

## BECOME AN FSA RE-LENDER FOR THE HEIRS' PROPERTY RELENDING PROGRAM

### What is the Heirs' Property Relending Program?

The Heirs' Property Relending Program (HPRP) provides loan funds to intermediaries who will re-lend loan funds to individuals and entities with undivided ownership interests to resolve ownership and succession issues relating to a farm owned in common by multiple owners. To address these issues, USDA's Farm Service Agency (FSA) has determined that HPRP loan funds may be used for the following:

- To buy out fractional interests held in tenancy in common by other heirs in jointly owned property, and
- To pay for costs associated with developing and implementing a succession plan (such as closing costs, appraisals, title searches, surveys, preparing documents, mediation, and legal services).

HPRP loans may not be used for any land improvement, development purpose, acquisition or repair of buildings, acquisition of personal property, payment of operating costs, payment of finders' fees, or similar costs. FSA can provide additional assistance through the farmer ownership and operating loan programs to assist heirs in financing other credit needs in conjunction with the Heirs' Property loan provided by the lender.



### Why should you become a re-lender?

Heirs' property issues have long been a barrier for many historically underserved producers and landowners to access programs and services, including those at USDA. By becoming an FSA re-lender, intermediary lenders participating in HPRP can provide an avenue for producers and landowners in their communities to receive legal title to their family property – in this case, agricultural land – that has passed down generations. Clearing title often allows these agricultural producers to receive assistance more easily from USDA and other government programs (like FEMA disaster relief) for their property.

### How does the program work?

1. USDA provides loans to eligible lenders - Intermediary lenders (cooperatives, credit unions, nonprofit organizations who have worked with socially disadvantaged, limited resource, or beginning farmers) can apply for loans up to \$5 million at 1% interest. FSA will select and announce lenders.
2. Heirs apply directly to lenders - Heirs can apply directly to lenders for loans and assistance. Heirs and lenders will need to repay the loan as directed by the 2018 Farm Bill. Heirs will repay the loan to lenders at the interest rate set by the intermediary lender. Intermediary lenders will repay USDA at the 1% interest rate.
3. Heirs resolve title issues - Heirs may use the loans to resolve title issues and obtain legal title to the property by financing the purchase or consolidation of property interests and financing costs associated with a succession plan.

## Who qualifies as an eligible lender?

Eligible intermediary lenders include cooperatives, credit unions, and nonprofit organizations.

Intermediary lenders must:

- Be certified as a community development financial institution.
- Have experience and capability in making and servicing agricultural and commercial loans that are similar in nature.

Those applicants with at least 10 years or more of experience with socially disadvantaged farmers that are in states that have adopted a statute consisting of enactment or adoption of the Uniform Partition of Heirs Property Act (UPHPA) will receive first preference. States who have adopted UPHPA can be found on the [Uniform Law Commission webpage](#).

## Who do lenders make loans to?

Intermediary lenders will make loans to heirs who:

- Are individuals or legal entities with authority to incur the debt and to resolve ownership and succession of a farm owned by multiple owners.
- Are a family member or heir-at-law related by blood or marriage to the previous owner of the property.
- Agree to complete a succession plan.

For each application period, loans to intermediaries will not exceed \$5 million and loans to ultimate recipients will not exceed the loan limit for a Direct Farm Ownership loan which is currently \$600,000.

## How to apply to be an Intermediary Lender

Eligible lenders can apply using the [Heirs' Property Relending Program Application for Loan](#) form located on [farmers.gov](#). This form is for eligible intermediary lenders and provides FSA information for the analysis and loan determination process.

The application package, or any further questions on the program, should be sent via email:

[sm.fpac.fsa.wdc.hprp@usda.gov](mailto:sm.fpac.fsa.wdc.hprp@usda.gov).

More information on the Heirs' Property Relending Program can be found by scanning the QR Code below.

