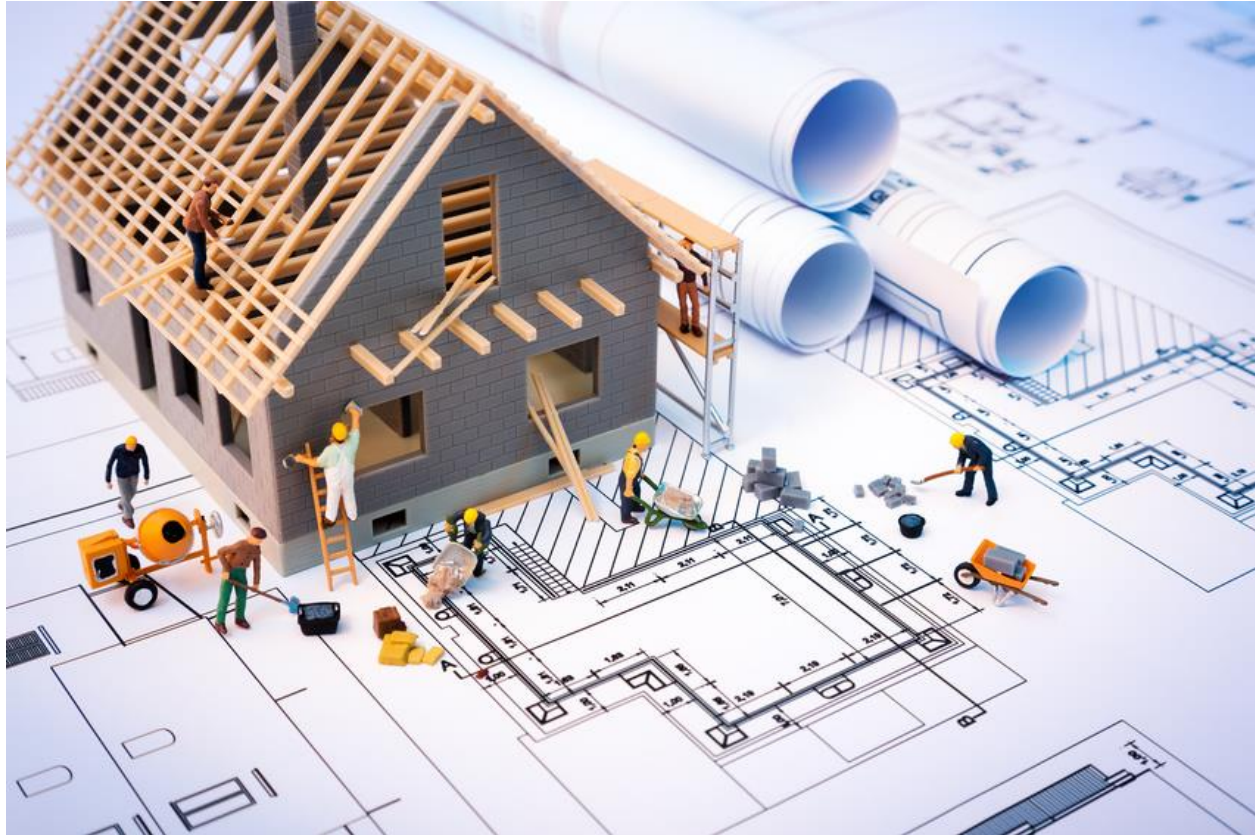


Considerations for Buying a Lot & Building a Custom Home in Tucson, Arizona

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Pros & Cons of Building a Custom Home in Tucson

JULY 18TH, 2017



This is the first in a series of articles targeted towards potential home buyers looking at building a custom home and the topics or questions they might face. While these articles will focus on the typical issues of building a custom home in the Tucson, Arizona metropolitan area, many of the issues may well be similar throughout the state and other parts of the country.

The majority of homes built in the Tucson area over the last 20 years are based on floor plans built over and over again by either smaller local/regional builders or large national builders. These production or "tract" homes offer proven designs that fit a wide variety of buyer needs and can be built more cost effectively due to the savings achieved by building in volume.

Custom When You Can't Find Your Ideal Resale Home

Not all buyers want a production style home though, especially those "moving up" into a larger house, and therefore some might consider a more custom style residence. Typically these buyers will begin by looking at the existing resale

inventory to see if a suitable property might already be out there for sale. Purchasing a resale home saves time when compared with building a custom home and, most often, is less expensive too.

When the right home doesn't exist already, buyers may want to consider building their own custom home. The main benefit of building your own home is having the opportunity to design it in such a way that fits most or all of your needs (when your budget allows)! Buyers can choose their own floor plan, style, finishes, and more. One quick reality check here is that rarely does the finished product achieve perfection, even for those who've built custom homes before and don't have budgetary restraints. There are usually some "we should have done this differently" moments, but a conscientious buyer should be extremely happy still at the end of the process.

It Takes Time to Design and Build a Custom Home

The downside of the freedom to make all these decisions in creating your home is that it's very time intensive. If a buyer works with an architect for a truly custom home, that initial design phase will usually take around six months to get working construction drawings completed. If there's excellent communication between the client & architect and swift decisions are reached this can be reduced somewhat, but it's also possible to take up to a year too.

Some buyers choose to purchase an "off the shelf" plan that already exists which does save time (in architect fees) and money. Then the real time intensive part of selecting cabinets, flooring, countertops, lighting, driveway material, landscaping, etc. with a builder begins. For those buyers who are married or have a significant other involved, this process can become even more time consuming if the two parties aren't on the same page. Suffice it to say that the custom home project will take quite a bit of time & effort.

