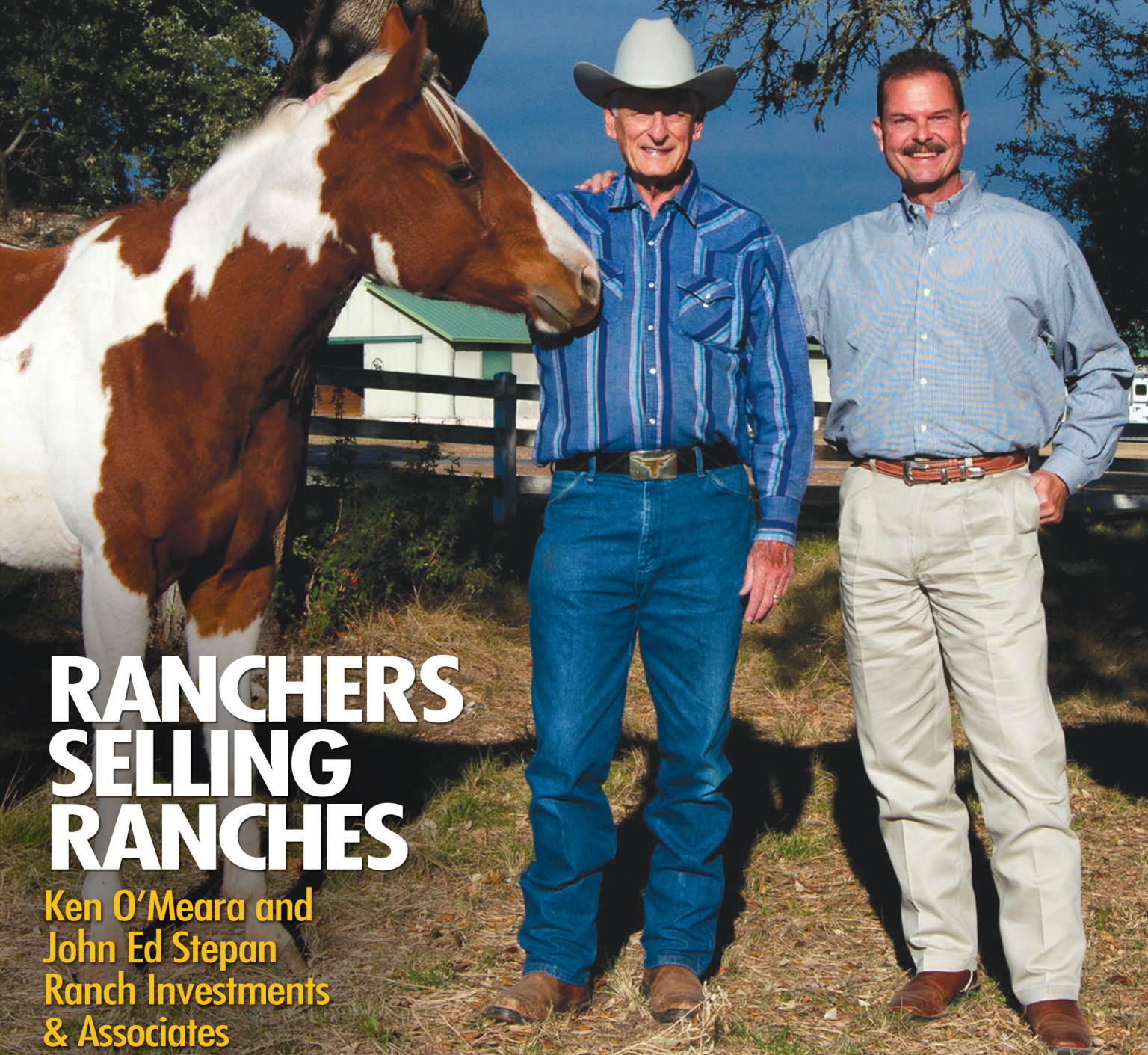


American Cattlemen®



RANCHERS SELLING RANCHES

Ken O'Meara and
John Ed Stepan
Ranch Investments
& Associates

RANCHERS SELLING RANCHES

Based in Austin, Texas Ranch Investments & Associates offers a full range of marketing and financial services to buyers and sellers of farm, ranch and rural property not only in Texas but globally. Ken O'Meara, a nationally recognized developer of office buildings, hotels, college campus living facilities, and large commercial projects founded the company in 1982. After winding down operations for his successful O'Meara Chandler Corporation, Ken saw an opportunity to take his experience in the real estate business into the farm and ranch area that was closest to his heart. The real estate brokerage business was a natural fit.

