

FIVE THINGS:

Purchasing Rural Land

At Farm Credit of Florida, we understand that purchasing land is a significant decision. Based on our experience working with land buyers across the state, we've compiled the top five tips to consider before making your purchase. These tips are general in nature and are not intended to be a substitute for legal or other professional advice.

Here are five things you should be doing as you consider buying a piece of rural land for investment purposes or other future plans.

- 1.** Attributes like location and property access should be fully researched.
- 2.** Consider the size of the property and the upkeep required to maintain the property.
- 3.** Do the land improvements fit your intended use of the property?
- 4.** Make sure to get a good deal on your property.
- 5.** In most situations, land investment is a five to 10 year commitment before value is returned. Plan to spend money in the future to add value.

Investing in rural land can be an exciting adventure— from enjoying time with the family scouting wildlife tracks, to expanding your income through timber harvesting. Before you put money down on a little (or big) piece of land there are some things to consider first.

1. Location and Access:

When you dream of owning land what do you envision? Do you see yourself enjoying the peace and calm of fishing down the pond or the solitude of a pine stand? Or maybe you are looking for open pastures for grazing or the rumble of a tractor planting perfect rows. Whatever your dream is, one of the most important attributes of land is having access. Be sure to fully research all of the access points of the property and think about future access points as well. Secure title insurance for your transaction and consult real estate professionals, including attorneys, surveyors and engineers (including environmental engineers). Be sure to have your attorney review your contract before you sign it.



TIP: Ensure you have legal and physical access to reach the land, and if there isn't road access, get a construction estimate and factor these costs into your financial planning.



2. Property Size and Upkeep Involved:

Once you've decided what type of acreage you are looking for, start visualizing your land. If your land is a mix of partly wooded and partly open land it will require different maintenance and tools than wetland acres. Farm Credit of Florida can be a helpful partner in this part of the process by offering access to Earth Plat Software to better help you visualize your land.

TIP: The University of Florida Institute of Food and Agricultural Sciences (IFAS) offers many programs, both in person and online, to educate private landowners on how to manage their lands for long-term environmental, economic and social benefits. Topics include wildlife conservation, hardwood stewardship, prescribed burns and hurricane preparation.

3. Intended Property Use & Future Improvements:

Before you build your cabin in the woods or your dream home in the country there are some questions to think about and some research to do. Is your property at sea level? Know your highest point and where the water will drain. Check for any flood zones on the property through available FEMA maps. High and dry is key! Also, check the soil type. Make sure the soil will support your plans, such as building a house or putting in agricultural structures or fields, by checking USDA soil maps. These maps also identify which areas are high land suitable for building versus low land suitable for hunting or timber harvesting. If there is any uncertainty, hire a surveyor.

TIP: Make sure the soil and water aren't contaminated – check with the EPA and walk the land looking for indications such as discolored soil, lack of vegetation, chemical smells or discarded fuel or chemical containers.

4. Getting a Good Deal:

Before you place an offer on the property, make sure your financial house is in order. For the down payment will you use cash, asset liquidation, or a third party? For the basic Ag property, Farm Credit of Florida can typically offer a 20 year loan for 75% of the Purchase Price or Appraised Value, whichever is less. The steps to get the financing you need are simple: fill out a loan application, and provide the needed supporting financial documents. These documents usually include: two years tax returns, a personal financial statement, and a purchase contract for the property.

TIP: One of the advantages of working with Farm Credit of Florida is we are exempt from Florida Documentary Stamp Tax and Intangible Tax on our Mortgages. This exclusive exemption can save you \$550 for every \$100,000 of the loan amount!

5. What are your future plans?

Real estate is generally considered a long-term asset, so buyers should be prepared to sit on a property for five to 10 years or longer to maximize their return. Use that time to plan expansions and improvements. If you have plans of building on the land in a couple of years then have that conversation with your loan officer to find out about Farm Credit of Florida's construction loan programs. If you're looking at the neighboring piece of land or another property in a different state, we can help connect you with a realtor that specializes in the land that you're interested in purchasing.

TIP: Improvements to your property can increase the value and enjoyment of your purchase. Improvements to think about include: entrance gates, lighting, fencing, dwellings, barns, utility access and ponds.



Whether you're looking to increase in acreage or square footage today, or a couple years down the road, we offer flexible land financing options to suit your needs. Contact us to start the conversation today!