



Breeders' Trust

◆ 2023 ◆



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AMERICAN PAINT HORSE ASSOCIATION

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Breeders' Trust 2023

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. Some of the program's latest enhancements include:

- A two-part stallion subscription.
- Extended deadline for newly-purchased stallions.
- Stallion subscriptions now accepted after the breeding year.
- Discounted weanling nomination rate if foal is registered and nominated online.

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 make their initial subscription payment by **January 31** of the breeding year in order to avoid late fees. Stallions that are standing for their first season may make their initial subscription payment without penalty until March 31 of the breeding season. Final subscription fee is due by November 30 of breeding year and is based on the number of mares bred.
- Offspring resulting from that stallion's breedings can then be nominated for life for a one-time fee ranging from \$100 to \$1,300. The fee varies depending on the age at which the horse is nominated.
- No offspring will be accepted into the program if it has earned one half point or more 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 nominated to the program and the number of points earned by those horses during a given year.
- The stallion subscriber receives 20% of the dividend, the foal nominator receives 10% and the foal's recorded owner receives 70%.
- A list of stallions that have made the initial subscription payment will be published in the January/February through May/June issues of the *Paint Horse Journal* and available on the APHA website. The list of subscribed stallions shows the highest advertised breeding fee for the season. Subscriptions not received prior to the May/June *Paint Horse Journal* advertising deadline will not be published.

Information for stallion subscribers

A stallion must be subscribed annually. The stallion subscription makes the stallion's foals resulting from that breeding year eligible for nomination to the Trust. Effective as of the 2017 subscription year, stallion subscription fees are due in two installments, with the total not to exceed the stallion's highest advertised breeding fee for that breeding year.

(A) First Installment—Initial Enrollment Fee

| | |
|--|-------|
| APHA stallions..... | \$150 |
| Quarter Horse or Thoroughbred stallions..... | \$300 |

Due by January 31 of the breeding year

(B) Second Installment—Based on mares listed on the stallion breeding report

APHA stallions \$100 per mare on SBR
Quarter Horse or Thoroughbred stallions \$200 per mare on SBR

- Due by November 30 of breeding year
- Payment “caps” at the stallion’s highest advertised stud fee, unless late fees are incurred. If your stallion stands at Private Treaty, the fee caps at your highest fee charged. If you do not stand your stallion to the public, the fee caps at your estimated breeding value.

Examples:

- APHA Stallion 1 has a stud fee of \$1,500. His owner pays \$150 on January 31. He breeds 20 mares, and his second installment payment is \$1,350 (total fees capped at his \$1,500 stud fee).
 - APHA Stallion 2 has a stud fee of \$750. His owner pays \$150 on January 31. He breeds three mares, and his second installment payment is \$300.
- (C) If a stallion owner does not subscribe his stallion or defaults on the second payment of the subscription fee, one of the mare owners or resulting foal owners may request a waiver (signed by the stallion owner) that allows them to subscribe the stallion by paying the applicable fees or remaining fees without penalty through May 15 of the foaling year. After the applicable fees are paid, the person who paid the fees will be considered the stallion subscriber for that breeding year and will receive the subscriber’s portion of the Breeders’ Trust payout for all foals nominated from that breeding year.
- (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 stallion subscription form must be postmarked by January 31 of the breeding year. No postal meters accepted.
- (G) If a stallion is standing his 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) If a stallion is purchased between February 1 and June 30 of the breeding year, the stallion can be subscribed without a late fee if the stallion subscription is postmarked within the 30 days of the date of purchase as indicated on the transfer report. Exclusions include transferring from single name to joint name and vice versa, from one member of the same household to another, or to or from an entity owned in part or in whole by the previous owner.
- (I) The stallion subscription late fee schedule is as follows:

First Installment—Initial Enrollment Late Fee

| | |
|--|-------|
| February 1 – March 31 (of breeding year): | |
| APHA stallions | \$225 |
| Quarter Horse or Thoroughbred stallions | \$450 |
| April 1 to December 31 (of breeding year): | |
| APHA stallions | \$300 |
| Quarter Horse or Thoroughbred stallions | \$600 |
| After breeding year: | |
| APHA stallions | \$375 |
| Quarter Horse or Thoroughbred stallions | \$750 |

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Second Installment Late Fee—Based on mares listed on the stallion breeding report

December 1 of breeding year and later:

APHA stallions \$200 per mare on SBR

Quarter Horse or Thoroughbred stallions \$300 per mare on SBR

- (J) 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.

Information for mare owners

By breeding your mare to a Breeders' Trust subscribed 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% of its program earnings for life.

To further increase the value of your foal, nominate your mare to the Breeders' Futurity program, thus making your Breeders' Trust foal eligible for Breeders' Futurity classes. See details of this exciting program in the Breeders' Futurity brochure.

Information for foal owners

Foals sired by stallions subscribed to the Breeders' Trust for the appropriate breeding year may be nominated according to the following fee schedule:

- (A) By December 31 of foaling year—\$125

NOTE: If the foal is registered online and nominated at the same time (by December 31 of the foaling year) the nomination rate will be discounted to \$100)

- (B) By its 12th month of age—\$200 (must be postmarked by foal's birthdate)

- (C) By December 31 of the yearling year—\$400

- (D) By December 31 of the 2-year-old year—\$800

- (E) 3-years and older—\$1,300

Absolutely no horse will be accepted for nomination if it has earned one half point or more in any APHA-approved event. 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.)

Breeders' Trust Re-Enrollment Plan

In order for an owner to remain eligible to receive the recorded owner's share (70%) of Breeders' Trust monies earned by his/her horse, an optional Breeders' Trust re-enrollment fee of \$100 will be due at the same time the horse's ownership is transferred at APHA to their name (above and beyond other applicable transfer fees, memberships, etc.). The re-enrollment fee will apply to all new owners.

If any buyer (new owner) opts not to re-enroll at the same time they transfer the horse at APHA, a late re-enrollment fee of \$150 applies. There will be a 90-day grace period in which the late fee will NOT apply (from date transfer is completed by APHA). In this case, any qualifying Breeders' Trust points earned by that horse will accrue from the date the re-enrollment fee is paid and processed by the APHA office.

Should any owner elect not to pay the re-enrollment fee, APHA will continue to pay the stallion subscriber and foal nominator's share for points earned regardless. Ownership money earned by the horse will remain in the Breeders' Trust Fund and be paid out to qualifying owners according to the Breeders' Trust rules. Any future buyer (new owner) will have the option of re-enrolling at the time of transfer to their ownership for \$100. All re-enrollment fees will be added to the Breeders' Trust fund and paid out in their entirety in accordance with the current rules of program payout (currently 70% to the owner of record at APHA on December 31 of the show year, 20% to the stallion subscriber, and 10% to the foal nominator). New owners must pay the re-enrollment fee in order to be eligible for any owner payout.

The owner's portion of the Breeders' Trust money earned for the calendar year will be paid to the owner of record as of December 31 regardless of the status of a show lease on file for a horse.

Possible re-enrollment scenarios:

Scenario #1 – Horse sells and previous owner did not re-enroll

Joe buys a nominated horse and chooses not to re-enroll. The horse earns 5 qualifying points at a show on March 1. The horse is sold on May 1 to Mary and it is re-enrolled at the time of transfer for \$100 and is posted by APHA on May 15. The horse earns 10 additional points after May 15. Mary receives payment for 10 points that were earned after the re-enrollment fee was paid.

Scenario #2 – Horse sells and new owner does not re-enroll

Linda has owned a horse that was purchased before the re-enrollment requirement went into effect. Linda earns 20 points prior to selling the horse on May 1 to Jack who does not re-enroll, but continues to show and earns an additional 10 points during the year. Neither Jack nor Linda receives payment for any points earned since Jack did not re-enroll his horse.

