

10

ITEMS

*you must consider when buying
your first lakefront home*



Are you ready to experience *the lakefront lifestyle?*

Owning lakefront property is an experience that will change your life. It becomes a retreat to escape the hassles of daily living. The wildlife, recreation, and vacation feel of waterfront living will forever be a part of you.

But did you know that buying lakefront property is different than any other real estate you purchased in the past?

A little knowledge will go a long way toward the enjoyment of your new lakefront home. Don't make a mistake on a lake, check out our top ten items you must know before purchasing:

- 1 Define Your Desired Lifestyle
- 2 Choosing the Right Lake
- 3 Location Considerations
- 4 Flood Insurance Requirements
- 5 Lake Side Zoning Regulations
- 6 Good & Bad Aquatic Plants
- 7 On-Site Septic Systems
- 8 Defining Your Lake Home Budget
- 9 Contract Essentials
- 10 Choose a Lakefront Specialist

1

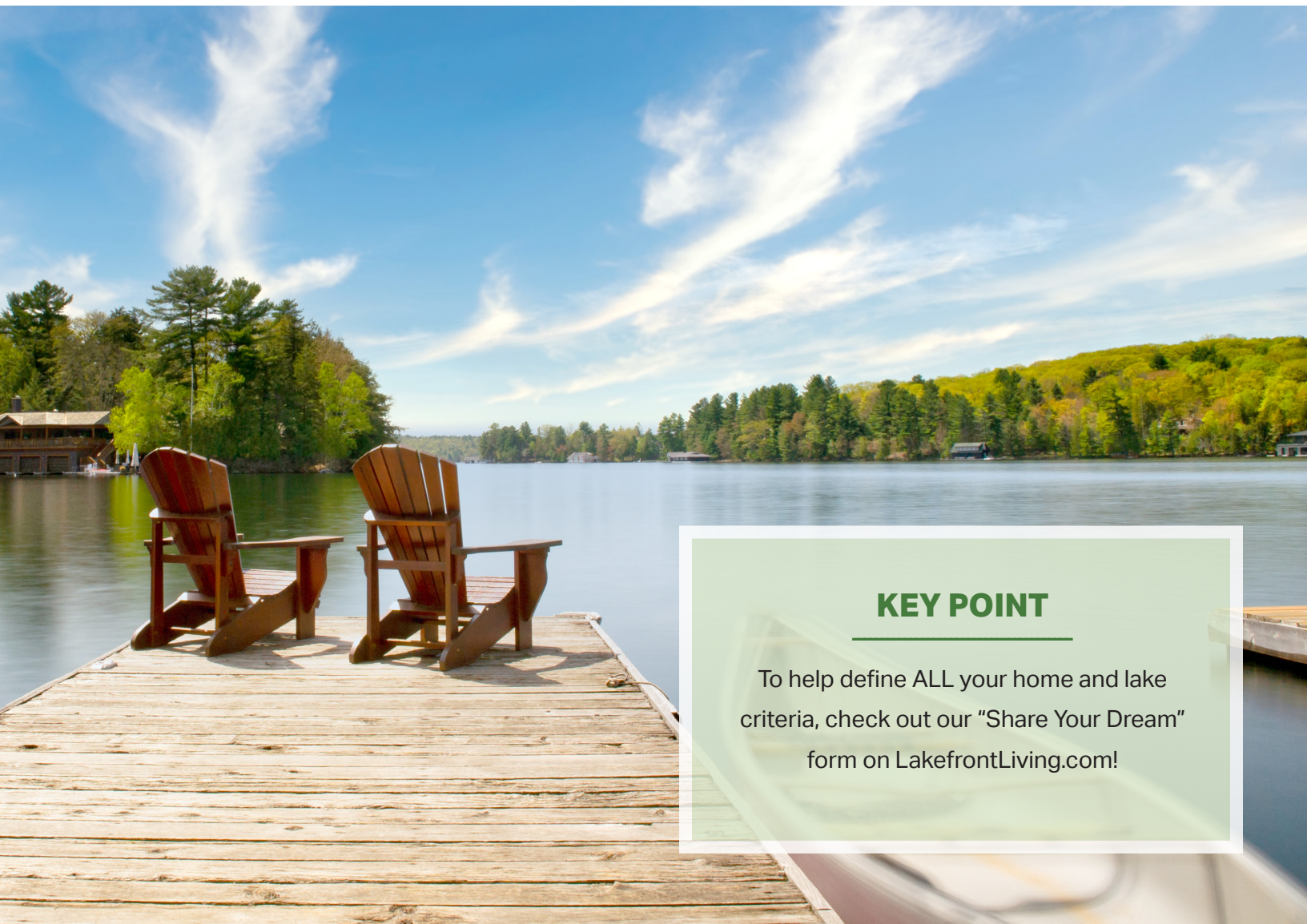
Define your *desired lifestyle*

The first consideration is defining what “living the lakefront lifestyle” means to you and your family. This will become your **WANTS & NEEDS** list. So...be sure you know the answers to the questions below:

- Will the lakefront property initially be a primary residence or secondary/vacation home?
- Are you searching for a completed lakefront home or land to build your dream property?
- Do you want to be directly on the water, or is something with lake “access” suitable?
- Do you desire a fully recreational lake (power-boating, high activity) or the quiet, calm nature of a smaller (non-motorized) lake?
- What activities are high on your list? Boating, fishing, swimming, kayaking, paddle boarding, waterskiing, hiking, etc.
- Who will be enjoying this property with you? Friends, family, grandkids...what are their needs?
