

# Large/Food Animal Veterinary Loan Program



## Guidelines

**Purpose:** To assist individuals licensed to practice veterinary medicine in Kentucky who desire to construct, expand, equip or buy into a practice serving large farm animal producers, including goat, sheep, swine, and other smaller food animals.

**Terms:**

1. Applicant must meet the following criteria:
  - a. Documentation of valid license to practice veterinary medicine in Kentucky
  - b. Applicant (and spouse, if applicable) must have a combined **net worth** of less than \$500,000 at time of application.
2. Maximum KAFCC participation will be limited to **\$100,000 or 50% of the project**, which ever is less.
3. Borrower may have multiple loans but is limited to a total outstanding balance of no more than \$100,000 in this program.
4. KAFCC will loan up to \$100,000 not to exceed 50% of the outstanding debt held by the participating lender on behalf of this applicant at the closing of this loan.
5. If funds become limited, then priority will be given to underserved areas, which will be determined in consultation with allied industries.
6. Applicant's total household **off-farm income** is less than \$100,000 annually as evidenced by three year's tax returns. Applicant may also exclude agricultural related occupations, as determined by the board.
7. Interest rate on KAFCC portion of the loan will be **2% a.p.r.** for the life of the loan. KAFCC reserves the right to adjust the rate on any new loans as market conditions change.
8. Lender must agree to service the loan for no more than **0.75% (75 basis points)** on the KAFCC portion of the loan for the life of the loan. The fee will be added to the KAFCC rate to determine the blended rate.
9. Maximum term of the KAFCC portion cannot exceed **15 years or the useful life** of the asset. Loans for real estate can be amortized over 25 years with a 15 year balloon.
10. Lead lender is required to prepare and submit the loan application. Lender must be committed to provide additional financing as outlined in the completed application.
11. Participating lender must be a financial institution with offices in Kentucky.
12. Lender is encouraged to include KAFCC as part of any FSA guarantee request or application.

13. K AFC debt will consider subordinating to participating lender. No future debt can be incurred on mortgaged property without consent of K AFC.
14. Loan must be secured with both fixed assets and the personal guarantee of the borrower.
15. Applicant must submit a 3-year business plan showing a reasonable return and an ability to retire the K AFC debt.
16. Applicant's requesting less than \$50,000 in K AFC financing will not be required to submit a business plan. However, they must provide a detailed explanation of how the financed asset will enable the applicant to better serve the livestock producers in that community.
17. There must be a commitment by a participating lender who will work with the borrower to capitalize the initial investments outlined in the 3-year business plan. The lender will continue to evaluate additional credit needs of the applicant as presented; however, any additional credit will be at the discretion of the lender and according to the lender's normal credit underwriting policies.
18. Project must be located on property in Kentucky.
19. Applicants must acquire all relevant permits and the project must meet all required construction codes. Property must be in compliance with all environmental regulations.
20. Construction projects must begin within 6 months of loan approval and must be completed within 1 year of loan approval.
21. Participating lender and/or borrower will provide interim financing during construction of project. K AFC will transfer loan proceeds upon satisfactory completion of project.
22. Applicant must be a resident of Kentucky.
23. Any principal and interest payments made by borrower will be shared pro-rata by lender and K AFC unless both parties agree to modified terms. There is no penalty for early repayment of the loan.
24. Only expenses incurred after the Large/Food Animal Veterinary Loan Application has been received by K AFC will be eligible for consideration under the loan program.
25. K AFC shall review each application and supporting documentation; loan approval will be at the discretion of the K AFC board.

**Eligible Projects:**

- K AFC will provide financing for the acquisition, renovation and development of capital assets needed to facilitate a large animal veterinary practice.
- For land to be considered for financing under this program the applicant must also submit detailed building plans and relevant permits. All real estate funded by K AFC must be used exclusively for the benefit of the veterinary practice.
- Equipment determined to be essential for the delivery of services provided by a large animal veterinary practice. Items in question may require further explanation by the applicant. Final determination of eligibility will be established by the K AFC Board.

- Permanent Working Capital

**Not Eligible:**

- Equipment used exclusively for a small animal practice
- Operating or refinancing debt
- Pharmaceuticals or animal health products
- Vehicles
- Other items determined by the KAFC board as ineligible

