, or lot size, so you can be certain there are no problems with getting your building permit. Do not trust what is shown on the multiple listing (that real estate agents use) or the tax records. I have seen discrepancies in these sources many times. Go directly to Planning and Zoning for this information.

**Set Backs.**

Front, Rear, Side. Front setbacks are set from the right-of-way, or the centerline, of the street/road your property is facing. Side and Rear setbacks are set from the side and rear property lines.

Example: If the right-of-way on the street/road where your property is located shows a 50’ right-of-way and the front setback is 40’, the front of your home will have to be positioned at least 65’ from the centerline of the street/road. With a 50’ right-of-way you have 25’ on either side of the centerline of the street/road. If the side setbacks are 15’ and the rear setbacks are 25’ you cannot place (any portion of) a permanent structure within these setbacks. You may, however, pour concrete, landscape or place a portable structure within these setbacks, in most municipalities.

You can get this setback information from the Public Works department in your municipality. These setbacks vary from municipality to municipality and from zoning classification to zoning classification. If setbacks are showing on the plat (if you received one) when you made your offer on the property, verify with Public Works that the setbacks are current. I have seen instances where the setbacks have been changed and not shown on the recorded plat.

**State and Federal Roadways.**

If the property you are planning to purchase is located on a state or federal highway, the following is a must; failure to do so could be very, very costly.

On some state roads and federal highways there is a charge to access the road in front of your property, if any improvements on the land are proposed. These access (ingress/egress) grants are commonly called “Curb-Cuts”. In other words, you pay a fee to cross their right-of-way. This is not always the case, but the time you spend to substantiate whether there is or not is well worth it.

Contact the Department of Transportation for state roads and the Federal Highway Administration for federal highways. Simply tell them what information you are needing and they should get the information for you or point you in the right direction.

Case in Point: I developed a 204 lot subdivision on a limited-access federal highway, The curb-cut fee was $180,000! I had to pay them that outrageous amount of money just to gain ingress/egress across their right-of-way. These fees were paid just to access property that I owned.

**Utility Easements.**

Any utility easements that crosses the property, you are purchasing, will normally show on any plat of the property you may have. I have seen these utility easements, depending on the type and size of the pipe or cable, range from 15’ to 100’. You are not allowed, under any circumstance, to erect any permanent structure within these easements.

Case in Point:

We are currently involved with a tract of land that has a 50’ liquid gas line easement. We were required to contact the (private) gas company to make them aware of our plans. The company informed us they require having a representative onsite prior to us removing any trees within 50’ of the easement. In addition, we were required (at our cost) to build up the dirt on “their” easement (because they didn’t bury it deep enough when they laid it) to protect the gas line from heavy equipment. It would be wise to contact the company, who owns the lines, for the requirements to cross their easement.

**Stream and Waterway Buffers.**

All streams, rivers and water reservoirs have a mandated “Undisturbed Buffer”. This Buffer is a setback from the tops of the banks on either side of the waterway. The required size of the buffer area varies from state to state and municipality to municipality. The area within these setbacks may not be disturbed in any way, which includes cutting the grass, trees or weeds. This would imply, also, that no structures may be erected within these buffer setbacks.

Case in Point:

We are currently contracted to build a custom home on a lake view lot. The rear of the lot has a free- flowing stream that feeds the lake. It also has a 15’ sewer easement right outside of the 25’ stream buffer. As it sits, the home the client wants to build will not fit within all the required setbacks: stream buffer, sewer easement, front and side setbacks. The only solution was to apply for a 15’ variance on the front setback with the POA for the community. We are optimistic about getting the variance, but it required additional work, expenses and will have eaten up two months of good weather in the process.

If the land you are purchasing has a lake or pond on the property, contact a local surveyor and have them check for any dam easements that may not be shown in public records.

**Wetlands.**

In general terms, wetlands are lands where saturation with water is the dominant factor determining the nature of soil development and the types of plant and animal communities living in the soil and on its surface. The single feature that most wetlands share is soil or substrate that is at least periodically saturated with or covered by water. Aquatic type vegetation is normally visible in a wetland area, such as cattails, lily pads, bull rushes, etc. (google “aquatic plants in wetlands”). Wetlands are protected and cannot be disturbed. Usually, there is a minimum setback (buffer) around these wetlands. If an area is in question, on the property, a registered surveyor most probably can give you a definitive assessment.

