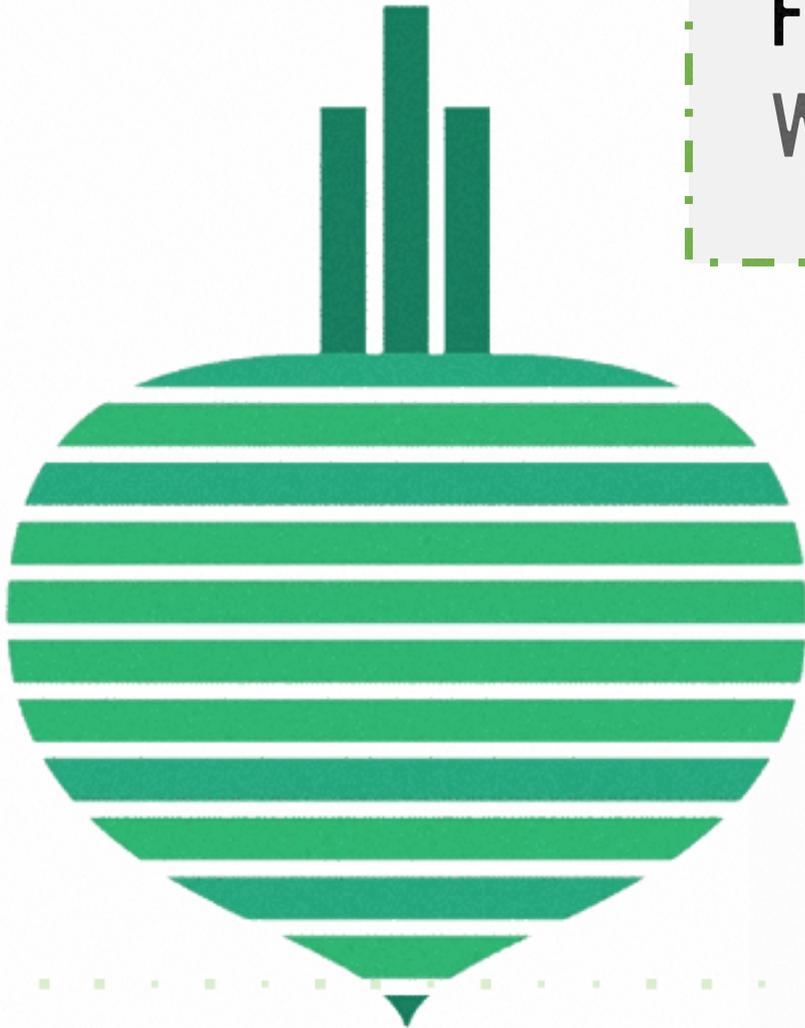


# Finding Farmland Calculator Walkthrough Guide





## 1. Getting started

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NYFC's Land Affordability Calculator is **designed to help farmers consider a land purchase.**

This tool can be used without any prep work, but to get the most out of it we recommend gathering the following information first:

- **Cost information** about the property (or properties) you are considering
- **Details of loans** available to you
- Your **business plan or prior year's financial statements**; specifically you will want to know your personal and business income, your business expenses, your personal and business debts/liabilities, and your personal and business assets

## 2. Finding help

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If you cannot find an answer to your questions in this guide, please visit our Frequently Asked Questions page at [youngfarmers.org/calculator](https://youngfarmers.org/calculator) or email your question to [findingfarmland@youngfarmers.org](mailto:findingfarmland@youngfarmers.org).

If you do not understand a word used in the Calculator, hover over it with your cursor to reveal a definition, read the pop-up help tools, or look it up in NYFC's Farm Finances Glossary, available at [youngfarmers.org/calculator](https://youngfarmers.org/calculator).





