**Book Excerpts:**
**How to Buy Country Property - Info and Advice from Land Consultant Curtis Seltzer**

## From the INTRODUCTION

Tired of living where it's hot and flat? Want to find a cool spot in the mountains? Need to escape the city on weekends? Ready to bail out permanently on the close-in "burbs"? Looking to retire to an old farmhouse with a front porch and big shade trees?

You are not alone.

We are now a nation of 300 million, up from 200 million in 1967. Population growth increases demand for property, and income growth, particularly in the urban/suburban upper middle classes, makes feasible the purchase of land and second homes in the country. In almost every rural county, farms and undeveloped land are being divided and sold to both the 75 million of us who are Boomers and to those coming after us. Although data are lacking, my guess is that urban and suburban buyers are now purchasing annually about three million parcels of country property—broadly defined. These include farmettes, ranchettes, hunting lots, farms, second homes, timberland, investment properties, waterfront properties and lots in developed and semi-developed projects. This rising demand trend, coming from urban and suburban buyers like the readers of this book, has pushed up the price of all types of rural land for the last 20 years. Country property has proved to be an excellent investment for most buyers. If global warming does indeed raise the level of coastal waters over the next century, displaced individuals and shrewd investors will be buying higher and safer ground. They will look to the countryside, taking advantage of technologies that allow them to make a living away from their city offices. If you're reading this paragraph, you've probably already come to the same conclusions.

Thousands of us buy rural property each year. Some are looking for a weekend getaway; others to relocate full-time. Some want undeveloped, or raw, land. Others feel more comfortable in a planned community with infrastructure—roads and utilities—in place. Some want a cabin at the end of a long dirt road; others want a plantation house with hot and cold running servants or a solar-powered passive-aggressive statement of environmental correctness. As America's population grows and metropolitan areas become increasingly hectic and congested, more and more of us will be looking for a place in the country.

In most of America, country property has been a wonderful investment and is appreciating at a more or less strong and healthy clip. The average acre of farmland was valued at $1,900 in 2005, up from about $600 in 1987. That reflected a 15 percent rise in value in 2005, on top of a 21 percent increase in 2004. Pasture land now averages about $1,000 per acre, while cropland is now valued, on the average, at almost $2,400 per acre. The sharpest increases are found nearesturban areas. Timberland—with and without timber that can be sold immediately—and undeveloped recreational land are appreciating at similar rates (Jilian Mincer, "Tilling a Farmland Investment," Wall Street Journal, September 9-10, 2006.). Appreciation is being driven by large institutions, wealthy individuals and people like you and me. People want land because it can generate income, build wealth and is fun to have. These are good reasons to become a dirt-smart buyer of country property.

When I bought my first rural property in 1971, I lacked even a clue about how to think about the questions that such a purchase inevitably involves. I liked the idea of woods, on a hill with a view and a site for a pond. I found a spot near Wendell Depot, Massachusetts, about a 30-minute, back-roads drive north of Amherst. The woods, it turned out, had just been timbered, which I understood more abstractly than practically. The view appeared only from the crest of a snubbed off, north-facing ridge that was sort of accessible with a 4WD Bronco for a few months each year and during Sahara-type droughts. The site for a pond turned out to be a bottomless bog, which we now call wetlands and value for its habitat. The deed, I discovered after purchase, never specified the number of acres. I thought we bought 100, but wiser heads put the number at 60. We owned an undeveloped right of way that swamped through the Mekong Delta before it stalled in the Central Highlands.

Over the next 15 years, we bought a small parcel that brought frontage on a state-maintained road and also contained a usable access drive into the original 60-acre island. Through little effort, the land appreciated in value ten-fold owing to its proximity to a thriving college town. It was like having a high-interest passbook savings account that doubled as a sixth-grader's hide out. At 26, with wars raging abroad and at home, I was far more interested in finding a placid hole than in projecting my annualized return on investment. Nonetheless, the possibilities of rapid appreciation of rural land were not lost, even on me. Necessity forced me to learn a little about boundaries, roads, utilities, water and timber. But, in hindsight, I didn't learn very much. The next property I bought had a farmhouse that piped its sewage behind the barn, into the creek—a fact I discovered after taking possession.

