

# How to buy a horse farm

By Curtis Seltzer

A Saturday morning in mid-October on a lazy two-lane road. The pastures are still green and the over-arching sugar maples are turning. The air is warm, but apple crisp. The seller's real-estate agent in whose SUV you're riding, chirps, "Here we are." She steers through a smithied gate, set in dressed stone columns that are leaning toward each other. The drive to the house is lined with huge red maples; she dodges a couple of fallen limbs. The white board fencing excites you, though you notice some rotted posts as you flash past.

The house is an English-style cottage, maybe 100 years old, pleasing though dowdy. A couple of handsome shutters sag. Ivy climbs the big, brick chimney and covers several windows. You look at your spouse. This place feels...lived in, right. You walk through quickly because the heat's off. The agent directs your attention to the cute window treatments and the original plumbing fixtures. The rooms are long but feel short vertically. Just after you narrowly miss hitting your head walking up the grand stairway, the agent enthuses: "Look at that polished handrail!"

The kitchen is... "traditional," you decide. It has a lot of floor space and high ceilings, but no more than two linear feet of counter and a couple of sheet-metal cabinets from the 1930s. The kitchen has seven doors, which makes wall space as rare as counter space. "The water's turned off, because the heat's turned off," the agent explains. "So is the electricity. The seller didn't want to pay utilities for an empty house." She directs your eye to one glass-paneled cupboard, which you've always wanted. Since you didn't bring a flashlight and can't see in the dark, you don't go down into the very black, windowless basement where you would find a 100-amp box, cloth-covered wiring from the 1920s and a plumbing system that was up to code in 1931.

Outside, you see a large gambrel-roofed barn. "Used to be a dairy here. There's oodles of room inside for horses. You just can't find wood silos like that anymore. 250 acres. I can wait for ten minutes if you want to look around—but it will be muddy," the agent says, glancing at your wife's new Ferragamoflats. "That's okay," you say, gallantly thinking of your wife's shoes. "We can get a sense of it from right here."

You've been on the place for 20 minutes. You have not walked the land, which is rocky and festooned with impenetrable clumps of multiflora rose. You have not inspected the barn, whose foundation has collapsed. You have not seen the basement's antique wiring (fire hazard), lead solder (health hazard), sump pump (indicates frequent flooding), coal furnace (hand-shoveled) and cistern teeming with who knows what.

The agent says: "I'm showing it to a lawyer at two. He advertises on TV."

You reach for your checkbook.

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This is how most of us buy property. I bought my first land 37 years ago this way: a decision made within the first 30 minutes of the first visit, based on emotion and impulse. Sometimes such a buyer lucks out. In most cases, gut feelings, haste and lack of knowledge lead to paying too much and acquiring unanticipated problems. In my case, the 100 acres I thought I bought turned out to be 60. You would not buy a horse without checking him out. You'd ask the seller to disclose health problems and riding quirks. You'd have a vet take a look. You would not buy a horse based solely on how much you liked the blaze on his nose. You wouldn't buy a horse that is unalterably lame because you like his socks. Nor should you buy a horse farm that nickers to you without thorough, analytical research.

Horse farms can conceal more problems than horses themselves. Fortunately, it's not hard to learn how to investigate property. Most of your property scoping should take place before you submit an offer, rather than as a contingency inserted into your contract. You want to research only those properties that meet your needs and most of your wants. Pre-offer scoping enables you to determine the property's values and uncover its defects and uncertainties.

**Among the common things you should scope are:**

**Confirm Acreage.** Advertised acreage may or may not be accurate. Acreage in the deed and survey should be identical to each other, and to acreage on the ground. Often deed acreage is not the same as field acreage. A surveyor can run the property's legal description through his deed-mapping program to establish deed acreage. Acreage and boundary lines found on tax maps are unreliable.

