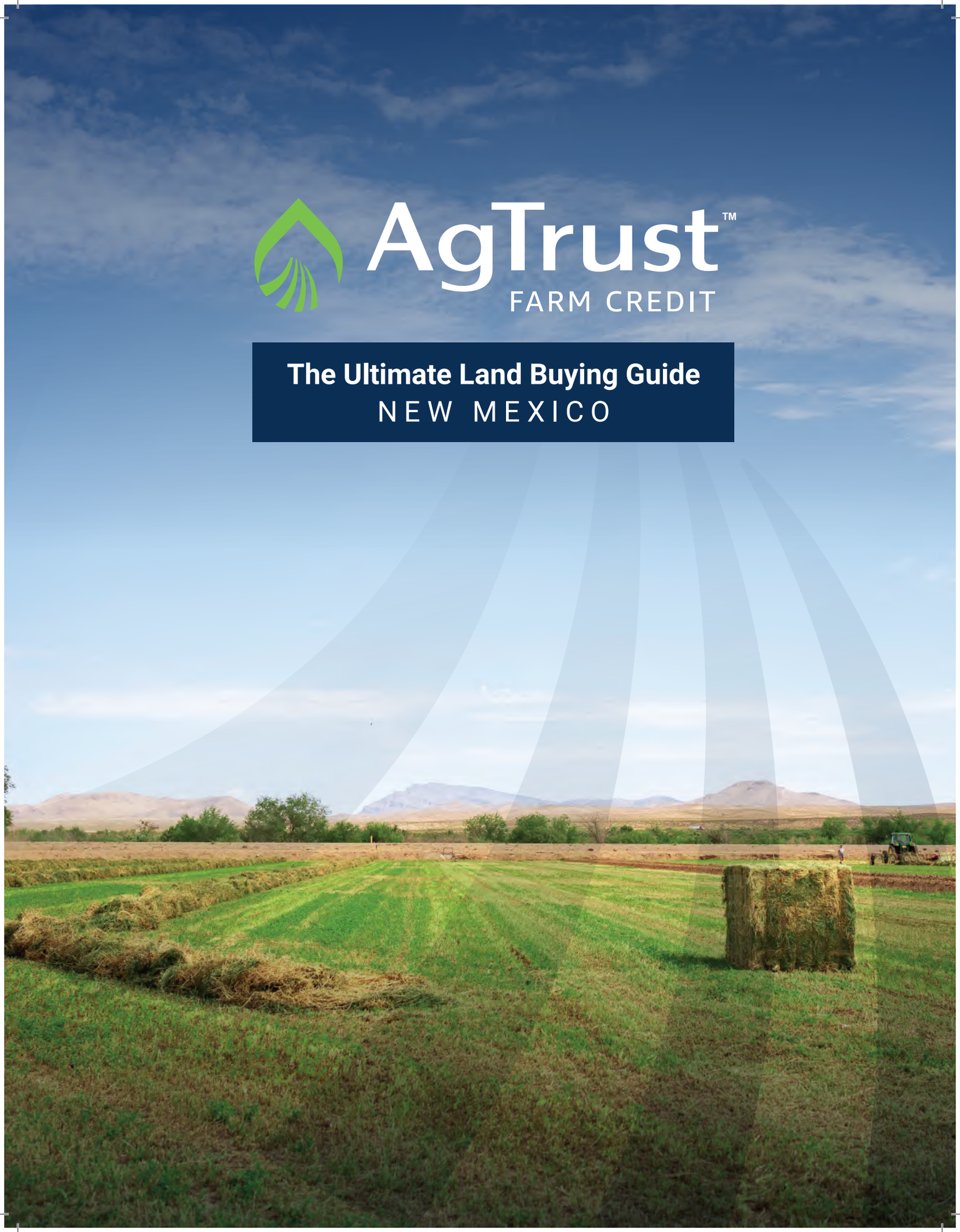
AgTrust™
FARM CREDIT

The Ultimate Land Buying Guide
NEW MEXICO





REASONS TO BUY RURAL LAND

Having a clear idea about why you want to purchase rural property impacts other decisions you'll need to make and factors you need to consider. Let's look at the reasons individually.

Recreation

When you live in the city, sometimes the most fun thing you can do is get out in the country. Whether your preferred means of country recreation is hunting, fishing, hiking, or exploring the land on an ATV, having a spot to call your own makes it easier.

