

IS IT THE PERFECT HOMESITE?

You have been on a quest to find the right place to build your dream home. After sleepless nights you think you've found the perfect property to have your home built, but how can you know what you're really getting yourself into? After 30 years of buying lots we have identified five common mistakes when buying property to build a home.



1st, make sure your Due Diligence is complete before you finalize the purchase. Proper Due Diligence includes checking for anything that adds cost or construction constraints to your new home. You need to know everything there is to know about the title or history of the property, the utilities (water, sewer, gas, electricity, and cable/internet), and the zoning, building and health department codes that affect the property.

A title search, with a property survey, will reveal easements or encroachments that may not be evident just by looking at the property, or looking at the Plat (if the property is a recorded lot). The title search will also find any restrictions for the property, but ask for the Deed Restrictions before you sign a contract to purchase. Common Deed Restrictions limit the size of a home that can be built and identify any timeframes to build a home. It will also tell you if a committee needs to approve the home design. When looking at the survey or the Plat, you should look for the building setback lines and any encroachments that might limit where you want to place your home.

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5 MISTAKES TO AVOID WHEN YOU BUY A PROPERTY TO BUILD YOUR NEW HOME



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For utilities, you need to contact all the utility providers and get assurances the property has access to power, natural gas and telecommunications. Determine also if the property has connection to the municipal water and sewer at what fees, and that the sewer is at the correct elevation for your future home. If you plan for an individual septic tank you need to have a "Improvement Permit" or similarly named letter from the local department of health *before* you purchase the property. That Permit will spell out the maximum number of bedrooms allowed in the home and, if it isn't a Conventional Septic System, the type of system that will be required. This is a big ticket item (see below) so do not overlook this step. If you will rely on a private well for water, you also need to plan for the location of the well relative to the septic field, the home, and maintain the proper distance to all surrounding structures.

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2nd, do not make the mistake of overlooking some of the major costs before you purchase the property. Look at the property with a construction eye - How much clearing and grading will the property need? Building Code will require that you clear at least ten feet around the home for proper drainage away from your foundation. Do you have an extra-long driveway or a driveway that crosses a creek or drainage swale? Review that sewer Improvement Permit and get an estimate from a contractor for your septic system based on the type of system required- some systems cost four times more than a 'Conventional System'. All of the major costs should be taken into account when you negotiate a price for the property.

3rd, don't buy the wrong property for your home design. Think about your desired floorplan. A 2-story home takes roughly 60% of the ground area of a ranch-style floor plan. If you want a home with no basement it is best to not buy a property that has more than 3 or 4 feet of elevation gain/fall across your proposed building footprint. If you are looking for a 'day-light' basement here in the south, you should look for a property with about 8 feet of fall through the building area.

4th, do not over-pay for your property or you will have to sacrifice on the home you have built. If your desired property has a connection available to municipal water and to municipal sewer, then a rule of thumb is to use 18-25% of your top-end budget as the most you can pay for the property. For example: if you want to have a home with a cost of no more than \$500,000 then your lot with the sewer and water taps available to a municipal system should be in the \$90-\$125k range. If you will need a septic system and well for your home, then add those estimated costs to the purchase price so the total remains within the desired 18-25%. There are many factors that would take you outside of this range, for example, waterfront lots or really large acreage, but the 18-25% test will let you quickly see if the property you are considering could possibly work.

It sounds obvious, but **lastly**, pick the right builder. You need a builder who is properly licensed and has a subcontractor base that can meet your time frames and quality desires. General Contractor licenses are specific to the value of the work and type of work so you likely need someone who is qualified for 'Intermediate' or 'Unlimited' (values) and 'Residential', "Building' or 'Unlimited' classification (type of work). Ask for, and call, at least two references. Meet both the builder and the onsite superintendent, if there is one. You are looking for good listening skills and a sense of their competency.

Your new home is important to you.

And your new home is important to Knotts Builders. If we can help you make your new home a reality contact us today.

