



Buying Northwoods Properties

A guide to buying homes and
properties in Wisconsin's
Northwoods.

Jim Mulleady

Buying Your Northwoods Home

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Introduction

So you are thinking about buying property in the Northwoods! Congratulations! It is a beautiful place. It is one of the few areas of the world that is both stunningly gorgeous and affordable. We have four glorious seasons and we love to watch them come and go.

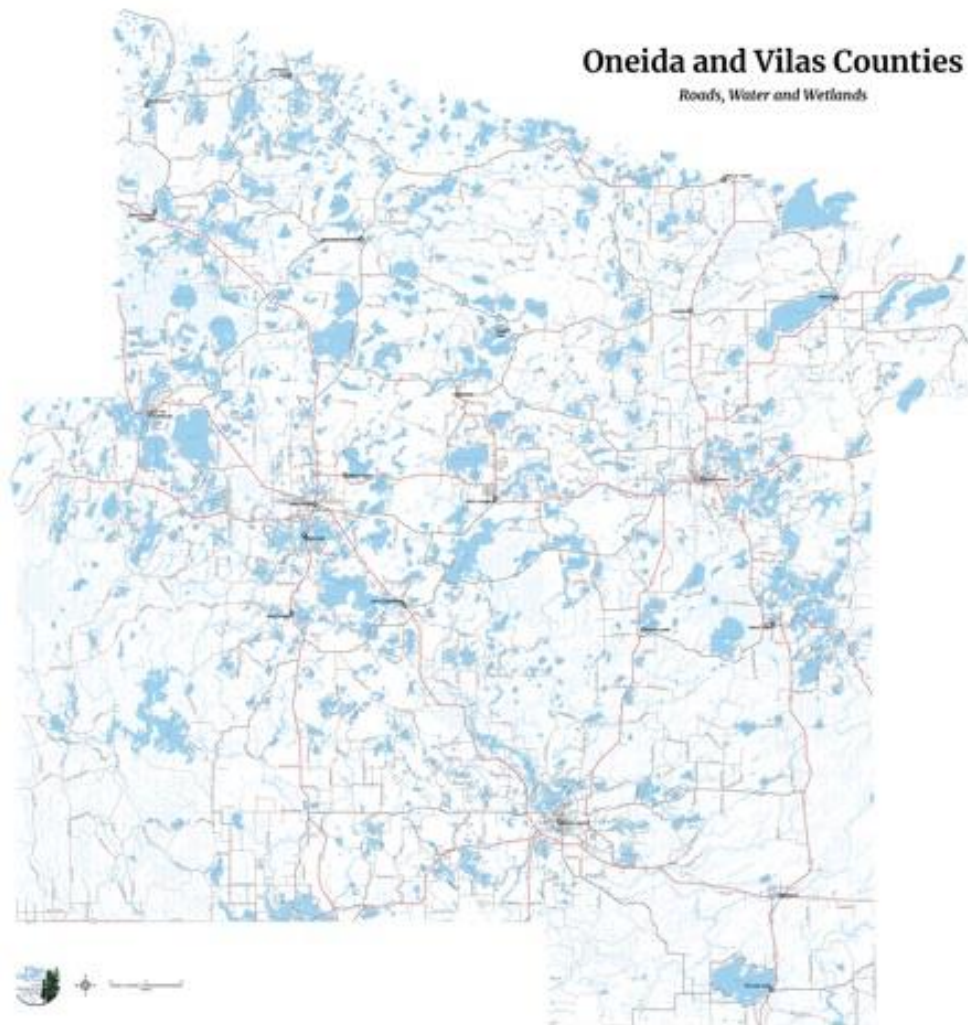


We have over 4000 area lakes, 3 national forests (Nicolet, Chequamegon, and Ottawa), 1 huge state forest (Northern Highland American Legion) and thousands of acres of county forest land. Over half of our area land is public and never will be developed. Our area will remain pristine for generations!

Our natural resources are second to none! We have an abundance of deer, bear, otter and other furry friends from the forest floor. Our fishing is excellent as we have thousands of lakes filled with walleye, muskellunge, northern pike, large and small mouth bass and pan fish. A number of our deeper and clearer lakes have lake trout. Our area has a large concentration of trout streams filled with brook, brown and rainbow trout. Our forests have a wide range of species of pine and hardwoods.

In this book, we will look at how to shop for a home and/or land here in the Northwoods. Home shopping here is a bit different than other areas of the country. It is not at all unusual for a lake home to have the land be worth MORE than the home itself. This is typical of homes we often refer to as potential **tear downs**. An example would be a modest home located on a highly sought after and valuable lake such as Lake Tomahawk on the Minocqua Chain of Lakes. The home may be worth \$150,000 but the lot could be worth more than \$300,000. This example is rather unique to the Northwoods.

We will also look at lakes as they are the biggest draw to the area. We have lots of them! Vilas County (where I live) has 563 named and 755 unnamed **lakes** covering 93,889 acres. Fully one-third of Vilas County is covered with either a lake, stream, or wetland. We like to say that every third step in the county and you will have wet feet! Oneida County (Minocqua, Rhinelander) has 1129 lakes so we have a lot of waterfront to enjoy!





There are so many factors to look at when looking at lakes. Do you want to be on a quiet lake? Do you want to fish, swim, power boat? Do you want “destination boating”? There are seepage lakes, drainage lakes, spring fed lakes and combinations. There are clear water lakes and stained lakes. There are shallow lakes and deep lakes. There are high trophic level lakes and low trophic level lakes. We will take a look at all of these important factors when looking at lake properties.

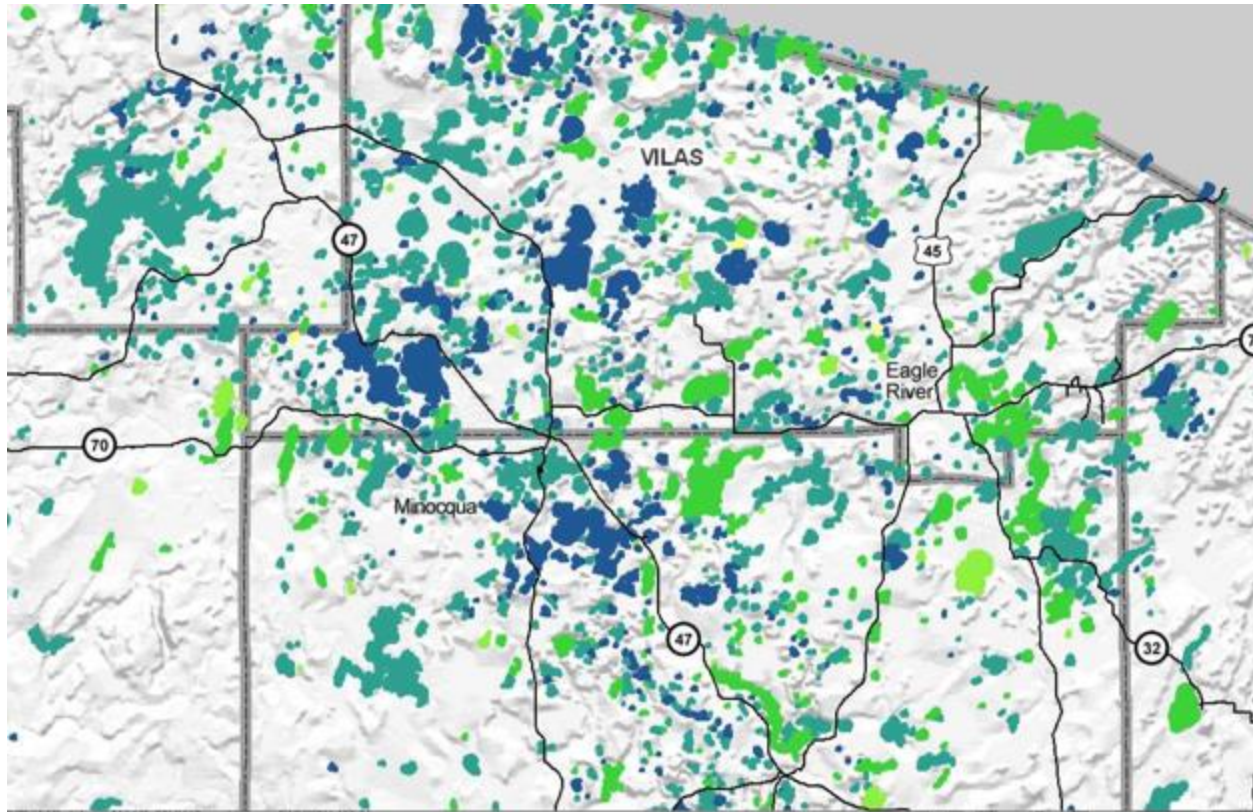
We still have lots of land here. As of this writing we have over 1000 vacant parcels for sale in the area. Some are large parcels and some are small. Some are on water and some are not. There are many factors to consider when looking at land: location, on or off water, access to roads, access to power. Perhaps the biggest consideration is the cost of building. One has other building concerns here in the Northwoods as we have to install septic systems and install wells in almost all new homes as we do not have city water and sewer in most of the area. We will review these factors as well.

The latest trend in Northwoods real estate is purchasing homes and renting them. Some wish to purchase strictly for investment but most wish to use the property and rent them periodically to recover some of the costs associated with owning a second home. In September 2017, the State of Wisconsin changed how cities, towns, villages and counties how zoning

ordinances can be enforced. The municipalities used to have the power to restrict which areas could rent and which areas could not. The State of Wisconsin now prohibits municipalities from not allowing a homeowner to rent out his/her home. What this means is that you can now rent most homes in the area on a weekly basis. There still are other rules (no shorter than 7 days, covenants and restrictions still apply) so one still has to proceed with caution. With the emergence of sites like Airbnb and VRBO.com, renting out a lake home has become an easy and popular option.

We will look at the utilities. Electric in the area is primarily served by Wisconsin Public Service (WPS) and Wisconsin Energies (WE). In some places, WPS has natural gas service as well. In other areas WE has natural gas. It can be quite confusing. WE now owns WPS so it is only a matter of time before they appear as one company. In many areas electric is in but not natural gas. In those areas people sometimes opt for liquid propane gas (lp). Please be advised that electric and phone are **not** everywhere. The utility companies do not like to install lines above ground any longer (too many tree limbs falling on the lines). The utilities bury almost everything. It is much more reliable but also much costlier to install. The bottom line with utilities is that one better check with the provider and verify that power is available. I know it sounds odd but we have areas in the Northwoods that have no power and never will because it would be too costly to run the lines.





Internet access used to be a luxury but these days it is a necessity. It now is almost as necessary as power. Luckily, technology has helped us out quite a bit. We in the Northwoods are blessed with millions of trees but they can be a nuisance with cell service and Internet. We have not run cable to many areas of the Northwoods. I have never seen a formal estimate but I would estimate less than 25% of homes have access to some sort of wired Internet. The other 75% were in trouble until the last 5 years. We now have companies like SonicNet which offers line of site Internet service. Many areas have been added to SonicNet service like Eagle River, St. Germain, Phelps, Land O' Lakes, Lac du Flambeau.

The cellular service has thankfully been much improved in the last 5 years. Most of the area is now covered with most areas now offering 4G. 5 G has not made it to the Northwoods yet. The 4G gives pretty decent speed but (maybe) not enough to stream movies. An inexpensive Wi-Fi option is to use your cell phone as a hot spot or get a hot spot "puck". One little known option is to get a cell phone booster from your cell phone provider. It can improve your signal in your home by a bar or two.

The local phone provider offers good DSL service. The area is served by Frontier and most of the area has DSL now.

The last Internet option is to use satellite services. Hughes has historically been the biggest and most popular option. Wild Blue morphed into Exede which morphed into ViaSat. Satellite

service is by far the most expensive but it is reliable and can be obtained anywhere where there is a view of the southern sky.

Garbage/trash collection is a common concern. Most areas are served by two of the larger services. Eagle Waste is a large local firm based out of Eagle River. Advanced Disposal is a large national provider and has a location in Minocqua. There are numerous smaller providers as well. Many folks simply bring their own rubbish to the county landfills or more local transfer sites. Recycling centers are in most townships as well.

Buying a home up north is a bit different than elsewhere. Most of the homes that are sold are second homes; vacation homes, lake homes and recreational properties. This is a bit different than buying a primary residence. You still can buy a home with 5% down at the time of this writing. Homes are easier to obtain fixed rate loans but if you look real hard you can find fixed rate loans on condominiums. We will look at the role of Fannie Mae and Freddie Mac in lending on Northwoods homes.

After you find your Northwoods home what happens next? There are many steps between shopping and closing. There are offers to present and possibly counter offers. You will have to (probably) get financing and you will want inspections. We have private wells, septic systems, private roads and insurance challenges. We will take a look at all of these details. I have no preconceived notions that I can cover all of the possible issues in this book but we can present many of the more common problems that could come up.

The Northwoods is a very special place. It offers an incredible mix of forests, lakes and wildlife. We have more water than anywhere in the world. It is a wonderful place to find peace, spend time with family and friends or live an extraordinary life! I hope that this book will help you find the right property and navigate the process of getting into that property.

II. Lake or No-Lake

The Northwoods boasts one of the “wettest” areas in the world. That’s right! The world! Areas of the American West are so very jealous of the amount of water we have. Leland Stanford, railroad baron and founder of Stanford University once wrote “whiskey is for drinking but water is worth fighting over”. He was referring to California’s recurring water shortage issues. We in the Northwoods are blessed with over 4000 lakes. We have dozens of rivers and streams too. In Vilas County, fully one third of the county is either a lake, stream, river or wetland. We like to say that every third step and your feet will be wet! If you are looking for waterfront, you have come to the best possible place. There is no better place on earth for boating either. You can get on the lake almost any day!

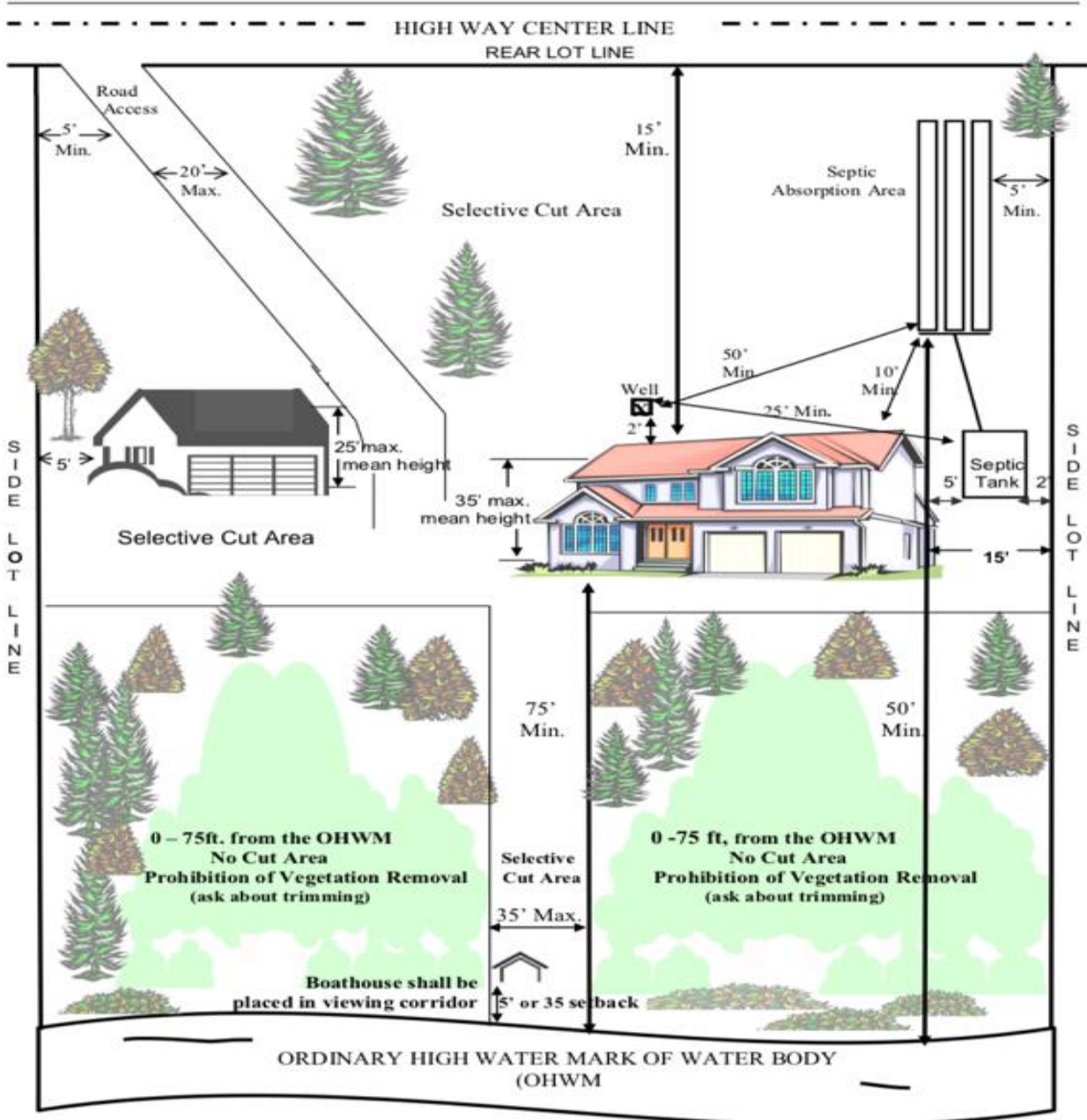


I consider our lakes to be our communities. Each lake has its own personality. We have great lakes for swimming, fishing, boating. Some lakes can do it all. Some lakes are on chains of lakes that can have multiple personalities. People find that highly desirable as you can pan fish in the morning, swim at noon and musky fish in the afternoon.

Here is some information that is important to know. The surfaces of lakes are like public parks. They are part of Wisconsin Public Trust Doctrine. Essentially, if your feet are wet you are on public property. The shoreline may be your personal property but the lake is actually the State's. It is a technicality I know but it is important for you the possible lakefront owner (known as a riparian) to know this.

