



## Farm Service Agency

# Highly Fractionated Indian Land Loan Program

**FACT SHEET**  
August 2019

### Overview

The Highly Fractionated Indian Land Loan Program (HFIL) provides a way for tribes and tribal members to obtain loans to purchase fractionated land interests through intermediary lenders.

Fractionation occurs because reservation land was divided and allotted to individual tribal members through the General Allotment Act of 1887 (also called the Dawes Act). Since that time, in each generation when an allottee died without a will, the land was not divided and parceled among heirs, but instead title ownership for the single parcel was divided among many owners. This means the same parcel of land once owned by a single person could now be owned by up to hundreds, even thousands, of individuals with each inheriting an undivided interest in the land. The number of owners grows exponentially through each generation, resulting in highly fractionated ownership of many allotments of Indian land, and the problem continues to grow.

The ability of the owners to use land decreases as fractionation increases, sometimes to the point where it is nearly impossible to locate the owners or for the known owners to coordinate the use of the property. This program seeks to alleviate this by providing a way to consolidate the fractionated interests.

### Eligibility Requirements For An Intermediary Lender

To be eligible for HFIL, an intermediary lender may be a bank, credit union or other financial or tribal institution approved by the Farm Service Agency (FSA) to participate in HFIL. Intermediary lenders must have:

- Knowledge and familiarity of working with Indian Country and experience working with Bureau of Indian Affairs;
- Legal authority necessary for carrying out the proposed loan purposes and for obtaining, giving security for and repaying the proposed loan; and
- An adequate assurance of repayment of the loan based on the fiscal and managerial capabilities of the proposed intermediary lender.

### Eligibility Requirements For An Ultimate Recipient

An ultimate recipient is a Native American tribe, tribal entity, or a member of either that receives a loan from an intermediary lender's HFIL revolving fund. To receive a loan from the intermediary, they must:

- Comply with highly erodible land conservation and wetland conservation requirements on all their land;
- Agree to continue to use the land for agricultural purposes during the term of the loan;
- Agree to comply with the requirements of the intermediary lender;
- Funds may be used to pay costs incidental to land acquisition, including, but not limited to, title clearance, legal services, archeological or land surveys, and loan closing;
- May be used to pay for costs of an appraisal conducted for this loan; and
- Be able to purchase fractionated interests resulting in at least 51 percent ownership.

### More Information

For more information, visit [fsa.usda.gov/farmloans](https://fsa.usda.gov/farmloans) or [farmers.gov](https://farmers.gov). Find your local USDA Service Center at [farmers.gov/service-locator](https://farmers.gov/service-locator).