**No boundary disputes or encroachments.** Ask the seller and all neighbors whether disputes exist. A neighbor may have fenced off land that rightfully belongs to the seller, or vice versa. The encroacher may or may not have a legal right to the fenced-in acreage. These squabbles create hard feelings and can be expensive.

**Access.** If the seller's property does not have an entrance on a publicly maintained road, have your local lawyer determine whether the seller has a legal right to use the access road he's been using. A "prescriptive easement" (right to use another's property) and "adverse possession" (right to own another's property) must be established in court; a seller's real-estate agent saying to a buyer these words—"Oh, I think you'd have a prescriptive easement to get in and out."--establishes nothing legally. The buyer who relies on that opinion and subsequently finds he has no legal access cannot recover damages from the agent whose opinion he relied on.

**Values of the property's assets.** Get the current tax-assessed value of the seller's property, which will show land, buildings and minerals separately. Ask the assessor how aligned current tax-assessed values are with current selling prices. Place values on the property's severable assets, such as merchantable timber, spare house or land, and minerals. Base your offer on what the property is worth to you.

**Get help.** Retain a local lawyer before you submit any offer. Pay him to ask around about your target property. If you don't like negotiating, ask him to do it. Consider having a broker work exclusively for you. An agent who is a horseperson should be more knowledgeable about horse operations than an agent who isn't. Look for a Realtor with an RLI designation, indicating land accreditation. Hire a horse-farm consultant to evaluate a farm operation, and a consulting forester to estimate the value of merchantable timber.

**Workability questions.** Are the soils, topography, climate, water, acreage size, location and farm infrastructure suitable for your intended horse purposes?

**Disclosure.** The seller may or may not disclose defects in the property on a state-mandated disclosure form, and what he discloses may or may not be accurate. Trust your own research. Talk to the seller directly and all neighbors. If necessary, insert language into your contract that requires the seller to disclose all matters that would negatively affect your possession, use and enjoyment of the property.

**Neighbors.** Visit every adjoining neighbor and drive the neighboring area. Horse farms are usually in an area zoned agricultural, which means you might be downwind of a large dairy, poultry or hog operation. While country life is much quieter than city life, you may not want to buy next to a late-evening target shooter, kennel of barking bear dogs, high-intensity security lights, quarries or teenage boys who dirt race souped-up four-wheelers next to the perfect spot for your new foaling barn.

Those of us who own country property share an understanding of why it's better out here than in there. We may also share a nightmare arising from a surprise we got after closing. Buying land is like writing—it's more fun to have done than be doing. For those looking for horse property, I offer this advice: a new owner's happiness is directly related to the quality of the owner's pre-offer research.

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Whether you're targeting raw land (without buildings) or a developed place, you need to look at the property as if you were a horse.

Walk every foot of the land you're scoping before submitting an offer. How clean is it? Look for man-made stuff that can snag, puncture, cut, twist around, hang up and put down. Stuff includes old wire fence, glass, nails protruding from boards, coils of anything, abandoned vehicles, scrap machinery, dumps, preservative-treated lumber and rusty metal. Old containers may still contain solvents, paint, antifreeze, motor oil, creosote and hallucinogens from the late 1960s when the pasture became a New Age tepee colony. This detritus has to be removed before hoof one steps in. If something is waiting to be gotten into, a horse will surely get into it sooner or later.

You will notice fences, their absence, kind and condition. I have seen fences of board, vinyl, high-tensile, electrified high-tensile, woven wire, barbed wire, electrified barbed wire, polytape, wood rail and stone safely contain horses, except when each inevitably fails. I even know horses who stay within faith-based fencing, which never worked with any of our four-legged atheists. Fence decisions usually balance five considerations: initial cost, projected lifespan, maintenance, reliability and looks. If your target is fenced, you need to decide whether to stick with that system or replace it.