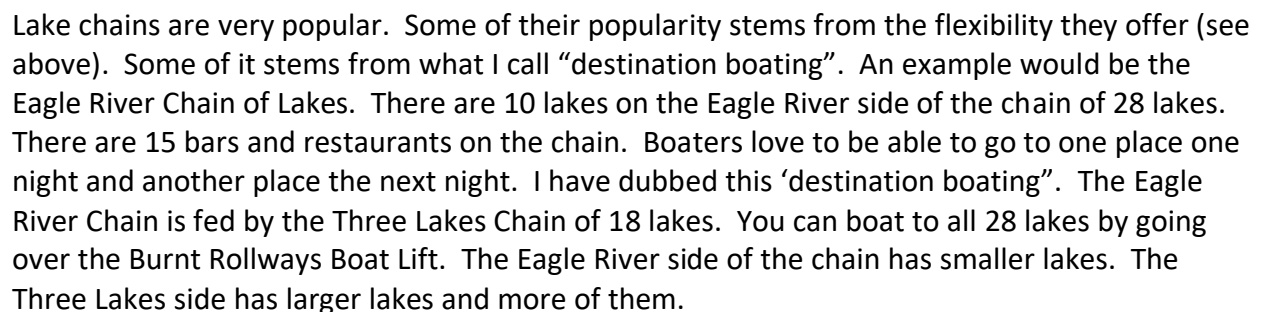
You should become familiar with the concept of the Ordinary High Water Mark (OHWM). The OHWM is exactly what you think it is. It is the highest level the lake normally gets. You would think that this would be easy to determine and not controversial. It is not always easy to figure out and can dictate how and where you may be able to build a home. In Wisconsin, you are no longer allowed to build anything closer than 75' from the OHWM. That includes decks, eaves, anything. Why? The State has determined that building things closer than 75' is harmful to the lakes ecosystems. Having that buffer in place helps with the overall health of the lake.

VILAS COUNTY SETBACKS, HEIGHT LIMITATIONS, AND NO CUT REQUIREMENTS



In some lakes the OHWM is easy to determine. I live on Catfish Lake of the Eagle River Chain and that body of water and its water levels are closely regulated by a dam. The water levels do not vary but maybe 4". Some lakes have varied by as much as 4 feet in depth. Not in a single season but over excessive wet and dry spells. Anvil Lake east of Eagle River is a wonderful, crystal clear seepage lake that was very low for years. In the past 5 years it has seen its level come back to "normal" but it was down for a while. Trying to determine where the OHWM is a real challenge.


Shopping for lakes is complex. We have some real hidden gems for lakes that no one knows about. Some lakes (Lake Tomahawk, Trout Lake) are highly sought after because of their large size and clear water. We have hundreds of clear water lakes in the area that are simply overlooked. They are passed over simply because of their lack of reputation.



Minocqua Chain and Fence Lake Chain offer fewer lakes but the lakes are much larger. There are numerous other lake chains that are smaller but still very desirable.

Most buyers looking for lake property want it all. They want to be able to boat, swim and fish. Most lakes you can do all of these things but many lakes are a bit more use specific. Some lakes offer outstanding fishing but only so-so swimming. Some lakes offer great swimming but are not fishing hot spots. Some lakes have specific species of fish. Some lakes have a wide range of game fish.

Lake characteristics include lake depth, lake size, water clarity, topographic characteristics, lake bottom, trophic status and lake type. Some people rate a lake simply by lake size and depth. I believe that this line of thought may be due to shallow lakes that may have “frozen out”. The term “frozen out” comes from when the oxygen level becomes so low in a lake where much of the fish population dies. Rough fish like carp and bullhead can survive low oxygen levels where game fish like walleye, bass and pike may not survive low oxygen levels. Shallow lakes may maintain adequate oxygen levels should there be enough current going through the lake or they have other oxygen producing sources like springs. Some local lakes (Muskellunge Lake in the Town of Cloverland and Tambling Lake in the Town of Washington) have installed artificial oxygen sources (in both cases, aerators). The bottom line is I would not rule out shallow lakes.

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Find A Lake

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#) [Y](#) [Z](#) [All](#) | [To Excel](#)

Location: Lakes With: Lake Name:


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Lake Name	County	Size (Acres)
0.3 Reservoir	Barron	7
1.95 Reservoir	Clark	15
Abbot Ranch Flowage	Clark	3
Abbotsford Pond	Marathon	4
Abel Lake	Lincoln	6
Ace-In-The-Hole Lake	Chippewa	7
Ackerman Lake	Lincoln	19
Ada Lake	Langlade	75
Adams Lake	Portage	30
Adams Lake	Vilas	9
Adeline Lake	Bayfield	3
Adina Lake	Sawyer	19
Adventure Lake	Washburn	14
Afterglow Lake	Vilas	32
Afton Gravel Pits	Rock	3
Ahmeek Lake	Bayfield	53
Airhole Lake	Langlade	84
Alabama Lake	Polk	132
Albany Lake (Millpond)	Green	102
Alder Lake	Washburn	13


Lakes

Find

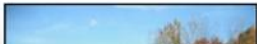
a lake.

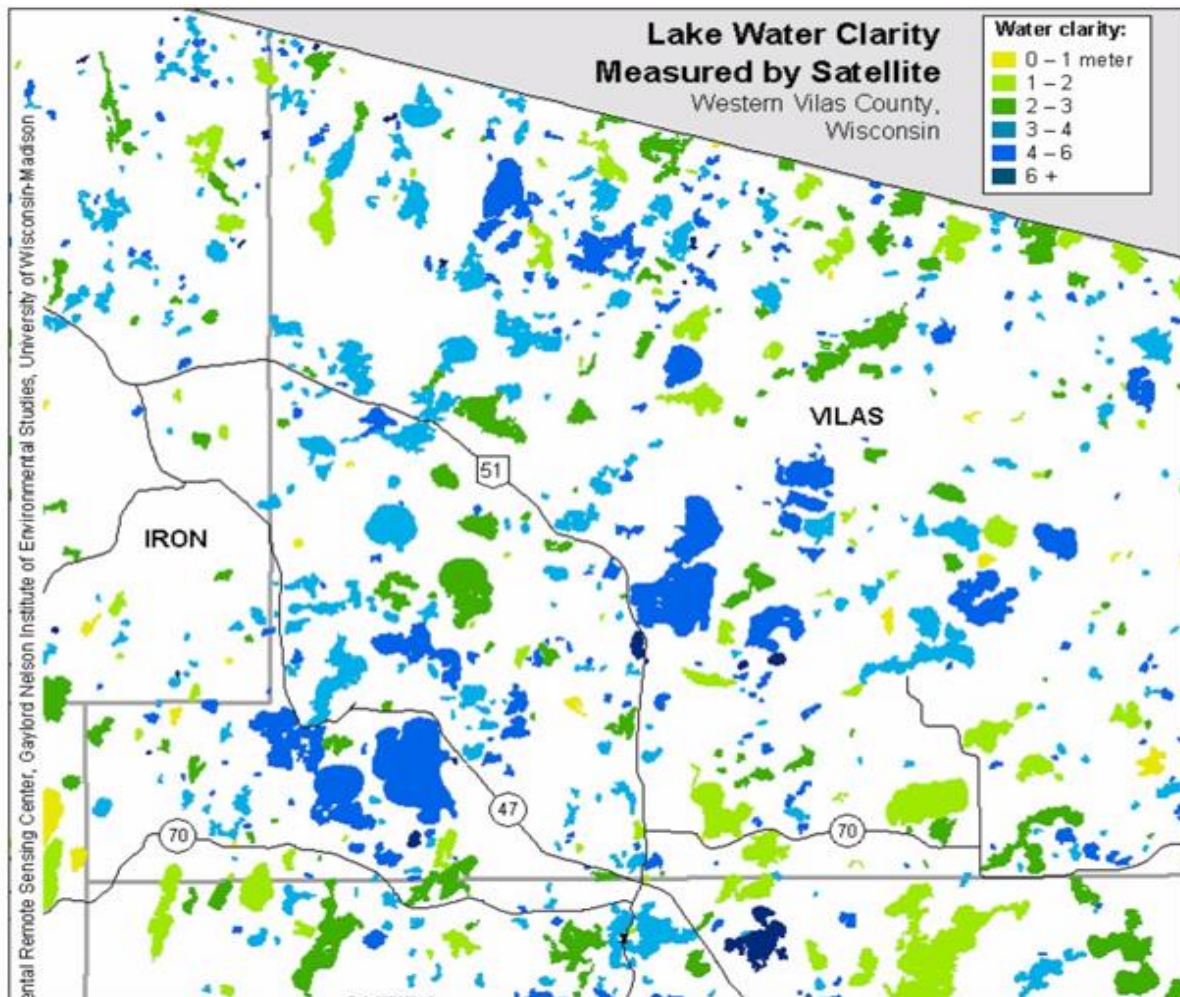


Muskie Lake, Iron County (Photo By: DNR)



Halfmoon Lake, Eau Claire County (Photo By: Diane Glodoski)

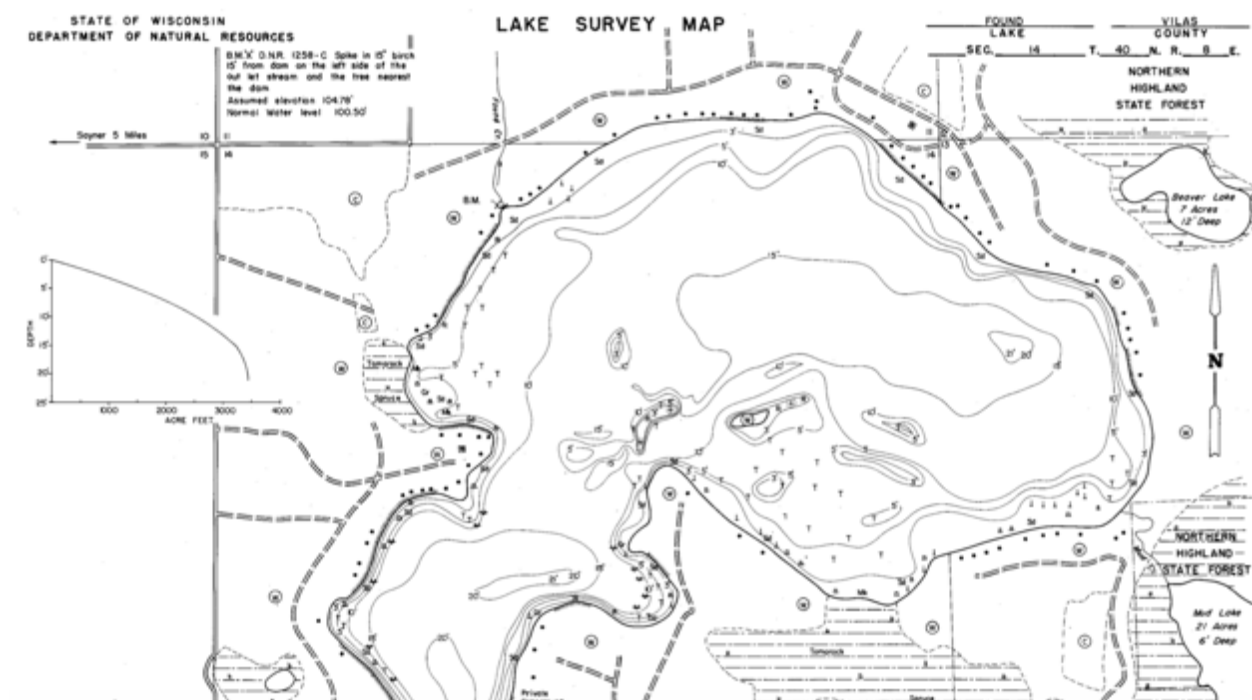




We have hundreds of other lakes that have very clear water and then we have lakes that are “stained”. Stained lakes are sometimes believed to be somehow of less quality than the crystal clear lakes. Staining comes from natural sources (tannin) like pine needles. It is not from pollution from outboard motors or septic systems that are leeching into lakes. Sometimes stained water lakes offer superior fishing to clear water lakes as some fish (walleye in particular) are sensitive to light.

Water clarity is measured by a simple method. Lake testers lower a black and white disk (sechi disk) into the water and measure where they no longer can see the disk. As mentioned earlier, the University of Wisconsin measures water clarity from space (<http://lakesat.org/statewide.php>). I do not have a great deal of confidence in the satellite as I have seen lakes with poor quality from space and have outstanding water clarity. I have seen other lakes that are supposed to have excellent water clarity and when I check it out, I find the clarity to be only so-so. However, if water clarity is an important factor, the website is a good place to consult.

Topographic characteristics vary from lake to lake. When I refer to topography, I am referring to how level the lot is to the lake. It seems with the aging of America, no one wants steps any more. They want a level approach to the lake. That is a rarity in this part of the world. While we are not mountainous here in the Northwoods, we are hilly. When the glaciers moved down from Canada and then retreated during the ice age, they simply stopped over the Northwoods. When the climate warmed the glaciers melted and formed the lakes region.



We live in an interesting area geologically speaking. There are two continental divides in the area. One is roughly the Wisconsin-Michigan state line. All waters north of the line flow into Lake Superior. Waters to the south flow largely in the Mississippi and ultimately into the Gulf of Mexico. The second continental divide is located on a north-south line about 12 miles east of Eagle River. It divides what water flows into the Mississippi and what flows east into Green Bay. If one were to look at the area, all of the water has a tendency to flow away from it. The elevation of the area varies from 1600' above sea level to about 1850' above sea level.

Topography is an important topic. As stated earlier we do not have many flat level lake lots. We do have a lot of lake lots that have either a gentle slope or a few steps to the water. We have many lots that are steep to the water. Elevation does help in some ways. If you want a basement or lower level, having some elevation is required. The reason for that is simple. If the lot is level and you dig down 4 feet, you will most likely find water. Yes, we are that wet. If you have some elevation, this should allow you to have a basement or lower level. A lower level that is exposed to the lake is a very popular feature (lower level walkout).



There are some positives to having an elevated lake lot. The view is normally terrific! I have termed it “God’s Eye View”. The other positive is there are normally far fewer mosquitos. The downside is that the stairs do hurt the value. How much value? That is a very difficult question.

Lake bottom is another factor. Most buyers want sand so they can swim. Most of our lakes have stone/rock frontage. I am not certain as to why. Some of our lakes have what we call “fisherman frontage”. This means that it is weedy or muck. Muck or silt is generally decomposing leaves and pine needles. Most people are not fond of swimming in muck.

The question everyone asks is can I improve my frontage? The answer is generally no as removing weeds and silt does in fact hurt the overall ecology of the lake. A good reference to check out is the Wisconsin DNR site (<https://dnr.wi.gov/topic/ShorelandZoning/>) .


Limnology is the study of lakes. We are blessed with many resources here in the Northwoods. One is the University of Wisconsin – Madison Trout Lake Center. We just call it UW Trout Lake.

They study dozens of factors, acidity, alkalinity, phosphorous. One of the overall labels they put on a lake is the trophic status. They divide lakes into three basic trophic states, oligotrophic, mesotrophic and eutrophic. Oligotrophic lakes are thought of as clear, cold and free of many rooted aquatic plants or large blooms of algae. They are low in nutrients so oligotrophic lakes generally do not support large fish populations. However, they often do have a reduced population of fish. Some large predator fish can be a part of that population.

Mesotrophic lakes are in an intermediate stage between oligotrophic and eutrophic. The bottoms of these lakes are often devoid of oxygen in late summer months, limiting cold water fish and resulting in phosphorus cycling from sediments. Most of our area lakes are in this middle classification.

Eutrophic lakes are high in nutrients. They are likely to have excessive aquatic vegetation or experience algae blooms, sometimes both. They often support large fish populations, but are also susceptible to oxygen depletion. Small, shallow lakes are especially vulnerable to a winterkill which can reduce the number and types of fish. We do have a number of area lakes that are considered eutrophic. Many of these lakes have lake association that have installed aerators to help keep oxygen levels higher.

The Wisconsin DNR rates lakes with a TSI number. TSI stands for Trophic Status Index. Lakes under 39 are considered to be oligotrophic. Lakes between 40 and 49 are considered mesotrophic and lakes with a TSI above 50 are considered eutrophic.

 Business Licenses & Regulations Recreation Env. Protection Contact Join D	
Facts & Figures	
Name	Catfish Lake
Waterbody ID (WBIC)	1603700
Area	978 ACRES
Maximum Depth	30 feet
Mean Depth	12 FEET
Bottom	55% sand, 20% gravel, 10% rock, 15% muck
Waterbody Type	lake
Hydrologic Lake Type	DRAINAGE
County	Vilas
Region	NO
Latitude, Longitude	45.89644550, -89.19286340
Contour (Bathymetric) Map	Contour Map
Interactive Map	Interactive Map
Lake Management	
Lake Organizations	Catfish Lake Association [exit DNR] Eagle River Chain Lakes Association [exit DNR]
Recreation	
Boat Landings	1
Boating Ordinances	slow-no-wake areas, water exhibitions and races, water skiing restrictions - See Details
Fish	Musky, Panfish, Largemouth Bass, Smallmouth Bass, Northern Pike and Walleye
Lake Health	
Invasive Species *	Chinese Mystery Snail, Eurasian Water-Milfoil, Rusty Crayfish
Trophic Status	Eutrophic

Lakes are also classified by lake type. The four most basic types of lakes are Drainage, Drained, Seepage and Spring.

Most of the lakes in the area are Drainage lakes. These are lakes are natural lakes with the main water source from some sort of stream, creek or river. They have at least one inlet and one outlet. All of your chains of lakes are drainage lakes.

A Drained lake is a natural lake with the main water source dependent on the groundwater table and seepage from adjoining wetlands. It seldom has an inlet but will have an outlet of very little flow similar to the seepage lake except for the outlet. We have very few drained lakes here in the Northwoods.

A very common lake here in the Northwoods is a Seepage lake. A seepage lake is landlocked. The water level is maintained by the groundwater table. There may be an Intermittent outlet

A Spring lake seldom has an inlet but it always has an outlet of substantial flow. The water supply is dependent upon groundwater rather than surface drainage.

