

 American Paint Horse Association's

Breeders Trust Program 2006





**BREEDERS
TRUST**

AMERICAN PAINT HORSE ASSOCIATION



Want to increase your Paint Horse's market value?

Then you'll want to be a part of the American Paint Horse Association's Breeders Trust. Whether you're a mare owner, stallion owner, or a racing or show competitor, this APHA incentive program can increase your horse's value by paying yearly cash dividends to you.

Established in 1994, APHA's Breeders Trust provides added incentive for Paint Horse owners to exhibit their horses in the show arena or on the track. The Breeders Trust pays cash dividends for points earned by nominated horses at APHA-approved events.

In fact, the Breeders Trust is the most unique incentive program in the horse industry today. Here are some of the program's latest enhancements:

- Highest stallion subscriber payback ever offered—20 percent!
- Cash awarded for points earned in APHA-approved races.
- Non-owner stallion subscriptions.
- Preferred treatment for re-subscribing stallions.
- Extended deadline for stallions standing for the first time.

The Trust is designed so that everyone responsible for the success of an outstanding foal is rewarded. The stallion subscriber, foal nominator and horse's owner all share in the profit.

How Breeders Trust works

- Stallions must be enrolled annually by November 30, prior to the start of the breeding season. Stallions that are standing for their first season may be enrolled without penalty until March 31 of the breeding season.
- Offspring resulting from that stallion's breedings can then be nominated for life for a one-time enrollment fee, ranging from \$100 to \$800. The fee varies depending on the age at which the horse is enrolled.
- No offspring will be accepted into the program after its 2-year-old year, or if it has earned points in APHA competition.
- Trust money is divided and paid annually, beginning when a subscribed stallion's foals reach their yearling year. Payouts are based on the total number of point-earning horses enrolled in the program and the number of points earned by those horses during a given year.
- The stallion subscriber receives 20 percent of the dividend, the foal nominator receives 10 percent and the foal's recorded owner receives 70 percent.
- A list of subscribed stallions will be published in the December through May issues of the *Paint Horse Journal* and year-round on the APHA Web site. The list of subscribed stallions shows the highest advertised breeding fee for the season. Subscriptions not received prior to the May *Paint Horse Journal* advertising deadline will not be published.

Information for stallion subscribers

A stallion must be subscribed annually. The stallion subscription fee is the highest advertised breeding fee for the season. (Additional fees collected for color guarantees, chute fees and booking fees must be included when determining the highest advertised breeding fee.) A minimum and a maximum fee set by APHA are applicable.

Complete stallion subscription information follows:

- (A) The minimum fee is \$400.
- (B) The maximum fee is \$10,000.
- (C) If a stallion's stud fee is advertised as private treaty, the highest fee charged must be listed. If you subscribe your stallion based on one fee charged, then later charge a higher fee, you must pay the Trust the difference. You must pay a minimum private treaty fee (based on the previous year's average fee of all subscribed stallions) or the private treaty fee actually charged, whichever is higher. See the current-year stallion subscription form for the applicable minimum fee.
- (D) All stallions recognized by APHA are eligible to participate, including Quarter Horses and Thoroughbreds.
- (E) With the stallion owner's permission, any person can subscribe a stallion to the Breeders Trust. The subscriber—not owner—then receives the money earned from the subscription for that particular breeding season. A notarized waiver must be signed by the stallion's recorded owner.
- (F) For a stallion to be eligible at the regular fee, the sire subscription fee and a completed entry form must be postmarked by November 30 of the year prior to breeding. No postal meters accepted.
- (G) If a stallion is standing its first season, the subscriber has until March 31 of the breeding year to pay the stallion into the program. (Prerequisite: No Stallion Breeding Report for the horse from any previous year can be on file with APHA, Jockey Club or AQHA.)
- (H) APHA accepts late sire subscriptions throughout the breeding year at increased fees. Absolutely no subscriptions will be accepted after December 31 of the year bred. The stallion subscription fee schedule is as follows:
 - November 30: Highest stud fee charged (prior to breeding year)
 - December 1–March 31: 1.5 x highest stud fee
 - April 1–December 31: 2 x highest stud fee (during breeding year).
- (I) A list of subscribed stallions will be published in the December through May issues of the *Paint Horse Journal* and on the APHA Web site. The list shows the highest advertised breeding fee for the season. Subscriptions not received prior to the May *Paint Horse Journal* advertising deadline will not be published.
- (J) The stallion's Breeders Trust subscription eligibility becomes a part of his permanent record at APHA.
- (K) Once a stallion is subscribed, no portion of his subscription fee is refundable, except in the case of the stallion's death or if the stallion is gelded prior to his breeding a mare for the subscribed season. At no time is the subscription fee transferable. The fee makes the stallion's foals resulting from that breeding year eligible for nomination to the Trust.

Stallion Subscription Form

Stallion's Name

Registration Number

Will this be his first year to stand at stud? Yes No

Subscriber's Name

Subscriber's I.D. Number

Mailing Address

City, State and Zip Code

Telephone (Include Area Code)

E-mail

Subscriber's Social Security No. or Federal Tax I.D. No.