Financial Implications of a Custom Build

One thing that's less common in the market today than it was say 20 years ago are the mid-range price point custom homes. These homes which you'll find all over the Foothills of Tucson for instance, aren't often being constructed today. While it can be feasible to build one still, the rising cost of land, building materials, and permitting fees has pushed most custom homes into the luxury category. The mid-price point, budget conscious buyer has almost been forced out of the custom market today. However, if you're in this market contact Team Woodall and we'll help guide you towards making this a reality.

Another consideration to give thought to when debating a build is that while you can make the home very specific to your tastes, that very commonly means it will

be less appealing to others when re-selling the home down the road. After all, isn't one of the reasons you're considering a new build because a suitable resale home didn't exist?

Much of the decision about whether to buy or build comes down to the time you are able to commit to a project and how exact to your liking you need the home to be. The satisfaction of building your own home precisely to your liking can be very rewarding. Just make sure you're aware of the time commitment in the design phase and the length of time it will take for the project to be completed. We'll talk about it more in later articles in this series, but also be ready with an overage contingency fund as more often than not changes you make during the construction phase will push the price higher than anticipated.

If you're considering a custom build please feel free to reach out to Team Woodall and we can provide even more detail that should prove useful in your decision of whether to go the custom home build route.

Pros:

- Purposely designed and built for your needs & to your styling tastes
- The opportunity to put a home that you like on a lot that also suits your personal desires
- Fewer compromises made when buying a home

Cons:

- Very time consuming process that can take longer to get into
- Typically more expensive
- Financing options are more limited

Choosing a Custom Home Lot in Tucson, pt. 1

JULY 25TH, 2017



Photo by Stephen Woodall of a Stone Canyon custom lot listed by Team Woodall was sold

Now that you've made the decision to pursue a custom home, the next step is to begin shopping for lots. It's worth noting that while all real estate agents have the capability to represent a buyer when purchasing a lot, the vast majority of agents have little to no experience with land. Having an agent who's knowledgeable about all the many factors that go into a lot purchase, including the basics of the different purchase contract, is extremely important to successfully buying a custom lot. Any agent without experience in vacant land is simply working outside their area of expertise.

Thankfully Team Woodall has represented many Sellers & Buyers of vacant land in the past and we're ready to help you get started exploring all of these topics below!

Location, Location, Location

Location is always a prime factor in all real estate purchases, and buying a lot is no different. First, determining which area(s) of town you're most interested in will help guide the search process. Consider all factors like existing services (grocery stores, medical offices, entertainment venues), the proximity to your work or schools, and how well it fits into your particular lifestyle.

Next, within a general geographic location what type of community are you after? A rural setting on the outskirts of town? A gated golf community? A more central location? What zoning do you need to fit your use of the property? Do you want (or not want) a homeowners association?

While homeowners associations are often a positive factor in sustaining property values and design standards, recently HOA rule changes have impacted a couple of custom lot communities in the Tucson area. Both the Skyline and Stone Canyon communities had changes occur which necessitated either existing or future property owners to join their social/sports/golf clubs.

By the very nature of growth within towns there are commonly fewer vacant lots the closer you are to town and a wider selection of lots the further removed from town you get. Within central Tucson or even the lower Foothills area, there are not too many lots left and those that remain might be there because of challenging build circumstances or another issue that reduces its desirability. Where lots are scarce, prices commonly increase.

Location means more than just an area of town, neighborhood, or street. It refers specifically to that exact piece of land. While not always the case, lots that are side by side can have vastly different characteristics. During the search process it's vital to WALK ONTO THE LOTS! Looking at a lot from within a car on the nearby road doesn't accurately give you the full scope of whether a lot is good or bad for your needs. Take the time and effort to step over cactus, scoot past that rattlesnake, and deal with the high heat to scour the entire lot if it looks promising from the street.

What Do You Mean My View is Getting Blocked by that Shopping Mall?

When looking to buy a lot for a custom home, one of the top priorities for most buyers is the view. Some homeowners prefer a sweeping vista of twinkling city lights, others want an expansive view of the Catalina Mountains (or Tortolita/Rincon/Tucson), and some don't have a real preference or need anything spectacular. The privacy afforded by a lot has increasingly become an even more important topic for our clients lately. Finding a lot that doesn't have neighbors

looking into your backyard or other high traffic areas might be a high priority.

Available custom home lots often are grouped together in areas that are still under development. It's crucial that you look beyond the boundaries of the lot itself to see how other neighboring parcels might affect your views, privacy, nearby traffic, or enjoyment of your home in the future. A lot that is surrounded by existing homes makes it easier to see these likely impacts. However, if there are adjacent vacant properties you'd want to look closely to see how and where a structure built on that nearby land is likely to impact yours.

It's a buyer's responsibility to do their due diligence to determine what the future may hold. As agents Team Woodall helps our clients in that process and provides tools for you to make these discoveries, but ultimately the burden sits squarely on the shoulders of the buyer. Only you know how important certain factors are to your enjoyment. One extremely helpful resource in the Tucson area is the **Pima County GIS Parcel Search**. Look up any address or parcel number and you will have links to a lot of relevant information about that property, including a map with all kinds of useful information that can be overlaid.

Zoning of neighboring properties is also worth investigating. This might help you discover what a current or future owner might have on their land (livestock waking you up at 5:00am may not be what you want as a daily alarm clock) or what the density of a larger undeveloped parcel will be.

