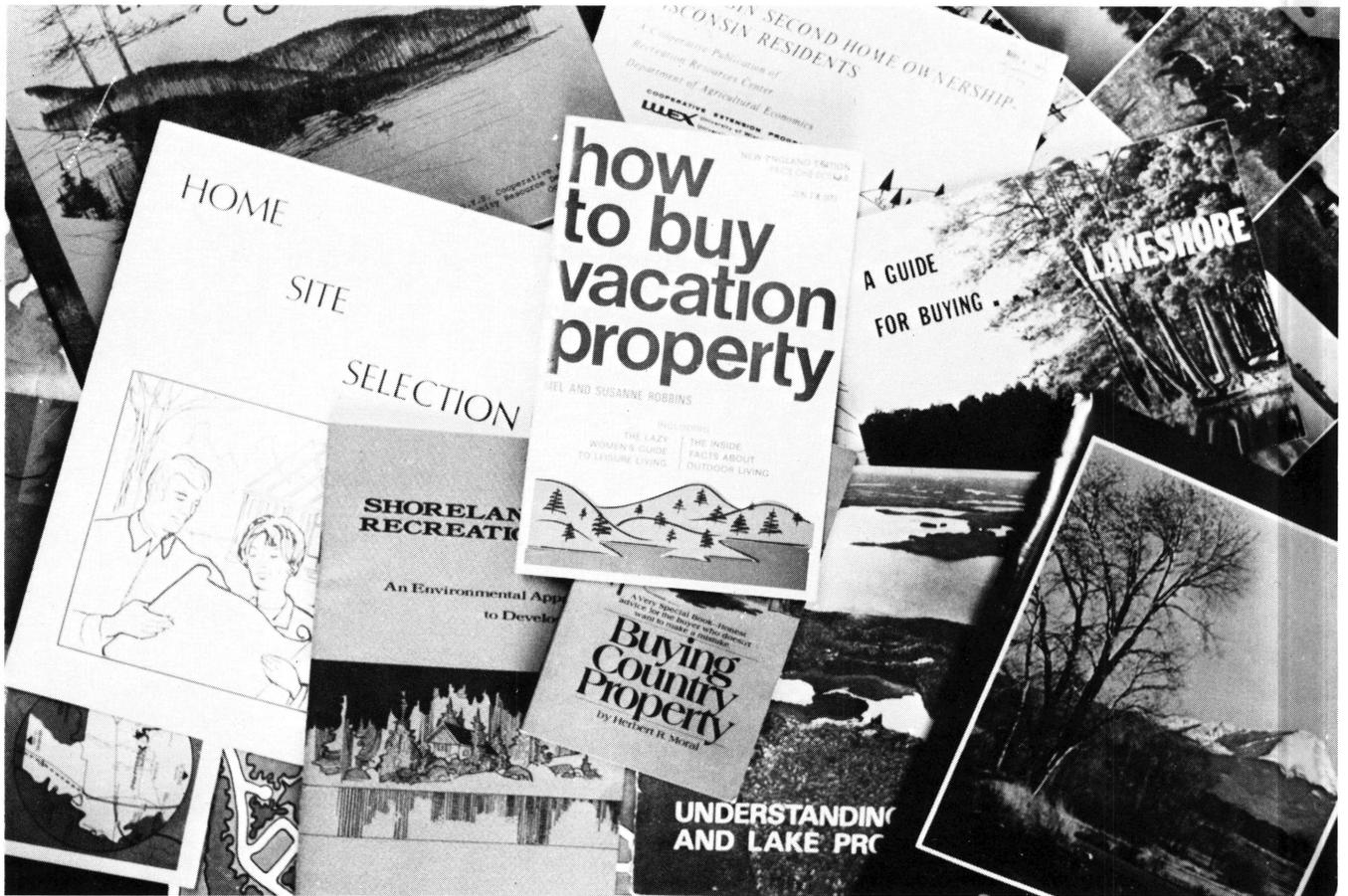
An aerial photograph of a lake development property. The image shows a large body of water in the upper portion, with a winding road and numerous houses scattered across the landscape. The terrain is hilly and green, with some areas appearing to be under development or recently cleared. The overall scene is a typical suburban or semi-rural lakefront development.

Lake Development Property

A Consumer's Buying Guide



Preface

Buying property is a complicated process and no single person or piece of literature can answer all questions that might arise. Although many guides or handbooks are available to help the consumer in buying rural property, this is the first prepared on the major aspects of buying lake development property.

Research and information used as a basis for this guide were obtained from universities, research organizations, existing literature, and individuals from throughout the United States and Canada, as well as specific information and studies from the St. Louis, Missouri area.

The research and studies which were the basis of this publication had as a major focal point the smaller

developments built around manmade lakes with less than 300 acres of water surface. The developments also included between 25 and 5000 units of property and provided more than one public service for property owners.

The terms *development* or *lake development* are used throughout this publication, but they are used as synonyms for residential lake development, recreation lake development, rural lake subdivision, recreational village, retirement community, etc. The terms refer to the whole series of new communities being built throughout the United States. Most are located in rural areas and offer recreational type incentives.

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Table of Contents

Introduction	5
Part I. Your Decision to Look	6
purchase objective/matching your objective with rural living/can you "afford" to buy lake-housing development property	
Part II. Selecting a Development	11
general appearances and services/changes in appearance during different seasons/property report/accessibility of the development/utilities and facilities/community services/evaluation of recreational facilities/lot and building standards and restrictions/property owners' association/quality of dam, lake, and environment	
Part III. Selecting a Lot or Homesite	20
cost considerations/size/topography and soil/access/development cost/availability of utilities/what does the site have to offer	
Part IV. Purchasing Your Property	23
read and understand important papers/verify what you were told/check your ownership rights/financing the purchase/other aspects of buying-owning property	
Checklist of Items to Consider	27
Additional Sources of Help for the Consumer	29
About This Publication	31



Lake Development Property

A Buyer's Guide for Consumers

Twentieth century technology and affluence have made it possible for man to create artificial lakes, increase his water-oriented activities, and enjoy more leisure time. Land developers have capitalized on the trend. They are encouraging thousands of people annually to buy their piece of American countryside by appealing to their desires for water-oriented, recreational, or *natural* living.

A lake development can provide an excellent means for enjoying rural living. It offers clean air, the leisure life, outdoor recreation near at hand, pleasing country sights and sounds—the *good life*. For many long-time urban dwellers the lake can offer the benefits of rural living while still providing some conveniences found in urban areas.

When buying any property, compromises have to be made. As you use this *Buyer's Guide*, you might not find the ideal development that can provide the basis for a favorable response to every statement and question. Your objective should be to make your final selection based on what comes nearer to your idea of perfection and financial resources. There are pitfalls which must be avoided.

With these ideas in mind, this buyer's guide is designed to assist you in increasing your understanding of purchasing and owning that rural nook of peace and contentment.

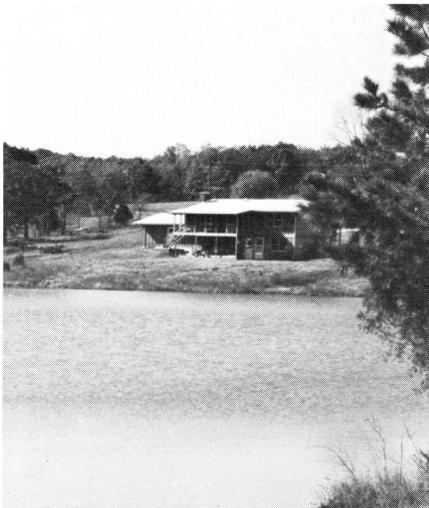
This publication will give you a general idea of the extent to which lake developments are being built in the United States. It also offers a rational decision-making process by which a fulfilling purchase can be made.

PART I

Your Decision to Look

EVERYBODY'S DOING IT! Perhaps you would like to join those who are fanning out from urban areas and seeking that rural water— or lakefront nook of peace and contentment for any one or a combination of reasons: frustration with city living; a desire for scenic beauty and nature; more leisure time; change in lifestyle; affluence; or investment.

What are people looking for, those who move out of the city?

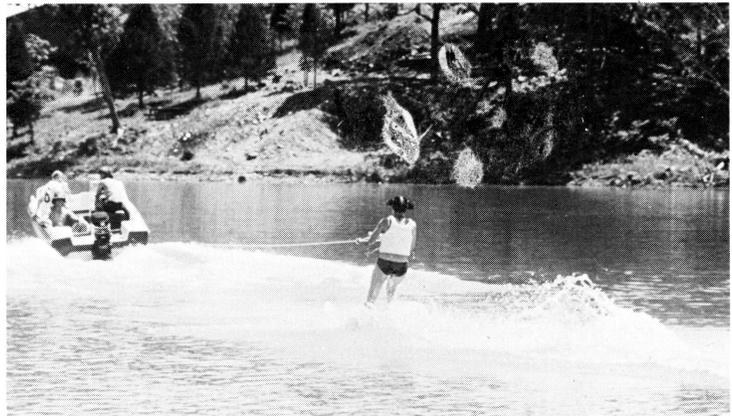


Lake developments, whether around natural or man-made lakes, along the coasts, or on navigable streams, have been a rapidly increasing trend throughout the United States.

