

AIRDRIE STUD, INC.
STALLION SERVICE AGREEMENT

2012 BREEDING SEASON

Nov 4, 2011

(Contract must be signed and returned within **fourteen (14) days** or it will be considered **null and void**)

Buyer (s):
Owner Name
Address
City, State Zip

Stallion: STALLION

Mare: MARE

Regular Stud Fee - DUE S/N: \$000000 6% Kentucky Sales Tax: \$0000 Total Due: \$0000000

Discounted Stud Fee - DUE 11/1: \$000000 6% Kentucky Sales Tax: \$0000 Total Due: \$0000000

THIS CONTRACT is made and entered into by and between **Buyer**, whose residence or principal place of business is located as per the address above, hereinafter referred to as "**Buyer**", and **Brereton C. Jones, Agent**, whose address is c/o Airdrie Stud, Inc., P.O. Box 487, Midway, Kentucky 40347, hereinafter referred to as "**Seller**".

WITNESSETH:

In consideration of the mutual promises contained herein, the parties hereto agree as follows:

1. Seller hereby agrees to furnish and Buyer agrees to utilize a nomination to the Thoroughbred stallion **listed above** (the "Stallion") for breeding the Thoroughbred mare **listed above** (the "Mare") during the breeding season of 2012.

a. STUD FEE: The regular fee shall be **Dollars (\$)**, plus six percent (6%) Kentucky sales tax, which shall be due and payable to the Seller by the Buyer on the date on which the Mare produces a live foal that can stand alone and nurse as a result of said breeding. If the Mare bred to said Stallion proves not in foal or fails to produce a live foal that can stand alone and nurse, Buyer shall furnish Seller a satisfactory veterinary certificate to that effect in lieu of said fee.

b. DISCOUNTED STUD FEE: The regular fee will be discounted by ten percent (10%) if paid on or before November 1, 2012, the amount due shall be **Dollars (\$)**, plus six percent (6%) Kentucky sales tax.

Note: This discount is a customer option. Please request early invoicing and/or mail in payment to include stud fee and tax prior to the deadline. Previously invoiced stud fees will revert to the stand and nurse amount as in (a) above for any discounted season that remains unpaid by November 1, 2012. Seller further agrees that in the event he has received payment as stated above and said Mare shall not produce a single live foal that can stand alone and nurse as a result of said breeding, Seller shall refund the fee set forth in this Paragraph to the Buyer, without interest, upon the receipt of a satisfactory veterinary certificate to the Seller stating that a live foal that can stand alone and nurse was not born as a result of the aforesaid breeding. Such certificate shall be provided within fifteen (15) days of the date on which the mare foals, aborts or dies. In the event that said Mare produces twins and Buyer wishes to register one or both then stud fee is due and payable.

c. Buyer understands and agrees that notwithstanding the inclusion of the stallion service certificate applicable to the breeding as part of the collateral for the security interest granted in Section 6 below, Seller is the owner of such stallion service certificate and that the Papers (as defined below), including the stallion service certificate, will be delivered to Buyer only upon payment to Seller of the amounts due and owing under this Contract. Seller shall have no liability to Buyer or any other person for any delay or failure in the registration of the resulting foal in Buyer's name.

2. Buyer agrees that the Mare to be bred on the nomination sold herein shall be healthy and in sound breeding condition and that a veterinary certificate to that effect may be demanded. Buyer must comply with all health requirements imposed by the United States Department of Agriculture and the Kentucky Department of Agriculture. Buyer acknowledges that this Contract is subject to any syndication agreement for the Stallion and that the Stallion Manager reserves the right to refuse breeding the mare if she is presented for more than five heat cycles without conceiving. It is further understood that the manager of the Stallion has the right to refuse to permit the breeding of any Mare to said Stallion if in his opinion the breeding of the Mare would cause undue risk of injury to either the Mare or the Stallion. Buyer has sole responsibility of presenting the correct Mare to the Stallion and agrees to abide by the booking and breeding shed procedures practiced at Airdrie Stud in regard to the aforementioned stallion.