We also have flowages here in the Northwoods. They would be considered drainage lakes. Flowages are used by people to essentially store water until they are needed. That seems like an odd thing but it is quite useful. Flowages first started when loggers filled the area and flooded area lakes to move logs to the market or to the railroads. When electricity came, flowages became useful as they could run turbines to create electricity. Flowages are still used for that purpose. Flowages are also used for flood control downstate and for when high volumes of water are wanted for sporting events (white water competitions). The flowages in this area are controlled by an entity known as the Wisconsin Valley Improvement Company (WVIC). The local flowages here are the Rainbow Flowage, the Willow Flowage, the Turtle-Flambeau Flowage and the Rice Flowage (Lake Nokomis in Tomahawk). One should be cautious if considering property on flowages. The water level fluctuates wildly in some years (10 to 12 feet in some years). For this reason, the WVIC owns the frontage and the riparians (lakefront owners are known as Riparians) are allowed to obtain a permit. It is not the same as full ownership and one should be aware of it. The WVIC does have a website (<http://www.wvic.com>).

Land

"Give me land, lots of land under starry skies above, don't fence me in" is how Roy Rogers (and Bing Crosby) put it. We are blessed with lots of land and space here in the Northwoods. We still have "40's" and larger parcels. We do not have as much cleared land as most of our large parcels are wooded. This area of the book will cover large and small pieces of vacant undeveloped land.

There are many things to consider when looking at land. Here are my biggest issues. How much of the land is wet? Is there access from a road to the property? Are utilities available?

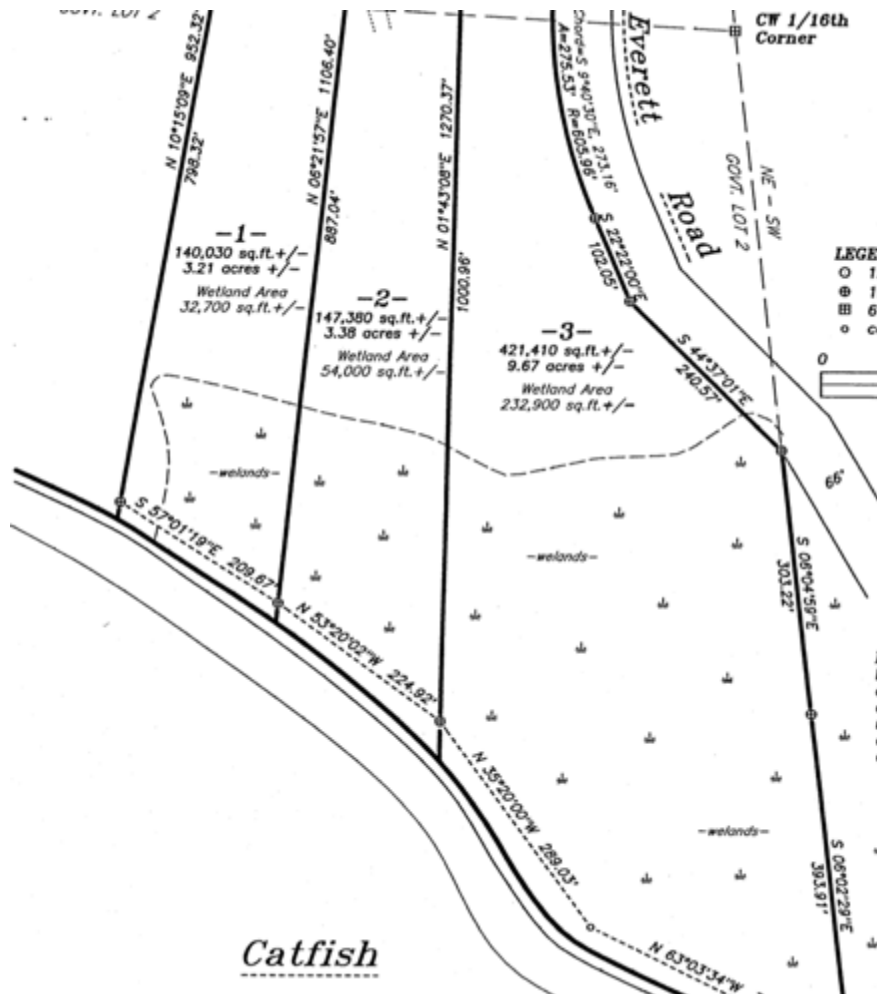
We will start with the first question, how much of the land is wet. When you have over 4000 areas that are wet you are bound to have wet spots on a large parcel. The counties here have topographic maps that are immensely helpful. While an area may be dry in the fall, it could be wet in the spring and summer. The topographic maps can tell you a lot about a property. The other giveaway is the type of trees and vegetation one will find on the parcel. If you find cattails, you know you are wet. If you find tag alder, you are wet. If you find tamarack and black spruce, you are wet. If you find stunted growth stand of jack pine, you are wet as well. The trees that do not do well in the wet are maples and oaks. They are not tolerant of wet feet. White pine and red (Norway) pines are do not like wet feet. If you are looking at land in the winter months, it is very helpful to take note of the types of trees as that will tell you a lot

about the land. The photo below is showing signs that it is what I would call an occasional wetland. This is where it may be wet during rainy seasons and may dry out enough where you could walk it. The tree growth is stunted and the mounds are signs of wetland.



The often asked question is can I fill in wetlands? It is possible but not easy. Wetlands are protected in Wisconsin. There is a pretty complete website covering regulations regarding wetlands <https://dnr.wi.gov/topic/Wetlands/> . The easiest way to work with wetlands is to build boardwalks over them. That is allowed.

Wetlands are critical habitat for many animals here in the Northwoods. To many it is simply swamp but wetlands can be quite beautiful. They can also be a buffer from other neighbors as they will not be able to improve on the land.



I wish to point out one difference between wetlands and lakes. The surfaces of lakes are like public parks. They are part of Wisconsin Public Trust Doctrine. Essentially, if your feet are wet you are on public property. The shoreline may be your property but the lake is actually the State's. It is a technicality I know but it is important for you the possible lakefront owner to know this. Wetlands may or may not be subject to public trust doctrine. Some of it may be if the water is "navigable" at any time of year. That is a really ambiguous and fought over concept that I won't even

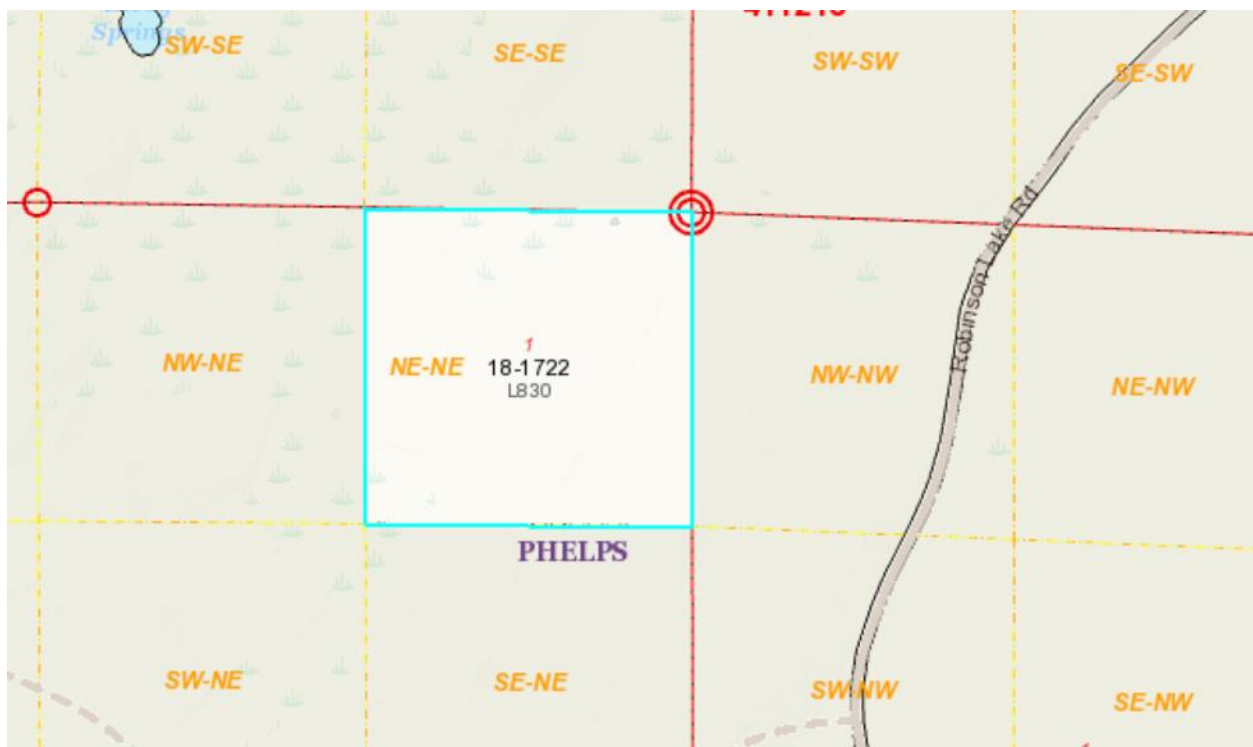
think of covering. Wetlands if they are connected to a lake become something called "lakebed". Lakebed is treated the same as a lake where you have to have a 75' setback. Wetlands can be built right up to the edge (at the time of this writing) so there is a bit of an advantage if the area is simply wetlands and not lakebed. On the other hand, the area of a lake being part of the public trust doctrine should be non-taxable as it is not your property. Wetlands are private property and you are taxed for them. That is another technicality as the taxes in Wisconsin are based on market value and the value is in the *waterfront* not necessarily the water itself.

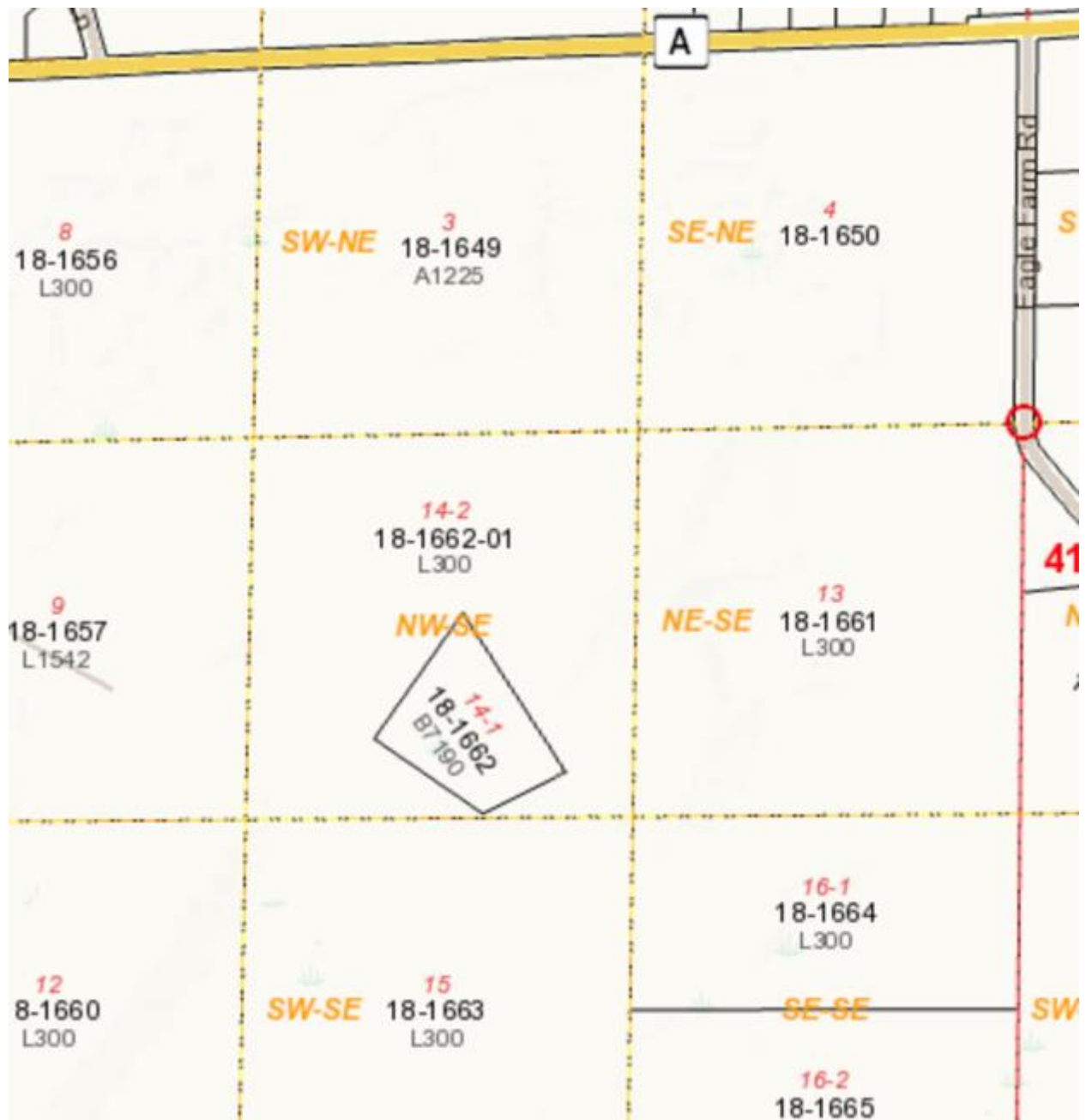
So, expect some wetlands on larger parcels. It simply comes with the territory! If you are looking for a perfectly dry 40, this area may not be for you.

The next item to watch out for is access. We have lots of parcels that are "landlocked". This means that the parcel is surrounded by private or public land but may not have a legal and enforceable way to get at the land. There is not a public road nor is there an easement (a recorded document that allows you to use someone else's land to access your property). I hear

the question already. How in heck did someone create a parcel that you cannot legally get to? I wish I had an answer. It may have been that the original sub-divider sold the parcel to a friend or family and he/she told them “no problem” with crossing my land to get there. That worked for many years here. Easements and express permissions were unnecessary. Unfortunately, it no longer works. Lenders in particular are very uneasy with writing mortgages on land (and homes) with no legal access.

Another example of this is a parcel owned by an individual that is surrounded by public land. Doesn't that sound perfect? In concept it is perfect but the government does not issue easements. Neither the federal government, the state government nor the counties will issue an easement. How odd? It is the government's opinion that they are unwilling to encumber the land with specific easements. They will issue you a 5 year “permit” to use the property. That should be OK, shouldn't it? I am afraid that banks want *permanent and transferable access*. In short, they want an enforceable and recorded easement. This makes building your dream house in the middle of the national forest just that, a dream. You can still do it but you will not find lenders willing to lend. So you would have to finance it yourself and then one day when you go to sell, you will find the value to be substantially less because of the lack of access. The bottom line is access is critical.





The next item you will believe to be silly but I will tell you that you must be made aware. Electricity is not everywhere. How can that be? We can run electricity anywhere can't we? Of course we can run electricity anywhere but we may not be able to do that in a cost efficient manner. Why is that? The utilities now run power underground (except transmission lines) and the reason for it are trees. When the wind blows here, we lose trees and tree limbs. I call it Mother Nature doing some tree trimming. It is a very natural thing. The trees fall on the power lines and we have a short power outage until they fix the lines. In the last 10 years, they have buried most of the distribution lines here in the Northwoods. If you are building a home, they will bury the lines and they will charge you for it. Generally, the utilities will give you the

first 100' to 200' but charge you by the foot for each foot after that. If you are buried say a mile in the woods, you may have a \$125K bill to run power there. We have many areas here in the Northwoods that will simply never have power lines run as it is too costly.

I can say the same thing about natural gas lines. They will try to bury those lines at the same time. You have options with LP (propane). There are numerous LP vendors here and it is quite reliable.

I will add a word here about living "off the grid". I believe a second home or cabin off the grid is a great idea. In my years I have seen some spectacular homes with no electricity. LP can run the refrigerator and lighting and heat. I have seen folks put cisterns in for water. I have seen elevated cisterns for continuous water pressure and I have seen solar water heaters. Many off the grid homes simply put a large LP generator in and when they need AC, they simply turn on a switch and a generator off in the distance rumbles to life. So all the conveniences we are used to are possible off the grid.

Internet is no longer an option. Most of our area is covered with some sort of high speed. The question is always how much high speed. We are not nearly as advanced as the more urban areas. It really is a spot to spot thing. It is best to see what is available. The choices are Frontier for phone based DSL, Spectrum covers part of the area with cable, Choicetel is a local provider that is running fiber optic cable. SonicNet is a local based provider with high speed line of sight equipment. Some people use their cell phone hot spots as most of the area offers 4G at this time. One can always opt for satellite providers like HughesNet or ViaSat. They are fast but can be expensive. They will work anywhere there is a view of the southern sky though.

The next item involves septic systems and wells. Most of our area is not covered by city water and sewer. I would estimate only about 7% of homes in the area have city water/sewer. You would think in an area with pristine lakes would have better infrastructure? I would counter that modern septic systems work quite well and the systems are monitored. Not only must we inspect our systems every three years (by statute) but we also monitor our lakes for seepage. If a system is seeping into a lake, the offender will be identified and prosecuted. We have come a long way in the past 40 years.

As far as wells are concerned, we have wonderful water and lots of it!! Most wells now are drilled wells. In the lakes area, they are between 40' deep and 100' deep. There is some iron content which can be corrected with water treatment systems but most homes drink untreated well water.

A few other points. Level lots are problematic for basements and lower levels. If there is a level flat lot, it will be difficult if not impossible to have a basement. The water table is very high here and when you are level with the lake you will find water just below the ground. It also causes concerns for septic systems. In Wisconsin, septic systems need 36" of clearance between the bottom of the drain field and the ground water (there are some exceptions). One may have to have a mound system (double the price) or worse, a holding tank.

On larger parcels (above 30 acres) we still have a large supply of inventory. We have seen the price per acre drop from \$2000/acre to under \$1600/acre. At this time, there are over 650 vacant parcels for sale in Vilas County alone. We sell around 150 per year. It is clearly a buyers' market for vacant land.

Real estate here is really not all that different than anywhere else. Land is still about location, location, location.