I didn't start teaching myself how to buy country property until my fourth purchase. This400+ acres was an investment, so I approached it as a research project. Researching property is a process called, scoping. I began my scoping with three investment questions: how can I buy it without any money; can the property pay most of its own mortgage servicing through rental; and, finally, if I need to sell it after a few years, am I reasonably confident that I can make a profit? In addition to these investment questions, I developed and then scoped a series of property questions that bore directly on the appropriate purchase price, risks, uncertainties and the value of saleable assets, such as merchantable timber and an old farmhouse. One question led to another, and I soon discovered that I had cobbled together a methodological approach that was adaptable in general terms to other rural properties, notwithstanding differences in size, purpose, location and type. I bought the 400 acres without any money and used the pasture rent to carry about half the mortgage costs. I had taken the first step to becoming dirt smart.

I discovered that I liked doing dirt research. I looked into other properties for my own account. The work was practical and, unlike academic research, did not drag on endlessly. It satisfied whatever interest I ever had in doing investigative reporting, which reporters tellingly refer to as, digging. Each property presented its own combination of assets, liabilities, knowns, unknowns and unknowns that I didn't know I didn't know. If I dug deeply, I would uncover any embedded deal-breakers. I started by writing long memos analyzing each purchase. (Writing is a bad habit that I'm hoping will solve itself as I age.) The memo format forced me to think through both a buying plan and a profit plan. Investors need both. The buying plan is akin to a plan for winning a war; the profit plan is what you do once you've won.

I used these research skills in the purchase of other properties, and then began to work as aland consultant for investors who were interested in buying large tracts of farmland and timberland. Part of the experience of buying country land is learning how to do it knowledgeably, a process I call becoming dirt-smart. There's always a trial-and-error element to learning a new skill, but learning how to buy country property is a process that need not involve supplying yourself with a lifetime of ironic stories for cocktail conversations. I wrote this book to show you how to be dirt-smart about buying country property. Consider it a piggy-back ride on me. I also wrote it to make some money.

Land buying starts with dirt. Look, first, at how the land lays—its topography. Which directions do its slopes face? How steep are they? If the land is flat, will it drain quickly or hold water because the subsurface contains a lot of clay? The surface vegetation and the feel of the dirt in your hand will give you an initial reading. Topographically interesting land is usually more interesting to spend time on, but it' s also more expensive to work with and much harder to work against.

Look, second, at your soils. Different soils have different characteristics and capabilities, which will determine what you can do with your property at a reasonable cost. Your first stop inscoping property is to pick up a copy of the county's Soil Survey at the local U.S.Department of Agriculture office. In this book, you will find maps showing soil types throughout the county as well as the virtues and liabilities of each type. County-level aerial maps and soil-survey information are available for some states and counties on the Internet athttp://soils.usda.gov/survey.

Look, third, at the location of your dirt. Will it be hard to get to in bad weather? Is it subject to flooding, earthquakes, mudslides, windstorms, fires and prevailing weather? If you have shoreline, is the land low (bad) or high (good)? Is the shoreline eroding? Is the land facing in the right compass direction for your plans?

Finally, look at your dirt in terms of proximity to local goods and bads—hospital, fire station, public water and sewerage, rescue squad, floodplain, job opportunities, distance from your current residence, post office, bank, supermarket and objectionable facilities, however you care to define them.

Most buyers from the city and suburbs, including me, focus first and almost exclusively, on the country house, whether existing or planned. This comes at the expense of paying attention to the dirt on which the house stands and which surrounds it. We do this, I think, because all of us have a passing familiarity with houses. So we evaluate country property in terms of what we know rather than what we don't. There's nothing wrong with thinking about "house in the country." Just remember that this thought contains two elements: house + country. Don't fall into self-induced house hypnosis. You'll find that dirt acquires more prominence in your country life over time.
I've come to think of buying rural property in terms of analogies.