“Since 1982, Ranch Investments has sold 1,288,203 acres of prime ranch land with a value of \$800 million.”





He founded Ranch Investments & Associates with three guiding principles 1) never compromise honesty nor integrity in a transaction under any circumstance 2) build a team of associated brokers and agents with actual hands-on working experience in the agricultural world and 3) aggressively use advertising to inform the broadest marketplace possible of interested buyers and sellers of rural property that was available for purchase.

Twenty-five associate brokers and agents located in eleven offices cover the state of Texas. Each of these broker/agents has an extensive working background in a variety of fields ranging from appraisals, farm and ranch lending, cow-calf and stocker operations, horse breeding, irrigated and dryland farming, agricultural commodity merchandising, commercial hunting, wildlife management and conservation easements. Ken insisted that his personnel be fully qualified to professionally represent clients of the firm, to “know what they are talking about” and to give sound, knowledgeable advice to customers based on business experience, market research and knowledge of local market conditions.

In its early years, Ranch Investments operated as a

traditional real estate brokerage company much like residential brokerage agencies. RI personnel met with rural property owners interested in obtaining the best price for their land. Professional marketing plans were presented to the client outlining newspaper and magazine advertising media, marketing materials and private offerings. The firm also worked with prospective buyers interested in purchasing a working farm, ranch or recreational property such as a hunting ranch or wildlife conservatory. Working farms and ranches are still the firm’s specialty, but the Internet arrived on the scene in the late ‘90’s and that “changed everything.”

The Internet exploded the farm and ranch real estate brokerage business from a localized, fragmented operation into an open, worldwide marketplace. Typically, available farms and ranches for sale would be found in the local newspaper’s classified advertising section. This advertising, of course, was limited to that newspaper’s circulation, often a three, four or five county area. Only interested local buyers and sellers of rural real estate would be apprised of these offerings, limiting the marketplace to only those readers of the local paper. The price received by the seller of his property was limited to the highest price offered by a local buyer



within the paper's circulation area. Ken quickly saw the game-changing aspects of the Internet, that is, a given property could be advertised for sale not only in a four or five county area but advertised for sale on the Internet's global platform. This presented the opportunity to extract the highest price not only from a four or five county population but the whole world of interested buyers and sellers of rural property. The opportunity to gain the highest price from a buyer increased exponentially with the exponentially larger population of interested buyers anywhere in the United States and the world.

Ken saw the need to re-think the organization's marketing strategy to take advantage of the Internet and what it had to offer. He was one of the first pioneers in the farm and ranch brokerage business to aggressively utilize the Internet and the firm emphasizes its implementation in its market-

ing strategies today. Other firms began to realize the marketing possibilities of "the Net" and it has revolutionized the real estate business in only a few years. Ranch Investments' website is one of the first addresses to appear on the largest search engines' Results Page searching for rural real estate.

Ranch Investments not only represents buyers and sellers of rural properties but also has adapted to changing trends in real estate investment and ownership. RI maintains working relationships with independent CPA's, attorneys specializing in oil & gas properties, general real estate transactions, financial and estate planning, and appraisers to advise clients in sometimes difficult and complex negotiations. Armed with this deep bench of financial professionals Ranch Investments is perfectly situated to assess their clients' real estate investment needs and present them with a detailed summary of available properties that fit their investment and ownership criteria.

Another interesting trend that has affected the rural real estate market has been the large gains made in the stock market from the early 1990's to the present. In the mid-1980's, real estate experienced a speculative frenzy with property values soaring and real estate was being purchased with borrowed money. Real estate prices subsequently collapsed and foreclosures mounted. Bumper stickers abound reading, "Lord, please give me one more boom!"

However, in the early 1990's the stock market began to take off, making new highs. Wise investors cashed in and used their profits to make rural land investments using their equity instead of borrowing this time around. The demand for rural real estate increased dramatically and many "city boys" began to buy ranches to develop into "recreational" properties as opposed to moving to and operating working farms and ranches. Many of these affluent investors chose to develop their properties into weekend "getaways" where they could relax, spend time with their families, enjoy the country air and hunt and fish. The rural real estate business has experienced a slow but gradual shift away from "working" farms and ranches to recreational uses. Ranch Investments has catered to this shift in clientele but has never deviated from its "working farm and ranch" roots.