When it comes to the safety of fencing options, horse keepers tend to be monotheistic militants. I've heard burn-at-the-stake condemnations of both high-tensile fence and barbed wire. Horses, unlike cattle, get smart pretty quickly about fence hazards they can see and understand. I would not scratch an otherwise promising farm on wire fence alone. It's lack of fence maintenance that creates hazardous conditions, like the pointy broken board or protruding nail. The more deteriorated any fence system, the more hazard it presents. Fence condition is also a reasonably good indicator of the level of maintenance that you'll find throughout the farm. Be particularly careful with seductive board fencing; fresh white paint hides rot and loose nails. I would avoid preservative-treated board fencing.

Cattle guards are small, slatted bridges. Made of concrete, steel or wood, they alternate solid rails with open spaces. They're designed to keep livestock where they are while allowing vehicles to cross without bothering with a gate. Snow will pack into the openings and give the appearance of solid footing. A young horse I knew put his foot through this seemingly solid bridge—with dreadful results. If your target property has a cattle guard, replace it, or install a gate on the horse side or keep horses permanently away from it.

Natural hazards may be less obvious than a fence of lowered medieval pikes, but they can be just as dangerous. On your walk-around, look for land traps—bogs, quicksand, wet spots and critter holes. Sharp, jagged rocks aren't good, and neither is round cobble that mimics ball bearings. Visit the target property when it's wet. Look for slippery hillside pastures, mud holes and dirt that turns to muck. Clayey soils don't drain well. The fewer no-no-spots on a farm, the safer. It's always wiser to not have a no-no place than to keep a horse out of one.

Particular parcels of land are prone to lightning strikes, which will kill livestock. Look for signs—like a big, stand-alone tree with burn scars, located on a prominent point. Ask neighbors if the seller's property is the local bull's-eye. Ask the seller whether he's ever filed an insurance claim for lightning kills.

If you're looking at very dry, dusty land, you might consider getting the dust analyzed. Visible dust can cause coughing and other respiratory problems; invisible particles from certain materials can reduce lung function over time or lead to disease. I would avoid horse farms in areas of heavy smog, perennial wood smoke and industrial emissions.

Horses are adaptable to most conditions, from western deserts to boreal forests. They need some flat-to-rolling ground to get a deep standing sleep. Horses will graze steep hillsides, but their traffic will break down the integrity of its ground cover, leading to slippery conditions and soil erosion. Buy enough relatively level ground to provide comfortable, safe grazing for your horse and foolproof access for your vehicles, trailers, farm equipment and fire trucks.

A farm fenced for a number of paddocks that allows shifting horses from one to the next keeps grass from being stomped out, prevents erosion and reduces intestinal worms. Rotational-grazing moves horses from clean pasture to clean pasture, allowing the vacated pasture time to recover, break down manure and minimize spot grazing. This system requires water either in every paddock or in a central hub that each paddock accesses in turn. Depending on its design, size and materials, this system can have a high initial cost, but it makes management of pasture and horses more efficient and easier.

(See [www.extension.umn.edu/distribution/naturalresources/components/7540\\_05.html](http://www.extension.umn.edu/distribution/naturalresources/components/7540_05.html).)

Surface water presents various problems. All streams flood from time to time; I've had four 100-year floods in my back field in 20 years. If pasture is across a creek, some day your horse will be on the far side—and you can't get there and he can't get to you. Horses can break down stream banks or damage their feet crossing a rocky stream bed. Ice in streams can cut feet and cause falls. Most farms and ranches have surface water, but a buyer might prefer one where livestock is—or can be—fenced out of streams. Federal conservation policy will eventually require that livestock be fenced out of streams. Note the amount of stream fencing you might be expected to do in the future.

Even with cost-sharing and tax deductibility, building fence is hard work and expensive.

Ponds are another water hazard. If they are steep-sided beneath the surface, a horse can get in but not out. If the underwater sides are gently sloped, they will be mucky. I've seen a panicked 1,300-pound horse flailing in our pond as a panicked 130-pound wife pulled on the lead rope while yelling at me that it was my fault. (Marriage counselors say it's always useful to assign spousal responsibility early in any crisis.) This horse mired himself only once, thus proving, according to my wife, Melissa, how smart he was.

