



# Home Buying Tips

Because the purchase of a home can be the biggest single investment of a lifetime, it makes sense to consider all information that might be pertinent to your home buying decision. This information provides a straightforward, easy-to-understand format that includes basic information as well as references to other resources that also can be helpful.

## New Home Subdivisions

New home subdivisions are frequently referred to as "state of the art" in terms of design, amenities, etc. However, they differ greatly in the inclusion of amenities with relation to the price range of housing built in the subdivision. Because the cost of incorporating amenities is significant and directly impacts the cost of housing, developers are sensitive to this issue when considering the price of housing that to be built and sold in the subdivision. Inquire about the about the type and variety of amenities planned for the subdivision in which you are interested in purchasing a home, and the time frame within which such amenities are to be constructed.

New home subdivisions are designed by professional land planners and consulting engineers who "lay out" the area in accordance with design standards established by the subdivision's municipality. These standards are established to assure that: street widths are adequate for traffic flow; adequate sewer and water capacity is available; there is proper drainage for the area; and so forth. Newer subdivisions also require a drainage plan to assure that drainage concerns are addressed for the entire subdivision. This helps prevent the constructing homes in certain areas of the subdivision that might adversely impact the areas drainage plan and cause a problem, not only adjacent properties but for other property owners as well. Builders in new subdivisions are made aware of the drainage plan by the developer and are responsible for ensuring lot elevations on which homes are built are not altered so they do not interfere with the subdivision drainage plan.



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## **Zoning In & Around New Home Subdivisions**

All lots on which homes are to be built in a new home subdivision are typically zoned "AA - Single Family". Some areas within the subdivision that have not been platted as single family lots may be zoned for other development. If these properties have been zoned with a particular designation contact the Wichita/Sedgwick County Metropolitan Area Planning Department (or the governmental entity with jurisdiction) to determine what uses are allowed in the zoning classification shown on the plat. If these areas are not zoned, they will typically be shown as Reserves, which means that the planned use for these areas has not yet been established. Thus, they could be platted and zoned for development in the future or for some use other than residential.

Prospective purchasers are generally curious or concerned about what is to be built in the subdivision they're considering, so you will want to ask the developer, builder, or sales agent with whom you are working what is planned. It should be noted that representations of plans for the subdivision will, of necessity, be site specific and no one should speculate what might be built in the immediate, or surrounding area. You should be aware that the corners of mile line intersection roads are generally deemed to be the most appropriate location for commercial development. Thus, it should be noted that until zoning is established for specific corners or other tracts of land along a mile line road a factual representation of what might be allowed on a specific parcel of land cannot be made.

## **Community Unit Plans & Planned Unit Developments**

CUP's and PUD's are customized development areas that allow for specific/mixed uses. If the area you are looking at to purchase a home is part of one of these developments, consider contacting the Wichita/Sedgwick County Metropolitan Area Planning Department, or the Planning and Zoning entity that has jurisdiction in that subdivision, to determine what has been approved in a particular CUP or PUD. You should be able to find out what type of zoning and uses are allowed in the development and about any special conditions with which the developer has agreed to comply.



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## Developing & Building in Flood Plain Fringe Areas

FEMA is the federal agency that regulates development and building in flood plain fringe areas. In most cases, land that is desirable to prospective home buyers is located in these areas, so to alleviate potential problems, FEMA requires that specific guidelines are followed by the developer if the land is being platted for development. FEMA also requires additional work by the builder if he intends to build on a lot that might be located in the fringe area. Essentially the elevation of the ground in the flood plain fringe area must be filled and an engineering certification secured that indicates the filling of a site will not enhance flooding in the area. If so, then a home can be built in the area and flooding should not be a concern.

## Infrastructure

Improvements built to provide services to property owners in new subdivisions are called infrastructure. Infrastructure improvements typically include streets, street curb and gutter, sanity sewer and water, storm sewer and drainage improvements, gas/electric and other utilities. These improvements are built under the supervision of and to the specifications required by the city or county municipality prior to the construction of homes. Once the improvements are constructed and all costs are certified, an assessment is made by the city or county which the subdivision is located. This expense is referred to as a special assessment and is a liability initially assumed by the developer and subsequently by the home purchaser.