While checking on the zoning is worthwhile, it's not foolproof either. Keep in mind that just because neighboring land might have a certain type of existing zoning doesn't mean it can't change in the future. Looking at the likelihood of development nearby and what shape that's going to take is vital to your enjoyment of the property and its future value. You probably don't want that vacant land next door which you currently enjoy as open space to turn into a regional shopping mall in two years.

Topography Impacts Build Costs

Finding a lot with really unique topography like boulders can make for a gorgeous setting but may very well impact building costs. Flat lots are generally much easier and therefore more cost efficient for those on a budget. Additionally, if a buyer is very budget conscious a flat, open lot should allow an off the shelf floor plan to work in many cases. A hilly lot by contrast may require additional time (and expense) by an architect to create a suitable layout that incorporates the more rolling topography. Lots that are sloped and needing substantial grading, cutting, or fill can quickly add expense once construction starts too. Lots which sit up on hillsides and offer great views are more commonly those needing much more site

preparation.

Site preparation is one of those costs in custom home building that can be difficult to estimate, even for the most experienced builder. This is especially true if any land needs to be cut into since rocky terrain and hard soil often can't be fully determined until you start digging. Even sample drilling won't guarantee that a vein of rock doesn't lie just beneath the surface.

In an upcoming article we will talk specifically about choosing an architect and/or builder, but having one of each at the very least as a resource during the lot search process can be incredibly beneficial. Buyers looking to use an architect can benefit from the architect's vision and creativity to incorporate a lot's varied topography directly into the design. That rock outcropping or saguaro may make a perfect centerpiece for a courtyard for instance. Builders additionally can help in the selection process by providing an idea of costs necessary to get a site pad built. Using a local architect and builder who are experienced with our Tucson topography can pay real dividends.

Choosing a Custom Home Lot in Tucson, pt. 2

AUGUST 1ST, 2017



Part One of Selecting a Custom Home Lot was originally meant to offer a brief description of all the main considerations when selecting a custom homesite in one

article. However, even when trying to keep the description of each point brief it quickly became evident that the post was simply getting a bit too long. That just goes to show how many considerations there are to consider when buying a custom lot. Here are some more...

The Availability of Utilities Varies

When that seemingly perfect lot comes along don't forget to check the basics! Unlike production home subdivisions which almost always have all utilities to them, custom home lots many times don't have all utilities on site. Electricity is almost always present unless you're talking about a really remote area. In those rare cases in which it's not to the lot line you'll want to consider the feasibility & expense of running it from the nearest access point. **Tucson Electric Power Company usually provides a 500 foot line extension allowance** from an existing facility of proper voltage at no charge if the proper access and/or easements are available and in place.

Take note that our Tucson MLS detail sheets for lots have a specific category for the distance to various utilities so this is a good starting point for getting utility information. However, while these detail sheets are accurate in most cases, the information is NOT guaranteed (as it says at the bottom in the fine print). Therefore it's worthwhile as a buyer to verify all of the information contained within the MLS listing, even by calling the utility companies themselves.

Phone connections are another fairly common utility that many lots will have access to at the lot line. It's pretty rare to come across a lot in greater Tucson that doesn't have phone availability. Cable on the other hand is quite a bit more hit and miss. While most custom home subdivisions provide access, many of the outlying area lots do not. Cable has become a bigger issue to most people in our digital age primarily for its high speed internet access. While DSL can be sourced from phone companies or through satellite, the speeds of these services (keeping in mind that outlying areas are on older phone line systems which don't typically support the highest DSL speeds) fall short of high speed cable. Satellite TV via Dish or Direct TV is usually sufficient for most television needs, and cell phones largely have replaced home phones so it's the Internet that's the biggest concern of our clients. One additional note for cell phones though is be sure to test your reception at these lots, particularly if you're looking in an outlying area or around mountains and canyons.

Water and sewer connections are the two other utilities that many lots in outlying areas may not have to the lot line. Each of these topics will receive their own individual articles so we'll keep it brief here. Water is obviously an important issue and one that especially in the Southwest is always a hot topic. Some custom lots are on wells (whether private or shared), but not every well produces sufficient

water either. We've run across numerous lots where owners have had to truck in water, at least occasionally. That can get expensive and is quite inconvenient too. Drilling for a well is also something that can be very expensive.

In contrast to water, sewer connections aren't quite as big of an issue. While a sewer connection is certainly the preference for most buyers, septic and alternative systems do exist at a fairly reasonable cost. Of all the major utilities sewer is probably the least common to not be at a lot line, so you'll find many lots on septic. This is especially true once again for outlying lots but also for more central lots that have more acreage. Even some developer built subdivisions will omit sewer if they're on larger lots because the expense is pretty substantial for a developer when a suitable, fairly inexpensive alternative exists with septic.

Don't Get Washed Away – Knowing Flood Plains

Another consideration when looking at vacant land, just like in homes, is to consider drainage issues and flood plains in particular. Listings often have categories listing whether a property is within a flood plain but as the disclaimer at the bottom says, information is deemed accurate but not guaranteed. Verify this information yourself! Having a wash or flood plain on part of the property may not be too problematic or a deal breaker. Simply determine if the property will need flood insurance, which can be expensive at times, and know that legislation regarding the cost or flood plain boundaries can change. While FEMA flood plains are what people most commonly check out, there may also be local flood plains that are worth investigating too. More common than flood plains are washes on a property which may have areas deemed 100-year flood prone. Again, these aren't at all automatic deal killers but can impact where a home will be built. Sometimes these 100-year flood areas can be re-routed, but check with local municipalities in conjunction with a builder/architect to make this determination. While Tucson is often very dry for most of the year, it's amazing how quickly water can accumulate in some washes during monsoon season if a heavy rain comes through.

