

Buying Land: Can I Finance It?

Often, one of the first questions to come up when folks consider a recreational property purchase is this: “Can I finance it?”

Financing options depend on what area you’re in since financial institutions vary in their interest in making loans on land. For example, a number of conventional banks in Arkansas offer rural and timberland property loans. And Pete Prutzman of [Kingwood Forestry Services](#), a Potlatch Preferred Broker, says financing is also available from institutions like Farm Credit Services and the Federal Land Bank.

Another option for recreational land buyers is to obtain a home equity line of credit. “There are several advantages to this type of financing,” says Rick Musick of [United Country-Musick & Sons](#), a Potlatch Preferred Broker in Idaho. “A home appraisal is much less expensive than a land appraisal, and you can write the interest paid on such a loan off your taxes.”



Shea Meadows- Bovill, ID

Something else to keep in mind as you consider your purchase is that rural land that has trees or that can support tree growth may be a better investment than other types of real estate. “There are tax advantages to purchasing timberland,” Musick says.

In northern Minnesota, much lending for recreational property is done by local credit unions. “They seem to have the best loan rates,” says Potlatch Preferred Broker Rod Osterloh of [Close-Converse Properties](#). “Bank interest in land lending varies from bank to bank right now.” In fact, “lending rates have been extremely favorable,” he says. “The affordability of land today is as good as I’ve seen it since the early 2000s.”

While Potlatch Preferred Brokers don’t recommend one type of financing over another, they can offer a valuable source of information as you consider your land purchase, and can connect you with the right folks to answer your financing questions