

RESIDENTIAL TO FARM & RANCH

What Texas Agents Need to Know Before Taking the Deal

Complete Class Outline and Instructor Script

Designed for a 60-minute training session for residential real estate agents in Texas

Class Length	Approximately 60 minutes
Audience	Texas residential real estate agents
Primary Goal	Help agents recognize farm and ranch issues, ask better questions, and get guidance before taking risk.
Core Message	Farm and ranch is not just residential with more acreage.

Instructor note: This material is educational and practical in nature. Agents should consult their broker, legal counsel, tax professionals, inspectors, lenders, and other subject-matter experts when appropriate.

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Part 1: One-Hour Class Outline

Class title: Residential to Farm & Ranch: What Texas Agents Need to Know Before Taking the Deal

Class goal: Help residential agents understand how Texas farm and ranch transactions differ from standard residential transactions, recognize major risks, ask better questions, and know when to get broker guidance, mentorship, or specialist help.

Core Class Message

A Texas residential agent may be able to handle farm and ranch transactions under their license, but farm and ranch is a specialized area. The agent must be competent in the specific type of real estate being brokered, and rural property has issues that do not usually appear in a standard residential sale.

TREC Rule §531.4, Competency, requires a license holder to be knowledgeable and competent, informed on local market issues, exercise judgment and skill, and be educated in the characteristics involved in the specific type of real estate being brokered.

TREC also has a specific Farm and Ranch Contract, Form 25-16, effective January 3, 2025, generally used for rural properties with metes and bounds descriptions from a survey. TREC describes the form as including provisions for farm and ranch items not specifically addressed in other contract types.

0:00 to 0:05: Opening: Can a Residential Agent Sell Farm and Ranch?

- Yes, a Texas real estate agent can work farm and ranch transactions, but that does not automatically mean they are competent to do so alone.
- Farm and ranch is not just a house with more land.
- Farm and ranch can involve acreage, minerals, water, wells, septic systems, agricultural valuation, wildlife valuation, surface leases, grazing leases, crops, livestock, fences, gates, easements, access, surveys, floodplain, soil, topography, hunting rights, farm equipment, and improvements beyond the residence.
- Opening line: Today's goal is not to turn you into a farm and ranch expert in one hour. The goal is to help you recognize when a rural transaction is different, what questions to ask, and when to get experienced help.

0:05 to 0:12: TREC Competency Rule: Do Not Wing It

- TREC Rule §531.4 requires competency, including education in the characteristics involved in the specific type of real estate being brokered.
- Farm and ranch is a specialized type of real estate.
- A residential agent who only knows subdivision resales may not automatically be competent to handle acreage, minerals, water, access, leases, and agricultural valuation issues.
- Best practice: for the agent's first three farm and ranch transactions, the agent should be guided by the sponsoring broker, an experienced farm and ranch agent, a land specialist, a co-broker, or another appropriate subject-matter expert.
- Key line: Your license may allow you to participate, but competence determines whether you should lead the transaction alone.

0:12 to 0:20: Why Residential Agents Need to Understand Farm and Ranch

- Residential agents run into farm and ranch opportunities more often than they expect.
- Examples: a client wants acreage, horses, hunting land, a weekend place, a custom homesite, or land for agricultural use.

- Farm and ranch can lead to larger transactions, landowner referrals, estate and inheritance referrals, builder and developer relationships, luxury ranch opportunities, and recreational property opportunities.
- Warning: farm and ranch mistakes can be expensive because many issues are not visible during a normal showing.

0:20 to 0:32: The Big Differences Between Residential and Farm and Ranch

- Property description matters more. Farm and ranch properties often use metes and bounds descriptions from a survey.
- The land may be more valuable than the house. Value may come from acreage, location, water, access, minerals, soil, topography, wildlife, agricultural productivity, development potential, and recreational use.
- Financing may be different. Some properties may require land loans, agricultural lenders, Farm Credit lenders, larger down payments, or different underwriting.
- Due diligence is broader. Buyers may need to investigate survey, title, easements, access, wells, septic, minerals, agricultural valuation, rollback tax risk, floodplain, soil, leases, utilities, fencing, hunting rights, and equipment.
- The contract has different issues. The TREC Farm and Ranch Contract is designed for rural properties and includes farm and ranch issues not usually addressed in other contract forms.

