



Top 5 Legacies You Can Leave That Are Better Than Vacant Land

(And the Reasons Why Your Family Might Not Want the Land!)



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FOREWORD

Our real estate assets are some of the greatest and most precious assets that we own, and most landowners want to ensure that it is left to their loved ones in the most efficient and cost-effective manner. Although there's no better satisfaction than knowing your land will remain in the family, the family may not always want to take on ownership of the vacant land.

Owning and managing vacant land takes time and money, so you need to be sure that the next generation is willing and able to take on that responsibility. Otherwise, it is a waste of assets and nothing but a burden that we inadvertently create for them.

This eBook will help people who have owned vacant land for many generations understand that there are various ways of turning your land into a different legacy that will benefit your family, perhaps one that they will want.

This eBook will help you review the top five options that are most common when selling land. It will also give you a clear idea of how a land investor can walk you through the entire process and how they are different from a realtor or broker. You will also learn how to work with a land investor, building trust that they are on your side to help you.

With this eBook, you will have all the essential information to help you make a sound decision, and you will be aware of what to do with your land.



Inheriting Vacant Land

Vacant land is a valuable resource, and while it can have downsides when owning it, it offers many upside benefits. Here are some of the pros and cons of inheriting vacant land:

The Pros

◆ **Value appreciation:**

Vacant land will appreciate in marginal market conditions because it is a hard asset that is a scarce resource.

◆ **An excellent selling option:**

You can always choose to sell and liquidate your vacant land when you require money. Yes, it might take a while, but if you contact a land investor, they'll help you out with the process and ensure your land is sold as soon as possible.

◆ **Generating income by leasing out the land:**

As a landowner, you know that selling is not the only way to make money with your vacant land. You can lease it. While it may take a little more time and involvement, it can be highly lucrative.

◆ **Long-term investment:**

Since the price of land today has the potential to become twice or even more in the coming years, it is one of the best long-term investments. It will give you the financial security and peace of mind you need.

◆ **Offers flexibility of use:**

Apart from the ways mentioned above, you can harvest timber and make money by selling the timber to a lumber yard. You can utilize the vacant land as RV or boat storage, look into leasing it out to solar energy or wind farms, construct a community garden, build horse stables, harvest vegetables, fruits, or flowers, sell to a farmers' market, etc. So many options that can offer you great flexibility.



The Cons

While it is common for family members to inherit the land after a loved one passes away, there are many instances when that land is unnecessary or unwanted. Receiving land in inheritance is a kind gesture, but it can come at a cost to the family members that are now the rightful new owners.

◆ **Vacant land requires maintenance:**

The landowner is responsible for keeping it in good condition, which involves money and cashflow, especially if the land is in an area where there are built up houses and local code ordinances and compliance to meet. Even if the land is miles away from you, you have to make sure it's ready to use to turn it into something profitable. Even worse is if the land is on a shared road or private road, keeping this maintained and up to code can be a huge expense.

◆ **Lack of utilities:**

In a majority of the cases, vacant land is in an area where there is no development or utilities available. Basic necessities such as electricity, gas, power, cable lines etc., are far away, making it hard to get anything running on your land..





◆ **Taxes:**

These are among the most common expenses of owning vacant land. They are often overlooked, and there comes the point where you end up paying an arm and a leg for all the times you didn't pay before. It is a landowner's responsibility to pay taxes on time. A failure to do so can cause you to lose the vacant land in a tax sale.

◆ **Liability Issues:**

Other people can use or trespass through your land without you knowing it (camping/vagrancy, dumping trash etc. growing cannabis – all of these are more common than you think!) If you do not live near your property and are an absentee owner, you need to be prepared for anything to happen. When was the last time you saw your land? Is someone watching it for you and checking it regularly?

◆ **Potential loss in Value:**

If trees or other natural resources are removed, destroyed or marred in any way, this can disrupt the resale or current value of the land.

Holding VS Opportunity Costs

Vacant land can have numerous issues that you don't often face when buying a house. Here are some of the most common costs that are associated with holding onto vacant land:

Holding Costs

◆ **Taxes:**

Tax is one of the most common costs and the biggest drawback of holding onto vacant land. It can cause a burden once the land is passed down to you. If your family has not been careful with paying taxes, banks and other financing companies can place liens on your real estate for unpaid debts. The county can also put these liens on the title, which would prevent the land from being sold or passed down unless they are paid off.

