



Heirs' Property Relending Program

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Introduction

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- This presentation is being recorded and will be made available along with a copy of the presentation slides after transcription has been completed.
- Don't hear audio through your device? Audience phone bridge is available
- Questions should be submitted through the chat box. We will do our best to answer questions during the presentation. Any questions not covered in the presentation will be covered in a later released FAQ document.



Today's Discussion

- **Target Audience**
- **What is Heirs' Property?**
- **Authorizing Statue, Federal Regulations, & CFR**
- **Purpose of the HPRP**
- **Application Period**
- **Eligibility**
- **Application Package & Approval Process**
- **Loan Closing & Awarding**
- **Intermediary Repayment**
- **Appeals**
- **Resources**

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Target Audience for Today's Webinar

- **Eligible Intermediary Lenders.**
- **Who are eligible intermediary lenders?**
 - The types of entities eligible to serve as intermediaries for HPRP are cooperatives, credit unions, and nonprofit organizations.
 - Certified as a community development financial institution under 12 CFR 1805.201 (or successor regulations) to operate as a lender.
- ***Note: Interested intermediary lenders should ensure that all eligibility requirements are met prior to applying for the HPRP.***

Target Audience for Today's Webinar (cont.)

Specifically, eligible intermediaries must have:

- At least 5 years of experience assisting Socially Disadvantaged farmers and ranchers or limited resource or new and beginning farmers and ranchers, rural businesses, cooperatives, and credit unions;
- Requisite experience and capability in making and servicing agricultural and commercial loans that are similar in nature to HPRP;
- Legal authority necessary to carry out the proposed loan purposes and to obtain, provide security for, and repay the proposed loan; and
- Demonstrate ability and willingness to repay the loan based on the intermediary's financial condition, managerial capabilities, and other resources.

What is Heirs' Property?

Property inherited
without a will or
legal documentation
of ownership.

Property jointly
owned by
descendants of a
deceased person

Heirs'
Property

Authorizing Statute

- Section 5104 of the 2018 Farm Bill (Pub. L. 115-334)
- Authority: 7 U.S.C. 1936c
- This particular program is completely separate from SEC. 1006(b)(2) of “American Rescue Plan Act of 2021”. (HR 1319).

