

LANE'S END STALLIONS, INC.

2017 Stands and Nurses Stallion Contract

This Stallion Service Contract (the "Agreement") dated December 12, 2016 is by and between Lane's End Stallions, Inc., a Texas corporation with an address of P.O. Box 626, Versailles, Kentucky 40383 (hereinafter, the "Seller"), and Runnymede Farm, Inc., with an address of 600 Cynthia Road

Paris, KY 40361 (hereinafter, the "Buyer").

For and in consideration of the mutual promises, payments, and covenants set forth below, the receipt and sufficiency of all of which is hereby acknowledged, the Buyer and Seller agree as follows:

1. **Purchase of Nomination.** Seller agrees to sell and Buyer purchases and agrees to use a nomination to the stallion **UNION RAGS** (the "Stallion"), for breeding the Thoroughbred mare **BIZZY CAROLINE** (by **Afleet Alex**, out of **Sacre Coeur**) (the "Mare") during the 2017 breeding season. The purchase price for the nomination shall be \$50,000.00 plus six percent (6%) Kentucky sales tax (the "Stud Fee").
2. **Payment of the Stud Fee.** Except as provided in paragraph 11 below, the Buyer must (a) pay the Stud Fee to Seller on the date when the Mare produces a single live foal that stood up alone and nursed or (b) furnish to Seller, within fifteen (15) days of the applicable event, a veterinary certificate proving that the Mare (i) did not produce a live foal that stood up alone and nursed or (ii) produced twins and the Buyer elected not to register one or both twins. If the Stud Fee is not paid within thirty (30) days of the date specified in this paragraph, Buyer shall be charged the Stud Fee plus interest and late charges on the outstanding amount due and owing at the rate of one and one-half percent (1½ %) per month, or eighteen percent (18%) per annum, until paid in full. Notwithstanding the inclusion of the stallion service certificate applicable to the breeding as part of the Collateral defined in Section 9 below, Buyer understands and agrees that 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 Agreement. Seller shall have no liability to Buyer or any other person for any delay or failure in registration of the resulting foal in Buyer's name.
3. **Commissions.** The parties represent and agree that no agents are involved in or with the transactions giving rise to this Agreement and no commissions are due or payable to any persons or entities as a result of the parties entering into this Agreement, except as follows:
 - (a) **Buyer's Agent.** Buyer's agent is Magna Carta Bloodstock, LLC who will receive \$2,500.00 as a commission from Lane's End Stallions, Inc within thirty (30) days of payment of the Stud Fee and receipt of invoice from Agent.
 - (b) **Seller's Agent:** Seller does not have an agent.
4. **Conditions: No Warranty by Seller.** Buyer acknowledges that this Agreement is subject to any syndication agreement for the Stallion and that the manager of the Stallion reserves the absolute right to refuse to permit the Stallion to be bred to the Mare if, in his sole discretion, the manager determines that such refusal is necessary for any reason including, without limitation, the safety or well being of the Stallion. SELLER MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES WHATSOEVER AND NO WARRANTY OF ANY NATURE SHALL ARISE BY VIRTUE OF THIS AGREEMENT AS TO THE MERCHANTABILITY OR AS TO THE FITNESS FOR ANY PARTICULAR PURPOSE OF THE STALLION OR HIS SEMEN OR OTHERWISE.
5. **Buyer's Representations and Warranties.** Buyer represents, warrants, and agrees that upon presentation of the Mare to the Stallion, the information set forth on the Mare Information Form submitted to Seller is true, complete and correct; the Mare is a Thoroughbred and that the Mare is healthy and is in sound breeding condition, and upon request, Buyer shall provide a veterinary certificate certifying same. Buyer agrees to comply with the breeding shed requirements and procedures in effect when the Mare is presented to the Stallion. Buyer agrees that he, she or it has the sole responsibility to send the correct mare to be bred to the Stallion. Buyer agrees that upon request of Seller, he, she, or it shall provide a true and correct copy of the Mare's Jockey Club registration certificate to Seller.
6. **Cancellation by Buyer.** The Buyer agrees that the Mare shall be presented to the Stallion during the breeding season on at least three (3) heat periods, and if the Mare is not pronounced in foal after the third heat period, the Buyer may request that Seller, and Seller in its sole discretion and at its option may, cancel this Agreement. If Seller cancels this Agreement, this Agreement shall be of no further force and effect except that the provisions of paragraphs 4 and 7 shall survive such cancellation and remain binding on the parties.
7. **Indemnification.** Buyer understands and agrees that Seller shall not be liable or responsible for any accident of, injury to, or disease incurred by the Mare at Lane's End Farm or elsewhere. Buyer shall bear the risk of and agrees that it shall indemnify and defend (with an attorney acceptable to Seller) and hold the Seller, its directors, officers, shareholders, owners, agents, representatives, employees, affiliates, and subsidiaries harmless for claims, demands, damages, causes of action and liabilities of every kind and nature whatsoever arising out of or related to any accident of, injury to, or disease incurred by the Mare.
8. **Insurance**
 - i. Buyer agrees that from the date when the Mare produces a single live foal that stood up alone and nursed until the amounts due and owing under this agreement are paid in full, Seller has the option to require Buyer to insure mare and the resulting foal (the "foal"), or either of them, against all risks or mortality, which shall include coverage for loss, disease, injury, damage, accidents and theft, in at least the amount of the Stud Fee (the "insurance policy"). Buyer shall procure such coverage within five (5) business days of Seller delivering written notice of such requirement to Buyer.
 - ii. If requested by Seller pursuant to paragraph 8(a) above, any Insurance Policy required under the terms of this Agreement shall provide that losses and proceeds payable thereunder shall be payable to Seller, provide for ten (10) days minimum written cancellation notice to seller, and be deposited with seller. In addition to any other remedies under this Agreement, if Buyer fails to insure or keep the Mare and Foal, or either of them, insured, Seller may purchase insurance and add the cost of that insurance to the

amounts due under this Agreement.

