

## **Farmland Sale Considerations**

As the year progresses I am getting increasingly more phone calls from non-farming landowners about the value of their holdings and asking if this is a good time to sell?

Farmland values have been on a steady climb for five or six years.

So, what's driving it, do you think?

I believe it is the combination of several factors – available wealth, low interest rates, reasonable commodity prices, generally favorable weather, and business efficiency.

Our region was first settled by farmers in the early 1900's. In many cases, their descendants are still on the land.

If you have continually transferred land holdings from one generation to the other for over a hundred years some equity has probably been built up within the family leading to favorable purchase terms or outright gifts of capital.

My parents' generation generally saved enough for retirement without having to sell the land at full rate.

Then there is use of equipment, buildings, or livestock left by the outgoing owner for the incoming one to use free of charge.

That alone can be significant.

Many larger farms have two or more generation of adults working on them.

There is no replacement for the collective wisdom borne from experience matched with education and enthusiasm for the future.

Anybody who has farmed with a parent or an adult child, will know what I mean.

Where there is good communication and mutual respect, it can be an awesome feeling. One plus one is greater than two.

Of course, that is not always the case. Some families never reach their potential due to conflict.

A few years ago, the dominant player in land purchases was the non-farming investor. They saw land as an easily managed, low risk part of their portfolio.

In those days, I had one client from out of province who repeatedly told me we did not know how valuable our local land was.

And he was right.

Today though, it is the neighbours duking it out; family farms that have deep bank accounts and a well-financed growth strategy in the business plan.

## **What The Season Is All About**

We sat across from each other in the living room of the house.

It was mid-December and he had called several days prior asking me to drop by to talk about selling his home.

When I arrived that morning, the kettle was steaming on the stove top with the teapot waiting.

I knew this visit was not going to be like any other we had shared over the years.

He was terminally ill but had refused any extraordinary measures beyond pain control and even then, the medication was used sparingly as he knew it would dull his senses.

All he wanted was to die, as he had lived, on his own terms.

We talked like old friends do; weather, family, even politics, a topic always close to his heart.

I was over twenty years younger than he, but it didn't seem to make a difference; there was a bond built between us one usually only finds with blood kin.

Beside him on the end table was a short knife I had never seen before; only later did I learn it was a Swedish dagger.

The leather sheaf it was in had been repaired several times and you could tell by the worn wooden handle it had been used many times over the years.

When I asked him about it, he got a distant look in his eyes.

"This knife", he said, "represents all that is good about people."

A rather unique statement I thought.

"It was given to my father when he was a lad one Christmas, and just before he passed away, he gave it to me."

His father was fifteen when it was decided he would leave school to look after the daily chores on the family homestead allowing his grandfather to earn critically needed cash freighting supplies by team and wagon between the two largest communities in the region.

His mother had died that spring with the flu; nothing could be done as the closest doctor was forty miles away.

The boy supplemented his daily diet of porridge and eggs with ducks, partridge, and rabbits when he could find them.

Dad would drop by when he could but several weeks could go by without them seeing each other.

It was a lonely existence with only a dog for company in a one room log shack that never seemed to be warm enough no matter how big the fire was in the stove.

A three-day winter storm had just abated when Christmas Day arrived and shortly after his morning chores were done, the young man could hear sleigh bells in the distance.

He knew it couldn't be his father as the main trails would be blown in.

Too his surprise, a neighbour who lived two miles away arrived to invite him to join his young family for a midday meal.

They hadn't much to share but the simple act of being with others made the time rush by.

There was an exchange of presents and the lad was embarrassed he had nothing to offer to the celebration.

However, the neighbour couple gave him a brown paper wrapped parcel, saying his father had left it with them his last trip through.

Inside was the most beautiful knife and scabbard the boy had ever seen.

It was many years later, and only by a chance conversation with one of the neighbour girls who had been there that special day, when he learned the knife had been intended to be a present from the girl's mother to her husband.

The young couple had decided it would mean much more to a lonely young lad who was doing his best to prove he was a man.

Celebrating the birth of Jesus is a yearly reminder that God also shared with us his most precious gift with the hope we will treat our neighbours as family.

I sincerely wish you a safe and happy holiday season!