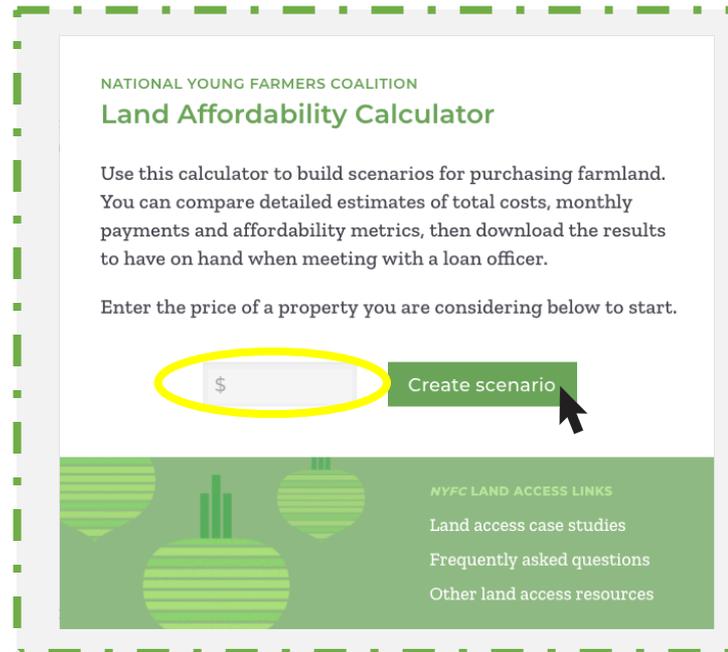
### 3. Creating and switching scenarios

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The Calculator begins with a landing page that requests you **enter a property price**. Enter a farm asking price from your land search, or enter an estimated price based on farm values in your region.

Once you've entered a price, **click 'Create scenario'**.

Note: The mobile application does not include the Financing and Total Costs sections. You are expected to know your property financing costs in order to use our mobile affordability tool. We encourage all first-time users to try the full desktop/laptop version first.





### 3. Creating and switching scenarios, continued

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You are encouraged to **name your scenario** and enter the number of farmable acres on the property. The scenario name will help you distinguish between different scenarios within the Land Affordability Calculator application, or when you download your results.

If you enter acreage, the Calculator will generate price per acre information.

The screenshot shows a horizontal input area with three fields. The first field is labeled "Scenario Name" and is highlighted with a yellow oval. The second field is labeled "Property price" and contains the value "\$250,000". The third field is labeled "Acres" and contains the value "0". The entire input area is enclosed in a dashed green border.

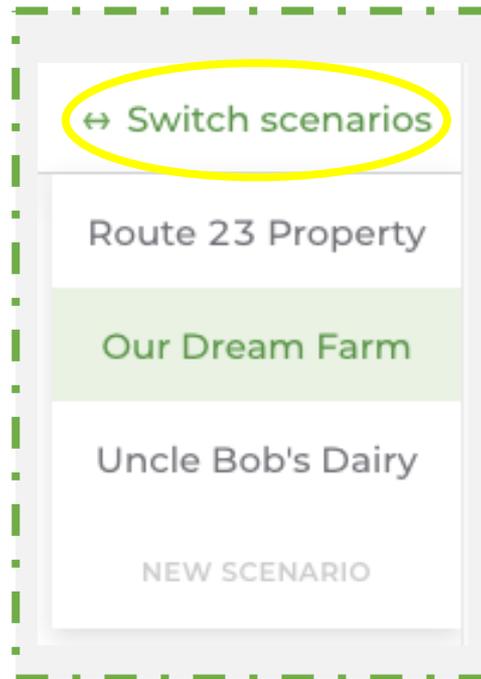


### 3. Creating and switching scenarios, continued

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A dropdown menu titled ‘**Switch scenarios**’ is located on the right-hand side of the header. Select this menu to create up to three different scenarios, and to switch between them. Give each scenario a unique name to distinguish between them.

Your input data will remain saved while toggling between scenarios, but **you must download the results from each scenario individually**.