Farming and Ranching

Whether farming and ranching has been in your family for generations or you're looking for your first land loan in New Mexico, financing rural properties like large acreage tracts, ranches, and farms can present unique opportunities.

Investment

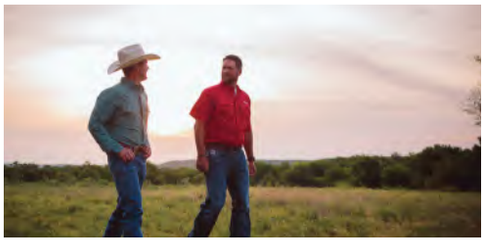
Land may be the investment you are looking for. Just like the stock market, land can be a valuable asset.

Country Home

People decide to build homes on rural acreage for a variety of reasons. It could serve as a second home or a retreat. It might be your retirement dream. Or you may want a place for the family to gather where you or your kids can roam free, enjoy nature, and learn something new.

WHERE TO FIND AVAILABLE LAND

Now that you've solidified your reasoning for wanting to purchase rural land, it's time to discover where there is land for sale.



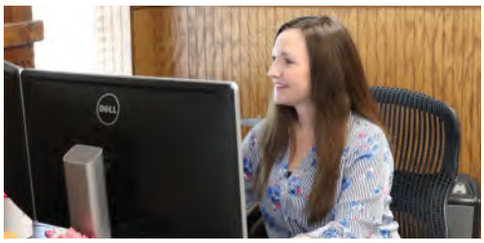
Ask people you know

Start by asking people you know who own rural land how they acquired it or if they know of any land near them that's for sale. Word of mouth is still the best advertising.