- How important is privacy to you? The more private the lake property is, the larger your wallet will need to be!



- Will a dock be required for your recreational needs?
- Is high speed internet access a necessity for your lifestyle? How about cell phone coverage?
- Is it important to be close to any of the following: shopping, amenities, restaurants, public transportation, highway access, airport access, marina, schools, etc?
- Is a flat lot important or are stairs down to the house / lake accessible for you and your guests? Think 5, 10 and 30 years out!
- Are you a sunrise or sunset person?
- What is the number one reason for wanting to live this lifestyle?



KEY POINT

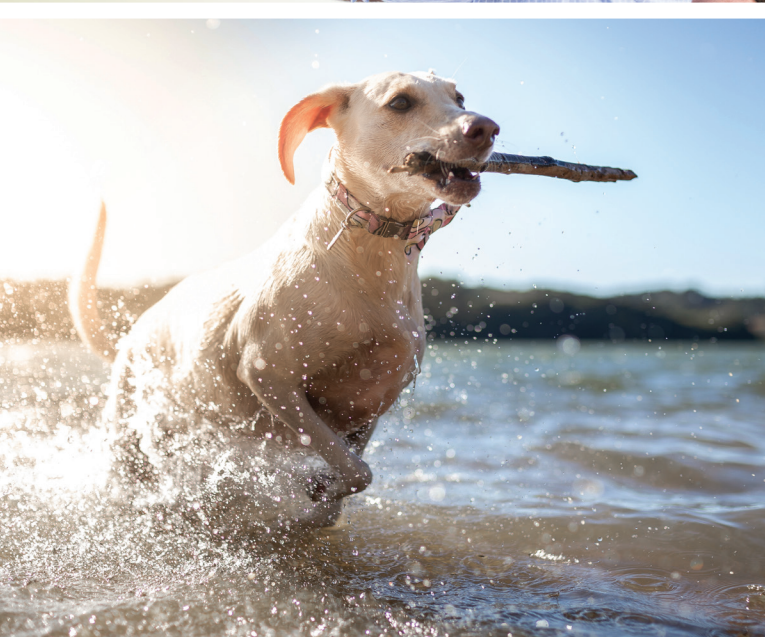
To help define ALL your home and lake criteria, check out our "Share Your Dream" form on LakefrontLiving.com!

Choosing the *right lake*



Understand that you are not just buying a house, you are buying a LAKE! After all, it's the lakefront lifestyle you wish to experience. Therefore, all the specific details of the lake become critically important to enjoy the lifestyle you desire:

- Does the lake have an active Lake Association? Be sure to contact them, they will be a profound source of information on all items listed below.
- Is the lake size appropriate for your desired recreational activities?
- Are there boating rules and regulations developed for the lake? Obtain a copy. How heavy is boat traffic in the summer?
- Does the Association have By-Laws established? Obtain a copy.
- Is the lake Dam controlled? Who owns it? Who controls the water level? What is protocol?
- Do they practice "Drawdown" techniques in the Fall? Has the lake water level ever NOT refilled?
- Does the water quality get tested regularly? If so, where can you find the historic data? What is the communication process when the lake is deemed unusable?
- What are the zoning regulations regarding waterfront home remodels and expansions?



