# 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. KAFC will loan up to **50% of the project costs, not to exceed $250,000**. If the applicant has existing student loans, this debt can be used as match such that KAFC can participate up to 100% of project cost not to exceed $250,000. KAFC will otherwise be limited to 50% of the total project cost.
3. Borrower must be a Kentucky resident, as evidence by a Kentucky driver's license or other valid documentation.
4. Project must be located on property in Kentucky.
5. Household and/or operation may have multiple KAFC loans but is limited to an aggregate balance of $250,000 in all programs, excluding the Agriculture Processing Loan Program.
6. 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 KAFC portion of the loan will be fixed at **2% a.p.r.** for the life of the loan. KAFC reserves the right to adjust the rate on any new loans as market conditions change.
4. Lender must agree to service the KAFC participated loan for no more than **0.75% (75 basis points),** for the life of the loan. This fee will be added to the KAFC rate to determine the blended rate.
5. Maximum KAFC 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. KAFC will consider subordinating debt to participating lender. No future debt can be incurred on mortgaged property without notification of KAFC.

9. Borrower must submit a three-year business plan (outline available) showing a reasonable return and an ability to retire the KAFC 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. KAFC 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 KAFC unless both parties agree to modified terms. There shall be **no prepayment penalty** on the KAFC participated loan.

14. Only expenses incurred after the LFAVLP Application has been received by KAFC will be eligible for consideration under this loan program.

15. No Borrower may participate in this program for more than 15 years.

16. KAFC shall review each application and supporting documentation; loan approval will be at the discretion of the KAFC board.

17. The KAFC Loan Review Committee must review applicants with credit scores below 600 or with no credit score for funding recommendation.
    *A credit report is required to be submitted with all other supporting documents.*

7. Applications with a combined loan-to-value up to 85% may have a government guarantee, but it is not required.

8. Applications with the approval and obligation of a government guarantee, shall not have a combined loan-to-value greater than 100%.

9. Any application with a combined loan-to-value greater than 85% without a government guarantee will be referred to the KAFC Loan Review Committee for evaluation and recommendation.

**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 KAFC Board.

- Permanent Working Capital

**Not Eligible:**

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