

Minnesota Down Payment Assistance Grant FY2024 Request for Proposals (RFP)

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Grant Summary

Overview

The Minnesota Down Payment Assistance Grant offers up to **\$15,000 for qualified farmers to purchase their first farm**. The grant program is administered by the Minnesota Department of Agriculture's Rural Finance Authority (RFA) as part of its mission to develop the state's agricultural resources.

The intent of the grant program is to help emerging farmers invest in farm ownership. With the average age of farmers increasing in our state, farm succession and legacy planning is important to the sector. At the same time, land access is one of the most noted barriers for emerging farmers to succeed. As noted in the [MDA's Emerging Farmers' Working Group 2022 Legislative Report](#):

"Land ownership and agricultural professions are a key pathway to building inter-generational wealth, both for family units and within communities. Opening pathways for Emerging Farmers can also revitalize rural communities and increase economic activities in Greater Minnesota."

Emerging Farmers include farmers and aspiring farmers who are:

- Women
- Veterans
- Persons with disabilities
- American Indian or Alaskan Natives
- Members of a community of color
- Young (35 and younger)
- Lesbian, gay, bisexual, transgender, queer, intersex, or asexual (LGBTQIA+)
- Urban (reside in cities with a population over 5,000 or within the boundaries of federally recognized tribal land regardless of population size)
- and any other emerging farmers as determined by the commissioner

Funding Availability

The Minnesota State Legislature approved \$1 million for fiscal year 2024 Down Payment Assistance Grants to Minnesota farmers earning less than \$250,000 per year in gross agricultural sales. Applications will remain valid for purchases **closing within six months after grant approval** or until June 30, 2024, whichever is sooner.

The RFA expects to award approximately 66 grants in this funding cycle, dependent on size of grant requests. The RFA will award these grants using a random **lottery process, with preference given to emerging farmers**. If you are not an emerging farmer, you may still apply.

Applications will be accepted from July 1 to July 31, 2023. The RFA will make award decisions in early to mid-August. The Minnesota Legislature has appropriated an additional \$1 million for one more round of this grant for fiscal year 2025 (July 2024 to June 2025).

Eligibility

Applicants must:

- Be an individual. (Farms structured as LLCs, partnerships, non-profits, and other businesses must apply and purchase land as an individual. Loans may be in the business name if the individual is on the deed.)
- Be a resident of Minnesota.
- Gross less than \$250,000 from the sale of farm product in the most recent tax year.
- Applicants and their spouses must have not previously had any direct or indirect ownership in farmland or other agricultural property (hog barn, commercial greenhouse, etc.).
- Plan on providing most of the day-to-day physical labor on the farm.
- Plan on owning the farmland for at least five years. (Awardees who do not own and farm the land for at least five years will pay a penalty to the commissioner equal to 20% of the grant amount for each year that is applicable.)
- Be in good standing with the state of Minnesota:
 - No back taxes owed.
 - No defaults on Minnesota state-backed financing for the last seven years.
 - Acceptable performance on past MDA grants.
 - Compliant with current state regulations.
- Must not have been convicted of a state or federal criminal offense related to a state grant agreement.

Eligible Purchases

Transactions must:

- Be the purchase of farmland (tillable acres, commercial greenhouse, hog barn, etc.).
- Be within the borders of the state of Minnesota.
- Be for purchases closed **after** approval of the application.
- Be completed within six months after application approval or June 30, 2024, whichever is sooner.

NOT Eligible

Ineligible transactions include but are not limited to:

- Farmland purchases made before approval of the application.
- Purchases for anything other than farmland.
 - Note: If your purchase has a home or other non-agricultural improvement that is okay, but the appraisal value of the home will be subtracted from the farm price.
 - The value of agricultural outbuildings may be included in the farm price.

Matching Funds

The Down Payment Assistance Grant requires each award to be matched with at least \$8,000 of other funding. Matching funds can be cash, loans, contract for deed, other grants, or any combination of these and other funding. The match does not need to be applicant cash.