Some three million families, or about five percent of all families in the United States, now own vacation homes. Recent research indicates that between 100,000 and 200,000 new vacation homes are being added annually throughout the United States.¹ The average length of stay in vacation homes is between three and four months per year. However, there has been a recent trend for people to occupy them on a more permanent basis. This trend is expected to continue.

Many studies make the point that land is being misused and that some developments are beginning to create social, transportation, and environmental problems. Since 1970 there has been an increase in the number of research studies, magazine articles, and books on the subject of purchasing lake development property, or as it is sometimes known, second homes, retirement villages, lakeshore property, or rural subdivisions. Most point out: *Many people fail to use rational decision-making*

¹Leisure Boom Gains, *U.S. News and World Report*, April 17, 1972, pp. 42-5.



For some it's a home away from it all, for others it's recreation.

processes as they begin to look for the better life in the countryside.

Generally, buyer surveys have indicated that the typical buyer visited only one lake development, was swept with enchantment, and made the purchase on the spot. Many did not make careful comparisons of the features available among lake developments.

Serene and satisfying views of water coupled with visions of escape from urban areas have led many people to an immediate purchase. Of course, the careful manipulation of psychological and social conditions by a well-organized development may also be a factor.

WHAT IS YOUR PURCHASE OBJECTIVE?

If you are anticipating the purchase of some type of lake property, one of your first considerations should be *what you are going to do with the property*. Do you want it for primary residence, recreation, second home, retirement, investment, or a combination? You need to understand use differences in each of these objectives.

Permanent Residence Objective

Buying lake property for a permanent residence is probably one of the biggest investment decisions you

will make during your lifetime. The same rules and guidelines that you would use in purchasing a home in an urban area should be used in purchasing a home in a rural development.

In urban areas we tend to take for granted that many services and facilities will be available because they normally already exist. In some lake developments, this assumption may not hold. Few rural lake developments have sufficient tax revenues to provide the services that a municipality can provide. Many homeowners have been disappointed to find that the services such as water, sewerage, or fire protection may be more expensive and more difficult to obtain and control than they anticipated.

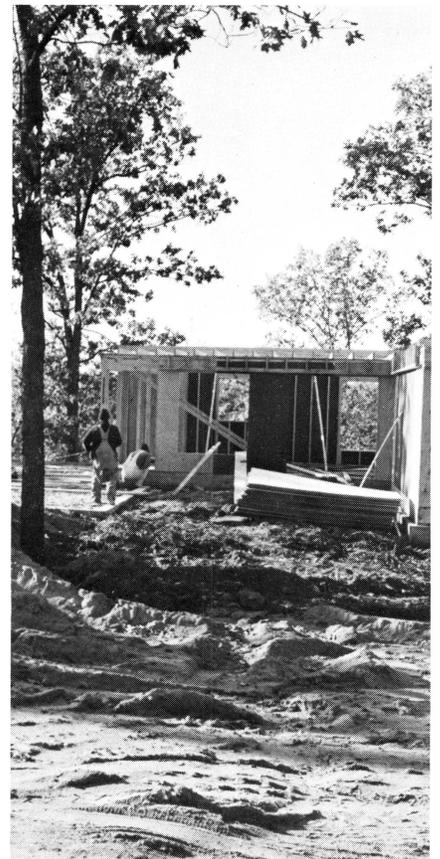
Not only are the availability and adequacy of services and facilities important if you plan to live in a lake development, but you should also consider the travel distance between your lake residence and your employment.

Recreation Objective

One of the greatest attractions of a lake development is recreation. Lakes or streams, tennis courts, clubhouses, boating facilities, and other recreational opportunities have universal appeal.



Other Objectives Include . . . a pleasant spot to retire, investment speculation, and combinations of reasons.



If you plan to buy the property mainly for its recreational value and will use it only seasonally or on weekends throughout the year, the need for services and facilities may not be as important as for a permanent residence. In this case, pay particular attention to the quality and accessibility of recreational facilities of both the development and the surrounding countryside. Assure yourself that they are the type that you and your family enjoy and will use.

Buying Property for Retirement

Buying lake property for a retirement site poses other questions. For example, you may have become accustomed to a particular lifestyle. If you have lived in an urban area, you may find that the lifestyle may change significantly when you move into a retirement lake development.

The availability of transportation, distances to shopping and medical facilities, maintenance and upkeep, and other responsibilities of home ownership may become greater concerns for you in a retirement community.

Buying Property for Investment

First of all, land should increase in value a minimum of 12 percent per year just to equal your insured savings account.² Most of the research that has been reviewed from throughout the United States indicates that lake property in particular does not always appreciate in value as anticipated when initial costs (which include development, promotion, and selling expenses), taxes, insurance, and upkeep are considered in the total.

In addition, this type of property may have high overhead costs in the form of assessments and special improvement and maintenance costs.

Buying for a Combination of Reasons

Buying lake property for a combination of two or more of the above purposes will require you to review the purchase from *each* viewpoint. For example, the decision becomes more complicated when a prospective purchaser wants the property initially for recreation but sees that eventually he may want to live or retire there. As pointed out, services and facilities that are not important when all you want is recreation become vital if you later decide to build a home.

It becomes important that you look at the development from the standpoint of what it will be like in the future. You need to be sure that necessary procedures and controls are established so that it will develop to meet your *future* needs.

MATCHING YOUR OBJECTIVES WITH RURAL LIVING

Do the uses that you have planned for lake development property justify your decision to buy, or do you

have an alternative to reach the same objective? Do you plan to purchase the property and use it as an asset to your lifestyle, or will it become a liability?

Unless you and other members of your family are sure you would like this type of rural living, it's a good idea to test it before investing. Perhaps you could visit friends who live in such a development or rent a lot or cabin for a season or a few weekends.

Living in a rural lake development may require changes in your living habits, particularly if you have lived in an urban area with facilities and services close at hand. The sight and smell of clean air and the sound of croaking frogs may annoy you if you have been used to smog and traffic noise.

Recreation and Leisure Time

How you spend your recreation and leisure time is also an important aspect to consider before you decide if lake development property will suit you. The ideas of picnics under the trees, boating on a lake, visiting leisurely with the neighbors in the local clubhouse, playing a round of golf, and just enjoying a lazy, leisurely life are great for vacations. When these activities become a greater part of your everyday life, will they still offer the same fulfillment? Will living in a rural area require curtailment of some of your social activities and other amenities you may have experienced?

Social Implications

In rural developments neighbors may expect you to become more involved in civic activities, and this may be a specific reason you are wanting to be in a rural area. You may find that you will have a greater opportunity for your voice to count when it comes to governmental or political affairs. You may find that just plain, everyday associations with people will become a larger part in your social activities.

For many people this could require quite a change in attitude. Adjusting to the more easy-going living and quietness of rural areas can be quite difficult for some people.

Solving Problems Without Governmental Assistance

Certain problems have a tendency to be taken care of by others in urban areas. Professionals employed through governments and other urban agencies attempt to solve them. In rural areas their solution may depend on your becoming personally involved and perhaps even doing it yourself. For example, if a problem is found in the local water system, you may be asked to become involved in finding a solution. After implementing the solution, you may be needed to assist with the actual operation and maintenance.

This type of involvement may appeal to you but annoy others. It does have the potential of being a very fulfilling experience. Are you ready for this type of involvement?

²Land Sales Boom, *Consumer Reports*, September 1972, pp. 606-8.

CAN YOU "AFFORD" TO BUY LAKE DEVELOPMENT PROPERTY?

Afford, in this instance, does not only refer to the ability to pay for property. You should be prepared for additional costs involved in owning and maintaining lake property. Normally, many of these additional charges are spelled out in the sales contract or property report which you obtain when purchasing such property. But they frequently do not become apparent until after you begin to pay them out piecemeal. Here are some charges you can expect.

Improvements and Maintenance

Owners may be required to pay yearly assessments for improvements and maintenance in the development. The charges can vary from almost nothing to several hundred dollars annually. Examples might include roads, recreation facilities, or public services.

Taxes

At present, many rural areas throughout the United States provide fewer services than urban areas and have relatively low taxes. But as more people move into rural developments, their desire for services will probably increase and so may local taxes.

Services

Services such as water, sewerage, police, and fire protection are sometimes taken for granted by urban residents. Your past experience may indicate that local governments will provide such services. In many lake developments the developer will provide them and charge a fee. In some developments such services won't be available but may be needed sometime in the future.

Other charges and assessments can be made on owners of lake property. Examples include muskrat control; mosquito control; maintenance of the local clubhouse, golf course, and swimming pool; and road maintenance and development. The lake, as well as all the docking areas and boating facilities around it, probably will need maintenance.

Maintaining two homes, as many people do when they purchase such property, is comparable to the problems that are involved in owning two automobiles. On the surface, there doesn't appear to be much additional cost. But instead of having one home to repair and maintain, you have two.

So *afford* means more than just managing the initial purchase price or paying off a loan. It becomes a question of whether you want to pay the costs required over a period of years.