## Special Assessments

Special assessments are financed by the municipality and are based on the actual costs associated with construction of the infrastructure. These costs are allocated on a per lot basis and are apportioned to the individual lots in the subdivision by the developer. Specials are calculated to keep the assessment costs as low as possible.

Special assessment financing is very cost effective in comparison to the cost the developer would incur if he were to borrow the funds from a commercial lender to



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pay for infrastructure. This is because the bond credit rating of city and county municipalities generally carries a lower interest rate that can be secured on debt incurred to finance such improvements. Through municipal infrastructure financing, lot prices in new subdivisions are priced much lower than they would be if infrastructure improvements were commercially financed. This helps keep housing more affordable in all price ranges and prevents a buyer from incurring the "added on" cost of the infrastructure in the initial purchase of the home.

Special assessments are typically spread over a 15-year period. They are a financial obligation of the developer until the lot is sold to a builder or other buyer. When this occurs, the new property owner assumes the obligation for the unpaid balance due. Special assessments are not, technically, taxes, but are repayment for costs incurred to construct and finance the infrastructure. The interest on special assessments is generally considered a tax-deductible benefit to the home purchaser. In the early stages of a new subdivision development, special assessments calculated by professional engineers are usually expressed as estimates because the actual costs for construction of all the infrastructure is not yet known. You should ask the subdivision's developer, the builder, or real estate agent with whom you are working for complete information about the total amount of special assessments you will incur. You may also wish to contact the clerk in the subdivision's city or county municipality for additional information about special assessments, as well as any petitions that have been submitted that will result in additional special assessment obligations at a later date.


## **Homeowner Associations**

Most new home subdivisions, especially those with common areas and other such amenities, will have a homeowner's association. The developer formally establishes the homeowners association for the area and, in the early stages of the development, performs those duties that will be performed by the homeowners association when it is eventually turned over to residents in the subdivision. A homeowner's association is a legal entity. It is established and empowered to perform certain duties on behalf of the subdivision's residents. It is



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advisable to ascertain whether a homeowners association has been established for the subdivision in which you may have an interest, when it becomes operable, what duties and responsibilities it has, the amount of dues to be assessed homeowners in the subdivision, etc., before you buy a home. You should understand your obligation as a homeowner's association member before you become a resident of the subdivision.

## **Restrictive Covenants**

Controls and safeguards established for a new home subdivision to assure building compatibility and continuity in the area, how common areas and amenities are to be maintained, etc., are established by the developer and are known as restrictive covenants. Covenants vary greatly depending on the subdivision, so it is a good idea to secure copies of any restrictive covenants and review them to gain a good understanding of the subdivision's restrictions.

Copies of covenants are available from the developer, builder, or real estate agent, or can be secured from any abstract and title company. Contact the local Register of Deeds office to determine what information you must provide to obtain the covenants in which you are interested.

In past years, covenants were filed for a specific area and were in effect for a limited time period, such as 20-25 years. Today, it is more likely that you will see restrictive covenants established in perpetuity. This means that there is not termination date and the covenants are effective indefinitely.

## **Architectural Control Committee**

This is a committee that may be separate from or function as a part of an area's homeowner's association. Its purpose, basically, is to assure that what is built in the subdivision is architecturally compatible and is of comparable size and value. In the early stages of subdivision development, the developer assures compliance with established controls. Once the subdivision is sufficiently sold, the responsibility of complying with architectural controls in the area is turned over to the committee. Typically, covenants established for the area reference the



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establishment of such a committee and outline their duties and responsibilities. Before purchasing a home, see if such a committee exists and how it functions in the subdivision you are considering.

## **School Districts**

Wichita and surrounding areas are divided into various public school districts. Since the school district can be one of the primary considerations in a person's decision to buy a home, it is important to know the specific boundaries of the various districts. Your developer, builder, or sales agent can tell you the district with which your property is associated. However, if you are unsure or desire to know additional information as to the locations of elementary, middle and high schools, the hours during which classes are held, etc., you may wish to call the district's administrative office.