Finding country property is like finding a mate. The more you look, the more possibilities turn up. Each is different. Some candidates will be warm and inviting; others can make your head pound. Love at first sight happens, but that kind of love may not survive the practicalities of living and working together. While love may conquer all, the more it has to conquer, the harder it's going to be to both stay in love and stick it out. You can't sign a prenuptial agreement with land, which exempts you from paying future costs if things don't work out. So you have to look for a good fit on many levels, not just sex. This book is written to help buyers learn to keep their heads and use them too. The object, of course, is to find a property that you like better over time, a property that fits you financially and emotionally, a property where love has to conquer as little as possible.

This book shows you how to find and buy such a property.

Here is a second analogy.

Most people judge books by their covers, even though we know we're supposed to be smarter than that. The publishing industry spends a great deal of effort and money in cover design because we're not. Standing in a bookstore, how else can we judge a book if not by its cover? If you judged this book by its cover, the worst that can happen is that you've bought an over-priced doorstop. If, however, you buy rural property on the basis of a once-over glance at its cover, you may find yourself selling over-priced doorstops to a village of tent dwellers.

As with any other large purchase, large mistakes can be made on country real estate. The most common are under-scoping, overpaying and "poor fitting." The first can lead to unexpected, burdensome, aggravating and expensive surprises that affect your use, enjoyment and pocketbook. The second makes it harder for a buyer to carry the property, sell it and make a profit. Under-scoping leads to overpaying. "Poor fitting" refers to a buyer finding his property ill-suited to his evolving needs. This often results from an initial purchase of too much house and too little land, or land that is all one type, such as nothing but open, flat ground or all steeply slopedwooded land facing north. It's difficult for a new country buyer to anticipate what he might want to do with property five or ten years in the future. Consequently, I would advise such a buyer to buy more land and less house if a choice has to be made between the two, and buy a property that contains more rather than fewer types of soils and land—pasture, field, wooded, flat, hilly and bottom.

First-impression buying puts at risk not only thousands of your dollars but the hard work and love you will inevitably invest in your purchase. To prevent first-impression buying, you must learn to read the cover of a property enough to know whether it merits scoping effort. This initial process, called screening, requires that a buyer have a pretty firm idea of both what he seeks and what he doesn't want. Screening is a first-cut selection process that involves knowing how toscreen out properties that have unfixable negatives or expensive problems (such as a pre-Revolution house whose historically correct reconstruction will cost no less than two launches of the space shuttle) and screen in those properties that can be cleaned up with reasonable investments of time, effort and money. Screening uses the same questions and research techniques found in scoping. The difference between them lies in the depth and breadth of the investigation. Neither process is long in absolute terms—screening should take minutes, scoping several days or weeks, at most. The more you look at properties analytically using the methods I describe, the faster and more confident you will become at making both screening and scoping decisions.

Screening is the same process of preliminary research as that which an investigative reporter does when he gets wind of a story. The tip is checked enough to decide whether to pursue it or forget it. Screening—and later, scoping—is rational and analytical. It is not a matter of "falling in love." A property, like a good investigative story, has to stand on its merits during both processes. Otherwise, it should be rejected.

First-cut screening is the opposite in principle and practice to first-impression buying. First-cut screening is not a decision to buy; it's a decision to investigate further. It's based on the more or less systematic acquisition of enough knowledge to decide between stopping and going further.

You can screen property quickly if you know the questions to ask and the level of information you need to make a decision. I am now usually able to screen investment properties in or out with a five- to ten-minute phone call to the owner or his real-estate agent. I bring to that conversation a general idea of current land values in the area and learn the seller's asking price. If this is your first time in an area, you can get a quick-and-dirty notion of market land values by subtracting ten to 20 percent from asking prices found in real-estate listings. Subtract another five percent if the seller is marketing with a real-estate agent whose commission will range between six and ten percent. (A rural-land appraisal determines the fair market value [FMV] of the property being sold by comparing it with three or four recent sales of comparable properties—called,comps—in the area, after adjusting for differences.) My shake-and-bake method gives a buyer enough sense of fair market value to get started.
My first investment screen is price per acre ($/A). I eliminate property priced way above what I think its FMV is. I screen in property priced at, close to and below market. With property priced some above what I think its FMV is, I might pull it in for further study if it has some feature that makes it especially valuable or I think the seller's price is soft. Just keep in mind that you cannot count on selling land that you bought above market for an above-market price in the near future.

