

HELPFUL HINTS FOR BUYING A VACANT LOT



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Like any real estate purchase, buying a vacant building lot is an important and sometimes complicated decision. Land purchases can potentially bring issues that you may not incur when simply buying a home. We hope these “helpful hints” bring to mind beneficial information for you to consider and address when on your exciting venture of purchasing a vacant building lot.

1. Location-Location-Location: Just like buying a home or business, nothing is as important as the location of the property. Before you begin your land search, you should have a general idea of where you would like to make the purchase. Explore several areas to familiarize yourself with the potential locations you can purchase land. There are numerous online resources as well as many competent Real Estate Agents to assist in your search. In other words, you should be shopping for the community at the same time you shop for your land, and then you’ll know you will make a good choice.

2. Potential Expenses Involved: Depending upon the property, there are a variety of expenses you may incur when buying a vacant lot.

- **Title Insurance:** Title Insurance protects against any property loss or damage that you may experience because of liens, encumbrances or defects in the title of the pledged property. As most lenders, the Bank of Washington requires title insurance to cover the amount of our Deed of Trust on real estate secured loans. You, as a buyer, also have the opportunity to purchase Owners Title Insurance to protect you up to the amount that you pay for the property against tile defects. Based on our experience at the Bank of Washington, almost all buyers do purchase Owners Title Insurance to protect their investment.
- **Land Survey:** If your property has been recently surveyed, you may be able to obtain a copy from researching with the county department. If a recent survey is not available, it is recommended that you hire a professional surveyor to lay out the property boundaries as well as disclosing easements, etc.
- **Electricity and Water:** You may have to drill a well or install a septic system if the property has no access to city water and sewage outlets.
- **Zoning Restrictions:** Lastly it is very important that you know exactly what zoning restriction, whether government or subdivision, are placed on the property you want to purchase. These restrictions can add expense to purchasing and building your dream home.

3. Zoning Restrictions, Ordinances and Covenants: Zoning laws oversee what you can, and even cannot, do with a piece of property. There can be varying restrictions on what can be built on each piece of property. You can contact the zoning office with the county to find records on the piece of land you are interested in purchasing. It is also recommended that you look up adjacent properties with the county to see what future construction may be occurring around the property. (roads, buildings, etc)

Land in subdivisions are likely to have restrictions that you need to know before buying. If you are buying a lot within an existing subdivision, more than likely a Homeowner’s Association governs that subdivision. You will pay a fee to the Homeowner’s Association who set the rules for behavior and rules for the subdivision. Covenants, or deed restrictions, are private agreements between the landowner and the buyer that lay down specific rules for the use of the property. This is what makes covenants different than zoning restrictions. Also within city limits, you may also be held to city ordinances that govern certain behaviors such as garbage removal, etc. Do your research and make sure you have all bases covered and can live with all of the zoning restrictions, ordinances and covenants of a piece of property you are interested in purchasing. Although this may seem to be a negative process it can actually be very positive. You, as the potential landowner, are surrounded by people who have to adhere to the same rules and standards which can protect your property value.

4. Utilities: If you are purchasing a piece of property to build a home you will need utility access if they do not already exist; gas, electric, water and sewage, and telephone communications. These will need to be brought in when construction begins. The power and phone company will need to have your property connected to the nearest power lines. If you want gas, there will need to be some research for you to choose between installing a tank on your property vs. connecting to a local gas service depending upon what options are available.

Water and sewage can be more complicated. If your potential lot purchase is not near to available water and sewage outlets, then wells and septic systems need to be installed. You will need permits for drilling a well and installing a septic system. It is recommended that you make several “perk” tests to assure adequate drainage, before purchasing a piece of property. If you have a creek on the property, you must determine that you have legal rights to use it. For example, if the creek is part of a city watershed you probably will be unable to use a single drop of the water legally, and possible can prevent you from legally putting in a septic tank.

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- 5. Road Access and Easements:** Especially in the countryside, ensuring appropriate road access is very important. The property could lack access from a major road and be only available from a private access. If the land is not accessible via a public road, then it may not have access to city water or sewage which would require you to put in a septic system, which adds to your costs. When private roads enter into the equation, your property becomes landlocked. Then you have to make legal agreements with the neighboring property owners for guaranteed access, otherwise known as an easement, to access via their private road to the landlocked property. Additionally, if you're not on a county road, you'll want to know whether the easements are wide enough to meet county specification and permit public access in case you and your neighbors later decide to have a road put in.

One definition of an easement is "a right given to another person or entity to trespass upon land that person or entity does not own". Easements run with the land and it is very important to look at existing easements in the public records of the property you are looking to purchase. It is also very important that the easement legal language includes timeframes and right to transfer the easement if you sell the property. Please note that easements come in play for numerous situations. For example, if you need to run a power line across a corner of a neighbor's property, you will need an easement. It is strongly recommended to consult a real estate lawyer when negotiating easements prior to purchasing the property.

- 6. Surveying:** When you look at property boundaries on a plat it may not be clear how the boundaries line up with the land itself. This is why it is recommended to have a professional survey done on the property to determine and mark the exact property boundaries. With the survey it is important that it is inclusive of potential legal issues such as easements. There are several additional types of surveys. Construction surveys can also determine precise elevations and help you plan out the dimensions of a house. Flood plain surveys provide critical information regarding the likelihood of the chance of flooding on your property.

- 7. Permits:** Just about everything you need to build is going to require a permit and will vary according to where your property is located. (Construction permits, road installation, well, septic, etc.) Just like restrictive covenants, these are not necessarily a bad thing. Construction permits protect you, and those around you, to make sure everyone is building a home that meet building codes. The end result will be a solidly built home and a good legal investment!