

Open Country

GANADO GROUP, INC. NEWSLETTER

Homesteading
Law and Arizona
Land Tenure 1

Seasonal Forest
Ranch Sales 3

Featured Member 4

Ganado Group
Members 4

Company Services 4

Available Farms
& Ranches 5

ACA Summer
Convention,
AZ Cowpuncher's
Reunion Rodeo,
YCGA Calf Sale/BBQ
and Cowboy
Artists of America
Sale/Exhibition 6

Welcome back to Open Country!

This is the second issue of *Open Country*, our company newsletter in which we look to share some of the information we have gathered during the course of business. Ganado Group completed a wide variety of assignments in 2009 including a water rights valuation for tribal settlement, several dairies

and produce coolers in addition to the normal load of farms and ranches. Additionally, the company was involved in the sale of two cattle ranches. Homesteading and its effect on Arizona land tenure are the focus of the main article in this issue which we hope will be engaging and informative for our clients and potential clients. Although homesteading occurred in all parts of the state, homesteads have long served as the base property for seasonal forest permits, the focus of our market data in this issue. ◀

APACHE NATIONAL FOREST



Homesteading Law and Arizona Land Tenure

By Carter S. Benton

The Homestead Act of 1862 sought to create further opportunities for pioneers and individuals to make productive use of the unsettled lands held in the public domain of the United States. It enabled citizens or those having filed for citizenship to make a claim upon a certain parcel (starting at 160 acres, the size of these parcels was changed many times to suit different terrain and political climate) and then make improvements to that parcel over a period of time in exchange for title, or in some cases, the right to buy the land at a low cost. The Act was meant to supplement other methods of obtaining land such as Preemption (a less flexible form of laying claim, often for free title) and cash purchases.

There had been a debate since the Continental Congress over how to settle and disburse land from the public domain. Generally speaking, those in favor of cash sales were morally opposed to giving land away and saw free land on the frontier as a drag on values in settled areas. Those opposed to cash sales cited the possibilities of monopolization by wealthy capitalists in addition to perceiving a solution to overcrowding by granting free land.

Continued on page 2.

THE ACT OF FILING CLAIM AND IMPROVING THE LAND TO OBTAIN TITLE, OR HOMESTEADING, BECAME A POLITICAL SYMBOL IN THE WEST, AS THE FRONTIER CONTINUED TO SHIFT.

Ganado Group, Inc. is an agricultural and rural real estate service company performing fee appraisals, consulting, property management and real estate brokerage for a broad client base.

Continued from page 1.

The act of filing claim and improving the land to obtain title, or homesteading, became a political symbol in the West, as the frontier continued to shift. And even as the laws changed over time, the idea of free land remained essential to disbursing the public domain until the Taylor Grazing Act of 1934. That Act, sponsored by Edward T. Taylor of Colorado, a former homesteading advocate, closed the public domain and reorganized remaining lands into the Bureau of Land Management.

Initially, homesteaders were most active in Midwestern states such as Kansas, Nebraska, Iowa and the Dakotas. But land use experts became concerned as settlement reached west of the 100th meridian. From that point, annual precipitation falls below twenty inches which was seen as a threshold for traditional farming. Major John W. Powell, as head of the US Geological Survey, called for land classification (the basis for the concept of ‘highest and best use’) and sale of public domain lands; irrigable land in parcels less than eighty

SOME OF THE MOST INTERESTING ASPECTS OF LAND TENURE IN ARIZONA THAT CAN BE TRACED TO HOMESTEADING ARE THE VERY SMALL HOMESTEAD ENTRY SURVEY PARCELS RECORDED WITHIN THE NATIONAL FORESTS. THESE OLD HOMESTEADS OFTEN SERVE AS BASE-PROPERTY FOR FOREST GRAZING ALLOTMENTS.

acres; grazing lands (those without timber, mineral or farming possibilities) to be sold in four-section increments (2,560 acres) at a nominal price. This followed attempts to alter the existing homesteading options. Most notably for Arizona was the Desert Lands Act of 1875 which allowed non-timber, non-mineral, non-grass producing lands to be obtained at a very low rate (\$.25 per acre, initially) if irrigation improvements were made over a period of two years. Many of the changes which increased the size of homestead claims simply made it easier for syndicates and land agents to gain larger estates through abuse. Also, changes like the Desert Lands Act, which sought to get unproductive lands on the tax rolls, often resulted in failure. The costs of improvement were much too high.

But the advent of dry-farming techniques further encouraged policy makers to make homesteads larger. By 1904, under

President Roosevelt, the Kincaid Act was passed, allowing grazing homesteads of one full section to settlers in Nebraska. This was followed by the Enlarged Homesteads Act of 1909, which allowed homesteaders nationwide to occupy and improve 320-acre tracts. Opposition was led by the Department of Agriculture, which had maintained that classification followed by leasing was the best way to use arid western lands still in the public domain.

