



**Texas Ranch
and Home**

Selling Your Land With Owner Financing

What it pays, how it works, and what to watch. A guide for landowners whose buyers can't get a bank loan.



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Bexar, Wilson, Atascosa, Gonzales, Guadalupe and Karnes Counties

If you owner financed a **\$200,000** property

\$20,000

down at closing

10%

interest charged

\$1,579.63

to you every month

You'd earn up to **\$388,666 in interest**, on top of the \$200,000 price.

Over the full 30 years, you'd collect \$588,666 in total. With a 10-year balloon, \$373,244. Example only. See page 4 for how it works.

START HERE

Your buyer is ready. The bank isn't.

You've got land worth selling, and people want it. They call on the sign. They walk the fence line. Then they go to the bank and the deal stops.

Here's why. Banks treat bare land as a risky loan. Most want 15 to 20% down, and the better rate only goes to buyers with strong credit. Government programs help some buyers, but an appraiser can still ask for a driveway or a well before the loan closes, and a well can run \$30,000. Most land buyers out here have 10% saved, not 20%, and nobody has an extra \$30,000 for a well.

So the land sits, even though the buyer is real, the price is fair, and the buyer wants it.

There's another way to close that gap, and it's been done in Texas for generations. **You carry the note yourself.**

In this guide you'll see:

- How owner financing works, in plain words
- What it pays you, month by month and in total, at three example prices
- What can go wrong, and how it's handled
- How we set it up with you, from dividing the land to the closing table

Takeaway: a buyer without 20% down is not a buyer without money. It's a buyer the bank won't serve.

How owner financing works

With owner financing, **you are the bank.**

- 1 The buyer pays you a down payment at closing.** In the examples in this guide, that's 10% of the price.
- 2 You and the buyer sign a note.** It sets the interest rate, the monthly payment, and when the loan is paid off.
- 3 The land secures the note.** The buyer gets the deed at closing, and the note is recorded against the property. If the buyer stops paying, the land is how you get made whole.
- 4 The buyer pays you every month.** Part of each payment is interest, which is yours to keep. Part pays down what they owe.
- 5 The balance gets paid off.** Either over the full term, or all at once on a date you agree to, called a balloon.

Your attorney or title company writes the note and the documents that secure it. We don't, and neither should anyone without that training.

Takeaway: you trade some of your cash at closing for a steady monthly income, with your land still securing the deal.

THE NUMBERS

What it pays you

10%
down at closing

10%
interest charged

30 yrs
payment schedule

10 or 20
year balloon option

If 30 years is longer than you want to wait, the remaining balance can come due in one payment at year 10 or year 20. That's the balloon. These are examples, not quotes. Your price and terms are yours to set.

Example 1: a \$100,000 tract

\$10,000 down · 10% interest · \$789.81 a month to you

PAID OFF AT	INTEREST YOU EARN	BALLOON DUE	TOTAL YOU COLLECT
10 years	\$86,622	\$81,844	\$186,622
20 years	\$159,322	\$59,766	\$259,322
30 years (full term)	\$194,333	none	\$294,333

Example 2: a \$200,000 property

\$20,000 down · 10% interest · \$1,579.63 a month to you

PAID OFF AT	INTEREST YOU EARN	BALLOON DUE	TOTAL YOU COLLECT
10 years	\$173,244	\$163,688	\$373,244
20 years	\$318,643	\$119,532	\$518,643
30 years (full term)	\$388,666	none	\$588,666

Example 3: a \$400,000 ranch

\$40,000 down · 10% interest · \$3,159.26 a month to you

PAID OFF AT	INTEREST YOU EARN	BALLOON DUE	TOTAL YOU COLLECT
10 years	\$346,488	\$327,377	\$746,488
20 years	\$637,287	\$239,065	\$1,037,287
30 years (full term)	\$777,333	none	\$1,177,333

READING THE NUMBERS

"Total you collect" adds up the down payment, every monthly payment, and the balloon. It assumes the buyer pays every month and pays the balloon when it's due. Most buyers pay a balloon by refinancing with a bank once they've built equity and the land is worth more.

