

IMPORTANT NOTICE TERMS AND CONDITIONS OF SALE

This sale and all sellers, consignors, agents, owners, prospective bidders or purchasers, and all other interested parties are governed by these Terms and Conditions of Sale and all announcements made from the auction stand or otherwise. Making a bid evidences your acceptance of and agreement to these terms and conditions and announcements.

AS IS:

ALL HORSES ARE SOLD AS IS WITH ALL FAULTS AND DEFECTS. The buying and selling of horses, especially horses purchased to serve as racehorses or broodmares, inevitably involves substantial risk. **AS A BIDDER, YOU AGREE TO ACCEPT THAT RISK. THE COMPANY ACCEPTS NONE OF THAT RISK. IF YOU CANNOT ABIDE BY THESE RULES, PLEASE DO NOT BID ON ANY HORSES AT THIS SALE.**

PAYMENT TERMS:

(a) Cash. Unless the Sale Manager has authorized other terms in writing, all sales are for cash (United States currency, wire transfer, cashier's or certified check). Personal or business checks payable to Garden State Horse Sales Company ("Garden State" or the "Company") may be used if approved in advance by the Sale Manager and initialed by him immediately after the purchase is made. Payment must be made within thirty (30) minutes after the fall of the hammer.

Pay the Company cashier in all cases. In no event should any part of the purchase money be paid by the purchaser directly to the consignor or any other person. No part of any payment made by the purchaser to the consignor or any other person will be credited to the purchase price and consequently no such payment will entitle the purchaser to obtain any horses.

(b) Credit. In limited circumstances and in his sole discretion, the Sale Manager may approve in advance credit for specific purchases pursuant to a credit application. In instances where credit has been approved by the Sale Manager, bidders are cautioned that approval of credit is for specific transactions only; therefore, approval of credit for prior sales or transactions does not establish credit for purchases at subsequent sales or for subsequent transactions at the same sale. Bidders must clear outstanding accounts and establish credit at this sale prior to bidding.

(i) Credit Terms. Terms of all credit sales (except as set forth in paragraph (v) below) shall be payment in full within fifteen days of the sale. Any purchase not paid for in full within fifteen days after sale shall be in default and subject to a late payment penalty of 1-1/2% per month (compounded monthly) from the last day of sale on all accounts owing at fifteen days until such accounts have been paid in full. In the event legal action is required to collect past due amounts, all costs and expenses of such action, including attorney fees, shall also be the obligation of purchaser and shall be added to his account. Expenses of caring for horses purchased shall also be added to the account. No registration papers will be released until the purchaser's total account, including all purchases, has been settled in full. Garden State reserves the right exercisable by Garden State in its sole and exclusive discretion, which shall be final and binding upon all parties, to (1) refuse to extend credit, or (2) refuse the opportunity to bid or refuse to accept the bid of anyone who has not established credit with Garden State, or (3) require either collected funds to be on deposit with Garden State or an irrevocable letter of credit acceptable to Garden State, or any combination of the foregoing. Garden State retains the right, at any time and for any reason, including but not limited to Garden State's arbitrary determination, to revoke any credit previously established and to impose such terms as it may deem appropriate. Bidders are cautioned that, as stated in subparagraph (b) immediately above, the fact that they may have been granted credit at a prior sale does not mean they automatically have credit at this or future sales. Credit must be re-established at each sale.

(ii) Insurance. All purchases made on an approved credit basis must be insured by purchaser for the full amount of the purchase price with no deductible, on a full mortality basis, for the benefit of Garden State. Accordingly, "Garden State Horse Sales Company" shall be named loss payee on all insurance policies

required by this subparagraph until the insured horses have been paid for in full. The policies shall provide for not less than thirty (30) days' advance written notice in the event of cancellation or any amendment thereof. **Purchaser hereby appoints the Company as his, her, or its attorney in fact to endorse any draft for proceeds thereof on purchaser's behalf.** The cashier will not release the order for delivery of the horse until evidence of this insurance is delivered to the cashier. In the event purchaser fails to comply with this requirement or coverage lapses, the Company may secure such insurance at Purchaser's expense.