When you buy you need to be aware that there will be other costs besides the loan. Services such as road maintenance, gate keepers, and water systems must be paid for by the owners in some way.





PART II

Selecting A Development

This chapter is designed to help you look at some of the factors that should be considered before you make your selection. Many of us are in the habit of going to the store and buying things on the spur of the moment. In a large investment, such as the purchase of lake de-

velopment property, some special considerations should be given because this purchase may be with you for many years.

Following are some of the major points to look for:



General Appearance and Services

Generally, factors that developers use in selecting a site should be factors that you might consider when you purchase a lot in a particular development.

- Does the development have *pleasant and attractive surroundings*?
- Does it appear to have a *stable social and political climate*, unmarred by conflict and dissension?
- Are there *cultural and recreational facilities*, such as parks, community centers, museums, music halls, and sports centers? If not, will they be developed in the future?
- Are there *adequate public services*, such as utilities, sanitation, education, fire protection, and medical facilities?

Changes in Appearance During Different Seasons of the Year

The principal buying season for lake development property in Missouri and most midwestern states is April through October. These are the months when land and water are beautiful and weather induces prospective buyers to "get out and look." It is wise to view the land in other seasons, however, before you buy. The land is easily seen during the winter and early spring while the leaves are off the trees and groundcover is low.

To check for weeds, you need to inspect the lake in early summer and toward fall.

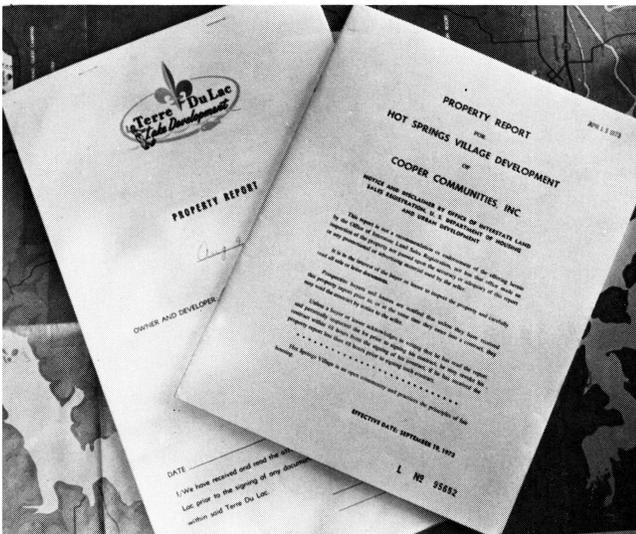
To gain the opportunity of viewing the property at different seasons and avoid risk of losing it to another buyer, it may be possible to lease with an option to buy.

Is There a Property Report and Have You Studied it Carefully?

In August 1968, Congress passed Public Law 90-448. Title XIV of that law was titled *Interstate Land Sales Full Disclosure Act*. Shortly thereafter, the Office of Interstate Land Sales Registration (OILSR), Department of Housing and Urban Development, was established to provide technical information and investigate consumer complaints. Their objective is to provide consumer protection by requiring full disclosure of conditions surrounding the purchase of undeveloped subdivision land sold in interstate commerce.

As a result of this act, each development must provide you with a copy of a Federal Property Report prior to or at the time of sale if the development: (1) has 50 or more lots, any one of which is five acres in size; (2) lots are marketed through interstate commerce after April 27, 1969; and/or (3) a lot was sold without a structure on it or a contract to build within two years.

Ask for and study the property report.



The OILSR has policies which also affect developments under its jurisdiction:

- The buyer must have had a chance to read a property report before the purchase contract was signed.
- If the buyer does not receive a property report before signing the contract, he can cancel the contract and get his money back.
- The land development obligation to the buyer must not be misrepresented in the property report or in any other way.

The property report should answer most of your questions about the future design and development of the particular project. You should read the property report carefully because portions can be answered as required by OILSR but still leave some question as to what will actually happen in the future.

The property report is one of the first items you should obtain. Ask the salesman or whoever is showing you the property for the report. Then use it and pose questions as you look at the property.

Is the Development Accessible to the Following?

With regard to lake developments, there is a fine distinction between "accessibility" and "availability." For instance, beauty or barber shops may be *available* to a lake development, but one may not consider them *accessible* if he has to travel fifteen miles to get a haircut. You might think of accessibility as meaning that something is available within reasonable time or distance limitations. So please consider the following points within this context.

Primary Residence. If you plan to make frequent use of your lake property for recreation purposes, it should not be too far from your permanent residence. If the development is more than two to five hours' driving distance, the chances of frequent use on weekends may be greatly decreased.

Employment. Accessibility to employment location is also important. People, particularly in the midwest, frequently purchase lake property for weekend recreational use but eventually build a permanent home. Commuting from the home in the rural area to urban jobs, some have found, creates travel problems as the years go by.

Even if you purchase the property for retirement, consideration must be given to employment location because, after a year or two of retirement, people frequently decide they want part time jobs. Commuting between a lake development and a part time job might be inconvenient.

Location of employment opportunities may also affect resale value of the property.

Shopping Facilities. When you are moving into a lake development, the location of your favorite types of shopping facilities may be important. Generally, the small stores that move merchandise on a slower basis require a higher price for these goods than those moving merchandise on a volume basis. The cost of operating shopping facilities with low profit margins may make it impractical for a development to have its own complex of shopping services and facilities.

A large number of people are required to support major shopping centers. You should consider the distance from the development to the shopping facilities that you require.

Medical and Health Facilities. Medical and health facilities or services are seldom considered unless health is poor or we are constantly under a doctor's care. But as soon as we need them, the accessibility of these services and facilities becomes vital.

It must be remembered that in most rural areas doctors, dentists, optometrists, chiropractors, emergency medical care, and ambulance services are frequently a considerable distance away from the front door. Some lake developments are located an hour or more from emergency medical care.

Entertainment and Cultural Activities. If you like to attend professional football games, baseball games, municipal opera, zoo, nightclubs, and other cultural and recreational facilities of an urban area, you may want to consider the distance from these.

You may feel that the tennis court, golf course, swimming area, fishing facilities, and other recreational facilities will meet all your recreational needs. But this is not always true. Your previous recreational and cultural experiences are important. Many people have become disappointed when the newness of their lake development wore off and they found they longed for some of their past experiences.

Public Transportation. Public transportation is almost non-existent in many rural areas. Lake developments, particularly in the midwest, normally have bus service within a half hour's drive; however, airline travel, railroad travel, and good road systems are frequently lacking.

The prospective buyer may be told that the development has its own airport or that there is a nice airport located within a few miles or that one of the major bus lines operates a bus service in a nearby community. But what is adequate transportation for one person may be inadequate for another. Systems should be checked against your particular needs.



Is a safe drinking water supply available?

What Utilities and Facilities Are Provided: What Type Are They; Who Provides Them; How Much Do They Cost?

Water System and Supply. Just because there is a lake in the development and drinking water available at the visitors' center does not mean that all water is usable and that there is plenty available for your future

Some of the questions you can ask to help understand the type of water system in the development are:

- Is there a public water system to serve every household, or are householders expected to drill their own wells? If you dig your own well, are you sure you will find an adequate supply of water?
- Is the public water system designed to take water from deep wells, or will it be treated surface water?
- Will the water come from the lake or from a separate impoundment? If it comes from the lake, then the use of the lake may be limited.
- Is the quantity and quality of water adequate for the ultimate number of households when the development is completed?
- What size of water pipe serves the area you are interested in? Remember, in order to receive adequate fire protection, a line needs to be between four and eight inches in diameter, depending on the distance from the source of pressure.
- Does the water system have water towers for reserve capacity and a pressure system with pipe sizes adequate to allow every household in the rest of the system to receive adequate pressure?
- What provisions are made to maintain the quality of the water and to maintain the water system?

needs. Most of the questions about water system design are answered if design plans have been certified by a registered professional engineer and the State Department of Health.

Sewerage System. Questions about the adequacy of the sewerage system design can be answered in the same way as those for a water system. Check to see if a professional registered engineer has certified that the construction was to his specifications and that appropriate state agencies concerned with sewerage systems have verified that the system is adequate. (In Missouri, this can be verified by the issuance of an operating permit provided by the Missouri Clean Water Commission).

Because sewerage system regulations can vary from state to state the following statement was provided by the Executive Secretary, Missouri Clean Water Commission 1014 Madison Street, Jefferson City, Missouri 65101.

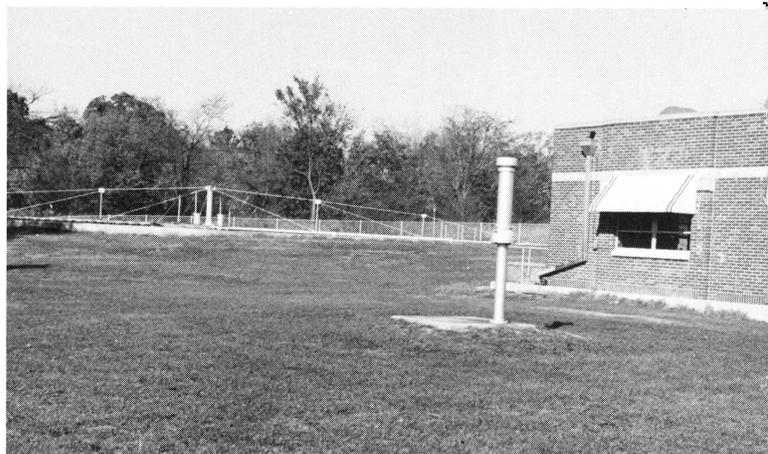
"Individual sewage disposal systems such as septic tanks and aeration systems are not satisfactory for lots surrounding a lake. A sanitary sewer system should be installed. The conventional sewer system is a gravity system. Recently, pressurized systems have been made available. At this time there is only one installation in Missouri and it has been in operation for a short period of time."

