

TOP TEN MISTAKES

MADE WHEN BUYING LAND



WE ALL MAKE MISTAKES.....

But, in the landownership game, mistakes can be expensive and are often avoidable. Sometimes, knowing what “not to do” is good info. The following is a list of common mistakes that first time land buyers frequently make.

#1 Buying More Than You Can Afford

I have seen too many people who bought 200 acres, because they could borrow the money, when they should have paid cash for 20 acres they could afford. If you are buying property for recreational uses, it's pretty hard to enjoy something that is a financial burden. Buying more land than you can afford can create just such a situation. Remember that land is illiquid. While it is a great investment, it is not as easy to sell as an underperforming mutual fund, that you can sell by making one phone call and be rid of by the end of the day. Selling land can take time to sell. Don't get in a bind. You'll enjoy your little place in the country a lot more, if you're not worrying about how you are going to pay for it.



Own what you can afford

CLOSER IS BETTER



Buy land with the intention to really enjoy using it.

#2 Buying Too Far From Where You Live

If you are buying recreational property, it needs to be located within a reasonable distance from where you live, if you really want to use and enjoy it. Having said that, “reasonable” can mean different things to different people. I know some big time hunters in Atlanta who ONLY want land in Illinois. They know how far the drive is, and they absolutely love owning it. On the other hand, I own property in Mississippi, seven hours from where I live. I have set foot on the property three different times in ten years. My cousin bought property in Missouri; gorgeous property that he bought at a great price but only gets to see it once a year because it is too far from where he lives. One of the saddest statements I hear is when people want to sell their land and they say, “We don’t need it because we never go out there anymore.”





**THINGS
TO BEWARE
OF**



#3 Buying Land with a Timber Contract Pending

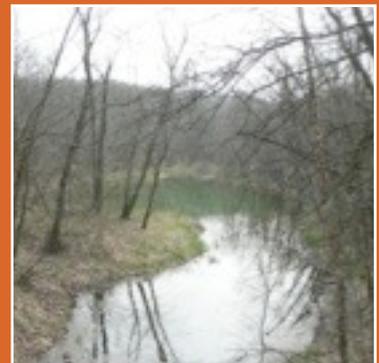
This is a RED FLAG. Let me make sure I explain what this really means. This is where you buy the land, but the seller retains the ownership of the trees growing on your land. This might look like a good deal going in. You get a lower price and you didn't really care about the merchantable timber, but the catch is that the previous land owner (and current owner of the trees growing on your land) can cut them at his or her whim. In fact, he or she could sell their interest in the timber to a third party, that you don't even know. This could be an extremely ugly situation and the potential to wind up on the short end of the stick is so high, it is probable. You don't want anyone cutting timber on your property other than you or someone you have hired.

#4 Buying Land Without Title Insurance

ALWAYS ALWAYS ALWAYS buy title insurance. Title attorneys are very good at what they do, but sometimes things get overlooked. Sometimes there are things that go undetected in a title search, and title insurance protects you against any potential “cloud” on the title of your property. A few years ago, a client of mine bought a 100 acre tract and had all the necessary title searches done at the time he purchased the land. Several years later, when he went to sell it, the buyer’s attorney found evidence that 4/10 of an acre in the middle of his property did not belong to him. It was a big mess, which ultimately got cleared up, but my client’s title insurance policy would have compensated him for the loss in value to his property, had the claim been valid. Buy title insurance. Its worth every penny you spend on it.