Federal Register and CFR

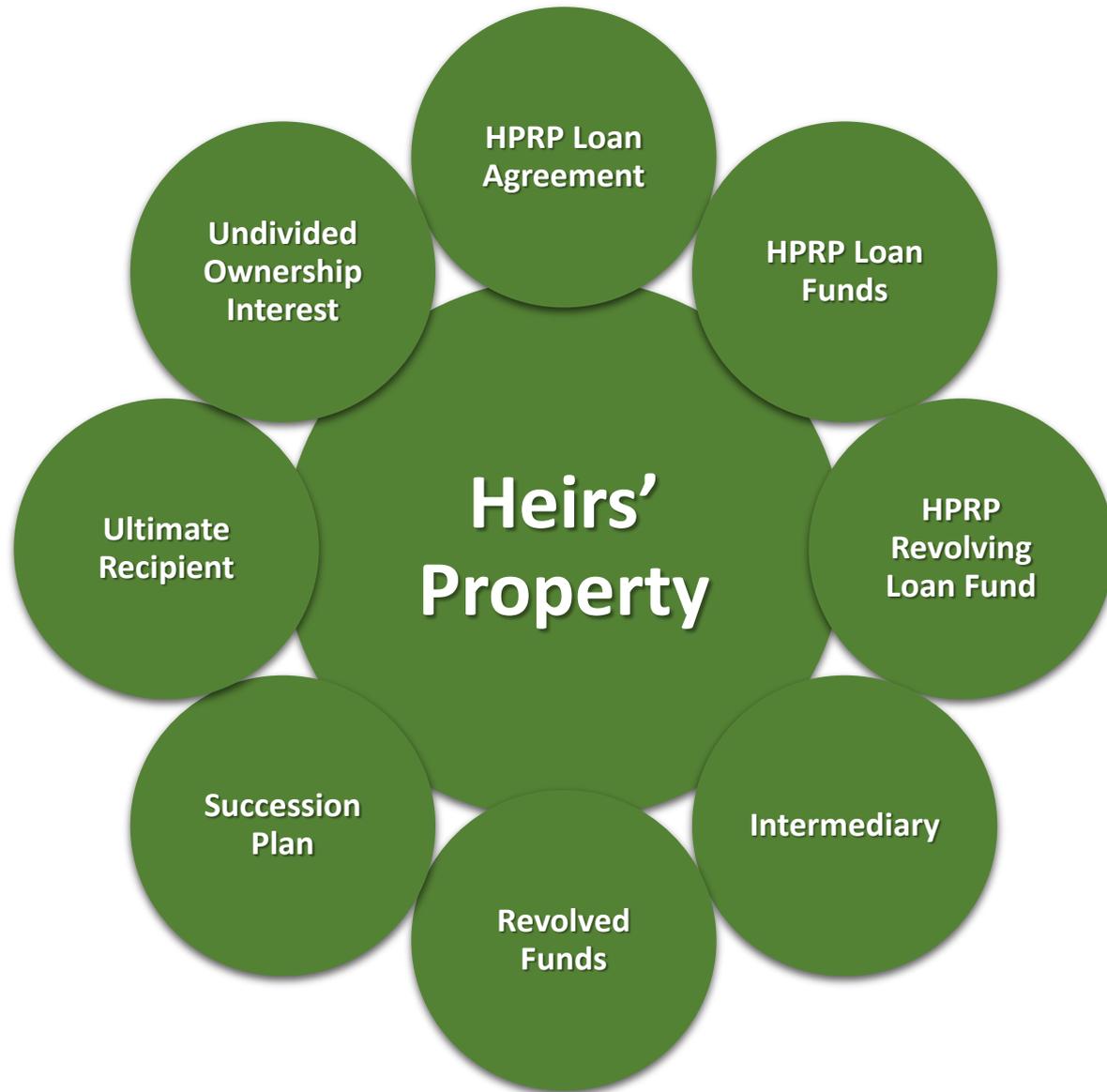
- Final Rule published on August 9, 2021, at <https://www.federalregister.gov/documents/2021/08/09/2021-16459/heirs-property-relending-program-hprp-improving-farm-loan-program-delivery-and-streamlining>
- 7 CFR 769, Subpart B

Purpose of the HPRP

- Assist heirs with undivided ownership interests in resolving:
 - Ownership interests, and
 - Succession Planning
- This enables heirs to establish sufficient legal claims to their property for the purposes of collateralizing the value of the property, improving access to agricultural programs, or selling it at fair market value.

Application Period

- Initial application period opened on **August 30, 2021** and will close on **October 29, 2021**. Subsequent application periods will be announced in the Federal Register.
- An intermediary that has received one or more HPRP loans may apply for subsequent HPRP loans.
- \$67,385,722 is available in FY 2021. Unused funds will carry over into FY 2022 and will be available with any new FY 2022 appropriation.