Buy vs. Build

Should I buy an existing home or should I build? One should consider many factors before moving forward. The most important factors are cost of building and location.

At this time the cost of building a home runs in the area of \$150/sq. ft. That does not include the price of the parcel nor does it include the well and septic system. A brief summary of the costs:

1000 sq. ft. home at \$150/sq. ft.	\$150,000
Off-water lot	\$20,000
Foundation and site work	\$15,000
Well	\$5,500
Septic System	<u>\$5,500</u>
Total	\$196,000

The home estimate above is not fancy place. It includes a small home, 1000 sq. ft., vinyl sided with entry level flooring, cabinets and sheet rock walls. It would include an unfinished lower level but no garage. It would be a new home and that is good from a standpoint of maintenance costs and resale.

Why are costs so expensive? I cannot answer that question. That is better answered by a home builder.

I would add that high quality lake lots are rare these days. Why is that? The Northwoods area was heavily logged after the Chicago and Peshtigo fires. A note on the Peshtigo fire; it happened on the same day (October 8, 1871) as the Chicago fire but the Peshtigo fire was much larger and deadlier. The Peshtigo fire burned 1.2 million acres (1875 sq. miles) and killed between 1500 and 2500 souls. The Chicago fire destroyed 3.3 sq. miles and killed 300 souls.

Back to logging. Chicago lost over 110,000 homes and needed lumber. The great Northwoods hardwood forests were 300 miles away. The railroads quickly headed north and the hardwood forests were quickly logged. When the forests were cut the railroads remained and the Northwoods quickly pivoted to tourism. People from Milwaukee and Chicago found that the Northwoods was the perfect place to escape the heat of summer. They found thousands of lakes and the railroads were already in place for the trip up north. Resorts were built and the area began to be developed.

Here is an example of a lake lot and how and when it was developed. I myself built a home on Catfish Lake in 2006. The lot had a home that was built in the 1950's. That was not the original structure. So my own parcel is on its third known structure. There have been at least three generations of homes. My point here is that the best lots were already built on by the early 1900's. Many believe that we are in an area that is undeveloped. While there are areas that remain undeveloped, many areas have been developed for years. It is quite difficult to find a large lakefront lot that faces south, is level and has a sandy beach. That is what most buyers want. It may exist but in most cases there is already a home there.

A note on tearing down existing structures. It is not as bad as you think. Contractors come in to homes to be torn down and try to re-purpose as much as they can. All of the windows will be removed along with appliances and plumbing fixtures. They will go so far as to remove copper as it is quite valuable. Rock will also be re-purposed. A lot of reclaiming of material will occur before the heavy equipment comes in. The cost of tearing down homes is much less than most people think. The home that I tore down cost less \$6000 to haul away.

As stated earlier, we have few areas that have city water and sewer. The state refers to septic systems as Private Onsite Waste Treatment Systems (POWTS). Septic systems are reasonably simple. Mother nature does a terrific job of handling septage (liquid waste). Modern sewage plants utilize bacteria to treat septage. So do septic systems. There are 4 basic types of septic systems; holding tanks, conventional systems, lift systems and mound systems. There is a fifth type and I will call them hybrid systems. They are still evolving but could become more commonplace.

Holding tanks are the simplest of all the systems. All of the wastewater simply flows into a large tank. The tank is pumped periodically. There are no baffles, pumps or drain fields to worry about. The good news is that there is nothing to go wrong with a holding tank. The only way that they fail is that the steel tanks rust out. Modern holding tanks are made out of concrete, fiberglass or plastic. The bad news is that they have to be pumped regularly. Since all water flows into the holding tank, you may have to pump often.

Conventional systems are the most common type of septic system here in the Northwoods. They consist of two basic parts; the septic tank and the drain field. All of the septage flows into the first stage, the septic tank. The tank is generally a 750 gallon or larger vessel. They are normally made out of concrete, fiberglass or plastic. Older tanks were made of steel and most have been replaced as they have rusted out. The septage flows into the septic tank and liquid is

able to flow out into the drain field. A filter known as a “baffle” restricts solids from flowing out of the septic tank. The baffle performs an important role as it acts as a filter only allowing liquids to flow to the drain field. Solids remain in the septic tank until they are dissolved into liquid form. Once they are liquefied, they are allowed to pass through the baffles and flow into the drain field. The drain field is a large area where plastic perforated pipe is laid and liquids flow into and drain out underground. The size of the drain field is determined by the amount of liquid the land can absorb. Here in the Northwoods, we are blessed mostly with sandy soil. The sandy soil is not good at growing crops but it is quite good at absorbing water. The size of the tank and drain field are determined by a) the number of bedrooms in the home and b) the ability of the soil to absorb water. The state has made the determination that septic sizes should be tied to the number of people that could live in the home. This is different from the number of bathrooms. So, a 3 bedroom, 6 bath home will have the same septic capacity as a 3 bedroom 2 bath home. I know that is odd but it is the way the state sees it.

Some solids never liquefy. Foods like carrot peels and potato peels are common examples of solids that are difficult to liquefy. It is for this reason that the State of Wisconsin requires all septic tanks to be pumped and inspected every 3 years. The counties are in charge of enforcing this statute.

The second item is the ability of the soil to absorb water. This test is performed by a licensed soil tester. The soil tester performs a percolation test (perk test) to determine how much water the soil can absorb. The size of the drain field is determined by the soils ability to absorb water. Good soils can absorb .7 gallons of water per minute. The better the soils, the smaller the drain field. If the soils cannot absorb as much water (heavier soils with more clay content) the field must be made larger.

The other factor is that the drain field must be at least 36” above the ground water. This helps prevent septage from contaminating lakes and wetlands. If there is not 36” of clearance, you may have to move the field elsewhere or install a mound type system (discussed later). The parcels that are level to the lake pose a difficult problem for septic systems as there is no place to put the drain field.

Conventional septic systems work very well and are quite common. They are relatively inexpensive and last from 20 to 30 years. They do have to be pumped every 3 years but can easily handle large volumes of water as they have drain fields to eliminate fluids. There is no real downside to a conventional septic system.

The second type of septic system is quite similar to the conventional system only there are now multiple tanks and a lift pump. The lift type system has the same first stage septic tank process as a conventional system. All the septage flow into the septic tank and the liquids must pass the same baffles that act as filters. In this case, they do not flow to the drain field but they flow into a secondary vessel called a lift tank. Sometimes the lift tank is a totally separate tank; sometimes the lift tank is a separate chamber of the same tank. The lift tank is another tank equipped with a pump and floats or limit switches. When the lift tank is full, it is pumped out.

(Insert Septic Diagram)

Generally, lift systems are used where we do not have adequate distance (36" of clearance to the ground water) or we do not have enough real estate to fit a drain field. A typical installation would be a lake home where there are better soils up and away from the lake. Another installation may be that the home is too close to the lake and the septic system pumps far away from the home and lake.

Lift type septic systems are bit more complex and costly than conventional systems. They generally add \$3000 to \$4000 to the cost of a system. Lift pumps and floats can fail. They are more robust in the winter months. This is because they generally are installed without "check valves". This means that when they pump up hill to the drain field that whatever fluid that is not eliminated in the field will flow back into the lift tank. Why would they do that? The reason for this is that you do not want fluid in that line in the winter months as it would be prone to freeze. The only time water is in that line is when water is flowing up hill. The rest of the time the pipe is empty. That is a good thing and makes the system much less prone to freezing in the winter months.

(Insert Lift System Graph)

Mound systems are similar to conventional and lift systems. The septic tank and baffles are there just like conventional and lift systems. The main difference is that the soils are either not suitable for eliminating water or there is inadequate distance between the bottom of the drain field and the ground water. What happens is that you still have the septic tank and possibly to the lift tank but your drain field is now above grade in a sand filled "mound". I refer to the mounds as Paul Bunyan's' grave as it normally is a large mound and is installed above grade. They work quite well but are costly. They are a bit unsightly as one is not supposed to be planting trees and shrubs on the mound. The cost is usually above \$14K.

Wells

There are two basic types of wells, point driven systems and drilled wells. Point driven wells have been historically the way that homes and cabins got their water. They work on the principle of suction. A point with holes is driven into the ground. There are holes with screens in the point and that is what is driven into the water. A pump is installed above ground and the pump works by using suction to get the water up and out of the ground. It is a simple system but they are easy to work on. The pumps can be bought at the local hardware store. The point can be driven in the ground with a sledge hammer. A pressure tank with a check valve are installed near the pump to maintain water pressure and minimize pump cycling. Simple stuff!

The downside of point wells is that you really cannot get much deeper than 40 feet. The principle of suction only goes so far. The other problem is that the screens get clogged with sand and debris and you lose water flow. Point wells are normally limited to lower water flows.

People have a tendency to think that point wells have inferior water, water flow and water pressure. That is not always the case but make no mistake that point wells are sometimes limited.

One other point about point wells (pun intended) is that many point wells are in the lower levels, basements and crawl spaces of Northwoods homes. The issue here is that should there be a flood in the lower level or crawl space, it could flow back into the well and contaminate the well (and possibly the neighbors' wells as well). This practice is a non-conforming well. You will note that I did not call it illegal. It is non-conforming and there is a difference. Licensed plumbers are not supposed to work on non-conforming wells. Home owners can work on non-conforming wells.

Why did they install wells in lower levels? Mostly because there was heat in the lower levels and the well was much more winter hearty if it were put in the basement. You will find a lot of cabins with point wells in basements in the Northwoods. One other related note here is that should the lower level have a walkout, point wells in basements are OK. Why? The chance of flooding and contamination of a well with a walkout basement are quite low as the flood water would simply flow out of the home rather than back into the well.

Point wells sometimes are preferable to drilled wells in areas where better quality water is available at shallow elevations. I know that Squaw Lake in western Oneida County is one of those areas. Tambling Lake in Eagle River is another of those areas where the water quality is better at 30' than at 75'. Some point wells can really produce great volumes of water. Most cannot get over 5 gallons per minute (GPM) but I have seen as high as 12 GPM.

Drilled wells have become quite commonplace. They do not cost a lot more and they are much more winter hearty. Drilled wells do not work on the principle of suction. Drilled wells have a positive displacement pump, generally a piston type pump that resides in a stainless steel cylinder and that sits submerged 50+ feet below ground. This allows much greater pump distances and greater water pressure and volume. It also is built for Northwoods winters.

Drilled wells are normally deeper than 40' deep. They are more expensive than point wells. Drilled wells normally have the same pressure tank and check valve above the surface. Present codes also require an unthreaded sample tap above 12" from the floor.

Drilled wells cost roughly \$1000 to \$2000 more than point wells. Drilled wells are believed to be more robust than point wells. Drilled wells normally offer higher volumes of water and higher water pressure. Drilled wells also do not have screens that clog.

There is no such thing as the perfect home. I have been looking for years and I still have not found it. As I said before I tore down a home and built a new one in 2006. It is far from perfect. If you wish to compare buy vs. build, I would say that if you have been looking for a while and nothing has even come close, you may wish to consider building. Lots are good values right now. It is hard to find really good ones though. Just be prepared to pay a lot to build.

My own personal opinion on the buy vs. build argument is that existing homes do offer more “bang for the buck”. However, if you simply cannot find what you are looking for looking for vacant lots or “tear downs” may be the best option. Exercise caution when building as you do not wish to over-improve a parcel. Like other markets, you do not want to build a million-dollar home in an area that has never seen a \$300K sale.

Types of Homes

The majority of home sales in this market are second homes. Most are on lakes. Most of our homes are not nearly as elaborate as homes you will find in Milwaukee or Chicago. Our homes are more modest. Most of our bedrooms are under 12’ x 12’. Layouts are much more basic.

Our most common styles are cabins, ranch styles, chalets, split levels and two stories.

Cabin

The most basic but very popular style here in the Northwoods is the cabin. Cabins have been around for over 100 years. They generally have no basements and are on a single level. Some are built on “slabs” meaning that they are built on concrete foundations. Some are built on



“piers and posts”. This means that simple piers are supporting the framework of the cabin. Sometimes the piers are concrete posts set below the 48” frost line. Sometimes the piers are nothing more than concrete blocks set on the ground. Some of the cabins are set up well for winter. Some are not set up at all for winter. Most are somewhere in the middle. Surprisingly the amount of insulation is not the major concern when it comes to winter. The hardest part of winter operation is water. Wells and septs have to be set up to operate in the winter so they do not freeze. A point well outside will not survive a Northwoods winter. A drilled well will be fine. There are some tricks you can do. Heat “tape” is commonly used. Heat tape is nothing more than nichrome wire that you wrap around pipes. It normally is thermostatically controlled so it only comes on when the temperature drops below freezing.

Cabins often do not have central furnaces or central air conditioning. They will have space heaters, wall heaters or baseboard heating. All three heating systems will keep you warm.

Cabins are generally under 1200 sq. ft.

Ranch Style Homes



Ranch style homes are also very common in the Northwoods. Ranch homes are built on single story levels. Ranch homes are the most popular style of home in the nation. They are trending up as well as the homeowners of the US continue to advance in age, they are becoming less inclined (pun intended) to do stairs. All one has to do is look at a market like Florida to find out what the trend is. Multi-level homes are difficult to sell and single level homes fly off the market. There are many styles of ranch homes but a popular style is what I call the Florida Split. This is where the common areas (kitchen, dining, living room) are in the center of the home with the master suite on one side and two bedrooms and a bath are on the other side. It is popular as it separates the master from the other two bedrooms.

(Pic of Florida Split Floorplan)

Ranch with Walkout Lower Level

A variation of the ranch home is the ranch home with walkout. This is where the lower level is exposed and windows and doors open from the lower level. Exposed lower levels are popular here as they add (almost double) the finished living area at a fraction of the price. If we use the example from building before:



1000 sq. ft. home at \$150/sq. ft.	\$150,000
Off-water lot	\$20,000
Foundation and site work	\$15,000
Well	\$5,500
Septic System	<u>\$5,500</u>
Total	\$196,000
 Lower level finished	 \$40,000
Total	\$236,000

The estimated cost of framing the lower level and adding a bedroom, bath and family room would be in the area of \$40,000. The finished area would be approximately 900 sq. ft. So the home goes from being a 2 bedroom, 2 bath home to a 3 bedroom, 3 bath and 1900 sq. ft. The

price per sq. ft. above grade is \$150/sq. ft.. The price per sq. ft. below grade is \$45. That is quite a value and explains why lower level walkouts are so popular.

The added finished basement brings the price per sq. ft. to a more manageable \$124 sq. ft.

Chalets

Chalets are very popular here in the Northwoods. They exude the Northwoods charm that many folks are looking for. What they are in reality are ranch homes with a partial upstairs.

Generally, chalets have cathedral ceilings are open concept in design. They are often fitted with log exteriors or cedar siding. They will often have sliding glass doors or French doors in the living area leading to a deck or patio. Some will add trapezoid windows in the second level to allow more of Mother Nature in. Some chalets “prow fronts” where the front windows are



extended out from the home allowing more light in. Chalet homes have tons of curb appeal. They are easy to sell as they appeal to the senses. Make no mistake that this area is filled with second homes and second homes are often purchases from the heart!

Chalets often have a great room, kitchen, dining room and master bedroom on the main floor. There are lofts in the second floor as the second floor is rarely a complete floor. What to do in the loft is always the question. Some lofts are large enough for a bedroom or even two bedrooms and a bath. Some lofts are simply additional living areas that turn into sleeping areas when guests arrive. Still other lofts are used as home offices. I know of one loft with a grand piano (my own home)! There are many possibilities for lofts.

Many chalets have basements that are sometimes finished and sometimes not. As noted above the ranch with walkout, the same costs and principles apply. You can finish the lower level at a much lower cost per square foot.

The biggest advantage to lofts is the charm. The disadvantage is stairs. More and more buyers are becoming wary of their future mobility.

Split Level Homes



Split level homes are not all that common in the Northwoods. They were quite popular in the 1970's. There are many types of split levels but the most common is the tri-level. Like the name implies it has 3 levels. Typically, the main level has a kitchen and living space. There are stairs that go up to the upper level and stairs that go to the lower level. The upper level usually has 2 bedrooms and one bath and the lower level may have another two bedrooms and a bath. Sometimes the lower level has a utility room in place of the bedroom.

A variation on the tri-level is the quad level. Obviously 4 floors in the quad level and the fourth level is below the main living space.

Once in a while you will find a split level entrance home. This is where the entrance is on one level and there are stairs heading up and down from the entrance.

The main advantage to the split level home is a great use of space. Another advantage is that there are not all that many stairs from one level to another. They are energy efficient designs. The downside to split level homes is that they are not at all popular to build these days. So the split level designs seem dated to many. The other downside is the market's aversion to stairs.

Two Story Homes



Two story homes are very popular in American suburbs. They offer tons of living space and very pleasant layouts. I think of them as the quintessential family home. Often the first floor is living space with bedrooms and baths being located on the second level. The photo above shows a variation of a two story with the dormer windows on the second level. Two story homes can fit a very large living space on a very small parcel. They are also more efficient to heat as hot air rises. In a ranch style home, heat escaping to the top of the home is lost heat. Heat escaping upward can help heat the upper level before escaping the home.

The downside of two story homes are the stairs. As stated earlier our American society is getting older and becoming preoccupied by our future mobility (or lack thereof).

Investment

One of the biggest trends I now see is buying a Northwoods home as an investment. Why not buy a home and rent it out? It makes perfect sense if you buy a home and use it 6 weeks out of the year that you would rent it out for the other 46 weeks.

Additionally, we have many other investment opportunities. We have many bars, restaurants, apartments, retail and storage facilities. Another opportunity is to buy “fixer-upper” homes and “flip” them. There are not many people looking at homes that need a lot of love so the price of these homes plummet. If you are looking for the small town way of life, there is no place better than Wisconsin’s Northwoods! We have excellent schools, low crime good access to transportation and health care.

Rentals

There are two ways to rent. One is weekly and the other is monthly. We will start with weekly.

It is not easy to rent a home off water on a weekly basis. Most folks who are interested in renting by the week want to be on the water. So if you want to buy a Northwoods home and rent it out, you should be looking on-water.