***If the property has passed all the previous steps, continue to the following, which have costs attached, in most cases.***

**Soils Analysis for Septic Tank System (aka/ “perc” test).**

If the property is not on public sewer, you will be required to install a septic system.

Property that is not on public sewer requires a septic tank system for wastewater from toilets, dishwasher, sinks, bathtubs, washing machines, etc. Approved septic system permits are required prior to the municipality issuing a building permit. A soils analysis of the property (in immediate proximity of the homesite) is required prior to making application for a septic permit.

Prior to contacting a soils scientist, speak with your local Environmental Health Department to verify their mandated minimum lot size for a septic system. This is not a one-size-fits-all! Different municipalities have different minimum lot size requirements for a septic system.

Case in point: In our county the minimum lot size for a septic system is one acre. Half-acre for the primary system and an additional half-acre for a replacement system, should it be needed. On the other hand, some states with sandy soils (Florida for example) require only a quarter-acre for a septic system due to higher percolation rates.

Once you’ve confirmed your property is large enough to accommodate a primary and replacement septic system your next step is to contact a soils scientist.

The Environmental Health Department should be able to recommend someone they are familiar with. If not, just google “soil scientists” for your area. These tests range from $400 to $550 for five to seven bore samples, which is ample for most single-family systems.

The soil scientist will come to your property and make five to seven 5’ to 6’ deep bores for soil samples. Prior to the scientist coming you will need to stake where you will want your home to sit on your property. This doesn’t have to be exact, an approximation is fine.

The scientist/technician will create a report showing the soil types on your property. He/she will identify, name and grade them. He/she will also list the size septic tank and amount of “field lines” required for the size home you are planning to build. Most municipalities determine field line footage based on number of bedrooms.

**Survey.**

If the property has been surveyed within the last 5 years, or so, the survey should be spot on. Look for the date, seal and signature of the licensed surveyor on the plat for validation. If you are getting a loan to purchase the property, and using the property as collateral, the lender may want a survey that is current within the last 2 – 3 years. If that’s the case, call the surveyor shown on the plat and they will probably update for a lesser cost than starting from scratch. The costs of surveys are across the board. I would google surveyors in the area and talk to at least three. If the plot of land you are purchasing is larger than a subdivision building lot, I recommend you have a survey done. It could save you money if you are purchasing at a “per acre” price. However, it could go the other way, as well.

Case in Point:

We just purchased a tract of land that was represented as 101 acres, based on the last known survey, dated 1997. We had a current survey done and the tract was actually 98.5 acres. The cost of the survey was less than the money we saved on the per-acre purchase. So, this time it saved us money.

**Tertiary Permit.**

A tertiary erosion control permit may be required prior to issuance of a building permit.

The building permit department, in your area, will tell you if you will be required to submit an Erosion Control Plan (ECP). These plans must be designed, and signed, by a licensed civil engineer.

The cost of these ECP’s generally range from $500 - $1,000.

The purpose of a **tertiary permit** is to satisfy the State EPD requirement of providing an erosion control plan that shows the erosion control measures that will take place on buildable lots and who will be accountable for putting those measures in place.

The builder you choose should be a licensed “blue card” holder, which qualifies him/her to be accountable for maintaining erosion control measures, according to the ECP. Failure to maintain these measures can result in a “stop-work” order and/or a substantial fine.

**Check List.**

* Check FEMA map.
* Tax Records.
* Warranty Deed.
* HOA’s and POA’s.
* Public Water/Sewer.
* Electric.
* Natural Gas.
* Cable/Internet/Land Lines.
* Current Zoning.
* Setbacks.
* State and Federal Roadways.
* Utility Easements.
* Stream and Waterway Buffers.
* Wetlands.
* Environmental Health Department. Septic Systems.
* Survey.
* Tertiary Permit.