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## **The Lone Spruce**

It may have been a mature blue spruce, but it wasn't, at least in my opinion, the nicest looking tree as it had long been robbed of soil moisture by encroaching maples and caragana.

As we stood together in the old farmyard looking at it, I wondered why she suddenly had tears in her eyes.

I had been asked to meet at the family homestead to provide a value on two quarters of farmland she was considering listing for sale.

She had driven out that morning from her home in a city two hours away.

My client broke the silence by quietly telling me she had brought the seedling home from school one Arbor Day in Grade Two and with the assistance of her older sister, proudly planted it where the driveway entered the house yard.

She had faithfully watered it through the hot, dry summers of her childhood and kept competing grass at bay.

Her sister was gone now; taken too young by cancer. Dad had passed years before, but Mom had lived into her mid-90s although senile dementia had stolen her mind in the last decade.

She felt guilty at being the one who would let the land go as it had been in her family for over 100 years but deep down, she knew it was time.

The house had been sold years before to a young couple and relocated to a yardsite twenty miles away.

Those outbuildings that were still on site were barely standing, home to pigeons, owls, and skunks.

All these years she had refused to cancel the power supply, as it would have meant the yard would have gone dark.

In my experience, the two most emotional properties for people to sell is the family cabin at the lake and the home quarter.

Both are packed full of memories; most good, some sad.

So, I asked if she, her children, and grandchildren liked to camp? The look I received back was first one of annoyance, then questioning.

I told her of the three families in my district who had subdivided off their home yards and turned the resulting acreage into a family retreat.

The stories shared around the campfire on summer nights with visiting friends and neighbours ensured the young ones would know their heritage.

They too could explore the magical habitat of a shelter belt and adjacent sloughs, building tree houses and rafts.

It provided all with a refuge in a challenging world and keep the family connected to their roots.

As we walked toward our vehicles, she asked me to email her the name of a good surveyor.

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## **Wisdom of our Elders**

I must admit that a few times over the last few years I have really missed being able to talk things over with my parents.

You would think that at my age getting counsel from some even older would be redundant.

Not at all, for they lived through some very tough times including the Great Depression and World War II yet still managed to retain a positive perspective on life.

My mother was a very practical woman. She grew a large garden and sold what her family didn't need to buy groceries and clothes.

For years, she kept a hundred hens or so and supplied eggs to the local store. When the old girls quit laying, they were canned in quart jars and saved in the cellar for quick meals.

No one ever left her house hungry; not the neighbour, minister, or itinerant salesman.

The hen house was built from materials recycled from another building they tore down at my grandparent's ranch. The walls were filled with straw for insulation and covered on the outside with light tin.

It still stands on our farm and I know one of these day it will deserve a coup de grace but it earns its keep as a storage building.

Dad loved the country life but would have likely made a better engineer than a farmer. Formerly in charge of aircraft mechanics for an Air Force squadron in the war, for years' people came from miles around to discuss hydraulic systems with him.

He hated the rush of harvest and was happier when he could watch the calves play in the spring or go for a stroll with his open sight single shot 22 in the pasture looking for bush partridge.

One day as a brash young teenager I was bragging about my ability as a marksman having bagged a few gophers out in the hay field that afternoon. He made me a bet that he could shoot a duck in the air with that old gun. Of course, I took it.

A mallard took flight from the slough and turned into the wind. At that moment, it hovered almost motionless. Sure enough, we had duck for supper that night but as loser of the bet, I was the one who had to clean it.

Deer hunting with family and friends wasn't about putting venison in the freezer; it was about toasting sandwiches over the noon fire and swapping stories about the homesteaders who had originally settled the area.

From Mom and Dad both, I learned that family always comes first, hard work has its rewards, communities are built by people who contribute beyond their own self-interest, and the Creator has a plan for each one of us.

The other night I was at a gathering of a group of ranchers from NW Saskatchewan, men and women both. Almost all present had been in the cattle business their entire lives with at least half the room filled by families with two generations present.

This area has some very progressive young men and women who are making their mark in the agricultural industry, both grain and livestock.

Listen closely to them and you can't help to be impressed by their depth of knowledge, the continual drive for innovation and best practice, but most of all their strong commitment to sustainability and the environment.

I am excited by what the future holds for agriculture in the Midwest with the search for new varieties of grain and pulses that can thrive in this region plus the value-added industry that will inevitably result.

