



A GUIDE TO OWNING **FORESTLAND**

PART ONE

BY BILLY RYE

Whether you are a seasoned veteran or a recent newcomer, there are things you need to know to optimize your forestland. The ownership of this valuable asset has the potential to produce benefits for your loved ones that will far outlive you. In this two-part article, we will discuss four categories of information you need to make the most of your ownership. The first article includes the topics “Know What You Have” and “Know What You Want.” The follow-up article includes “Know How to Get There” and “Know Whom to Call.” Let’s get started so you can get the most out of your forestland!

KNOW WHAT YOU HAVE

It is difficult to get the most out of your forestland until you know exactly what you have. While all the following items may cost money, your expenditures are more of an investment than an expense. I recently heard an accountant who specializes in Estate Planning state that these investments can easily yield a return that is 10 times their expense. Regardless of the cost, there are some things you need to know to assess exactly what you own.

REAL ESTATE VALIDATION FORM	
The following information is provided pursuant to Alabama Code §40-22-1, and is verified by the signature of Grantor below:	
Grantor's Name: Mailing Address:	Grantee's Name: Mailing Address:
Property Address:	Date of Sale:
	Purchase Price:

STATE OF ALABAMA)

LIMESTONE COUNTY)

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, that We, [REDACTED] and [REDACTED], as Co-Trustees of the [REDACTED], for and in consideration of the sum of TEN AND NO/100 (\$10.00) DOLLARS and other valuable considerations to me in hand paid by [REDACTED] an Alabama General Partnership, in said County and State, the receipt whereof is hereby acknowledged, have granted, bargained, and sold, and by these presents do grant, bargain, sell, enfeoff, convey and confirm unto the said [REDACTED] an Alabama General Partnership, its successors and assigns, the following described real estate, lying and being in the County of Limestone and State of Alabama, to-wit:

To strengthen the claim to title of your property, you should have a written deed recorded in the county where the property is located. Above is an example of the first page of a recorded Warranty Deed in Limestone County, AL.

Title. Title is the legal right to ownership of real estate in Alabama. A deed is a written record of your title claim which contains a description of the property and lists both the seller and the buyer. Both parties must sign the deed for it to become official, and it should be recorded in the county where the property is to strengthen your claim of ownership. It is vitally important that you know how the forestland was conveyed to you by fully understanding the instrument that is recorded. Unless there is a Life Estate, the best type of deed is a General Warranty deed because the seller guarantees that he/she has full rights to transfer title to you and will defend you against claims from all others for ownership. The other types of deeds in Alabama include Statutory Warranty (Special) and Quitclaim. However, both these types of deeds expose the new owner to potential claims of title from others.

In Alabama, title can be conveyed to individuals, corporations, limited liability corporations, limited partnerships and trustees. You may inherit land through a gift, life estate, will, trust or even lease-to-own. Each type of structure has its own merits and limits. It is important to fully understand the structure of your ownership such as fee simple versus multiple owners. If there are multiple owners, you will need to know whether the title is held in Joint Tenancy or Tenancy in Common. The bottom line: You need

to review your interest in the property with an attorney who specializes in real estate.

Survey. You need to know what you own, and a survey will more clearly identify your property's boundaries than would the previous owner's opinion. A licensed surveyor will read your deed (and the deeds of the adjoining properties), use his/her equipment to determine the proper location of corners, as well as the bearings of the property lines. The surveyor will use this information to produce a map showing the layout of your property with any boundary line conflicts that he or she observes.

I recommend that you pay your surveyor extra to drive stakes along the lines at regular intervals so you can paint, fence, or otherwise mark the correct location of the lines for their entire length. This will greatly decrease the opportunities for claims of trespass by those using your property and should deter claims of adverse possession from adjoining landowners.

Despite the many benefits of having a survey, it may not hold up in court if it is contested. The adjoining landowner may have a surveyor who can better defend his/her survey, or there may be evidence (fence, painted lines, etc.) that indicates the line has historically been accepted in another location. Regardless, you should bite the bullet and pay for a survey up front.



Well-marked corners and boundaries make for good neighbors. Have your property surveyed by a licensed surveyor that specializes in timber and recreational lands.