- What are the dock and boathouse regulations and restrictions?
- Are there Lake Association fees? And are they mandatory or voluntary? How much?
- How are lake weeds managed? Are there special assessments imposed for this?
- How much of the lake is controlled by town sewer vs. private septic?
- How much of the lake is covered by town drinking water vs. private water?
- What percentage of the homes around the lake require flood insurance?
- What coves are known to have “hang-out” locations for boaters? Is there public access?
- What type of fish are available and what are the local fishing regulations?

KEY POINT

Drive around the lake you're considering and speak with at least 3 residents. You will get a tremendous amount of information from people who already live there!

Location *considerations*

For lakefront property, the popular real estate phrase “Location, Location, Location” was never more applicable. Once you find your dream lake, the location ON that lake can make or break your enjoyment. So here are some things to consider:

- From house to neighboring house, the shoreline conditions can change dramatically. Be sure to understand those conditions in ALL 4 SEASONS.
- You can change the house, but you can't change your neighbors. Visit with your neighbors before you purchase the property. Not only will you get to know them better, but you can ask about the neighborhood and lake shore conditions.
- Is the property inside a cove or on an outside point? Boat traffic can be perceived quite differently depending on this simple location choice.
- Sunrise and sunset locations can change your entire experience. If the lake side gets afternoon sun, be sure there's a way to create shade areas in the summer.
- Visit the property both on weekdays and weekends at different times of day. Get to know the sun pattern and boat traffic patterns. It's also a good time to check cell phone coverage.
- Swimming needs: Is the shoreline conducive to kids swimming (shallow entry, sandy beach) and away from boat traffic/waves?
- Boating needs: Does the shoreline allow for a dock and docking a power-boat? Does the property have its own boat launch area? If not, where can you take boats in and out?
- Does the property not only fit your needs now...but will it fit your needs 10, 20 or 30 years from now?

KEY POINT

If you are buying in Spring, Fall or Winter, be sure to know the aquatic weed situation in the Summer months. Ask the Association, neighbors, and other residents...you don't want to be surprised come Summer!

Flood Insurance *requirements*

About 15% of all lakefront properties will require flood insurance by the lender. This means that they have determined (through FEMA Flood Insurance Rate Maps) that the property sits in a flood zone. Here are some facts about flood insurance:

- Prior to purchasing your property, have your Realtor pull a “Flood Certificate” to determine if the property is in a flood zone. Lakefront Living Realty can do that for you for free! Just e-mail us the address.
- FEMA maps change daily. So DO NOT BELIEVE the seller or seller’s agent when they tell you that the property never needed flood insurance. That may have been true yesterday, but possibly not today.
- If you are a cash buyer, then there’s no lender asking for flood insurance. But you should still know if it’s in a flood zone and you may want to buy insurance either way so you’re covered.
- Standard homeowners insurance does not cover flood damage at all. It’ll cover some damage from rain, but if your home is filled with water as a result of rising bodies of lakes, rivers, streams, and oceans, it won’t cover you.
- If you have a basement, you’ll have more risk because the NFIP (National Flood Insurance Program) limits coverage for basements, crawlspaces, or any living space where the floor is below ground level.
- Pricing for flood insurance can vary greatly! Shop around to different insurance providers to make sure you’re getting the best deal.
- If you believe a property has been inadvertently mapped as being in the floodplain, it can be appealed using a LOMA (Letter of Map Amendment).
- For a complete list of FAQs on all your flood insurance questions, visit FloodSmart.gov.

KEY POINT

Don’t wait for an impending storm to purchase federal flood insurance. There’s usually a 30-day waiting period. Some private policies offer a 15-day waiting period.

