

Financing Options for Rural Land Purchases

For many buyers, getting financing for their recreational property purchase makes a lot of sense.

“Some buyers don’t want to tie up too much money in a property right away,” says Scott Garrett, CEO of [Freedom Northwest Credit Union](#), which has provided financing for a number of PotlatchDeltic property buyers in Idaho. “And for many people, a loan on a recreational property can be a fairly simple process.”

Garrett, who leads a team that finances many rural land sales in Idaho, took some time to answer some questions that potential borrowers often have:

Q: Are there many options for financing a recreational property?

Garrett: There are lenders in many parts of the country who finance rural properties, and it’s important to work with a lender who understands this type of property. It’s different than financing a primary home. We lend on a wide variety of rural properties, knowing that it’s always important that a property have several things in place – clear access and a reputable appraisal.

Q: Will I have to put money down for a loan on a recreational property?

Garrett: We will certainly want to have money down to make a loan. The amount the borrower puts down often depends on the size of the loan. Many buyers will put 50 percent down, while 30 percent is considered a considerable down payment. For us, 20 percent is usually a starting place.

Q: What if you want to finance improvements to the property as part of the loan?

Garrett: There often can be ways to do that. As a hypothetical example, let’s say someone is getting an \$80,000 property and they say they can put half down, \$40,000. We may work it out where they keep \$20,000 of that to put into improvements that will increase the value of the property.

Q: What kind of rate can I expect to pay?

Garrett: That will depend on the quality of your credit, and how much you put down.

Q: Is the loan process complicated for financing a recreational property?

Garrett: It’s not a complicated process. One thing that can help it go very smoothly is to get a letter of credit from a lender before you pick out a property. This ties into how it’s a good idea to talk to the lender before you get too far down the road on buying a property.

This can be very helpful. For example, you may think you need to pay something else off before you buy a property to help your credit situation, when it may be better to put that money into a down payment on the property.

[The PotlatchDeltic Preferred Broker in your area](#) can recommend quality lending options for you to consider as you start the process of getting your dream property.



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Garrett and his team of lenders is ready to help PotlatchDeltic buyers in Idaho. Interested buyers who want to get pre-financed can call Teresa Childs at Freedom Northwest Credit Union at 866-687-5228.