0:32 to 0:43: Critical Farm and Ranch Issues Agents Must Understand

- Minerals: ask whether the seller owns minerals, whether they are being conveyed or reserved, and whether leases or surface-use issues exist.
- Water: investigate wells, co-op water, stock tanks, ponds, creeks, springs, water rights, and whether there is enough water for the buyer's intended use.
- Septic: determine whether there is an on-site sewage facility, whether it is permitted, and whether it should be inspected.
- Agricultural or wildlife valuation: verify whether special valuation exists, what must be done to maintain it, and whether rollback taxes could be triggered.
- Access and easements: verify legal access, private road issues, easements, and road maintenance responsibilities.
- Survey and boundaries: determine whether there is a current survey, whether fences match boundaries, and whether encroachments exist.
- Leases and occupancy: identify grazing leases, hunting leases, crop leases, oil and gas leases, cell tower leases, wind or solar agreements, tenant occupancy, or equipment agreements.
- Personal property and improvements: clarify what stays and what does not.

0:43 to 0:52: Common Pitfalls Residential Agents Must Avoid

- Treating acreage like a normal residential sale.
- Assuming fences equal property lines.
- Failing to verify legal access.
- Mishandling minerals.
- Misunderstanding agricultural valuation.
- Ignoring water issues.
- Overlooking septic.
- Not identifying leases.
- Failing to clarify what conveys.
- Going it alone without broker guidance, mentorship, partnership, or referral.

0:52 to 0:57: How Residential Agents Should Safely Get Started

- Start with smaller, simpler acreage deals such as homes on small acreage, 2 to 10 acre homesites, land for a future residence, small recreational tracts, or simple rural resale properties.
- More advanced deals include working ranches, large acreage, properties with minerals, hunting operations, crop-producing land, conservation easements, complex water rights, and development land.
- Build a rural property resource team: farm and ranch mentor, attorney, title company, surveyor, rural lender, well inspector, septic inspector, appraisal district contact, soil or environmental consultant, fencing contractor, wildlife or land management consultant, and insurance professional.
- Study the Farm and Ranch Contract.
- Use the standard: first three farm and ranch transactions should be guided, supervised, mentored, partnered, or referred.

0:57 to 1:00: Helpful Training, Designations, and Next Steps

- ALC, Accredited Land Consultant, is a strong designation for agents who want to specialize in land, ranch, recreational property, development land, and rural property.
- RLI, REALTORS® Land Institute, is a professional organization focused on land brokerage and land education.
- Texas REALTORS® farm and ranch courses and forms may be helpful.
- TREC contract education focused on the Farm and Ranch Contract is recommended.
- Local land and ranch mentorship may be the most valuable education.

Part 2: Complete Instructor Script

The following script is designed to be delivered conversationally. Adjust examples and pacing based on your audience, market, and time available.

Opening, 0:00 to 0:05

Good morning, everybody.

Today we are going to talk about a part of the real estate business that a lot of residential agents are curious about, especially here in Texas:

Farm and ranch real estate.

Now, when residential agents hear “farm and ranch,” a lot of them think:

“Well, it is just a house with more land.”

That is the first mistake.

Farm and ranch real estate is not just residential real estate with a bigger yard.

It can involve acreage, minerals, water, wells, septic systems, fences, gates, livestock, crops, agricultural valuation, wildlife valuation, hunting leases, grazing leases, access easements, surveys, roads, drainage, floodplain, barns, equipment, and sometimes family ownership issues going back generations.

So yes, farm and ranch can be a tremendous opportunity.

It can also be a place where an unprepared agent can make a very expensive mistake.

Today’s goal is not to turn you into a farm and ranch expert in one hour. That would not be realistic, and it would not be responsible.

The goal today is to help you understand:

1. Whether a Texas residential agent can work farm and ranch.
2. Why competency matters.
3. Why you need guidance on your first few rural transactions.
4. What makes farm and ranch different from residential.
5. What issues you need to watch for.
6. What questions you should be asking.
7. When to bring in your broker, a mentor, an attorney, a land specialist, or another expert.

The big idea today is simple:

Your license may allow you to participate, but competency determines whether you should lead the transaction alone.

TREC has a specific Farm and Ranch Contract, Form 25-16, effective January 3, 2025. TREC describes it as generally used for rural properties with metes and bounds descriptions from a survey, and it contains provisions for farm and ranch items not specifically addressed in other contract types.

So right away, that tells us something important.

If TREC has a specific form for farm and ranch transactions, that is a clue that these transactions are different.

Let me start with a question.

How many of you have ever had a buyer ask for a house on acreage, a few acres outside town, land for horses, hunting property, or a weekend place?

Pause for responses.

That is exactly why this class matters.

Most residential agents do not wake up one day and say, “I think I am going to specialize in ranches.”

Usually, it starts because a client asks.