My next screens focus on size, location, improvements, current use and ratio of wooded land to open. Looking at property for investment rather than a personal residence, I avoid listings that are house-heavy and land-short. A $700,000 house standing on one country acre must be resold as a unit; profit in such a deal usually comes only from long-term appreciation. I screen in properties that are a mix of assets, some of which can be turned into cash quickly and easily. I also screen in properties that generate annual cash from production or rental that will cover at least 30 percent of an expected mortgage payment. I usually screen out properties where the minerals won't convey with the surface, where the timber has been reserved by the seller for his future benefit, where some regulatory condition devalues the property (such as a tobacco farm that has lost its tobacco subsidy, or land that can't be divided because of zoning restrictions), where a conservation easement is in place that limits profit potential, or where some property-specific factor hampers my plan for the property. The latter might include dirt that is unsuitable for septic systems, lack of sufficient sight distance on a state-maintained road that eliminates a proposed entrance, lack of legal or feasible access, road-building costs that are prohibitive, the presence of a protected species or its habitat, and the presence of expensive-to-settle boundary disputes. One or two unacceptable facts are usually enough for me to scratch a candidate.

Buyers who are less interested in rural property for its investment potential and more interested in its second-home or recreational values will develop a set of screens that are more personal. Total price, rather than price per acre, may be the money screen such a buyer uses. FMV may be a less important screen than a buyer requirement that cannot be added on later, such as a particular view or specific location. A second home buyer may want to screen in properties with obvious, even hideously expensive, problems if it has unique virtues and the buyer's pocketbook matches his remedial plans. Many property-related problems can be fixed by throwing money at them. But some are impervious even to cash. If your dream farm is located next to an airport, you cannot buy your way free from over-flight noise. You cannot create a ridge-top view from a flatIowa cornfield. You can, however, build a lake if you want one and replant large trees if you want shade.

Visiting and scoping property takes time, so it is productive to eliminate non-promising properties by phone or on the basis of a package of materials the seller sends to you. Screening is not kicking tires. You are a legitimate buyer, not an endless looker. Screening is the first step in doing dirt-smart scoping, which is your deep research into a promising property you've screened in. You might screen out 25 properties to find one worth a visit, visit five before you scope one, and scope three before you buy. There are no formulas to determine the amount of effort you need to put into screening and scoping before buying. Scoping is a process with a purpose; it is not a game played for the benefits of playing. Take comfort, however, in knowing that each scoping goes faster with experience. You don't need to own a property for 20 years before you know it well enough to buy it. A buyer will never acquire an equivalent level of intimacy when scoping a potential purchase. What you need to make a dirt-smart purchase is knowledge, not intimacy. This book will show you how to learn enough to know whether to buy and at what price.

The information in this book will save you money and make you money.
Inexperienced land buyers have two fears: paying too much and looking foolish. Fears like these can be self-protective when they are converted into rational analysis. That's what screening and scoping do. Fear can be made useful, but, left on its own, it can lead to paralysis or impulsive decisions. Buying rural land is not risky as long as you do your research. A buyer strips risk from a land purchase by acquiring specific information. You now have in your hand the way to get what you need to know.
If you don't like reading advice, put this book down now. This is a how-to book. Its purpose is to provide information on which the reader can base his own actions for his own benefit. The advice given is based on actual successes and disasters, including my own. I wrote this book, wishing that I had had one like it during the last 35 years.

## From Chapter 1 : Three Writers Show How Not to Do It

Here are a few basic ideas that these three good writers should have kept in mind when searching for country property:

**1. Ask questions.**
Do your research, so that you can ask sensible, informed questions. Don't be snotty or nerdy in this. You're not trying to show how smart you are. You are trying to learn what you don't know, as well as what you don't know you don't know.