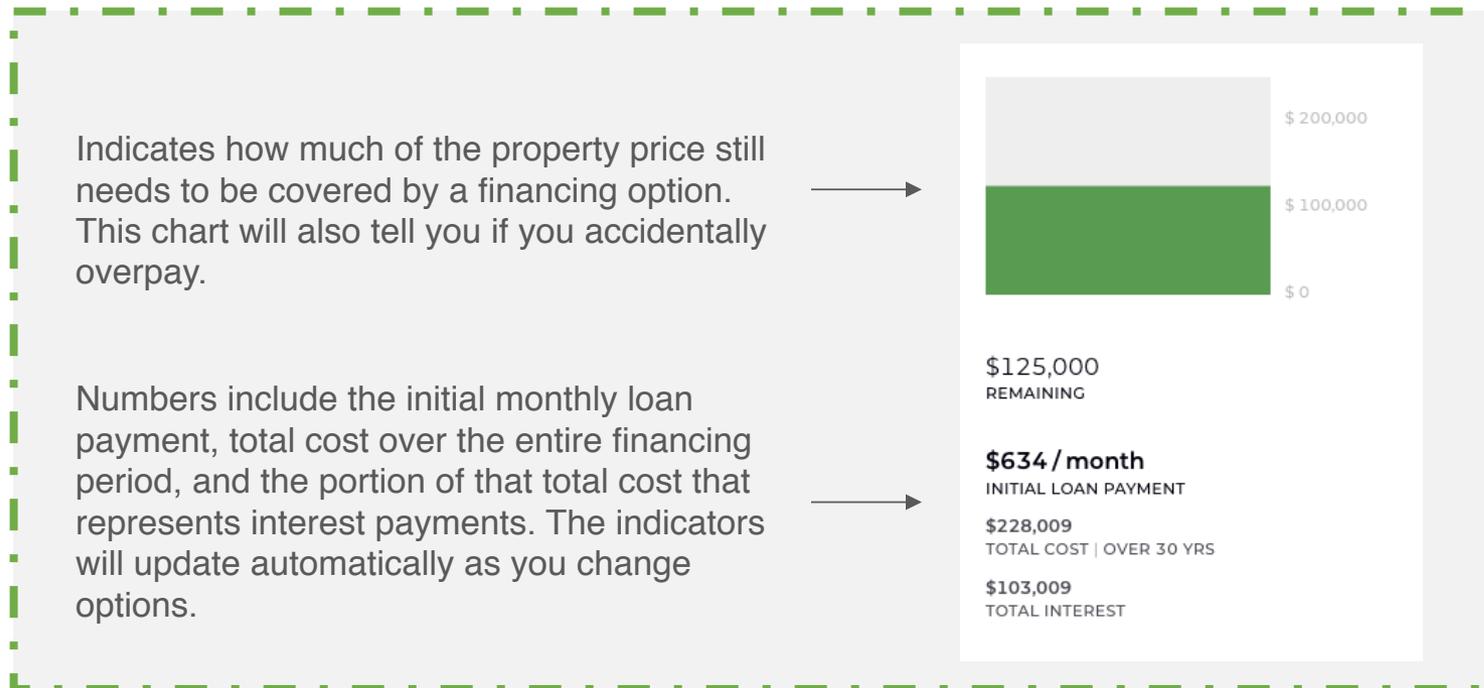




## 4. Financing

The Financing section allows you to **build a purchasing scenario** using a variety of conventional and less-conventional options. Choose the option(s) that fit your own unique land access scenario, or experiment with the other options to learn if there might be a better way to purchase your farmland. You can select as many options as you want.

After selecting any option, results display on the right-hand side of your screen.





## 4. Financing, continued

The Financing section offers five financing options, representing different ways you can pay for farmland. The first option is a **down payment**.

**+ Add down payment** ← Select this option to add a down payment, which is a cash payment made at the time of purchase.

Select the pencil icon to custom name this financing option.

**DOWN PAYMENT**

**\$0** **0 %** of farm cost

Enter the dollar amount here.

Or enter it as a percentage of the property value.



## 4. Financing, continued

The second option is a **USDA Farm Service Agency loan**.

The screenshot shows a green-themed interface for adding an FSA loan. At the top left is a button labeled '+ Add FSA loan'. Below it is a form titled 'FSA LOAN' with a pencil icon. The form contains a principal amount field set to '\$0', a dropdown menu currently showing 'DIRECT OWNERSHIP', a 'Rate' field set to '3.75%', and an 'Amortization' field set to '40 yr'. At the bottom is a checkbox labeled 'I plan on refinancing this loan'. Annotations with arrows point to these elements: the '+ Add FSA loan' button, the '\$0' field, the 'DIRECT OWNERSHIP' dropdown, the '3.75%' rate, the '40 yr' amortization, and the refinancing checkbox.

+ Add FSA loan

Select this option to add an FSA loan, which allows you to select from several different USDA Farm Service Agency loan programs.

Enter the principal amount of the loan here.

FSA LOAN

DIRECT OWNERSHIP

Rate 3.75%

Amortization 40 yr

I plan on refinancing this loan

Use this menu to choose between FSA loan programs.

The Calculator auto-generates loan rates from January 2018. These may vary slightly from current rates.