- A past buyer wants acreage.
- A seller inherited land.
- A friend wants a place for horses.
- A business owner wants land outside town.
- A family wants a weekend place.
- A buyer wants to build.
- A client wants hunting property.
- A landowner wants to sell because development is moving their direction.

Those opportunities can show up quickly. If you are not prepared, you may either run away from them or take them and wing it.

Neither one is ideal.

The better answer is to understand the basics, respect the risks, and get the right guidance.

Section 1: TREC Competency Rule and Guidance, 0:05 to 0:12

Before we get into land, wells, minerals, ag valuation, or contracts, we need to start with competency.

This is not just my opinion. This is a TREC issue.

TREC Rule §531.4, Competency, says that a license holder has the obligation to be knowledgeable and competent as a real estate brokerage practitioner. The rule includes being informed on local market issues, being informed on national, state, and local industry issues, exercising judgment and skill, and being educated in the characteristics involved in the specific type of real estate being brokered.

That last part matters.

The specific type of real estate being brokered.

Farm and ranch is a specific type of real estate.

A subdivision resale is one thing.

A 75-acre property with a house, barn, well, septic, grazing lease, wildlife valuation, mineral reservation, shared driveway, and an old fence that may not match the property line is another thing entirely.

So let me say this clearly:

A Texas real estate license may allow you to work farm and ranch, but it does not automatically make you competent in farm and ranch.

Competence has to be developed.

It comes from education, experience, supervision, mentorship, and knowing when to bring in the right experts.

This is where I want to give you a practical rule.

To my knowledge, TREC does not specifically say, “You must be mentored through your first three farm and ranch transactions.”

That is not the wording of the TREC rule.

However, as a brokerage risk-management standard, and as a professional best practice, I strongly recommend this:

Your first three farm and ranch transactions should be guided.

That means your first three should be handled with:

1. Your sponsoring broker's knowledge and involvement.
2. Guidance from an experienced farm and ranch agent, land specialist, mentor, or co-broker.
3. Help reviewing the form, deadlines, property issues, title, survey, access, water, minerals, ag valuation, and due diligence concerns.

There is no shame in getting guidance.

There is no shame in co-brokering.

There is no shame in referring a transaction and staying close to the relationship.

There is no shame in saying:

"I want to make sure we protect you, so I am bringing in someone with deep farm and ranch experience."

That sounds professional.

That builds trust.

That protects the client.

That protects you.

Here is the standard I would teach every agent:

First three farm and ranch transactions: guided, supervised, mentored, partnered, or referred.

Do not let your ego write a check your experience cannot cash.

A guided transaction is not a sign that you are weak. It is a sign that you are serious.

Now that we understand the competency issue, let's talk about why residential agents need to understand farm and ranch in the first place.

Section 2: Why Residential Agents Need to Understand Farm and Ranch, 0:12 to 0:18

Farm and ranch opportunities often show up inside a residential agent's existing business.

You may already know people who:

- Want a house on acreage.
- Want land for horses.
- Want a weekend property.
- Want a hunting place.
- Want to build outside the city.
- Inherited rural land.
- Own family property they may sell.
- Want to move out of a neighborhood and get more space.
- Want land for cattle, goats, chickens, or hay.
- Want to buy land before development reaches the area.
- Want recreational property for family use.
- Want a rural luxury estate.

In Texas, this happens all the time.

A residential buyer says, "We want a little more room."

That sounds simple, but "a little more room" can turn into a rural property conversation very quickly.

A few acres may involve:

- A private well.
- A septic system.
- A survey.
- A private road.
- An access easement.
- Restrictions.
- Floodplain.
- Acreage discrepancies.
- Fences that do not match boundaries.
- Outbuildings.
- Livestock.
- Agricultural valuation.

So even a “simple” acreage deal may not be as simple as it looks.

Farm and ranch can also be a strong business opportunity.

It can lead to larger transactions, deeper client relationships, referrals from landowners, estate-related listings, luxury ranch listings, recreational property buyers, investors, developers, and people who may buy and sell repeatedly over time.

However, there is a warning.

Farm and ranch mistakes are often not obvious during the showing.

In residential, you may walk into a house and see obvious problems.

- The roof looks bad.
- The foundation has cracks.
- The HVAC is old.
- The kitchen needs updating.

In farm and ranch, the problem may be hidden in the title commitment, survey, tax records, mineral reservation, easement language, water availability, septic condition, or agricultural valuation history.

The buyer may not discover the problem until after they are deep into the transaction, or worse, after closing.

That is why you cannot treat farm and ranch as just another showing appointment.

Farm and ranch requires different questions.

The quality of your questions will determine the quality of your representation.

