

A LANDLOAN.AI GUIDE

# What to Expect When Getting a Land Loan

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The complete process — from down payment to closing — so you know what's ahead before you apply.

Educational guide · 2026 edition

**LandLoan.ai** · Land financing, explained.

This guide is general educational information, not financial, lending, legal, or tax advice. LandLoan.ai is not a lender or broker and does not set rates or terms. Loan availability, down payments, terms, and requirements vary by lender, property, and borrower.

**QUICK ANSWER**

A land loan finances the purchase of land — raw, rural, or agricultural — rather than a house. Because land is considered higher risk than a home, expect a larger down payment (commonly 25–35%), terms that can run up to about 30 years, and a lender that looks closely at the property and your finances. The process: define your purpose, get pre-qualified, gather documents, complete an appraisal and survey, go through underwriting, and close.

## Why a land loan isn't a home mortgage

Lenders treat vacant or agricultural land differently from a house — and that shapes everything about the loan.

A home is occupied collateral a lender can readily resell. Bare land is harder to value, slower to sell, and produces no rooftop to live under if a borrower defaults — so lenders offset that risk with larger down payments and more scrutiny. Rising land values add another wrinkle: U.S. farm real estate hit record highs in recent years (cropland averaged roughly \$4,350+ per acre in 2025 per USDA), which affects how much you'll need to put down.

### 25–35%

Typical down payment range on land/farm purchases — higher than a home mortgage.

### Up to 30 yrs

Common maximum term length, with fixed or variable options offered by ag land lenders.

### ~75% LTV

Many ag land lenders finance up to about 75% of the property's value.

### Key takeaways

- Budget for a bigger down payment than a house — often a quarter to a third of the price.
- Existing equity in other ag real estate may reduce the cash you need.
- The property itself is evaluated — access, zoning, survey, and appraisal all matter.
- Complete, organized financials move your application faster.

## What lenders look at

Land lending weighs two things: you, and the property. Expect a lender to evaluate:

- **Your finances.** Income, credit history, existing debt, and — for agricultural buyers — your operation's cash flow and repayment capacity.
- **Your down payment / equity.** How much you're investing, and whether you have equity in other real estate to pledge.
- **The land itself.** Value (via appraisal), legal access, zoning and permitted use, boundaries (survey), utilities, and whether it's raw, unimproved, or improved.
- **Intended use.** Recreation, building a home later, farming, or investment — the purpose can affect the loan type and terms.

## Down payment, terms & minimums

Because land doesn't qualify for the low-down-payment programs available on owner-occupied homes, plan for more cash up front. On many farm and land purchases, down payments of roughly 25% to 35% are common, and lenders often finance up to about 75% of the property's value. Terms can extend up to about 30 years, with fixed or variable structures.

Specialty agricultural lenders also set their own minimums. As one example, a national ag lender requires the buyer to own or plan to buy 25+ acres of agricultural land and seek a loan of \$50,000 or more — useful to know, since requirements differ from a typical residential lot loan. If you have equity in existing agricultural real estate, you may be able to use it as additional collateral instead of a full cash down payment.

### A note on rates

- Rates and terms are set by each lender based on the loan type, the property, market conditions, and your financial profile. LandLoan.ai does not quote or predict rates — ask your lender for current, specific terms.

## The process, step by step

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- 1 Define your purpose and budget.** Know what you're buying and why — it shapes the loan type, the down payment, and which lenders fit.
- 2 Check your finances and get pre-qualified.** Review credit and cash flow, then talk to a lender early to understand what you can borrow and what you'll need to put down.
- 3 Gather your documents.** Ag land lenders commonly request three years of tax returns, a current balance sheet, and the loan application up front (see the checklist below).
- 4 Appraisal, survey & title.** The lender orders or requires an appraisal to confirm value; a survey confirms boundaries and access; a title search confirms clear ownership.
- 5 Underwriting.** The lender verifies your information, the property, and repayment capacity, then issues a decision and terms. Respond quickly to keep things moving.
- 6 Closing.** You sign, pay your down payment and closing costs, and the loan funds. Ownership transfers and recording is completed.

## Documents to have ready

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- Federal tax returns — typically the last three years
- A current balance sheet (a schedule of your assets and liabilities)
- The lender's loan application
- Purchase agreement for the land (if you have one)
- Any existing appraisal, survey, or title information for the property
- For agricultural buyers: production records and a cash-flow projection

## Frequently asked questions

### Q. How much do I need for a down payment on land?

Plan for more than a home — commonly 25% to 35% of the purchase price, since land doesn't qualify for low-down-payment programs. Equity in other real estate can sometimes reduce the cash you need.

### Q. How long are land loan terms?

Agricultural land lenders commonly offer terms up to about 30 years, with fixed or variable options. The right structure depends on your goals and the lender.

### Q. What documents will I need?

Often three years of tax returns, a current balance sheet, and the application up front — plus the purchase agreement, appraisal, and survey as the process moves along.

### Q. Is raw land harder to finance than improved land?

Generally yes. Raw, unimproved land carries more risk for lenders, which can mean a larger down payment and closer scrutiny than land with access and utilities.

## Ready to take the next step on land?

AgLoans.com helps you organize your information and get matched with agricultural and land lenders — free and no obligation.

[See how it works at AgLoans.com →](#)

## Sources

**AgAmerica** — agricultural land loan requirements, down payments, terms, and documentation (agamerica.com). · **Farm Credit Services of America** — "Farm Loans: How They Work" and land loan information (fcsamerica.com). · **USDA National Agricultural Statistics Service** — Land Values 2025 summary, U.S. farm real estate and cropland values (nass.usda.gov). · **USDA Farm Service Agency** — Farm Ownership Loans (fsa.usda.gov). Figures are typical industry ranges current as of 2025–2026; confirm specifics with your lender.