

STALLION SERVICE CONTRACT – LIVE FOAL

THIS STALLION SERVICE CONTRACT (the "Agreement") is made and entered into as of the date of the last signature set forth below by and between the "Seller" and the "Buyer" who are identified as follows:

Seller:
Darley Stallions
A Division of Godolphin LLC
3333 Bowman Mill Road
Lexington, Kentucky 40513

Buyer:
Peter J Callahan
2415 Casa De Marbella
Palm Beach Gardens FL 33410

WITNESSETH:

1. **NOMINATION.** Seller is the owner of and agrees to sell to Buyer a right to breed (the "Nomination") for the 2017 Northern Hemisphere breeding season (the "NHBS") to the thoroughbred stallion **Street Sense (USA)** by Street Cry (IRE) out of Bedazzle (USA) (the "Stallion").
2. **MARE.** Buyer owns and agrees to breed the thoroughbred mare **Mystra (USA)** by Lemon Drop Kid (USA) out of Mystic Rhythms (USA) (the "Mare") to the Stallion during the NHBS. Buyer's agreement shall include the obligation to present the Mare for breeding to the Stallion for the duration of the NHBS until the Mare is pregnant or is certified by a veterinarian to be unsound for breeding, all in accordance with usual industry custom. Buyer shall arrange for the Mare to be delivered for breeding to the Stallion. Seller shall provide the Stallion for covering of the Mare as scheduled by the Seller and/or any stallion manager and if the Stallion is healthy, available and fit to cover the Mare. Buyer acknowledges that the breeding of the Mare shall be subject to the customary rules and procedures of Seller and/or any stallion manager for the Stallion. Buyer affirmatively agrees that the Mare shall not be bred to any other stallion during the NHBS, except with the written consent of Seller. In the event the Mare is bred to any other Stallion during the NHBS, the "Fee" (as hereinafter defined) shall be due and payable in full immediately upon such breeding, as liquidated damages. A substitute mare shall be permitted only with the consent of Seller, which may be granted or withheld in Seller's sole discretion.
3. **FEE.** Buyer agrees to pay Seller a fee of **\$40,000** for the Nomination, plus 6% Kentucky sales tax of **\$2,400**, with a total sum due of **\$42,400** (collectively the "Fee"). The Fee is payable on a live foal basis, within 30 days of the Mare producing a single live foal that is able to stand alone and nurse, as defined by usual industry custom. The parties further agree and understand, however, that if the Mare does not produce a single live foal that can stand and nurse or if the Mare dies, aborts or is determined not to be in foal, then a veterinary certificate so stating to the reasonable satisfaction of Seller shall be promptly delivered to Seller in which event the Fee shall not be due. In the event the Mare shall produce twins, the Fee shall be payable in full in the event Buyer determines to register one or both of the twins with The Jockey Club.
4. **LATE CHARGES, COLLECTION FEES.** Buyer agrees to pay 1.50% per month in interest charges on any Fee not paid within 30 days of the Mare producing a single live foal that is able to stand alone and nurse, and Buyer agrees to reimburse Seller for Seller's reasonable attorneys' fees and costs in the event collection activities are required. In addition, if any Fee is not paid within 30 days of the Mare producing a single live foal that is able to stand alone and nurse, (a) an amount equal to \$250.00 shall be payable on demand to Seller as a late payment processing fee, and (b) Buyer agrees to insure any foal born as a result of the breeding pursuant to this Agreement for mortality in an amount of not less than the Fee, and Seller shall be the loss payee under such policy; provided, the foregoing are not intended to waive the requirement to timely pay the Fee. In the event Buyer fails to obtain such mortality insurance, Seller shall have the right, but not the obligation, in its sole discretion, to obtain such mortality insurance, at the sole cost and expense of Buyer, and in the event Buyer does not immediately reimburse Seller for such insurance, Buyer agrees to pay 1.50% per month in interest charges on such premium until paid by Buyer in full.
5. **MARE IDENTITY.** Buyer agrees that it is the sole responsibility of Buyer to send the correct Mare to be bred to the Stallion and Buyer agrees that neither Seller nor any Stallion manager shall have any responsibility whatsoever to determine that the correct Mare is being bred to the Stallion.
6. **MARE TO BE SOUND FOR BREEDING.** Buyer agrees and the presentation of the Mare shall constitute Buyer's warranty that the Mare shall be healthy and in sound breeding condition before the Mare is bred. Upon request, a veterinary certificate so stating shall be furnished by Buyer. It is further agreed that Seller and/or any stallion manager for the Stallion reserves the right to refuse to permit the breeding of the Mare to the Stallion, in their sole discretion, and in that event, this Agreement shall be deemed terminated, with no responsibility or liability on the part of Seller, Buyer or any stallion manager. Buyer further agrees that Seller shall not be liable or responsible to Buyer for any disease, accident or injury to the Mare, which may in any way arise out of the breeding of the Mare to the Stallion.
7. **NON-ASSIGNMENT.** This Agreement shall not be assigned or transferred by Buyer. In the event this Agreement is assigned by Buyer, the Mare is sold, catalogued for sale and shipped to any sales ground (whether or not said sale is completed), or transported out of North America, the Fee shall immediately become due and payable in full, and this Agreement shall be deemed a "no guarantee" contract without any live foal warranty or right of return to the Stallion. Notwithstanding any other contrary provisions of this Agreement, the Fee, in that instance, shall be due and nonrefundable.
8. **STALLION UNAVAILABILITY.** Should the Stallion die, be sold, or become unfit for service, or his number of mares be reduced by the Seller or any stallion manager with the breeding hereunder being cancelled, prior to the Mare being covered once by the Stallion, then this Agreement shall be null and void and Buyer shall not be entitled to a substitute or replacement nomination; provided, however, if said Mare has a live foal resulting from this Agreement, then the Fee shall be due and payable in full as provided for herein.
9. **INFORMATION REGARDING MARE.** Buyer shall provide all customary information/documentation that Seller may require relating to the Mare no later than the time when the Mare is delivered for her first cover. Buyer represents and warrants that it is the fee simple owner of the Mare and that its title to the Mare and any foal out of the Mare is free, clear and unencumbered by any security interest, lien, charge or other encumbrance, unless Buyer has notified Seller in writing of any such encumbrance on or before the execution of this Agreement by Seller. Buyer further agrees that it shall not hereafter grant any security interest, lien, charge or other encumbrance with respect