Intermediary Eligibility

Eligible entity types

Certification

Citizenship

Experience

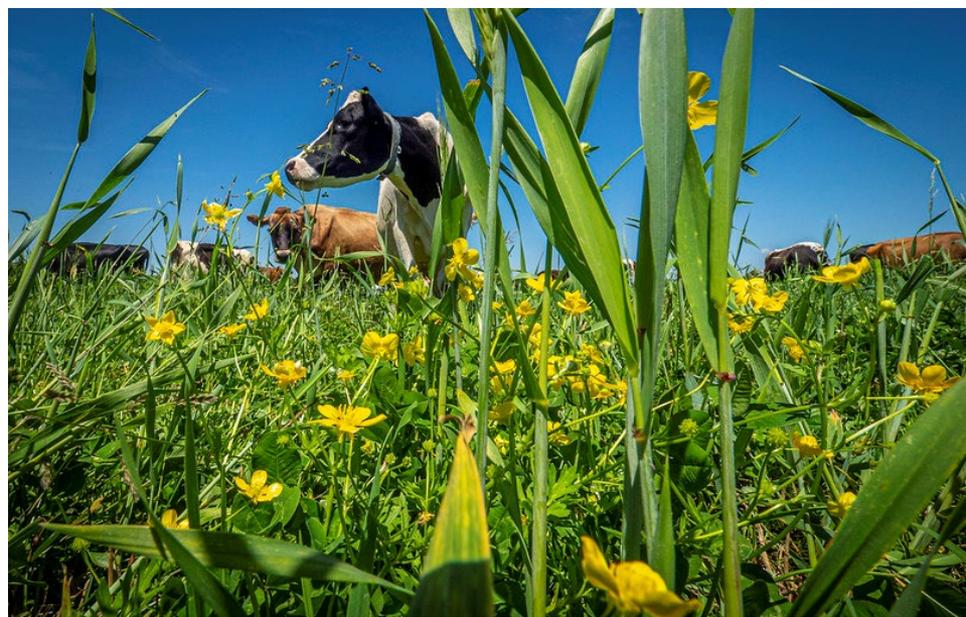


Ultimate Recipient Eligibility

Be an individual

Related by blood

Succession plan



The Loan Application

Authorized Loan Purposes

Intermediaries

- Direct loans to eligible ultimate recipients.
 - Clearing title and succession plan
 - Associated cost to clear title and succession plan
 - Consolidate fractional interest held by other heirs

Ultimate Recipients

- Assist heirs with undivided ownership interests
- Fees associated with succession plan.
- Consolidate fractional interests.

Loan Limits, Rates, and Terms

Intermediary Lenders

- \$5 million for each intermediary
- Interest rate of 1%.
- 30-year maximum loan term

Ultimate Recipients

- \$600,000 maximum loan limit.
- Interest rate set by intermediary lender.
- 30-year maximum loan term

Intermediary Loan Application

1. Form FSA-2637
 - a. Attach the last 3 years of audited financial statements or income tax records including a balance sheet
 - b. Submit the original of this application and all supporting documents to the USDA
2. Relending Plan
3. Copy of certification as a CDFI
4. Add and identify Civil Rights form
5. Documentation of ability to administer HPRP funds.
6. Names of attorneys or third parties involved in the application process

Intermediary's Relending Plan

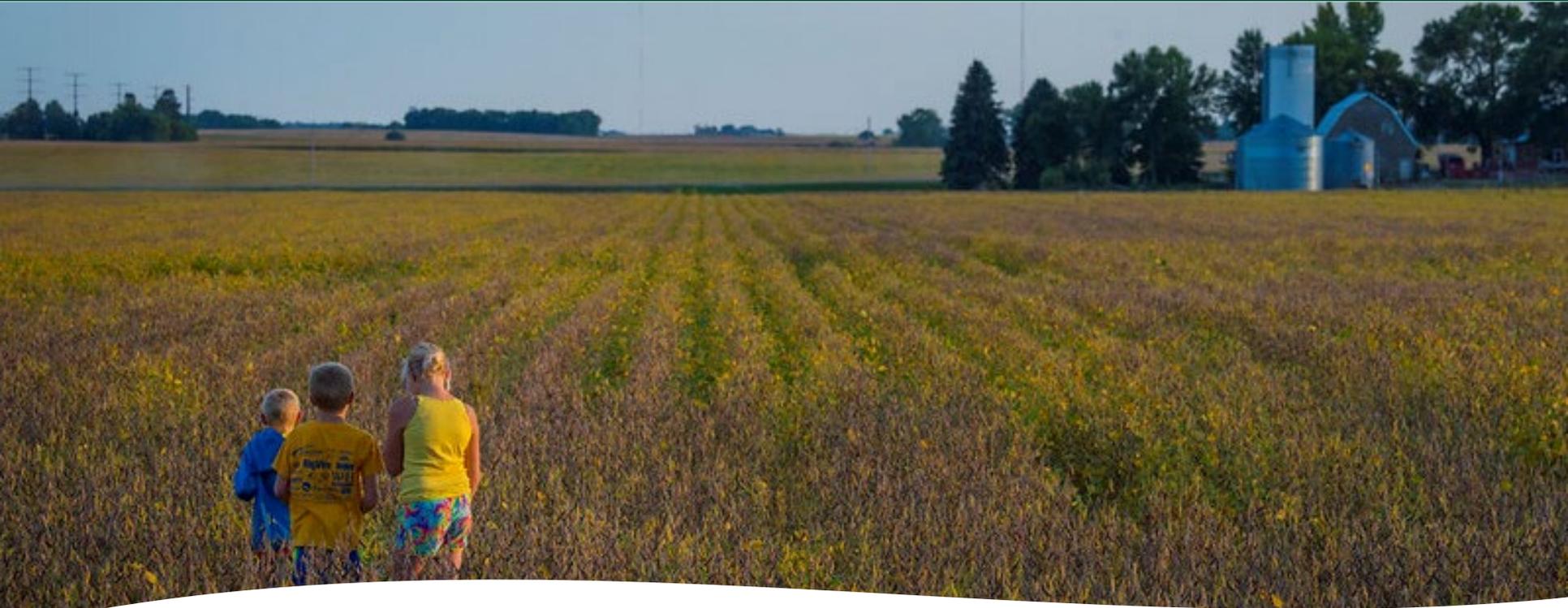
- Must include the proposed application for ultimate recipients, loan documents and security instruments, and the following from 7 CFR 769.157:
 - The Service area;
 - Fees and charges to be assessed to the ultimate recipient;
 - Eligibility criteria for the ultimate recipient;
 - Authorized loan purposes;
 - Loan limitations;
 - Loan underwriting methods and criteria;