The nation's collapse in the financial market of 2008 combined with the country's increasing spending and accumulation of debt has kicked off a national debate whether to increase taxes vs. a reformulation of the entire US tax code. Ranch Investments has extensive experience with tax-deferred real estate transactions via Internal Revenue Service Section 1031 like-kind exchanges. Quite frequently,



an “old home place” family farm has been passed down through a family for a number of years. The farm may or may not have been a producing asset and the younger generation has moved away and has no interest in being “land-poor.” Like-kind exchanges allow the conversion of a real property with a low-cost basis into another income producing real estate property (or any other kind of real estate property) with the capital gains tax being deferred. This involves the simultaneous sale of the “old home place” and using the sale’s proceeds to purchase another real property that satisfies the client’s income or other investment criteria. The IRS has incorporated a rigid set of rules that must scrupulously be followed for these exchanges to take place. The firm has successfully assisted clients with many of these “1031’s” with life changing tax benefits. Ranch Investments specializes in assessing a property’s eligibility for a tax-deferred exchange and developing a marketing plan coupled with

locating and purchasing a suitable exchange property that fits the client’s investment goals.

As Ken O’Meara has left his 84th birthday in his rear view mirror, with nary a day missed at his office desk in Austin, he has turned the reins over to a younger generation by selling the firm to John Ed Stepan, an agent protégé with a close affinity with Ken and to Ranch Investments. John Ed has deep working experience in owning and operating several working ranches, developing wildlife preserves, and commercial property developments. John Ed is proud of Ranch Investments’ heritage and is continuing to build on Ken O’Meara’s vision. Moving forward in the 21st Century of land brokerage, John Ed vows to maintain the high level of service, honesty and integrity that Ken O’Meara started 30 years ago.

For more information, please visit Ranch Investments & Associates’ website at www.ranchinvestments.com

NEXT GENERATION

John Ed Stepan



As a young man, Ken O’Meara spent his teenage years during World War II working his father’s 100-acre farm in Fairbanks, now paved over and populated by the city of Houston. Spring afternoons were spent behind a mule team plowing fields of vegetables that his Dad sold to the local restaurant. Ken earned spending money by boarding and breaking horses for neighbors in the area. Summers were spent at Ken’s cousin’s Scudder Ranch in Wimberley. Here Ken fell in love with the livestock business and riding, roping, rounding up and doctoring cattle. Ken attended college at Texas A & I in Kingsville where he and his buddies welcomed every opportunity to work cattle on surrounding South Texas ranches.

Called up for service during the Korean War, Ken trained as a military policeman at Fort Sam Houston in San Antonio and served eighteen months at Fort Sill, Oklahoma’s wartime 250-man military police force. Fort Sill normally maintained approximately 40,000 troops which included 15,000 veterans returning from Korea, to be discharged or reassigned within one to three months. This was a revolving situation. Every one to two months as they were discharged or reassigned, there would be another 15,000 brought in to be processed. Fort Sill’s MP contingency decreased to about 100 men during Ken’s eighteen months of service as

the majority of the MP force was called to other installations around the country receiving troops. This would have been quite a challenge even if they had a full contingency.

After the service, Ken pondered the next chapter in his life. A cousin put him in touch with Pete Chandler, who was working for a homebuilder in San Antonio. Pete wanted to go into business for himself and Ken and Pete decided to hitch their wagons together and make a go of it. They built two homes and the business grew quickly. Benson Builders was one of the founders of Houston’s prominent River Oaks neighborhood development. The owner decided to sell the company which Pete and Ken were able to buy. The two of them continued remodeling homes in River Oaks and began building commercial projects as the O’Meara Chandler Corporation. The company moved into building college off-campus residences including the well-known Castilian Tower at the University of Texas in Austin. O’Meara Chandler eventually partnered up with Northwestern Mutual Insurance Company in Milwaukee to develop and build college off-campus living facilities and large commercial projects in eighteen states. Based in Houston, O’Meara Chandler grew to 4,000 employees with Ken O’Meara as the company’s CEO.

However in 1976, a California state

referendum approved establishment of an agency charged with protecting 1.5 million acres of California coastal beaches and waters. The California Coastal Commission grew into a non-elected bureaucratic politburo wrapping its tentacles around everything from coastal towns’ parking permits to “unsightly” cellular phone antennas, far from the sound of crashing waves.