Public Reports Can Be a Wealth of Information

Developers in the State of Arizona are required to file a "Public Report" that contains information deemed important to disclose to prospective buyers by the Department of Real Estate. A developer, or subdivider, in this context is anyone who offers for sale six or more lots in a subdivision. The buyer who's making an offer on a property will have to sign a receipt of this public report as a condition of the sale. This public report is essentially in lieu of a Seller Property Disclosure Statement (SPDS) that would typically be provided to a buyer on a resale home or lot. Just like a SPDS though, keep in mind that a buyer should verify the information in the public report for accuracy. The Department of Real Estate doesn't verify the information

provided by a subdivider and sometimes the information is simply out of date. While the seller should provide the public report, they are also available for review online at the Arizona Department of Real Estate's website here: **Public Report Database Search**.

Among the many topics covered in the public report are:

- Flooding and drainage disclosure
- A description of adjacent land and uses
- Who provides electricity, telephone, gas, water, and sewage disposal
- Common community and recreation facilities
- Assurances for completion of improvements
- Local services and facilities, including schools, shopping facilities, public transportation, medical facilities, fire protection, ambulance service, police protection, and garbage services
- Taxes and assessments (keep in mind property taxes on vacant land increase after a home is built. It's a good idea to check other homes within a community to see their taxes for a general comparison of what they could become.)
- Property owners' association details

Affidavits of Disclosure

When a property is located in an unincorporated area of a county, other than subdivided land, and the seller owns five or fewer parcels, an Affidavit of Disclosure will be required to be provided to a buyer at least seven days before the transfer of property. This is another instrument similar to the public report providing various disclosures to the buyer. Upon receipt of the Affidavit of Disclosure a buyer has five days to review and rescind the transaction if they disapprove of any information provided. Among the topics covered in the Affidavit of Disclosure are:

- Is there legal & physical access to the property
- Who is responsible for maintenance of the roads and if a maintenance agreement is in place
- If the property is within a FEMA designated floodplain
- What utilities are available to the property, including water/well info & sewer/septic info
- If the property is located in the vicinity of an airport or military airport

Buyer Advisory – A MUST Read

All buyers of either vacant land or homes in Arizona should absolutely utilize the **Buyer Advisory** that's available from the Arizona Association of Realtors and

Arizona Department of Real Estate. While all of the items listed in the buyer advisory may not be applicable to land, there are great links to a wide variety of resources to investigate a property. Please look carefully at this document at least during an inspection period of a property, if not before making an offer, to look up any information that's important to you.

Price/Market Trend/Offer Considerations

Finally, do your research on comparable sales around the parcel that you're looking at. No two properties are the same, but getting an idea of other sales that have occurred of reasonable similar properties is crucial to understanding what a fair market value is for the land you're looking to purchase. Then you can make some reasonable adjustments for either superior or inferior views, size, usable space, and other amenities of the lot. Also knowing the recent trends for land sales can determine whether you're in a buyer or seller market and how many lots are currently available.

As of this writing in Tucson for instance there is an overabundance of lots on the market and relatively weak demand, creating higher months of inventory on the market. This creates a buyer's market where a list price may be more flexible. Now if a lot has already been substantially reduced or is in a specific area that has limited supply this may not hold true. Likewise, if a property is just incredibly desirable it could go more quickly and be less prone to price flexibility. All of this is something that Team Woodall can help you determine before making an offer. Consider at the very least also asking for a boundary survey or full ALTA survey in the offer terms to determine the boundaries and suitability of the lot for your building needs. Having an agent who's intimately familiar again with the different vacant land contract is crucial to a successful offer and purchase.

Hiring an Architect & Builder for a Custom Home

AUGUST 9TH, 2017



As we discussed in parts 1 & 2 of the Choosing a Custom Home Lot articles, seeking the assistance of an architect and builder can pay dividends during the lot selection process. Engaging with these professionals at this time also allows you to communicate frequently enough to help determine if you'd feel comfortable hiring them for the rest of the build process. A good working relationship is critical to the success of your custom home. Not only will the process be much more fun and devoid of extra stress if you get along well with these professionals, but the costs can be lower and the time it takes to complete the home can be less.

Hiring an Architect

First, it's worth noting that those buyers who are looking at a mid-range price point may not utilize an architect at all. Hiring an architect can be an expensive proposition for a truly one-off custom home. These buyers will frequently find an "off the shelf" plan that's been previously designed or built which will be much more price effective. Others may find a builder who possesses floor plans that suit their liking to save on costs. These plans can also be modified by a draftsman, who can also design a full home too for a less expensive price than a well known architect.

Prices for an architect will of course vary based on the size of the home you're building, market conditions, the availability of the architect, time spent on the project, and the portfolio or prestige of that architect. However, it's not uncommon

for a one-off custom home design to run upwards of \$60,000 for a completed set of construction drawings. An architect at this level will also work closely with your builder throughout the project to ensure everything goes smoothly and any needed modifications are addressed. Architects in this realm will assist with the initial home design, landscape design, HOA design requirements if applicable, and often will partner with an interior designer too. There often is some overlap in the duties of the architect, builder, and interior designer, so it's a good idea to make sure the professionals you choose have a good working relationship with each other. Asking how many homes they've worked on together before is a good idea and speaking with their past clients can also reveal useful information.

Some of the most prominent Tucson architects are Marc Soloway, Ron Robinette, and Kevin Howard. These architects have designed countless homes in premier custom home neighborhoods like Stone Canyon, Pima Canyon, and Canyon Pass. In the last ten years or so Marc Soloway has stood out as the most prolific architect in Northwest Tucson especially. Many other architects of course are available in Tucson too, but these three have exemplary portfolios that span many different styles from contemporary & modern to Spanish & Mediterranean.