This means, to receive the full \$15,000 grant maximum, an applicant must provide at least \$8,000 of alternate funding for the purchase. If the applicant is providing less than \$8,000, the maximum grant award will be equal to the amount they provide.

Examples

Purchase Price	Applicant Cash	Other Sources	Grant Amount
\$400,000	\$5,000	\$380,000 loan	\$15,000
\$25,000	\$0	\$10,000 contract for deed	\$15,000
\$15,000	\$2,500	\$5,000 other grant	\$7,500

If approved, applicants must be able to provide documentation (approval letter, loan estimate, etc.) for other sources of funding and financing for the purchase.

How to Apply and Grant Timeline

Grants will be awarded through a random lottery process, with preference given to emerging farmers. Applications will **open on July 1, 2023, and close at 11:59 p.m. on July 31, 2023**. The random lottery drawing for awardees will take place in early August. You can review application questions on the last page of this document.

Apply Two Ways

1. Complete the online application on the website below. No pre-registration or account is required.
2. Email a PDF application to RFA.loans@state.mn.us. PDF applications will be available on the website below. The RFA must receive your email between July 1 and July 31. Applications emailed before or after this time will not be eligible.

mda.state.mn.us/down-payment-assistance-grant-program

You will receive a confirmation email after submitting your application. **The RFA is not responsible for any technical or logistical problems resulting in not receiving your application on time.** It is the responsibility of the applicant to ensure that the RFA receives your application. **Contact the RFA if you do not receive a confirmation email after submitting your application:** 651-201-6316, RFA.loans@state.mn.us.

You may request a mailable copy of the application by calling 651-201-6316 or emailing RFA.loans@state.mn.us. However, we strongly recommend online or email applications to avoid potential mail delays. Mailable applications will be considered received on the date they are received at the RFA's office. The RFA is not responsible for any delays in the mailing process.

After Approval

If approved, applicants **must close their farm purchases within six months after approval** or by June 30, 2024, whichever is sooner. The RFA will award initial approvals in mid-August and may award approvals to applicants on the waitlist anytime between mid-August and June 2024 if initial awardees cancel or forfeit their grant awards.

If approved, applicants must provide:

- Purchase agreement (can be signed before or after application approval).
- Approval letter, loan estimate, or other proof of secured funds for the purchase.
- Most recent federal tax filing.

After approval, the RFA will issue grantees an approval letter with the grant award amount, to share with lenders as needed. Grantee will receive funds as an Electronic Funds Transfer (EFT) or check before closing the purchase.

Example Timeline

1. Applicant begins loan application process with bank or Farm Service Agency (FSA) and finds farmland to purchase.
2. Applicant applies for Down Payment Assistance Grant.
3. The RFA approves application, and grantee receives approval letter valid for six months.
4. Within 6-month approval period:
 - a. Applicant provides copies of purchase agreement, loan approval, and Schedule F to the RFA.
 - b. Applicant signs grant contract with the RFA.
 - c. Applicant receives grant funding from the RFA.
 - d. Farmland purchase closes.
5. Applicant sends sale settlement statement to the RFA.

How to Submit Questions

Applicants may submit questions by emailing RFA.loans@state.mn.us or calling 651-201-6316.

Application Review Policies

Review and Award Process

The RFA will review all complete applications submitted between July 1 and July 31, 2023, for eligibility. All eligible applications will be placed in a randomized lottery to determine the order in which grants are awarded. Regardless of the lottery order, emerging farmers will be given preference over non-emerging farmers.

If funding remains after the RFA has awarded grants to all eligible emerging farmer applicants, the RFA will award as many grants as funding allows to applicants who are not emerging farmers in the order of their lottery placement. Lottery procedure will be developed with consultants from the Minnesota State Lottery and published in a separate document.

Applicants will be notified of award decisions in early to mid-August.