**2. If something looks funny, figure it out before you submit a purchase offer.**
If you stumble upon a non-working toilet, do not assume that it will be fixed on its own before you close. (I'm speaking both about toilets and metaphorically.)
If the house furnace looks like it heated a Roman bath in the days of Caesar, determine the cost of replacement. If you don't see ductwork, you will have to install it if you want whole-house air-conditioning. This can be a real mess on old houses with solid walls. If the electricity in the barn doesn't work, ask why?
If the pond is dry in July, ask about it. If you see a creek, ask how often it floods and how extensive the flooding has been. If you find a sump pump in the house basement, find out why water is entering. A rule of thumb applicable everywhere is this: basements should be dry.

**3. If you can't see how something works, ask about it.**
Ask where all solid and liquid house wastes go. If you are told they go into a septic system, get a copy of the permit to find out its capacity and design. Ask how the seller maintained the system? Were the solids in the settling tank emptied regularly; if so, check with the company that did the cleaning. Don't be surprised if grey water (from the laundry and kitchen sink) does not go to the same place as black water (toilet water). Country houses may pipe grey water into a hole or creek rather than a septic system. Your new country house may be grandfathered, but, if it isn't, you might be expected to build a modern septic system that takes both waste streams—an expense that can total anywhere from $3,000 to $30,000 or more.

If there's a motor in the sale, ask to see it operate and find out who has repaired it; check the repair record. Run all motors, including the furnace, AC, water pump, ventilating fans, freezer, washer/dryer, refrigerator, sewage pumps and everything used for agricultural work.

If the seller says the walls are insulated, take off the faceplate of electrical receptacles and look. As an alternative, ask your house inspector to check for insulation.
Examine the roof if you can. Look for signs of deterioration. Use a mirror to look up a chimney: you should see sky past the damper. Cheap cosmetic compacts work fine. If there's a crawlspace, crawl into it with a flashlight. Look for deterioration in the foundation, sills and floor joists. Look for evidence that critters are chewing on your wiring. Look for leaks in water and waste lines.

**4. Talk to your neighbors before you buy.**
Ask them about themselves, and then the target property. Does it have a history of flooding? Do its springs go dry? Ask about fences. How is fence ownership apportioned? Are there any boundary disputes or grievances? Do any neighbors feel they have a claim to own anything or use anything on the property you're about to buy? Look around for activities that could disturb your use and enjoyment of your new property. Barking dogs are obvious, as are shooting ranges, extra-bright outdoor lights, teenagers with jacked-up trucks, poultry houses, hog farms, manure lagoons and close-by fields that are fertilized with green (fresh) manure. Less obvious are lots where bawling, just-weaned calves are kept for a week, barrels and pits for weekly trash fires upwind of you, and individuals with alcohol or drug problems. More often than not, a helpful neighbor will take newcomers under his wing to protect them from the worst errors they might otherwise make. See if you can establish this protectorate status with at least one neighbor from the start by doing what you can to extend your own genuine friendship.

**5. Get expert advice when you don't know something.**
You may need a surveyor to check boundaries, forester to determine the value of the

timber, lawyer to advise you on a title problem or zoning issue, insurance agent to give you a quote for a farm policy, civil engineer to give you a rough cost for a new septic system or bridge, architect, landscape planner, agriculturalist, well-driller, excavator and house contractor.

When you're out on a pretty fall Sunday afternoon with the sun warm and the sky clear, and you happen upon a rural place that jellies your knees, STOP! Take a deep breath. Say nothing. Keep your pen in your pocket along with your wallet. If you happen to be with a real-estate agent, mumble something like, “Very nice, but it sure is a long drive from home.” This indicates cautious interest, which at this point is all you want to indicate both to the agent and to yourself. “Let's take a better look here before we go to the next place.” A little caginess should be part of your property-hunting kit.

This book will show you how to take that better look. With the information you assemble from your scoping, you can submit a written offer within a week or two. The point of resisting impulse is not delay for its own sake or the building of your character through self-denial.

The point of scoping is to couple speed with security. Scoping is, in other words, the vehicle that allows you to move fast by stripping risk out of the purchase. Don't dawdle. Good deals on good properties don't last long.