◆ **Liability Insurance:**

Just because vacant land does not have a structure does not mean that it does not require liability insurance. Even empty land is a high threat from an insurance perspective. The cost of your vacant land insurance depends on many things, such as the amount of protection you are asking for, the size of vacant land, and what your land is being used for. It will help protect you from unforeseen possibilities. If someone gets injured on your property, it will help cover any potential costs.

◆ **Maintenance & Upkeep Costs to Avoid Liens:**

Vacant land requires maintenance – the landowner is held accountable if the land is not in a good state. To keep it in suitable condition, you will need to spend money on it. This amount can increase in certain times, especially if the land is in an area with continuous flooding or seasonal conditions that may cause more upkeep. Regardless of how far or near your land is to you, it must be in a presentable condition so that when the time comes, you can turn it into something profitable.

Cutting grass, cleaning up after illegal trash dumping, putting in fencing to secure the land, and preventing trespassers from trashing your land all come under maintenance and upkeep. A failure to pay any maintenance and upkeep costs on your land can get you a lien.

Opportunity Costs

- ◆ Very few people who have vacant land understand the concept of opportunity cost. Making huge profits through capital growth, leverage, or high yields creates immense opportunities in the real estate business. However, one must know that opportunity cost is also of high significance.

When you consider holding onto land, you are forgoing all the opportunities that might have been cashed in with the land sale instead. In keeping the land to yourself, you have withheld the chance of generating money.

An undeveloped piece of land can certainly seem to hold endless possibilities. However, you will soon discover that you can face many restrictions and challenges as you try to develop or sell this land. One problem can be the zoning issues with how the land can be utilized. Other problems could include environmental issues such as flood zones or land contamination. The major problem is that the land will give you no income, yet consistent expenses will be. When you buy land, there is nothing on the land to generate revenue from, and you will be responsible for all the costs – the main ones being taxes, liability insurance, and maintenance (like installing fences, mowing grass and trimming trees) if in an urban area.

For example, if you sold your land and got \$20,000, what could you do with that money instead?

Suppose you compare the market for vacant land priced at \$20,000 sitting idle, costing you additional money (taxes) with \$20,000 that is earning you 10% interest. In that case, it is better to go with the second option as it generates income for you that you can use in many beneficial ways. The research on the 2021 averages on the stock market suggests that stock markets continued to climb higher in 2021, with the S&P 500 hitting a series of all-time closing highs and ending the year near a record.

Having an expert on your side always helps when selling your land. There are many benefits of having a land investor on board. They will help you understand the market, set a price, and find the right use for your land.



Top 5 Legacy Ideas

1. Save For Retirement 401k or IRA

A fantastic way to build a legacy is by setting up retirement plans that defer income tax. Deferred income tax is available for different retirement accounts, including Self-Directed IRAs (SDIRA) and 401(k) plans. These accounts tend to differ with taxes on dividends and capital gains until you actually withdraw your money from the accounts. Generally, the withdrawal is not until you retire, making you fall in the lower tax bracket.

This way, you might save money on taxes, especially in the long run. On the other hand, if you have to pay taxes on money the same year it was earned, the tax rate is comparatively higher than after retirement.

While setting up a retirement account, it would be best to remember that you should be in the lower tax bracket when you decide to withdraw your funds. In addition, even at the time of withdrawal, they will not be subject to taxes. However, if you expect to be in a higher tax bracket after retirement than what you fall in right now, you can benefit from the alternative approach of setting up a non-deductible Roth IRA. This account will allow your earnings to build up free of taxes.

The entire idea behind investing in retirement accounts is tax diversification, which means investing sensibly for greater tax efficiency. You can invest strategically in accounts that offer different tax treatments for your investment. These accounts can be tax-free, tax-deferred, or taxable. Regardless of what account you choose to diversify your tax, your main aim should minimize your taxes as much as possible. This goal is to save more of your earned income to build a multi-generational legacy for your loved ones.

The second most important thing to keep in mind is that if you withdraw gains on your investment from tax-deferred accounts before 59 and a half, you are obligated to pay a 10% penalty tax. This penalty is exclusive to ordinary income taxes. The IRS allows the incentives of tax-deferred accounts to urge people to save for their retirement. Hence, the IRS penalizes you for withdrawing these funds before retiring.

When you withdraw from these savings accounts, you also have to pay taxes at your ordinary income tax rate on any investment gain. If the grants you made for your tax-deferred savings account were tax-free, you would have to pay the tax on the full amount of your withdrawal instead of only on the investment gain.