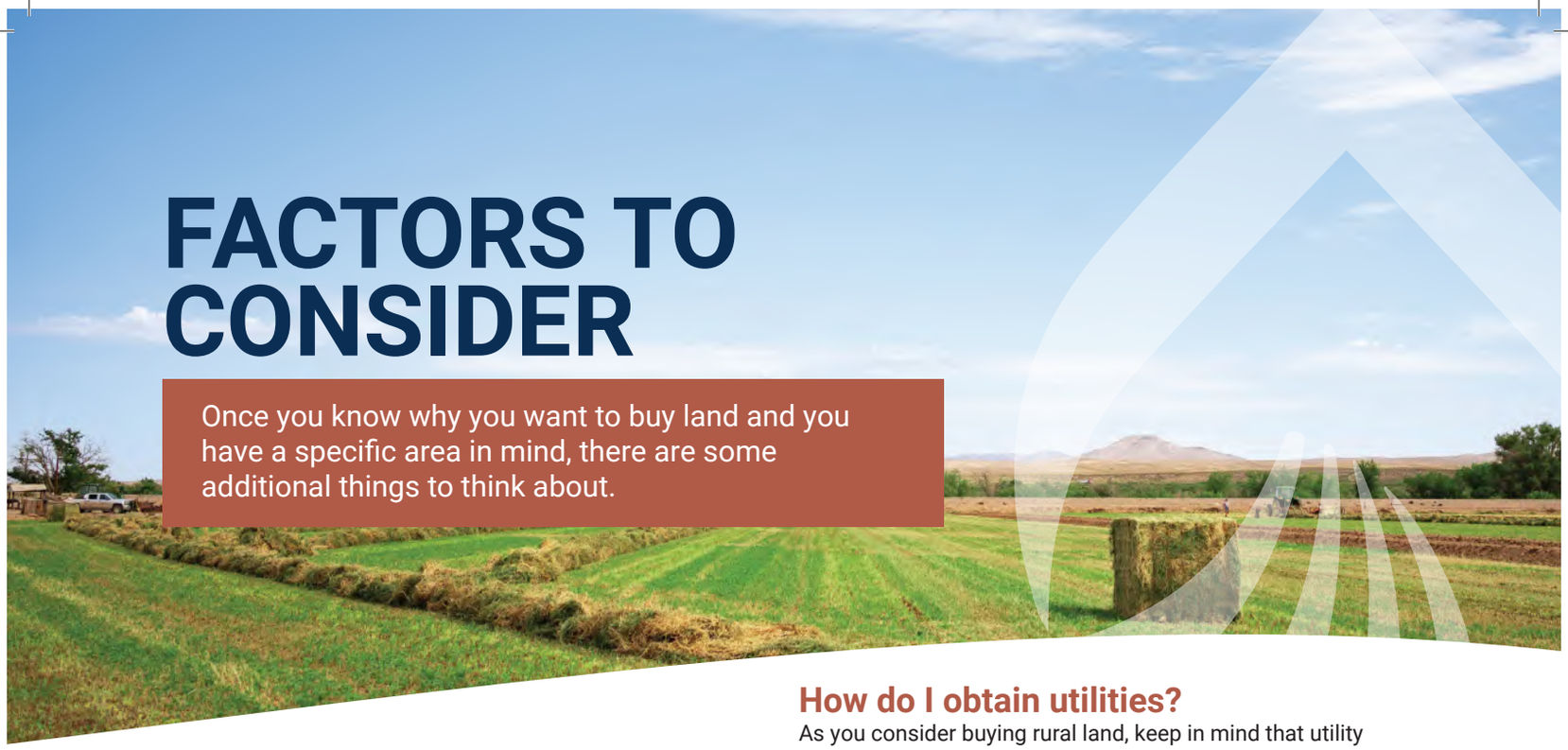
Ask a ranch realtor or a broker

In the same way they're valuable when you're looking to buy a house, realtors are great resources for finding land and navigating the transaction. A realtor that has experience in ranch or rural real estate will be your best bet as you begin your search for the right property.



Search online

Look at land in your desired area. Discover the asking price, view pictures of the properties like bodies of water, hills, structures, gravel roads, etc. Also learn what the land has been used for in the past.



FACTORS TO CONSIDER

Once you know why you want to buy land and you have a specific area in mind, there are some additional things to think about.

How many acres are enough?

The way you intend to use the land will determine how much you need. If you want to build a country home, five to ten acres may be enough. If, however, you want to raise cattle, you'll probably want more.

What amenities already exist?

It's rare for rural property to be completely raw (untouched by people or machines). As you look at various pieces of land for sale, take note of the features on that land. Are there structures already built? Does it have a water well? If so, is the well still producing, and working? Find out what utilities already service the area before you assume there will be electricity, water, or internet.

How accessible is it?

Once you buy the land, how will you get to it? Is there an entry point from a public road? If there is no public road, then you may not have the legal right to access the land, even if a private road exists.

Does the topography fit your motivation?

Is it wooded or cleared? Is there waterfront? Does it sit on a bluff? Are there bodies of water like creeks, streams, ponds, or lakes on the property? Is it flat or are there multiple levels of terrain to navigate? Bluffs make for great views, but they can limit the farming area.

Is the price per acre good?

Prices for land vary significantly based on a variety of factors such as location, aesthetics, and size. A realtor who knows the area you've targeted can help you determine average land prices. This is also why appraisals are important.

How do I obtain utilities?

As you consider buying rural land, keep in mind that utility services may or may not be available in that particular location yet. Just because you see a water line or a well on the property doesn't mean there is water running. It's best to contact the local utility providers (for water, electricity, internet, etc.) to verify which services are available and which are running to that particular section of land. If the piece of land you want to buy needs utility service, it's possible to include the cost of securing those services in a land loan. Find out from the local service provider what the cost will be.

Codes? Permits? Zoning? Deed restrictions?

Deed restrictions, zoning, and flood plains can restrict your use of the property so it's important to be aware of their existence before closing. The specifications should be included in the title commitment or referenced in the survey. For instance, there could be access issues, or restrictions on subdividing the land. Things like permits and zoning vary from county to county. Check before purchasing the property to confirm that you will be able to dig a well or put in a septic system, if needed.

Accessibility? Who's responsible for building the roads?

Even if the land is accessible from a county road, accessibility on the land itself is up to the property owner. You can hire bulldozers to clear the path and gravelers to cover it and protect it from erosion.

Property tax classification and exemptions?

If you're anticipating tax exemptions for your land because of how you plan to use it, it's important to know that those exemptions are not guaranteed. Agricultural and homestead exemptions may be available. We recommend you contact the county appraisal district to determine what exemptions are in place prior to purchase.