to the Mare, the foal out of the Mare resulting from the breeding pursuant to this Agreement or the Stallion Service Certificate relating thereto. In the event the Mare, any foal out of the Mare and/or the Stallion Service Certificate relating thereto is now or hereafter encumbered by any security interest, lien, charge or other encumbrance, Buyer shall require the holder thereof to subordinate any such encumbrance to the security interest and lien set forth in Section 10 of this Agreement; provided, the foregoing is not intended to waive the prohibition in the preceding sentence.

10. **SECURITY INTEREST.** It is agreed that payment in full of the Fee and all other amounts due pursuant to this Agreement is a condition precedent required in order for Buyer to have any rights to delivery of the Stallion Service Certificate relating to the Nomination, it being acknowledged and agreed that the Stallion Service Certificate is the sole and exclusive property of Seller and that Buyer shall have no interest therein until the Fee and all other amounts due pursuant to this Agreement are paid full. Buyer grants Seller a security interest and lien in any foal, in utero, born alive, or otherwise, as a result of the breeding pursuant to this Agreement, all certificates, instruments and documents relating thereto and all accessions, proceeds and products of the foregoing, in order to secure payment of the amounts due or to become due under this Agreement. The foregoing security interest and lien is in addition to the lien in favor of Seller pursuant to KRS 376.420. The security interest and lien granted herein shall secure payment of all claims and money owed by Buyer to Seller under this Agreement. Seller shall have all rights granted to secured parties under the Uniform Commercial Code as enacted by the Commonwealth of Kentucky. Buyer agrees that Seller may file this Agreement as a financing statement and further irrevocably appoints Seller or Seller's designee as Buyer's attorney in fact to execute and file financing statements on Buyer's behalf to perfect or otherwise evidence this security interest if Seller deems it appropriate. The security interest in any certificates, instruments and/or documents shall be deemed to be perfected by the possession thereof by Seller or its agent(s). Buyer represents and warrants that its residence address is set forth above. Within 5 days of request from Seller to Buyer, Buyer agrees to pay any fees required to file a financing statement pursuant to this Section, and Buyer agrees to pay any fees assessed by any sales company with respect to the processing of any liens arising out of this Agreement.

11. **AUTHORITY.** The undersigned affirmatively represents and warrants that he or she is duly authorized to enter into this Agreement for and on behalf of Buyer and that the terms and conditions hereof shall be binding upon Buyer in accordance with the terms herein stated.