3. Neither the Seller, Syndicate Manager, Stallion Manager, Airdrie Stud, Inc. nor Brereton C. Jones shall be liable or responsible for any disease, accident or injury to the Mare, and the Buyer shall not be liable for any disease, accident or injury to the Stallion. Buyer hereby releases and agrees to make no claim against the Seller, Syndicate Manager, Stallion Manager, Airdrie Stud, Inc. or Brereton C. Jones, and the Buyer will indemnify and hold the Seller, Syndicate Manager, Stallion Manager, Airdrie Stud, Inc. and Brereton C. Jones harmless against any liability claim made by any person or entity with respect to the health of, or injury to, the Mare or the death of the Mare. **WARNING:** Under Kentucky law, a farm animal activity sponsor, farm animal professional, or other person does not have the duty to eliminate all risk of injury of participation in farm animal activities. There are inherent risks of injury that you voluntarily accept if you participate in farm animal activities.

4. This Contract shall not be assigned or transferred by the Buyer. In the event that: (a) the Mare is sold or enters a public auction ring for the purpose of sale, (b) the Buyer fails to present the Mare at the Seller's breeding shed during the specified breeding season, (c) the Mare is bred to another stallion during the specified breeding season, or (d) the Mare is exported from the continental United States, the fee shall become a no guarantee fee. Upon the occurrence of any of the events listed in the preceding sentence, the fee, if unpaid, shall be immediately due and payable to the Seller as liquidated damages, and shall not be refundable to the Buyer under any circumstances, and if paid, the fee shall be nonrefundable and shall be retained by the Seller as liquidated damage.

5. If the Stallion should die, be sold by the owner or become unfit for service before serving the Mare, or if the Mare dies or becomes unfit to be bred and is so certified by a veterinary certificate, then this Contract is and shall be null and void. SELLER MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES WHATSOEVER AND NO WARRANTY OF ANY NATURE SHALL ARISE BY VIRTUE OF THIS CONTRACT AS TO THE MERCHANTABILITY OR AS TO THE FITNESS FOR ANY PARTICULAR PURPOSE OF THE STALLION OR HIS SEMEN OR OTHERWISE.

6. The parties intend that this Contract be and is a security agreement. The Buyer grants a security interest in the stallion service certificate and any and all other resulting certificates or papers for the resulting foal (the "Papers"), in the Mare, in the Mare's Jockey Club registration certificate, and in the resulting foal and in all products and proceeds of the foregoing to secure the payment of all sums owed by the Buyer to the Seller, and the Buyer appoints the Seller as his attorney-in-fact for the purpose of executing all financing statements which the Seller may deem necessary and appropriate to perfect this security interest. If the stud fee is unpaid for any reason and the mare or resulting foal enter the auction arena for purposes of sale necessitating a proceeds lien to be placed by the Seller, then the Buyer agrees to set the official reserve price, or must instruct their consignor to set the reserve; said reserve to be for an amount that would pay the total outstanding stud fee balance regardless of any other liens placed by third parties. The Buyer agrees that photocopies and/or carbon copies of this Contract may be filed as financing statements. Buyer agrees that Seller's security interest in the Papers, or any of them, shall be perfected by Seller's possession of the Papers and that Seller may retain possession of the Papers in Seller's name until Buyer pays the amounts due under the terms of the Contract. In the event that the Seller deems it necessary to retain counsel to assist in the collection of any sum owed hereunder, the Buyer agrees to pay all reasonable attorneys' fees, expenses of litigation and court costs.

7. The Parties acknowledge that the services set forth herein are to be provided in Woodford County, Kentucky, and that the final breeding date shall be the third Saturday in June.

8. Any fee not received when due pursuant to the terms of this Contract will be charged an interest and bookkeeping expense of two percent (2%) per month.

9. If this Contract is signed by an agent on behalf of the Buyer, the agent unequivocally guarantees payment as set out hereinabove, and in the event that an agent for the Buyer signs this Contract, said agent agrees to make payment in full as hereinabove set out in the event that the principal, whether an individual, partnership, corporation, or LLC, does not make timely payment thereof.

10. This Contract shall be binding upon the parties hereto, their heirs, personal representatives, successors and assigns and shall be construed and governed in accordance with the laws of the Commonwealth of Kentucky. The parties acknowledge that this Contract contains the complete and final agreement of the parties and that all prior agreements are merged herein and may only be amended in writing. The failure of any party to enforce any right arising under this Contract on one or more occasions shall not operate as a waiver of that or any other right on that or any other occasion.

Buyer _____
(signature)

Brereton C. Jones, Agent

(print name) "Buyer or Authorized Agent"

By: _____
"Seller"