Name of individual whose Social Security No. or Tax I.D. No. you have listed

2006 Subscription Fee (U.S. Funds Only)

Highest Advertised 2006 Stud Fee (Minimum \$400)

Private Treaty-Highest Fee Charged in 2006 (Minimum \$700)

Does Not Stand to Public (Estimated Breeding Value, Minimum \$700)

City and state where stallion stands (to be published in the *Paint Horse Journal*)

Telephone number (to be published in the *Paint Horse Journal*)

Method of Payment:

Check or Money Order Enclosed MasterCard VISA

If paying by credit card, please include account information below.

Credit Card Number

Expiration Date

Card Holder's Signature

Signature of Person Completing this Form

Foal Nomination Form

Foal's Name

Registration Number

If Foal is Not Yet Registered, Please Complete the Following:

Year Foaled

Date Registration Application
Submitted to APHA

Sire Name

Registration Number

Dam Name

Registration Number

Nominator's Name

Nominator's I.D. Number

Mailing Address

City, State and Zip Code

Telephone (Include Area Code)

E-mail

Nominator's Social Security No. or Federal Tax I.D. No.

Name of individual whose Social Security No. or Tax I.D. No. you have listed

Foal Nomination Fee

Check the Appropriate Box (Payment Must Be in U.S. Funds Only)

- By December 31 of Foaling Year—\$100
- By 12th Month of Age*—\$200 *Must be postmarked by birthdate.
- By December 31 of Yearling Year—\$400
- By December 31 of 2-Year-Old Year—\$800

Amount You Are Paying at This Time _____

Method of Payment:

Check or Money Order Enclosed MasterCard VISA

If paying by credit card, please include account information below.

Credit Card Number

Expiration Date

Card Holder's Signature

Signature of Person Completing this Form

Information for mare owners

Though the Breeders Trust does not have specific benefits designed for Paint Horse mare owners, the program does provide an incentive.

By breeding your mare to a Breeders Trust stallion, you give your future foal a marketable edge over many other Paint Horses. A foal that is eligible for Breeders Trust earnings is a more attractive purchase for buyers who intend to show or race their new horse in APHA-approved competition, because they have an added opportunity to make money on their investment.

In addition, if your mare is bred to a Breeders Trust stallion, you can nominate the resulting foal at the same time as you register it. Even if you choose to sell the foal, you remain its Breeders Trust nominator and receive 10 percent of its program earnings for life.

Information for foal owners

Foals sired by stallions subscribed to the Breeders Trust may be nominated anytime through their 2-year-old year. The fee schedule is as follows:

- (A) By December 31 of foaling year—\$100
- (B) By its 12th month of age—\$200 (must be post-marked by foal's birthdate)
- (C) By December 31 of the Yearling year—\$400
- (D) By December 31 of the 2-year-old year—\$800

Absolutely no horse will be accepted for nomination after December 31 of its 2-year-old year, or if it has earned points in any APHA-approved event.

(Note: Foals are not eligible unless the sire is subscribed the year of conception.)

Other nomination requirements include:

- (A) A foal nomination becomes effective when the nomination form, the appropriate fee and the original registration certificate are received in the APHA office.
- (B) A foal nomination fee is not refundable. (Exception: The fee is refundable if the foal dies prior to its 12th month of age and has not earned any points in an APHA-approved event. The original registration certificate and a veterinary statement verifying the foal's death must be received by APHA prior to the day the foal would have been 12 months old.)

Frequently asked questions

Following are some of the most commonly asked questions about APHA's Breeders Trust program.

How is money earned?

Each point earned at an APHA-approved event by a Breeders Trust-nominated horse in the Open and/or Amateur division in the show ring or on the racetrack is worth a specific amount. (Paint Alternative Competition (PAC) credits are not figured into Trust point totals.) Each point's value depends on the total money in the Trust for that year and the total number of points earned by Trust-nominated horses.

This program was designed to begin with a horse's yearling show year. Any points earned by weanlings nominated for the program are not eligible for Breeders Trust monies.

Calculation of winnings is based on official APHA show records as of January 31 following the completion of the show year in which the points were earned.

How is the amount of prize money awarded each year determined?

Research shows that the length of a horse's average show career is five years. Based on that fact, the total money awarded in any year is determined by the amount of sire subscription money received for the breedings three years previous, and a percentage of the amount of foal nomination fees received for the previous five years.

Each year, APHA determines what percentage of the total points earned by horses 5 years of age or younger are earned in each age group, i.e. the percentage earned by yearlings, 2-year-olds, 3-year-olds, 4-year-olds and 5-year-olds. Using those figures, the money collected in foal nomination fees for a given year is paid back to that foal crop over a five-year period, with whatever percentage was determined for yearlings in the yearling year, the percentage determined for 2-year-olds in the 2-year-old year, and so on.