Weekly rentals used to be restricted by towns and counties. The State of Wisconsin passed a budget in 2017 that effectively told towns and counties that they could no longer restrict rentals for 7 days or greater. Towns and counties can still regulate rentals by having homes meet codes and pay inspection fees but they cannot stop people from renting their homes out for a period of 7 days or greater. Previously if the property was located in Single Family (R1) Zoning, you could not rent out the home weekly. This was one big hurdle to clear for folks who wanted to rent out their homes.

One item of note is our rental season. Our market has a very limited weekly rental window. We have a harder time renting in the winter months. It is in the summer months when the market is red hot. I tell people that you can count on 10 weeks of rental income. On some of the quieter lakes, you can expect to take in \$1000/ week. For some of the in-demand chains of lakes, \$4000 and up is not unusual. I know of one home that gets over \$12,000/week! It is best to look at the popular websites like www.VRBO.com and www.Airbnb.com and see what other comparable homes are renting for.

How do I do rentals? Some people opt for management companies to assist with marketing, keys, cleaning and taking money. Some folks opt to do it alone. Look for the management cost to vary from the low side of 30% to the high side of 50%. So, if you rented out your home for 10 weeks at \$3000/week, you would “gross” \$30,000 and “net” \$15,000.

Monthly rentals are simpler but do not offer the return. We have a long term housing shortage like many other areas of the country. There is a strong demand for longer term rentals. While demand is strong, the return is not as strong. Why? We simply cannot get a ton of money for monthly rentals as the income levels here are not as high as they are downstate/out of state. A 2 bedroom, 2 bath home will have a hard time getting over \$1000/month. Lake homes do better but you will not find many long term rentals on lake homes. Apartments offer reliable income so they are good sources of passive income.

I mentioned “fixer-uppers” earlier. The market is not strong for homes in need of love. We have many homes that need a lot of love (a whole lotta love). I have seen one fellow buy homes for \$45K and sell them in the high \$200’s. I have no idea how much money (love) he put into the homes but I highly doubt he spent \$125K. If you want to go into “flipping”, the two main ingredients are how much and location. If you can buy any property for the right price, you will make money. The old “buy low, sell high” applies here as well as anywhere. The other old adage “location, location, location” also applies. This is where a trusted real estate professional can really help. They can point out the maximum and minimum values in the area (or lake) and help assist you in the decision.

Utilities

While most of the country can take utilities for granted. We here in the Northwoods cannot. Electricity is in most areas but not all. Natural gas is in many places but most areas do not have access to natural gas. LP gas can be put in most places. Islands are always a challenge (we have many islands here in the Northwoods). I have seen folks put 250-gallon LP tanks on wheels and roll them on to barges to be filled. Cable TV is not in many places at all. The newest requirement is Internet. Most of the area has some sort of Internet. The million-dollar question is “how fast”?

Electric

The main utility companies here in the Northwoods are Wisconsin Public Service (WPS) and WE Energies. There are a few other companies like Excel Energy (a very large utility that services Michigan and extreme northern Wisconsin) Price County Co-Op and Eagle River Light and Water. Surprisingly WPS is now owned by WE so I wonder when their operations will be combined. We still have many power lines above ground but most new ones are now underground. We have a lot of trees here and power lines and trees are a poor combination. The main thing to keep in mind is that you will have to get an estimate from the utility to run power. Sometimes the power line is at the road or at the neighbors. Sometimes it is a long way away. The cost to bury power lines is around \$7/foot. That sounds reasonable but think a power line that has to be run one mile. $\$7 \times 5280 \text{ feet in a mile} = \$36,960$. This is not an uncommon experience.

Easements are always a part of utilities. You would be hard pressed to find a parcel here that does not have a utility easement. An easement is nothing more than granting someone permission to use a piece of your property. Most easements are for utilities. Some easements are for egress (access). In this section, we are just looking at easements that are used for the delivery of electricity, power, phone, cable TV or Internet.

Natural gas and LP

Natural gas is a wonderful thing to have. Heating with natural gas is the least expensive way to heat your home. The other beautiful thing is that once you are connected you will not run out. The issue is that natural gas is not everywhere. There is no natural gas map that is available so you have to contact the utility. The main providers of natural gas are the folks that provide the electricity. I know that is odd. In some areas, WE provides the natural gas and WPS provides the electricity. I have no idea why.

Liquid Propane is always an option. You will see the terms “LP” and “Propane” used interchangeably but they are the same thing. As long as you can get a delivery truck, you can get LP. Islands are always a challenge but in most areas you can get a delivery truck.

You can run many things off of LP. You can run special refrigerators, furnaces, lights and generators off of LP. If you have a dream of living off of the grid, LP is an excellent option. It works well with solar and wind power.

A question that is often asked is whether appliances set up for LP can run off of natural gas. That is not an unusual thing here as people may have LP and one day natural gas becomes available. You do not have to buy all new appliances. Generally, an orifice change on the appliance will allow the appliance to change from LP to natural gas (and vice-versa).

TV

Cable TV is not in many places here in the Northwoods. It is restricted to the larger towns and the areas close by. As a percentage, I would estimate that less than 20% of the area homes have access to cable. Charter/Spectrum is the main cable provider. There is a small local company that is laying fiber optic cable (Choicetel). They do a nice job. I personally find the quality of the picture to be less on the Charter/Spectrum.

Most local residents use a satellite service like DirecTV or DISH Network. The picture quality is excellent and the variety of stations is terrific. It is not all that costly except if you are running multiple TV's. The price seems to jump quite a bit when you have multiple TV's. The one disadvantage to DirecTV and Dish is that snow storms and rain storms can interrupt service. Due to improving technology, the systems are much more reliable than they were even 10 years ago.

One big advantage to cable is that you can bundle Internet access. The speed of cable is outstanding. Speeds in excess of 100MB are possible. One will have no problem with streaming services like Netflix with those speeds.

We have very few broadcast stations up north. WJFW Channel 12 (NBC) is out of Rhinelander and is pretty easy to get with a digital antenna. WAOW Channel 9 (ABC) has a repeater in Eagle River and Park Falls and can normally be received. WSAW Channel 7 (CBS) has some digital repeaters (Sayner) but is not easy to get.

Internet

The Internet is a constantly moving target. I wish I had the luxury of providing a link to a map that would detail where (and where not) high speed access is available. There is no map. The other problem is that high speed is a relative term. Some users may consider 1 MB as "high speed". Some may consider 10 MB as high speed. Still others may require 100 MB. We do not have a map of that either.

What I would recommend is to contact the owner. No doubt the owner will have no idea what they have but it is a start.

The main Internet providers here are Frontier (phone and Internet), Choicetel (phone, Internet and TV), Spectrum (TV, Internet and phone) and SonicNet (Internet). SonicNet uses line of site antennas to deliver high speed. They are a local company and offer terrific service. Choicetel is a local provider as well and they are installing fiber optic cable in some areas of the Northwoods.

One other Internet option that is available anywhere is via satellite. If you have a view of the southern sky, you can have access to high speed Internet. The two bigger providers are HughesNet and ViaSat.

Frontier	(866) 898-7455	www.frontier.com
Choicetel	(715) 480-4800	www.choicetel.net
Spectrum	(833) 694-9256	www.spectrum.com
SonicNet	(888) 631-9666	www.sonicnet.us
HughesNet	(855) 386-1643	www.hughesnet.com
ViaSat	(888) 746-8960	www.viasat.com

Garbage

Garbage haul away service is available in most areas of the Northwoods. The two largest providers are Advanced and Eagle Waste. There are numerous smaller providers as well. You

always have the option of going to the landfill on your own as well. Vilas County has a landfill that is located 11 miles west of Eagle River on Hwy G. Oneida County has a landfill as well and that is located 12 miles west of Rhinelander on Hwy K.

Advanced Waste	715 356-9089	www.advanceddisposal.com
Eagle Waste	715 477-0077	www.eaglewasteandrecycling.com

Schools

I am very familiar with the local schools here in the Northwoods. Not only did I grow up here and attend schools here, I have served on the Northland Pines School Board for 12 years. The schools here are terrific! Most property owners are second home owners and do not have the chance to send their kids to our local schools. Our schools routinely outperform state and national test scores. We try very hard to provide as many options as we can for students and keep our property taxes low.

A few points. Our school districts here are huge! How big are they? They are hundreds of square miles big. The number of students per square mile here is anywhere from a high of 6 to less than 1 per square mile. What that means is that we have to bus the kids pretty far.

Our teachers do a terrific job and care about the kids. We do offer a small town atmosphere. The staff often knows the parents and the kids and that is a good thing.

One other point here is that the taxes paid are a bargain compared to other areas. It is typical for homeowners to pay approximately \$.01 for each dollar assessed. This means that a \$300,000 home will typically have a tax bill in the area of \$3000.

Taxes

One of the perks of living up north are the taxes. Generally speaking, the property taxes are lower here than down state or out of state. There are certainly lower tax areas in the country but this may be one of the lowest tax areas in the Midwest. As pointed out in the previous section one can expect to pay approximately a penny for each dollar assessed. So for a \$100,000 home you can expect to pay around \$1000 in property taxes (1.0%). The average for the state of Wisconsin is almost double that amount (1.95%)

I will make an attempt at explaining how taxes are assessed and collected in Wisconsin. First taxes are collected in arrears in the State. This means that we collect taxes for the year prior.

It does not make a lot of sense but it is the way it is done. Sometimes it is just best to accept a fact and in this case that is exactly what I am suggesting.

Wisconsin bases property taxes on assessed value which is based on the market value for a property as of January 1. An assessor will assign an assessed value on a home. In this area, none of the towns have the budget to hire full-time assessors. They hire part-time people who act as assessors. The various taxing authorities (cities, towns, counties, school districts) calculate their budgets and submit those to the county in the fall. Here in the Northwoods, the counties assemble the tax bills. The State Department of Revenue adjusts the values by a factor and that results in what is called an "equalized value". Imagine a county that is made up of several townships and each township has a different tax rate That is where the equalized value comes in. The DOR makes an effort to equalize values between the townships and that is the equalized value.

Taxes in an example township (I will use my town, the Town of Lincoln)

Assessed Value	Taxes
\$100,000	\$999
\$200,000	\$1,998
\$300,000	\$2,997
\$400,000	\$3,996
\$500,000	\$4,995
\$750,000	\$7,493
\$1,000,000	\$9,990

There are some tax credits too, state tax credits, first dollar credit and they will add up to additional tax savings. For this discussion I will keep it simple and if you wish to learn more at the website link below.

The State has a great overview of the taxing process:

<https://www.revenue.wi.gov/DOR%20Publications/pb060.pdf>

A few other items of note. Assessed and fair market values here in the Northwoods are not always accurate. I would not use them as an accurate measure of market value. The total assessed value is made up of the land value and improvements value. The land value is exactly what it means; the value of the land itself. The improvements value includes all improvements; the home, garage(s), well, septic, piers and so on. I believe that the values represented in the land values can be pretty accurate. The assessors are armed with a lot of data and can often be pretty close with their estimates. Where I find more room for error is the improvements value. Assessors generally do not enter homes here in the Northwoods. Unlike other areas of the state, assessors do not have interior features and dimensions included with their improvement values. This is not a bad thing. I would suggest that one keep this in mind when looking at homes.

Tax bills are sent out in December. The first half is due January 31. The second half is due July 31. You are assessed a penalty if you do not pay before July 31.

There is such a thing as Managed Forest Land (MFL). If you have larger wooded property (10 acres or more), one can enter into MFL. MFL is a program where the property owner trades a much lower property tax rate and assigns timber rights to the state in return. It is a program that has been in place for many years. It is meant to manage our Northwoods forest land.

There are two types of MFL programs. One is MFL Open and the other is MFL Closed. MFL Open allows hunters and hikers to access your land. MFL Closed is where hunters and hikers are not allowed to access your land.

What kind of tax break can one expect with MFL? The tax bill can drop to as low as \$1/acre for MFL Open. MFL Closed is not as great a tax break. MFL programs are entered into in 25 year increments. One can withdraw from MFL but there are penalties.

What do you give up in return for the great tax break? You give up a lot as you are allowing the State to monitor and harvest trees of value. They may be hardwoods or they may be mature pines.

The State does have a great site that can tell you much more about the MFL

<https://dnr.wi.gov/topic/ForestLandowners/mfl/index.html>

The State of Michigan taxes properties altogether different than Wisconsin. Michigan has some stunning lakes and property but be prepared to pay higher property taxes. Some good news on this is that Michigan has very low taxes on pensions.

Michigan taxes properties on how they are used. If you use the home as your primary residence (homestead) you qualify for a much lower property tax rate. If you do not use the home as your primary residence (non-homestead) you must pay a much higher tax rate. As of this writing, the tax rate for the Town of Watersmeet, Gogebic County Michigan (Cisco Chain) is \$27.51 for homestead and \$45.39 for non-homestead. Michigan does not use the assessed values like Wisconsin. They use something called State Equalized Values (SEV's) and they are approximately equal to 50% of the purchase price. So if you purchased a \$400,000 home, the SEV would be \$200K and the taxes would be \$5,502 for homestead and \$9,078 for a non-homestead home. There is some good news here in that your SEV is fixed and cannot increase more than a few small percentage points per year. The longer you own your home, the lower your taxes will be vs. neighboring properties.

Michigan has a very helpful website:

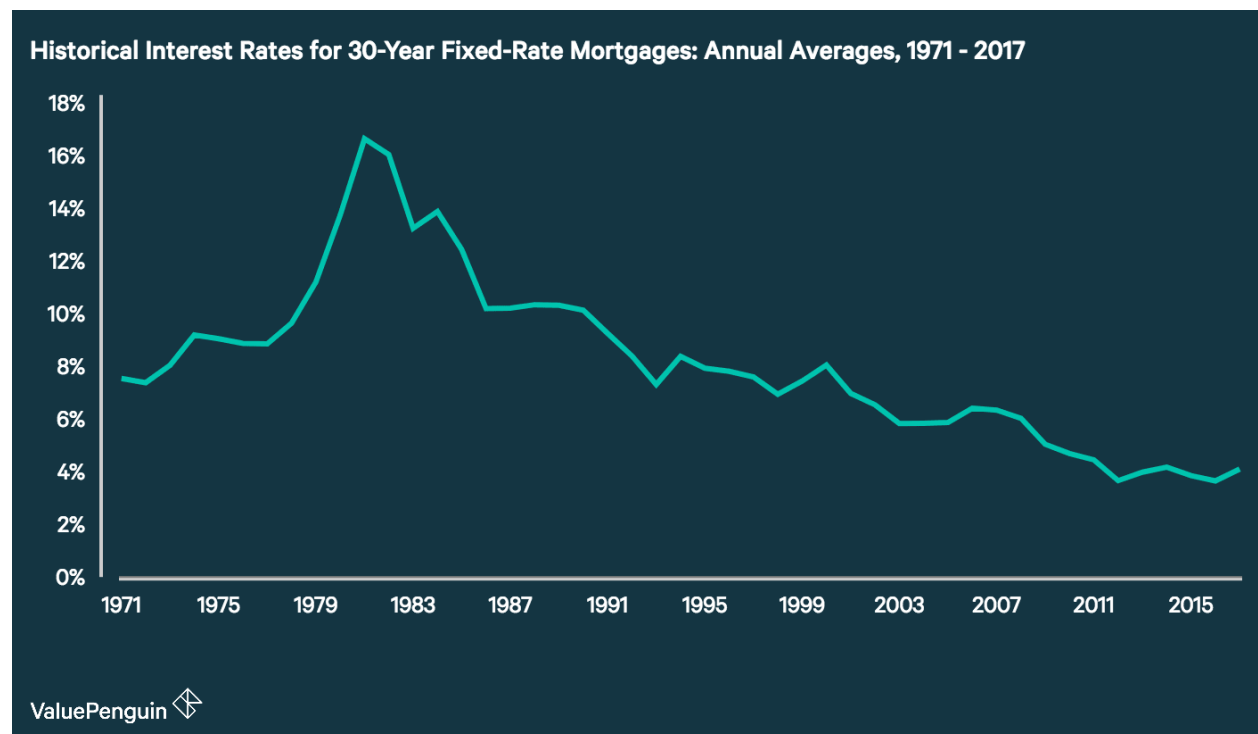
<https://treas-secure.state.mi.us/ptestimator/PTEstimator.asp>

Banks and Lenders

When you are shopping for a home, you want the best deal. The seller wants the best deal as well. There is one other party that we have to be concerned with and that is the lender. Banks and lenders are often as important as the buyers and sellers. I know that sounds silly but it is the truth.

The most basic types of loans are fixed rate, adjustable rate (ARM's) and balloon mortgages. Fixed rate loans are also known as conventional mortgages. They are typically 15 year or 30 year mortgages. Adjustable Rate Mortgages (ARM's) offer a rate that is adjustable and is typically tied to some standard rate (Federal borrowing rate). Balloon mortgages are normally fixed for a 1, 3 or 5-year period and then the balance (balloon) is due at that time.

The home mortgage system we have in the US is the envy of the world. Very few countries have the majority of citizens who actually own homes. The typical percentage of Americans who own homes exceeds 62%. It dropped below 60% in 2012-2015 but has since bounced back. The main reason for the high percentage of home ownership is access to home mortgages and low interest rates. Below is a chart that shows the mortgage rate since 1971. One can see that even rates nearing 5% is well below the historical average.



There are numerous options for loans. The most popular is the 30 year fixed rate conventional mortgage. In the US today, 30 year conventional mortgages are almost exclusively controlled by Government Sponsored Entities (GSE's). The two largest GSE's are the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Lenders who are offering 30 year fixed rate mortgages generally are not underwriting the mortgage themselves. They write mortgages, package them with other mortgages and then sell them to Fannie or Freddie. This practice is not widely publicized but banks have become more extensions of Fannie and Freddie than they like to admit. They still will have what they refer to as "portfolio loans". These are non-Fannie/Freddie loans and are Adjustable Rate mortgages or balloon loans.

So when you are applying for home mortgages, you are really applying for Fannie Mae and Freddie Mac loans. This causes some problems for us here in the Northwoods as the Fannie Mae/Freddie Mac rules were written primarily for the urban/suburban market. Fannie/Freddie does not like private roads and Fannie will not underwrite on private roads without road maintenance agreements. There are other issues similar to this that we have to be wary of.