FEDERAL AND STATE LEASING OPPORTUNITES

The State of New Mexico includes approximately 9.1 million acres of US Forest and Grassland acres, 9 million acres of State-owned land, and 13.5 million acres of BLM land. A significant portion of public and state lands are used for livestock grazing under permits, leases, or other grazing authorizations. Fees associated with these grazing privileges are lower than comparable private leases. These grazing privileges can be an important part of a farm or ranch purchase. Permits and leases may have specific requirement for transfer or assignment to a new owner. Before purchasing, it is a good idea to check with the appropriate land management agency to learn about the grazing authorization, including permitted use, term, grazing capacity, fees, and transfer requirements. Some grazing authorizations may also include rangeland managemet practices, reporting requirements, or periodic ranch inspections, so it is important to understand the terms associated with each permit or lease.

US Forest and Grassland

US Forest and Grassland leases are grazing permits with 6, 9, or 12-month grazing periods. They are issued for up to ten years at a time. From the US Forest Service website, “Grazing permitees are individuals or organizations who have acquired the privilege to graze livestock on National Forests or National Grasslands.” Each Forest Service permit is associated with a base property and transfers with that specific base property. The grazing rate varies from year to year and is applied to the number of animal unit months (AUMs) allowed on the permitted land and specified within the permit

State Land

The State Land Office controls approximately 11.4% of New Mexico’s land. There are about 3,500 leases on State Trust land. The majority of these leases renew for 1 to 5-year terms. Leases are associated with deeded land but can be conveyed to neighboring properties through a bidding process. Conveyance, however, is not typical. The fee for State grazing leases is more than BLM and US Forest and Grassland and is determined by a grazing formula managed by the State Land Office on an annual basis.

Hunting on Federal and State Lands

Federal lands can be utilized for hunting with (generally) unrestricted access to the public hunter. State Lands do not require unrestricted access and can be landlocked or fenced to restrict access to the public hunter.



FINANCING

Choose a Lender

Unless you're paying cash for a new property, you'll need to consider financing. AgTrust Farm Credit was established in 1917 as part of the nationwide Farm Credit System. The Farm Credit System was established by Congress in 1916 to provide farmers and ranchers with a reliable source of credit during good times and bad.

You don't have to be a farmer or a rancher to take advantage of our lending system, though. Any person or legal entity who is purchasing rural real estate (land outside the city or within a town of 2,500 people or less) is eligible to apply for a loan from AgTrust Farm Credit. Another bonus of using AgTrust Farm Credit versus a traditional bank is that you're more than a customer with AgTrust Farm Credit. AgTrust Farm Credit is an agricultural cooperative that shares our earnings with our customer-owners through a cash patronage program. The greater our earnings, the more patronage dividends we are able to return to our eligible stockholders.

Application

Regardless of which lender you choose, there will be an application process. Filling out the application form will give you some insight about what information the lender needs in order to qualify you for a rural land loan.

THINGS TO KNOW BEFORE CLOSING



Survey

A property survey shows the boundaries of the property indicating the acreage amount, and includes a written description of the property. It also should show any structures that would transfer with it.

Liens

A lien is an interest in land held by a person other than the owner as security for a sum of money owed to that person (such as a loan or a judgment). When a property that is subject to a lien is sold, the lien must be discharged (by payment of the money owed, for example). Otherwise, if the lien is not discharged, the lien will stay attached to the property, even after the sale, and can be foreclosed to enforce the obligation(s) it secures. To find out if there are any liens against the property that need to be paid before the title is conveyed to you, check the title commitment.

Easements

An easement is the legal right to use a property for a specific purpose, despite not owning the property. The easement runs with the property, meaning the new owner would be obligated to the same agreement. Easements may exist for things like railroad tracks, power lines, drainage, and access. To discover what easements may affect the property, you can review a survey of the property, any plat affecting the property and/or Schedule B of your title commitment.

Flood Zone Determination

Knowing whether or not the property you want to purchase lies within a flood zone will impact lending as well as insurance. If you're working with a lender to finance property that includes existing or proposed improvements, your lender may order a flood zone determination from a third party specializing in flood determinations such as LERETA. Flood insurance rate maps (FIRM) will help identify if your property is located in any special flood hazard areas. Maps are also provided online by FEMA at msc.fema.gov/portal.

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There's a lot to think about when you buy rural land.
AgTrust Farm Credit is here to help.



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800-530-1252

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