Better grains and pulses are not only valuable for export but can also be used right here to formulate quality feeds for livestock.

Hopefully, our world will soon realize that without a safe food supply, there is no future, and consumers will help, not hinder, those who are giving their best to be good stewards of the land and its natural resources.

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## **Tips for Setting Up a New Acreage**

I have lived in the country most of my life plus have seen literally hundreds of rural homes during my career as a Realtor.

Spring is often the season when many people start to think about either buying an acreage or establishing one from scratch.

If you are one of those, here are a few pointers you may want to consider first.

Build a proper driveway. Make the approach and road surface wide and solid enough to easily accommodate a semi-tractor with trailer.

It is usually as easy as hiring a competent grader operator; preferably one who has built accesses into oil leases as he will know to roll the black soil back, pull up the clay, and create a gentle shoulder.

Then gravel it sufficiently to handle the heavy traffic that will soon be on it to build your new home.

I was at one acreage earlier this month and it was good thing I was driving a truck with four-wheel drive as the road surface was lower than the adjacent field. The recent snowfall will have only made it worse.

Plan the yard for the house and any potential outbuildings that may come later.

If you want to eventually build a shop, establish a second, dedicated entrance for it if possible so you can keep the big rigs away from the house yard and children. You will have less noise and dust as well.

Too many people put in a small circle drive. Again, make it wide enough that bigger vehicles can easily pass a parked car or alternatively establish a safe turn around or drive-through area.

If you are planting trees, think twenty years down the road when you will actually be able to enjoy them.

Place each one far enough apart that you can easily cultivate between them for the first ten years or so.

Plant too close and you will eventually get tall, spindly specimens plus it's no fun getting swatted in the face by branches as you try to weed the open space.

There are some good publications on windbreak establishment available online from the provincial departments of agriculture.

It sure is easier to spend one hour reading than experiencing several decades of regret by making the wrong choices. The best designs usually have three rows of different species of trees.



The birds and wildlife will thank you too.

Also, please, please, keep the first row back from the driveway. Someday you will need to plow snow or bring in a high rig of some kind and battling branches is no fun.

Before doing any of the above, make sure you have a water supply sufficient for domestic purposes. Water is not everywhere!

If you have ever lived without enough water for daily use you will know what I am talking about.

Smaller acreages require a leach field for the septic system. Again, research best practice. The one I prefer has a two-compartment tank then a separate distribution box from which all the perforated lines run.

All municipal districts have public health regulations that need to be observed. They are there for a reason.

Don't do what one person did and have their above ground septic pump out thirty feet from their well. It was no wonder the water in the house was brown with a funny smell.

If you have an in-tank submersible septic pump I recommend you have the discharge line come up in an upside down "u" inside the manhole before it goes back down and out. The bacterial action in the tank will generate enough heat to keep it from freezing.

When the day comes that the pump fails, it is easy to reach into the manhole and disconnect the line and pull the unit up for replacement.

Which brings me to another tip. Always have a replacement effluent pump and fittings on hand.

It is an unwritten law in the country that septic pumps shall fail when you have a house full of company which is usually on a holiday weekend when all the plumbing supply stores are closed!

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## **Stating the Obvious**

Sometimes I wonder if marketing companies have decided that we consumers are so gullible that messages need to be spelled out with words at a primary school level (it used to be grade eight).

Or is it simply a determined drive to appeal to our subconscious desire to fit the society's ideals in order to prompt a sale?

The other night I got the urge for an evening snack and went to the pantry in search of some popcorn.

I threw the bag into the microwave then stood by reading the package. There it was; all the key words which today's discerning buyer would want to see!

"100% whole grain". No kidding, Jose? This is corn, right? Maybe I can justify this extra meal by rationalizing it as a good source of fibre too?

Even if it isn't, and frankly I don't know (or care), the "whole grain" label makes me feel better about eating it. White bread isn't allowed in our house.

"Cholesterol free natural oil". Score one for the canola growers out there. Hey, now I'm contributing not only to a healthy lifestyle, I'm also promoting the local economy!

We won't talk about the sodium intake. A body needs salt, doesn't it? Maybe it came from the Sifto plant in Unity; again, a good employer in the area. Now I really feel better.

