

Marketing the Finest Ranch & Recreational Properties

Home On The Range



Rist Canyon Equestrian Ranch

BY STEVE FULLER

If you're in the market for ranch real estate—particularly if you're a first-time ranch buyer—Fuller Western Real Estate can guide you through the complexities involved in buying a ranch and help you identify the property that's right for you. Although a real estate brokerage traditionally represents the interests of the seller, Fuller Western views each property sale as an opportunity to create lasting business relationships with all the parties involved. Our brokers are trained to help buyers understand what's involved in selecting, owning, and operating a ranch.

A ranch differs from other real estate because it consists of a business as well as a home, and it differs from other commercial enterprises because it is inextricably bound to the land. When you buy agricultural property, whether it's used to raise livestock or crops, you become an integral part of both a social community and an

continued on page 3



Blue River Fishing Ranch



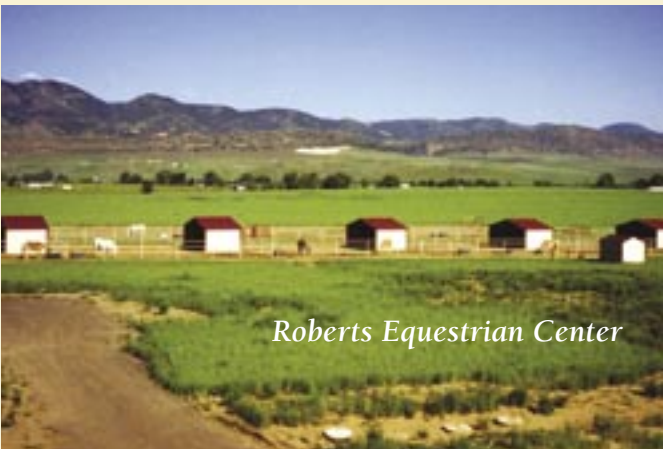
Cow Gulch Hunting Ranch

Home On The Range *continued from page 1*

ecological community. Your success as a part of these communities depends on your being a good neighbor and a conscientious steward of the land.

WATER RIGHTS

Water is a precious resource even in areas where it's plentiful. However in the arid West, where multiple types of water users compete for limited supplies, water is a crucial consideration in buying land. The right to take water from Western rivers and streams is governed by what's known as the "prior appropriation" system, which dates back to Gold Rush days when gold and silver miners needed an assured water supply for their operations. Because crops and livestock also



Roberts Equestrian Center

need a guaranteed water supply, prospective ranch buyers must make sure that they are purchasing water rights along with the land. Chances are the water rights for any property you might buy were adjudicated decades ago, and this adjudication will specify the amount of water the property owner can withdraw each year and how that water can be used. Although ranch real estate can generally be expected to include water rights, some states allow property owners to sell their water rights separately from the land—to a nearby municipality, for example, or a commercial or industrial buyer. Fuller Western can direct prospective buyers to the experts they need to consult to make sure the water rights for any land they purchase are secure.

MINERAL RIGHTS

Unlike water rights, all or part of the mineral rights on ranch real estate are commonly owned by some entity other than the property owner. In 1999 the Colorado Real Estate Commission passed a rule requiring real estate contracts to inform prospective buyers that purchasing land doesn't necessarily include ownership of underlying oil, gas, minerals, or geothermal energy. A buyer should understand the pros and cons of severed mineral rights because the

exploration and extraction of these resources can affect the land's appearance and future value.

REAL ESTATE ISSUES

Buying a ranch also involves conventional real estate concerns such as zoning restrictions, property lines, and hazardous waste issues. Although a person who buys a ranch generally purchases a legal description of the property, realities on the land sometimes differ from what's spelled out on paper. The property lines of large ranches are seldom precisely delineated because the acreage makes a survey cost-prohibitive, and the terrain often dictates the use of what ranchers call a "convenient fence." If convenient fences don't follow property lines exactly, neighbors usually don't quibble over minor differences. However, if you have a serious concern about one of these discrepancies, start by talking with the owner of the adjacent property. Even if you eventually have to seek legal counsel, it's important to demonstrate your intention to be a good neighbor by trying to negotiate with your fellow ranchers first.