In the middle of a 5-year building program, O’Meara Chandler was suddenly caught with five projects totaling \$60 million on southern California beachfront property. The company quickly found themselves in the middle of a bureaucratic tsunami. Building projects up and down California’s coastline shut down and funding sources dried up due to a brand new set of commission regulations, restric-

OUR TRADEMARK LOGO

When Ken O'Meara founded Ranch Investments, he wanted to visually transmit his ranching experience to potential customers through his company signage. Thus the creation of the logo illustrating the major livestock species. Moving into the 21st Century, John Ed Stepan recognized the value in the "roots" of the business but realized that income and land value can be derived from wildlife as well. The re-creation of the logo now includes a White-tail Deer along with the domestic stock - to fully illustrate the depth of knowledge and understanding Ranch Investments has in the rural land brokerage business.



★ RI office locations

tions and directives.

O'Meara Chandler's funding dried up along with everyone else's. Ken and Pete decided to wind down the projects. Never declaring bankruptcy, Ken and Pete unwound O'Meara Chandler over a period of seven years and closed their shop. In 2001, the California Supreme Court ruled the California Coastal Commission was unconstitutional after holding California's coastline and cities and towns hostage for twenty-five years.

Ken and his wife, Patti, and their six children moved to Austin. Wanting to keep his hand in the real estate arena, Ken started Ranch Investments in 1982. Farm and ranch brokerage was a natural fit.

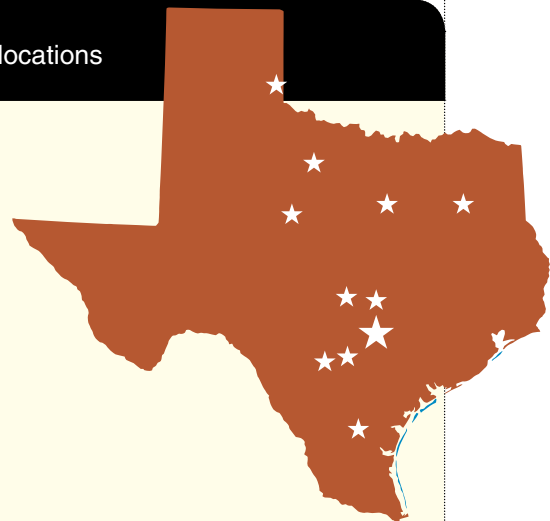
In the late '80's and early '90's, Ken leveraged his experience and expertise in the farm and ranch real estate business to work with a distressed savings and loan taken over by the Resolution Trust Corporation. Ken was charged with selling the S&L's portfolio of devalued farm and ranch mortgages to stronger equity partnerships and individual investors, expanding his presence and key contacts in the farm and ranch industry.

In the late '90's, Ken expanded the size of the company by recruiting associate brokers and agents in other parts of the state eventually growing to the present eleven offices.

Another business opportunity presented itself to Ken in the early 1990's when he was contacted by John Ed Stepan of Austin, a wildlife expert and international hunting guide. Raised in Austin, John Ed spent time as a young boy on the ranches of family and friends in Central and South Texas. Coupled with his love for the outdoors, John Ed had a lifelong dream of going on an African safari. In 1986 he fulfilled that dream by going on his first safari to Zimbabwe followed by a number of other trips to the African Continent. In 1989 he established JES International Adventures, which organized guided hunting and fishing trips all over the world. John Ed developed several working ranches on his own in South Texas and operated his commercial hunting preserve in Brooks County, Texas.

John Ed contacted Ken as he had a client that was interested in buying a Texas ranch. They immediately forged a mutual friendship that exists to this day. John Ed acted as a wildlife consultant to Ranch Investments for several years and then joined the firm by opening an office in Burnet, Texas. The two of them worked hand in hand while Ken mentored John Ed in learning every aspect of rural land brokerage.

Then in 2006, Ken and John Ed worked as a team in the marketing of the historic 20,000-acre Goodrich



Ranch in Burnet County, central Texas. During their time together, discussions lead to Ken's vision for the future of the company. They formulated a plan of succession and John Ed bought the company in January of 2008.

Refusing to slow down, Ken can be found at his desk or in his pickup truck in Austin every day personally visiting with clients, enlisting new business and counseling members of the Ranch Investments team. John Ed is busy scouting new clients, new business and leading his expert team. The outlook is very bright for the company. Land purchase will continue to be, as it always has been, an ideal hedge against the inflation that continues to build in the current financial environment. ~ James N. Scott