Section 3: Big Differences Between Residential and Farm and Ranch, 0:18 to 0:30

Let’s walk through the big differences.

Difference 1: The property description matters more.

In a standard residential subdivision sale, the legal description may refer to a lot and block in a recorded subdivision.

In farm and ranch, you may be dealing with acreage described by metes and bounds from a survey.

That alone changes the conversation.

The TREC Farm and Ranch Contract is generally used for rural properties with metes and bounds property descriptions from a survey.

So now you need to think about:

- What exactly is being sold?
- How many acres are included?
- Where are the boundaries?
- Does the fence match the boundary?
- Are there encroachments?
- Are there easements?
- Is there legal access?
- Is the survey current?
- Does the survey show all improvements?
- Does the contract description match what the parties believe they are buying and selling?

This is a big issue.

A buyer may look at a fence and assume, “That is the property line.”

Maybe it is.

Maybe it is not.

In rural property, fences are sometimes built for convenience, livestock control, or historical use. They may not line up perfectly with the legal boundary.

So one of your strongest teaching lines is this:

Fences are not surveys.

Say that again:

Fences are not surveys.

If the boundary matters, and it usually does, the buyer needs to rely on the survey and appropriate professionals, not assumptions.

Difference 2: The land may be more valuable than the house.

In residential, the house is often the main value driver.

Location matters, of course, but the home itself usually gets most of the attention.

In farm and ranch, the land may be more important than the house.

The value may be driven by:

- Acreage.
- Location.
- Road frontage.
- Access.
- Water.
- Soil.
- Topography.
- Trees.
- Pasture.
- Hunting.
- Minerals.
- Agricultural productivity.
- Development potential.
- Recreational use.

- Views.
- Privacy.
- Proximity to growth.

A residential agent may look at the house and think, “This property needs updating.”

A ranch buyer may look past the house and say, “This property has great water, good pasture, strong access, and excellent long-term potential.”

That is a different mindset.

In residential, the question may be:

“What is the home worth?”

In farm and ranch, the question may be:

“What is the land capable of?”

Those are not the same question.

Difference 3: Financing may be different.

Farm and ranch financing is not always the same as a standard residential mortgage.

Some acreage properties with homes may qualify for traditional residential financing, depending on the property, lender, and use.

Other properties may require land loans, agricultural lenders, Farm Credit lenders, or different underwriting.

A lender may look at:

- Acreage size.
- Property use.
- Improvements.
- Access.
- Income potential.
- Borrower strength.
- Down payment.
- Whether the property is primarily residential, recreational, agricultural, or investment.
- Whether the home is habitable.
- Whether utilities, water, and septic are acceptable.
- Whether the property is unique or difficult to appraise.

The mistake residential agents make is assuming, “If my buyer can buy a house, they can buy this ranch.”

Maybe. Maybe not.

Get the lender involved early.

Not just any lender.

A lender who understands rural property.

Difference 4: Due diligence is broader.

In residential, due diligence often focuses on inspections, financing, appraisal, title, survey, insurance, HOA documents, and seller disclosures.

In farm and ranch, due diligence can be much broader.

A buyer may need to investigate:

- Survey.
- Title.
- Access.
- Easements.
- Water.
- Wells.
- Septic.
- Minerals.
- Surface rights.
- Oil and gas leases.
- Agricultural valuation.
- Wildlife valuation.
- Rollback tax risk.
- Floodplain.
- Soil.
- Drainage.
- Fencing.
- Road maintenance.
- Utilities.
- Restrictions.
- Hunting leases.
- Grazing leases.
- Crop leases.
- Livestock.
- Equipment.
- Barns and outbuildings.
- Ponds, tanks, creeks, and springs.
- Condition of roads, gates, and cattle guards.

That is a lot.

That is why farm and ranch representation is not just about opening the gate and walking the property.

It is about understanding the issues that may affect the buyer's intended use.

Difference 5: The contract has different issues.

TREC's Farm and Ranch Contract exists because farm and ranch properties have issues that standard residential forms may not fully address. TREC describes Form 25-16 as containing provisions for farm and ranch items not specifically addressed in other contract types.

That does not mean every acreage property automatically uses the Farm and Ranch Contract.

It does mean you need to understand why the form exists, when it may be appropriate, and when to get broker or attorney guidance.

One of the biggest mistakes is grabbing a form without understanding why you are using it.

Do not use forms by habit.

Use forms because they match the transaction.

If you are not sure, ask your broker.

Section 4: Critical Farm and Ranch Issues Agents Must Understand, 0:30 to 0:45

Now let's get into the issues that make farm and ranch different.