Drinkable water is essential to equine health. Assume that a 1,000-pound horse drinks at least four to seven gallons of water per day. Investigate the reliability of adequate supply, particularly in arid areas. Drought dries up surface waters and wells too. Ask the seller and his neighbors about water supply on the seller's property during the last decade. Climate models generally forecast increasing aridity in the Southwest.

I would be hesitant about buying a California/Southwest farm or ranch that depends on irrigated water. If the seller's farm needs irrigation, you and your local lawyer need to confirm the ability of the seller to convey the necessary water rights. State water law determines what you and your neighbors can pull from surface waters. If the aquifer from which the seller's farm draws is having trouble meeting current demand, you may find your farm water-rationed or use-rationed in the future. With our population likely to add another 100 million people over the next 50 years, water is likely to be prioritized in some places, with population centers getting more and farmers of hay, alfalfa and horses, for instance, getting less.

Both surface water and underground resources can be polluted by fertilizer, manure and chemicals. Pollution

can come from property higher in elevation and upstream or from the target property itself. The categories of concern are: 1) total dissolved solids, which are salts like chlorides, sulfates and certain bicarbonates; 2) microorganisms, (e. coliform bacteria and other bacteria, such as leptospira and salmonella) and blue-green algae on ponds; and 3) toxic pollutants, such as heavy metals and chemicals (nitrates from fertilizer, pesticides and petroleum products). Drought can increase a water supply's salinity. In concentrations of less than 7,000 mg of total soluble salts/liter of water, horses are safe. Nitrate of more than 300 parts per million are poisonous. (K.B. Meyer, "Water Quality for Animals," Purdue University Cooperative Extension Service, September, 1990 at [www.ces.purdue.edu/extmedia/WQ/WQ~9.html](http://www.ces.purdue.edu/extmedia/WQ/WQ~9.html).)

During your property research, get water-sampling kits from a local lab and sample both surface water and developed sources that would supply your horse—and you too. Review any elevated results with a local horse vet. If you are sampling as part of a results-acceptable-to-the-buyer, water-quality contingency, you can use bad numbers to trim the price, solve the problem or escape unharmed from the contract.

Horse farms can get by without good grass as long as the owner is willing to haul in hay and feed. If you have a choice, avoid buying a place whose soils are unsuited for horse pasture and hay. You'll be far happier buying dirt and grass that is pretty much what you want when you buy it.

Your first stop—before visiting any property—is the local USDA Natural Resources Conservation Service (NRCS) office. Get a paper copy of the county's Soil Survey, which contains comprehensive soil maps and ranks soil types according to their capabilities and limitations. (Some counties do not have soil surveys. Online versions—[www.nrcs.usda.gov/](http://www.nrcs.usda.gov/); Click on Soils, Click on Soil Survey—may be difficult to access and use.) The Survey will show yields per acre of typical crops (such as corn, grass-legume hay, alfalfa and Kentucky bluegrass) for each soil type in the county. Higher yields indicate better soils. Concentrate your property search in good-soils areas. Find the soil map that shows your target property, and determine which places are most appropriate for which uses. The Survey also indicates the productivity of each soil for growing timber and suitability for construction, septic systems and wildlife.

You should run a soils test on the seller's dirt and a forage test on his grass as part of your pre-offer scoping. Take separate samples from each field. The state's extension service handles both tests, but, as a buyer, you may have to use a private lab. Results will show the dirt's pH (acidity; between 6.0 and 6.5 is right for horses), organic matter, potassium, nitrogen and phosphorous, among others. You may need to adjust the presence of a particular constituent. Rotational grazing builds soil.

