

DISCLAIMER

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CO-OWNERSHIP AGREEMENT

THIS CO-OWNERSHIP AGREEMENT is made and entered into as of the ____ day of _____ 20__, by and between _____ [Name], _____ [Address]; _____ [Name], _____ [Address]; and _____ [Name], _____ [Address] (the above referenced parties being hereafter referred to collectively as "Co-Owners" or separately as "Co-Owner").

WITNESSETH:

WHEREAS, that certain unnamed thoroughbred _____ [colt/filly/mare/horse, hereinafter in this form, "Colt"] (_____) [year] by _____ out of _____ by _____ [colt/filly/mare/horse] was purchased by _____ at _____ for the purchase price of _____ (\$_____.00), said purchase having been made by _____ as agent for the above specified Co-Owners;

WHEREAS, the parties hereto desire to express their agreement in regard to Co-Ownership of the Colt in accordance with the terms and conditions hereinafter stated.

NOW, THEREFORE, in consideration of the mutual covenants of the parties hereto, it is hereby agreed as follows:

1. **OWNERSHIP INTERESTS.** The Colt shall be owned in Co-Ownership in the following percentages:

| | |
|-------|-------|
| _____ | ____% |
| _____ | ____% |
| _____ | ____% |

2. **STABLE NAME.** The Colt will race in the stable name of _____, or such other stable name as a majority in interest of the Co-Owners shall designate. Racing rules vary from state to state and the Co-Owners shall cooperate, including execution of racing leases when reasonably necessary to comply with racing rules.

3. **ADMINISTRATIVE MANAGER.** _____ is appointed and shall serve as Administrative Manager for the Co-Ownership. As Administrative Manager, _____ will keep the Co-Owners informed regarding matters relating to the boarding, training, racing, maintenance and upkeep of the Colt and shall communicate with Co-Owners regarding such matters and other matters about which Co-Owners may inquire from time to time.

4. **TRAINER.** The Co-Owners have determined that the Colt shall be trained by _____ and the trainer shall have general day to day authority concerning all matters relating to the boarding, training, racing, maintenance and upkeep of the Colt, including discretion to enter the Colt in such races as the trainer deems appropriate; provided, however, the Colt shall not be entered in a claiming race except with consent of a minimum of a 50% in interest decision of the Co-Owners. Provided, further, the trainer may be removed at such time as a vote of the Co-Owners shall determine with the further requirement, however, that such vote include the name of the trainer to succeed in training the Colt, assuming the Colt is still racing.

5. **PURSES AND AWARDS.** All purses and awards earned by the Colt shall be income to the Co-Owners and, after deduction for expenses applicable to the Co-Ownership, the

net income shall be distributed by the Administrative Manager to the Co-Owners on a monthly basis. It is further understood that the Administrative Manager may retain reasonable amounts in order to meet future expenses of the Co-Ownership.

6. **EXPENSES.** The expenses for management, maintenance and upkeep of the Colt, including, but not limited to, all expenses incurred for board, training, transportation, racing, veterinary treatment, farriers, grooms, equipment and any and all other expenses arising from or incident to the maintenance and upkeep of the Colt shall be borne by each of the Co-Owners in accordance with their percentage ownership interest. Administrative Manager shall invoice, as needed, the Co-Owners as to their respective share of expenses on such basis as said Administrative Manager determines to be reasonably necessary in order to plan for and properly pay all expenses. Each Co-Owner shall pay such invoices within seven (7) days of receipt. In the event such invoices shall not be paid on a timely basis, for whatever reason, the other Co-Owners may, after consultation with Administrative Manager, proceed to collect such account, or may proceed to pay same and reduce such defaulting Co-Owner's ownership interest in the Colt, in a manner proportionate with the amount of expenses paid as compared to the value of the Colt as determined at that time by the Administrative Manager.

It is further agreed that no personal expenses of any Co-Owner or the Administrative Manager, including, but not limited to, expenses incurred by Co-Owner or Administrative Manager for travel, entertainment, food or lodging, relating to the training or racing of the Colt will be charged to or reimbursed by the Co-Ownership.

7. **TROPHIES.** Ownership of trophies or non-monetary prizes or awards earned by the Colt will alternate between the Co-Owners on such basis as may be reasonably equitable, including drawing lots, as shall be determined appropriate by Administrative Manager.

8. **RACING COLORS.** Racing colors shall be adopted for the stable, _____, as determined appropriate by the Administrative Manager after consultation with the Co-Owners.

9. **OWNERSHIP RIGHTS AND OBLIGATIONS; NO PARTNERSHIP.** Each of the Co-Owners shall own a ___% undivided interest in the Colt as set forth in paragraph 1 hereof and each shall be responsible for and shall receive the benefits of all rights, benefits, responsibilities and obligations of ownership in accordance with the percentage ownership owned by each Co-Owner. The parties expressly state that they do not intend to create a partnership whereby any Co-Owner shall be liable for the act of any other Co-Owner. Whenever a decision or vote of the Co-Owners may be required or desirable, it is agreed that each party shall have the right to vote in accordance with the percentage ownership of each party (unless otherwise provided under the terms of this Agreement) and a majority in interest vote (51%) shall be required in order for any decision/vote to be effective. Administrative Manager shall have the discretion to determine the manner in which any vote/decision shall be undertaken.