Select this checkbox if you plan to refinance this FSA loan, which is fairly common for FSA borrowers.



## 4. Financing, continued

The FSA loan **dropdown menu** presents four FSA ownership loan programs. Select the program that applies to this scenario and the loan rate will auto-generate.

The screenshot shows the FSA Loan dropdown menu with the following data:

Loan Program	Rate (%)	Description
<input type="checkbox"/> DIRECT OWNERSHIP	3.75	<b>Maximum Amortization</b> 25 years <b>Maximum Value</b> \$50,000
<input checked="" type="checkbox"/> MICROLOAN	3.75	A Microloan is designed to meet the needs of small and beginning farmers by easing some eligibility requirements and demanding less paperwork.
<input type="checkbox"/> JOINT FINANCING	2.5	Rates current as of January 2018. More details <a href="#">here</a> .
<input type="checkbox"/> DOWN PAYMENT LOAN	1.5	



## 4. Financing, continued

You can use the **refinancing function** if you plan to replace and refinance your FSA loan with a bank loan after a specified period. FSA encourages its borrowers to graduate from their loans to conventional loans in order to free up more government financing for farmers in need.

The screenshot displays the 'FSA LOAN' section with a 'DIRECT OWNERSHIP' toggle. The FSA loan amount is \$250,000, with a rate of 3.75% and 20-year amortization. A checkbox labeled 'I plan on refinancing this loan after' is checked, with a value of 9 years. Below this is the 'REPLACEMENT BANK LOAN' section, showing a rate of 4.5% and 30-year amortization. The replacement loan amount is \$159,753, labeled as the 'Balance at year 10'. A callout box points to the 4.5% rate field with the text: 'Enter an interest rate for the refinancing loan. The loan amount will auto-generate.'

Loan Type	Amount	Rate	Amortization	Other Info
FSA LOAN	\$250,000	3.75%	20 yr	
Refinancing Option	<input checked="" type="checkbox"/>			I plan on refinancing this loan after 9 yr
REPLACEMENT BANK LOAN	\$159,753 (Balance at year 10)	4.5%	30 yr	



## 4. Financing, continued

The third option is a conventional **bank loan**.

Add loan ← Select this option to add a bank loan.

**LOAN 2** ✎

Enter the principal amount of the loan here.

INTEREST-ONLY LOAN Select the interest-only option to make no principal payments on this loan for a number of years.

Rate  Enter an interest rate and amortization period.

Amortization

I plan on refinancing this loan Select this checkbox if you plan to refinance this loan.



## 4. Financing, continued

The bank loan **refinancing function** lets you plan for refinancing this loan at a specified later date. This option could be desirable if you are able to get a better interest rate after building credit for a number of years.

The screenshot shows a calculator interface with a green theme. It is divided into two main sections: 'LOAN 2' and 'REPLACEMENT BANK LOAN'.  
**LOAN 2** section:  
- Amount: \$250,000  
- Type: INTEREST-ONLY LOAN (indicated by a checked checkbox)  
- Rate: 6 %  
- Amortization: 30 yr  
- Refinancing option:  I plan on refinancing this loan after 9 yr  
**REPLACEMENT BANK LOAN** section:  
- Amount: \$206,266 (labeled as 'Balance at year 10')  
- Rate: 4.5 %  
- Amortization: 30 yr  
Annotations with arrows point to the refinancing checkbox, the replacement loan amount, and the replacement loan rate and amortization fields.

Field	Value
Loan Amount	\$250,000
Rate	6 %
Amortization	30 yr
Refinancing Option	<input checked="" type="checkbox"/> I plan on refinancing this loan after 9 yr
Replacement Loan Amount	\$206,266
Replacement Loan Rate	4.5 %
Replacement Loan Amortization	30 yr



## 4. Financing, continued

The fourth option is **lease-to-own**. Lease-to-own is a pathway to ownership in which the land seeker leases a farm with the intention to purchase it at a later date. The Calculator allows you to add lease payments to your scenario, then will automatically begin any loans in your scenario after the end of the leasing period.

Note: **lease-to-own scenarios also require a bank loan or FSA loan**. The Land Affordability Calculator is only intended for use as a purchase scenario builder.