Many buyers pay off early or refinance before the term ends. That means less total interest for you, and your money sooner. Nobody can promise a buyer will stay the full term, and we won't.

Takeaway: the same land that sits for lack of a bank loan can sell now and pay you every month after.

BEFORE YOU DECIDE

What can go wrong, and how it's handled

The buyer stops paying.

This is the big one. You'd have to foreclose, which takes time and has costs, and you'd get the land back instead of the money. A real down payment helps, because a buyer with 10% of their own money in it has a reason to keep paying. So does checking the buyer before you agree: their income, their credit, and what they plan to do with the land.

Your cash comes over years, not at closing.

If you need most of the money now, a short balloon or a regular sale may fit better.

Lending rules apply in some cases.

If the buyer plans to put a home on the land and live there, federal and Texas lending rules can come into play. They can limit balloon payments and require a licensed loan originator to be part of the deal. For land bought for other uses, it's often simpler. Your attorney decides which rules apply to your sale, before anything is signed.

Taxes are different.

Spreading a sale over years can change how and when you pay tax on it. Ask your CPA before you agree to terms.

Your existing loan, if you have one.

Owner financing works best on land you own free and clear. If there's still a loan on it, talk to your lender and your attorney first.

Takeaway: every one of these risks has a known way to handle it, and the paperwork belongs with your attorney or title company every time.

WORKING TOGETHER

How we set it up with you

We've sold rural homes and land together for 30 years, and land is where we started.

1

James looks at the whole property first. James is an Accredited Land Consultant, a land credential held by a small number of agents nationally. Before we talk about terms, we drive the property and look at what a buyer will ask about: road frontage, access, water, electricity, restrictions, and how much of it a buyer can actually use.

2

If the land sells better in pieces, James draws up the whole project. A ranch that's too big for most buyers can often sell as several smaller tracts. James lays out the tracts, plans the road frontage and access for each one, and takes the plan through the county approval process for you.

We've done this before. A property that sat on the market for a year as one piece was divided into five tracts. All five sold and closed, for more together than the original asking price. That's what happened on that property, not a promise about yours.

3

We price it with the Whole Property Method. We price the land, the home and the improvements as one property, because that's how a buyer decides. With owner financing, we show you what the terms add on top of the price.

4

We put it where land buyers are looking. Both our websites, the full MLS, the Land Broker Co-op and RLI land network, social media with on-site and drone video flown by a licensed pilot, postcards, and a large sign on bigger parcels. "Owner financing available" brings out buyers the bank turned away.

5

Barbara holds the deal together to closing. Barbara handles the closing details and works with your attorney or title company, who prepare the note and the documents that secure it.

Takeaway: you decide the terms. We do the work of dividing, pricing, marketing and closing.

QUICK CHECK

Is owner financing right for you?

- ☐ I own the land free and clear, or I've talked to my lender about it
- ☐ I don't need all my money at closing
- ☐ A steady monthly payment would help me
- ☐ I'm comfortable with the land securing the note if the buyer stops paying
- ☐ I'll have an attorney or title company prepare the documents
- ☐ I'll ask my CPA about the tax side before I agree to terms

If you checked most of these, owner financing is worth a conversation.

Your next move

Sit down with us. We'll drive the property with you, show you a regular sale and an owner-financed sale side by side, and you decide. No pressure and no obligation.



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James and Barbara Peterson have sold rural homes and land together for 30 years, roughly 2,000 properties across Bexar, Wilson, Atascosa, Gonzales, Guadalupe and Karnes Counties. James is an Accredited Land Consultant and a licensed drone pilot. Barbara is certified in probate transactions and works with VA and Texas Veterans Land Board buyers. They work out of their own ranch outside Floresville.

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