



## 302: Farm Land Valuation Study Guide

- 1.) While you are living, if you own the land, can you set the value of your land for estate tax purposes?
- 2.) While you are living, if you own the land, can you set the value of your land for distribution purposes?
- 3.) Which valuation method sounds the best to you and why?

**Fill in your own numbers and compare them:**

\*To get the approximate loan payment, assuming a loan of 5% for 20 years, multiply the price x .8

Fair Market Value \_\_\_\_\_ Loan payment/acre \_\_\_\_\_  
(Price land is selling for in your area)

Price with \_\_\_\_\_% = discounted Price \_\_\_\_\_ Loan Payment/acre \_\_\_\_\_  
(Fair market value less the discount %)

Set Price \_\_\_\_\_ Loan Payment/acre \_\_\_\_\_  
(Pick any number you think is right)

Special Use Valuation \_\_\_\_\_ Loan Payment/acre \_\_\_\_\_  
(Average rent price minus average property tax  
divided by .0468)

Combo with Max Price \_\_\_\_\_ Loan Payment/acre \_\_\_\_\_  
(example \_\_\_ discount not to exceed \$\_\_\_\_\_/acre)

- 4.) After completing the above, did you change your mind on what “sounded” best to you after calculating the cost per acre?
- 5.) After doing the math, would you adjust the price method or discount to make sure it would cash flow?
- 6.) As a farming heir, which method would you prefer?