The screenshot shows a user interface for adding a lease-to-own scenario. At the top left, there is a button labeled '+ Add lease-to-own'. An arrow points from this button to a text box that says 'Select this option to add lease payments and build a lease-to-own scenario.' Below this, there is a dark blue box titled 'LEASE-TO-OWN' with an edit icon. Inside this box, there are two input fields: one for the monthly payment, currently showing '\$0 /month', and another for the duration, showing 'Years 1 to 5'. An arrow points from the text 'Enter the monthly lease payments here.' to the payment input field. Another arrow points from the text 'Enter the number of years you plan to lease here. The Calculator will begin any loans you add to this scenario in the year after you end your lease payments.' to the '5' in the duration input field.



## 4. Financing, continued

The fifth and final option is to add a **conservation easement**. Easements are a way of protecting farmland for conservation purposes; typically they are sold by a landowner to a conservation organization, earning the landowner money. Land seekers can benefit from selling an easement once they own the land, or by negotiating for an easement to be sold at the time of purchase and thereby reducing the amount they have to pay.

+ Add conservation easement

Select this option to add a conservation easement income to your scenario.

Enter the easement value here.

\$0

Choose the year in which you plan to sell the easement.

In year 1

### CONSERVATION EASEMENT

At time of purchase

Award these easement funds to  LOAN 1

Choose to sell the easement at closing, which reduces the property price by the easement amount.

Change the loan that the easement is applied to, if applicable. Some lenders, like FSA, must be paid back first when an easement is sold.



## 4. Financing, continued

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Don't forget to **input other common costs** associated with buying and owning property – these can all present major financial hurdles at the time of purchase and year-to-year.

If you add an FSA loan to your scenario, the option appears to finance your closing costs as additional principal in your loan. Choose this option to pay off eligible closing costs over time.

### Purchasing and Property Costs

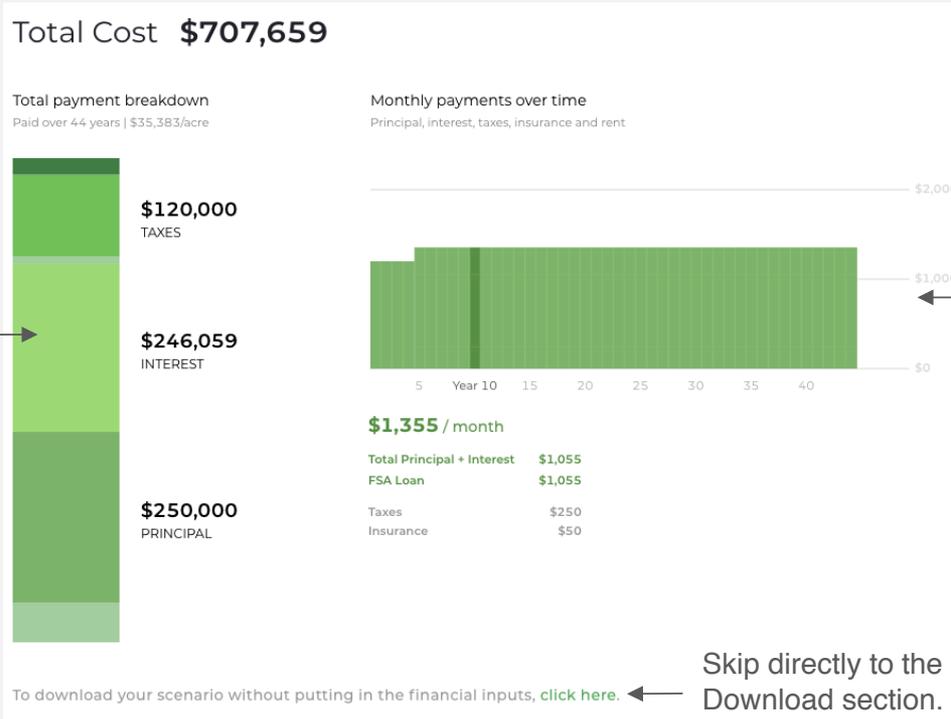
Closing Costs	<input type="text" value="\$0"/>	or	<input type="text" value="0 %"/>	<input type="checkbox"/> Closing costs financed by FSA
Taxes	<input type="text" value="\$0"/> /year	or	<input type="text" value="0 %"/>	
Insurance	<input type="text" value="\$0"/> /year			
Capital investment	<input type="text" value="\$0"/>			



## 5. Costs

The Costs section displays 1) the **total cost** of your farm purchase, broken down by type of expense, and 2) the **monthly loan or lease payment** you will pay over the course of your financing period. Each result will change dynamically as you change your scenario inputs.