Conventional technology utilizes a *gravity sewerage system*. The technique is to carefully place all pipe on a grade so that gravity-induced flow carries the waste in sealed pipes around the dam for treatment in the valley below the dam. About every 2000 feet along the shore, a gravity sewage flow system has to have a pumping station installed to raise the sewage into the next 2000 feet of pipe until it finally arrives at the treatment site. The lift pumps are required because the lake surface is level, and insuring sufficient slope of the pipes would require placing them too far from shore to allow building houses along the shoreline lots.

A *septic tank* is an individual sewerage system. Septic tanks are permissible (if local or state regulations permit) where housing density is very low and where the soil, geology, and hydrology are right. A septic tank receives household waste waters and must be of sufficient size to hold the liquid waste for bacterial action to take place. The effluent then flows out of the septic tank into distribution pipes, where it soaks into the ground and bacteriological action continues.

The sludge collected in the tank of a septic system must be taken out and disposed of every two or three years. The sludge must be disposed of outside the lake watershed. *Is septic tank cleanout and maintenance provided by the developer?*

The possible consequences of the use of septic tanks should be considered. Eventually, the drain field of a septic tank may become saturated. The only direction



Building and maintaining sewage treatment facilities will be part of the expense.

for the excess seepage from saturated soils is down into the lake. Also, badly installed septic tanks and pipes in the drain field may leak directly into the lake. Or an overflow from an overloaded septic tank can occur when you have many guests on a weekend.

The *pressurized system* is an example of new technology now available to project developers. It can be installed with pressure pumps in each household. The individual household sewage is pumped uphill away from the houses on or near the lakeshore. The pumped sewage is conducted under pressure outside the lake basin area or allowed to flow along the ridge for treatment below the dam. If this is the system used, check to see if there is an emergency, hand-operated pump to use in case of power failure.

Another newer type of system is designed for individual property use. This is a small *aeration unit* which can be placed on the property and treats waste by pumping air through it. It operates differently from the septic tank but serves the same purpose. A system for disposing of the liquids must be provided.

Treatment of the sewage is very important in any type of central waste treatment system. The developer may install farm or garden plots below the dam for households around the lake. All the nutrients from the sewerage system, if treated, can be used up in the

irrigation of crops. Then the nutrients will not be discarded as pollutants into the stream below the dam. Or the developer may install a factory-produced *package plant that aerates* the sewage. Or he may build a *sewage lagoon* where natural treatment takes place.

Electricity. Until the last several years, electrical power has been little problem for most new lake developers. With the recent energy crisis, electricity serving rural areas is expected to become more of a concern.

Some states have established laws through some type of public service system which require the developer to put in the entire electrical system. He is reimbursed by the power company at the time he sells the lots.

A number of lot owners, particularly in smaller developments, have had problems as a result of inadequate planning. For example, some people have found that after building a house they are unable to hook up to the local electrical source. The electric company may not put in the necessary free lines. They may insist that the developer put them in and charge this cost to the individual homebuilder.

Gas. Natural gas service is lacking in many lake developments. The few exceptions are extremely large developments or those located near an urban area.

Most of the gas fuel available to you will be in the form of propane. Tanks are placed in the back yard and are serviced by dealers. Generally, the cost will be higher than for natural gas.

Telephone. Telephone service in some lake developments may not be exactly what you have come to expect. Many developments will be unable to provide the private lines and the types of service you have had in urban areas—even though rural telephone service is improving rapidly. Four or five people may be on the same telephone line. You may be faced with a waiting period before you are able to obtain the type of service you want.

Streets, Roads, and Trails. For most of us, knowledge of streets and roads is very limited. If a street or road is smooth and wide and has a new-looking surface, we expect it to be good. Road appearances can be misleading.

Are the roads in good shape and how is maintenance paid for?

The following items will help you become more knowledgeable about streets, roads, and trails:

- If the roads are gravel or rock, do they have a chemical treatment for dust control?
- Do the roads have open ditches dug by a road grader along the edges of the roadway? If not, a gravel road will tend to wash out after each major rain.
- What provisions are made for a road grader to periodically clean the ditches, as well as blade and smooth the roadway?
- What are the charges and assessments now or in the future for road grading service?
- Do the same grading charges provide for snow services?
- If the roads in the development look paved, they may be simply oiled or sprayed with a thin coat of asphalt which will have a limited life of less than five years.
- What annual or other future assessments can be made to pave the roads?
- What is the condition of the local roads leading to the gate of the development?
- Will the county or other road jurisdiction take over maintenance, such as snow plowing, in the lake development at some future date?
- Is there a letter from the county government or other unit of government stating their responsibility for the road system?
- How far is it to the nearest interstate, state numbered primary road, and state lettered supplementary road?
- Is there a walkway along the edge of the lakeshore?
- Are bicycles and motorbikes allowed on the walkways?
- Are trails provided for horseback recreation?
- Are motorbike trails provided?
- What provisions are there for annual road, trail, and walkway maintenance and snow plowing fees?
- How far is it to the nearest airport?

The maintenance of roads can be expensive. For example, the construction of just a basic gravel road in Missouri will range between \$2 and \$8 per lineal foot. With any type of coating on the surface of a road with



an adequate base, the cost will range from \$5 to \$15 per lineal foot, depending on the width. There is also annual maintenance cost. Unless you are aware of the type of road system you have, you may be faced with large maintenance charges sometime in the future.

Transfer of the responsibilities for roads and streets to some type of governmental unit is extremely unlikely in a development that intends to remain private. It is generally not economically feasible for a lake development to incorporate and maintain its services as a governmental unit because of an inadequate tax base or the need for high tax rates.

What Community Services are Available

When we think of community services, we normally think of education, medical facilities, fire protection, police protection, churches, civic organizations, television, and newspapers. In most rural lake developments, the availability of these services and facilities may depend on how close a particular development is to a nearby city.

Education. Regarding educational services, you should consider these questions:

- Are the educational facilities generally comparable to those in an urban area?
- Are there limitations as to the number of subjects taught because of the limited staff?
- Is the quality of instruction suitable?
- Will the children be required to ride long distances on a bus?
- Are the school facilities old? If so, does this mean additional taxes in the near future?
- How sound is the financial condition of the school?
- Is there a vocational-technical school program in the area?
- Is there a two- or four-year college within commuting distance?
- Are adult education programs available locally? Will they meet future needs?

Medical Facilities. Medical facilities are generally limited in rural areas. Find out about them. Most rural areas will have medical facilities for common sicknesses and injuries people suffer. But in the event of an extreme emergency or special situation, people may need to be transported to more complete urban medical facilities.

Generally, sufficient doctors, dentists, optometrists, and chiropractors can be found to meet general health needs. But seldom are there people practicing a full range of specialties in rural areas.

Fire Protection. The extent of fire protection may dictate the cost of insurance on your property. Fire protection may not be available.

In rural areas fire protection can be provided in several ways. One is through a contract with a municipality located within a servicing distance. A second way is through a special district and use of special fees, assessments, or taxes collected from each property owner in the fire protection district. Another way is the formation of volunteer fire departments.

Each method has advantages and disadvantages. They may not offer the complete, comprehensive services found in urban areas.

Police and Security. In some developments, police protection is provided by guards or watchmen hired by the developer. After the developer leaves, and eventually he will, who will pay for this type of service? The developer should be able to provide an answer to this question if you ask.

Are security patrols provided by the developer or through agreements made with public law enforcement officials? Vandalism and theft do occur in rural areas as well as in urban areas. Such security patrols do not always prevent vandalism and theft, but they can add to your personal sense of security.

Churches. In an urban area, churches of most denominations are within easy driving distance. There may not be enough people of a particular faith to operate a church in a rural area. Thus, check the location of the church of your choice.

Television and Radio. Community antenna television systems are being developed throughout the country, but in most lake-development projects—unless they are large—this is an item that may be some time off.

In terrain that is suitable for lake-housing development, there may be a problem of receiving adequate television and FM radio reception. The location of your lot and the location of the development in relationship to the transmitting towers of the various television and FM radio stations may be an important consideration for you when selecting lake-development property.

Newspapers. Most rural areas do have daily or weekly papers, but they are seldom of the scope of the newspapers found in the major metropolitan areas. The major dailies often require a day to reach a prospective development.

Evaluate the Recreation Facilities

How can you be assured that recreational facilities meet national standards and that such facilities will

meet future needs? The answer to this question is very difficult because standards change over the years, and it is almost impossible for the average individual to have complete knowledge of recreational facilities.