There are numerous subtypes of loans, VA, FHA WHEDA and Rural Development. VA Loans are underwritten by the Veterans Administration and are (obviously) for veterans. They offer very low down payments and very low interest rates. They are a very good deal and should be taken advantage of. FHA loans are underwritten by the Federal Housing Administration and are difficult to obtain. FHA loans have numerous restrictions that area homes often cannot meet. They also require special appraisers/appraisals. You will not find many local lenders that will write FHA loans.

A program that offers the terms and conditions of FHA loans is WHEDA. FHA and WHEDA offer low down payments, low fixed-rates and low closing costs. WHEDA is underwritten by the State of Wisconsin and is much more achievable (and therefore popular) among lenders. Rural Development loans also offer low rates and are an attractive option for home buyers.

Adjustable Rate Mortgages (ARM's) have fallen out of favor for home buyers since the early 1980's. Before that time ARMS were popular. In the 1980's interest rates skyrocketed to over 17%. Folks who experienced that rate have long memories and do not wish to revisit.

There are different sorts of ARM's and common variants are the 1 Year, 3 years and 5 year fixed ARM. The interest rate remains fixed for the selected period of time. It is normally a more attractive interest rate for the consumer and one that should be considered especially if one does not believe that they will own the property for an extended length of time.

Let's look at some facts. Over 90% of home purchases in the area are financed. Mortgages are necessary and when mortgages are necessary, appraisers become necessary. Appraisers are similar to assessors but they do not work for the government. Appraisers work for the lender.

One of the biggest problems we have with lenders is the appraisal itself. It adds a complicated factor that neither party has any control over. Often the appraisal comes in lower than the value agreed upon. Even if buyer and seller agree on a price we are not quite done yet. If the appraiser comes out and says that the home is worth less than what buyer and seller have agreed upon, the deal is not yet dead but something will have to be done about the shortfall. Either the price will have to come down or the buyer will have to come up with extra cash to cover the difference. This can be a deal killer. It is one of the reasons I would tell sellers that cash offers without financing add value. How much value? That can only be determined by the seller.

It is highly advisable that how you plan on financing the purchase be addressed prior to going home shopping. If you are a first time home buyer, there are courses in financing that will actually reduce the interest rate that you qualify for. I know that sounds too good to be true but taking these courses can save thousands dollars. For the established home buyer, it may pay to finance with the equity from your main home (known as Home Equity Line of Credit or HELOC's). It may make more sense to take out a mortgage on the second home. It is definitely worth the time to visit with a trusted banker or REALTOR. They can offer some information and advice that may make the decision process easier.

The other reason it makes sense to explore financing options is that should you find the place you really want, having your financing together may make the difference if you are bidding against other buyers. If the other buyers have not yet explored options, the seller may opt for your offer as you have already "dotted your I's and crossed your t's".

The Buying Process!

After all of the preamble, we are finally ready to discuss shopping for homes!! Where do we start? I cannot make that decision for you but I will offer some tips. First, you must decide what you want. I know that sounds ridiculous but you do have to know what you want. Here are some items:

1. On Water or Off Water
2. Area
3. Value
4. Lake Size
5. Lake Quality
6. Lake Frontage
7. Lake Elevation
8. Lake Chain
9. Fishing
10. Swimming
11. Boating
12. Water Skiing, Motor Sports

13. Home Quality
14. Beds and Baths
15. Spot
16. Lot Size / Privacy
17. Wooded or Open
18. Garage / Storage
19. Basement
20. Price Range

This is not a complete list. These are the things I hear when showing homes. What I normally hear is that “I want it all”. Wanting it all is a natural response. I am afraid that like other things in life you cannot have it all. Even if the budget is unlimited, you won’t find everything you want in a home. Not here, not anywhere. Money can always get things the way you want but when shopping, you will have to compromise.

If you have a significant other, you may wish to decide what you want as couples often have different opinions as to what they want. So what I suggest is that each of you write down the 5 items that are the most important. You will note that rarely do the 5 items match. In fact, the items written down may not even come close to matching. If you are married, the art of compromise is already a well-known exercise. On a side note here I will tell you that in my experience that the wife generally makes the real estate decisions. Of course this is not at all scientific and is purely anecdotal. However, in my experience the old adage “if the wife is not happy, no one is happy” applies. Back to the list question, it is a good idea to at least discuss the differences. I find that folks who have a better idea of the items that are of most importance are more successful in their searches.

1. On or Off Water

Now back to the list. On water or off water should be the most obvious. I will emphasize here that our lots are often worth more than the homes. I know that sounds impossible but it is often the case. A lake parcel may be worth \$300,000 and the home sitting on it is only worth \$100,000. So if you are on a budget and want a really nice home you may wish to look at off-water or on one of our smaller lakes and rivers. Smaller lakes sometimes offer really good quality water and fishing and cost a fraction of larger lakes and lake chains. River frontage often is very inexpensive and offers great fishing and views. Lake lots can vary from a low of \$20,000 for smaller lakes with “fisherman frontage” to over \$400,000 for our most in-demand lakes. The average price for a lake lot is approximately \$150,000 at this time. So now that you have an idea of how much a lake lot may cost, you can better answer the question if I wish to be on a lake or not.

2. Area

Area is often a must. When people first start to shop for Northwoods properties, they have a tendency to treat the area as a compact area. It is quite large. Vilas and Oneida Counties are

considered the heart of lake country and offer over 2200 square miles. It can take over an hour to go from one end of either county to the other. Some buyers wish to be near friends and relatives and over an hour commute may not be acceptable. Others spent time in a specific area growing up and wish to be nostalgic and return to that place. Area may be a very important item to some buyers.

3. Value

Some buyers place “deals” above all else. This is where I want to look for foreclosures, short sales and sellers under duress. I understand this and it is a wise practice. I have helped buyers and sellers in these situations. Imagine buying a home for \$40,000 and fixing it up and selling it for \$295,000. It happens in the Northwoods. Some folks buy a home, fix it up and just use it. The downside of using value as the main criteria is that there are very few bank owned properties and that they may not be in the area where you wish to be. The bottom line is that one will compromise on other search criteria when value is the main component of the search.

4. Lake Size

Lake size can be quite important. One thing to keep in mind is that lakes under 50 acres are non-motorized lakes in Wisconsin. No gas powered motors, no electric powered motors, just sails, oars and paddles. A few lakes above 50 acres are also non-motorized. There are a few no-wake lakes too. How do you know? The obvious answer is lake size. If the lake is under 50 acres, you are looking at a no motor lake. If it is between 50 and 100 acres, it could possibly be a no motor or no wake lake. How do you know? It is best to ask the REALTOR as he/she will know. If you want some variety to your lake, I would suggest over a 200-acre lake or a lake chain. That will really narrow your search.

5. Lake Quality

Lake quality is a loaded term. Some people believe a high quality lake is crystal clear with no weeds. Others believe a high quality lake is deep and spring fed. Others may believe that a high quality lake offers great fishing. Please realize that there is no objective scoring index to lakes. Some lakes have clear water. Some lakes have stained water. Both may be considered high quality. The reality is that lake quality is often perceived. Some lakes are very much in demand and are considered high quality when in fact they may have a very high trophic index (weeds). Some lakes are totally unknown and have clear water, sand beaches and good fishing.

When you are shopping, you may want to create a list of lakes that are highly desirable and lakes that you do not wish to be on. That is not easy to do as there are over 4000 lakes in the area. It may be worthwhile to discuss with a REALTOR or if you may wish to consult with a fishing guide or bait shop. I believe that talking to someone knowledgeable with area lakes is highly advisable.

6. Lake Frontage

I do not know anyone who wants weedy frontage. Everyone wants sandy swimming frontage. The irony is that no one swims in lakes anymore! Why do you need sandy swimming frontage? I get it that people envision their kids and grandkids swimming.

The reality is that only a small percentage of our lakes have sandy swimming frontage. Some have weedy frontage but most lakes have a mix of both. You will find more weeds and silt (silt is decomposing leaves and pine needles that has settled on the bottom of a lake) in small, quiet protected bays. You will find less weeds and silt in areas that are open to the wind and waves. Why? The wind and waves have a tendency to push the weeds and silt away from the shoreline and into deeper water.

A quick lesson in economics is that if everyone wants sandy frontage but only a fraction of properties have it, it makes those properties that have sand more expensive. You may have to pay a premium to get the sandy, swimming frontage. The question I always get is “can I fix the frontage” by hauling in sand? The answer is no. That is not healthy for the ecosystem of a lake. Most lake lots here have some “good” frontage. Rarely do you see all sand or all weeds. You will see a lot of lakes that have stone and gravel. Those are great for boating (and fish spawning grounds!). I would put the pier in where the stones are or where it is less weedy. If the kids want to swim, I would take them out to the middle of the lake, put life jackets on them and jump in there. I did this for years when I lived in a weedy bay. There are sand bars all over the place up here too. Find a good sand bar and pull in there. You can get a bargain on a home and still go for a swim.

7. Lake Elevation

A growing concern are stairs. Everyone is convinced that they will be immobile in the near future. As we live longer, mobility does become an issue. I get more buyers that really want level lots. A level walk to the lake is a wonderful thing. The reality is that level flat lake lots are rare here. When the glaciers receded and left us with thousands of lakes, they left a hilly terrain. Most of our lake lots have some slope.

There are a few disadvantages to level lake lots. The water table is quite high here so if the lot is level, you most likely will not be able to get a basement in. If you go down a few feet, you will hit ground water. The other disadvantage is that the septic system may have to be a more expensive “mound” system or possibly a holding tank. We discussed earlier about the 36” of separation that is necessary between the bottom of the drain field and the ground water.

Some positives for elevated lake lots. You can get really good views from higher elevations. Mosquitoes are ground dwellers and generally do not like elevation. You are able to get basements in and walkout basements are common with elevated lots.

Some elevation may be necessary. A workaround may be a gradual path to the lake that a golf cart or UTV can navigate.

Can you “fix” the elevation? Most likely you cannot. It will depend how close the home is to the lake. The closer the slope is to the lake, the less likely you will be able to re-grade the elevation. The general rule is you are not allowed to do anything within 75’ of the shoreline. This is a state statute (not local) and is meant to protect the lake’s ecosystem.

8. Lake Chain

Lake chains are really fun. I grew up on a stand-alone lake, Little St. Germain. I have very fond memories of swimming, fishing, boating there. I now live on the Eagle River Chain of 28 lakes and I really love it. I love the variety of things you can do on a chain. There are 15 bars and restaurants that are a short boat ride away. You can fish pan fish with the kids or even join the Monday Night Musky League. How cool is that!

If you are looking for the peace and quiet of the Northwoods, I would steer clear of lake chains.

For more information, here is a brief list of area lake chain associations.

Eagle River Chain of Lakes	https://www.eagleriverchain.org/lakes.php
Three Lakes Chain of Lakes	http://tlwa.org
Cisco Chain of Lakes	https://www.ciscochainroa.com
Minocqua Chain of Lakes	http://minocquakawaga.org
Fence Lake Chain of Lakes	http://www.fencelakeassociation.org
Manitowish Chain of Lakes	http://mwllakes.com

9. Fishing

Fishing can be another one of those loaded questions! A prized fish for one can be just bait for others. Some are walleye fisherman as they are considered a delicacy. Others like bass as they are tremendous fighters. Still others like the freshwater barracuda that are at the top of the food chart in these Northwoods waters and that is the musky. Muskies are known to be the fish of 10,000 casts so they are not the easiest fish to boat. They are filled with bones so they are less than ideal for eating. As Kings of the Underwater Jungle, they are unafraid of anything. I recall that I was in the water banging on my boat lift one day trying to loosen something and a large musky came right up to me and was curious where the load sound was coming from! Muskies are voracious eaters particularly in the late fall and grow to be over 50” long. They also are known to be great fighters.

Northern pike are cousins to the muskellunge. They are toothy critters and look quite similar only a bit smaller and with spots instead of stripes. They too are great fighters and are a lot of fun to catch.

What is interesting is that we would go a whole summer back in the 1970’s and catch maybe 6 legal muskies (now 36” is legal). It is not unusual for a single musky fisherman to catch 6 legals in a month. A lot of this is due to the great sportsmanship of the fisherman as they practice

CPR (Catch, Photo and Release). There are advocate groups like Muskies Unlimited that preach catch and release, humane fighting (so you do not kill the fish during the fight) and stocking of lakes. I can say that musky fishing is much better than it was when I was young.

Walleye are a treasured fish in the area. Much of it has to do with the great taste of the fish. One can travel to all of the Michelin 4 Star Restaurants in the world and it may not match the meal of a fresh caught walleye cooked on a simple frying pan. It is a true delicacy and one that must be experienced.

The smallmouth bass population has increased through the years. Bass are not as sought after as they can be a bit strong tasting. Bass are a lot of fun to catch as they are real fighters. Bass are quite aggressive and at present we are fighting a bit of a battle as they are eating large populations of walleye "fry" (small minnow size). Largemouth bass are larger versions but they are not as common as the smallmouth.

Many of our clear water lakes do have lake trout. Trout are often indicators of very good quality water. Lakes like Trout Lake, North Twin Lake, Beatons Lake (Michigan) have very good populations of trout. We also have numerous (and largely unknown) trout streams with brook and rainbow trout. The State of Wisconsin recognizes the area and its trout streams. Here are two maps:

Oneida County:

https://dnr.wi.gov/topic/fishing/documents/trout/trout_maps/Oneida_color_landscape.pdf

Vilas County:

https://dnr.wi.gov/topic/fishing/documents/trout/trout_maps/Vilas_color_landscape.pdf

Panfish are plentiful in the area. There is nothing like going out with the kids on a sunny summer day and catching some sunfish, crappies and bluegills. They are fun to catch and are really good in a fry pan as well!

If fishing is important to you, you will want to check out the lake. I do not personally trust the online reviews as much as I trust the local bait shops and fishing guides. Many online "fisherman" write after a bad experience on a lake. Let's face it, fishing takes luck and skill!!

10. Swimming

Swimming is an easy topic to address! Put on a swimsuit and jump in! What do you do in the winter? Not as easy to check out. You can drill a few holes through the ice but realize that most weeds die off in the winter. The big thing with swimming is a firm bottom. If there is sand and stone, you will be in pretty good shape. If there are wetlands, vegetation I would say you are going somewhere else to go for a swim.

I don't really understand the need for swimming frontage. Most people do not swim in lakes any longer for fear of bacteria or whatever invisible things are out there. My own opinion is that there are probably worse things in pools and hot tubs than in lakes! So why the need for swimming frontage? I think people have this romantic vision of the family coming up north and swimming.

The reality is that swimming frontage is expensive. You will pay a large premium for the sandy frontage. I have lived on both swimming frontage and "fisherman" (weedy) frontage. I had small children with the fisherman frontage and I simply drove a pontoon boat to the middle of the lake, donned life jackets and jumped in. The kids loved it! The other thing we did was go to the local sand bar and anchored and swam there. There are plenty of sandy beaches on public land too where you can beach the boat and just hang out.

My point here is that if swimming is a daily thing, you must get swimming frontage. If swimming is a part time or once in a while thing, there are plenty of options out there.

11. Boating

I love to boat. It is one of my favorite things to do. I believe this area is the boating capital of the planet too. Why? You can boat to many lakes on almost any day the water is open. It does not matter if you have a 12' fishing boat or a 30' house boat, you can get on the water. I have sailed in the ocean, boated the Great Lakes and I know you have to really respect the sea. There are days when you cannot and should not go out on the Great Lakes or the sea. Around here you always respect Mother Nature as well but you always have cover. You are never far from a shore or a boat landing.

You also have tons of things to do on the water. Yes, you can fish and boat to dozens of bars and restaurants. You can also just take in nature. One never tires of watching eagles soar. We also have a very large population of the rarer osprey (fish hawk) which can tuck and dive hundreds of feet in search of a fish. You get a totally new perspective of the beauty of the Northwoods from the water.

Larger lakes and lake chains offer better boating options. If boating is at or near the top of the list, I would suggest a lake larger than 200 acres or better yet, a lake chain.

12. Water Skiing and Motor Sports

I know many of you are not wild about water skiing, wake boarding and jet skis. I will admit that I have done all of the above. I still own a personal water craft (PWC). I respect other boats and the 200' rule from shore. I realize that many PWC drivers have had little or no education on boating rules. That is the frustrating part for me.

I have an autistic son who lives with us. He loves to go for his daily jet ski ride! It is something that he really enjoys and I enjoy sharing that experience with him.

Some towns have restrictions on hours that you can ski. The Town of Cloverland (between Eagle River and St. Germain) allows skiing between 9 am and 6 pm. Other towns have similar restrictions. It is best to check with a REALTOR.

If water skiing and wake boarding are important factors, I would strongly suggest larger lakes (above 300 acres) and lake chains.

On the other hand, if you wish to avoid jet skis and water skiers, you may want to look at smaller lakes and lake chains.

13. Home Quality

What does these criteria call home quality mean? I cannot define it; only you the home buyer can define it. My idea of home quality is irrelevant. It is your idea of home quality that counts.

One thing I always tell home buyers is that the spot is always the most important thing. The home can always be improved on. Some buyers believe me; some do not. My point here is that home quality may mean 3 bedrooms and 2 baths. If a home that has most of the other requirements but only has 2 bedrooms and 1 bath, should it be eliminated? Should you consider it anyway? Should you think about finishing the lower level? Should you put on an addition?

There are obvious home quality issues like baths and kitchens. Does it pay to redo baths and kitchens? There are no easy answers. I would consult a REALTOR as they can show you the average return on a remodeled kitchen or bath.

I do run into buyers where home quality is the main issue. Sometimes I find that out after showing them several homes. They are drawn to the homes that are new or like new. Sometimes they do not even realize that they home quality buyers!

14. Beds and Baths

Some buyers make the number of beds and baths the primary search criteria. When shopping for homes in more urban/suburban markets, there are really 4 main search criteria, area, price, beds, baths. Here in the Northwoods, beds and baths are certainly important but I always consider the spot to be the most important. I believe I can always "fix" the home with additional beds and baths.