The total amounts you can expect to pay to gain ownership over the property. It includes taxes and insurance payments, though those will continue after you own the property.



Your monthly payment at different points in your financing period. Hover over a particular year to see a breakdown of the financing expenses.





## 6. Financial Statements

This section asks for **income, asset, and liability information** so the Calculator can produce affordability ratios related to this scenario. You should be able to find all of these numbers on a previous year's income statement and balance sheet, or in your business plan. None of this information is accessible to or saved by NYFC.

The first section is **personal and business income**.

<p><b>Gross Personal Income</b>      \$0/year</p> <p>Farm income      \$ /year</p> <p>Non-farm income      \$ /year</p>	<p><b>Net Farm Income (EBITDA)</b>      \$-2,901/year</p> <p>Gross Sales      \$ /year</p> <p>ANNUAL OPERATING EXPENSES</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td>Labor</td><td>\$</td><td>Seeds &amp; amendments</td><td>\$</td></tr> <tr> <td>Rent, land</td><td>\$</td><td>Utilities</td><td>\$</td></tr> <tr> <td>Rent, equipment</td><td>\$</td><td>Supplies</td><td>\$</td></tr> <tr> <td>Trucking</td><td>\$</td><td>Processing</td><td>\$</td></tr> <tr> <td>Livestock</td><td>\$</td><td>Repairs</td><td>\$</td></tr> <tr> <td>Breedstock</td><td>\$</td><td>Professional services</td><td>\$</td></tr> <tr> <td>Feed</td><td>\$</td><td>Other</td><td>\$</td></tr> </table> <p>Owner's draw      \$ /year</p> <p>Loan expense (Principal only)      \$2,901.46/year</p>	Labor	\$	Seeds & amendments	\$	Rent, land	\$	Utilities	\$	Rent, equipment	\$	Supplies	\$	Trucking	\$	Processing	\$	Livestock	\$	Repairs	\$	Breedstock	\$	Professional services	\$	Feed	\$	Other	\$
Labor	\$	Seeds & amendments	\$																										
Rent, land	\$	Utilities	\$																										
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Trucking	\$	Processing	\$																										
Livestock	\$	Repairs	\$																										
Breedstock	\$	Professional services	\$																										
Feed	\$	Other	\$																										

The Calculator will use your personal income to recommend whether you can afford this land financing scenario. Enter only your farm income if that's how you want to pay back your loans. Add off-farm or other family income if you plan to use that income to pay back your loans.

Auto-generates based on the sales and expenses you enter below.





## 6. Financial Statements, continued

The second section requests information about **personal assets and liabilities**.

Note: if you do not separate your personal and farm assets/liabilities, only enter this information once: in this or the following section.

Personal Assets		Personal Liabilities			
Cash	\$ <input type="text"/>	Student loans	\$ <input type="text"/> /mo.	for <input type="text"/>	months
Vehicles and equipment	\$ <input type="text"/>	Car loans	\$ <input type="text"/> /mo.	for <input type="text"/>	months
Other property and buildings	\$ <input type="text"/>	Other debts	\$ <input type="text"/> /mo.	for <input type="text"/>	months
Other assets	\$ <input type="text"/>				

Enter the months remaining on each of your personal liabilities to help the Calculator understand your total debt load, not just your current monthly payments.





## 6. Financial Statements, continued

The third section requests information about **business assets and liabilities**.

Some items are auto-generated based on the financing scenario. If your business owns additional property, enter it in 'Other assets'; similarly, if it owes payments on other short-term or long-term loans, enter them into 'Operating loans payable' or 'Other liabilities'.