Hazardous wastes are a serious concern in any real estate transaction. Because the list of hazardous substances changes frequently, buyers of ranch land might consider contracting for an environmental study to determine whether any naturally occurring or synthetic substances on the property need to be mitigated. Items of concern range from fertilizers and insecticides to fuel storage tanks and landfills. If a hazardous waste problem is identified on the ranch, Fuller Western can help the buyer and seller decide what steps are necessary for cleanup and how associated costs could be handled.

UNDERSTANDING YOUR OPERATION

Learning about a ranch's operation is equally important to a prospective buyer. Growing crops and raising livestock require different kinds of expertise, and the more you know about the type of operation you are purchasing, the better able you'll be to make decisions about its future. Ask questions and learn as much as you can about the ranch's day-to-day and seasonal operations. The best source of information is likely to be the owner or operator of the property you're purchasing, but Fuller Western's brokers can answer many of your questions as well.

Although a ranch's permanent structures will automatically be included in the sale, the equipment, crops, livestock, brands, and other personal property is usually sold separately via private treaty. If you're purchasing a ranch that produces crops, you'll want to ask about soil analysis and crop rotation. You'll want to know how much water a specific crop requires and whether fertilizers and insecticides should be applied.

continued on page 15

**"MARKETING
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Home On The Range *continued from page 3*

If the ranch grows hay, you'll want to find out how many cuttings you can expect under various conditions. If you plan to sell some crops as feed, you'll need to know the relative feed value of the crop and how to produce the specific nutrient components your customers require.

If you're buying a livestock operation, you'll want to find out which breeds fare best in the ranch's climate. Ask about feed requirements, vaccinations, breeding programs, brands, and marketing practices.

STEWARDSHIP OF THE LAND

Wildlife habitat is an integral part of the Western landscape. Ranch owners have the difficult task of making sure their livestock can thrive while co-existing with the wildlife indigenous to the area. Ranches often share property boundaries with public land managed by government agencies such as the U.S. Forest Service or the Bureau of Land Management, and these agencies

have strict rules and protocols regarding access and use of public land. Landowners and government agencies should work together to maintain mutually beneficial range plans. Land owners are also developing and implementing their own wildlife management plans on their private land.

Many ranchers hold leases for grazing rights on public land. These leases can usually be transferred

at the time a ranch is purchased, but only for the duration of the existing lease and only to U.S. citizens. When the lease comes up for renewal, the new owner will need to reapply for those grazing rights. A broker



who has years of experience in agricultural real estate understands these issues and can offer buyers suggestions that have proved useful in the past.

BECOMING A GOOD NEIGHBOR

Once you've actually purchased a ranch, one of your primary goals should be to build strong relationships with your new neighbors. You're entering an established community that has evolved over the past 150 years. The land and the people of that community deserve your respect and attention. Take an interest in local issues. Ask for information and advice. Your willingness to be open and receptive to their ideas will go a long way toward building good will.

You'll want to cultivate relationships with a variety of people in the community—your neighboring ranchers, the water commissioner, local bankers, business owners, and veterinarians, as well as your agricultural extension agent. Hiring the existing ranch manager to stay on and continue operating the ranch can have advantages because this person not only knows the operation but also has crucial connections with other members of the community.

TAPPING LOCAL SOURCES OF INFORMATION

Our goal at Fuller Western is to foster respect and trust between both parties interested in the sale and smooth transfer of a ranch. We understand that buying or selling a ranch is much more than just another financial transaction. We enjoy our work and reflect that in our conscientious attitude toward both sellers and prospective buyers. We want both parties to understand as many aspects of the property sale as possible, and our brokers can help buyers find answers to hundreds of questions covering topics from water rights and grazing leases to soil composition and weed control, plus home-site location and zoning and planning issues. It's this combination of expertise and personal attention that makes Fuller Western the clear leader in ranch real estate.

SOLD

BY FULLER WESTERN REAL ESTATE

"MARKETING THE FINEST RANCH & RECREATIONAL PROPERTIES"



BEAR TREE RANCH, Grand Lake, Colorado
40 acres | List Price: \$1,250,000.



BELVOIR RANCH, Cheyenne, Wyoming
17,185 acres | List Price: \$5,900,000.

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