Appraisals. I recommend that you hire a Licensed Land Appraiser to determine the estimated value of your bare land and a Registered Forester to determine the value of your standing timber. A Licensed Land Appraiser will look at the prices paid for comparable properties in the area to give you an idea of the market value of your bare land. A Registered Forester will conduct a sample of your merchantable (sufficient size and quality to sell) timber to determine its estimated value. To determine the value of timber that is too small to sell at this time, a Registered Forester will often gather information such as establishment costs, productivity of the soils, anticipated expenses/revenues over the life of the stand, and anticipated inflation. This information will then be entered into computer software programs to determine an estimated Net Present Value of the pre-merchantable timber. A proper appraisal will not only give you

a more accurate idea of your forestland's value, but it may also serve as a tax basis for your timber and/or land which could reduce the amount of capital gains tax that you will have to pay when you sell.

Parcel Information and Maps. Most counties have real estate parcel information and maps available online. I recommend that you print out the information and maps for each parcel that you own. Make sure you have each parcel number, legal description, and the book and page where the deed is recorded. Check to make sure they have your correct mailing address and see if the timberland is assessed for some use other than forestland. The Tax Assessor will automatically classify your property for its highest and best use unless you claim, "Current Use." If your land is forested but currently assessed for some higher value such as agriculture, you have the option of reducing your taxes by claiming current use. However, you or your heirs could be responsible for back taxes and penalties if either of you change the use in the future.

KNOW WHAT YOU WANT

Not knowing what an owner wants from his/her land is more common than you may think. Some forest owners do not fully understand the value of their timber resources, and others may not know that it is possible to attract wildlife to their property. Clearly defining what you want from your forestland is the second step in realizing the benefits of ownership.

Potential revenue sources include timber sales, hunting/recreational leases, mineral leases and possibly conservation easements.

Keep versus Sell. Your first decision is whether to keep or sell your interest in the forestland. This decision is primarily for those who inherit their property or gain it through survivorship. Before you decide to keep the forestland, you will have to ascertain whether you have the time, money, and interest to maintain and manage it. Typical expenses include property taxes, management costs (herbicides, prescribed burning, etc.), preventing trespassers, road maintenance, and pest prevention and control. Other expenses may include taking care of improvements, insurance, estate taxes, mortgages, cleaning up after illegal dumping, and non-forestry expenses such as Homeowner Association dues or mowing grass.



Knowing what you have is vitally important to realizing your goals for your property. Here, T.R. Clark of F&W Forestry in Lafayette, Alabama conducts a timber appraisal to provide his client with an estimated value of the standing timber present.



Prescribed fire is a beneficial tool for achieving your timber and wildlife habitat goals. Make sure that you account for this expense if you decide to keep your forestland. Pictured above is Zac Slay of Professional Timberland Services in Hurtsboro, Alabama conducting an understory burn for his client.



Do you really know what you want from your forestland? Defining your objectives is one of the first steps in enjoying your property. Pat Autrey (right) with Mussel Creek Forest Services in Fort Deposit, Alabama shows his client how he can easily improve turkey habitat by small modifications to an existing timber management program.

Those who inherit property or gain it through survivorship will be responsible for any back taxes and liens or risk losing the property.

Potential revenue sources include timber sales, hunting/recreational leases, mineral leases and possibly conservation easements. We also have a few clients that receive revenue for leasing a portion of their land for solar panels and some who are paid for carbon credits. While there are several government incentives programs which provide revenue to the landowner, you should carefully consider the management restrictions and penalties of these programs before agreeing to participate.

You will also need to build consensus in the decision to keep or sell the property if there is more than one owner. This is not always an easy decision as there may be emotional ties to the property and it is rare for all owners to be in the same financial situation. The good news is that forestland typically demands less time to manage than do other land uses and owning forestland has the potential to be a very rewarding venture both financially and emotionally.

Objectives. Define your objectives for the property if you decide to keep it. The most common objectives for forestland in Alabama include timber production, recreation, wildlife habitat enhancement and aesthetics. Most landowners have multiple objectives which are complementary, with just a few minor tweaks. For example, thinning and burning of pine plantations

are not only beneficial for timber production but also improve habitat for white-tail deer and eastern wild turkey. Leaving forested areas along roads or near cabins unharvested is an example of incorporating aesthetics with timber management.

Now that you know what you have and what you want from your forestland, you should know how to get there and whom to call for assistance. Look for Part II of this article in the next issue of the Cooperative Farming News. ●

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