Screen out properties where building soil is a going to be a labor of Hercules unless you're into bodybuilding. The fewer inputs you have to make to get the seller's dirt to what you need, the easier things will be with both your horse and your back. Consider building worm hotels in your fields. Worms aerate soil, enrich it with their castings and carry on like crazy.

Pastures contain a variety of vegetation. Look for toxic plants and trees—black walnut, black cherry, red maple and black/yellow locust. The wilted leaves of black cherry and red maple are harmful whereas these leaves on the tree or shed in the fall are not. If a windstorm blows over a cherry in the summer, you have to burn the leaves immediately—and stay out of the smoke.

Toxic plants and bushes are common, though horses don't find most of them very palatable when good forage is around. Young horses, like young everywhere experiment—some even inhale. Among the several dozen most dangerous flowers and shrubs are: buttercup, nightshade, cocklebur, oleander, jimsonweed, locoweed, mountain laurel, pokeweed, rattlebox, rhododendron, white snakeroot, wild parsnip, yew, bracken fern and Viper's bugloss. Develop a county-specific list with the help of the extension agent, local horse vet and the local horse community.

( See ASPCA, “Toxic Plants,” at [www.asPCA.org/site/PageServer?pagename=pro\\_apcc\\_horsetoxicplants](http://www.asPCA.org/site/PageServer?pagename=pro_apcc_horsetoxicplants); and William Lamm, “Poisonous Plants,” TrailBlazer Magazine, 1997 at [www.whmentors.org/saf/poison.html](http://www.whmentors.org/saf/poison.html).)

Some horse farms are known for abortions, colic and fatalities due to problem vegetation. Even no-baggage farms can have these plants. A buyer cannot count on every seller being both knowledgeable and honest in disclosing these conditions. You have to ask the seller, local vets and the seller’s neighbors. If necessary, insert a hazard-disclosure section that requires the seller to disclose the presence of any horse hazards known to him. Also ask about maladies, such as laminitis or colic from lush grass and clover, and sand colic.

Apart from toxic plants, you should look for non-indigenous nuisance weeds in pastures and waterways. About 500 such alien weeds are now found in the United States, and about 45 percent of all pasture weeds are non-indigenous. Culprits include Kudzu, Canada Thistle, Johnson grass, yellow star thistle, multiflora rose and Russian olive. (See [www.nps.gov/plants/alien/fact/romul.htm](http://www.nps.gov/plants/alien/fact/romul.htm); [www.invasivespeciesinfo.gov/plants](http://www.invasivespeciesinfo.gov/plants); and [www.aphis.usda.gov/plant\\_health/plant\\_pest\\_info/weeds/downloads/weedlist2006.pdf](http://www.aphis.usda.gov/plant_health/plant_pest_info/weeds/downloads/weedlist2006.pdf). Also, David Pimentel et al., “Environmental and Economic Costs Associated with Non-Indigenous Species in the United States,” Cornell University, 1999 at [www.news.cornell.edu/releases/Jan99/species\\_costs.html](http://www.news.cornell.edu/releases/Jan99/species_costs.html).) These species can take over pasture when left unchecked; they are costly and annoying to eradicate. If you don’t know a legume from a liverwort, take a pasture-knowledgeable person with you before making an offer.

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Horse-farm buyers should be aware of four types of infrastructure. Land infrastructure refers to the roads, utilities and services that serve the property. Property infrastructure refers to the roads, utilities and improvements on the property. Site infrastructure refers to the type and amount of infrastructure you will need at any spot where you intend to build something new—like a house or stable. Existing infrastructure may be adequate for your purposes. New infrastructure is usually expensive, particularly when you’re forcing construction on hostile dirt. I once had to spend more than \$50,000 to build a very short road through a perennially wet field of gummy clay. About \$30,000 went for thousands of tons of rock—big rock, medium-sized rock, teenie-weenie rock. For years after, my nightmares were haunted by loaded dump trucks.

