

Shopping for Land

You have a perfect picture of your dream home in your mind's eye and it's time to make that a reality. You just need the perfect spot. Hang on, we're going shopping for land.

FINDING THE RIGHT PLACE

Real estate boils down to location, of course. Drive around areas you're interested in and get a good idea of what's available. Once you have it narrowed down to a neighborhood or town you'd like to live in, start looking at listings online. Not only is it fun, but it can allow you to pare down your list of must-haves in a piece of property.

Once you have a good idea of what you're looking for, contact a real estate professional. They know what land is coming available, who may be ripe to sell, and where hidden gems are in that area. Look for an agent that specializes in new construction or land sales; they'll likely have the best network of the professionals you'll need to get the process started.

Another alternative is to



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look for land with an existing home on it and tear that home down to build your dream home. Depending on what needs to be done to the existing home or the empty land you're considering, the costs may be similar.

THINGS TO CONSIDER

Before falling in love with a chunk of land, consider these things about the lot you're

looking at:

- Is it zoned for residential builds? Does it have any legal protections in place or covenants that regulate its use? Will those restrictions apply to your family's life — or future life?
- What are the areas around it zoned for? You don't want to find the perfect lot for your dream home only to find it surrounded by land that can

only be used for industrial purposes.

- Is this plot the right size? Will there be the option, either now or in the future, to buy surrounding land and add to your lot?
- What are the utility services in the area? Does it have access to water, electricity and sewage? If not, how much will it cost to extend these services to your land?

- How will you access your home? Will you need to build a road or just a driveway? Does it require an easement?
- What potential environmental impact will clearing this land have? Are there any conservation requirements that limit the possibilities for that land?
- Have the soil and water table been checked to make sure it's an appropriate place to build a residential structure?
- How much work will this land take to get ready to build? Does it have any slope issues that need to be corrected? Forest that needs to be cleared? Flooding concerns?

FINANCING A LAND PURCHASE

Buying land is a little different than financing an existing home. More can go wrong on new construction, so lenders are often more wary and may have more strict requirements. You may want to research alternative financing, such as USDA loans, for your purchase.

Local banks and credit unions may be more likely to finance a land purchase in the area than national chains because they know the area better. Talk to your real estate professional about your options.



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REAL ESTATE 101



HOMESWISE GLOSSARY

Land Loan Basics

Land loans typically come with higher interest rates and shorter repayment terms than traditional home loans, according to Forbes. This means your payments will likely be higher than those for a traditional mortgage of the same amount. Visit a local mortgage broker to shop around for the best terms for your loan.

Call option: a provision in a loan that gives the lender the right to accelerate the debt and require full payment of the loan immediately at the end of a specified period or for specified reason. **SOURCE:** Bank of America

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