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## 10 Things to Know Before Buying a Vacant Lot

### 10 The first lesson

When you decide to purchase land there is a lot to consider. Never buy property without doing the research first. Know what you are getting into before you sign the contract. There are many reasons to purchase land as opposed to buying a house. When you buy land you can build a home exactly the way you want it to be. Maybe you are purchasing land for a long-term investment or to start a business. There are dozens of restrictions that can apply to purchasing a vacant lot. One may be that you cannot build a house on it. ***Do the research, first.***

Buying a house has similar rules to purchasing land but other restrictions apply as well. Be diligent in doing your homework.

This is a list of ten things you need to know before you buy a vacant lot including everything from the basic expenses and city ordinances to land surveys and easements.



Location is everything. You do not want to purchase land for an investment only to learn after the close that it does not have a resale value. If you are starting a business you do not want land that is isolated from your potential customers. Nor do you want to purchase land to learn that the dream home you are planning to build cannot be built on your property. Location, location, location.

You should start with the knowledge of where you want to purchase the land. If you are purchasing the land for your dream home you need to consider various things. Where stores and restaurants are located? How far away are you from your job? What schools are in the area—and distance? Does it snow or the rainy season? You are not simply shopping for land you are also shopping for the community you want to live in. Google Maps is a great place to start.

Maybe you are purchasing the land to build your own business on; you should analyze a prospective location's business value. Construction cost can add up quickly.

## 9 The Cost Involved

The more time you spend researching the better prepared you will be for your investment of time and money. You will need to consider title insurance. "Title insurance protects owners and lenders against any property loss or damage they might experience because of liens, encumbrances or defects in the title to the property." [Source: Stewart.com]. It is your shield if legal complications involving your property arise. Title insurance is not a requirement during the transaction; however, if you need a bank loan or a mortgage, the financial institution may suggest you purchase it to protect their investment. [Source: Mortgage Professor]

Hiring a land surveyor is another expense. This is **highly recommended** because you need to know the boundaries of your property. Do not forget building cost and utilities. You may have to pay to have water run to your home or electricity poll put up and cables run before the monthly service fees. You may need to drill a well or install a septic system beside your home construction. There are government restrictions as well.

## 8 There are Zoning Restrictions

Zoning restrictions govern what you can and cannot do with your land. Zoning is the division of land into subdivisions that will have various restrictions of what can be built on each piece of property. You need to know if you can build a house on a piece of land you want to purchase before you buy or start construction.

The zoning basics are simple. Head over to the United States County Zoning Office or you can look it up online to locate the records for any parcel of land. You should also know what the counties long term plans are for land around the property you are interested in as well as knowing what the road additions will be. You do not want to end up living next to the highway because you did not do the research up front.

The Zoning office will help you understand the limitations that will impact what you can and cannot do on your property.

## 7 Ordinances and Covenants

If you have your eye on land that is in a developed community, there is probably a homeowner's association governing that area. Land that is built on or sold is carved up into smaller parcels that make up a subdivision. You need to know what the restrictions are before you buy it. Homeowner's associations have membership fees, set rules dictating how often you should cut your grass, if you can grow a garden, have a pet, what kind of pet, as well as what colors you can and cannot paint your home.

Generally subdivisions have covenants with specific rules for the use of the property. Covenants or deed restrictions are private agreements between the landowner and the buyer—separating them from the zoning restrictions covered here. If you are within the city limits you can also be held to city ordinances that will determine certain behaviors of land uses. Sub divisions have rules for

where you park your car, the handling of garbage removal, or if cars can be parked on the lawn. The good thing about purchasing land within a subdivision with all their covenants' and restrictions; everyone has to follow the rules.

## **6 The Utilities**

Any land that you are searching for to build a home or business on is going to need electric, gas, cable service, internet connection, phone lines and water. You can purchase land that already has these utilities installed or you need to add those cost into your budget.

You will have to deal with the power company for proper installation as well as the phone company. You will also have to research between installing a tank on your property for connecting local gas for heat.

Water and sewage has more work involved. Often vacant lots that are not close to enough water and sewage lines will need to drill a well or install a septic system to have access to these utilities; another expense. Do not forget road access.

## **5. Road Access**

This is easy if you buy land in a subdivision but what if that perfect property is in the country or on the side of a mountain. Purchasing rural land can have you cut off from a major road or it could only be accessible from a private road that does not belong to you. This introduces a number of problems. If the road to your new lot is private

things can get complicated. Your land could be landlocked; the solution is to make arrangements with the owner of the road; usually your new neighbor. This is known as an easement.

## **4. Easements**

An easement is “an interest in land owned by another that entitles its holder to a specific limited use or enjoyment” [source: Dictionary.com].

Imagine you just located the perfect property. It is massive trees, ravines, and a lake with a stream on your property. It is perfect in every way. Perfect except that there is no public road that gives you direct access to the property. There is a private road owned by your soon to be neighbor.

It is wise to consult with a real estate attorney in this situation as well as having a conversation with the owner of the road to gain access to your property. Your neighbor may agree to give you access to your property by using their road. It is wise to obtain official documentation as to this agreement for several reasons. This will allow you to create terms of the agreement and protect yourself from liability. You may have a neighbor that does not want to grant you access though their property. You can sue to establish a “way of necessity” which means you would have to prove in court that you require an easement on a neighbor's property for access. You could also sue for an easement based on prior use, if the previous owners had access to the neighbor's property before your purchase of the land. [Source: Vacant

Land and Info]. You should consult and hire a real estate attorney.

### 3. Surveying

In real estate property boundaries on a map are called a plat. You will need to hire a professional surveyor to research your property to determine and mark the exact property boundaries of your vacant lot. Often a survey has recently been done on land that is on the market to sell; however, it is always wise to hire your own surveyor to ensure that the information is up to date and accurate. It will clearly define your property lines. A surveyor can also help you make precise elevation determinations and plan out the dimensions of a house, farm, horse barn, or business. Floodplain surveys provide critical information about the change of flooding on your lot. [Source: Land Surveyor].

The cost of a survey will be determined by several factors: the type of survey you need, i.e. a floodplain survey is more expensive than a survey to determine the size of your property, the research needed, and how much time it will take to complete the survey.

### 2. Flooding

The first way to determine if your lot is within a floodplain is to check the plats. This is where a surveyor comes in. Flood zones are clearly defined with letter designations. Zone A means a 1 percent chance of annual flooding; flood insurance is required for building if this is the case. Zones X and C are the ideal ratings—a less than .2 percent chance of annual flooding [Source: EDC Gov].

### 1. Permits

Everything you build requires a permit. You will deal with government zoning, obtain permits for building, permits for burning, permits for, it's a long list. These permits are there to protect your land and ensure that everything is built to code so your new structure does not collapse around you or catch on fire because the electrician did not follow their safety codes. The construction process requires several permit requirements from plumbing to hanging lights over the garage. At the end of the day, all the paperwork will guarantee a solid, level investment. Now all you have to do is go find the perfect land.

We can help – Call or email!

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Construction allowed