One thing you can do is recall all the recreation you have enjoyed and see how much of it is available around the development. One of the best ways to assure that the recreational facilities meet national standards is to obtain a list of the standards from the park board or park department in your community and check them against what you find in the development.

Typical recreational facilities found in developments are swimming areas, swimming pools, golf course, tennis courts, badminton courts, boatdocks and boating facilities, picnic areas, and recreational areas for hiking, horseback riding, and motorcycle trails.

The developer normally pays the cost of building and maintaining most recreational facilities until the development is approximately 25 to 60 percent complete. Sometime after that the developer may either turn the recreational facilities back to some type of property owners' association or ask the people to maintain these facilities on a pay-as-you-go basis. If the maintenance costs are to be assessed against the property owner, this can become an expensive item.

Open Space Land. It is also important that you determine whether there is sufficient open space. (Open space in this instance means land allowed to remain in its natural or near natural state.) Many people buy property in lake developments before many of the lots are sold and fail to realize that much of the open space they see is actually property that has either just been purchased or is for sale to other people. Unless sufficient open space land is set aside, the development may become congested.

If you are interested in boating, you should be concerned about access to the lake. There are two major methods of lake access. One is the setting aside of lake-front lots for public use, and the other is through the establishment of a public use easement around the entire lake.

The development should also have complete recreational plans with sufficient controls to insure that they will be followed. If this is not done, some of the existing recreational land or open space may later be sold as additional lots. Insure that land set aside as open space and public recreational property is clearly described in writing.

Compare Lot and Building Standards and Restrictions

The purpose of restrictions is to insure adequate future development. Copies of the restrictions of several developments should be obtained and carefully reviewed before selecting a development. Restrictions and covenants can vary. Some have clauses that allow manage-



Check building restrictions and covenants to see if they prevent carrying out your plan.

ment to deviate from restrictions but do not allow the individual homeowner or lot owner to do so.

Because of past experience in an urban area, you may become upset with housing codes, building codes, zoning restrictions, and other types of restraints on property development. Moving into a rural area does not insure you will be free of this concern. Restrictions normally are established to provide protection and insure the development for the good of all the people. If restrictions are lacking, you may find this to be a disadvantage in the long run. With proper building restrictions, you are more assured that the development will progress a certain way.

One of the problems with lake developments, however, is the lack of *simple* legal authority giving local developers the right to enforce restrictions and standards. As long as the developer is there, he will generally enforce them through persuasive powers and, sometimes, with lawsuits. Once the developer leaves, however, this becomes a greater problem because of the lack of a generally accepted public body to insure enforcement of the various restrictions and standards.

The enforcement of building standards and restrictions is very important over a period of years because it can influence future resale value of the property. Unless the means of enforcement is assured, you may witness undesirable land use practices in the development.

Is There a Property Owners' Association?

Property owners' associations are of great importance. They are one of the organizational means you have of becoming a part of a real community. There are two general types of property owners' associations: voluntary and mandatory.

The *voluntary* type normally has little legal authority and sometimes gives the appearance of being a social organization. But it can be an effective method by which you can make your wants known to the developer and to the rest of the people in the development.

The *mandatory* type requires that you become a member of the association as a result of owning property.

The duties and functions of property owners' associations vary from having large-scale inputs into the lake development to a group that sponsors the once-a-year fish fry. But in either case, in the initial stages of any development, the developer holds control until he decides to turn it over to the owners' organization.

Another important aspect of property owners' associations is the relationship between the association, developer, and the local unit of government that has jurisdiction over the particular development. If the developer has made various arrangements with the governmental organization—which in Missouri and most midwestern states would mean the county government—many of the services and facilities of concern to the buyer may already have been arranged.

You should also understand the purposes and objectives of the property owner's association. Determine what the relationships are between the developer and owners' association. Talk to both the developer and local citizens and determine how well they have worked together.

Have You Investigated Quality of the Dam, Lake, and Environment?

Verify that a qualified planner or engineer was consulted on the dam in the planning phases of the development to insure that the dam, lake, and environment were all taken into consideration during construction of the property. If at all possible, establish if there was engineering input throughout the entire construction phase.

There are three major ways to insure that the quality of the dam, lake, and environment are compatible and that the necessary precautions have been taken by the developer.

- The first is a *certification* by the seller that the dam was designed by a qualified engineer. This type of certification will normally provide the engineer's name, his registration number, his address, and a comprehensive report that he provided to the developer.
- Second, is there a report prepared by a *qualified geologist* as to the suitability of the reservoir for holding water?
- Third is to *review the lakeshore codes and maintenance provisions*, which the developer should have in writing.

There is a fourth way, which is very difficult for the prospective buyer: A *complete review*



of all of the building plans and long-range design plans prepared by the developer.

Dam. You should consider these questions about the dam:

- If the dam fails, who is responsible?
- Is there liability protection in the event of drownings, loss of life, or injury?
- A less severe, but nevertheless costly, operation is necessary if the water in the lake has to be lowered or another remedy found to repair a leaky dam. Who has the responsibility for this type of repair?
- Is there a plan for maintenance and inspection expenses to help prevent dam failure?
- What if an extra heavy rain falls in the lake's watershed? Have spillways and overflow been designed for that one big occurrence during a 100-year period?
- Are there water-level regulation works installed as part of the dam so that the lake water can be lowered or drained if the need arises?
- Is it possible to drive across and walk along the top of the dam? Views of the water in the lake, water activities on the lake, and views of the valley below can be very enjoyable.

Lake. Is a record of examination by an engineer or other water resources professional available? Even if you are unable to obtain a

copy of this report, you can still ask questions such as:

- Will water have to be pumped from wells or other sources to keep the lake full? If so, who pays the cost?
- Is there a watershed of sufficient area for collection of rainfall to keep the lake filled?
- Water leaking through a poorly designed dam is not the only route of escape of a lake's water. Is there a record that a geologist has examined the bed and sides of the lakesite?
- Is there a written plan providing for lake maintenance expenses to keep the lake in best condition for your use and enjoyment?
- What provisions have been made for maintenance of the beach swimming area, the boatdocks and fishing buoys, and markers?
- Are there lake surface zones or restrictions where areas are set aside for swimming, boating, canoeing, skin diving, water skiing, sailing, fishing, etc.?
- Is the lake adequately protected from pollutants? For example, are septic tanks or sewerage treatment facilities close to shore or can they overflow into the lake? Are there other sources of pollutants in the lake watershed that may pollute the lake in the future?

Environment. There is a possibility that a lake may upset ecological balance of an area. A general development plan for the entire lake community should take into consideration ecological balance, dam construction, services and facilities, and the relationships of all of these various aspects.

We cannot hope to set down a little piece of an urban area in a lake development and still hope to preserve all the natural environment that drew us to the lake in the first place. Some of the items that are particularly attractive in the initial stages of a development will be lost as the development begins to take on the aspects of an urban environment.

Every lake, in relation to geologic time, is only a temporary entrapment of water. In the midwest, particularly in Missouri, there are few natural lakes. Erosion over thousands of years has cut an outlet deep enough to drain them or erosion in the watersheds has deposited enough sediment to fill them. As soon as a lake is built by man, the water immediately begins to wear away the spillway and fill the lake with sediment and rotting debris.

Tree leaves in the fall and organic matter from farm crops, weeds and grass cut from lawns, uprooted trees and brush from floods, sediments from storm erosion—all end up in the lake unless they are trapped at the entrances. Sediment and debris traps must be carefully designed for frequent, easy, and economical cleaning by maintenance crews. A sediment trap usually fills very quickly, and once full, all further debris and sediment go into the lake. Unless some means are devised for preventing debris from flowing into the lake, eventually the lake either will have to be drained and cleaned or be allowed to become just a shallow, swampy area.

Are storm drainage waters from along the roads carried past the dam and kept out of the lake? These waters pick up leaves, debris, and eroded soil. Storm waters also leach summer dust control chemicals and some of the oils from asphalted or oiled roadways. They dissolve the salts spread on the roads in winter ice storms. All of this offers potential harm to the ecological balance in the lake.

In addition, are there provisions for muskrat trapping and lake rodent control in fishing and other areas? If not, this may become a problem and a possible cost to landowners.

Finally, conservation and concern for ecology is the responsibility of every landowner. If each owner is concerned and does his fair share, the development can remain a desirable place in which to live. Visiting with other lot owners can be very helpful in selecting the development that provides the present and future environment that you want.

If you choose a site for the beauty of its natural wooded environment, is it likely to stay that way when all lots are sold.



Part III

Selecting A Lot or Homesite



Nearly everyone will look for a site that has a pleasing appearance. You will want a nice view, good access, and suitable topographical features to meet your needs. After the initial infatuation with the particular location, there are some other serious factors that you must consider if you are going to make a rational attempt at the best possible investment.

Here are some tips to help you select the individual lot.