Horse-specific infrastructure is the facilities—fences, gates, barns, riding arenas, heating and air-conditioning, lighting, flooring, storage, exercise equipment, tack rooms and so on—that the seller either has in place or that you believe you will need more or less immediately. As a rule, it will be cheaper for you to buy horse infrastructure than build the same from scratch. If you can’t make what’s there work for your operation, you’ll either have to find a different farm or demolish and build. You might also consider travel distance to your choice of vet, farrier and feed supplier.

If you’re buying bare land for something more than a couple of family horses, you’ll need to bring in a firm that designs and builds horse facilities. Visit examples of their work. They are one-stop shops, with the virtues and downsides of that approach. If you’re looking to build an elaborate facility, you’ll need to find an equine architect and an experienced building contractor who can work together. Tap into the local, state and regional horse networks to see who has done what and with what level of customer satisfaction.

If the target property comes with horse infrastructure you’ll need to determine how well it fits your current and future needs and wants. As part of your pre-offer scoping, buildings and facilities need to be inspected for soundness and usability. You will need to judge how much adapting you will need to do and its cost. Don’t mistake size for usability; wonderful old barns of great volume are badly designed for modern horse operations. Overhead storage of hay is both traditional and handy; it’s also a fire hazard and constrains natural (heat-rising) ventilation.

With older infrastructure, look carefully at 1) how hay gets from storage place to feed rack and 2) how manure gets from stall to pile. The more you can do both jobs with machines, the better for your back.

Each buyer comes to a target farm with a sense of infrastructure needs and wants. I advise adding infrastructure slowly, in step with your evolving ideas about needs and wants as your boots walk your new ground. Try to design multiple-use flexibility and adaptability into any early construction. Having done my share of building from scratch and adapting, I offer these thoughts:

Plan out, from start to finish, before you hammer nail one. Don't design as you build.

Get help, both from friends and pros. Good advice is usually the most effective and economical use of any dollar you have.

Assume that every problem you identify and then ignore will get worse as you build, not better. No problem is solved by not thinking about it.

Adapting is cheaper than putting up, but possibly not as good.

Building sturdier is almost always better than any alternative.

Designing safety into any system is always better than counting on horses and people to look out for themselves.

If you have only a horse or two on a small acreage and a tight budget, you have to be ruthlessly efficient with your design and your dollars. Money in planning will save money in construction. Have an equine architect design your layout with a CADD program that allows you to digitally walk through a proposed facility in three dimensions.

Whether you're a novice or a farm-savvy veteran, if you're considering a building project you should get up to speed on current thinking about horse facilities and available products. Take a look at recent books, such as Steven Price, *The Whole Horse Catalog*; Richard Klimesh, *Horse Housing: How to Design, Build and Remodel Barns and Sheds*; Cherry Hill, *Horsekeeping on a Small Acreage: Facilities Design and Management*; and Randy Leffingwell, *Ultimate Horse Barns*. Extension publications provide basic facilities information, and extension horse specialists can help on your specific plan. (See <http://www.pubs.cas.edu/PubSubject.asp?varSubject=horses>.) Online research—you might start at [www.stablewise.com](http://www.stablewise.com)—hopscoches you into the relevant squares as you type in “equine architects,” “design of horse facilities” and “horse barns.”

If you are both a new horse owner and cash-strapped to boot, your minimum requirements are a couple of fenced pasture acres per horse; a dry shed with feeding facilities; electricity and running water (if you can't at least rig up a hose from the house, you will be the one running the water at eight pounds per gallon); dry storage for winter hay; adequate space for trailer loading; tack area; place to pile manure; and a paddock out of the shed/barn. A small pick-up truck will move stuff around. My minimum would include two horses since one alone gets bored, and, eventually, in trouble.

Your minimum amount of land will depend on the type of riding you do. If you want to lollop across your own green pastures, you'll probably find 100 acres too small for real lolloping. If you want to trail ride, you'll need a large place, or be able to trailer your horse to a put in, or buy land next to big land that allows riding, or narrow your search to an equestrian community with trails.

