

The 31 Point, Land Purchase Checklist

Provided by

Mykala
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Land Purchase Checklist

The following checklist is general in nature, and is not meant to be utilized in lieu of consulting with professional engineers, land surveyors or attorneys. Those who use this list do so at their own risk. This list may vary depending on the location of project, based on local laws, rules and regulations.

ACCESS

1. Do you have a deeded right-of-way? Lenders require recorded access. Who maintains the access roads to the property? If not the State, then who is responsible for maintenance? If you are accountable, then do you have sufficient rights-of-way to service them properly? A 20 ft. minimum width is usually adequate for maintenance of limited-use private access rights-of-way. 40-60 ft. widths are generally acceptable for small to large subdivisions.

SEWAGE DISPOSAL

2. Are you sure about the "perk"? Standard in-ground home sewage disposal systems are generally less costly and troublesome than systems such as "sand filters", "aerobic", or other disposal alternatives. Buy land subject to your approval of the current health permit, or pending your satisfaction with the results of a "perk" test and who pays for it. For limited use, will your local health authority approve low-cost composting (waterless) toilet systems?

EASEMENTS

3. Are there any objectionable easements or encroachments on the land? Are they serious enough to cause you to reject the purchase of the property?

FLOODS

4. Is your building site exposed to potential flooding, earthquakes, sinkholes, underground caves, caverns, or mining shafts, and can the site be made relatively safe from undue exposure to other surface natural disasters such as landslides, hurricanes and tornadoes.

WELLS

5. What are the depths of existing wells in the area? Without a municipal water source of supply, you need be concerned about well drilling costs and the availability and potential volume of underground water to supply your needs. Will you be satisfied with a cistern?

MINERAL RIGHTS

6. Who controls the mineral rights? Water rights? Is this information spelled out in the contract and deed? Many early reservations of mineral rights in the chain of title turn out to be of little or no consequence in a fast-moving society. Consult with your attorney.

UTILITIES

7. Are electric and phone lines available? If not, how much will it cost to bring in service? Can the required easements be obtained to run in these lines? What will be their user costs? Can you be content with using a generator and cell phone?

SURVEY

8. Is there a recent survey? If not, will the seller guarantee the acreage within, say, 5-10% if you commission a survey? Will there be a price adjustment if the acreage called for in the deed is deficient? If possible, and particularly if you pay for the survey, you will normally not want to pay more if you get more. If the survey costs are split, or if the seller pays, there will likely be a price adjustment up or down if the surveyed acreage differs from the deed description. A recent survey is advised so you're satisfied with acreage and property lines.

ADVERSE POSSESSION

9. Can you foresee any claims of adverse possession? Land ownership can be claimed against the real owner (you) through a claimant's reliance on the law of adverse possession, wherein, under color of title, he claims he has established actual, open, notorious, exclusive, and continuous possession for a statutory period. This situation can occur on remote or abandoned land where absentee owners fail to correct unwarranted changes in boundary lines or to assert their right of ownership. Do the surrounding owners agree with your survey? Have there been any disagreements over existing boundaries or fence lines?

RIPARIAN RIGHTS

10. Will you receive full riparian rights? Generally, this question asks, will you -- as the owner of property adjoining a watercourse such as a lake, stream or river -- enjoy unobstructed use of these waters. Consult with your attorney.

DETRACTIONS

11. Are there any adverse influences present in (or planned for) the area of your purchase which could affect your enjoyment of the land, or which may have a negative impact on land values? Examples of this type of detraction are nearby high-volume land fills, large-scale hog and poultry operations, timber clear-cutting on a reckless scale, municipal sewage treatment plants, junk yards, industrial pollution, shooting ranges, rock quarries, etc.

ZONING

12. Is the land properly zoned for the use(s) you have in mind? Check the latest local zoning ordinance and confirm your findings with the zoning administrator and your attorney.

SUBDIVISION

13. Will you be able to subdivide the land according to your needs and expectations? Check the latest local governmental subdivision ordinance and confirm your findings with the County Administrator or Planning Director, and consult with your attorney.