Finally, the Stock Raising Homesteads Act of 1916 was brought by Edward T. Taylor of Colorado (the subsequent author of the Taylor Grazing Act), making full sections of grazing land available for homesteading, nationally. With this, he sought to increase the tax revenues of western states as fast as possible by getting the land into private estates. Stockmen opposed the larger homesteads because they continued to fracture economic grazing units of the public domain which led to overgrazing, erosion and other environmental problems. Fractured ownership in arid lands also brought about a reversion to the open range, in some cases, where failed homesteads were taken over by large cattlemen – the antithesis of western land policy. With the addition of cattle-price instability by the mid 1920’s, there was serious opposition to homesteading among herders. Their alternative was large scale leasing, already in use by the Forest Service, and put in force by the Taylor Grazing Act.

Some of the most interesting aspects of land tenure in Arizona that can be traced to homesteading are the very small Homestead Entry Survey parcels recorded within the national forests. These old homesteads often serve as base-property for forest grazing allotments. These curiously small entries are the likely result of a minor tweak in public domain policy, the Forest Homestead Act of 1906. This provided the additional right to enter non-timber, non-mineral but arable lands within the forest for those individuals already homesteading in the area. These parcels did not have a delineated size and tended, because of the specifications, to run along meadows and parks in the high mountains. They are often the historic summer headquarters for large year-round ranches as well as the base-property for seasonal (summer) allotments.

The Forest Service has been exchanging land on the fringe of the forest for these parcels since the 1950’s, in an effort to create a uniform surface responsibility. ◀

Seasonal Forest Ranch Sales

COCONINO NATIONAL FOREST

The following charts show the thirty year sales history of seasonal national forest ranches (including base property) and pure seasonal national forest permits (without deeded) in Arizona. There have been ninety sales of seasonal national forest ranches over the last thirty years. Of those from the last ten years, three or approximately ten percent have sold to a wildlife conservation society. The balance have sold to area ranchers as well as families new to the ranching business. These ranches are negotiated on a price per animal unit basis.



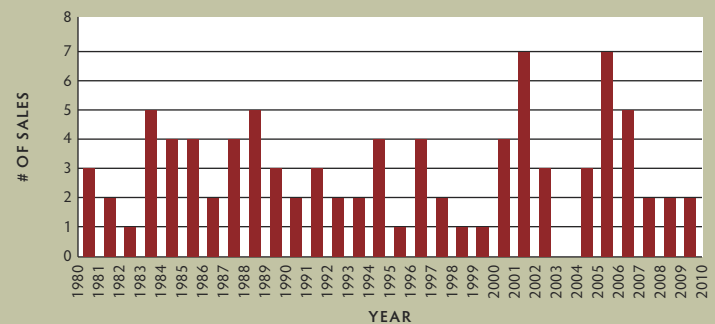
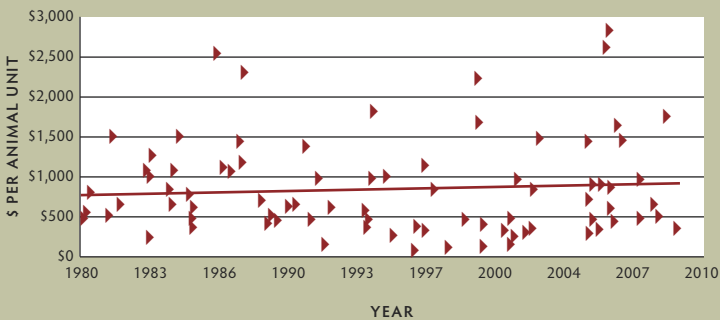
For the purposes of comparison, we have found the average price per animal unit to be \$850. Of those ranches, forty-five were sales of pure seasonal permits, virtually all of them to ranchers, at an average price of \$562 per animal unit. ◀

