

CLAIBORNE FARM BREEDING CONTRACT

November 30, 2017

Claiborne Farm, LLC, Agent
P. O. Box 150
Paris, Kentucky 40362-0150
(859) 987-2330 (859) 233-4252
Fax: (859) 987-0008
(Hereinafter "Seller" or "Claiborne Farm")

Catesby W. Clay Investment 2, LLC
600 Cynthiana Rd
Paris, KY 40361

Sire: Unbridled's Song

Dam Rubywood

(Hereinafter "Buyer")

THIS AGREEMENT ("Agreement") made and entered into by and between Buyer and Seller as said parties are identified above.

WITNESSETH: THAT for and in consideration of the mutual covenants of the parties hereto, and subject to the terms of the Syndicate or Management Agreement for the stallion named herein, it is hereby agreed as follows:

1. Buyer agrees to present the Thoroughbred mare **UNBRIDLED GEM** ("Mare") and Seller agrees to present the stallion **LEA** ("Stallion"), subject to the further terms of this Agreement, for breeding said Mare for the season of **2018**, and Buyer agrees to pay for same, to Claiborne Farm, Agent, the sum of **\$7,950.00** US dollars (\$7,500.00 plus 6% Kentucky sales tax), when the foal resulting from the breeding pursuant to this Agreement ("Foal") stands and nurses, unless Mare proves not in foal, in which case Buyer is to send satisfactory veterinary certificate to that effect in lieu of money. Seller will pay **5% commission** to Buyer's agent, **Magna Carta Bloodstock**, when the fee is paid, to which all parties consent in accordance with KRS 230.357.
2. Buyer agrees and warrants that said Mare shall be healthy, free from disease or infection that could be transmitted to the Stallion, and in sound breeding condition. The Buyer's presentation of the Mare by his agent or otherwise shall constitute **Buyer's representation that the Mare is as warranted**. It is further agreed that if the Mare offered for breeding to the Stallion is certified by the veterinarian attending the Stallion not to be, in his opinion, of suitable temperament for breeding, in sound breeding condition and free from infection or disease; or if in his opinion the Mare is a risk to the health or safety of the Stallion, or his attendants, or a risk to the Stallion being allowed to successfully complete his book of mares in the current or future breeding seasons (as in the case of a communicable disease) the Mare shall not be bred to the Stallion, and the opinion of the said veterinarian, absent fraud or bad faith, shall be binding upon all parties hereto and on all other interested parties.
3. Buyer agrees that it is solely Buyer's responsibility to send the correct Mare to be bred to the Stallion unless said Mare boards at Claiborne Farm. Buyer also agrees to abide by the booking and breeding shed procedures practiced at Claiborne Farm in regard to the Stallion. Buyer further agrees that Seller shall not be liable or responsible for any accident, sickness, disease, or injury to the Mare.
4. Buyer agrees that this contract is personal to Buyer and shall not be assigned or transferred by Buyer and in event said Mare is sold, transported to a sales facility (regardless of whether a sale is completed), or transported out of the Continental United States (except Canada) then any live foal guarantee under this contract shall be waived, and the fee, if unpaid, shall immediately become due and payable and no refund will be due from Seller under any circumstances. It is further agreed, that should the Stallion die, be sold, or become unfit for service, or his number of mares be reduced by the Syndicate Manager or Stallion Manager with the breeding hereunder being deleted, then this contract shall be null and void and Buyer shall not be entitled to a substitute or replacement season, or any other consideration from Seller; provided however, if said Mare has a live foal resulting from this breeding contract then the fee shall be due and payable in full as provided for herein. If said Mare dies or becomes unfit to be bred prior to being bred under this contract then this contract shall be null and void.
5. Buyer represents and warrants that it is the fee simple owner of the Mare, and that its title to the Mare is and to the resulting Foal will be free, clear and unencumbered by any security interest, lien, charge or other encumbrance on or before the execution of this Agreement by Seller, except as provided in Section 6 of this Agreement. Buyer further agrees that except as provided herein, it shall not hereafter grant any security interest, lien, charge or other encumbrance with respect to the Mare or the resulting Foal or the Stallion Service Certificate relating thereto. Without waiving Seller's rights with respect to the foregoing representation and warranty, in the event the Mare and/or resulting Foal is now or hereafter encumbered by any security interest, lien, charge or encumbrance, Buyer shall require the holder thereof to subordinate any such encumbrance as it relates to the resulting Foal and the Stallion Service Certificate relating thereto, to the security interests set forth in Section 6 of this Agreement.
6. It is agreed that payment in full is a condition precedent required in order for Buyer to have any rights to delivery of the Stallion Service Certificate, 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 in full. Seller may release the Stallion Service Certificate to The Jockey Club through The Jockey Club online system within a reasonable time after receipt and processing of the fee and all other amounts due pursuant to this Agreement. Buyer grants Seller and its principal 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 security agreement 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 the security interests granted herein 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. Buyer further grants the Seller a security interest in any other stallion service certificates in the possession of Seller in which Buyer may have an interest. If Buyer defaults in payment of the amounts due to Seller hereunder, Buyer consents to the issuance of the Stallion Service Certificate in the name of Seller and to registration of the Foal with The Jockey Club, by the Seller as his agent, in the name of the Seller. In that event, Buyer further grants to Seller a security interest in The Jockey Club Certificate of Foal Registration as well as the Foal which shall be perfected by Seller's possession of said Certificate. Seller shall further have the right to take possession of the Foal and sell same in order to satisfy the amount owned hereunder including the recovery of any board and keep or other costs of the Foal, which costs shall remain the responsibility of Buyer. In the event of Buyer's default in the performance of this Agreement, including any provision hereof, Buyer further agrees to pay reasonable attorney/collection fees incurred by Seller in regard to such default.

Buyer further agrees that in the event of default by Buyer, Seller shall have the right to retain any funds that it may owe to Buyer or any entity in which Buyer has an interest and apply such retained funds in satisfaction of the obligation under this Agreement. This right of setoff shall further prevail and be applicable to any clients for which Seller acts as agent.

Buyer also agrees to pay interest at 1 ½% per month on any sum over (30) days past due.

7. Buyer acknowledges that the nomination is sold **AS-IS**, and 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.

8. This Agreement is binding upon the parties hereto, their heirs, successors, and assigns, and shall be governed in accordance with the laws of the State of Kentucky. Jurisdiction and venue for any action arising as a result of this Agreement shall be in Paris, Bourbon County, Kentucky, to which all parties consent. The parties waive any right to trial by jury. By signing below, the undersigned affirmatively represents and warrants that he or she is duly authorized to enter this Agreement as Buyer, or as agent for Buyer, and that the terms and conditions hereof shall be binding upon Buyer. If signed by an agent, said undersigned agent further warrants and represents to Seller that the Agent has informed Buyer of the commission to be paid hereunder, and that the Agent is authorized in writing to receive the commission. The undersigned agrees to indemnify and hold Seller harmless from any and all claims and expenses including, without limitation, Seller's attorney fees, arising out of any breach by the undersigned of this Agreement or any warranty contained herein. Any person signing this Agreement as agent is personally obligated to perform all conditions hereof, including making all payments hereunder unless the name of the principal is set forth accurately and the person signing is the authorized agent of such principal and is acting within his actual authority. The parties further agree that time is of the essence in the performance of the rights and duties hereunder. The parties agree this Agreement may be executed with counterpart signatures, all of which taken together shall constitute an original without the necessity of all parties