Buyers must learn to use their eyes and brains to make dirt-smart decisions. Some individuals may be born with this talent, but anyone can learn how to do it. I know people who have a knack for buying property and others who find a dollar wherever they turn. I'm not one of either kind. When I've made money in real estate, it was directly related to thorough scoping, which, in turn, led to buying at the right price. The one time I lost, it was directly related to inadequate scoping. If you're looking for country property for your personal use and enjoyment, you may want to pay more for the right place than an appraisal says it's worth. If you're looking at an investment, the dirt-smart decision is always to buy at a price that guarantees a future profit. You must let the facts lead you to that decision. Your job as a dirt-smart buyer is not to rig your analysis to confirm what you want. Don't argue yourself into a deal. If your head and your pencil tell you to walk, don't let your heart buy it. Your decision is the product of work that you will do after your first look. Be prepared to work. Your scoping—the information gathering and analysis and evaluation—begins the moment you say to yourself, “I like this place.”

## From Chapter 31: Thinking about Dirt Money

### RESEARCH AND FUTURES ANALYSIS

Buying property usually involves spending your own money. This is unfortunate.
In the real-estate aisle of your local book store, you will find numerous guru books promising that you can buy property for free, and, if not that, with no money down, and, if not that, with just a little something in the deal. Each of these books—and the initially free seminars that often trail them—has some useful information.

Their systems, however, may or may not work, and may or may not be unethical or illegal. (John T. Reed is the anti-guru guru whom I endorse. He evaluates all of the get-rich-quick gurus at www.johntreed.com/Reedgururating.html. His own invaluable website iswww.johntreed.com/.) I recommend reading the short-cut boys with Reed in one hand and a three-bin sorter in the other:

1) information that appears useful and legal;

2) information that does not; and 3) stuff in the middle, about which you might want to learn more.

The key to making money in country real estate is research.
If your scoping has discovered a property whose purchase price is less than its break-up value, you should be able to borrow close to 100 percent of the purchase price and immediately sell enough of the property or assets to repay some, if not all, of your short-term note. This leaves you with a core holding in the property free and clear. There's no trick to this flip, other than to find a property that can be parted out quickly for more than you've paid for it. Your research has to be based on facts and analysis that a lender knows is credible. If you bring a longer term perspective than that of a flipper, your profit comes from appreciation rather than dismemberment. Your research is no less rigorous, however; it does have different questions, depending on your objectives.
Research—pre-purchase scoping—allows you to buy at the right price, given your goals, which, in turn, allows you to get your investment onto a profit track. There's no trick to research, just diligence and effort applied to questions you know you need answers to.

Real-estate investment is a subject that can be learned. That is, after all, what this book is about. Like every investment, rural land carries risk. In my experience, a patient, persistent buyer can strip much, even most, risk out of a land investment. I could never write that sentence about common stocks.

I urge readers to become familiar with the vernacular literature on buying real estate. Robert J.Bruss recommends these: William Nickerson, How I Turned $1,000 into Five Million in Real Estate in My Spare Time (New York: Simon & Schuster, 1984); Robert G. Allen, Nothing Down for the 90s:How to Buy Real Estate With Little or No money Down, or latest edition (New York: Simon & Schuster, 1990); Robert Shemin, Unlimited Riches: Making Your Fortune in Real Estate Investing(New York: John Wiley & Sons, 2002); William Bronchick and Robert Dahlstrom, Flipping Properties: Generate Instant Cash Profits in Real Estate (Chicago: Dearborn, 2001); and David Schumacher, Buy and Hold 2004-2005: 7 Steps to a Real Estate Fortune, rev. ed., (Schumacher Enterprises, 2004). Robert Irwin has written a "Tips and Traps" series of books on buying and selling real estate that I've found very practical.