Again, it can't be overstated that regardless of who a buyer chooses it ought to be someone who they feel comfortable communicating with so the end result matches a buyer's desires. A high level architect can bring exceptional ideas to the table and translate a buyer's vision into a reality that's also highly functional. A good architect will consider the lot's characteristics and make sure to work around the natural topography while maximizing views at every opportunity.

Hiring a Builder

While buyers may or may not use an architect, nearly each and every one will hire a builder. Just as with the architect, it's vitally important that you have excellent communication with your builder. Countless hours will be spent throughout the design and build process with the builder so make sure you have complementary personality types. Ultimately you want someone who you feel is extremely trustworthy and reliable. For nearly every buyer, quality construction is the number one priority when going through the custom home process.

Therefore, when interviewing builders make sure to ask who they use for their subcontractors and how long they've used them for. While of course circumstances can force occasional changes, many of the best builders maintain the same tradesman for many, many years. This may mean that builder isn't the least expensive option, but they'll tend to have more control over the final product when it's a familiar subcontractor doing the work. Builders who constantly bid projects to get the lowest cost may end up with a subcontractor who has less experienced

tradesmen or who are more prone to cut corners. Unfortunately in Tucson there can be at times a lack of skilled tradesman who really are artisans at their craft.

Similar to the process of hiring an architect, it's a great idea to speak with a builder's past clients if possible to find out their experience with that builder. An expert builder is a craftsman who knows the business inside and out and doesn't sacrifice quality. Some builders themselves aren't skilled craftsmen and instead are more schedulers and sales personnel. Finding a builder with exceptional building techniques and industry knowledge is crucial. You can also check a builder's record with the Registrar of Contractors to inquire about whether any complaints have been filed against them. As with any business don't necessarily take a complaint as a sign of a poor builder since we all have experienced unreasonable customers too, but at least take the time to investigate the issue to your satisfaction.

One thing to be very cognizant of when speaking with a builder is the quoted price. All too frequently we've heard stories about buyers who are told by a builder that a project will cost a lower amount, knowing full well it will exceed this amount, simply to get the buyers to sign a contract. Even when they add in a contingency fund for overages it's not uncommon for the final amount to exceed this total number. In fact, we've had buyers who've unfortunately stopped during the design process because costs have gotten too out of control, and they ended up selling their lots and buying a resale home instead. Be wary of things that sound too good to be true! The most reputable builders may not be the least expensive but honesty goes a long way! It's those individuals who you want to align yourselves with to receive a premium home.

Team Woodall currently represents John Herder Building at The Estates at Tortolita Preserve project near Dove Mountain in Marana. John exemplifies the best qualities sought after in a builder including his honesty and integrity. As a fourth generation builder with extensive knowledge & experience, John is a craftsman who prides himself on superb quality. John utilizes many proprietary techniques in constructing a home and has built relationships with the best trades in the industry who've worked with him for the last 20 years. This close relationship allows John to seek the highest quality from these other trades while maintaining a competitive price for his clients. Unlike some builders, Herder Building's quoted prices aren't a bait and switch game to get a contract and then increase the price. While this may cost him the occasional project when buyers are looking for the absolute lowest quoted prices, John simply does business the right way. His easygoing demeanor also makes it a pleasure doing business with him.

Another aspect of choosing a builder that demands mentioning is their warranty and service after completion. This is another area where John Herder excels offering a wall to wall two year warranty on his Tortolita Preserve builds. When potential

customers ask him if he offers a 10-year structural warranty like other builders, John simply responds that he stands behind the structural integrity of his homes for life. Read the details of any builder's offered warranty to see about exclusions as many are more smoke & mirrors than anything else. A truly reputable builder will not be afraid to stand behind their product.

As with the rest of the custom home building process Team Woodall is here to assist our clients in this process of selecting an architect and builder. Ultimately it's most important though to find professionals who YOU feel comfortable with and can communicate effectively with for many months. Even the best builder in the country isn't the right choice for your home if you can't communicate well together as the process will become frustrating and stressful.

Well Water Issues for Tucson Custom Homes

AUGUST 23RD, 2017



In Tucson and the entire Southwest region of the United States one topic of utmost importance is water! The arid climate that provides Tucson with its appealing

sunshine also means water is at a premium. While every aspect of our lives should include water conservation practices, the topic of water availability is especially important when searching for a residential lot. There are many water related factors to consider before purchasing vacant land and we'll cover a few of them.

First, the regulatory agency for wells in Arizona is the **Arizona Department of Water Resources**. Visit their website for an abundance of information, including their **Well Owner's Guide** which we've linked.

Connected to a Water Company

The most ideal situation for a buyer is finding a property that's connected to city water or another water company that has a proven adequate supply. The most common place people look at to see if a property receives city water is the MLS detail sheet. However, while this is a good starting point, take a look next time at the fine print at the bottom of that detail sheet. That fine print reads, "information is deemed reliable, but not guaranteed." Certainly don't rely solely upon the listing information but inquire further with the water company itself to ensure that the property in fact does receive service. Get that confirmation in writing when practical for additional protection.

Relying Upon a Well

Many properties on the outskirts of town may not be connected to any water company and instead rely upon a well. Some properties might have their own private well, although it's not uncommon for a group of homes or lots to share the same well. We'll touch on the specific concerns of shared wells in just a bit. Anytime you're dealing with a well you want to do as much research as possible to determine the adequacy of the water supply on the well both now and projected into the future. For instance, if a well share is for six properties and only two homes are built right now, the water might be sufficient for those two properties but not for all six once homes are built on them.