But seriously, sometimes even spelling out the obvious goes over the head of some people.

I once had a sweet young thing phone me to ask if the house on her block with the Sold sign on the front lawn was still available? Ah, no.

Last summer a lady came in to the office to ask if she could buy one of our "For Sale" signs as she wanted to sell her home privately but thought a professional sign would make it more attractive to buyers.

She didn't want the services of a Realtor, just the sign.

That's like asking a car dealership to put a new truck in the driveway so your friends and neighbours can admire your good taste but not having taken out the loan to buy it.

I sent out a flyer once to farm owners advertising the availability of some land by tender and inviting them to consider bidding on it.

One gentleman came in to the office to find out what the seller wanted. When I informed him that an asking price hadn't been established, but we were giving everyone an equal opportunity to make an offer, he got quite cranky.

"What if I don't bid enough?" he asked, to which I responded, "then you likely won't be the successful buyer!"

"I will buy it right now if you tell me what the owner wants." To which I replied, "I honestly can't give you an answer to that question but I encourage you to bid what it is worth to you and accept the outcome."

"Well, that is a horse\*\*\*\* way of doing business!" he said as he stomped away. Turns out his bid came in at less than half the eventual purchaser was willing to pay anyway.

I am not saying he was entirely wrong feeling the way he did as there is no doubt that it is easier to put a ship in the harbour if the captain knows where the harbour is, but the rules were the same for all the prospective buyers.

Sometimes as Realtors we fall into the trap of overexplaining property in our enthusiasm to reach out to a specific audience. One recent MLS ad in the newspaper stated "this bungalow is perfect for older adults as it has no stairs on the main level".

Good to hear that the basic design feature of a bungalow hasn't changed since I got my license.

One of the first questions we often get on acreages is "how far is this property from town?" so to forestall the inevitable I sometimes state in the listing texts something along the line of "less than a ten minute commute to the City by pavement".

At least until the day I got a call from a buyer who wanted to know "how far is ten minutes?" At first I thought he was kidding; but soon realized he was serious.

When I stated it was two miles north and seven miles east, he tersely replied that was of no help to anyone driving a car newer than 1970 with kilometers showing on the dash.

True enough. Pardon me. My age is showing. I guess I need to trade in the Edsel.

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## **Food and Real Estate**

I have said it before but I believe one of the best aspects of my job is viewing “new to me” real estate.

You just never know what a property will hold in store the first time it is toured.

I was accompanying a buyer on a visit to a large acreage; and judging by its attributes, had once been the headquarters of a family farm.

What joy to present as it was absolutely spotless, top to bottom.

I don't think you could have made the house any cleaner, the garage was swept out, and the spacious lawn freshly mowed.

And although all of these things are critical to creating a favorable first impression to my guests, those weren't the highlights for me.

First, it was the garden, surrounded by fruit trees.

Rainfall was saved in a former stock tank behind the garage with a gravity feed system through the chokecherries to the vegetables, raspberries, and strawberries planted next door.

Tucked out of sight behind the tree line were the chickens.

They had their coop in what looked like a pioneer version of the starter home, painted white and complete with windows, plus a snow fenced outdoor yard protected with an electric fence to keep unwanted four-legged visitors out.

The adjacent barn held several empty pig pens, and if I am not mistaken, the building next to it had once been used for milk cows.

It now served as a hobbyist's woodworking shop.

All of this brought back memories of my childhood, accompanied by images I am sure many others my age can share.

Fifty years ago, most farms had both livestock and crops.

As the saying went then, if the value of one was down, it was likely the other was up.

It also meant there were few days off in a farm family's life.

Once the cream was separated off the milk in the morning, whatever amount not needed for human consumption was given to the pigs in a mash made with low value feed grains.

When the hens quit laying, they were canned and stored in glass jars then placed on cellar shelves alongside that summer's fruit and vegetable preserves.

Like most farm families, we ate what was grown at home or harvested nearby.



We knew where our food came from and often it had a name.

My aunt made the most delicious 100% whole wheat bread using flour she ground herself.

There were summer scouting expeditions around the district to find the best Saskatoon, pin cherry, and choke cherry bushes, that is if there hadn't been a late spring frost.