1▶ TREND FOR PRICE PER ANIMAL UNIT OF SEASONAL NATIONAL FOREST RANCHES OVER THE LAST 30 YEARS

2▶ NUMBER OF SALES PER YEAR OF SEASONAL NATIONAL FOREST RANCHES OVER THE LAST 30 YEARS

SEASONAL NATIONAL FOREST RANCH SALES

SEASONAL NATIONAL FOREST RANCH SALES

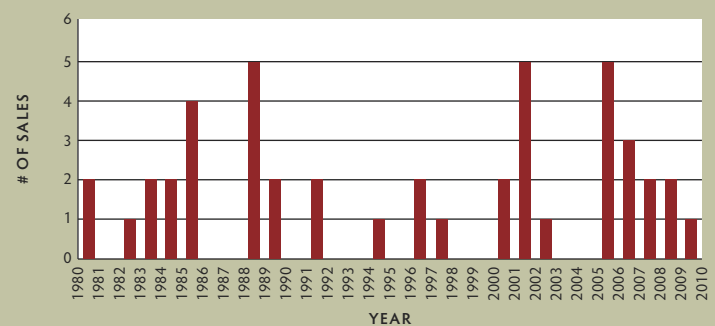
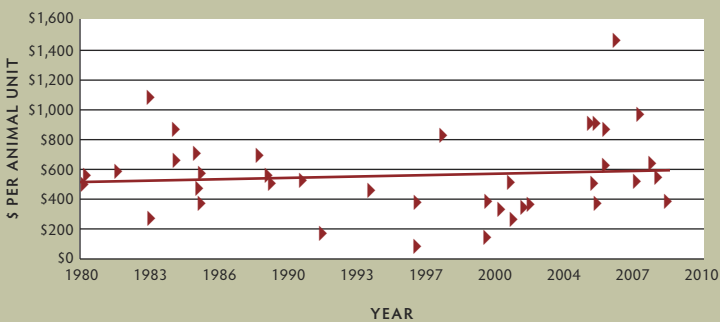


3▶ TREND FOR PRICE PER ANIMAL UNIT FOR PURE SEASONAL NATIONAL FOREST RANCH PERMITS OVER THE LAST 30 YEARS

4▶ NUMBER OF SALES PER YEAR OF PURE SEASONAL NATIONAL FOREST RANCH PERMITS OVER THE LAST 30 YEARS

100% SEASONAL NATIONAL FOREST PERMIT SALES

100% SEASONAL NATIONAL FOREST PERMIT SALES



Featured Member

Scott A. Halver, ARA, MAI

Scott is an *Accredited Rural Appraiser* (ARA) with the American Society of Farm Managers & Rural Appraisers (ASFMRA) and a *Member of the Appraisal Institute* (MAI) with the Appraisal Institute. Scott has a M.S. degree in Agribusiness and a B.S. in Business Administration. He was past Chairman of the National Public Relations Committee for ASFMRA (4 yrs) and was chapter president, ASFMRA for Arizona. Scott joined Ganado Group, Inc. in 2001 and has over 20 years experience appraising real estate in Arizona and western New Mexico. Scott's expertise includes **farms, ranches, conservation easements, water rights, federal exchanges, expert testimony, condemnation, improved properties such as dairies, vegetable coolers, citrus groves, and other unique properties.** If you have a unique property appraisal need you may want to contact Scott. ◀

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Company Services

Ganado Group, Inc., in business since 1994, is an agricultural and rural real estate service company performing fee appraisals, consulting, property management and real estate brokerage for a broad client base. Since inception, company members have completed over 300 ranch appraisals in Arizona and New Mexico, more than thirty of which were for conservation purposes. At one point, the company managed all Arizona agricultural properties held in trust by a bank with offices across the country. Our members have consulted on values with clients ranging from private individuals to livestock associations and the State of Arizona Land Department. During this time, the company has been involved in the sale of approximately thirty cattle ranches in addition to other rural properties.

In the future, if you need professional services for rural or agricultural property we hope you will allow Ganado Group an opportunity to work with you. ◀

Open Country

AVAILABLE FARMS & RANCHES – SPRING 2010



Prescott Area Ranch

The Yavapai County ranch is located 60 miles north of Phoenix in the Prescott area. The Headquarters is 4 miles east of I-17 within 1¼ hours of downtown Phoenix and Sky Harbor Airport. 80 Ac. deeded along Agua Fria River, 49 Ac. deeded along Indian Creek, 1,967 Ac. State, 10,356 Ac. BLM & 12,196 Ac. Forest Allotment. Capacity 445 head yearlong. Elevation is 3,400 to 5,000 feet with the Headquarters at 3,440 feet. Headquarter improvements include nice main ranch house, barns, shipping corrals and 35 Ac. irrigated. This is an opportunity for the serious cattleman to own a reputation cattle ranch. *Price ▶ \$2,760,000*



Skull Valley Area Property

The Yavapai County property is located in Skull Valley, approximately 20 miles from downtown Prescott and 100 miles northwest of Phoenix. 139 Ac. deeded along Old Skull Valley Road. Elevation is 4,163 feet to 4,703 feet. Improvements include main ranch house, 2nd house, barn, shop, outbuildings & 80 Ac. irrigated with 2 irrigation wells. This is an opportunity for a family, horseman, specialty livestock breeder, specialty farmer or retiree to own a good long term investment in a pleasant year-round climate. *Price ▶ \$2,200,000*