Scenario #3 – Multiple transfers during a show year

Juan purchases a horse on February 1 and pays the re-enrollment fee and earns 5 qualifying points in March. The horse is sold to Bill in May and is not re-enrolled and earns 10 points for Bill in June. The horse is sold again to Tom in August and the re-enrollment fee is paid and the horse earns an additional 20 points in October and November. Tom will receive the annual payout for the 5 points earned by Juan in March and 20 points that were earned by Tom in October and November for a total payout of 25 points.

Scenario #4 – Leased horse (show lease)

Mark leases his horse to Megan from January 1 to December 31. The horse earns 5 points that year. Mark receives payout for the 5 points the horse earned for the year since he was the recorded owner as of December 31.

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Frequently asked questions

Following are some 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. Points earned at the APHA World Shows or in Youth, Novice Youth, Novice Amateur, Amateur Walk-Trot, Green classes, Cowboy Mounted Shooting, Competitive Trail Horse and 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. Payment will not be made on half points. For example, if a horse earns 10.5 points in an eligible division, they will receive payment on 10 points.

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

Breeders' Trust payouts are based on official APHA show records which are posted by the end of January 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 2021 will be paid back after the completion of the 2023 show/race year, when the foals conceived in 2021 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.

How are funds disbursed?

Funds are disbursed out of the sire subscription, foal nomination and re-enrollment fees collected and available. For each Open or Amateur point earned at an APHA-approved show or a recognized race (except exclusions mentioned on previous page), 20% will be awarded to the sire's subscriber for the breeding season in which the foal was conceived, 10% will be awarded to the foal's nominator, and the remaining 70% will be awarded to the point-earning horse's recorded owner/show lessee as of December 31 of the year in which the points were earned. Show and race results not received prior to final show year posting (by January 31 of the following year) will not be counted when tabulating prize money to be awarded.

Payout specifics:

- (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 eligible 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 American Paint Horse Foundation Scholarship Fund.
- (D) Beginning January 1, 2016, points earned at the APHA World Shows will not count toward year-end awards or Breeders' Trust payouts.

Why is the horse owner now required to pay the new re-enrollment fee?

APHA was charged with finding an alternative funding method to keep the program financially strong. This is a way for the horse owner to contribute something to the program much like the stallion owners and foal nominators already do. The owner receives 70 percent of the payout, so it seems logical for them to also contribute to the funding of the program. Re-nomination is optional, but the recorded owner will miss out on earning their share of the funds available if they choose not to pay the re-nomination fee.

Which foals can participate and who nominates a foal?

Foals that are 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 logo on their registration certificate.

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

Check the *Paint Horse Journal* or APHA website for a list of subscribed stallions. Beginning with the January/February issue, a list of stallions subscribed for the upcoming breeding season is published bi-monthly through May/June. Before breeding your mare, verify the stallion is subscribed for that breeding year.

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. If mare owner or resulting foal owner requests waiver, late fees will be waived through May 15 of foaling year.

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

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

The Novice Amateur 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% 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 website 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 fund procedures

The fees collected for the subscription of stallions to the program and the fees collected for nomination and re-enrollment 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 will deduct 10% to cover the cost of administering the Trust and the Trust Futurity programs from the gross proceeds of the stallion subscription and foal nominations.
- (D) An audit of all Trust accounts and transactions is conducted on an annual basis.
- (E) Any payout checks that are less than \$50 will not be issued and those monies will revert to the subsequent year's Trust fund.

Want to learn more about what APHA has to offer?

Visit apha.com/showing to learn about all of the exciting programs including:

- Breeders' Futurity
- Breeders' Trust
- Competition
- Paint Alternative Competition (PAC)
- Markel APHA Professional Horsemen
- Racing
- Showing



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