Before making any offer that envisions building anything or setting up any commercial horse enterprise, check

with the local officials who oversee construction and zoning. A stable may require minimum acreage as well as an approved plan for storage and disposal of manure. The property may need to be rezoned or a conditional-use permit. Include a contingency in your contract that makes your purchase hinge on obtaining needed permits (or letters of commitment) from the appropriate offices. The seller can apply in his name during escrow and convey the property with the permit in place. Check with your local lawyer to see how much expense, time and aggravation your approvals will involve.

If you're looking at a farm with existing infrastructure, I would get permission from the seller to do a full test drive. Bring your horse (s) to the seller's farm and run him/them through every gate, alley and paddock. Do animals flow cleanly through the as-is system? Is the ring big enough? Is the arena dusty? Is it well-lighted? Ride the seller's fields, slowly. No-dismount gates are worth paying for. Is there enough level ground around the core building to add facilities? In the seller's barn, open every door, gate and bin; climb every ladder; muck at least one stall. Test all electrical outlets, lights, switches and machinery. Is there enough room for you to maneuver your trailer in and around the stable easily? If the farm has trails, ride them. If there is a bridge, cross it. If you come to a fork in the road, do as Yogi Berra advised, take it.

The buyer and seller need to agree on what things are included in the sale and what things are not. Fixtures—items that are “permanently” attached to the ground or a building—should convey without specifying each one. In practice, fixtures sometimes trot off with the seller. Make a list of conveying items, affix a wire tag (Conveys to Buyer) and photograph each one. Append this list to your contract offer. If you make an offer for a horse farm lock, stock and barrel, you will not get the seller's personal property—portable bins, hand tools, tack, hand carts, stored hay, feed, supplies, fencing materials, paint, office equipment, fire extinguishers, piles of gravel, spare parts, barn refrigerator, tractor, vet supplies, farm equipment etc.—unless you and the seller agree in writing on each and every such item. No agreement, no conveyance. If you want special horse-related items—custom equipment, saddle racks and one-of-a-kind things like hitching posts, chandeliers, forged hinges, gate latches, boot scrapers, figurines and weathervanes—you have to include them by name in your offer. You may or may not want to purchase the name of the seller's farm.

You should consider buying and operating a horse farm as a profit-making business, and not as a hobby farm or personal recreational spot. During pre-offer scoping, get appraisals of the farm's various assets—house (s), farm buildings, machinery and equipment to convey, merchantable timber, minerals, water rights and possibly individual fields. Your accountant will use these appraisals to allocate basis among the various assets you purchase. The appraisals will also tell you what the parted-out farm is worth and give you a framework for negotiating a price with the seller. If you sell an asset—say, the merchantable timber on the back 100 acres—you will generate cash, establish a business intent and adjust (lower) your basis in that asset to account for the sale. To the extent that you immediately sell an asset for its basis, you pay no tax at that time because you have no taxable gain. You should establish values of assets that you might want to either sell or donate as part of a conservation easement such as minerals, wind rights, development rights, wetlands and so on.

The Internal Revenue Service has developed criteria to apply to horse-owning taxpayers who organize themselves and operate their farms to make a profit. The taxpayer must be genuinely trying to make a profit, keep business-type records and spend time doing the business, among others. Always involve your tax accountant in your plans from the start. (See IRC Section 183: Farm Hobby Losses with Cattle Operations and Horse Activities, 2001 at [www.irs.gov/pub/irs-mssp/a1farms.pdf](http://www.irs.gov/pub/irs-mssp/a1farms.pdf). This is the manual the IRS instructs its auditors to use.) The tax benefits of being a horse business are substantial.

Buying a horse farm is defining a place for yourself in the world. How you manage the process of its acquisition sets the tone for your residency. Doing it badly saddles you with problems for the duration. Doing it well is a long step toward enjoyment.

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