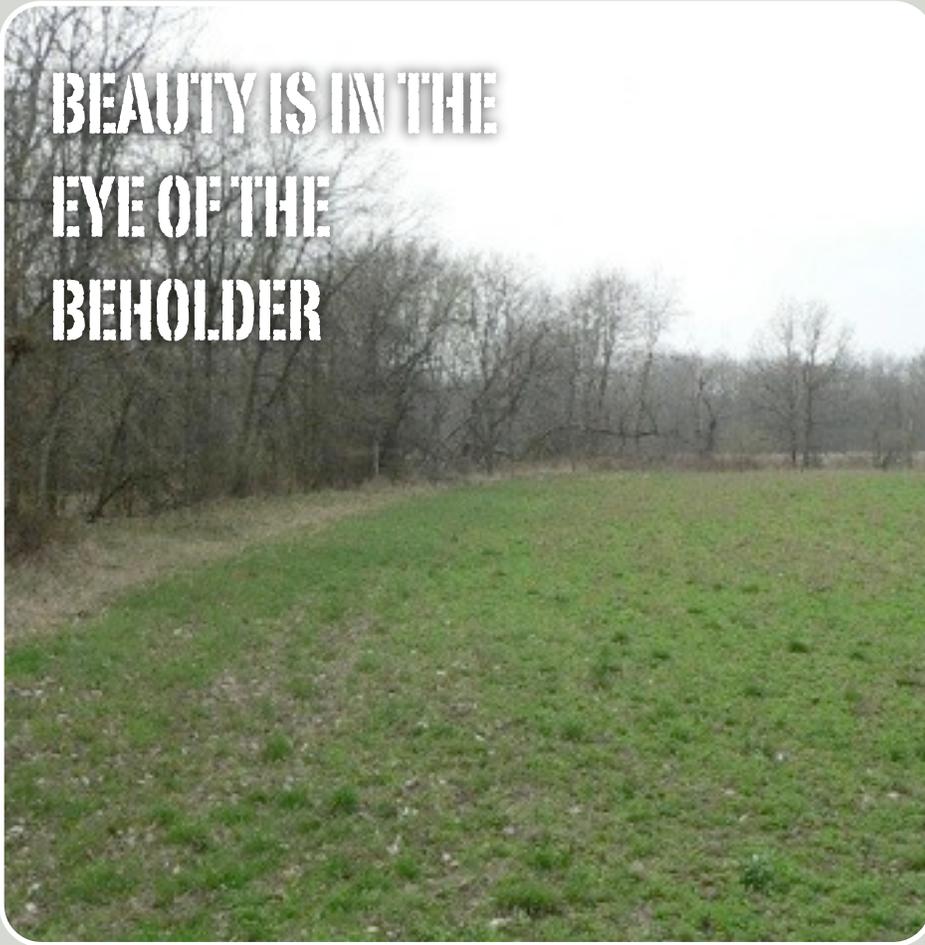


BE SMART



**DON'T BE CHEAP
AND OPT NOT TO
PURCHASE TITLE
INSURANCE**

BEAUTY IS IN THE EYE OF THE BEHOLDER



Who would want this tract?

It is always a question I ask myself BEFORE I buy it. The more qualities and characteristics a tract has, the more potential it has and ultimately the more desirable it is to me...and others, if I ever need to sell it.



#5 Buying a Piece of Property Without Considering an Exit Strategy

I know it is the tract of your dreams, and I know you are going to keep it forever, or you are going to leave it to your grandkids (even though your kids are only 10 and 12), but the fact of the matter is; you don't know what tomorrow will bring. So if you are buying land, you better have a plan to sell it, even if you are not planning to sell it. Let your exit strategy influence your purchase; it keeps you from buying property that no one would want to buy. At least once a year, I will have a customer approach me wanting the "cheapest dirt" they can buy. They will invariably settle on some cut-over, swampland on a long easement. I counsel them that this land is "cheap" because nobody on earth wants it...other than them. All they want to do is hunt, and they are going to "keep it forever." It also seems like once a year, I will get a call from one of these "never gonna sell it" customers, with a desperate plea for me to help them sell it. Be smart. Have an exit strategy. Plan to sell it, even if you never plan to sell it.

MORE TOP TEN MISTAKES.....

#6 Failure To Check Out the Neighbors or Neighborhood

Make sure you know the neighbors and the neighborhood before you buy your dream tract. Noisy neighbors (like a rock quarry, or a saw mill, or a railroad tracks), or smelly neighbors (like poultry or hog farms), or ugly neighbors (like landfills or industrial parks) can spoil your quiet enjoyment of your country getaway. Look around the area and ask questions, because bad neighbors and bad neighborhoods may be with you for a long time, and my experience has been that relocating your tract to a better neighborhood is not a practical solution.



#7 Having a Single Use or Purpose For Buying Property

I know, all you want to do is hunt. I hear that all of the time, but what that really means is “All I want to do RIGHT NOW is hunt.” Someday you may want to build a cabin, and if you bought land adjacent to an old landfill, you may not be able to do that. Our needs and wants can and more than likely will change. Think about the primary reason for buying land but consider some secondary reasons as well.

Reasons I bought my farm.....

- Hunting
- Fishing

What I actually DO there.....

- Hunting & Fishing (as expected BUT not as much as expected)
- Relaxing
- Long walks with my wife
- Family Thanksgiving (every year)
- Ride Four Wheelers and ATV
- Work (and I love every minute of it)
- Camping
- Touch Football & Soccer games with the kids
- Get together with Friends
- Someday.....I'll build my retirement home there

#8 Buying a Property Where Access is Uncertain

No road frontage and no deeded easement. It happens. A few years ago I looked at a beautiful tract with big timber, plenty of wildlife, and spectacular views. But as I approached the tract, I came to a gate where there were eight locks for the eight property owners who share access through a common road, which NONE of them had the deeded legal right to access. There are no problems right now, but what if the folks who own the access change their minds? This could be a huge problem. It is a problem that could possibly be fixed by going to court, with the help of an attorney (and of course, a good bit of money), but why set yourself up for the hassle (and the financial liability). It is too easy to find land with good access. There is no need to buy land with access problems just because it is a “good deal”.....because it may not be in the end.



REMEMBER.....



**MOST ALL OF
THE TIME,
YOU DO GET WHAT
YOU PAY FOR**

#9 Buying the Cheapest Tract and Thinking You Got the Best Deal

I love a deal. I love spending as little as I can on a tract of land. I also know that if you are determined in getting the most acreage for the amount you can afford, you are likely to make a mistake. The cheapest tract is not always the best deal. Cheap land is cheap for a reason.....It is ugly, land locked, cut-over, swampy, or has some other warts on it. Nobody wants it. For the most part, tracts are priced at what they are worth. Don't get consumed with the lowest price per acre, or you might wind up getting a tract you don't want...or missing a tract you do.



AND FINALLY.....

#10 Accepting As Fact ANYTHING Without Verifying Firsthand

We have all heard it before. “There is \$1000 per acre of timber out there.” “Sewer is coming.” “The tract will pass a perc test.” “You can’t smell those chicken farms from here.” “The roads on this tract are always accessible.” You name it. I’ve heard it. Be aware that sellers, agents, pin hookers, heirs, and neighbors all have a dog in the fight, and do not ultimately have your best interest at heart. Make sure you make decisions that YOU know are based on truth rather than what someone has told you. You can’t possibly know everything you need to know, and neither can your real estate agent, BUT.....you can find out. And, you should. Get an expert opinion of timber value. Get a written verification of county infrastructure, or utilities, or zoning. Stand downwind of the chicken houses (on a day when they clean them out) and “sniff” for yourself. You can’t be an expert on every topic, but every topic has an expert. Find them. Use them. Do your homework.



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