You do not need to be an expert in all of these today, but you do need to know they exist.

First: minerals.

Mineral rights are one of the biggest areas where residential agents can get themselves in trouble.

In Texas, surface ownership and mineral ownership can be separated.

That means the person selling the land may or may not own all of the minerals.

- They may own all of them.
- They may own part of them.
- They may own none of them.
- They may reserve them.
- They may convey them.
- They may be subject to an oil and gas lease.

This is not an area for guessing.

Questions to ask include:

- Does the seller own any minerals?
- Are minerals being conveyed?
- Are minerals being reserved?
- Are there existing oil and gas leases?
- Are there pipelines, tanks, pads, roads, or equipment?
- Are there surface-use concerns?
- Has the buyer reviewed the title commitment?
- Does the buyer need an attorney or landman?

Here is the teaching line:

Do not casually explain mineral rights if you do not understand them. Get help.

Minerals can affect value, use, future development, and the buyer's expectations.

This is one of those topics where the wrong answer can create a serious problem.

Second: water.

In rural property, water can make or break the deal.

A beautiful piece of land with poor water access may not work for the buyer's intended use.

Water issues may include:

- Private wells.
- Shared wells.
- Co-op water.
- Municipal water.
- Stock tanks.
- Ponds.
- Creeks.
- Springs.
- Water rights.
- Livestock water.

- Irrigation.
- Drought concerns.
- Water quality.
- Water quantity.

Questions to ask:

- Where does the water come from?
- Is there a well?
- Is the well permitted or registered if applicable?
- Has the well been inspected?
- Has the water been tested?
- How many gallons per minute does it produce?
- Is the water shared?
- Is there a written shared-well agreement?
- Is there co-op water available?
- Is the meter included?
- Is there enough water for the buyer's intended use?

Do not assume that because water comes out of a faucet, everything is fine.

A residential buyer moving to acreage may not understand wells at all.

They may not know about pressure tanks, pumps, water quality, depth, drought impact, or shared well issues.

Your job is not to become the well inspector.

Your job is to know that the buyer should investigate it.

Third: septic.

Many rural properties are not connected to city sewer.

They may have an on-site sewage facility, which most people simply call septic.

Septic issues matter because a failing system can be expensive and may affect financing, habitability, and future use.

Questions to ask:

- Is there a septic system?
- Is it permitted?
- Where is it located?
- What type of system is it?
- When was it installed?
- Has it been inspected?
- Is it sized properly for the house?
- Were additions made to the house after the system was installed?
- Are there maintenance records?
- Are there known problems?
- Will the buyer need a septic inspection?

A residential agent may be used to saying, "Let's get a home inspection."

On rural property, you may need a separate septic inspection, well inspection, and other specialized inspections.

Fourth: agricultural or wildlife valuation.

This is a major Texas-specific issue.

People often call it an “ag exemption,” but that phrase can be misleading.

It is not usually an exemption from property taxes. It is a special appraisal or special valuation method that may reduce taxable value based on qualifying agricultural or open-space use.

Here is the practical issue:

A buyer may fall in love with the low taxes on a rural property.

They may say, “The taxes are only \$1,200 a year on 50 acres. That is amazing.”

The question is:

Why are the taxes that low?

If the land has agricultural or wildlife valuation, the buyer needs to understand what is required to maintain it.

Questions to ask:

- Is the land currently under agricultural valuation?
- Is it under wildlife management valuation?
- What use qualified the property?
- How long has it been qualified?
- What must the buyer do to maintain it?
- Is the buyer’s intended use compatible with maintaining it?
- Could a change in use trigger rollback taxes?
- Who should the buyer speak with at the county appraisal district?

Rollback taxes can become a serious issue if the land’s use changes.

The safest teaching point is this:

Do not promise that the buyer will keep the ag valuation. Tell them to verify with the county appraisal district and appropriate tax professionals.

Fifth: access and easements.

Access is one of the most important issues in rural property.

A property can be physically accessible but still have legal access problems.

That means there may be a road or driveway people have used for years, but the question is:

Does the property have legally enforceable access?

Questions to ask:

- Does the property front a public road?
- Is access by private road?
- Is access by recorded easement?
- Is the easement wide enough?
- Does the easement allow the buyer’s intended use?
- Who maintains the road?
- Is there a road maintenance agreement?
- Are gates locked?
- Are there shared driveways?
- Does the survey show access?
- Does title show access?

Here is the warning:

A road is not the same thing as legal access.

Do not assume that because you drove to the property, access is legally secure.

Sixth: survey and boundaries.

Surveys are critical in farm and ranch.

