
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.

Eligibility:

1. Documentation of valid license to practice veterinary medicine in Kentucky
2. KAFCC will loan up to 50% of the outstanding debt held by the participating lender, on behalf of the applicant, at time of loan closing. This amount will be limited to \$100,000, not to exceed the total project cost, as indicated on the signed application. KAFCC will otherwise be limited to 50% of the total project cost.
3. Borrower (and spouse, if applicable) must have a combined net worth of **less than** \$500,000, at time of application.
4. Annual, off-farm, household income must be **less than** \$100,000, as evidenced by three year's tax returns. Income derived from ag-related occupations **may be excluded** from this calculation (as determined by the board).
5. Borrower must be a Kentucky resident, as evidence by a Kentucky driver's license.
6. Project must be located on property in Kentucky.
7. Borrower may have multiple loans but is limited to a total outstanding balance of no more than \$100,000 in this program.
8. Priority consideration will be given to borrowers who will be providing veterinary care to underserved areas (*determined in consultation with allied industries*).

Terms:

1. Participating lender must be a financial institution with offices in Kentucky.
2. Lead lender is required to prepare and submit the loan application. There must be a commitment by a participating lender who will work with the borrower to capitalize the initial investments outlined in the three-year business plan. The lender will continue to evaluate additional credit needs, however, any additional credit will be at the discretion of the lender and according to their normal underwriting policies.
3. Interest rate on the KAFCC portion of the loan will be fixed at **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.
4. Lender must agree to service the KAFCC participated loan for no more than **0.75% (75 basis points)**, for the life of the loan. This fee will be added to the KAFCC rate to determine the blended rate.

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5. Maximum K AFC loan term shall not exceed **15 years or useful life** of asset, collateralizing loans. Loans secured by real estate may be amortized over 25 years with a 15 year balloon.
 7. Loan must be secured with fixed assets and personal guarantee of the borrower.
 8. K AFC will consider subordinating debt to participating lender. No future debt can be incurred on mortgaged property without notification of K AFC.
 9. Borrower must submit a three-year business plan (outline available) showing a reasonable return and an ability to retire the K AFC debt.
 - a. Borrowers requesting less than \$50,000 will not be required to submit a business plan. However, they must provide a detailed explanation of how the financed asset will enable them to better serve producers in their community
 10. Borrower must acquire all relevant permits and the project must meet all required construction codes. Property must be in compliance with all environmental regulations.
 11. Construction projects must **commence** within **six months** of loan approval and must be **completed** within **eighteen months** of loan approval.
 12. Participating lender and/or borrower will provide interim financing during construction of project. K AFC will transfer loan proceeds upon satisfactory completion of project.
 13. 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 shall be **no prepayment penalty** on the K AFC participated loan.
 14. Only expenses incurred after the DEAL Application has been received by K AFC will be eligible for consideration under this loan program.
 15. No Borrower may participate in this program for more than 15 years.
 16. K AFC shall review each application and supporting documentation; loan approval will be at the discretion of the K AFC board.

Eligible Projects:

- Acquisition, renovation and construction of capital assets to facilitate a large animal veterinary practice.
- Real estate to be used **exclusively** for the benefit of the veterinary practice
 - Detailed building plans and relevant permits required
- Equipment essential for the delivery of large animal veterinary services.
 - Final determination of equipment eligibility will be by the K AFC Board.
- Permanent Working Capital

Not Eligible:

- Operating or refinancing loans
- Equipment used exclusively for a small animal practice
- Pharmaceuticals or animal health products
- Vehicles