RESTRICTIONS

14. Are there any restrictions on the land? If you are buying land in a subdivision, you will generally be confronted with a set of "protective covenants" which spell out what you can, and cannot do, with the land, and what guidelines are set down for building construction. If you are buying land that is not subject to a list of restrictions, check to see if any limitations are incorporated in the deed, which will restrict your use of the land. For example, some sellers convey their land with a prohibition against using the property to store junk cars; or the deed may forbid timber harvesting; other sellers have imbedded "scenic easements" in their deeds, restricting construction and further development.

ASSESSMENTS

15. Will you be confronted with any assessments, such as road maintenance fees? When buying in a subdivision, periodic assessments, or the legal mechanism for imposing same, are generally spelled out in the protective covenants and deed restrictions. Sometimes the adoption of measures for fee assessments on landowners is voted upon in regular meetings of property owner's associations. Local quasi-governmental jurisdictions, such as Sanitary Districts, can also impose assessments on landowners who use private road systems.

LOCATION

16. How important is it for you to be close to a town or city? Shopping? Doctors? Schools? Police? Fire protection? Lack of proximity to these basic municipal services generally causes discomfort for many land buyers and can depress land values in some rural areas.

SPECIFIC PERFORMANCE

17. Is there a provision in the contract preventing the seller from reneging? Do you have a loophole or two built into the contract so you can get out of it if you want to? Consult with your attorney about your concerns so appropriate language can be drafted for the contract.

TAXES

18. Will real estate taxes be prorated at closing? Have you researched the millage rates applicable to the area you are building in and what the estimated assessed value of your property or home will be after you acquire and/or build on the property? Are there new millage rate hikes on proposed ballots or in the future that could impact the current rates?

TITLE

19. Are there defects on the title? If so, can they be cleared up before closing? Can you obtain title insurance? If closing is extended, what effect will this have on your plans?

FINANCING

20. Is your financing lined up? Are the loan terms and conditions clearly spelled out, and are these provisions comfortable for you? If the owner is financing the sale, will you get an immediate deed? If you're buying on a land sales contract, or contract for deed, you will want the contract recorded in the local courthouse to prevent the seller, his heirs or assigns from (1) imposing further encumbrances on the land, and/or (2) selling the land to other buyers, whether by intention, or inadvertently. Plus, you'll need to be kept up-to-date on your real estate taxes. Without a courthouse record of ownership, you may not receive your tax bills, and your land could be sold, without your knowledge, for back taxes.

CLOSING COSTS

21. Will there be closing costs associated with your purchase, either costs that the seller requests you to pay or from having to secure lot financing? If so, what are those amounts?

PREPAYMENT

22. Have you protected yourself against prepayment penalties?

ADDITIONAL CONCERNS:

TOPO MAPS

23. If planning to split property, have you designed your lots around the terrain with the aid of a topographical map(s)?

APPROVALS

24. Is your purchase contract subject to obtaining approvals from local governing bodies? If so, have you allowed yourself enough time to get through the red tape?

COST OF MONEY

25. What will be your cost of money? Have you tried for an interest-only period at the beginning of your mortgage loan? If you're using other people's money to get into the project, have you allowed yourself enough time to pay them back? What will it cost you?

RELEASES

26. Are release provisions built into the contract so you can release subdivided parcels from the blanket mortgage through curtailment payments? Is a portion of the land released through the down payment? Have you requested that all principal payments be applied as credit against releases, thereby freeing up more land without the added burden to your cash flow of release expenses? Will the seller release land in return for developed lots?

SUBORDINATION

27. Will the seller subordinate his first position (take a 2nd) to a new development loan?

ADJUSTMENTS

28. When purchasing land by the acre, have you deducted from the total acreage any land tied up in easements and encroachments, and requested an adjustment in the selling price?

SUSPENSION

29. Will the seller agree to suspend principal payments during any unforeseen delay in the development process caused by governmental authorities?

SITE DISTANCE

30. If planning for a large development, or even in the case of some municipalities with individual construction, make sure that you verify that your entrance has the proper site distance.

DRAINAGE OUTLET

31. Many drain commissioners are now requiring that all storm water outlets have direct access to a county drain or state-designated water course, otherwise a drainage easement may be required from your adjacent downstream neighbor.