Conflicts of Interest

State grant policy requires that steps and procedures are in place to prevent individual and organizational conflicts of interest, both in reference to applicants and reviewers ([MINN. STAT.16B.98 \(Grants management process\)](#) and [Conflict of Interest Policy for State Grant-Making, 2022 \(Word\)](#)).

Organizational conflicts of interest occur when:

- A grantee or applicant is unable or potentially unable to render impartial assistance or advice to the MDA due to competing duties or loyalties.
- A grantee's or applicant's objectivity in carrying out the grant is or might be otherwise impaired due to competing duties or loyalties.

In cases where a conflict of interest is suspected, disclosed, or discovered, the applicants or grantees will be notified and actions may be pursued, including but not limited to disqualification from eligibility for the grant award or termination of the grant agreement.

Privacy Notice and Data Classification

The information provided by an applicant will be used to assess the applicant's eligibility to receive a grant under the Down Payment Assistance Grant Program. The decision to apply for this grant is voluntary, and applicants are not legally required to provide any of the requested information. Applicants may decline to complete this application without any legal consequence. However, only completed applications will be considered for a grant; incomplete applications will not be considered.

Access to private or nonpublic data submitted by an applicant is limited to parties authorized by law to access it, including but not necessarily limited to MDA staff and contractors with a valid work assignment to access the data, parties authorized by the applicant, parties identified in a valid court order or federal subpoena, Minnesota Management and Budget, Minnesota Department of Administration, the state auditor, and the legislative auditor. If necessary, the MDA may also share the data with law enforcement or the Office of the Attorney General.

Procedure for Claiming Protection of Trade Secrets: Trade secret information is classified as not public data. In order to qualify as trade secret information, the data in question must be provided to the MDA by the affected person (i.e. the data must be about the applicant) and otherwise meet the legal definition found in [Minn. Stat. § 13.37, subd. 1\(b\)](#). In order for an applicant to assert trade secret protection for data submitted as part of this application: the applicant must: 1) clearly identify the specific formula, pattern, compilation, program, device, method, technique or process that the applicant believes to be trade secret information; 2) describe what efforts the applicant takes to maintain the secrecy of the data; and 3) adequately explain how the data derive(s) independent economic value from not being generally known to, and not readily ascertainable by proper means by, other persons. Merely asserting trade secret protection does not, in and of itself, classify the data in question as not public; determining what data meet the definition of trade secret information is ultimately the legal responsibility of the MDA, and the MDA cannot guarantee that data identified as trade secret information by an applicant will be classified as such. If the MDA determines that data do not meet the definition of trade secret information, the data in question will be available to the public unless the applicant secures a court order saying otherwise.

Every person, organization, or corporation applying for grants in the state of Minnesota must comply with [Minn. Stat. § 270C.65, Subd. 3](#), and other applicable law. Under this law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

Requirements for Grant Recipients

Accountability and Reporting

Grantees are required to provide a settlement statement for their farmland purchase within three business days of closing. Grantees may be required to provide additional documentation for authorization purposes.

Follow-up reports are required to help us determine the long-term impacts of the grant. Grantees are required to respond to requests for follow-up information for up to five years beyond the term of the grant agreement. Failure to respond to these in a timely manner may impact your ability to secure future funding from the MDA.

Grant Award Agreement and Payments

Grant contract agreement templates are available for review at [Office of Grants Management Policies, Statutes, and Forms/Forms and FAQs tab](#).

Upon approval of an application and prior to receiving payment, the applicant is required to do the following:

- Register as a vendor in SWIFT, the state’s accounting system, and submit other required documentation within 30 days of award notification.
- Sign a Grant Contract Agreement indicating their intention to complete the proposed tasks. The agreement also authorizes the MDA to monitor the progress of the project. The grant award document must be signed within 10 business days of being sent to the grantee.

Eligible expenses may only be incurred after the contract has been signed by all parties. Grantees agree that for each year they do not own and farm the land during the following five-year period, that they will pay a penalty to the commissioner equal to 20% of the grant amount.