Cost Considerations

Below are some "ballpark" figures on costs³ of items that are normally included in the purchase price of a lot in a small lake development in Missouri. Com-

Initial cost of an average lot will range from \$3000 to \$10,000. This lot cost includes one or more of the following:

- Land cost: \$200 to \$700 per lot.
- Dam and lake cost: \$500 to \$900 per lot.
- Water and fire systems: \$200 to \$600 per lot.
- Curbed, paved roads: \$400 to \$600 per lot.
- Lodge, indoor pool, etc.: \$100 to \$400 per lot.
- Park, picnic area, beach: \$100 to \$200 per lot.
- Golf, hiking, horse trails: \$100 to \$200 per lot.
- Sewerage system: \$800 to \$1200 per lot.
- Plus the cost of a house if there is one on the lot.

Your share of operating and maintenance costs after purchase may vary from \$200 to \$500

per lot annually and includes one or more of the following:

- Owners' association dues: \$10 to \$100 per lot annually
- Taxes: \$25 to \$75 per lot annually
- Water and sewage treatment: \$50 to \$100 per lot annually
- Roads, resurfacing, etc.: \$50 to \$100 per lot annually
- Maintenance of lodge, dam, lake, camping facilities: \$50 to \$100 per lot annually
- Security, policing: \$25 to \$75 per lot annually
- House taxes: \$50 to \$300 per home annually
- Fire protection: \$10 to \$50 per home annually
- Insurance on home: \$65 to \$200 per home annually
- Remember to add the interest on your investment and costs relating to closing the purchase

³This list was prepared by a group of engineering professors at the University of Missouri, Rolla in July 1973.



pare costs of your prospective purchase with these, and remember that several individual expenses can add considerably to the total costs.

Size

Unless a lot is surrounded on one or more sides with some type of public access land, then a lot much less than one acre could be considered small. You should consider the average size of lots sold in the entire development. If the average size is small it may be that you will want to buy more than one to suit your needs. However, your neighbors may not do this, and the result could be crowding around you.

If you entertain frequently or expect to have weekend guests or the topography is unsuitable for utilizing most of the property, one acre is probably too small. If your purpose is privacy, the larger the lot size the better. It would be nice to leave a part of the property in its natural state.

If your planned use includes placing a sewage treatment facility and water system on the site, then a one-acre lot may be too small in most areas of Missouri. On the other hand, if there are central sewer facilities and water available and you prefer close neighbors, then lots smaller than one acre might meet your needs.

Topography and Soil

The topography of the land must also meet physical needs, such as a site for the type of future housing you may build. If you plan to use the land only for recreation or access to recreation, such as water sports and fishing, then the shape size, and topography of the lot may not be as important.

There are lake lots where the slopes are so steep that only the most agile people can move around on

them. So walk around and try it on for size.

Besides being difficult to enjoy physically, steep slopes offer additional problems in building homes, maintaining yards and roads, and placing waste disposal facilities. The side slope of a hill may offer a beautiful view, but remember that steep slopes are difficult to utilize unless you are prepared to pay additional cost for development. A knowledgeable salesman can assist with all types of suggestions on the potential that property with steep slopes has. Insure that the final decision is yours, not his.

The type of soil on the site is of interest because you may want to raise flowers and a small garden. Rocky hillsides are not conducive to this use. If possible, the soil should be at least one to three feet deep throughout the lot and with sufficient topsoil to support trees and shrubs. Arrangements might be made to bring in soil from an adjoining lot.

Access

Easy access to both recreational facilities and property is essential. The closer your lot is to recreational facilities, the more likely you are to use them.

Roads between your property and the entrance to the development should be adequate to allow travel in or out during bad weather. This is especially true if the roads are built up and down hillsides and across small streams and ditches.

Roads between major highway systems and the entrance to the development should also be considered. A winding, two-lane rural "blacktop" or other hard-surfaced county road may offer an alluring scenic ride the first few times you visit your development. But increased traffic over a period of time may result in traffic jams and high accident rates.

Development Cost

Development cost of the site is important if you plan to build on it. If you bring in outside topsoil or do a massive amount of grading or place retaining walls to hold the soil, the cost of the site can be multiplied by three or four times in landscaping and development costs alone.

The ideal situation is to buy property that requires little development so you can maintain the natural environment. A site in a wooded area where there is no grass to cut is appreciated by some people. Selecting the right house to fit the topography can also reduce cost and help maintain natural terrain.

Availability of Utilities

Are utilities near the lot or will you have to pay to have them brought in from a hundred feet or even a quarter of a mile or more? This could make the development cost of a lot prohibitive for many people.

Are the utilities underground or are they on the surface? If they are placed above ground, the natural appearance you may be seeking could be lost. On the other hand, underground utility services are normally more expensive. So weigh your wants and needs carefully.

Location of Public Lands

Are public lands located close to your property? They may be in the form of open space designed by the developer for use by all residents, or the development may be on the fringe of nationally- or state-owned public lands. These make your lot seem larger and allow more freedom of movement.

Does the Site Offer a Change From What You Have Now—the New and Different Experiences You Seek?

Is the property just an extension of your present environment or is it really going to offer the new and different experiences you seek? Property in a lake development that appears to offer privacy and open space at the time of purchase may not when all lots are sold.

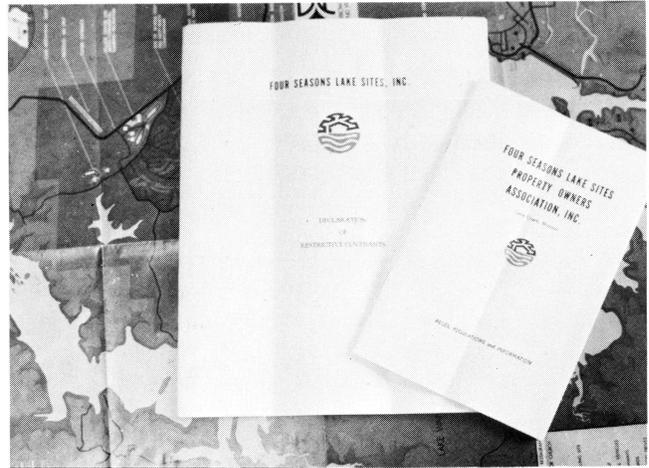
The following questions, if considered carefully, can provide a good idea of what a particular site and surrounding area will offer.

- What is the overall size of the lake-housing development?
- How many lots are in the total development?
- Will additional lots be added in the future?
- Have adequate park and open space lands been set aside?
- Are all the corners of each lot adequately marked?
- How many offshore lots are there, and what is their price range?
- Do nonlakeshore lots have adequate access to the lake?
- Is there public access around the lake?
- What kinds of vegetation are in the area? Are there trees on the lot? Is the general area wooded or open?



PART IV

Purchasing Your Property⁴



Deed restrictions and other documents need to be read and understood.

After selecting the development and lot that come nearest to fitting your dreams and financial abilities, you should take several more precautions. The decisions that you make now may be with you for many years.

The recommended and also easiest way to understand all aspects in making a purchase is to obtain the services of an attorney. He can explain all the legal aspects of the purchase as well as provide answers to many questions you may have about the development.

READ AND UNDERSTAND IMPORTANT PAPERS

Property Report

The property report should be read very carefully. Check any questions you have with the developer or his representative. If any of the questions in the property report are not answered to your satisfaction, then you should obtain a separate letter or statement in writing from management to determine exactly what is meant by any particular statement. Next, take the property report and verify for yourself that the development is exactly as reported.

Most developers must have a property report, clearly labeled, on file with HUD's Office of Interstate Land Sales Registration and must give you a copy before you sign a contract to buy the land. In the event that you decide not to purchase after signing a contract, you should give notice of cancellation in writing to the developer or have a witness when you announce your intention to cancel. If you are not given a property report

⁴This section of the publication is primarily for people who want to buy undeveloped lots. Those who are planning to buy a completed home on lake property are advised to get a copy of the publication titled *Wise Home Buying*, prepared by the U.S. Department of Housing and Urban Development, Washington, D.C., 20410.

more than 48 hours before you sign any type of contract, you may still have time to reconsider your decision and, if you wish, cancel your contract and get your money back unless, for some reason, you sign a waiver of your right to cancel the contract.

Deed Restrictions

Have you obtained and read a copy of the deed restrictions to see if they meet your future needs?

The deed restrictions normally will point out what can and what cannot be done with property and the various ways in which it can be developed. They also should spell out exactly how the restrictions will be enforced and whose responsibility it is to enforce them.

Deed restrictions, or covenants, on property vary from state to state as a result of state laws. Normally, they will not supercede existing planning and zoning regulations that may have been established by any governmental entity with jurisdiction over the development, but sometimes they provide additional regulation. Therefore, it is particularly important to understand not only the deed restrictions but also what other types of restrictions or zoning ordinances are applicable to the development.

Other Restrictions

There are numerous other restrictions that can affect you, such as the encouragement to use a particular contractor in the building of a home or road or the installation of a sewerage or water system. Some developments require specific types of sewerage disposal systems or that a specific type of water system be installed or that a specific type of road surface be maintained within your property. Some state governments have specific requirements for individual family utility sys-

tems, and the sales representative may forget to mention these unless you ask.

VERIFY THAT WHAT YOU WERE TOLD IS WHAT YOU WANT

Verifying some points is difficult. For example, if you are told that there is a sewage line to every lot in the development, it may be difficult to verify unless you request to review the engineering drawing of the facility. Quality construction of streets and roads is difficult to verify. One of the best ways to do this is to check with some of the neighbors in the development who are willing to talk to you about construction and maintenance.