Other factors to consider with wells are the size of pressure storage tanks, the flow rate, depth of the well, and its location. Wells should typically be located at higher ground on the property to help prevent surface contamination from entering the well, and they're required to be at least 100 feet from any septic system.

The flow rate and size of the storage pressure tanks is important because it's very typical that water usage is concentrated at certain times of the day and not spread out evenly throughout. Keep in mind usage encompasses not only the daily household usage for drinking, cooking, showers, and other bathroom needs, but also for seasonal needs (landscaping/garden needs, swimming pools, etc.), special uses such as animals or larger scale crops, and possibly fire protection as well. When

talking about the adequacy of the water you need to consider not only the amount of water but also its quality. Having access to a recent water quality test would be ideal or consider having one performed.

Investigating the Well

Collecting as much information as possible about the well is crucial to making a sound decision. Check for both ADWR records and any other recorded documents with the county surrounding the property. Often times these recorded documents will turn up on a title report, so be sure to check it carefully. The adequacy of the water supply is vital as there are many stories of wells running dry or not producing enough water and owners having to truck in water periodically at a high cost. Each specific site location can vary tremendously with the groundwater supply, but in particular we've heard of many issues with water access in the upper reaches of the Tucson & Tortolita Mountains.

Shared Well Agreements

Shared wells must be analyzed using the same criteria as mentioned above, but the well agreement is an additional factor that needs to be scrutinized. Well agreements are contracts entered into between all parties with a share of the well and aren't standardized from agreement to agreement. Key items to look for though are the costs for water usage (if any), routine maintenance costs and how they're split, major maintenance costs, water usage restrictions (crops, livestock, etc.), who is responsible for regulating/controlling the usage & funds, and any other additional terms that regulate how water may be used. Typically the more people on a well share, the more potential exists for disagreements or conflict.

Drilling a New Well

If a property you're considering doesn't have an existing well then there can be huge costs to drilling a new one. Of course you'd also need to consult with ADWR for the appropriate filing needed, but a reputable well drilling company can certainly assist with that process too. Many factors impact the cost to drill a well, but it's not uncommon to hear figures of \$40,000 – \$70,000 or more. Our arid landscape and often rocky terrain in foothill locations makes well drilling a bit of a gamble at times. It would take some long and hard consideration to tackle a property that didn't have an existing water supply.

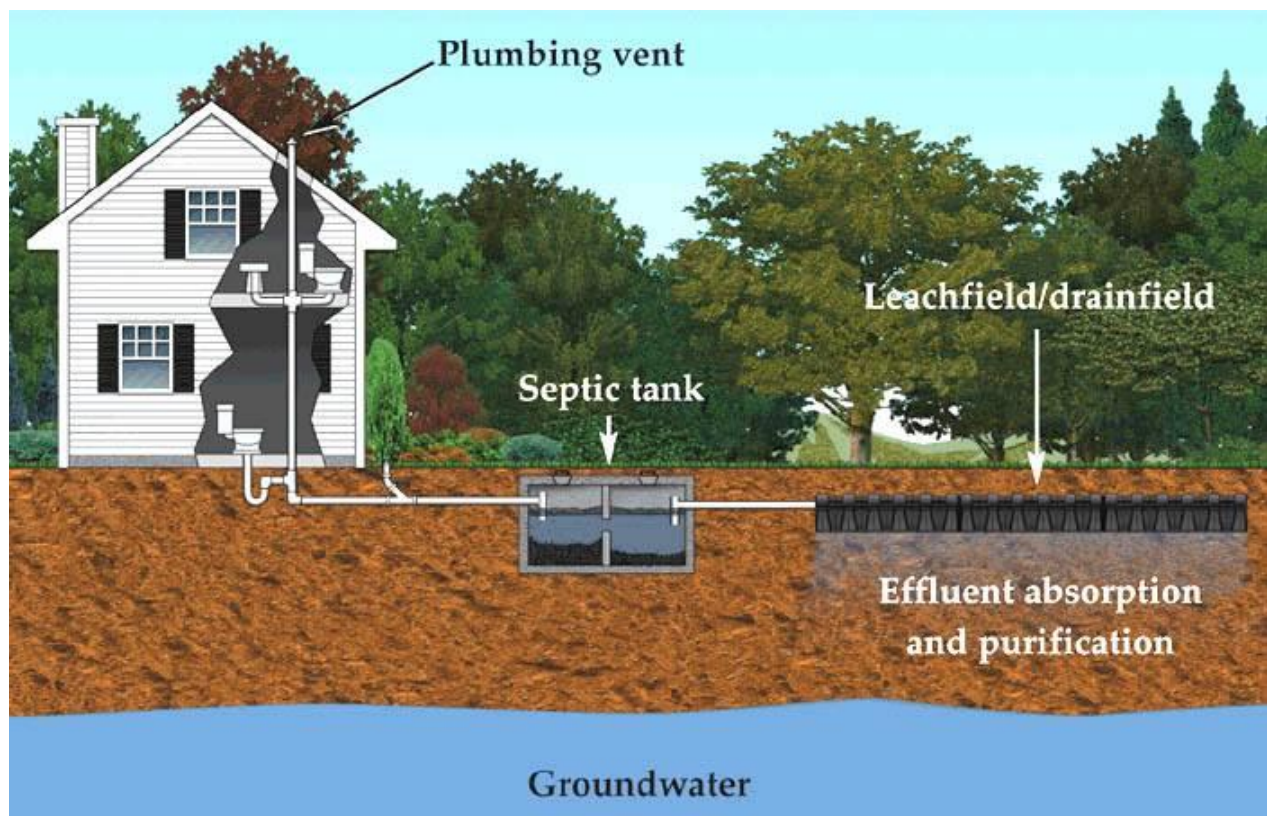
Rainwater Harvesting & Greywater Reclamation