9. **Security Interest.** The parties intend that this Agreement be and is a security agreement. To secure payment on all amounts owed under this Agreement and any other amounts owed by Buyer to Seller, Buyer grants Seller a security interest in (a) the Mare, (b) the Mare's Jockey Club registration certificate, (c) the Foal (whether in utero or after birth), (d) to the extent that the following is not considered, or is determined not to be, property of the seller as set forth above, the stallion service certificate applicable to the breeding and any and all other resulting certificates or papers for the Foal, including any registration certificates or papers (collectively, the "Papers"), (e) any foal and associated Papers from every other breeding of a mare owned by Buyer to a stallion managed by Seller or one of its affiliates, and (f) the products and proceeds of the foregoing (collectively, the "Collateral"). Buyer appoints Seller as its agent and attorney-in-fact to execute and file financing statements, sales and consignment agreements, and any other agreements or documents as may be necessary to perfect Seller's security interests in or to sell the Collateral or to obtain issuance of the Papers in Seller's name. 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 this Agreement.

10. **Repossession and Sale of Collateral.** If Buyer breaches any term of this Agreement or if the Seller deems itself insecure for any reason, including but not limited to the location and condition of the Mare or Foal (whether in utero or after birth, hereinafter referred to as "the foal"), and without notice to Buyer, Buyer agrees that Seller or its authorized agent may enter and take possession of the Mare and/or Foal. If the Mare or Foal is in the custody of or located on the premises of a third party, presentation of this Agreement shall evidence Buyer's permission and authorization for Seller or its agent to take possession of the Mare and Foal. At the Seller's sole option and on written notice to Buyer, Buyer will make the Mare and/or Foal available to Seller at a reasonably convenient location designated by the Seller. Seller may sell the Mare and/or Foal in a commercially reasonable manner in order to satisfy the amounts owed under this Agreement, including the recovery of any board and keep or other costs of the Mare and Foal, which costs are the Buyer's responsibility.

11. **Breach; Collection Costs.** If the Buyer breaches any term of this Agreement or if the Mare is sold, placed in or on any form or method of transportation for delivery to a sale in which she is catalogued, exported from the United States this Agreement shall become an agreement for the purchase of a nomination to the Stallion on a non-refundable, no guarantee basis, and the Stud Fee shall be immediately due and payable plus interest and late charges as set forth in paragraph 2 of this Agreement until paid in full. Buyer further agrees to pay any and all of Seller's costs of collection of any amounts due and owing under this Agreement, including Seller's costs of repossession, attorney fees, expenses of litigation, and court costs. Without prior notice to Buyer, Seller is entitled to set-off any amounts due and owing under this Agreement against amounts, if any, Seller owes the Buyer.

12. **Non-Assignability; Authority, Agents.** Neither this Agreement nor any of the rights hereunder may be assigned by Buyer without the prior written consent of Seller, which consent is within the sole and absolute discretion of the Seller. The undersigned each represent and warrant that they each have the sole right and exclusive authority to execute this Agreement. Any person signing this Agreement is personally obligated to perform and make payment as required by the Agreement, unless the person is acting within his actual authority as the agent for a principal, in which case the name of the principal shall be set forth and the agent shall indicate the capacity in which he is signing. Upon receipt of payment by Seller in accordance with the terms of this Agreement, this Agreement shall be considered a written bill of sale or acknowledgement of purchase as required by KRS 230.357(1).

13. **Miscellaneous.** If Buyer executes this Agreement, or Seller receives this Agreement from Buyer, more than ten (10) business days from the date it is executed by the Seller, Seller shall have the option, exercisable in its sole and absolute discretion, to terminate this Agreement by delivering a written notice of such termination to Buyer after which this Agreement shall be of no further force or effect, and Seller shall have no obligation to Buyer under the terms of this Agreement. The effective date of this Agreement for purposes of reference in the preamble of this Agreement shall be the date of the last signature below. The failure of any party to enforce any right arising under this Agreement on one or more occasions shall not operate as a waiver of that or any other right on that or any other occasion. This Agreement constitutes the entire agreement between the parties with respect to the subject matter set forth herein, may only be amended in writing, and shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. The parties consent and agree that jurisdiction for any action related to this Agreement shall be in Woodford County, Kentucky. By signing this Agreement you give Lane's End Farm permission to contact you via email. This Agreement may be executed in counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

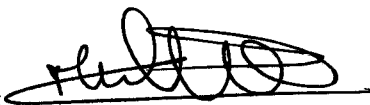
IN WITNESS WHEREOF, the parties have executed this Agreement effective as set forth in paragraph 13 above.

SELLER

BUYER

Lane's End Stallions, Inc

Runnymede Farm, Inc.



By: _____

By: _____

Its: Stallion Manager

Its: FARM MANAGER

Date: 12/12/2016

Date: 12/19/16

2017 UNION RAGS/BIZZY CAROLINE