



**U.S. Department of Veterans Affairs**  
Veterans Benefits Administration

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## **Farm Loans: VA Home Loans**

### **Overview**

The Department of Veterans Affairs' (VA) Home Loan benefit may be used to purchase a farm. There must be a farm residence on the land, and the Veteran must live in it as his or her primary residence. VA-guaranteed loans can only be used for residential purposes, and not to purchase a business. This means that some farm properties may not be eligible for purchase using a VA-backed home loan.

### **General Guidance**

Loans for farm dwellings are appraised the same way as for nonfarm-type dwellings:

- VA does not limit the number of acres a VA-guaranteed property may have.
- The appraisal of properties with acreage should not pose a problem, as long as similar properties in the area were recently sold primarily for residential use. This may include improvements not typically considered residential, like barns, sheds, corrals, stables and pastures.
- For VA purposes, the value must not include livestock, crops, or farm equipment and supplies. Individual improvements not typically considered residential will be valued at fair market value. This includes barns, sheds, corrals, stables, pastures, etc.

Underwriting guidelines are generally the same as for nonfarm-type dwellings.

- For example, some or all of the income necessary to support the loan payments may come from farming operations. In this case, VA must verify the Veteran's ability and experience as a farm operator.

- The procedures and analysis in Chapter 4 of VA Pamphlet 26-7, “Lenders Handbook”, under “Self-Employment Income” generally apply.

### **Three Easy Steps to a VA Home Loan**

1. Apply for a Certificate of Eligibility (COE). You can apply online using eBenefits at [www.ebenefits.va.gov/](http://www.ebenefits.va.gov/), or fill out VA Form 26-1880, “Request for Certificate of Eligibility.” Download the form from [www.vba.va.gov/pubs/forms/vba-26-1880-are.pdf](http://www.vba.va.gov/pubs/forms/vba-26-1880-are.pdf). See page 2 of the form for the mailing address of your regional loan center. Lenders can also get COEs for Veterans online.
2. Find a realtor and lender to help you through the process of buying a home. The lender will complete an application and help you determine the amount you qualify for. Once prequalified or preapproved, the realtor can show you homes within your price range.
3. Choose a home, and sign a purchase agreement with the seller or a contract with a builder. Your sale contract should include a provision that voids the sale if you are unable to get VA-guaranteed financing.
4. The lender will order an appraisal of the property. Lenders also help you clear the final conditions required to close on your new home.

For more information, contact a VA regional loan center at 877-827-3702 or visit the Home Loan website at [www.benefits.va.gov/HOMELOANS/contact\\_rlc\\_info.asp](http://www.benefits.va.gov/HOMELOANS/contact_rlc_info.asp).