Moreover, you can also invest your money in tax-deferred annuities, such as an insurance account that allows you to earn tax-deferred savings. It is, in fact, smart to use a combination of retirement accounts, insurance, and tax-deferred variable annuities to build a good legacy. So, make your long-term investment portfolio so that you can benefit from long-term compounding through different tax-deferred investments.

2. Create A 529 Savings Account

A 529 saving account is a college savings plan that is state-sponsored and enables you to save money for a beneficiary and pay for education expenses. In the majority of cases, states exclude qualified 529 plans from taxable income, and many states offer a state income tax deduction or state income credit for 529 plan contributions. You can open this account online or via a licensed financial advisor. 529 has no annual contribution limits and high aggregate limits, unlike other saving plans. A 529 savings account offers the same benefits for all families, regardless of their household income or the amount they contribute.

3. Use A 1031 Exchange

A 1031 exchange is a swap of one investment property for another that allows capital gains taxes to be deferred when you sell an investment property and reinvest the proceeds from the sale within certain time limits in another property or properties of like-kind equal or greater value. If you use this exchange the right way, there is no limit on how frequently you can do 1031 exchanges.



4. Pay Off Other Debts Such as Student Loans or Mortgages

Pay off loans - A wise decision would be to liquidate the real estate and divide the cash among the family members to pay off some financial debts. It will provide great relief and is a much more beneficial idea than owning an unused property sitting idle.

Support your family for college - In tough economic times, your loved ones may need your financial support. Selling the vacant land will give you a lump sum of money that you could use to pay and support your family and their future generations for a college education. Paying their tuition fees will be a more practical step in making their lives easier.

5. Invest In Alternatives

An alternative strategy to make great use of such an asset is to sell it for cash and then invest in dividend stocks or bonds or other cash flow positive assets. It might not be easy to sell off your land at first, but the value can be greatly used when directed into the right investment. It will help turn this cash into a more profitable investment and allow your future generations to reap its benefits.

Another alternative to explore might be to buy Cryptocurrency. Crypto is a digital asset that can be circulated without higher monetary authority. Individual units of cryptocurrencies can be referred to as coins or tokens, depending on how they are used.

Crypto currency, although hitting the mainstream as an investment tactic is still very risky. We would suggest talking to a CFA/Certified Financial Advisor (of which we have a number of excellent advisors across the country we can suggest) and or pairing that with a great CPA or Tax accountant. A Financial Advisor can structure your investments in a wide variety of investment opportunities, reducing your risk while achieving your long-term goals. Example: Some financial investors will discuss the concept of "Harvesting Debt" which is a way use the downside of the market (losses) to reduce your tax liability when you have taxable gains in the future. A superior CFA will alert you to these types of opportunities and how to maximize using your land proceeds for this.

If you still want to invest in Real Estate, investing in land near you that you can oversee and protect or broaden your exposure from one investment to investing in a spectrum of real estate using a Real Estate Investor can be a great strategy. A good Real Estate investor may help you to both buy and sell real estate assets in ways to save you both time and money. Or you can always lend money (the 'be the bank' method) and or partner with Land Investors like Land Legacy who find opportunities for investment all the time.

3 Ways to Sell Vacant Land

Realtor

A realtor is an expert who walks you through the entire process of selling your home. Their main focus will be to highlight the plus points of your land and set an agreeable selling price for it. They will help find the right buyers for your land and handle all the required paperwork.

PROS

- ◆ A realtor will help you find the most suitable buyer for your land. They know their market inside out, which helps in giving them a clear idea of what your real estate would be priced at.
- ◆ Their ethics and expertise will ensure your process is a smooth one.
- ◆ Realtors understand the complex processes of buying and selling, and they will help save your time and energy.
- ◆ You've nothing to lose when hiring a realtor as you are not making a financial investment but getting someone to sell your land.

Cons

- ◆ **The main issue is paying a commission to the realtor to determine the commission rate.**
- ◆ Committing to a contract – remember that when agreeing to work with a realtor, you have to sign an exclusive listing agreement and you are obligated to work with them.



For Sale by Owner (FSBO)

While a realtor is an easier way to sell your land, these days, you can set easily do online marketing and selling it yourself. It is important to remember that this is time-consuming, but it will also require certain marketing and negotiation expertise.

PROS

- ◆ You can save tens of thousands of dollars in agent's commission.
- ◆ You are in complete control of what happens to be an important financial asset and transaction in your life
- ◆ You do not have to put up with an agent who may not be able to sell your land.