All stallion subscription fees collected for the breeding year of that crop are paid out when a foal crop becomes eligible to earn points. For example, the sire subscriptions collected in 2002 will be paid back after the completion of the 2004 show/race year, when the foals conceived in 2002 become yearlings and are eligible to earn APHA points.

The monies described above, plus the interest earned on it, will be awarded for the appropriate show/race year. APHA will mail checks to the respective recipients by March 1 following the show year.

How are funds disbursed?

Out of the sire subscription and foal nomination fees collected and available. For each Open or Amateur point earned at an

APHA-approved show or a recognized race, 20 percent will be awarded to the sire's subscriber for the breeding season in which the foal was conceived, 10 percent will be awarded to the foal's nominator, and the remaining 70 percent will be awarded to the point-earning horse's recorded owner as of December 31 of the year in which the points were earned. The previous year's show and race results not received by February 1 will not be counted when tabulating prize money to be awarded.

Payout specifics include:

- (A) The exact amount of money to be distributed will be determined by APHA, based on the total money available in the Trust for a given year, divided by the number of points earned by Breeders Trust-nominated horses during that year.
- (B) Each point earned by nominated foals will be multiplied by the dollar value per point to calculate the total earnings.



(C) Trust monies due a person/entity suspended from membership or show/race privileges with APHA will be withheld for the term of the suspension; or funds may be used to pay a participant's delinquent APHA account. If suspension continues longer than two (2) years from the date the funds are awarded, such funds will be forfeited and paid to the APHA Youth Development Foundation Scholarship Fund.

Which foals can participate and who nominates a foal?

Foals sired by stallions subscribed to the Trust for the breeding year in which the foal was conceived are eligible to be nominated to the program. These foals must be nominated and the appropriate fees paid before they are eligible to participate. Once an animal is nominated to the program, the nomination is for the life of the horse. Only the owner or lessee of record may nominate a horse to the Breeders Trust.

How do I know if a foal is enrolled and eligible to earn money?

Foals nominated are verified by a Breeders Trust stamp on their registration certificate.

How do I know which stallions are subscribed prior to breeding my mare?

Check the *Paint Horse Journal* or APHA Web site for a list of subscribed stallions. Beginning with the December issue, a list of stallions subscribed for the upcoming breeding season is published monthly through May.

Subscribed stallions are also issued an official certificate for each year that the stallion is entered in the Trust. Before breeding your mare, ask to see the stallion's Breeders Trust certificate.

What if the stallion I want to breed to isn't subscribed to the program?

With the stallion owner's permission, any person can subscribe a stallion to the Breeders Trust. The subscriber—not the owner—receives the money earned from the subscription for that particular breeding season for all the subscribed stallion's eligible foals.

For example, if you choose to breed your mare to a stallion not enrolled in the Breeders Trust, you can ask the stallion's owner for permission to subscribe your foal's sire to the program for that year, making your foal eligible for the program's payout. To subscribe a stallion, once you have received the stallion owner's written permission, you fill out the necessary forms and pay the subscription fee. The stallion is then enrolled in your name.

In addition to earning Breeders Trust payouts for your foal's performance, you will also receive the money earned by the stallion for your foal and all other foals by that stallion that have been nominated for the year.

Why aren't Youth and Novice programs included in the incentive fund?

Youth were excluded to avoid jeopardizing any child's eligibility in interscholastic events.

The Novice program is not included because it is a division limited to the experience of the rider. Novice Amateur points are kept on the individual, not the horse.

What if I live outside the United States?

The United States Internal Revenue Service requires APHA to have a completed form W-8BEN on file for non-residents before any earnings or prize payouts can be released. APHA must also withhold up to 30 percent of any earnings paid to international members who do not have current U.S. taxpayer identification numbers. All necessary forms may be obtained by visiting the IRS Web site at www.irs.gov.

Other rules that apply:

- (A) All disputes arising out of the application or interpretation of any rules or conditions of the Breeders Trust will be decided by APHA.
- (B) An entrant is ineligible to participate in the Breeders Trust program where such involvement is prohibited by law.
- (C) To ensure fairness and equity to all participants, APHA reserves the right to alter the conditions of all or part of the Breeders Trust program.
- (D) APHA may cancel the program at any time and refund money if it determines participation is insufficient to justify the program.
- (E) All winnings are subject to Internal Revenue Service rules and regulations pertaining to withholding of tax and the reporting of earnings.
- (F) Subscription and nomination fees must be received in U.S. funds.
- (G) All enrollment fees must be postmarked by the deadlines stated. No postal meters will be accepted.

Breeders Trust rules and regulations

The fees collected for the subscription of stallions to the program and the fees collected for nomination of their foals comprise the Trust.

- (A) All monies received as Trust entry fees are placed in interest-bearing accounts.
- (B) All interest and other income earned by the Trust is added back to the program.
- (C) APHA may deduct the accumulated cost of administering the Trust from the gross proceeds of the stallion and foal nominations, not to exceed 10 percent.
- (D) An audit of all Trust accounts and transactions is conducted on an annual basis.



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