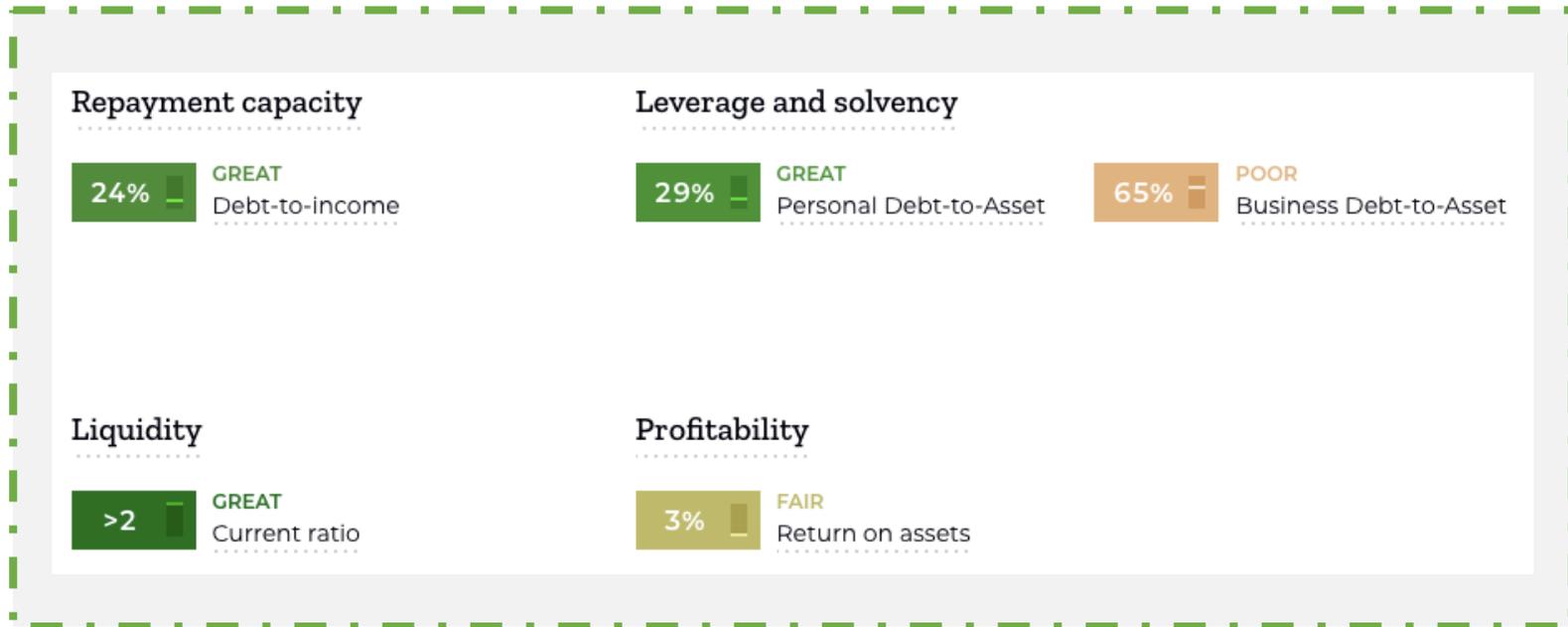
Business Assets		Business Liabilities	
Cash and equivalents	\$ <input type="text"/>	Accounts payable	\$ <input type="text"/>
Accounts receivable	\$ <input type="text"/>	Operating loans payable	\$ <input type="text"/>
Cars and equipment	\$ <input type="text"/>	Long-term notes payable	\$493,406.89
Property and buildings	\$250,000	Short-term notes payable	\$12,651.46
Supplies	\$ <input type="text"/>	Other liabilities	\$ <input type="text"/>
Crops & marketable livestock	\$ <input type="text"/>		
Perennial crops & breedstock	\$ <input type="text"/>		
Other inventory	\$ <input type="text"/>		
Other assets	\$ <input type="text"/>		



## 7. Affordability

The Affordability section calculates **five financial ratios** based on your financing scenario, income, assets, and liabilities. Learn more about each ratio by hovering over the relevant term. These ratios are all used by lenders to better understand your creditworthiness – though most lending decisions are more complicated than any set of numbers can represent.

Use these results to begin a conversation with a lender or mentor.





## 7. Affordability, continued

The Calculator includes a simple **lease vs. buy comparison tool**, to help you understand the long-term benefits of buying versus leasing. Not every farmer wants to or needs to own land, but everyone should understand the long-term implications of building equity so they can make an informed decision.

### Lease vs. buy

Compare the cost of leasing this property to your purchase scenario. Buying property usually demands more upfront and ongoing costs, but the value of equity makes buying the better option in most long-term comparisons. Ownership allows you to invest in your property and to use the equity you build as collateral for new loans.

