

Expand the Ranch With Lease Land

by Darol Dickinson

Young people who dream of being Hoss Cartwright or John Wayne may want to own a ranch extending as far as the eye can see, but they don't live in an 1880 opportunity. Today, unless one inherits wealth or ranch land, the only way to start a valid cattle business is with leased land. However, that isn't hard. Many have done it. It still works with a good business plan. It is a way to grow a ranch with little or no borrowed money, and that is very important.



Leasing of grazing land is a way to develop profitable herd numbers with little, or no land purchase, thereby maximizing livestock income and minimizing land purchase risks and cost at the same time. Over a period of years, the profit from registered Texas Longhorn cattle will buy your own ranch.

An ideal plan is to have a permanent owned headquarters for branding, corrals, barns, tool shed, working and feeding pens. Then, have lease pastures to inventory larger herd numbers. Leasing several different pastures minimizes the risk of losing a main pasture lease. A landowner may pass away or sell property. At that time it is a safety net to lease a half dozen different properties so the whole business is not in jeopardy. Leases located in different areas may provide security against local drought by having grass in different parts of the county.

Many good grasslands for ranching are priced too high for cattle. Land priced at \$4000 per acre may be available at \$0.50 to \$35 per acre for an annual grazing lease. The price of a grazing lease will vary in different areas. In Arizona it might cost \$0.50 per acre and require 300 acres, a cost of \$150 per cow per year. In Iowa it may cost \$35 per acre and require 3 acres per cow per year, at a cost of \$105. A lease per year, per cow, should always be under \$200. The combination of deeded or owned land and leased land is a secure investment blend.

Here are 58 points for a RANCH BUILDING PLAN that are proven to work. Use this for a check list to expand your herd and earn the funds to build your own Ponderosa in the future.

1. Who has Unused Land?

- A. Government owned land.
- B. Heirs in distant states.
- C. Estates in dispute.
- D. Absentee owners.
- E. Land held to subdivide.
- F. Bank repossessions.
- G. Retired people.

2. Locating Pastures to Lease

- A. Identify convenient areas
- B. Locate grass not being used
- C. Locate the true owner from tax records
- D. Referrals from friends
- E. Expensive highway visible land is great promotion
- F. Outbid other grazers as registered cattle are more profitable.

3. Problem Solving ?

- A. Locate water, wells, water lines, hoses from nearby homes.
- B. Acquiring government leases by bid
- C. Trade water well construction for grazing
- D. Only use portable corrals on short term leases
- E. Build permanent fences on lease land and trade fence costs for grazing use

4. Negotiations points to present land owners for their good

- A. Taxes can be reduced with Agriculture Use Value AUV
- B. Cattle fencing will protect land from dumping littering
- C. Grazing reduces fire hazard liability

- D. Regular pasture checks help prevent vandalism
- E. Additional income to land owner to help pay taxes, etc.
- F. Reduce brush and weed growth with Texas Longhorn grazing

5. Grazing Agreements Contracts

- A. Must be in writing. Hand shakes don't work.
- B. Property repairs, fertilizer and seeding can be traded for grazing
- C. Keep all contracts simple; less than one page is best
- D. Attorneys may complicate contracts and scare landowners. Do your own contract.
- E. Watch for ownership deception — total acres, questionable ownership title.
- F. Contract must be signed, funds must exchange
- G. Clearly describe all issues involving the agreement

6. Leasing Risks Cost Considerations

- A. Leasing is safe for large tracts. No mortgage needed. Don't have to pay taxes.
- B. Leases can be canceled without personal liability
- C. Increase pasture size. Grow at your own pace
- D. Use fence signs for police identity. When a cow gets out signs will help find you, the owner.
- E. Get liability insurance for all land
- F. Electric fences make good neighbors

7. Lease methods

- A. Per acre, per year
- B. Per critter, per month
- C. Larger and smaller stock are priced differently based on weight.

8. Maintaining Good Relations with Landlords

- A. Learn how to be better than the previous lessee
- B. Give landlords Christmas gifts
- C. Provide annual grazing reports
- D. Do repairs — fence, barns, document all of them
- E. Photograph repairs before and after; give to land owners
- F. Build a sturdy nice gate entry way
- G. Bury, burn or remove trash on land
- H. Improve property appearance
- I. Attend funerals and landlord's personal family events

9. Above & Beyond

- A. Combine small joining properties
- B. Connect pastures with water to dry pastures
- C. Trade with other ranchers lease land to upgrade locations
- D. Sell lease rights with improvements
- E. Develop cattle water lines to dry land

10. Payment Schedule

- A. January 1 annually
- B. Stagger payments with grazing seasons.
- C. Semi-annually
- D. Prepay or post pay
- E. Monthly more complicated, not the best

Many parcels that have been used for livestock grazing become available for new lease owners. A poor cattle manager will grub the good grasses to the ground trying to harvest the last dollar from their lease. When new land is leased, sometimes it has been previously trashed. Under this scenario, a contract of lease can be negotiated to begin in the distant future, allowing a season of grass growth recovery. Damage by the previous lessee is not carried over as an expense to the new lessee.

As cattle and land become more valuable there will be a division. There will be land owners and there will be livestock producers. Most likely these will not be the same people. The person who owns valuable land may not want to break ice, brand cattle or castrate calves. The cowboy who can manage cattle for profit may not be able to own enough land to run a profitable sized herd. At this point the leasing of ranch land is a win-win partnership for both. As the USA continues the 20-year decline in beef production, it will become patriotic to produce quality lean beef for human consumption. It strengthens the nation not to depend on imports for family food.

Projections reveal that livestock grain feed availability will decline due to the increased price paid for human grain consumption in the US and abroad. As all cattle switch to dependency on grass, browse, cactus and low quality fiber, the Texas Longhorn breed will become far more profitable.

The miracle will be to grow human consumable food without feeding human consumable food to meat animals. That fact, in the next few years, will make the Texas Longhorn the true hero over all meat animals.

Build a ranch.....pronto! Get your plan ready!