The buyer may need to know:

- How many acres are actually included?
- Where are the boundaries?
- Are fences inside or outside the boundary?
- Are there encroachments?
- Are there easements?
- Are there roads across the property?
- Are barns, wells, tanks, and improvements located where everyone thinks they are?
- Are neighbors using part of the land?
- Is the legal description accurate?

Again:

Fences are not surveys.

A seller may say, “The property goes to that fence.”

Maybe it does.

Maybe it does not.

Let the survey, title company, and appropriate professionals answer that.

Seventh: leases and occupancy.

Farm and ranch property may have lease issues that residential agents do not usually deal with.

Examples:

- Grazing leases.
- Hunting leases.
- Crop leases.
- Oil and gas leases.
- Cell tower leases.
- Wind or solar agreements.
- Tenant occupancy.
- Storage agreements.
- Equipment agreements.
- Neighbor use agreements.

These can affect possession, income, liability, use, and value.

Questions to ask:

- Are there any leases affecting the property?
- Are they written or verbal?
- When do they expire?
- Can they be terminated?
- Will they survive closing?
- Does the buyer receive income from them?

- Do they limit the buyer's intended use?
- Are copies available?
- Has the buyer reviewed them with appropriate counsel?

A buyer may expect to close and immediately use the land.

A hunting lease, crop lease, or grazing lease may complicate that.

Do not ignore leases.

Eighth: personal property and improvements.

Farm and ranch properties often have lots of items on-site.

- Some are improvements.
- Some are accessories.
- Some are personal property.
- Some may be leased.
- Some may belong to tenants, hunters, ranch hands, or neighbors.

Items might include:

- Gates.
- Panels.
- Troughs.
- Feeders.
- Deer blinds.
- Game cameras.
- Tractors.
- Implements.
- Portable buildings.
- Fuel tanks.
- Water tanks.
- Livestock equipment.
- Saddles.
- Appliances.
- Security systems.
- Barn equipment.
- Irrigation equipment.
- Hunting stands.

Do not assume everything conveys.

Clarify it in writing.

If the buyer expects it to stay, make sure the contract properly addresses it.

If the seller intends to remove it, make sure that is clear.

Many farm and ranch disputes begin with:

"I thought that was included."

Do not let your client rely on assumptions.

Section 5: Basic Farm and Ranch Transaction Process, 0:45 to 0:51

Now let's walk through a basic farm and ranch transaction process.

This will vary by deal, but here is the general flow.

Step 1: The first conversation.

Slow down and ask better questions.

For a buyer, ask:

- What do you want to use the property for?
- Residential living?
- Horses?
- Cattle?
- Hunting?
- Weekend recreation?
- Farming?
- Investment?
- Future development?
- Building a custom home?
- Holding land long term?

The intended use drives the due diligence.

A property that works for weekend recreation may not work for cattle.

A property that works for a house may not work for commercial development.

A property that works for hunting may not work for horses.

Ask:

- How many acres do you need?
- Do you need water?
- Do you need fencing?
- Do you need a barn?
- Do you need road frontage?
- Do you need legal access?
- Do you need ag valuation?
- Are minerals important?
- Are you financing?
- Have you talked to a rural lender?

For a seller, ask:

- How many acres are included?
- Is there a current survey?
- Are there minerals?
- Are any minerals being reserved?
- Are there leases?
- Is there ag or wildlife valuation?
- Are there wells?
- Is there septic?
- Are there restrictions?
- Are there easements?
- What personal property stays?
- Are there known boundary issues?
- Are there tenants, hunters, or grazing arrangements?

This first conversation sets the tone.

Step 2: Broker and mentor check.

If this is one of your first farm and ranch deals, involve your broker or mentor early.

Do not wait until you have a problem.

Tell your broker:

- Here is the property.
- Here is the acreage.
- Here is the intended use.
- Here are the issues I see.
- Here are the issues I do not understand.
- Here is who I think should help guide me.

That is professional.

Step 3: Form selection and contract guidance.

TREC's Farm and Ranch Contract may be the appropriate form for many rural property transactions, especially where the property is rural, uses a metes and bounds description, and involves farm and ranch issues. TREC describes the form as dealing with items relevant to farms and ranches that other contract types may not specifically address.

Do not assume.

Ask your broker.

When needed, tell your client to involve an attorney.

Step 4: Due diligence.

Farm and ranch due diligence can include:

- Survey review.
- Title review.
- Easement review.
- Access verification.
- Well inspection.
- Septic inspection.
- Property inspection.
- Ag valuation verification.
- Rollback tax investigation.
- Lease review.
- Mineral review.
- Environmental review.
- Floodplain review.
- Soil and drainage review.
- Road maintenance review.
- Insurance review.
- Financing review.

