



DCCD Conservation Conversation

Are You Ready to Buy the Farm – In A Good Way?

RICK KUHLE

FINANCIAL OFFICER

FRONTIER FARM CREDIT

Considerations for buying farmland

“Land....they’re not making any more of it”

Heritage.....Legacy

Investment time horizon

ROA: 3-5%

Realtor listing, Auction, Private Treaty, Online, 1031 exchange

Neighbors

Cash or Crop-Share lease

Mineral rights

Land Values

Eastern Kansas cropland values

- Past 6 months ending 6/30/17 -3.1%
- Past year ending 6/30/17 -3.0%
- 2016 -3.7%
- Since 2014 -12.0%

Buyer type (2012-2016)

- Local Farmer / Rancher 78-93%
- Investor / 1031 exchange 2-16%
- Out of Area Investor 0-14%
- Other 0-3%

Land Values

Douglas County values

- ...for the past year
- Cropland \$2450 to \$4545 Avg. \$3681
- Meadow / Hay / Pasture \$1700 to \$4545 Avg. \$3450
- Recreational \$1622 to \$4500 Avg. \$3371

- Frontier Farm Credit determined that values have declined about 3.0% in the past year for cropland but had less of a decline since 2014 compared to eastern Kansas
- Meadow / Hay / Pasture has increased by roughly 6.0% over the past two years based on limited sales
- Both land types are influenced by residential appeal in the county

Frontier Farm Credit Loan Guidelines

25-30% down payment

15-25 year term

Interest Rate

- 5 year IFR (interim fixed rate) 5.00%
- 15 year fixed rate 5.57%
- 20 year fixed rate 5.75%

Cash-back dividends for 13 years (10-12% return)

Monitor rates by tracking 10 year Treasury bond yield -2.40%

No origination fee or mortgage registration tax

AgStart Loan Program for Beginning and Young Farmers

Other Lenders

Bank

Individual

Farm Service Agency

- Direct Farm Ownership Loan
- Direct Farm Ownership Participation Loan
- Down Payment Loan Program
- Guaranteed Farm Ownership Loan

Insurance Company

Resources

Frontier Farm Credit

Realtors or Realtor.com

Auctioneers

LandsofAmerica.com

LandandFarm.com

County Extension Agents

NRCS

AgManager.info

County Planning and Zoning

Panel Discussion

Is it true that farmers don't want to own all the land in the world.....just the land that adjoins theirs?

What legal document transferred land from the U.S. Government to individuals?