Another way to check the validity of information is by contracting some of the local agencies in communities near the development. These may include the Cooperative Extension Service of the land-grant colleges (in Missouri this would be the University of Missouri Extension Centers located in each county), the USDA agencies (Farmers Home Administration, Soil Conservation Committee, Forestry Service), the local housing department, the local department of health, the state environmental protection agencies, and state agencies. You can locate these in the telephone directory.

CHECK YOUR OWNERSHIP RIGHTS

Ownership rights vary from state to state. It is difficult to make any type of generalized statements about ownership rights because they depend on the laws under which the developer incorporated his development and the procedures under which he is selling the property. These may vary even among developers within any particular state.

Generally speaking, when you purchase property, you purchase only certain rights inherent in the ownership of property. You are allowed to use property to the extent that it does not create a nuisance to someone else and also provided that you do not violate any of the deed restrictions or covenants which were attached to the property at the time of purchase.

FINANCING THE PURCHASE

Most major lake developers have made special arrangements for lending money to individuals wanting to purchase lots. You should compare their loans with other sources.

The following items discuss the more common ways by which property is purchased in lake developments throughout the midwest.

Cash Payment

If you have the cash, you will be concerned primarily with understanding all the legal aspects of purchasing the property and insuring that you obtain exactly

what you purchased. Insure that arrangements are made for the necessary payments of taxes, insurance, special assessments, and other types of charges which may be levied against the property as the years go by.

Land Sales Contract

The land sales contract or contract for deed is a legal contract between you and the seller indicating that for a stipulated price you will receive a deed for the property after the property is paid for. The land sales contract normally requires a down payment and monthly payments to be paid to whomever holds the land sales contract after the agreement is signed.

For large developments, the corporation which owns the lake development will probably keep the contract until the lot is paid for, after which time the owner of the property will be issued a deed or title to the property.

While the land sales contract has allowed people to purchase property over a longer period of time without going to the trouble of seeking outside financing, some problems can be encountered in a contract for deed. One is a stipulation that appears in many contracts for deed and states that if you fail to make a payment within a 30-day period after the payment is due, the property can revert to the seller. Although most dealers would not be so unscrupulous, they could reclaim the property if you overlooked or missed a payment, even after you had made payments for several years.

Conventional Loans

Conventional loans are the types you normally would consider when obtaining money for property through a bank or savings and loan association. Lending institutions usually require a down payment of from 10 to 40 percent, plus sufficient collateral to insure the loan. Normally, you can expect to receive lower interest rates on this type of loan.

Buying From Previous Owner

Buying property from a previous owner can be either a most enjoyable and worthwhile experience or the end of a possible friendship. When buying from a previous owner, it is particularly important that you obtain the services of an attorney.

This method does have several advantages: The closing costs normally will be lower, the interest rate on the first mortgage may be lower than the current rate on a new mortgage, and the transaction frequently can be closed faster. Also, the chances are that the property has had quite a few improvements made to it. Even though you may be required to pay a premium to get these improvements, you still may be able to get them for less money than if you do them yourself. Such sellers frequently are helpful in filling you in on many of the

problems and concerns that you will need to face as you begin to develop your property.

However, there are some special agreements that need to be made prior to the time that lake property is purchased from a previous owner. For example, agreements must be made as to who will pay the property tax or other costs related to the sale.

The key word in purchasing from another owner is attorney. Retain one and allow him to act as an in-between man for you as you prepare the legal paperwork for the purchase.

Loans From Government Agencies

There are several agencies of the federal government that will make loans on property in rural areas. Not all lake developments are eligible to receive these loans; their property may not have been approved by the particular agency or approval may not have been requested. If you buy into a development that has loan guarantees available from agencies such as the Farmers Home Administration, the Federal Housing Administration, and the Veterans Administration, it means that these agencies have required the developer to meet some rigid tests, which may enhance the prospects of your making a satisfactory purchase.

However, these agencies do not make loans to everyone. Some agencies have the requirement that the property be used as a primary residence or other special requirements. But even though you may not take advantage of one of these loans, if they are available it is a good indication that the development has met certain requirements.

Refund Policies

Refund policies should be completely understood prior to the time that any contract or purchase is made. One of the best ways to insure that you understand the refund policy is to have an attorney check the development for you. It is also wise to insure that the developer has provided, in writing, the exact criteria by which he will provide a refund.

There are a number of reasons why you may want a refund. One is that something may have been pictured to you in such a way that it did not meet your expectations. The site you selected may not fit your needs to the extent that you thought it would at the time of purchase. Thus, you should insure that there is some arrangement whereby you can exchange that lot for another lot and that you will be guaranteed a certain amount of refund on your lot to apply to another.

OTHER ASPECTS OF BUYING AND OWNING PROPERTY

As soon as you sign a sales contract, you become a party to a binding agreement for both the buyer and the

seller. Whether it is called an *offer*, *finder*, *earnest money agreement*, or any other name, it still spells out that you have agreed to certain terms and if met you will be obligated to make the purchase.

Again, it is very important, unless you are familiar with all of the legal statements involved, that you should seek the advice of an attorney. He can see that you understand the property rights you purchase, check to insure that the title is clear, that you will receive a legal document free of liens, and explain the fees and stipulations that come with the purchase of property.

Initial Sales Contract

Initial sales contracts should cover all of the important matters of the purchase, such as purchase price, down payment, type of financing, description of the property, other items being sold with the property, the way the title will be conveyed to the new owner, the fees to be paid and who will pay them, the amount of deposit, conditions under which the seller and buyer can void the contract, the settlement date, and so forth.

Easements

Easements are another legal tool that you should know about. In any property purchase, easements can be granted for telephones, driveways, electrical and other utility services, roads and other land uses. Easement rights can increase as a result of continued unauthorized use over a specific period of time fixed by state laws.

All easements should be in writing and be restricted to a fixed time period. When there is no time limit, the easement passes on when the property is sold.

Liens

A lien is similar to a mortgage against the property. It usually is filed by a creditor to obtain payment of a debt against either the previous owner or the property itself. Local governments can file liens against property for the payment of back taxes. Contractors, building repairmen, construction materials suppliers, and other creditors can also file liens.

Each state has its own laws concerning liens. In most states liens are legal, and the owners have little choice other than offer their property for auction or pay the lien against the property. This is an important reason for having a title searched; it can uncover any existing liens.

Liens filed against lake property are particularly difficult to uncover because there have been cases in which the developer himself has not received clear title. He may compound the problem by not releasing liens against property he has already sold. Problems could arise years after the developer has left. The buyer could find that someone has taken legal action against him for a lien that was not released at the time the property was sold.

Obtaining a Clear Title

A major objective in the purchase is to secure a title that is unencumbered and one which you can pass on to other people in the event you decide to sell.

A person receives title to property through a legal instrument known as a *deed* or *title*, which should be recorded in a local land office serving the area around the development (in Missouri this would be the County Recorder of Deeds).

Deeds vary in degree of responsibility assumed by

the seller for defects in the title that may come to light after the sale. The best deed is called a *general warranty deed*, in which the seller warrants that he will defend the title against lawful claims. The weakest type of deed is called a *quitclaim deed*, in which the seller makes no warranties, but merely gives whatever interest in the property he may have.

The best way to protect your property title is to obtain title insurance at the time of purchase. Working with a realtor as you purchase the property will also provide a means of helping insure a clear title.



CHECKLIST OF ITEMS TO CONSIDER

The following checklist also serves as a summary for the Buyer's Guide. The important points from each chapter of the Guide are presented as questions to serve as both a review and a quick reference for more informed purchasing.

Use the blank to the left to check each question as you discuss a development with your family or a sales representative.

Your Decision to Look

- Have you considered some of the reasons why you would like to live in a rural area?
- Have you seriously considered why you want to purchase property in a lake development?
- Have you decided how you plan to use the property after you make a purchase?
- Have you considered the changes that may be required in your past lifestyle?
- Have you considered the social implications of rural living?
- Have you considered your recreation and leisure-time desires?
- Have you considered the cost of assessments, charges and fees, taxes, and maintaining more than one property?
- What are the relationships of the development with the local county and township governments?
- Have you investigated the quality of the dam, lake, and environment?
- Have you checked the lakeshore codes and their provisions to determine who will maintain the lake and insure its suitability for use in the future?

Selecting a Development

- Have you made plans to look at more than one lake development?
- Have you decided on a price range?
- Is there a property report and have you carefully studied it?
- Is the property accessible to: primary residence, employment location, shopping facilities, entertainment facilities, public transportation?
- Does the lake development have a property owners' association? If so, does the association offer individual participation; what is its legal status — nonprofit corporation, etc.; what are the annual assessments or dues; what are the special assessment policies; what is its relationship with the developer?
- What types of water-based and other recreational facilities are provided, and do they meet your long-range goals?
- Is there sufficient open space around the recreational facilities to insure that you will have access to them in the future?
- Is there a set of complete recreation plans with sufficient control to insure continued development in the future?
- Have you carefully checked out the water system, solid waste disposal system, sewerage system, electrical facilities, gas or heating facilities, telephone facilities, and road systems and who maintains them?
- Have you determined what public services are provided, who provides them, and how much they cost? These should include police and security, fire protection; ambulance service; educational, medical, shopping, entertainment, church, and mass media facilities.
- Are you agreeable to the lot and building standards and restrictions, and are they sufficient to insure protection of your property in the future?