Cons

- ◆ The biggest risk is not selling your property at the highest price possible and walking away with less than you should have.
- ◆ You may not have the time to do the job properly and constantly delay the sale.
- ◆ You may not have the knowledge and expertise to know how to close and what legal documents to use.
- ◆ Advertising and marketing will cost you money.

A Land Investor

A land investor is your all-in-one solution. They are your end buyers and will ensure your entire land selling process goes smoothly. They help buy raw land to hold it long-term. They might want to develop the land in the future and will fix issues to make the land usable for future buyers or builders.

Professional land investors acquire in-depth knowledge of their selected markets. They know the market inside out. They will keep up with seller and buyer trends, supply and demand, consumer spending habits, etc. It helps them to predict trends and find opportunities for the seller market.

Successful land investors maintain high ethical standards since they deal with several people and have a reputation to withhold. They know they need to invest in a qualified, reputable and knowledgeable real estate attorney and title company to assist both them and their sellers to close on properties with ease.

PROS

- ◆ Land investors are immensely good at finding ways of turning unused property to usable land.
- ◆ Brokers do not employ land investors – they are independent.
- ◆ The sale goes through a title company, lawyer, and mortgage company. Land investors will usually cover the cost.
- ◆ They end up closing the deal within several weeks.
- ◆ Investors have no fees.

Bio of Walter Moore from Land Legacy

Walter is a passionate real estate investor, family man and environment enthusiast.

Walter was born in Mississippi and raised in Jasper, Alabama and in Morehead City, North Carolina. After attending Duke University, he headed to Boston, MA, where he learned to be a chef and a wine and spirits educator. While in Boston Walter began his real estate career. On a whim he went to an open house, asked what everyone was bidding (everyone was under bidding), bid a little over asking price, put \$1000 down and spent the next week comparing the property to everything in the area. Nothing came close.

In 6 years, the property doubled in value, and he was hooked. Taking that money and putting it into his next home in San Francisco again he doubled his money in 8 years. While working in sales and marketing in the Wine and Spirits industry he continued to invest in real estate and in 2017 he began working with vacant land full time. Walter now lives in Northern California with his wife and 8-year-old son, but they are looking to move back to the East Coast (Atlanta, Greenville, or Asheville area) to be near family.



How Land Legacy Can Help You

Its easy to work with the Land Legacy team. Simply call them and discuss your vacant land, any issues you need solved and the outcome you are hoping to achieve. The team will then get to work assessing your land and coming up with a great solution for you. These are the steps we will take you through:

- ◆ Request your offer so we can review your land and agree a price with you.
- ◆ If your land meets our buying criteria, we will send you a purchase contract to buy it for cash.
- ◆ We will do all due diligence, fix any land problems to be able to close and get you your cash.
- ◆ You'll receive cash and close at a time and place that suits you and get a nice sense of relief.
- ◆ After Closing we will plant a Grove of trees through the non-profit **One Tree Planted**. Think how you will feel knowing you are doing good in the world and leaving a lasting legacy.

Our Commitment to the Environment

The Earth is our home and trees help us get something we wouldn't survive more than 5 minutes without - air. The importance of trees cannot be understated.

We partner with **One Tree Planted** a non-profit dedicated to planting trees where they're needed most. If you partner with us, we will dedicate a Grove of Trees to you or a loved one of your choosing. Leave a lasting legacy and join us in reforesting the world.

From providing us with clean air to drinking water, they are key ingredients in more than 25% of all medicines and natural resources such as wood for building purposes or paper from their leaves that was once used by printers around the world!

Since our establishment, we have been dedicated to giving back to the environment and helping reforestation efforts. YOU can be a part of this helpful mission. Besides getting a fair offer, a valuable consultation, and other helpful extras, we will plant a tree in your name and if we purchase your property, we will plant a whole grove in your name or the name of a loved one so that you too can be proud of the legacy you leave behind.

How We Work with Sellers

Our goal is to be less transactional and more personal in our approach to potential sellers. Why someone wants to get rid of their land is important, especially if it has to do with some aspect of the land that makes it difficult to sell but understanding their motivations is more powerful than reiterating their potential circumstances. Most of the time people have no idea what to do with their unused land. They are stuck. Land ownership is often an unrealized dream that was never realized; a potential legacy that never came to fruition and that's ok because that dream can be turned into something else. They just need a push, a reason to get out from under the burden and debt that are part of owning land.





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HOW TO CONTACT US

Our team is available to assist you with your vacant land concerns and for a free no obligation consultation about your land. You can call us at (888) 308-5575 or email us at

offers@landlegacy.us

or visit our website at

www.Landlegacy.us