Before ending this article it's worth noting that many people in Tucson have begun adding rainwater harvesting systems to their homes. Utilizing both rainwater harvesting and greywater reclamation techniques has allowed some area residents

to get either completely or substantially “off the water grid.” Our good friends at **Watershed Management Group** are among the leading innovators in these technologies and can assist our clients and their builders with integrating these techniques into a home design. Utilizing rainwater and greywater are just part of sustainable water practices in fact. Capturing water runoff around the property for landscape irrigation can add further benefits and reduce water usage for a homeowner. The City of Tucson even provides rebates for their residents who take a class and implement these harvesting technologies. Certainly the benefits that can be obtained from forward thinking conservation can be extremely important for those looking at vacant land in areas reliant upon wells.

Don't Be Afraid of a Septic System

SEPTEMBER 6TH, 2017



Not every aspect of building a custom home is exciting. In fact, some parts can be downright shi%*y. All “bathroom” humor aside, wastewater removal for a home is a consideration when choosing a lot and going through the build process. If given the choice, most people would absolutely choose to be connected to a sewer system

and many custom lots are, but it's also not a deal breaker for most people to utilize a septic or alternative system. Septic systems have been around for years and years and if installed & maintained correctly should provide decades of use with few issues. When septic isn't an option, an alternative system may be used, but they're often more costly and require more maintenance.

In Search of a Sewer Connection

During the lot purchase process definitely investigate and determine if the property you're buying has an available sewer connection. Don't rely upon the listing information alone, but visually confirm this, and you can also speak with the wastewater company to verify the connection. GIS maps online can be another resource to provide additional assurance. If the property isn't connected or nearby access doesn't exist, then a septic system will be you're likely next step. At this point make sure the builder you're considering hiring has experience with installing them. Most builders who've been around for a while should be very familiar with all the considerations of septic systems and have a reliable subcontractor who they consistently use and trust. During the due diligence process, or inspection period, research the property with the [Arizona Department of Environmental Quality](#) or [Pima County Department of Environmental Quality](#) to make sure it qualifies for a conventional septic system. Don't rely upon other nearby homes having them and assume anything.

A septic system installation does add some additional expense to the build project, but the overall impact is pretty low with average installations running about \$6,000 – \$8,000 for a conventional system total installation. A general range of pricing for the septic system might be \$3,500-\$4,000, the leach field installation \$2,000-\$2,500, and the percolation test, design, and permitting another \$700-\$1,000. Alternative systems are generally more expensive and often require more maintenance costs and time spent monitoring.

Testing the Soil

Before a new system is installed a percolation test (or "perk test") must be performed at the property which determines the native soil's ability to treat and remove liquid effluent. This will indicate the soil condition at the property and the required size and location of the leach field where the effluent will be discharged into. The percolation test and system/site design should be completed by a licensed investigator to comply with governmental standards. An engineer is typically not required unless the construction costs will exceed \$12,500. Once the perk test & site investigation report and design are completed, they can be submitted for approval to PDEQ with the "Notice of Intent to Discharge" form. After review and approval, a Construction Authorization will be received and the

installation can begin. Inspections will be needed to verify proper installation before backfilling and getting the final Discharge Authorization.

While most of Arizona is governed and certified through the ADEQ, Pima County does handle their own records, testing, and certification so those throughout the greater Tucson area can get more specific information from the Pima County Department of Environmental Quality. Most of their guidelines are still established based upon Arizona Administrative Code (**Title 18 – Chapter 9**). Their FAQ page does provide plenty of good information for those looking into septic systems around Tucson.

Septic System Maintenance

The builder and subcontractor will handle most of the details of the process so don't get bogged down in all the fine print. However, it's a good idea to understand the general outline of the process so you can ask informed questions and make sure the general guidelines are followed throughout to make sure things progress along in a timely and efficient manner. It's also a good idea to familiarize yourself with the maintenance requirements of the septic system to ensure the longevity of the system. A properly sized and maintained system will last for many years with little maintenance costs other than occasional pumping (can be 5-10 years depending on size & usage), and sometimes a leach field will need to be repaired or replaced after 20-25 years. Perhaps the most common damage that we see to septic systems is from tree intrusion so be very mindful of where and what specific landscaping is placed around the system.

One way to help your system's overall efficiency is by limiting the amount of water going into it. Water conservation practices can expand the life of the system and certainly delay pumping. Using greywater for landscaping is one way to divert some of that water from your septic, save money on water, and reduce your environmental impact. The ADEQ does have a pamphlet for **Using Gray Water at Home** to make sure you comply with all regulations.

Septic systems are an unknown to many potential buyers, but don't be afraid of that unknown if the lot otherwise fits your requirements. A little bit of research and education on your own and partnering with a knowledgeable builder should alleviate any potential concerns. In a perfect world, a sewer system would be available to all properties, but don't run just because a septic might be needed. Even those buying a lot in an area with a connected sewer system should be aware of any possibility of repair liability on their part by an HOA. As with any real estate purchase, thorough due diligence is required to make for a long, happy ownership.