15. Spot

Ah, my favorite category. I know it is really hard to be objective with this term. There are lake lots on off-water lots that have curb appeal, where you drive in and you know you have found your place. It may be the warmth of a log cabin. It may be towering Norway pines lining the

driveway. It might be a stunning lake view. These intangibles are hard to quantify but make no mistake they are part of the buying decision.

You have heard me before say that you can always improve the home but you may not be able to improve the spot. This is especially true of lake lots where you really are prohibited from improving shorelines and anything within 75' of the waterline. So, the spot is very important.

16. Lot Size and Privacy

Many buyers put a priority on lot size. We are very lucky in that we have lots of land. Over half of our land is public too! Is there a chance that the Northwoods will become overdeveloped? While I cannot say that for certain I can say that our zoning restrictions and the amount of public land we have will really limit development. The minimum lot size for an off-water lot is 1.5 acres.

We still have lots of 40's and parcels larger than that. Land is still very inexpensive. As of this writing, a 40-acre parcel will run under \$90,000. I have many buyers that look at buying/building on a large parcel instead of a lake lot. Taxes are less and you can always trailer to one of the 4000 area lakes.

I will say that "large lot" can mean a lot of things. Same thing with "great privacy". I consider great privacy not being able to see the neighbors. Others may have a different opinion.

If privacy is a great concern, you may want to look off-water. Lake lots are harder to find and most lake lots are smaller.

17. Wooded or Open

You are considering buying a home in the Northwoods. Note the *woods* part of Northwoods. We are heavily wooded here. We can have long and quite detailed conversations regarding pines, hardwoods, pioneer trees, virgin forests, forest management and the like. While I am not a fan at all of clear cutting, I do see some value in managing forests. Years ago there was a terrible wind storm in the Boundary Waters area of Minnesota (and Ontario's' Quetico Provincial Park). The US Forest and Canadian Forest Service chose to allow nature to run its course. A massive forest fire was the result.

What could have been done? While I am not a forester I do believe that some limited removal of downed trees could have limited the extent of the massive wildfire. Likewise, the removal of downed and dying trees from forests can improve the quality of the remaining trees.

We still have thousands of acres of virgin forest here in the Northwoods. They are easy to spot as the "canopy" is so dense that growth of shrubs is inhibited. Virgin forest is gorgeous but it is not conducive for deer, rabbits and grouse as they all need shrubs to survive. The Native American population fully understood that virgin forests were not the best hunting grounds.

They would actually burn sections of forest knowing that this will improve deer and rabbit population in the future.

The one group that really wants open area are the horse people. Horse people need pasture land. Our soil here is sandy which is good for drainage but not necessarily the best for growing crops or pastureland. However, we do have lots of horses here in the Northwoods. They really love cleared land. Most other buyers are looking for wooded land.

18. Garage/Storage

It is amazing how a person can fill an empty garage! If you have a 2 car garage, it will be filled. If you have a 4 car garage, it will be filled. If you have a 40' x 75' pole barn, it will be filled. It reminds me of "Field of Dreams", "build it and they will come". If you build it, it will fill up. There are cars, boats, snowmobiles, ATV's, UTVs and more. If you do not have the stuff, your brother, sister, cousin neighbor or someone will "help" you fill it. I am guilty of this. I have lots of garage space and guess what? I need more and borrow some from my parents! I will admit that I am in the process of purging though.

The one thing I will point out here is that you have to be aware of overdeveloping. Different towns and counties have different rules. The one common rule is a state statute that you cannot develop more than 15% of the available land on a lake lot. What does this mean? If you have 100,000 sq. ft. (2.2 acres), you cannot have home, garage, driveway, decks, concrete, and any other impervious surface greater than 15,000 (15%). You also are not allowed to create living space in a garage. This means no plumbing or living areas in garages. They are meant to be storage spaces. Although we here in the Northwoods refer to garages that are heated and with amenities like plumbing and satellite TV as "male crisis centers". It is a place for the spouse to take cover when they are in trouble.

19. Basement

Basements are really a Midwest thing. When you go to the southwest, west or Florida, basements are non-existent. Here in the Midwest they are all but a requirement. I have no idea why. Perhaps it is storm related; maybe it is storage or maybe it is the opening scene from "The Wizard of Oz". I would love to point to some specific incident that said "you should have a basement". Basements are good for storage. They are good for taking cover during storms (we are a bit too far north of the tornado area here). They can be wet, damp or/or musty.

Our asset/problem here is water. We have lots of it and when you dig below the ground, guess what you will find!! Yes, more water!! If you have a parcel without much elevation from the lake, you will find water at very shallow depths. You of course can "waterproof" the basement but I will counter that Mother Nature always wins!

Water is incredibly smart. It will work hard along with its pal gravity to find a way into your basement.

This does not mean you cannot have a basement. We have sandy soil here so those homes without basements generally do not even have sump pumps! The soil takes the water away naturally. You just have to be smart about where you have a basement and where you do not. It is best to check with your REALTOR or your builder.

20. Price Range

Of course price range is a consideration. There are not many folks without a winning Powerball ticket where price range is not a consideration! Price range should be a consideration. What I do find is that buyers may start in one price range and move into another price range after shopping. Why? Imagine beginning your search and realizing that you want more house or more lake. It happens. Then the price range moves up. Once in a while it moves down but not as often. I have one fellow who recently retired and has a place on a nice lake but wants to spend half the year in Florida. He is wanting to sell his lake place up north, purchase a home off water and use the extra money to buy a second home in Florida. It is not exactly stepping down in price range but it is an example of something similar.

The Purchasing Process

Speak to A Lender

The first thing you should do is speak with a lender. Most buyers believe that their credit worthiness is above reproach. That may be true but lenders would ask for tax info and W2's from everyone including Warren Buffett and Bill Gates! That does not mean that you should submit a full-fledged credit application. What I would suggest is that you speak to a lender. They will ask some very basic questions and give you something called a "pre-qualification". Why should you do this? Before you go out and spend days and weeks looking for a home, you should make sure the lender will finance.

A few things.

Second homes are treated different than primary homes. You should speak to a lender who is used to lending on second homes.

Seasonal homes (which are very common here) are much more difficult to lend on. It is very hard to find fixed rate financing on seasonal homes.

Fixed rate loans on vacant land are non-existent. I have only seen one lender (who has some very specific requirements) who offers fixed rate on vacant land.

Lastly, if you find the perfect place and there are multiple buyers (which is frequent) you will fare much better if you have a letter from a lender stating that you are pre-qualified. It could be the difference maker if you have done your homework and the other buyer(s) have not.

Finding a Home, Finding a REALTOR®

You have begun your search for your perfect Northwoods property! Congratulations! Do you engage a REALTOR® immediately or do you start shopping on your own? I would advocate that you do. I would suggest you shop for agents. There are huge differences. Some are really good at technology. Some know the area. I would suggest checking them out online and speaking to them. REALTORS are paid on commission and probably do not want high pressure. I would want an agent who knows the area, can advocate for me and assist me with the search.

I understand that we are now in the information age and a person can get a lot of information without contacting a REALTOR®. A word of caution though; the Internet is not always all that accurate. An example here would be many websites offer estimates of value of homes and properties. These values are notorious for being inaccurate. What the largest real estate portal uses is a math program (algorithm) that averages many values including assessed values and sales of nearby homes and Voila, here is the estimated value! One problem here. The program does not take into account if the home is on-water or off-water. It averages all of the homes in the area. Imagine a home on one side of the street that is on-water and has an assessed value of \$400,000. Then look at a home across the street that is off water that has an assessed value of \$200,000. The website's algorithm will try to average the two values by penalizing the lake home and bringing down the \$400,000 value. Likewise, the off-water home will benefit from the neighboring property that is valued \$200,000 higher and the estimated value will rise.

Example drawing

Of course this is a fictional example of a fictional program that also has fictional results. My point here is that while artificial intelligence is making great strides toward valuing properties it still has a long way to go. Automated programs are controversial in the real estate industry. In urban, suburban areas where there are many comparable properties in close proximity, these programs show much more accurate results. In an area like the Northwoods, their results are highly suspect.

So at the beginning of the shopping process the choice is up to you. Find a REALTOR® or go it alone. You will need to engage an agent sooner or later. It is up to you to determine when.

You Have Found the Home and Want to Make an Offer!

What an exciting time! If you have not yet engaged with an agent, you now must do so. A REALTOR® can guide you through the purchasing process. Here are a few very basic things you will want in an offer.

Price

Earnest Money

Financing Terms

Inspections

Well

Water

Septic

Home

You may want a radon test. You may want a survey performed. You may want other inspections and tests.

First a word about documents and signatures. Ink signatures (I call them “wet”) are always the best. They are the highest and best form of signature. Wisconsin does allow facsimiles (faxes) on most documents. Wisconsin not at the cutting edge of digital (online or e-signatures) signatures but it is moving that direction. Most documents in the offer process can be signed via faxes and e-signatures. DocuSign and zipForms are quite common. These days the electronic forms can tell when and where the signers signed and on what computer.

What sort of offer do you submit? Do you go in low or close to asking? There is no right answer on offer strategy. There are many paths one can take but the most common paths can best be described as “low ball” or “drop dead”. The “low ball” is the strategy where one goes in very low expecting a counter offer back. An example would be a home listed at \$200,000 a you offer a price of \$150,000. You are (hopefully) expecting a counter back. You may be expecting them to come back “splitting the difference” and come back at \$175,000.

The problem with this strategy is that you are betting that the Seller will make a counter that is attractive. It is possible that the Seller will not counter at all. The Seller may counter back with \$199,000. The Seller may be offended by the low offer. You just do not know. This strategy may be a good strategy if value is at or near the top of your search criteria. It may not be the best strategy if you really want the place and you are worried about other possible buyers.

Another strategy would be what I call the “drop dead” strategy. This is where the Buyer makes a strong offer and tells the Seller that this is the highest and best offer we are going to make. It should be accompanied by a pre-qualification letter from a lender. Ideally the fewer contingencies the better.

Going back to the \$200,000 home. An offer above \$190,000 would be a strong offer (in my opinion). The average list to sell runs around 92%. The fewer contingencies the better. The quicker the closing the better.

The two extremes are the low ball and the drop dead approaches. There are many variations of these two strategies.

The other point to factor in here is the motivation of the Seller. This is where working with a REALTOR® can be of help. An agent can be very helpful in these areas. If the listing is fresh to the market, that will most likely work against you.

In Wisconsin, the WB-11 is the standard Residential Offer to Purchase. This is the form that the state requires REALTORS to use. It is written by the State of Wisconsin and REALTORS are allowed to fill in the blanks.

Attorneys are not required in the State of Wisconsin. It is always a good idea to consult with an attorney but unlike other states, it is not a requirement.

Contingencies

I will take a look at the most common contingencies. The most common contingency is the financing contingency. Most buyers cannot afford to pay cash for a Northwoods property. The financing contingency is the prudent contingency for this.

The first thing to point out with the standard financing contingency is that it requires the Buyer and agent to disclose terms with which they are going to use to purchase the property. The terms will be the type of loan (fixed rate, adjustable rate, etc.) the term of the loan, interest rate, monthly payment and points. This seems rather detailed and supports the argument that a buyer should visit a lender prior to looking at homes!

I consider a financing contingency to be a sort of “life boat”. You do not have to commit to the terms in the contingency. You can use it as a life boat to get out of a deal if you are unable to get the terms detailed in the Offer.

An example would be back on our \$200,000 home. Let’s say that the Offer was accepted at \$190,000 and you are financing the \$170,000 with a fixed rate loan at 5% over 30 years. The payments are to be \$913 before taxes and insurance. Let’s also say that we cannot get the 5% but can only get 5.25%. What happens then?

You can still go through with the purchase. You are not committing to those terms. It is a contingency, not a commitment. Of course, you can now get out of the Offer if you wish. The Seller still has the option to match the terms in the Offer but in this case, it would be difficult for a seller to carry a fixed rate loan over 30 years. It is not likely that the Seller will exercise that option but the Seller still can match the loan terms.

If you wish to go through with the purchase, we now have to wait for the appraisal. The home must appraise for over the purchase price; \$190,000 in this case. Appraisals in this area take a long time. At this time, an appraisal takes over 30 days. If the home does not “appraise”, then things get difficult. The Seller can choose to lower the price to the appraised value and the Offer to Purchase would be changed via an amendment. The Buyer can cover the difference by increasing the amount of money in the down payment, again changed via an amendment. It is a difficult hurdle to clear!

Hopefully the appraisal comes in fine and then you can decide to go through with the purchase. The way you do that is to remove the appraisal contingency. To do this the bank will deliver to you a loan commitment. If you wish to go through with the purchase you write a formal notice to the seller and you deliver the lenders' loan commitment letter.

Financing is a complex contingency. I am only scratching the surface with things that can happen. If you are in a bidding war with others, you can see why cash offers are so much more attractive to sellers.

Inspection Contingencies

There are many sorts inspections. What is a bit odd about inspection contingencies and the standard WB-11 Offer to Purchase form is that it does not allow tests. That means that I cannot remove anything from the home for testing without additional contingencies. Water and radon are common tests. I have to add additional contingencies to cover those. There are standard forms that can cover water, radon and other tests not covered in the standard offer to purchase form. The most common are the Addendum A and Addendum B.

The standard language in the WB-11 defines the time period to not only get the contingencies completed but the time with which to resolve any and all issues regarding the inspections. This means that if you find problems, you have to have the problems fixed or the issue resolved by this date.

The way that inspection contingencies normally go down is that the buyer orders the inspections. Inspectors are paid to find things that are wrong, unsafe or bad. Invariably they do uncover things that are wrong, unsafe or bad. At that point the parties will have to get together and resolve the issues. The most common items are ground fault circuit interrupters, neutral bars in breaker panels, railings by stairs. These are inexpensive items. Roofs are becoming problems. The problem with roofs is that they are expensive. The other problem with roofs is that an inspector will say something like "it is nearing the end of its useful life". What does that mean? Will it last a year? 5 years? 10 years? No one knows for certain. How does the seller compensate the buyer for something that is not well defined?

Sellers generally give money back to buyers for problems discovered during the inspection process. That is a common occurrence. Once in a while, sellers will not want to give any money. The buyer has some leverage here in that anything that is discovered must now be disclosed to other possible buyers. So, if we find out that there is a major crack in the basement we have to disclose that to future buyers.

Other inspection items include well, water and septic inspections. Wells and water go hand in hand. Well tests involve a visual inspection and then running the water to see how much water can the well produce. We talked earlier about point wells and drilled wells. When the well is

producing less than 2 gallons per minute (GPM), that is usually a warning sign that the well needs love or needs to be replaced.

Water samples are also taken and sent off to a lab. Water tests normally test for nitrates, coliform and now arsenic is now a required (by the State). A high nitrate test is a concern as that is sometimes a sign that the septic system is starting to leech into the well. A high coliform test is normally an indicator of insects or vermin getting into the well. Sometimes a well that has not been used for some time can test high for coliform bacteria. The fix in the high coliform test is to chlorinate the well and retest. If it does not pass the test, then a new well may be the only option.

Arsenic is a new test to us in the Northwoods. I have yet to see a high positive with the arsenic test.

We have a problem here in the winter in that many homes have the heat and thus the water turned off. So if you are shopping for homes in the cold weather months we have a problem turning the plumbing on. You should just be able to turn on the water, take the test and shut the system down correct? I wish it were that simple. The problem is that if the pipes are cold the water will freeze on contact with the cold pipes. It may not be instantaneous but it may not take a lot of time. The prudent thing to do is to turn on the heat for a day or so prior to turning the water on. Then you take perform the tests and you shut the house back down. The down side to all of this is cost. Generally, the buyer requests that the seller provide the home available for testing which means heated. Then the home has to be re-winterized again. That costs money too. As a buyer be aware that the seller may tell you to do it yourself and winterize the home when you are done. A plumber may charge up to \$500 to winterize the home.

The septic inspection is another common inspection. It involves a professional plumber or licensed inspector to look at the system. They will look at the septic tank and perform a very basic puncture test (a metal pole to see if the bottom of the tank is intact). They will look at a filter system (baffles) to see if that is functioning OK. They will also check the drain field to look for standing water (not good) and then run additional water to see that it drains properly. If any of these items do not appear correct, the inspector will point those out. Septic systems can run from the low end of \$4000 to over \$15,000 so it is a good idea to take a look at the septic system. Most of the time septic systems are changed out in their entirety and not repaired.

The home inspection looks at the whole house. Items included are the heating and cooling system, plumbing, electrical, structural and safety. Most inspections check out things like the doors, windows and cabinets. Some inspections also look at the appliances. Home inspections include a look at the roof too.

What comes up during the inspection? Ground fault circuit interrupters (GFCI) are outlets that limit the amount of current in the case of a short to ground circuit. They have been around for over 30 years and are not very expensive. They should be installed anywhere there is water,

kitchens, laundry, garages, outside outlets. They are not expensive; under \$15 per circuit. Railings by stairs are a common home shortcoming. Bigger problems are cracks in foundations and roof issues. Cracks in foundations are a big deal if they are large or if there is corresponding evidence of water seepage. Efflorescence is a common problem here where a basement may “sweat” during humid weather. The sweating may leave behind salts and it is those salts that may become visible. Roof issues drive me crazy. If the shingles are “cupping” or lifting, that is a definite sign that the roof is failing. Home inspectors will look at the roof and always say that the roof is nearing the end of its life. I have no idea what “nearing end of its life” means; 1 year, 5 years, 10 years??

Three things to keep in mind regarding inspections. If the home inspector says that something should be looked at further, you should take a closer look. Second, home inspectors’ liability is limited to the cost of the inspection itself. Should the home inspector fail to notice the roof caving in, his only liability is the \$450 (or thereabouts) cost of the inspection. I know that is not the best but they are protected by state statute. Third, home inspectors will find things wrong with the house. Most issues are resolved with the seller giving money back to the buyer. Inspections contingencies are normally completed within 21 days of acceptance.