(iii) Security Agreement. All extensions of credit are on a secured basis. Execution of the confirmation of sale slip by the purchaser evidences purchaser's agreement to attachment of a purchase money security interest in and lien upon the horse purchased, its USTA certificate of registration, any applicable stallion mating certificate, and any products and proceeds of the horse or certificates, in favor of the Company to secure payment of all amounts due hereunder. Purchaser acknowledges the Company's right to exercise any rights and remedies of a secured party under the Uniform Commercial Code, including the rights to repossess and to resell the horse. In addition, purchaser hereby appoints Company as attorney-in-fact to prepare, execute, and file any financing statements or other documents necessary to perfect or enforce the security interest created herein.

(iv) Transfer and Judgment in Event of Default. In the event of nonpayment by purchaser hereunder, purchaser (by execution of the confirmation of sale slip) agrees: that **the Company, by its attorney or by the prothonotary or clerk of any court, may appear for purchaser and confess judgment against purchaser in favor of the Company for the amount due plus cost of suit and other actual collection costs including attorney fees; and the purchaser hereby irrevocably appoints the Company as attorney in fact to execute on purchaser's behalf any document, including a USTA transfer slip, for transfer of ownership and/or registration of the purchased horse to the Company or its designee.** By so agreeing, purchaser authorizes the Company to obtain a judgment against purchaser or transfer the purchased horse without purchaser's prior knowledge or consent and without an opportunity to raise any defense, set-off, or counterclaim. In the event that Garden State institutes any collection action against purchaser arising from this transaction, purchaser agrees to pay all cost incurred by Garden State as a result of such collection action, including but not limited to filing fees paid to various offices at the courthouse, ancillary charges such as service costs and stenographic fees, and reasonable attorney's fees, which term shall mean the greater of actual attorney fees, \$2,500.00, or ten percent (10%) of the amount owed by purchaser to Garden State. For purposes of the exercise of these rights, New Jersey law shall apply. The person or entity bound under the signature on the Confirmation of Sale shall remain liable in every respect, even if the Company agrees to re-bill a purchase at any time after the time of sale.

(v) Arrangement with Consignor. If a purchaser and consignor make a separate credit arrangement, it is their joint responsibility to present written confirmation of this arrangement, signed by the consignor, to Garden State. Garden State must have possession of the written confirmation before the conclusion of the sale. If written confirmation is not received by Garden State before the conclusion of the sale, the purchase price plus any late payment penalty or other costs or expenses of collection will be the sole responsibility of the person signing the confirmation of sale slip and immediately due and payable to Garden State. In any event, Garden State shall have no responsibility regarding enforcement of separate purchaser-consignor agreements.

(vi) Disclaimer of Implied Duties. Garden State's duties and obligations shall be strictly limited to those that these Terms and Conditions expressly impose on Garden State. All other duties and obligations, including fiduciary and other duties that the operation of law might otherwise impose on Garden State, are hereby expressly disclaimed.

(c) Payment Procedure.

(i) Checks. Payable in U.S. funds. Personal checks will only be accepted at this sale with proper identification and prior written approval by the Sale Manager. Persons desiring to purchase horses for the first time with the use of personal checks should present letters of introduction from their banks. Prospective purchasers may save time, trouble and expense by using currency or bankers checks drawn on banks acceptable to the Company.

(ii) Exchange Rates. Purchasers should use current United States funds for all payments.

Foreign currency and foreign drafts are subject to discount as exchange rates fluctuate; therefore, if Garden State elects to accept payment in foreign currency, it reserves the right to collect any shortfall determined upon conversion to United States funds as if a default had occurred.

(d) Release of Horses. Upon and only upon full and final payment to the cashier or written approval of credit for the horse by the sale manager, the cashier will issue an order which shall be presented by the purchaser to the stable manager for delivery of the horse. Purchasers are cautioned not to lose these orders, as they entitle bearers to possession of the purchased horse.