- Have you considered the financial aspects of purchasing specific lake development property, such as costs and charges for hook-ups and services, assessments, taxes, and insurance; construction costs, maintenance, and upkeep; investment considerations and resale value; contractual conditions required as a result of the purchase?
- Have you looked at the development during different seasons of the year?
- What procedure must be followed to obtain a connection to the electrical system? Water system? Sewerage system?
- Will the present telephone communication system be adequate for future expansion?
- How many television stations can be received?
- Is a cable television system provided?
- Is there a local newspaper, and what type is it—daily, weekly, or monthly?
- Is natural gas provided to the development? What are the rates?
- Is LP or bottled gas provided? What are the rates?
- Will gas service and supplies be adequate for future needs?
- Is fuel oil available? What are the rates? Will it be available for future needs?
- Are solid waste and garbage disposal provided? What are the charges for this service?
- Is a sheriff's deputy located near the lake development? Does the sheriff's department patrol the development frequently?
- Are permits required for guests to visit you?
- Is policing furnished for water patrol and safety by some type of security guards?
- Is there some type of entrance security in the development?
- What fire protection facilities are available to the lake development?
- What is the distance to the nearest hospital?
- How many doctors, dentists, and other medical professionals are available?

- Where is the nearest ambulance service?
- What is the name of the local school district, what is its rating or classification, and what is the tax assessment?
- Is school bus service provided to the development?

Selecting Your Lot

- Does the particular lot or site suit your needs and financial abilities?
- Is the size of lot adequate for your present and future needs?
- Does the topography of the land meet your needs, and is it suitable for construction of a home?
- Is the soil suitable for growing a lawn, raising a garden, or placing a small sewerage disposal facility in it?
- Is there suitable access to recreational facilities in the development?
- What is the estimated development cost of the particular site?
- What is the location of the site in reference to other public lands?
- Does the existing land use near your site meet your expectations and future desires?
- Will the site maintain its back-to-nature look in the future, or will it become an urban subdivision?

Making Your Purchase

- Have you done the following: Read and understood the property report, deed restrictions or covenants on the property, other restrictions or zoning requirements stipulated by the local unit of government; gained a complete understanding of your ownership rights?
- Have you looked at the alternatives for financing your lot, such as buying for cash, buying by land sales contract, obtaining a conventional loan, obtaining a loan from state or federal agencies, or buying from a previous owner? Do you understand the refund policies of the development?
- Do you clearly understand all of the various assessments and charges that can be levied against your property?

- *Have you insured that your deed is properly recorded and that there are no liens, previous mortgages, or assessments against the property?*
- *Have you purchased title insurance for the property?*
- *Are sufficient escrow funds or bonds set aside to help guarantee completion of the planned development?*

- *Are other assurances provided that help insure that facilities and services will be completed?*
- *What protection is provided in the event the developer declares bankruptcy and a mortgage lender acquires a lien on the entire project?*
- *Have you reviewed state laws and regulations affecting such a development?*

If you have answered all of the questions in this and the preceding sections to your satisfaction, your chances of making a satisfactory purchase should increase.

ADDITIONAL SOURCES OF HELP FOR CONSUMERS

The following agencies and organizations can assist purchasers of property in rural areas. If the agency does not have an office in your area, you can write to the national office listed below.

U.S. Department of Agriculture Agencies

Farmers Home Administration: Home loans to qualified individuals purchasing property in rural areas, as well as technical advice and assistance on the purchase of rural property.

National headquarters address:

Administrator
Farmers Home Administration
U.S. Department of Agriculture
Washington, D.C. 20250

State address:

*Farmers Home Administration
Parkade Plaza
Terrace Level
Columbia, Missouri 65201*

Soil Conservation Service: Information on soils and surface water control on rural property.

National headquarters address:

Administrator
Soil Conservation Service
U.S. Department of Agriculture
Washington, D.C. 20250

State address:

*Soil Conservation Service
Parkade Plaza
P.O. Box 459
Columbia, Missouri 65201*

Agricultural Stabilization and Conservation Service: Assistance to prospective landowners by providing access to maps and aerial photographs.

National headquarters address:

Agricultural Stabilization and
Conservation Service
U.S. Department of Agriculture
Washington, D.C. 20250

State address:

*Agricultural Stabilization and Conservation Service
I.O.O.F. Building
10th and Walnut Streets
Columbia, Missouri 65201*

Cooperative Extension Service: Provides resources through state land-grant universities and assists people with bulletins and information concerning buying rural property and the problems involved with rural property.

National headquarters address:

Extension Service
U.S. Department of Agriculture
Washington, D.C. 20250

State address:

*Cooperative Extension Service
University of Missouri
309 University Hall Columbia, Missouri 65201*

U.S. Department of Housing and Urban Development

Federal Housing Administration: Insures lenders against loss on loans used to purchase or build housing.

National headquarters address:

Director
Office of Unsubsidized Insured
Housing Programs
U.S. Department of Housing
and Urban Development
Washington, D.C. 20410

State address:

*Federal Housing Administration
Dept. of Housing and Urban
Development
210 North 12th Street
St. Louis, Missouri 63101*

Interstate Land Sales: Provides consumer protection to citizens who have been unfairly treated in land sales. Can also provide assistance on legal problems and property reports for many developments throughout the United States.

National headquarters address:

Office of Interstate Land Sales Registration
U.S. Department of Housing and Urban Development
Washington, D.C. 20410

Other Agencies

U.S. Geological Survey: Provides topographic maps which are sold through state geological survey offices. The U.S. Geological Survey and Water Resources Branch also has offices in each state and provide hydrologic information.

National headquarters address:

Geological Survey
U.S. Department of the Interior
Washington, D.C. 20244

State address:

*U.S. Geological Survey
Topographic Division Regional Office
Ninth and Pine Streets P.O. Box 133
Rolla, Missouri 65041*

Environmental Protection Agency: Provides general information to citizens concerned about the environmental aspects of rural land development.

National headquarters address:

Environmental Protection Agency
Washington, D.C. 20460

State address:

*Environmental Protection Agency
Region 7
1735 Baltimore Avenue Room 249
Kansas City, Missouri 64108*

Department of Health: Their concern is with health aspects of rural land development and water systems.

National headquarters address:

Bureau of Community Environmental Management
Department of Health, Education, and Welfare
Parklawn Building
Fishers Lane
Rockville, Maryland 20852

State address:

*Division of Health
State of Missouri
Broadway State Office Building
Jefferson City, Missouri 65101*

State Environmental Control Agencies: The exact names vary from state to state, but these agencies can answer questions on sewerage systems, air quality, and pollution laws.

State address:

*Missouri Clean Water Commission
P.O. Box 154
Jefferson City, Missouri 65101*

Federal Information Center: Provides a single point in major metropolitan areas for you to ask questions about federal agencies and to request information.

Address: Check your telephone book under "Government, United States, Federal Information Center." (Many calls are toll free.)

Community Organizations

Many communities have local organizations which are able to assist consumers in the purchase of rural property. Information and assistance can be provided by organizations such as:

Chamber of Commerce

Better Business Bureau

Local Realtors Organizations

Planning and Zoning Commissions

Selected Books and Periodicals

Buying Country Property: Its Pitfalls and Pleasures, Irving Price, Harper and Row, 1972.

Buying Country Property, Herbert R. Moral, Bantam Books, 1972.

How to Buy Vacation Property, Mel and Susanne Robbins, 164 Milk Street, Boston, Massachusetts, 02109, 1968.

1967 Yearbook of Agriculture, Second Homes, Hugh A. Johnson, pp. 270-5.

Buy a Vacation Home of Your Own, *Changing Times*, August, 1971.

A Guide for Buying Lakeshore Property, Minnesota Department of Natural Resources, University of Minnesota.

Real Estate Lakes, Circular 601-G, David A. Rickert and Andrew M. Spieker, U.S. Geological Survey, Washington, D.C., 20242, 1971.

ABOUT THIS PUBLICATION

Professional Extension field staff employed by the University of Missouri Extension Division's Community-Public Sector Program worked on the project in cooperation with faculty members from the University of Missouri campuses at Columbia, St. Louis, and Rolla.

The project included the assembling of information from agencies, other universities, and organizations in the United States and Canada. The applicability of this information was tested in an area 65 miles in radius of St. Louis. Through a procedure of field checks, efforts with local governments, realtor's association, developers, and citizens' opinion survey, a series of consumer publications was prepared.

This Buyer's Guide, as well as a publication titled *A Checklist for Buying Property in Small Lake Developments* (a pocket size publication with a checklist to assist the consumer in making a purchase decision), can be obtained from University of Missouri County Extension Centers or by writing: Publications, B9 Whitten Hall, University of Missouri, Columbia, Missouri, 65201. The *Checklist* sells for 50 cents.



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