Lakeside Zoning *regulations*

Most lakes are considered “wetlands” and therefore fall under the Wetlands Protection Act. Each town has its own interpretation of this law. You and your lakefront specialty agent need to find out how it pertains to your property:

- The Conservation Commission (or regulating body) will want to know of ANYTHING you are doing on your property that is within 100 feet of the water. This includes building a structure or pulling a weed out of the ground. Some communities can go up to 200 or 300 feet. This is usually measured from the “high water line” delineated by a qualified surveyor.
- All local town zoning restrictions and setbacks will apply and you can get copies of these at the town building department. Often, a variance will be needed to build anything outside of these restrictions. This is always a roll of the dice. It is suggested that you make “approval” of any immediate plans a contingency on the offer.
- Remember that septic systems are sized based on the number of bedrooms. So if you plan to add bedrooms to your property, it will require modifications to the septic.
- Many communities have strict “no touch” rules that apply to areas immediately bordering the lake (usually 25-30 feet). This means no building, clearing, tree trimming, planting, etc. They are trying to maintain a natural buffer zone, which is a great idea, but it could impact your plans with the lot.
- Also, be aware that there are severe fines for disregarding the rules when it comes to wetland protection. A recent lakefront homeowner in Southeastern MA cut down a huge pine tree 15 feet from the water without permission and was fined \$150,000.
- Many communities will not allow a home’s footprint to be expanded beyond its current one. There can also be height restrictions and unique setback requirements. Understand these prior to making an offer.

KEY POINT

Work together with your local building department and zoning board to understand all the potential issues with building and/or remodeling your particular home. In fact, make your offer contingent of these learnings.

Good and Bad *aquatic plants*

The rooted plants that thrive in many lakes and ponds are divided into three main groups: submerged, floating-leaved, and emergent. Here's what you need to know about the lake you are considering:

- Native aquatic plants are important in the ecological balance of lakes because they provide oxygen, food, habitat, and shelter and they contribute to the diversity of the aquatic environment. In addition, their roots help to stabilize the shore and slow the flow of sediments and pollutants.
- Non-native aquatic plants are an invasive species. Many plants that are found in lakes were originally brought here from other places around the world and these plants are called non-native or exotic. They can be extremely destructive to the environment by out-competing native species and taking over the water body (invasive). They have no natural predators. Invasive species can impede recreational activities, lower property values, decrease aesthetic values, stunt fish growth, and displace wildlife. They spread by "fragmentation" which is when the weeds get chopped up (by boats or other means), and the fragments sink to the bottom and take root. They can spread incredibly fast.



- Most lakes, if there is an infestation of invasive plants, will already have an active Lake Association or management plan in place to try to control the species. Find out what is being done and what you can do for prevention.
- There are also options for individual homeowners who may want to control the weeds in their own swimming area. For example: throw rakes, benthic barriers, mechanical cutting, aeration and hydro-raking. Review a site called WeedersDigest.com for ideas.
- Permits and/or permission may be required to clear any plant material from your property...and may differ from town to town.
- Keep in mind, there is almost always something you are "giving up" while gaining a clear waterfront. As an example, fish and wildlife habitat may be displaced once weeds are removed.

KEY POINT

Lake management is lake specific.
What works on one lake may not
work on another.

On-site *septic systems*

About 40% of the lakefront homes you view will have on-site septic systems, and when properly designed and installed, they are very functional and sanitary. Here are some things you need to know if this is your first experience with them:

- In the simplest terms, a septic system consists of a holding tank which retains solid waste and grease from household waste water, and an absorption system or “leach field” which disposes of liquid wastewater or “effluent” which leaves the septic tank for absorption below ground into soils at the property.
- Most states have a set of regulations or laws that a septic system must meet in order for a property to be sold. Be sure your lakefront property meets these requirements. Request a copy of the passed certificate.
- In most states, you can request a copy of the as-built septic plan from the town’s Board of Health. This plan tells you exactly where the septic system, and its components, are located.
- Septic systems need to be pumped out every 3 to 5 years depending on usage. Be sure to request the pumping records for the property you are interested in.
- Septic system components can be costly and do not have an indefinite life. Find out how old the system is and consult an expert on the future life expectancy.
- There are other types of on-site systems you may come across:
 - Cesspools: A cesspool combines the septic treatment tank and absorption system into a single component. These are older style systems, and although they may pass the state requirements, it may not meet your requirements.
 - Tight Tanks: Tight tanks are similar to septic tanks, except that they have no outlet and must be pumped out at regular intervals... usually 6 times a year at \$400 to \$500 each time. They are used when there is not enough land for a conventional system.