My all-time favorite—because it got me started—is George Bockl, How to Use Leverage to Make Money in Local Real Estate (Englewood Cliffs, N.J.: Prentice-Hall, 1965). I bought GeorgeBockl for a buck at a library book sale, and it changed my life. I'd also advise reading Julie Garton-Good, All About Mortgages: Insider Tips to Finance or Refinance Your Home, 2nd ed. (Chicago: Dearborn, 1999); Peter G. Miller, Successful Real Estate Investing: A Practical Guide to Profits for the Small Investor (New York: HarperPerennial, 1995); William Benke and Joseph M. Fowler, All About Real Estate Investing From the Inside Out (Chicago: Irwin, 1995); Gerri Willis, The SmartMoney Guide to Real Estate Investing (New York: John Wiley & Sons, 2003); and Andrew McLean, Gary W. Eldred and Andrew James McLean, Investing in Real Estate, 3rd ed. (New York: John Wiley & Sons, 2001). All of these books focus on investing in urban/suburban real estate, a similar but different game than what you're thinking about.

I've bought rural land with no money several times. They were 100 percent lender-financed, using the value of the merchantable timber as extra security and as a near-instant pay down of the note. The lender, in other words, had my consulting forester's timber cruise showing the merchantable value that was likely to materialize within a month or two of the deal being done as well as his own sense of the land's FMV as bare dirt. The timber's sale value was projected to cover the acquisition cost, or very close to it. A client recently bought a large wooded tract for about $5.5 million.

The merchantable timber cruised out at about $4 million and the sale of the compound, lake and 600 acres (about 20 percent of the entirety) would net him another $4 million. The quick sale of the timber would come close to paying off his debt on this investment. Consequently, the lender's exposure in these loans was minimal, given that most, if not all of the debt, would be repaid within a couple of months.

I would not have been able to make a self-financing timber deal work without knowing how to scope property and having a competent consultant forester estimate the timber's merchantable value as part of that scoping. Lenders in rural areas will understand how these deals work; lenders who don't have this experience will be reluctant to get their feet wet. I've uncovered a few deals where the immediate timber sale more than paid for the acquisition cost.

Self-financing timber deals are hard to find, especially for an inexperienced buyer. But deals that combine the sale of several assets—some timber, an unwanted main house, a bit of acreage to a neighbor, a hunting lease to cover the property taxes—are readily available to anyone willing to part with some assets to pay for others. For these deals to work most advantageously, you have to buy more property than you want, and those assets that you want to sell should be of the type that have a ready market If you are a non-resident, first-time buyer with no knowledge of a particular community, don't weigh down your first "deal" by trying to buy something for nothing. Don't throw every curve-ball California-acquisition technique that you've read about at a guy whose back is bent from 50 years of honest work. That stuff will confuse the seller into not responding to your offer. Just try to protect your interests through scoping and buy at a reasonable price. Keep your mistakes small. Prudent investing in land never involves rolling the dice on anything. Make a good deal for yourself honestly. Swindling is not recommended.

The "system," though I don't call it one, that I've set forth in this book is based on learning how to ask questions about a property and its seller, obtain reasonably reliable answers and then combine the acquired information into an offer that keeps the buyer's risk to a minimum. This is the process of dirt-smart scoping, which will save you money in the property's acquisition, expose you to as few risks as possible and make you money on its sale. These are not tricks or schemes. I have never dazzled a seller with my negotiating wizardry or cheated anyone. Being dirt smart is simply a matter of being a good investigator who doesn't push the facts he acquires farther than they take him on their own.

The investment strategy that I advocate in this book is research: know as much as you can about the target property and the seller prior to purchase and fit your buying strategy to the property itself. Save money through knowledge and thoughtful planning.

The real-estate investment books show you how to use financial leverage, whereby a small amount of money puts into play a much larger amount of borrowed capital that is forecast to produce a large profit on the small amount with which you started the deal. If you are absolutely sure that you can cover the debt payments under all circumstances, it generally pays to borrow as much as you can, given the current tax break on interest for mortgages and investments. The more you borrow, the more highly leveraged your deal. But the key to making money is buying at the right price after you know the property's value, not the degree of leverage you are able to arrange. A no-cash purchase—a 100-percent leveraged acquisition—can go splat; I've been there once. Leverage is one tool in rural real-estate investing that can help you, but it is of less importance than property research and planning. Leverage can get you into deep trouble; research and planning keeps you out of what heady leverage can get you into.