Wickenburg Area Ranch

The Maricopa County ranch is located 45 miles northwest of Phoenix in the Wickenburg area. The Headquarters is 3 miles west of Morristown along the east bank of the dry Hassayampa River 1¼ hours from downtown Phoenix and Sky Harbor Airport. Tenure includes a 120 Ac. deeded Headquarters site, 2,160 Ac. State Lease & 10,148 Ac. BLM Allotment. Capacity is 105 head yearlong. Elevation is 1,730 to 2,750 feet with the Headquarters situated at 1,775 feet. Headquarter improvements include nice 3,100 sq. ft. main ranch house, 680 sq. ft. historic general store, guest house, labor housing, 4,850 sq. ft. workshop, 17 stall round horse barn, roping arena and more. This ranch is ideally located for a professional, retiree or winter visitor interested in mild winters, western recreational opportunities and the experience of managing an Arizona desert ranch. *Price ▶ \$2,000,000 including cattle*



Mogollon Rim Deeded Inholding

This Coconino County deeded inholding is situated on the Mogollon Rim within the Sitgreaves National Forest north of Bear Canyon Lake. The 35.98 acre homestead runs along a meadow surrounded by pine trees. Elevation is 7,050 feet. This is an accessible, secluded site for a family getaway with good long-term investment potential. *Price ▶ \$1,259,300*



Queen Creek Area Farm

This Pinal County State of Arizona Agricultural Lease farm is located six miles east-southeast of Queen Creek. The 706 acre Ag Lease contains 484 acres farmed, 188 acres unusable and 33 acres of roads & ditches. New Magma Irrigation & Drainage District provides irrigation water. This farm has 231 acres of upland cotton base and is improved with concrete ditches, labor housing and an equipped potato shed. *Price ▶ \$979,340*

Ganado Group, Inc.

Agricultural & Rural Real Estate Services

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**CHECK OUT OUR
NEW WEBSITE!**

www.ganadogroup.com

**GANADO GROUP IS
PROUD TO SUPPORT**

**2010 SUMMER
CONVENTION
ARIZONA
CATTLEMEN'S
ASSOCIATION
JULY 22-24 ▶**

**ARIZONA
COWPUNCHER'S
REUNION RODEO
JULY 29-AUGUST 1 ▶**

**YAVAPAI CATTLE
GROWERS
ASSOCIATION
78TH ANNUAL
CALF SALE & BBQ
SEPTEMBER 25 ▶**

**45TH ANNUAL
COWBOY ARTISTS
OF AMERICA
SALE & EXHIBITION
SALE WEEKEND
OCTOBER 15 & 16
EXHIBITION
OCT 17-NOV 14 ▶**

2010 Summer Convention Arizona Cattlemen's Association

Thursday, July 22 - Saturday, July 24, 2010

Loews Ventana Canyon
Tucson, Arizona

**NEW HORIZONS
Reach New Horizons thru
Education – Resources – Industry Updates**

To Register Contact
ACA Office ▶ 602.267.1129
or visit the ACA Website
www.azcattlemensassoc.org

Yavapai Cattle Growers Association 78th Annual Calf Sale & BBQ

Saturday, September 25, 2010

Maughan Ranch West Fork ▶ Peeples Valley, AZ

Featuring
Maughan Ranches Quarter Horse Sale
4-H & FFA Livestock Judging Clinic
Exhibit Booths
BBQ & Calf Sale

Area Ranchmen Consign Calves to be
Judged & Sold to Benefit the YCGA

Contact
Gretchen M. Groseta
928.310.4427 ▶ 928.634.2366
www.ycgacalfsale.com

Arizona Cowpuncher's Reunion Rodeo

Bob Dean Rodeo Grounds ▶ Williams, AZ

Thursday, July 29 - Sunday, August 1, 2010

Rodeo Performances
1pm ▶ Friday, Saturday & Sunday

Dance
Friday & Saturday Night

Bronc Calcutta & Charity Auction
Saturday Evening

Contact
Trina Runston ▶ 928.853.6495

45th Annual Cowboy Artists of America Sale & Exhibition

Hosted by the Men's Arts Council
of the Phoenix Art Museum

See and buy more than 140 new
works of art by the prestigious members
of the Cowboy Artists of America.

COWBOY ARTISTS of AMERICA

Sale Weekend ▶ Ticketed Event
Friday & Saturday, October 15 & 16, 2010

Exhibition ▶ Open to the Public
Sunday, Oct 17 - Sunday, Nov 14, 2010

For Tickets or Information Contact
Kelly Whitten
Phoenix Art Museum ▶ 602.307.2007
www.mensartscouncil.com