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.

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.