10. **TRANSFER OF INTEREST.** No Co-Owner shall assign, mortgage, grant a security interest in, transfer or sell his/her/its Co-Ownership interest without the prior written consent of a majority in interest of the Co-Owners who are not selling. Provided, further, however, the transfer of a Co-Owner's interest may be accomplished in accordance with paragraph 11 hereof.

11. **SALES/TRANSFER OF CO-OWNERSHIP INTEREST.** In the event a Co-Owner receives an offer to purchase his/her/its co-ownership interest in the Colt, which such Co-Owners desire to accept, the selling Co-Owner shall give the other Co-Owners at least seven (7) days advance notice of such intention, including advice to the other Co-Owners of the specific

terms and conditions offered. For a period of seven (7) days after receipt of such notice, the exclusive right and option to match the offer of the selling Co-Owner shall be available to each of the non-selling Co-Owners. If more than one of the non-selling Co-Owners desire to match, then those desiring to match shall be entitled to do so on a pro rata basis.

[if a Colt, the following language may be used to deal with Breeding Rights:]

12. **LIFETIME BREEDING RIGHTS.** The Administrative Manager shall be entitled to two (2) lifetime breeding rights (LBR) in and to the Colt in the event the Colt may stand at stud for commercial purposes. Each such LBR shall entitle the owner thereof to breed one thoroughbred mare to the stallion during each Northern Hemisphere breeding season (and/or Southern Hemisphere breeding season, if applicable) all under terms and conditions customary for LBRs in Central Kentucky. Said LBRs shall further be fully transferable except that no transfer shall be made prior to the colt being retired from racing.

13. **PLACEMENT FOR STALLION DUTY.** The Administrative Manager shall negotiate on behalf of the Co-Owners any agreement for sale or use of the Colt for commercial stud purposes. Notwithstanding any contrary provision of this Agreement, Co-Owners, by majority vote, shall determine the terms and conditions regarding any agreement for use of the Colt at stud, either syndication, or other, and including the purchase price and all terms therefor. Each Co-Owner shall share, proportionately, in the benefits and burdens of any arrangement approved by a majority vote of the Co-Owners.

[if a Filly or Mare, the following language may be used to deal with breeding decisions]

12. **BREEDING DECISIONS.** At the conclusion of the Mare's racing career, as shall be determined by a majority of the Co-Owners, the Co-Owners plan to breed the Mare to a

stallion each year that a veterinarian determines that the Mare is sound and healthy for breeding. Co-Owners, by majority vote, shall determine the stallion to which the Mare will be bred, if any. The Administrative Manager shall negotiate on behalf of the Co-Owners any agreement to breed the Mare to a stallion.

13. **OWNERSHIP OF FOAL.** Any foal out of the Mare shall be owned by the Co-Owners in accordance with the percentages such Co-Owners own the Mare. Unless otherwise agreed by a majority of the Co-Owners, such foal shall be sold at a public auction at such time and at such location as the Administrative Manager deems to be the most likely to bring the highest price for the foal, based on the condition and confirmation of the foal, the proceeds of which sale shall be divided among the Co-Owners in accordance with the Co-Owners' proportionate percentage ownership.

14. **NOTICES.** All notices and demands required or permitted under this Agreement shall be in writing and may be sent by certified or registered mail, postage prepaid, to the Co-Owners at their addresses set forth above, or as may be shown from time to time on the records of the Co-Ownership and shall be deemed given when mailed. Any Co-Owner may specify a different address by notifying the Administrative Manager in writing of such different address with copies to the other Co-Owners as set forth in this Agreement.

15. **JOCKEY CLUB CERTIFICATE.** The Jockey Club Certificate shall be endorsed in favor of the stable name for the Co-Ownership, _____.

16. **TIME IS OF THE ESSENCE.** Time is of the essence in the performance of each and all of the conditions set forth in this Agreement.

17. **MERGER.** This Agreement contains the entire agreement of the parties and any prior or concurrent written or oral understandings are deemed merged into this Agreement.

18. **FACSIMILE.** The parties hereto agree that a facsimile of a counterpart of this signed Agreement constitutes an original counterpart and shall be a valid and binding document for all legal and other purposes.

19. **COUNTERPARTS.** This Agreement may be executed in multiple counterparts by the parties hereto. All of such counterparts shall be construed as if all signatures were appended to one document.

20. **BINDING EFFECT.** This Agreement shall be binding upon the parties hereto, their heirs, personal representatives, successors and assigns.

21. **GOVERNING LAW.** The terms of this Agreement and disputes developing thereunder shall be enforced and construed in accordance with the laws of the commonwealth of Kentucky.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the day and year first above written.

CO-OWNER 1

BY: _____

CO-OWNER 2

BY: _____

CO-OWNER 3

BY: _____

ADMINISTRATIVE MANAGER:

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