When you visited the neighbours the first item of business for the women was a trip to the garden and flower beds to compare notes, while the men discussed crops, hay, and equipment repairs.

Today you dial up a website, select your groceries online, and have it placed in your car.

Amazon proposes to take it a step further and deliver it to the door.

No in-person shopping. No connection to the producer.

My granddaughter's first grade teacher was amazed at the child's knowledge during a spring farm show visit by her class.

She knew where hamburger came from and how it was made.

No wonder, her father had just donated hundreds of pounds to a local charitable organization.

She had helped him put a fed heifer in the stock trailer and delivered it to the abattoir, then picked up the boxes of frozen meat a month later to be stored in our freezers.

Very few people grow their own food any more so have lost connection with the land and the bounty it can provide.

It is truly a shame. If my buyers purchase this acreage, they intend on expanding the garden and keeping the chicken house operational.

That gives me hope.

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## **Farm Lease Pointers**

Too often I hear of landlord and tenant relationships that have gone sour through poor communication, a misunderstanding of responsibilities, or a change of goals.

My Dad used to say a man was only as good as his word. His generation believed handshakes were enough to “seal the deal”.

What a great tradition, only if it was as true today as it was then.

The person you think you know well may not be the one you are faced with when the chips (and dollars) are down.

If you end up in court, a judge is going to have to figure who is right and frankly, there are few winners when someone gets sued.

So, do yourself a favour and get the rental agreement in writing at the start, then check regularly to see if everyone has the same understanding.

Even if you trust the person you are doing business with, they may get hit on the highway one day and suddenly, you are searching for stability in what was once a solid agreement.

Don't believe that can happen? Over the years, our own ranch has dealt with landlords who have gone through relationship breakdown, estate planning resulting in ownership transfer, even sudden death.

Life happens to the best of us. Not written, not safe.

If you are the prospective tenant, spend ten dollars and pull the title. You would be surprised how many times there are more owners than you are talking to directly.

How the land is to be used needs to be outlined. A lease for grain production is different from pasture for livestock.

It needs to state that the terms are binding on executors, heirs and successors.

And of course, the property under lease should be clearly defined. Attach a map if necessary.

Quiet possession by the tenant, without interference by the landowner is fundamental, while at the same time allowing for reasonable inspection by the landlord or his agent from time to time.

In the Midwest, too many leases don't speak to future third party entry on to the lands for survey, seismic, utility corridors, pipelines, clay or gravel removal, oil exploration, even hunting.

Let's use for an example an energy company wants to put a high-pressure pipeline diagonally across a quarter of land while it is actively being used as pasture.

The owner will receive a one-time capital payment while the tenant should be compensated for loss of use for up to three years of the right of way plus the nuisance of having his livestock operation co-exist with a crew putting pipe in a trench.

The tenant should have the right to directly negotiate with pipeline contractor such terms such as gates, fences, laneways under which the contractor will bore to allow cattle to graze from one side to the other, grass re-establishment, etc.

However, some landlords, especially those who live at a distance or who have never farmed the land, may not consider the operational logistics their tenant will encounter.

A well-written lease will spell out each parties' rights and responsibilities when presented with these challenges, not only addressing current attributes of the property but anticipating some which may occur during its term.

An increasing number of farmland contracts speak to environmental issues as well including removal of trees, wetland drainage, fragile soils, and agronomic practices like chemical applications, incorporation of straw, or crop rotation.

A lease may also specify on-site grain storage or a requirement for the tenant to carry crop insurance.

Pasture leases should address who is responsible for the upkeep of fences and corrals, the maximum number of animal units to be allowed on the land base, all the while keeping in mind both parties will need to be flexible due to changes brought by drought or wildfire.

All leases should clearly set out the term, with start and end dates or if a periodic lease which may continue to renew if neither party gives due notice of termination.

Any that I write for my clients usually expire in November or December of the last year so if the landlord needs to search for a new tenant there is adequate time before the next spring.

Last, and most importantly, there needs to be a dispute resolution clause clearly setting out the legal forum in which the debate will occur.

It can be mediation, where a third party strives to develop a settlement, and failing that, the parties go to court. Or arbitration, where the arbitrator picks a winner, and the matter is deemed settled.

Frankly, if you establish a sound lease at the start, I doubt very much there will be any need to fight at the end.

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