This is where the deal is won or lost.

Not at the showing.

At due diligence.

Step 5: Closing and possession.

Possession may be more complicated than a normal residential closing.

You may need to clarify:

- When the buyer gets possession.
- Whether livestock will be removed.
- Whether crops remain.
- Whether hunting rights continue.
- Whether a tenant stays.
- Whether gates, keys, codes, and access devices transfer.
- Whether personal property is removed.
- Whether leases continue.
- Whether equipment conveys.
- Whether seller needs temporary access.

Again, get it in writing.

Section 6: Common Pitfalls Residential Agents Must Avoid, 0:51 to 0:57

Let's talk about the mistakes that get agents in trouble.

Pitfall 1: Treating acreage like a normal residential sale.

Acreage is not just extra land.

It brings issues involving access, boundaries, water, septic, minerals, taxes, leases, and use.

Pitfall 2: Assuming fences equal property lines.

We said it earlier, and I will say it again.

Fences are not surveys.

The fence may be correct. It may also be wrong by 10 feet, 50 feet, or more.

Pitfall 3: Failing to verify legal access.

If there is no legal access, the property may be extremely difficult to use, finance, or resell.

Driving onto the property is not enough.

Verify access.

Pitfall 4: Mishandling minerals.

Do not guess.

Do not promise.

Do not casually explain mineral rights.

Get help from the broker, title company, attorney, landman, or appropriate expert.

Pitfall 5: Misunderstanding ag or wildlife valuation.

Low taxes may depend on continued qualifying use.

The buyer must verify what is required to maintain the valuation and whether their intended use could trigger rollback taxes.

Pitfall 6: Ignoring water.

In rural Texas, water matters.

No reliable water, poor water quality, low well production, or unclear shared-well arrangements can create major problems.

Pitfall 7: Overlooking septic.

A failed septic system can be expensive.

The buyer needs to inspect and verify.

Pitfall 8: Not identifying leases.

Hunting, grazing, crop, mineral, cell tower, wind, solar, or other agreements may affect the buyer's rights after closing.

Ask for copies.

Pitfall 9: Failing to clarify what conveys.

Farm and ranch properties have more "stuff."

If it matters, put it in writing.

Pitfall 10: Going it alone.

This is the biggest one.

If you are new to farm and ranch, do not make the client your experiment.

Get guided.

Get supervised.

Get mentored.

Partner or refer when appropriate.

Remember:

Your first three farm and ranch transactions should be guided, supervised, mentored, partnered, or referred.

Section 7: How Residential Agents Should Safely Get Started, 0:57 to 1:00

So how do you get started safely?

Start small.

Good entry points may include:

- A house on two to five acres.
- A small homesite outside the city.
- A simple rural resale.
- A small recreational tract.
- A buyer looking for acreage for personal use.
- A property with clear access, utilities, survey, and no major lease or mineral issues.

More advanced transactions include:

- Large working ranches.
- Complex mineral situations.
- Hunting operations.
- Crop-producing land.
- Properties with multiple leases.

- Land with development potential.
- Properties with water rights issues.
- Conservation easements.
- Large acreage without clear access.
- Special-use rural properties.

Build your resource team.

You need relationships with:

- A farm and ranch broker or mentor.
- A real estate attorney.
- A title company familiar with rural land.
- A surveyor.
- A rural lender or Farm Credit lender.
- A well inspector.
- A septic inspector.
- An insurance agent familiar with rural property.
- A county appraisal district contact.
- A fencing contractor.
- A wildlife or land management consultant.
- A soil, drainage, or environmental consultant when needed.

Study the Farm and Ranch Contract.

Do not just glance at it.

Read it.

Take a class on it.

Ask your broker to walk you through it.

TREC's public contract list shows the Farm and Ranch Contract as Form 25-16 with an effective date of January 3, 2025.

Also consider land-focused education.

Helpful paths include:

ALC, Accredited Land Consultant, especially for agents serious about land, ranch, recreational, and development property.

RLI, REALTORS® Land Institute, for land education and networking.

Texas REALTORS® farm and ranch education and forms.

TREC contract classes focused on the Farm and Ranch Contract.

Local mentorship with an experienced land or ranch agent.

You do not have to become the expert overnight.

You do have to be honest about where you are.

Closing: Final 2 to 3 Minutes

Let's wrap this up.

Farm and ranch real estate can be a great opportunity for residential agents in Texas.

A lot of your clients may eventually want more land, a weekend property, a hunting place, horse property, a custom homesite, or a family ranch.

