

For: State and County Offices

Heirs' Property Relending Program (HPRP) - Program Rollout Information

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A Background

FSA is implementing HPRP authorized in the Agricultural Improvement Act of 2018 (the 2018 Farm Bill). HPRP provides loans to eligible entities (intermediaries) to relend with the purpose of assisting heirs (ultimate recipients) with undivided ownership interests to resolve ownership and succession issues on farms that are owned in common by multiple heirs.

B Purpose

This notice:

- informs State and County Offices on how HPRP will be implemented
- informs State and County Offices on availability of HPRP
- provides guidance on contacting National Office for the purpose of HPRP
- provides basic HPRP information to State and County Offices.

Disposal Date	Distribution
March 1, 2022	State Offices; State Offices relay to County Offices

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1 Overview (Continued)

C Contacts

If there are questions about this notice:

- County Offices shall contact the State Office
- State Offices shall contact any of the following:
 - LMD at 202-720-3168
 - Md Mutaleb by either of the following:
 - telephone at 202-720-3168
 - email to md.mutaleb@usda.gov
 - Steve Ford by either of the following:
 - telephone at 202-304-7934
 - email to steven.ford2@usda.gov
 - Raenata-Cohen Walker by either of the following:
 - telephone at 202-205-0682
 - email to raenata.walker-cohen@usda.gov.

2 Program Information

A Application Period

Entities interested in becoming an intermediary lender must submit an application between August 30, 2021 and October 29, 2021. HPRP will be implemented from the National Office. The intermediary lender must complete an application with necessary supporting information and send it to:

USDA-FSA-DAFLP-Loan Making Division
STOP 0522
1400 Independence Avenue, S.W.
Washington, DC 20250-0522.

Additional application periods will be announced in the Federal Register.

This particular program is completely separate from SEC 1006 of American Rescue Plan Act of 2021 (HR 1319).

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2 Program Information (Continued)

B HPRP Final Rule

A final rule establishing HPRP regulations in Subpart B of 7 CFR 769 was published in the Federal Register on August 9, 2021. A copy of the final rule is available at <https://www.govinfo.gov/content/pkg/FR-2021-08-09/pdf/2021-16459.pdf>.

C Use of Loan funds by Ultimate Recipients

The loan funds may be used by an ultimate recipient to purchase and consolidate fractional interests held by other heirs in jointly-owned property to pay for costs and fees associated with developing and implementing a succession plan, and to pay for costs associated with buying out fractional interests held in tenancy in common by other heirs in jointly-owned property to clear the title (for example closing costs, appraisals, title searches, surveys, preparing documents, mediation, and legal services).

D Eligibility Requirements of the Intermediary

Eligible Entity Types: Eligible entity types are limited to cooperatives, credit unions, and nonprofit organizations. Intermediaries must meet other eligibility requirements.

Certification: The intermediary must be certified as a community development financial institution under 12 CFR 1805.201 (or successor regulations) to operate as a lender.

Citizenship: The applicant and the members of the intermediary must be a U.S. citizen or qualified alien (see 8 U.S.C. 1641).

Experience: The intermediary must:

- have experience and capability in making and servicing agricultural and commercial loans that are similar in nature to HPRP
- have the legal authority necessary to carry out the proposed loan purposes, obtain and provide security, and repay the proposed loan
- demonstrate ability and willingness to repay the loan based on the intermediary's financial condition, managerial capabilities, and other resources.

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2 Program Information (Continued)

E Eligibility Requirements of the Ultimate Recipient

To be eligible for the program the ultimate recipients must:

- be an individual or legal entity with authority to incur the debt and to resolve ownership and succession of a farm owned by multiple owners

Note: In the case of an entity, members of the entity, must be a family member or heir-at-law related by blood or marriage to the previous owner of the real property.

- agree to complete a succession plan.

F Maximum Loan Limitations

Loans to intermediaries will not exceed \$5,000,000 to any intermediary for each application period.

Loans to ultimate recipients will not exceed the loan limit for a Direct Farm Ownership loan which is currently limited to \$600,000.

G Interest Rates

The rate of interest for an HPRP loan to intermediaries will be 1 percent.

The interest rate for loans to ultimate recipients will be set by the intermediary within the limits established by the intermediary's relending plan approved by the Agency.

H Repayment Terms

The repayment term for an HPRP loan will not exceed 30 years for the intermediary lenders.

Loans made by an intermediary to an ultimate recipient will be scheduled for repayment over a term negotiated by the intermediary and ultimate recipient; but in no case will the loan term exceed 30 years.

2 Program Information (Continued)

I Loan Limitation

Loans to the ultimate recipient 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
- for any purpose that will contribute to excessive erosion of highly erodible land or for the conversion of wetlands to produce an agricultural commodity as specified in 7 CFR part 12
- to resolve heirs' property issues on property that will not be used, or has traditionally not been used, for production agricultural purposes.

The HPRP loan amount may not exceed the current market value of the land determined by an appraisal.

Intermediaries who receive HPRP funding are not permitted to charge the ultimate recipients for mediation services provided through grants received under the Agency's State Agriculture Mediation Program