Intermediary's Relending Plan – Cont.

- Loan rates and terms;
- Security requirements;
- Method of disbursing funds to ultimate recipients;
- Process for addressing environmental issues (7 CFR 799);
- Process for reviewing loan requests and determining eligibility;
- Description of internal control process;
- Monitoring and servicing of loans
- Amount set aside for bad debts
- Requirements for maintaining hazard insurance, life insurance, flood insurance and fidelity bond.



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Loan Approval Process

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Processing Intermediary Loan Applications

- Loan Approval is subject to availability of funds.
- Preferences for Loan Funding
 1. 10 years experience serving socially disadvantaged farmers and ranchers
 2. Those that have applications from ultimate recipients already in process

NOTE: Date application received if multiple applications in priorities I or II.

3. Date the application was received for all others.

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Loan Approval

- FSA will provide a Letter of Conditions if the loan is approved.
- Lenders may propose alternatives for FSA approval if a condition cannot be met.
- The request will be withdrawn if the intermediary does not respond within 15 days.

NOTE: All intermediaries will be notified of receipt of applications and again once the final decision is made.

Loan Agreement

- Details of the loan agreement outlined in 7 CFR 769.161 includes:
 - Loan amount
 - Interest rate
 - Term and repayment schedule
 - Disbursement procedure
 - Provisions for late charges
 - Provisions regarding default
 - Insurance requirement and others
- Intermediaries will collect race, ethnicity and gender demographics from ultimate recipients on a voluntary basis and report to FSA as requested.

The USDA is an equal opportunity provider, employer, and lender.

Security

- **Loans to Intermediaries**
 - Primary Security – first lien on the revolving fund
 - Additional Security
 - Assignments of assessments, taxes, levies or other revenue
 - Financial assets of the intermediary and members
 - Capital assets of the intermediary and members
- **Loans to Ultimate Recipient**
 - Determined by the lender
 - Prior FSA approval is same security is used for an FSA loan.