To determine which school district your property is in and the phone number of that district's office, call the Sedgwick County Election Commissioners office and give them the property's street address. You can also find a listing of all public, as well as private and parochial, schools in the telephone book's yellow pages.

## **Open vs. Closed Subdivisions**

Most subdivisions are "closed subdivisions," meaning that only certain builders are authorized to build there. Whether a subdivision is closed "totally" or only "partially" is determined by the developer. The greater Wichita area is not considered a rapid and ongoing growth area, but rather as an area of steady, moderate growth. This means developers must be more cautious in developing large tracts because of the time required to ready and complete an area, and because of the significant financial risk. This, developments in our area are generally smaller and typically are done on a "phase" basis. This minimizes the developer's risk and allows him to assure the development will continue "as planned" and not be adversely affected by the market's cyclical ups and downs. Ask the developer, builder, or sales agent if a subdivision is closed, open, or a combination of the two.



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## Approved Builders for a New Home Subdivision

To help assure that a development proceeds as planned by the developer, agreements are usually secured with specific builders to build model homes as well as "spec" homes, which become "inventory" offered for sale in the subdivision. To offset the risks taken by these builders, the developer limits the number of builders allowed in the subdivision. In this scenario, if a person wants to buy a home in the subdivision, he must do so from one of the approved builders. If the developer has left "open" a certain part of the subdivision, it is typically higher-priced lots on which custom homes are built. In this situation, a prospective home buyer can contract with the builder of his choice and build a home of his choice. However, the builder and purchaser are still subject to the conditions imposed by the area's developer, such as making sure the home is built in accordance with architectural control standards, payment of a marketing fee, etc. The builder approved for a specific area are generally promoted as such, but if you are unsure, inquire of the developer, builder, or sales agent with whom you are working.

## Selecting a Builder

This decision has, in part, been made for you due to the approval of only certain builders in certain subdivision, or certain phases of a subdivision. On the other hand, you may be planning to build a custom home in an open subdivision or open phase of a subdivision, and desire to select a builder of your choice. In either event, call the Wichita Area Builders Association (316) 265-4226 for a list of suggestions to consider when selecting a builder.

## The "On-Site" Sales & Marketing Agent

Most people who are considering purchasing a new homework with the "on-site" sales and marketing agent assigned to the subdivision. Typically, this person represented the area's developer and builders and works with prospective buyers because of his familiarity with the subdivision.

The on-site sales agent usually operates from a model home office which is open during convenient hours. Information about the area typically is displayed in the



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model home office. Contact the on-site sales and marketing agent for detailed information about the area and to answer any questions.

## **Working with the Builder**

Unless you already have contacted a builder for your new home, you typically will meet your builder through the subdivision's on-site sales and marketing agent. Discuss with him the type of work he does, where he builds and the price range of his homes. Review blueprints of homes with features in which you are interested and secure a price for the home you choose. The builder will typically discuss standard and optional features available to you, allowances for carpeting, lighting, appliances, etc. Price structures vary, so you should completely understand that which comes standard for the home and that which is optional, meaning add-ons that you can purchase.

If you have not already reserved or bought a lot, a selection will be made at this time in consideration of the type and elevation of the home you decide to build. The positioning, or siting, of a home on a lot is an important detail the builder can discuss with you. During the meeting, the builder may outline construction details, as well as activities and schedules with which you will need to become involved for a good understanding of how you will be interacting during the construction process. In addition, if the on-site sales agent has not already discussed with you the lot purchase contract, builder warranty, etc., you will want to discuss these details during the meeting with the builder so that you fully understand your contract.

A clear, concise contract that outlines what has been agreed upon between you and the builder is essential. The contract should refer to construction plans and specifications and the builder's written warranty. Read and understand all documents before you enter into an agreement to build so you and the builder will have a clear understanding of what is contracted for and the dynamics of your "legal" relationship. It is your responsibility to read and understand everything before you sign and agree to it. Communication is the key to maintaining a good working relationship with the builder, so do not be afraid to ask questions.



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