Appraisal Contingency

The next hurdle is the appraisal. This is one item no one has any control over. If there is a mortgage involved an appraisal will be necessary. The path to obtaining an appraisal is an interesting one. The buyer submits a formal loan application and pays “points”. Points are a nice way for banks and lenders to make their money. Buried deep within the points is the cost for the appraisal. The bank can no longer hire the appraiser directly. Communication between the lender and the appraiser is strictly forbidden by federal law so the lender has to go through an intermediary normally referred to as a pool. The bank contacts the pool and the pool hires an appraiser. Appraisers are licensed by the State of Wisconsin.

The appraiser will set up an appointment to view the home, take measurements and take photos. They will perform some of the duties a home inspector does but they are there to come up with a value.

Some loan programs have much more extensive requirements. FHA is one of the programs that requires a very thorough appraisal. In the Northwoods, there are very few appraisers that will perform an FHA appraisal. Other loan programs like VA has specific requirements as well.

After visiting the home, it may take another 7-10 days for the appraiser to complete the appraisal. I know that is a long time but neither the lender, seller or REALTOR® have much power over the time period.

I would love to say that appraisers are consistent and predictable. However, the human factor is prevalent and the entire appraisal process is always an important hurdle to clear.

Surveys

Surveys in Wisconsin are not required. I know that seems very odd. How do you know what you are buying? Good question. Many states have a requirement that a reasonably fresh survey be performed. I think that is a law that would make sense.

I can tell you many stories about surveys. I know of one builder who cleared land and you guessed it, it was the wrong lot. I know of one lot where most of the garage and all of the septic are over the line. The line is owned by the state too. It has been that way for 30 years!

Most of the property bought and sold here in the Northwoods is done without a survey. A simple offer and a handshake will do. People have plats and surveys that are often quite old. The old surveys often refer to things like trees and fences. It remains a very "old school" way to do business.

Most of the litigation in the Northwoods could have been avoided with a survey. Surveys are not cheap. \$600 is on the low side for a 1-acre parcel and can run over \$3000 for larger parcels. The potential liability from not performing a survey could be far greater.

Please realize that property in Wisconsin is transferred by legal description. It not done by address (even though it is perfectly legal to use an address in an offer). The survey is performed by the legal description. If the posts and paddles are already there but in the wrong place, the legal description is the document of reference (not the posts and paddles). There is this belief by some that if I just move the posts a foot or two, I can add a little bit to my land. That simply cannot be done; at least by this method (perhaps a prescriptive easement could).

A word about types of surveys. The most basic survey shows lot lines. The more advanced survey shows some of the improvements like homes and garages. The most advanced surveys are ALTA (American Land Title Association) surveys and they show all improvements like wells, septic systems and other improvements. The title commitment will always have an exception from insurance coverage for all items not shown in a survey. The one exception is the ALTA survey. The ALTA survey removes that exception from the title insurance which means that the title company is responsible for all items on the property. That is a very good (and thorough) thing. ALTA surveys start at over \$2000 though.

No one likes to pay for surveys. It is a good idea to ask for one in the Offer. Be prepared for the Seller to come back and say that they will allow you to perform a survey and make the Offer contingent upon the survey but they will not pay for it. Then it is decision time for you the Buyer. Do you want to pay for the survey? My own opinion would be to get at least the basic survey if there is not a good survey available for the property.

Other Contingencies

There are numerous other contingencies you can put in an offer. It really is up to you and the Seller.

Home Sale Contingency

A common contingency is a home sale contingency. This is where you have a home to sell before you can buy. The typical home sale contingency is where you make an offer on a home and when your home sells, you close on the new home. Pretty simple! Wait, home sale contingencies are actually complex. First, the seller is not all that excited about your offer. They are not nearly as excited as you are. Why? They do not know a thing about your home, your market, your price. They do not know if they going to even close! So if you are going the route of a home sale contingency I would include something about the home your selling. A spec sheet on the home is good and statistics of the area will help. This will help the seller decide whether or not your home will sell (and ultimately their own home). The second point of a home sale contingency is that the purchased home actually stays on the market (gulp!). I know that does not sound appealing. However, put yourself in the sellers' shoes. If they accept your offer, Mr. and Mrs. Cash come in with a cash offer and the sellers cannot buy the home because the sellers accepted an offer with a home sale contingency. There is a provision in the standard WB-11 Offer to Purchase that allows the purchase with the home sale but with something known as the "bump clause". A bump clause is for this specific instance where there is an offer with a home sale contingency and another offer comes in. The seller can accept that offer as a "secondary" offer. The sellers can negotiate like it is a regular offer, going through counters and the like. The REALTOR® is not allowed to share information on the first (primary) offer. If the Seller accepts a secondary offer, the Seller can tell the primary that they have accepted a secondary offer and the Seller can tell the Buyer #1 that they have a specific amount of time to either remove the home sale contingency or be "bumped" into the secondary position. The terms of the time period are contained within the original offer.

So it is a bit dicey putting in an offer contingent on a home sale. I get it that you do not want to be homeless. I want a specific place to go when my home sells. Please realize that you lose bargaining leverage when you have a home to sell. How much leverage? That is a difficult one to answer. In some cases, a seller will not even accept an offer with a home sale. I would estimate that you lose between 5% and 10% when you are putting an offer in with a home sale contingency.

Other things you should know about putting in an offer with a home sale contingency is that you should really delay your inspections until your home sells. You do not want to be spending hundreds of dollars on inspections if you do not end up buying the home. The way that I would suggest is to have the inspection deadline begin when your home gets an accepted offer on it.

There are numerous other contingencies you can use when purchase a home or property. Please realize that anything can be accepted by buyer and seller and it becomes an integral part of the Offer.

Counter Offers

Counter Offers are a part of real estate. In Wisconsin, a “counter” is technically a rejection of an original offer. This sounds negative but as soon as you submit a counter, you cannot accept that version of the offer.

The structure of a counter is simple. You are rejecting the offer but you accept all of those terms in the offer excepting those spelled out in the counter. Sounds complex but it is much easier to show.

You make an offer on a home for \$150,000. It is contingent upon financing and inspections. The seller makes a counter offer back to you at \$160,000. The counter offer would simply state; “Price shall be \$160,000”. It does not have to be exactly that but something similar. You will note that the seller is accepting the other terms except the price.

Counter offers are not cumulative. This means that if there were a counter offer 2, it does not include terms contained in counter 1. I will give another example.

On the same \$150,000 offer with financing and inspection contingencies, we will add that the original offer is asking for the kitchen table.

Counter 1 is made by the Seller asking for \$160,000 and including the kitchen table.

Counter 2 is made by the Buyer for \$155,000. There is no mention of the kitchen table. Is it included? No, since it is not mentioned in Counter 2. Even though it is mentioned in Counter 1, it is not automatically included in Counter 2. Use caution with counter offers.

How many counter offers can you write? As many as you want. Does it make sense to write 10 counters? My personal record is 9. It depends on the people. Some buyers and sellers work in very formal patterns. Some are more informal and will negotiate verbally on details.

Can you counter your own counter? It seems silly but yes, indeed you may counter your own counter. Why on earth would you counter your own counter? Let’s return to our \$150,000 offer. Let’s also say that we made that \$150,000 offer but we learn that there is another bidder on the home. Rather than wait for a possible counter from the seller or lose to the other bidder, there is absolutely nothing wrong, illegal, unethical with countering your own counter (or offer). Our \$150,000 buyer may up his/her bid to \$155,000 just to try to win the bidding war.

Counter offers are a very common form of negotiation. Counter offers are a rejection of the previous offer. You accept all of the terms in the previous offer/counter offer except for those detailed in the counter offer. Counter offers are not “cumulative”. You can counter your own counter.

What Happens After Acceptance?

You have found the Northwoods property that you love! You have found a REALTOR® that you trust, you have secured financing and made an offer! After some negotiating over details the offer was accepted! Congratulations!! What do I do now??

In Wisconsin (and Michigan), an accepted offer becomes the binding and enforceable contract after both sides have signed an exact copy of the offer and the signed copies have been delivered to both parties. Delivery is quite important as it is defined in the offer and it must be done for the offer to be valid and enforceable. Delivery is up to the REALTOR® to perform but you should be aware of this important aspect.

Another point to be made here is that the accepted offer IS the binding and enforceable contract. There is no requirement for a re-write by an attorney. It is not a framework for another contract to be drafted. It literally is the contract at this point. In some states, the REALTOR® drafts a document that serves more as a letter of intent and then after the parties sign the document goes off to an attorney to draft the contract between the parties. Not so in Wisconsin. The offer to purchase becomes the binding contract.

The next step is the earnest money. Here in the Northwoods, earnest money is not typically delivered with the offer. Sometimes it is but most of the time it is required within 3-7 days of acceptance. This is done mostly because most of our buyers are not local. The back and forth negotiation is done long distance and it simply may not be feasible to have earnest money with the offer. I try to ask for 1% of the purchase price as earnest money.

What exactly is the role of earnest money? It is meant to display the buyers' goodwill toward the transaction. Is it for the seller to keep if the transaction does not close? It may be but the offer has specific language as to what happens to the earnest money. If the offer closes the earnest money is included with the purchase price. If the offer does not close, things get murkier. Neither party is entitled to the earnest money should the deal not make it to closing. That may be quite different than what you were thinking. You can include language that better defines what happens with the earnest money in the offer. Otherwise, the buyer and seller can fight for the earnest money. I will warn you that there are advantages to simply walking away. Attorneys may eat up all the earnest money. It may be difficult for the sellers to close with another party if they do not release the first buyer.

Ordering Inspections

The buyer should always order the inspections. I realize that most buyers do not know who to call. Most REALTORS do know who to call. I know in my own firm we have an ever evolving list of inspectors. I highly suggest calling and interviewing inspectors.

When should you order inspections? If you have a home sale contingency and if the offer is written so that the inspections are to occur after the buyer receives an accepted offer of their

own home, then you hold off until your home sells. If you do not have a home sale contingency, I would first go to the lender and make sure they are at least OK with a preliminary qualification (pre-qual). If the lender is good, I then would get the inspections ordered right away.

Why the hurry with the inspections? Normally, you get between 14 and 21 days to fulfil the inspection contingency. This means that not only do the inspections need to be performed, but the report needs to be delivered AND whatever resolution to items found in the inspection have to fixed or a compromise between the parties needs to be completed. Most buyers believe that they have only to have the inspections performed. In actuality, everything related to the inspection contingency needs to be completed within that deadline. That is not an easy task. Hence that is why I ask that buyers get going on the inspections ASAP.

Working Through Financing

One of the more painful parts of purchasing a home is dealing with the financing. If this is your first home purchase or if this is your 20th home purchase, you have to go through a very detailed and difficult form. The forms are virtually identical from lender to lender as lenders are creating a file to give to Government Sponsored Entities (GRE's) like Fannie Mae and Freddie Mac. I would recommend that if you complete one, you keep a copy so if you wish to make a change in lenders you can simply send a copy of the original.

Here is a brief overview of the financing process

Meet with a lender and submit information for a pre-approval

Formally submitting a loan application

Submitting funds along with the loan application

Obtain approval contingent upon conditions

Lender orders appraisal

Appraisal is performed

Submitting application, appraisal, file to underwriter

Underwriter asks for more information

Underwriter approves/does not approve

Of course there are many other items within this process. The one item I wish to stress here is if you are looking for a 30 year fixed rate mortgage, then you will be dealing with Fannie Mae/Freddie Mac. That is not a bad thing. It will just involve more steps and more patience.

Title Commitments and Title Insurance

There is a very important item that will be taken care of by the REALTOR®. Wisconsin is something we call a title insurance state. Some states are abstract states. An abstract is a long document that shows all of the owners and lien holders for a piece of property. Title insurance does not show all the previous owners and lien holders of a property. Title insurance does

research all owners, lien holders, easements, encumbrances for a specific property. It then issues a title commitment. A title commitment is a form of insurance policy that is issued by an insurer like First American or Chicago Title. The research is performed by a local title company and then the insurer underwrites the title policy.

The title company performs all of the research and drafts the title commitment. Usually the title commitment is done 2-4 weeks prior to closing. The title company is responsible for drafting the title commitment. Several weeks after closing the title company will follow up the title commitment with the final title policy. The policy actually insures the owners (past and present) from claims that others own or have some sort of interest in the property. It is an extremely important aspect of the transaction.

In the Northwoods, most if not all transactions are prepared and closed by title companies. The title companies prepare not only the title commitment but the closing documents as well. The sellers normally pay for the title policy. The cost of title policies is controlled by the state and run anywhere from \$300 to over \$2000. The cost tables are published and are dependent upon the sales price.

One other point regarding title insurance. There is something called "gap insurance". Gap insurance is a separate title policy that covers the time period between when the title commitment is drafted and when the final deed is recorded. Here in the Northwoods, that is normally under 6 weeks. In some areas of the state, it may take over 3 months. Why have it? Imagine a person filing a claim in that time period between title commitment and recording. The title commitment will not cover it. Who will cover it? Either the buyer or seller unfortunately. Hence the reason for gap insurance. It is not expensive (around \$200) and well worth the money.

Amendments and Notices

We go from offer to counter offers to acceptance and you are working on working through financing. Things happen between the time of acceptance and closing. You find things in the inspection. You have to waive contingencies. There are specific tools you use to perform these functions. The two most common tools are the amendment and the notice. I will speak of how each functions but I will briefly tell you the main difference is that the notice is one party telling the other party something. Only the one party needs to sign. The other document is the amendment. Both parties have to agree and sign an amendment.

A notice is the appropriate tool when one party is formally telling the other party something. If the buyer has completed his/her inspections, it is proper to use a notice to formally tell the seller that you are done with inspections. If a seller has repaired items required in an offer, it is proper to use a notice to tell the buyer that you have completed the task. If the buyer's lender is ready to deliver the loan commitment, it is proper for the buyer to deliver the loan

commitment with a notice. You will note that these are all unilateral examples. This is because only one party needs to sign the document to deliver.

The other very common document is the amendment. Amendments are used when both parties should formally agree on things. Sometimes they are used for major things like price changes and what items are being included with the sale.

A few examples. Buyer and seller agree to lower the purchase price from \$150,000 to \$148,000. An amendment to the offer is the proper tool. It would read something simple like "The purchase price is changed from \$150,000 to \$148,000". Does it have to be more complex than that? Possibly but Wisconsin statutes say no it does not have to be more complex than that. If the \$2000 difference is say for a septic system that needs to be fixed or a well that is not "well", the seller may want some sort of documentation that the funds are for those defects. So the amendment to the offer may read "the purchase price is changed from \$150,000 to \$148,000 to compensate for the malfunctioning well and/or septic". Everyone is cool with that, right? Possibly but you have now flagged the underwriter at the bank to a problem. You have to keep the lender informed about all things in the transaction. You cannot hide things from the bank. The second version of the amendment detailing shortcomings may end up delaying closing. Things in real estate can become much more complex in a big hurry.

There are good reasons to get a REALTOR® or an attorney. This is an example why as things can begin to unravel and you need an advocate and a champion to work through these issues. While most view a REALTOR® as nothing more than a salesperson I would counter that we solve problems for a living.

Other situations where we could use amendments, extending due dates for inspections, financing contingencies, extending dates for closing, extending home sale contingencies, agreements to fix or replace items found during inspection, agreements to give credits from seller to buyer at closing to compensate for items found during inspections. Any time we need both parties to agree on something, the amendment is the proper tool!

Closing!

Hooray!!! You have made it through the offer, counter offers, amendments, notices, contingencies, financing and you are now ready to close! It is an exciting time and if everything has been taken care of closing should be anti-climactic. What does that mean? What I mean is that there should not be any surprises at this stage of the transaction. Things do come up but hopefully they come up prior to just before closing. The words "the best surprise is no surprise" are true here.

Most closings here in the Northwoods are not attended. We generally do not sit around a table and sign documents. Closing documents are normally "wet". This means that e-signatures and faxes will not do. Originals are still required here in Wisconsin (yes we are behind other states

in this regard). In the event that one of the parties is far away, the documents are normally sent via FedEx or UPS.

There are many documents to sign with the lender. There can be as few as a dozen or as many as 50. The closing with the lender is much more intense and time consuming. As far as real estate documents there are very few. The seller has to sign a deed (the buyer does not sign). There is usually a document (for homes) that asks the seller if any work has been done on the property or if there are any tenants. There is a Sellers Closing Statement that shows all monies that are owed and due to the parties. There is a Buyers Closing Statement that shows all of the money transfers as well. There is a document that does not have to be signed but it is the electronic form that tells the state that a new owner is now responsible for property taxes. I call it the "Welcome to Wisconsin" form but it is known as the E-Tax Form. Finally, there is a document that empowers the title company to take in monies and disperse monies. In most transactions, these are the 5 documents.

Typical Real Estate Closing Documents

- Deed
- Sellers Closing Statement
- Buyers Closing Statement
- Construction Lien Disclosure
- Tenant Disclosure
- Title Company Empowerment
- Wisconsin E Tax Form

Closing really is typically anticlimactic. Most transactions run into some sort of "turbulence". Sometimes trouble is found during financing or the appraisal. Sometimes there are issues that come up from inspections. The trick is working through these issues and going to closing.

Cancellation and Mutual Release

We do not want to not close but once in a while closings do not happen. The parties choose to break up. Most of the time the seller is angry as he/she accepted an offer in good faith and expected to close. Maybe it is problems with inspections or appraisal or something else, the parties must decide what happens to the earnest money. That is the biggest hurdle. Something bad happened and no solution to the issue was agreed upon. It is now time to formally end the deal.

As mentioned before, the earnest money is now the issue. Both parties feel entitled to it. The offer is not of much help with the earnest money issue. It pretty much says that it is up to the

parties to decide, not the agent or broker. The offer says that you can hire attorneys or even go to arbitration. The offer does not say who gets the earnest money in the event the deal does not make it to closing. You can make all sorts of arguments for one party or the other. The bottom line is you are now at the end and both parties now have to negotiate one more thing.

The buyer should want to try to come to some sort of closure so they can move on and maybe buy another place. The seller should also try to make a deal as they really cannot sell to another buyer until they are out of this deal.

After the parties come to some sort of agreement, the next document to prepare is the Cancellation and Mutual Release. This formally tells the parties who is getting what regarding the earnest money. It also releases both parties from the transaction. It is a very simple document as you can see.

