



# COMPARING WAYS TO FINANCE LAND



**R**eady to buy land, but not sure how to pay? This chart shows the positive aspects of 7 common financing methods. While some payment methods require low upfront costs, they could carry high risks. Others may be more pricey at first, but save you money overall. For further details on the good and bad aspects of each financing method, read our article, [How to Finance Land: The Pros and Cons of 7 Methods](#).

## WAYS TO PURCHASE

### Cash

Paying in full at the time of sale with no need to borrow funds.

### Owner Financing

The seller becomes the “bank,” with the buyer making regular loan payments for the land.

### Lease with Option to Purchase

The seller leases the land to the buyer, giving the buyer the option to “lease to own” the property.

### Traditional Bank

While some traditional banks avoid land loans, some will offer loans for a land purchase.

### Farm Credit Institution

Created to aid in the purchase of land, these institutions specialize in large acreage loans.

### Land and Home Package

Banks and home sellers offer a package deal when you buy land and home together.

### Borrowing Funds from a Friend

Paying in full at the time of sale using funds borrowed from a friend or relative.

	CASH	OWNER FINANCING	LEASE OPTION	TRADITIONAL BANK	FARM CREDIT	LAND/HOME PACKAGE	BORROW FROM FRIEND OR FAMILY
Low Down Payment		X	X			X	X
Low Closing Costs	X	X	X				
Low Interest Rate							X
Low Risk to Buyer	X			X	X	X	
Low Risk to Seller	X		X	X	X	X	X
Quick Closing	X	X	X		X	X	X
Lower Overall Costs	X				X		X
Strong Negotiating Power	X			X	X	X	X
Low Credit Requirements	X	X	X				X
Custom Payment Structure		X	X				X