

tax-sheltered, long-term capital gain. For example, you get long-term gain if you sell out the whole herd. Furthermore, if you've held them at least 12 months, you get a long-term gain on the sale of cattle culled from the breeding herd, even if they've been fully depreciated.

Critical question.—Does investing in cattle really pay off? Like any other investment, you can lose money on a cattle investment, too. However, if you do things properly and get some good tax and business advice, a cattle investment can pay off very handsomely. How handsomely? This, of course, depends on a lot of factors—including the price of cattle when you are ready to stop building up the herd and start selling. Pinpointing things to the penny is, therefore, impossible. However, here's—

A reasonable projection.—If you start out with a herd of 10 heifers, the chances are that at the end of 10 years you will be getting an annual calf crop of more than 50—at the end of 20 years, your annual calf crop should exceed 300. When you consider that your initial investment in heifers will probably be under \$5,000, you can see the possibilities.

HOW TO SPOT FORTUNE-BUILDING LAND OPPORTUNITIES—USE THE “MAGIC-THREE” FORMULA

The best vehicle for building your personal fortune today may be raw land. Whether you have a lot or a little money to invest, raw land can return an extremely handsome profit. But you must know what you are doing.

Before you start skimming off any profit cream, there are certain land traits to keep in mind. Learn these well and you greatly improve the odds that your real estate investment ventures will return the kind of profits you've dreamed of.

The “magic three” formula for profit.—Three prime factors make raw land a potential gold mine: *Accessibility*, *Utility*, and *Availability*. When all three are present in your deal you're well on the way to success. Let's take a closer look at what they mean.

Accessibility.—Is the land you are looking at easily reached? Are there good roads running along or near the property? Will there be roads built in the area in the near future?

These are crucial questions. If the land can't be reached, it can't be easily sold. Landlocked land offers little or no opportunity for flexibility.

We're not speaking of roads on the land itself. We mean main access roads: those that border on the property you've selected to be your fortunemaker.

Another aspect of accessibility is the ease with which the area can be served with such things as water, sewers, electricity, and the like.

Utility.—Here's where your imagination comes into play. Many investors look at a piece of raw land and see no available use for it. Sure, they consider the housing subdivision, the shopping center and other standard uses. But if the land is obviously unusable for these purposes, they throw up their hands and walk away. That's where *your* imagination comes in. The men making big money in real estate have trained themselves to visualize in a piece of property what others don't see. You must be on the lookout for new money-making uses for the property.

Availability.—This is a package item. Covering such considerations as price, financing arrangements, title and cash picture, it boils down to one phrase: Is this for you?

Is the land available to you at your price? The mere fact that it's for sale doesn't necessarily mean that it's available—not as we define the term. You must be able to acquire it for the right price—your price.

This doesn't mean, of course, that you won't buy if your first offer isn't accepted. It does mean that you shouldn't buy unless you can close the deal for what you've determined is the top price it should go for.

Is it a cash deal? Are you ready to lay out the cash? Or will the seller take back a purchase money mortgage? If not, how about a land contract? The answers to these questions also go to determine availability.

Availability also refers to title problems. Some of the cheapest land is that which has a slight flaw in the title. Sure, it's cheap to buy—but it may turn out to be expensive to sell—if your future buyer demands a perfected title. (This may be as good a place as any to make one point absolutely clear. A lawyer is a must in real estate investments! He's not just a convenience, he's a necessity.)