Alternative Systems

There are a some other alternative systems which can be used for waste output as

well. Easily our most recommended route is contacting our friends at Watershed Management Group who have several composting toilet designs that are approved through ADEQ. These can be installed in your home to handle waste output and they will eventually transform into composting material for your yard too! They even have a solution for the **greywater** output of your home that would normally go into a septic system, but can instead be used for outdoor irrigation. Under their **Resources Library** tab, simply filter your search by your desired topic, greywater in this case, to learn additional information. Much more information can be found about composting toilets at Watershed Management Group's website by searching for composting toilets, including many videos. However, here's a link to the **approved composting toilet design**, and a request for a **take home composting barrel kit**.

Financing Your Custom Home Build

OCTOBER 11TH, 2017



Many buyers looking at building a custom home are financially positioned to make the purchase of the land using cash. However, sometimes circumstances make lot financing a more attractive or reasonable route so we'll talk about a few of the possibilities. First, buying with cash is absolutely the easier way to go and provides for a stronger offer which can save on the cost of the land acquisition itself. Not only is it possible to negotiate a better price with cash but it can also avoid the costs of originating the loan, thereby saving some extra money. When practical this is the route we do recommend for lot buyers. Even if financing is obtained for a

construction loan the value of the lot purchased with cash is often used towards the down payment needed on the construction loan.

Seller Financing

Should circumstances require financing for the lot, there are a number of options available. Often the least expensive financing option is through seller financing. Not every seller will be able to, or want to, offer a seller carryback, but this type of financing avoids the hassle of dealing with a traditional lending institution and many of the upfront costs to originate the loan. In a seller carryback title to the property is transferred to the buyer who becomes the legal owner (assuming all tax & HOA payments), and the seller acts as a lender who will receive recurring payments, typically monthly, which are channeled through an escrow company. Seller financing does require a sizable down payment to be made by the buyer at closing which goes to the seller who must pay typical closing costs. The remaining amount is financed for an agreed upon period, but often this is reasonably short term, perhaps 3-5 years.

The exact terms of the seller carryback are negotiated and these may include: interest rate, length of the loan, amortization of the loan, lien position, payment intervals, whether it's interest only or interest & principal, and if there's a balloon payment. Balloon payments are a pre-determined time period at which the balance of the loan is then due, recommended to be at least 2 years from origination. Since it's typical that a carryback is amortized over a longer time period the monthly payments are usually smaller, but since the seller doesn't want to wait for 20-30 years to receive the money, a balloon payment is put in place.

Additionally, the escrow company will set up a promissory note and deed of trust in favor of the Seller, meaning if payments aren't made the seller can foreclose and take back the property per state statutes. While it's another negotiated term it's common that an impound account is set up to handle real estate taxes and hazard insurance payments. This protects the interest of the seller offering the financing. One of the other key points is whether the carryback can be subordinated to a construction loan, the negotiation of which is not on the seller financing form but on the vacant land purchase contract. If this is not agreed to by the seller then the buyer must wait to pay off the carryback before starting construction with financing or obtain additional financing to pay off the seller carryback in full. Seldom will a seller providing financing agree to subordination as it moves them to second lien position. This is an overview of the terms on the seller financing forms, and overall it's a much simpler process than bank financing even if it sounds complicated.

Loan Options in Tucson

Obtaining a lot loan from a bank or credit union would be the next most popular

option. Not every lending institution offers lot loans though so choices will be much more limited. Typically a bank or credit union will require at least 20% and many times 30% down payment on a lot loan. Again, the options available for lot financing are severely reduced since many lenders don't offer lot loans. Two of the more popular options locally are Washington Federal and OneAZ Credit Union. At Washington Federal we recommend Dannielle Andrade as a loan officer and at OneAZ Janinne Grimes. Both of these loan officers are experienced with lot loans and can give you current rates and terms. They'll both offer construction financing as well, so speaking to them is a good idea if a buyer is considering either a lot loan or construction financing. Other institutions offering lot loans or construction financing include Mid-First Bank, Vantage West Credit Union, Bank of the West, and National Bank of Arizona.

At the time of the writing of this article Washington Federal's lot loan program required 30% down and was a fixed rate 20-year loan or a shorter term 2-year loan with interest only that can be rolled into an All-in-One Construction Loan. At OneAZ the down payment required is 25%, 3-year or 5-year term, fixed rate up to 5-years, amortization over a 25-year period, and can be up to \$500,000. Again, these programs can change and have additional details so please contact the loan officers directly to get more information so you can find the right fit.

Private Money Mortgages

The last and honestly least attractive lot financing option is through a private money mortgage, also referred to as a hard money lender. These are simply private individuals who offer financing, typically to investors, for very short-term periods and at much higher rates. Most private money loans are 6-12 months and rates can range from competitive with banks to over 5% higher. They'll also commonly have a steeper origination fee, adding another layer of expense. It's almost always more costly to get money from a private money lender, so it's a last resort and only advisable in very special circumstances.

If lot financing is something you need in order to begin the journey towards your custom home, please let us know if you need additional guidance. Hopefully now you've obtained a better understanding of lot financing options and we can provide additional information if you need further help.

Conclusion – What Steps To Take Next

The decision to build a custom home is often challenging and includes many different pieces. Having an honest, reliable, and experienced agent to help in that process is extremely helpful to achieving a successful outcome. Team Woodall has years of experience to help you determine if building is right for you. Sometimes people end up determining a resale home makes more sense and other clients of ours have gone on to build beautiful custom homes. Ultimately the decision is yours and each buyer must be willing to dedicate substantial time themselves throughout the journey.

We hope the preceding information was helpful in providing a general overview of the process of building a custom home. Each circumstance is unique though and each area being considered also has its own challenges and benefits. We look forward to assisting you in reaching your custom build goals!

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