Those conversations are going to happen.

The question is whether you are prepared.

The biggest takeaway today is this:

Farm and ranch is not just residential with more acreage.

It is land.

It is water.

It is access.

It is minerals.

It is surveys.

It is tax valuation.

It is wells.

It is septic.

It is leases.

It is use.

It is risk.

So yes, pursue the opportunity.

Learn it.

Study it.

Ask questions.

Build your team.

Find a mentor.

Involve your broker.

For your first three farm and ranch transactions, get guided.

Do not fake expertise.

Become educated enough to recognize the issues, humble enough to ask for help, and professional enough to protect your client.

That is how you grow into farm and ranch the right way.

Thank you, everybody.

Appendix A: First Farm and Ranch Deal Safety Checklist

Before taking your first farm and ranch client, answer these questions:

- Have I notified my broker?
- Is this one of my first three farm and ranch transactions?
- Do I have a mentor, co-broker, land specialist, or experienced guide involved?
- Do I understand the buyer's or seller's objective?
- Do I know whether the Farm and Ranch Contract may be appropriate?
- Is there a current survey?
- Does the property have legal access?
- Are there easements?
- Are there mineral rights or reservations?
- Is there a well?
- Is there septic?
- Is there agricultural or wildlife valuation?
- Could rollback taxes be an issue?
- Are there hunting, grazing, crop, mineral, wind, solar, or other leases?
- Do fences match the survey?
- What personal property or equipment conveys?
- Has the buyer been advised to use appropriate inspectors and professionals?
- Has the client been advised to verify tax, legal, environmental, and property condition issues with the proper experts?
- Am I staying within my area of competence?
- Do I need to partner, refer, or get more guidance?

Final checklist line: First three farm and ranch transactions should be guided, supervised, mentored, partnered, or referred.

Appendix B: Key Terms and Concepts

Term	Class-Friendly Definition
Farm and Ranch Contract	A TREC contract form designed for many rural property transactions involving farm and ranch issues not fully addressed in other contract types.
Metes and Bounds	A legal property description that defines boundaries using distances, directions, and physical or survey markers rather than a subdivision lot and block description.
Agricultural Valuation	A special property tax valuation method based on qualifying agricultural productivity or use. It is often casually called an ag exemption, but agents should avoid implying it is a simple exemption.
Wildlife Valuation	A special valuation that may apply when qualifying land is managed for wildlife under applicable Texas requirements.
Rollback Taxes	Additional taxes that may be triggered when land under special valuation changes to a non-qualifying

	use. Buyers should verify the risk with the county appraisal district and tax professionals.
Mineral Rights	Rights associated with minerals below the surface. Surface ownership and mineral ownership can be separated in Texas.
Surface Rights	Rights associated with the use of the surface of the land, which may be affected by mineral ownership or mineral leases.
Easement	A legal right for someone to use another person's land for a specific purpose, such as access, utilities, pipelines, or roads.
Legal Access	A legally enforceable right to enter and exit the property. A road or driveway does not automatically mean legal access exists.
On-Site Sewage Facility	A septic system or similar wastewater system used when property is not connected to a public sewer system.
Shared Well Agreement	An agreement that governs the use, maintenance, costs, and responsibilities for a well shared by multiple properties or users.
Grazing Lease	An agreement allowing another party to use land for livestock grazing.
Hunting Lease	An agreement allowing another party to hunt on the property, often for a season or specific time period.
Survey	A professional drawing and report that identifies property boundaries, improvements, easements, encroachments, and other important land features.

Appendix C: Suggested Resources and Sources

Use these as starting points for instructor preparation, class handouts, or follow-up resources. Agents should verify current forms, rules, and local requirements before advising clients.

TREC Rules, §531.4 Competency: <https://www.trec.texas.gov/agency-information/rules-and-laws/trec-rules>

TREC Farm and Ranch Contract, Form 25-16: <https://www.trec.texas.gov/forms/farm-and-ranch-contract>

TREC Contracts Page: <https://www.trec.texas.gov/agency-information/contracts>

Texas REALTORS® Farm and Ranch Listing Agreements: <https://www.texasrealestate.com/form-category/farm-and-ranch-listing-agreements/>

REALTORS® Land Institute: <https://www.rliland.com/>

Texas Comptroller, Property Tax and Agricultural Appraisal Resources:
<https://comptroller.texas.gov/taxes/property-tax/>

Instructor reminder: Do not present this class as legal advice, tax advice, lending advice, environmental advice, or survey advice. The teaching goal is to help agents recognize issues and involve the right professionals.