KEY POINT

Costs for new septic systems can be anywhere from \$8,000 to \$40,000, so it’s important to know what you are getting into!

Defining your *lake home budget*

Before going out and viewing lakefront dream homes, it's important to understand what you can comfortably afford. It's no fun falling in love with a home only to find out you can't qualify for it.

Not to mention, most sellers will now require a buyer to be pre-approved for a mortgage prior to viewing the home. You can be denied entry without it.

In addition, if you happen to come across the lake home of your dreams on a Saturday, you want to be fully prepared to put an offer in immediately or you will lose it to your competition. An offer needs to have a pre-approval letter submitted.

So that's why most agents will ask if you are pre-approved. We don't want to know your financial information! We just want to give you the best chance at acquiring your dream lake home.

Are you a cash buyer? Then be sure to have some type of "proof of funds" available for the same reasons as above.





What is needed for mortgage pre-approval (NOT pre-qualification) from a lender?

- You'll complete an official mortgage application (and usually pay an application fee), then supply the lender with the necessary documents to perform an extensive check on your financial background, job history, and current credit rating.
- From this data, the lender can tell you the specific mortgage amount for which you are approved. You'll also have a better idea of the interest rate you will be charged on the loan and, in some cases, you might be able to lock in a specific rate.
- Pre-approvals are generally valid for 60-90 days and can be updated by re-verification of some of the documents.

KEY POINT

Don't give away your negotiating power!
Have a custom pre-approval letter made for each offer that lists your specific offer price. You know you can afford more, but the seller doesn't need to know that!

Contract *essentials*

Be sure to work with a Buyer's Agent that understands lakefront property. There are many contract items that are unique to lake homes. They may not all apply, but here are some key contract addendum items you should be aware of:

- "Includes all boat docks and exterior outbuilding structures/sheds present at time of initial showing."
- "Subject to mortgage lender's appraisal at, or above, full purchase price by (date)."
- "Subject to Buyer's satisfactory review of the passed septic certificate and verification of system component condition and placement (provided by the sellers) within x calendar days of accepted Offer."
- "Subject to all state and local permitting approvals for proposed (insert item here) by (date)."
- "Subject to Buyers completing a well water quantity and quality tests and their satisfactory review of associated reports."
- "Subject to verification of flood insurance needs and satisfactory review of flood insurance pricing conditions within x calendar days of accepted Offer."
- "Subject to Buyer's satisfactory review of written and validated deed with regards to lake access, deed restrictions, and easements within x calendar days of accepted Offer."
- "Seller warrants that they have disclosed all material defects in the land or title that they are aware of that might affect the Buyer's use, enjoyment, and ownership of the property, free and clear of any encumbrances."

**Always consult with a qualified real estate attorney for any and all contract assistance.*

These are just a sample of contract essentials needed for a typical lakefront property offer. For a complete list of items, contact Lakefront Living Realty.

KEY POINT

We use the term "Buyer's satisfactory review" often...so even if they provide the item, you still have an out if you are not satisfied for ANY reason!

Choose a *lakefront specialist*

By now, you realize that purchasing lakefront property is unlike any other real estate. Therefore, it's important to work with an agent that is NOT a generalist, but is a specialist in this type of property.

There's too much at stake to let a generalist agent learn all these items on your property purchase!

A qualified lakefront Buyer's Agent represents YOUR best interests... at NO COST to you. Remember, the Seller's Agent works directly for the seller, not you.

As lakefront specialty Realtors, we passionately provide our extensive lakefront expertise, negotiation skills, and coaching, so you don't make a mistake on a lake.

What are some more advantages of working with a Lakefront Specialist?

- Screen unwanted lake properties, saving you time.
- Knowledge of the lakes, neighborhoods, and shoreline conditions.
- Understand lakefront market values and can provide comparables.
- NO cost to you as the buyer. Seller pays our fees, you get all the benefits.
- Skilled lake property contract negotiators to work on your behalf.
- Can provide lake tours by boat of most lakes in our states.



KEY POINT

Put our passion to work for you!
 When you work with a
 Lakefront Living Realty specialist,
 we do all this work for you!
 Contact us today.