

A LANDLOAN.AI GUIDE

How to Buy Out Your Siblings on Inherited Farmland

A plain-English guide to the options, the process, and what to expect when you want to keep the family land.

Educational guide · 2026 edition

LandLoan.ai · Land financing, explained.

This guide is general educational information, not financial, lending, legal, or tax advice. LandLoan.ai is not a lender, broker, attorney, or tax advisor. Inheritance, co-ownership, and buyouts involve legal and tax issues that vary by state and situation — consult a qualified attorney, CPA, and your lender before acting.

QUICK ANSWER

To buy out your siblings on inherited land, you agree on a fair value (usually from a professional appraisal), then finance your siblings' shares — most often with a land or "cash-out" loan secured by the property itself, sometimes combined with a family payment plan. Once they're paid, ownership transfers to you by deed. Because inheritance, title, and taxes are involved, an attorney and CPA should guide the details.

Why so many families face this decision

If you've inherited land with brothers or sisters and want to keep it, you're far from alone — a historic transfer of farmland is underway.

America's farmers are aging, and a large share of farmland is poised to change hands. Understanding the scale helps explain why "one heir buys out the others" has become such a common path to keeping land in the family.

~370M

Acres of U.S. agricultural land expected to change hands over about two decades (American Farmland Trust).

58.1

Average age of U.S. producers in the 2022 Census of Agriculture — and rising.

4×

There are roughly four times as many farmers age 65+ as under 35 (American Farmland Trust).

When a landowner passes away without a clear succession plan, the land often goes to several children at once — as shared, undivided ownership. That leaves the heirs with a choice: sell, own it together, or have one heir buy out the others. This guide is for the heir who wants to keep it.

Key takeaways

- A buyout starts with an agreed value — get a professional, independent appraisal.
- The most common way to fund it is a land or cash-out loan secured by the property's equity.
- Family seller-financing (a promissory note to your siblings) can supplement or replace a bank loan.
- Clear title and probate first; transfer ownership by deed at closing.
- Get legal and tax advice early — basis, capital gains, and state law all matter.

You've inherited land together — now what?

When siblings inherit land jointly, each typically owns an undivided fractional share (for example, three siblings each owning one-third). No one owns a specific corner; everyone owns a piece of the whole. To take sole ownership, you purchase your siblings' shares at an agreed price. Three honest realities to set expectations:

- **It's a real purchase.** Your siblings are sellers. The price should reflect fair market value, and they'll want it documented and fair.
- **Emotions and money mix.** Clear, written terms protect the relationships as much as the wallets.
- **You usually need financing.** Few people have cash on hand to buy out co-heirs, so most buyouts are funded with a loan against the land.

Your options to fund a buyout

1. A land or cash-out loan secured by the property

The most common approach: borrow against the land's value to pay your siblings their shares in a lump sum. Because the inherited property often has substantial equity (you may owe little or nothing on it), lenders can frequently structure a loan that covers the buyout. Agricultural land lenders commonly lend up to about 75% of a property's value, so the available equity drives how much of the buyout a loan can cover.

2. Family (seller) financing

Your siblings can act as the "bank," accepting a written promissory note and payments over time instead of a lump sum. This can reduce or remove the need for an outside loan, but it should always be documented with an attorney and carry a fair interest rate to avoid tax complications.

3. Government and specialty programs

Some borrowers — especially beginning or returning farmers — may qualify for USDA Farm Service Agency (FSA) farm ownership loans or guarantees, which exist to help producers buy and keep farmland. Eligibility is specific; check current FSA program terms.

4. Using other assets as additional collateral

If equity in the inherited land alone isn't enough, equity in other agricultural real estate you own may be pledged as additional collateral, reducing the cash you need.

What to expect: the buyout, step by step

- 1 Confirm ownership and clear probate.** Make sure the estate is settled and title is clear. You can't buy or borrow against shares until ownership is legally established.
- 2 Agree on a fair value.** Order an independent, professional appraisal. An objective number is the single best way to keep a buyout fair and the family at peace.
- 3 Agree on price and terms in writing.** Document who's paid what, when, and how. Use an attorney to draft the purchase and any family-financing agreement.
- 4 Line up financing.** Get pre-qualified with a lender, or finalize a family note. Lenders will want the appraisal, your financials, and clear title.
- 5 Close and transfer the deed.** Your siblings sign over their shares (often by quitclaim or warranty deed), they're paid, and you become the sole owner of record.

Pitfalls to avoid

- **Skipping the appraisal.** "Family pricing" guesses are where disputes start. An independent value protects everyone.
- **Ignoring the tax picture.** Inherited property usually receives a "stepped-up" cost basis, and a buyout can have capital-gains and gift-tax implications. A CPA should review before you sign.
- **Letting it stall into a partition action.** If co-owners can't agree, any one of them can sometimes force a court-ordered sale (a "partition"), often at a discount. A negotiated buyout almost always beats that outcome.
- **Underestimating the down payment.** Land loans typically require more cash down than a home mortgage (more on that in our land-loan guide).

Frequently asked questions

Q. Can I borrow against land I co-own to pay my siblings?

Often yes — once title is clear, the property's equity can typically secure a loan that funds the buyout. The amount depends on the appraised value and the lender's limits (commonly up to ~75% of value).

Q. What if my siblings disagree on the price?

An independent appraisal usually resolves it. If co-owners still can't agree, one party can sometimes petition for a court-ordered "partition" sale — usually a worse outcome for everyone than a negotiated buyout.

Q. Will I owe taxes on a buyout?

It depends. Inherited property generally gets a stepped-up basis, and the structure of the buyout affects capital-gains and gift-tax exposure. Have a CPA review before closing.

Q. Do I have to use a bank?

No. Family (seller) financing — a documented note to your siblings — is common and can reduce or replace an outside loan. Put it in writing with an attorney and a fair rate.

Ready to keep the land in the family?

AgLoans.com helps you organize your information and get matched with agricultural and land lenders who finance buyouts — free, no obligation.

[See how it works at AgLoans.com →](#)

Sources

American Farmland Trust — farmland transition and land-transfer projections (farmland.org). · **USDA National Agricultural Statistics Service**, 2022 Census of Agriculture and Tenure, Ownership & Transition of Agricultural Land (TOTAL) Survey (nass.usda.gov). · **USDA Economic Research Service**, Farmland Ownership and Tenure (ers.usda.gov). · **USDA Farm Service Agency**, Farm Ownership Loans (fsa.usda.gov). · **AgAmerica**, agricultural land loan requirements and terms (agamerica.com). Figures current as of 2025–2026; verify before relying on them.