Affirmative Action and Non-Discrimination Policy

The grantee agrees not to discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, marital status, status in regard to public assistance, membership or activity in a local commission, disability, sexual orientation, or age in regard to any position for which the employee or applicant for employment is qualified ([Minn. Stat. 363A.02](#)). The grantee agrees to take affirmative steps to employ, advance in employment, upgrade, train, and recruit minority persons, women, and persons with disabilities.

The grantee must not discriminate against any employee or applicant for employment because of physical or mental disability regarding any position for which the employee or applicant for employment is qualified. The grantee agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled persons without discrimination based upon their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship ([Minnesota Rules, part 5000.3500](#)).

The grantee agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the [Minnesota Human Rights Act](#).

Audits of Project

Per [Minn. Stat. 16B.98, subdivision 8](#), the grantee's books, records, documents, and accounting procedures and practices of the grantee or other party that are relevant to the grant or transaction are subject to examination by the granting agency and either the legislative auditor or the state auditor, as appropriate. This requirement will last for a minimum of six years from the grant agreement end date, receipt, and approval of all final reports, or the required period to satisfy all state and program retention requirements, whichever is later.

Application Definitions and Questions

Definitions

Minnesota Resident means the applicant has established a permanent home within Minnesota's borders and has no present intention of moving outside the state.

Good Standing with the state of Minnesota:

- No back taxes owed.
- No defaults on Minnesota state-backed financing for the last seven years.
- Acceptable performance on past MDA grants.
- Compliant with current state regulations.

Direct Ownership is when an individual is the direct owner of farmland, shareholder in an operation that includes farmland, or the beneficiary of a life estate that includes farmland. **Indirect Ownership** is any interest or traceable interest in farmland.

Emerging Farmers include farmers or aspiring farmers who are **women, veterans, persons with disabilities, American Indian or Alaskan Natives, members of a community of color, young** (35 and younger), lesbian, gay, bisexual, transgender, queer, intersex, or asexual (**LGBTQIA+**), **urban** (reside in cities with a population over 5,000 or within the boundaries of federally recognized tribal land regardless of population size), and any other emerging farmers as determined by the commissioner.

If you are not included in one of these groups and would like to request consideration as an emerging farmer, you may write a letter to the Commissioner of Agriculture, justifying how you are an emerging farmer. Approval of new groups will be posted publicly on the MDA's [Emerging Farmer webpage](#).

Application Questions

Farmer Information

- Applicant Name and Spouse’s Name (if applicable)
- Current Mailing Address
- Age at time of application (optional)
- Please check yes or no:
 - I am a Minnesota resident.
 - I will be purchasing the farmland as an individual or married couple (LLCs, partnerships, non-profits, corporations, and other businesses are not eligible).
 - I am in good standing with the state of Minnesota.
 - The farmland is located within Minnesota borders.
 - I will provide most of the physical labor and management for the farm I wish to purchase.
 - I agree that for each year I do not own and farm the land during the following five-year period, I will pay a penalty to the commissioner equal to 20% of the grant amount.
 - Have you or your spouse ever had direct or indirect ownership in farmland or other agricultural property (tillable acres, hog barn, commercial greenhouse, etc.)?
 - Did you gross more than \$250,000 from the sale of farm product in the most recent tax year?
 - Have you been convicted of criminal offense related to a state grant agreement?
 - Are you considered an Emerging Farmer? (Based on the definition above)

Purchase Information

- Briefly describe the type of farming operation you will be running.
- **If available**, please provide the following information about the farmland you are purchasing.
 - County
 - Number of acres
 - Sale price
 - Name of all sellers(s)
 - Estimated closing date
 - Legal description (section/sub-section, section, township, range)
 - *E.g., SW ½ of NW ¼, Sec. 20, Township 100, Range 50*
- **If available**, does this farm purchase include a home or other non-agricultural improvement?
- **If available**, please provide financing amounts, including as applicable:

	Amount	Bank, Institution, or Grant Name
Buyer cash		-
This grant		-
Loan		
Loan		
Other grant		
Other source		
Other source		