Loan Closing, Awarding, & Annual Monitoring

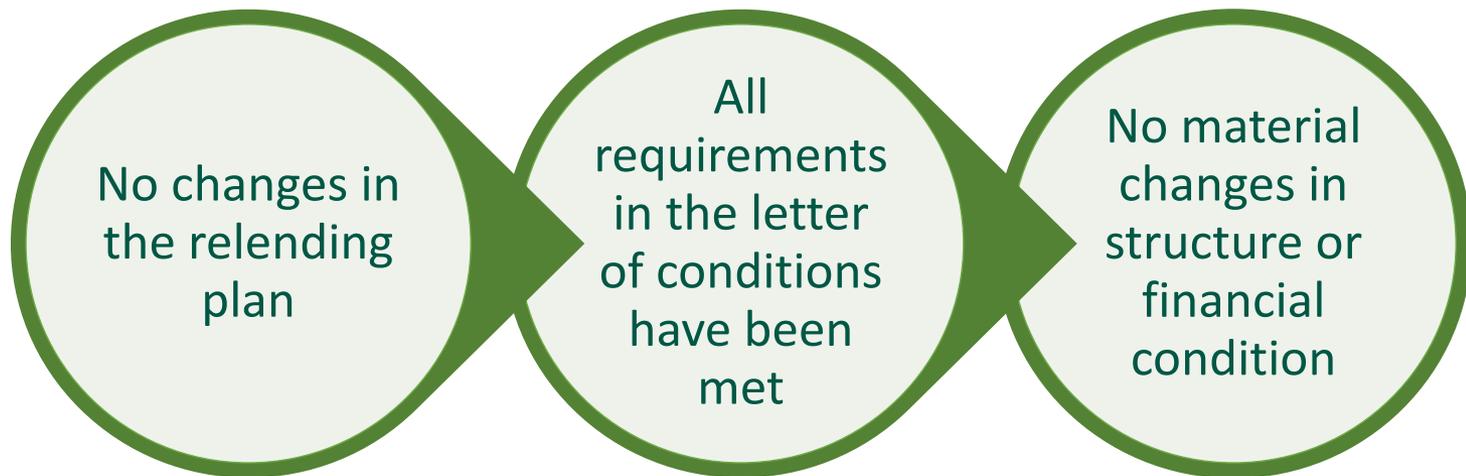


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Loan Closing

- Lender executes the Lending Agreement, Promissory Note, and Security Instruments
- Intermediary Certification



Post Award Requirements

- Applicable as long as any portion of the loan remains unpaid
- Not applicable to loans made from the revolving fund
- File Maintenance – Ultimate recipient files must include certification that:
 - Recipient is eligible for loan
 - Loan was for eligible purposes
 - The loan complies with laws, regulations and loan agreement

Post Award Requirements – Cont.

- Maintenance of HPRP Revolving Loan Fund:
 - All HPRP fund received must be deposited into the revolving loan fund
 - The revolving loan fund must be segregated from other financial assets
 - Loans to ultimate recipients are advanced from the revolving loan fund.
 - The portion from HPRP loan funds can only be used to make loans.
 - The portion from revolved funds can be used for debt service, administrative costs or making loans.
 - A reasonable amount must be reserved for bad debts.

Annual Monitoring

- Intermediaries must submit an annual budget of proposed administrative costs for approval per:

7 CFR 769.164(e)

- Intermediaries must
 - Provide a financial status annually
 - Consent to FSA review of operations and financial condition
 - Provide annual monitoring reports.

Intermediary Repayment & Appeals



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Payments

- Applied to interest first with any remaining amount applied to principal.

Restructuring

1. The loan objectives cannot be met unless the HPRP loan is restructured;
2. The Agency's interest will be protected; and
3. The restructuring will be within the Agency's budget authority.

Default

- FSA & Intermediary will collaborate to correct any default.

Loan Servicing

The USDA is an equal opportunity provider, employer, and lender.

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Transfer and Assumption

Advanced Approval by FSA

1. Assuming entity must meet all eligibility criteria for HPRP

Options

1. To another eligible intermediary at same rates & terms.
2. To another eligible intermediary on different terms not to exceed the term for which an initial loan can be made.

Appeals

Any adverse decision may be appealed in accordance with 7 CFR part 11

Applications

Application forms may be found at:

<https://forms.sc.egov.usda.gov/eForms/searchAction.do?pageAction=BrowseForms>

Let's Talk About....



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HPRP National Awareness

- Apply to be a relender, if eligible*
- Help FSA to spread the word! Get connected with your local [State Outreach Coordinators \(usda.gov\)](#)
- Utilize the program Amplification Resources*

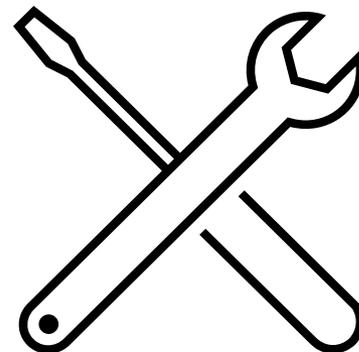


Program Amplification Resources

**Resources are available on
farmers.gov/heirs/releasing**

**Contents available to help you amplify the
program:**

- Program Information
- News Releases
- Previous Educational Webinars
- Helpful links to factsheets, translated resources and Program FAQ.
- Coming soon-Stakeholder Toolkit



We are here to help!

If you have any questions, please contact either:

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