

BUSINESS

What I learned buying a slice of rural Minnesota as a getaway

Land deals aren't quite the same as buying a house. The down payments are bigger, for one thing.

By Nicole Norfleet (<https://www.startribune.com/nicole-norfleet/6370611/>) Star Tribune |

JULY 3, 2022 — 2:00PM

If you are like me, you probably really needed to get away these last two years.

White beaches and exotic cities are paradise for some. But my family and I enjoy the simple pleasures of serene lakes, rustling prairie grass and peaceful woods.

In May, my partner and I decided to take the plunge and acquire a small piece of recreational land in Pine County where our family could camp, hunt and just relax.

Our dream was a common one. This year's sales of recreational land in Minnesota and a handful of other states will match or exceed last year's near-record level, [estimates PotlatchDeltic \(https://www.landthink.com/2022-outlook-for-recreational-land-sales-is-bright/\)](https://www.landthink.com/2022-outlook-for-recreational-land-sales-is-bright/), a timber company that stays on top of the market.

Brett Anderson, an adviser at Brainerd real estate firm Close-Converse and [LandRadar.com \(http://LandRadar.com\)](http://LandRadar.com), said demand for recreational land picked up, including with first-time buyers from the Twin Cities, as people sought an escape from lockdown conditions. "To find a 40- or 80-acre property where they can take their masks off was a nice option," he said.

Here are some things I learned during our land-buying process and tips I wish I had before we started:

Know what and why you want to use the land

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The first step is to really think about what you will use the land for, said Jim Nelson, founder of family-run Timber Ghost Realty in North St. Paul. Is it for hunting? Fishing? Do you want to build a house on it someday? If you want to eventually build on the land, you will need to explore things like zoning, utilities and soil condition.

What times of the year would you like to use it? What sort of species of animal and trees would you like to see there? Would you consider a cheaper river property as opposed to being on a lake? How far can it be from home? The farther from the Twin Cities, the cheaper the property is likely to be.

Look in winter

Many people make their land purchases in the spring or fall, but winter can also be a good time to look, Anderson said. With the trees bare and wetter areas frozen, you can get a better visual of the landscape and it can be easier to walk around. Since there was still snow on the ground when we looked at our property, we were able to see that the area got a lot of wildlife from all the tracks and scat on the ground.

Ask plenty of questions

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Brokers have seen more people interested in recreational land over the last two years.

In Minnesota, sellers of recreational land don't have much obligation to disclose information about their properties so buyers should try to understand as many of the risks about a property as they possibly can by asking questions, Anderson said. "You don't have to purchase the land if you don't get a satisfactory answer prior to executing a purchase agreement," he said.

We texted with the seller and his real estate agent pretty steadily about everything from problem wet areas to the fertilizer smell from a nearby farm. It never hurts to ask and I was grateful we were able to learn so much before we bought the property. Many counties have digital maps that can provide information on wetland areas, soil types and other valuable data. Mobile apps like onX Hunt are also helpful and show property lines.

Don't forget to ask questions as you go through different parts of the paperwork process. A day before we closed, we raised questions about a mistake in the closing documents, a move that saved us \$1,000.

Use a real estate agent with land experience

We didn't use a separate real estate agent to represent us and ended up having the seller's agent be a facilitator for the deal. Our own agent would likely have saved us money. It helps to use an agent with actual experience in land sales since the process can be so different from residential. Anderson's LandRadar.com (<http://LandRadar.com>) has a helpful toolbox of resources, including a checklist for land buyers.

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Make sure details are spelled out

Our deal almost fell through because of a disagreement over a deer stand. The seller said the shed and a deer stand were to go with the property. Late in the process, we learned that he was referring to a second deer stand on the property and not the larger, more expensive one that was prominently on the land. Make sure you and the seller spell out exactly what items and tools are going to stay on the property. Negotiate for things like chain saws, lawn mowers, wheelbarrows and utility carts. It can end up saving you a lot of money and time in the end.

Determine accessibility before you finalize

Our land is on a minimally maintained, dirt township road. Accessibility determines usability, how many seasons you will be able to enjoy your property, what you can bring there and how easy it would be to add utilities.

For us, we knew we wanted to put a camper on the land so the road needed to be good enough to haul our trailer. We also checked with a portable toilet company before we closed the deal to make sure it could get a truck up the road. If we couldn't get the toilet serviced, we wouldn't have bought the property.

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Explore different financing options

Seasonal cabins and recreational land don't qualify for conventional mortgage programs, according to Finlayson, Minn.-based Northview Bank branch manager and Vice President Tom Willie. A recreational land loan is a product that banks are able to keep in their own loan portfolio instead of being sold to Fannie Mae or Freddie Mac, which often happens to home mortgages, Willie said.

Banks that finance land purchases have different rates and terms. Some banks won't finance land at all, or will only do it within a certain area. Some lenders also offer land or lot loans for vacant land buyers who want to eventually build new homes. Down payments are typically going to be a little higher, as much as 35% of the overall price. But Northview has some financing for as little as 10% down, Willie said. Good credit is important, of course.

Get a survey and/or appraisal

A certified land survey will yield the most information on restrictions, easements, covenants, drive-through rights and property lines, Anderson said.

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If you pay for land with cash, you don't have to get a land appraisal. But I found our land appraisal to be really helpful in assuring us that we were making a good financial decision. The appraiser reviews the land purchase, analyzes the market conditions and walks the property to identify adverse conditions. Our appraiser's analysis of comparable land sales was also really helpful.



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Nicole Norfleet covers the fast-paced retail scene including industry giants Target and Best Buy. She previously covered commercial real estate and professional services.

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