

STALLION SERVICE AGREEMENT

Stallion: _____ Mare: _____

Mare Owner: _____ Phone: _____

Address: _____

Stud Fee: \$ _____ Booking Fee: \$ _____ Breeding Season: _____

THIS STALLION SERVICE AGREEMENT (this "Agreement") is made and effective as of _____ by and between Vessels Stallion Farm LLC, a California Limited Liability Company, P.O. Box 776, Bonsall, California 92003 ("VSF"), and the Mare Owner whose name and address are set forth above (the "Mare Owner").

In respect of the foregoing premises, the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Purchase of Breeding Nomination. VSF hereby sells, transfers and assigns to the Mare Owner a breeding nomination (the "Nomination") to the stallion named above (the "Stallion") during the Breeding Season beginning on February 1 and ending on July 15 of the calendar year designated above (the "Breeding Season"). In consideration of the reservation of the Nomination, the Mare Owner has paid to VSF with this Agreement the Booking Fee which is nonrefundable and will be applied against the above Stud Fee (the "Stud Fee").

2. Condition and Treatment of the Mare. The Mare Owner hereby covenants and agrees: (a) that when delivered to VSF, the Mare named above (the "Mare") will be healthy, in sound breeding condition and registered with The Jockey Club; (b) to furnish simultaneously with delivery of the Mare a copy of the Mare's registration papers, a negative Coggins Test (waived in the event the Mare is being shipped from within California) and such other health certificates and information as VSF reasonably requests; (c) that a veterinarian designated by VSF may treat the Mare and any offspring of the Mare ("Offspring") in any manner reasonably determined to be necessary for the animals' well being; (d) that VSF may refuse to breed the Mare to the Stallion if, in the sole discretion of VSF, the Mare is determined not to be in sound breeding condition; and (e) to make the Mare available for breeding through the end of the Breeding Season if necessary to settle the Mare.

3. Stud Fee. As payment in full for the Nomination, the Mare Owner agrees to pay to VSF the amount of the Stud Fee on or before September 1 of the year the Mare is bred (the "Due Date"), unless the Mare is not pregnant, in which event the Mare Owner will submit to VSF a satisfactory veterinary certificate to that effect on or before the Due Date. A stallion service certificate will be issued to the Mare Owner on request after payment of the Stud Fee and all other amounts due to VSF hereunder.

4. Other Charges. The Mare Owner also agrees to pay to VSF board and care charges for the Mare and any Offspring at VSF's published rates, and all veterinary, farrier and maintenance expenses incurred on behalf of the Mare and any Offspring. Such charges will be invoiced to the Mare Owner on a monthly basis and will be payable by the Mare Owner upon receipt of each invoice.

5. Security Interest. In order to secure payment of the Stud Fee and all other amounts payable hereunder, and in addition to any statutory liens to which VSF may be entitled, the Mare Owner hereby grants to VSF and VSF will be entitled to claim and enforce a lien and security interest in the Mare, any Offspring either live or in utero, all stallion service certificates in VSF's possession in which the Mare Owner has an interest, and all certificates of registration. A photocopy of this Agreement may be filed to perfect such security interest under the Uniform Commercial Code. The Mare Owner agrees that VSF will be entitled to retain possession of such animals, stallion service certificates and certificates of registration until all obligations of the Mare Owner to VSF hereunder are performed in full. If the Mare Owner defaults in payment of any amounts due to VSF under this Agreement, the Mare Owner consents to the issuance of the stallion service certificate applicable to the Nomination in the name of VSF and to the registration of any animals referred to in this Section 5 with The Jockey Club in the name of VSF.

6. Interest Charges. All amounts due from the Mare Owner to VSF hereunder which are unpaid after thirty (30) days from the date due will bear interest at the rate of one and one-half percent (1½%) per month (eighteen percent (18%) per annum).

7. Joint and Several Obligation. The Mare Owner, all co-owners of the Mare, and any agent or other person executing this Agreement on behalf of the Mare Owner, whether authorized or otherwise, will each be unconditionally jointly and severally responsible and liable as to all obligations of the Mare Owner to VSF under this Agreement, including, but not limited to, payment to VSF of the Stud Fee and all other amounts due to VSF hereunder.

8. Live Foal Guarantee. Subject to the provisions of Sections 9 and 10 below, in the event that, after payment of the Stud Fee, the Nomination fails to result in a live foal which is able to stand up alone and nurse, VSF will refund to the Mare Owner the amount of the Stud Fee previously paid less the Booking Fee; provided, however, that within thirty (30) days after the Mare aborts, dies or unsuccessfully foals, the Mare Owner must furnish to VSF a satisfactory veterinary certificate attesting to such occurrence.

9. Loss of Live Foal Guarantee. If the Mare Owner fails to pay the full amount of the Stud Fee within sixty (60) days after the Due Date, the Mare Owner will not be entitled, and VSF will have no obligation, to refund of the Stud Fee under any circumstances, and the Nomination will become a no guarantee nomination.

10. Transfer of the Mare. Notwithstanding anything herein to the contrary, in the event the Mare is sold, transferred, catalogued for sale, or transported out of the continental United States, the Stud Fee will become immediately due and payable and there will be no right to refund of the Stud Fee from VSF to anyone.

11. Waiver of Liability. VSF agrees to diligently try to settle the Mare, but if VSF is unable to do so, the Mare Owner hereby releases VSF from any and all liability related thereto. VSF will not be liable or responsible for any sickness, disease, injury or death of the Mare or any Offspring. The Mare Owner will have no liability for any sickness, disease, injury or death of the Stallion arising from the breeding of the Mare. Each party to this Agreement agrees to assume all risk of loss with respect to horses owned by such party.

12. Assignment and Substitution. This Agreement and any rights and obligations hereunder may not be assigned in whole or in part without the prior written consent of the other party, which consent may be withheld in the absolute discretion of the nonassigning party. The parties agree that no other mare may be substituted for the Mare without the written consent of VSF.

13. Unavailability of the Stallion. If, before having serviced the Mare, the Stallion should die, be sold, be removed from the management of VSF, or, if in the opinion of VSF, become incapable of servicing mares for any reason, this Agreement shall be null and void, VSF will refund any Stud Fee and Booking Fee previously paid, and neither party will have any further obligation to the other hereunder, except with respect to any charges due from the Mare Owner to VSF under Section 4 above.

14. Miscellaneous. It is further agreed that: (a) this Agreement is to be construed in accordance with and governed by the laws of the State of California applied to contracts between residents thereof, and any legal suit or proceeding arising out of or relating to this Agreement will be instituted in a court of competent jurisdiction in San Diego County, California; (b) in any litigation or arbitration between the parties with respect to the subject matter hereof, the attorneys' fees and reasonable expenses of the prevailing party will be paid by the nonprevailing party; (c) the person executing this Agreement on behalf of the Mare Owner is fully authorized to execute and perform this Agreement on behalf of the Mare Owner; (d) the provisions of this Agreement will be binding on and will inure to the benefit of the heirs, executors, personal representatives, successors and permitted assigns of the parties hereto; (e) time is of the essence of this Agreement and each provision of this Agreement; (f) the section headings in this Agreement are for reference purposes only and are not intended to affect the meaning or interpretation of this Agreement; and (g) this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cannot be amended or supplemented except in a writing executed by each of the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first above written.

MARE OWNER:

VESSELS STALLION FARM LLC:

By: _____

By: _____

Title: _____

Title: _____