12. **MISCELLANEOUS.** This Agreement shall be binding upon and inure to the benefit of the parties and their personal representatives, heirs, successors, and permitted assigns and shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. The parties hereby irrevocably submit themselves to the exclusive jurisdiction of the Fayette Circuit Court or United States District Court for the Eastern District of Kentucky, as may be applicable, for resolution of all disputes arising out of this Agreement. The parties acknowledge that this Agreement contains the entire agreement of the parties, and each party represents to the other that there is no reliance upon any verbal assurance of any nature whatsoever that is not contained or expressed herein. This Agreement may not be altered or amended without written consent of all parties. The parties further agree that time is of the essence in the performance of the rights and duties hereunder. The parties agree that Agreement may be executed with counterpart signatures, all of which taken together shall constitute an original without the necessity of all parties signing each document. This Agreement may also be executed by signatures to e-mail, fax or telecopy documents in lieu of original or machine generated or copied documents. In the event litigation is commenced with respect to any dispute arising from this Agreement, the prevailing party shall be entitled to recover its costs and expenses thereof, including its reasonable attorneys' fees and costs, from the non-prevailing party.

13. **DISCLAIMER OF WARRANTIES.** THE NOMINATION IS SOLD AS-IS, AND BUYER ACKNOWLEDGES THAT SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR AS TO THE FITNESS FOR A PARTICULAR PURPOSE OF THE STALLION OR HIS SEMEN.

14. **DEADLINE FOR SIGNING.** In order for the Agreement to be of any effect, it must be executed and returned by Buyer to Seller within 10 business days from the date signed by Seller.

15. **COMMISSION.** Pursuant to KRS 230.357, Seller hereby discloses to Buyer that Seller has agreed to pay a commission to Magna Carta Bloodstock LLC (the 'Agent') in the amount of \$2,000 (the 'Commission') in connection with the sale of the Nomination to Buyer. The Commission shall be paid according to the terms and conditions of the Commission Agreement between Seller and Agent (which, among other things, provides that Seller shall be under no obligation to pay the Commission, unless the Fee is paid in full and Buyer is not in default under this Agreement). Darley reserves the right to provide additional agent incentives. By signing this Agreement, Buyer consents to the payment of the Commission to the Agent, and that Seller may copy the Agent on any invoice for the Fee.

IN WITNESS WHEREFORE, the parties hereto have set their hands effective as of the date of the last signature set forth below.

SELLER:
GODOLPHIN, LLC

BUYER:

BY: Darren Fox

Roman Stalhouck

Roman Stalhouck
Print Name

DATE: 12-15-16

DATE: 1/4/17

FEDERAL ID OR SOCIAL SECURITY NUMBER

Darley

Jonabell Farm
3333 Bowman Mill Road
Lexington, Kentucky 40513
Tel: (859) 255-8537
Fax: (859) 259-0040
Email: info@darleyamerica.com

December 15, 2016

Magna Carta Bloodstock LLC
c/o Mr Romain Malhouitre
600 Cynthiana Road
Paris KY 40361

RE: 2017 Nomination to Street Sense (USA) for the mare Mystra (USA)
Purchased by Peter J Callahan for the Amount of US\$40,000

Dear Magna Carta Bloodstock LLC :

This letter confirms our agreement regarding your commission with respect to the above-referenced nomination (the "Nomination"). Darley Stud Management, LLC ("Darley") agreed to pay you a commission of US\$2,000 (the "Commission"), subject to the terms of this letter.

The Commission will be payable within thirty (30) days after (a) payment in full of the Nomination price set forth above in in full, plus all applicable sales tax (unless any of the circumstances below exist, (b) Darley's determination that no refund is due (including but not limited to, any live foal warranty, if applicable) and there is no other claim of return, and (c) you have invoiced Darley for the Commission.

The Commission will not be due if :

- (a) Darley receives less than the full Nomination price set forth above, plus all applicable sales tax,
- (b) the purchaser of the Nomination fails to pay the Nomination price, plus all applicable sales tax, in full within thirty (30) days of its due date or
- (c) Darley is required to take any legal action to collect the Nomination price.

In the event the Nomination is sold on a "pay when you sell" basis, the Commission will not be paid if the progeny or the mare (if sold in utero) does not reach its reserve, fails to receive a bid or is otherwise not sold for any reason.

You represented to Darley that your principal is accurately identified above. You have also represented to Darley that you have disclosed the terms of this letter to your principal and that your principal has consented, in writing, to the payment to be made pursuant to this letter. For the purpose of this paragraph, in the event your principal is an entity, you have disclosed the terms of this letter and obtained the consent of any individual that owns a material interest in the entity. Finally, you agree to indemnify and hold Darley harmless from and against any and all liability, including reasonable attorney's fees, arising out of your breach of those representations.

If you feel this letter does not accurately describe the terms of our agreement, please respond to the undersigned in writing within ten (10) days from the date of this letter. Otherwise, the terms of this letter will be binding.

Sincerely yours,
DARLEY STUD MANAGEMENT, LLC

By: 

Its: Stallion Nominations Manager

Darley
Gainsborough Farm
Jonabell Farm
Stonerside Stable

www.Darleyamerica.com