FREE GUIDE · FOR SOUTHERN ALBERTA ACREAGE BUYERS

Acreages & Rural: Different Rules

City mortgage rules stop at the town limits. What lenders actually value on an acreage, the three questions that decide every rural file, and the due-diligence list that saves buyers from expensive surprises.

- Why lenders value the house and only SOME of the land
- The three questions I ask on every acreage file - before any lender sees it
- Wells, septic, road access, fire halls: the rural due-diligence list
- Down payment reality by property type, from country residential to bare land

Shawn Selanders

MORTGAGE BROKER · MORTGAGE ARCHITECTS

403-703-6847 · Shawn@ShawnSelanders.ca · shawnselanders.ca · Serving Southern Alberta since 1999

What the Lender Actually Sees

> You see forty acres of freedom. The lender sees a house, a capped number of acres around it, and a marketability question. Understanding that gap is the whole game on rural files.

Mainstream lenders typically value the home plus a limited amount of land - and beyond their cap, additional acres often get **zero lending value**, however real their price. Outbuildings - the shop, the barn, the quonset - frequently get the same treatment. You may pay for them; the mortgage may be sized without them, and the difference comes out of your down payment. Parcel size matters too: modest acreages fit many lenders; large parcels push toward specialty and agricultural lending with bigger down payments.

The three questions that decide every acreage file

One: will the lender lend on this property type at all? Zoning, parcel size, and use decide it before your income is even read. **Two: how do they treat the outbuildings?** Value, ignore, or decline-because-of - all three happen. **Three: will they count rental or suite income** if part of the property earns? I ask all three before any lender sees the file - because the answers pick the lender, and the wrong lender wastes weeks and a credit pull learning what fifteen minutes of matching already knew.

Down payment reality, by property type

- **Country residential** - a home on a modest acreage: standard insured down payments are often available; the closer the property reads to "house with a big yard," the easier everything gets
- **Larger parcels or agricultural zoning** - expect materially more down and fewer lenders as land and use grow more agricultural
- **Bare land** - the steepest asks and the fewest lenders; land-then-build plans need financing designed as one story, not two surprises

The Rural Due-Diligence List

> In town, the municipality handles water, sewer and fire coverage. On an acreage, YOU are the utility department - and the lender, insurer and appraiser all know it.

- [x] **Well** - test flow rate AND potability as a condition of purchase; lenders and insurers want documented, adequate water, and a beautiful house with a weak well is a problem property
- [x] **Septic** - inspection by a certified professional, not a glance; replacement runs into serious five-figure money, and the seller's "works fine" is not documentation
- [x] **Road access** - year-round, legal, maintained-by-whom; an unmaintained winter road can complicate financing and daily life
- [x] **Fire protection** - distance to the nearest fire hall drives insurance pricing sharply; quote insurance BEFORE waiving conditions, not after
- [x] **Internet and cell coverage** - verify on site, not from the listing; working from an acreage is only romantic with bandwidth
- [x] **Zoning and use** - confirm with the municipality what the parcel allows: the home business, the second dwelling, the animals
- [x] **Oil and gas activity** - check for wellsites and rights-of-way on and around the parcel; Alberta land carries history
- [x] **Appraisal** - rural appraisals cost more and take longer; build both into your timeline and conditions

Here's the thing about acreage files

They are not harder - they are **different**, and they punish city assumptions. The buyers who close smoothly are the ones whose broker asked the property questions on day one, matched the lender to the parcel, and conditioned the offer on well, septic and insurance. That is a fifteen-minute conversation before you fall for a property - have it.

Found the acreage - or still dreaming?

Bring the listing. The three questions get answered before your heart gets involved.

Call or Text 403-703-6847

Go deeper: Foothills County specifics in the companion guide at shawnselanders.ca/free-mortgage-guides.