

Gas and Oil Leases

Impact on Residential Lending

by Greg May

VP – Residential Mortgage Lending Tompkins Trust Company

NOTICE

The information in this presentation is general in nature and is to be used only for informational purposes.

Consult with a Real Estate Attorney to address specific issues as they relate to a specific property or lease.

No opinion is being expressed or implied on the practice of leasing mineral rights, environmental impact or regulations surrounding gas and oil leases.

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Past

- Property values considered a “guarantee” to hold or increase
- Out of town buyers, property flippers & speculative buying
- Pushed values up and created somewhat of a false market
- Lending became very liberal as economy was good

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Present

- Economic slow down has had an impact on local real estate markets
- Includes residential properties...especially with “excess” acreage
- Lending has become more strict by legislation and regulation – more “prudent” guidelines

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Future?

(...where did I put that crystal ball?)

- Are we in “uncharted territory”?
- What will replace manufacturing in this area?
- Will lending remain strict or become liberal again?
- Can leasing property mineral rights offer options?
- Will leasing mineral rights impact the way property is viewed/valued by a potential buyer or lender?

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Answers

(Again...where did I put that crystal ball?)

- We are likely in “uncharted territory”
- Service industry, high tech, gas or ??????
- Lending will likely not be as liberal as it was
- Leasing mineral rights may work in some cases but caution is needed
- Leasing mineral rights will very likely impact the way a potential buyer or lender views your property