In most cases, the later you set the comparison year, the more it will pay off to buy versus lease. Test a few options to learn more.





## 7. Affordability, continued

This section about **equity** charts your debt and equity over the amortization period of your financing scenario. Use the information provided to learn more about the benefits of building equity in land.



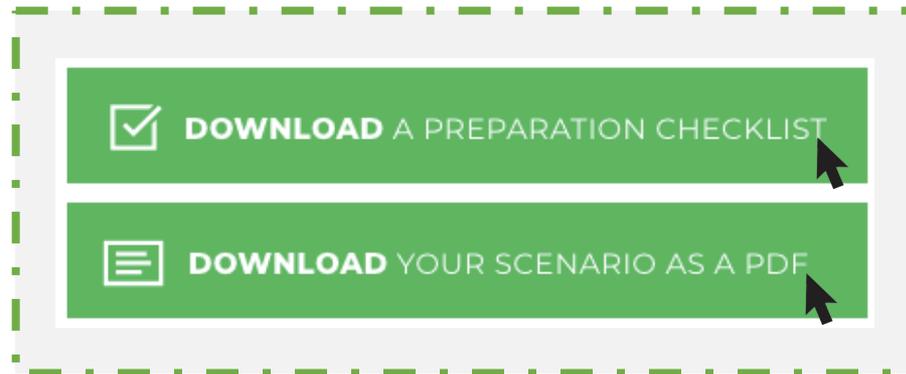


## 8. Feedback & Download

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Please answer our **feedback questions**, and reach out to us with other questions and suggestions.

In this section, you can **download your scenario results** as a one-page pdf file. Remember: if you've generated multiple scenarios, you need to download each individually. You can also download a checklist to identify the next steps in the buying process.





## 9. What's next?

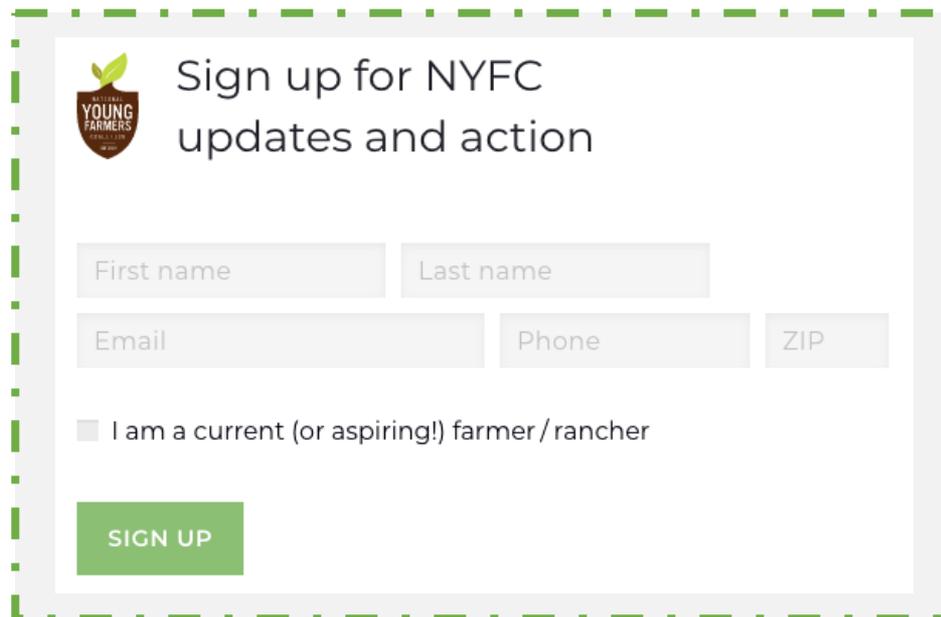
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Looking for more than a calculator?

Visit [youngfarmers.org/land-access](https://youngfarmers.org/land-access) to learn more about NYFC's land access campaign, and to find our full suite of farmer resources.

Read our case studies at [findingfarmland.youngfarmers.org/tim](https://findingfarmland.youngfarmers.org/tim).

Sign up for NYFC updates using the form box shown below.



The form is titled "Sign up for NYFC updates and action" and features the National Young Farmers Coalition logo. It includes input fields for "First name", "Last name", "Email", "Phone", and "ZIP". There is a checkbox labeled "I am a current (or aspiring!) farmer / rancher" and a green "SIGN UP" button.