(e) Release of Registration Papers.

If payment is made at the sale by purchaser in cash, wire transfer, or cashier's check, and if registration papers are available, registration papers will be delivered to purchaser upon payment in full.

If payment is made at the sale by purchaser with a personal, business, or certified check approved by the Sale Manager or if registration papers are not yet available, after payment for purchaser's full account has cleared and registration papers become available, registration papers will be mailed to purchaser at the address provided by purchaser. To expedite your receipt of the registration papers, please have your bank provide written confirmation that your check has cleared your account, listing the name, hip number, and purchase price.

If credit is extended to purchaser at the sale as described above, after payment for purchaser's full account has been received by the Company and has cleared, registration papers will be mailed to purchaser at the address provided by purchaser.

Notwithstanding anything else in these Terms and Conditions, if purchaser buys a whole or part interest in one or more horses at the sale (whether through individual or entity capacity), no registration papers will be released until payment for all interests in horses purchased by purchaser has been received by Garden State Horse Sales Company and has cleared.

BIDS AND BIDDING:

(a) Garden State specifically reserves its right to exclude any persons whomsoever from the auction area and all premises or lands controlled by Garden State. In addition, notwithstanding any contrary provisions of these Terms and Conditions (if any), Garden State further reserves the right to refuse to accept, to reject, or to ignore any bid(s) from any person whomsoever, or to take any combination of these actions, even if credit has been approved or even if payment has been tendered or may be believed to be forthcoming. Neither exclusion of persons nor refusal, rejection, or ignoring of bids shall be based on race, sex, color, or creed. By accepting the license granted by Garden State to the public to attend this sale, each individual agrees to be bound by this condition of sale.

(b) Minimum Bid. There shall be a minimum bid or "upset price" of \$1,000 for each horse sold. Unless the bid reaches \$1,000 no sale shall occur, the horse shall remain the property of the consignor, and the auction shall pass to the next hip number.

(c) Title. The highest bidder shall be the purchaser when a horse is struck down to him. Title passes to the purchaser at the fall of the auctioneer's hammer, at which time purchaser assumes all risks, responsibility, obligations and expenses relating to the horse.

(d) Resolution of Disputes. If any dispute arises, the auctioneer shall immediately resolve it and his decision shall be absolute, final, and binding on all parties. **The Company and the auctioneer reserve the right to reject any and all bids and may refuse the opportunity to bid to any person.**

Horses at this sale are offered and sold under the laws of the State of New Jersey regarding auction sales. Pursuant to those laws, the right to bid is reserved for all sellers unless otherwise announced at the time of sale. The Company cautions all persons against bidding unless they are prepared to comply with these terms and conditions and the laws of New Jersey.

If a horse is put up for sale a second time, owing to the dereliction of a bidder, the horse will be sold by the auctioneers at their discretion and the derelict bidder will be liable for a ten percent commission charge by the Company on the amount of the second sale, any shortfall in price between the first and second sale, and any other liabilities specified by law. In addition, prior to such second sale, the Company may require the derelict bidder to post the first purchase price as security for the second sale. The same procedure shall apply if the horse is put up for sale again, owing to the dereliction of a bidder at the second sale or any subsequent sale.

(e) Designation of Agency. Persons acting as agents must file with the sales manager letters of authorization from their principal stating that the agent is acting on the principal's behalf and that the principal will be responsible for agent sales or purchases. Garden State reserves the right (i) to refuse to recognize any proffered letter of authorization for any reason, including its own arbitrary decision, and (ii) in its sole discretion to require that a letter of authorization be notarized.

(i) Authorization on File. All persons acting as agents pursuant to a filed authorization are responsible for ensuring that their principal either has approved credit or makes settlement for each horse purchased within thirty (30) minutes after the fall of the hammer. By signing the Confirmation of Sale, regardless of the form of the signature, and even in the case of a filed authorization, a person acting as agent agrees to be personally liable with the principal for the full purchase price of the horse purchased if the principal either (A) lacks adequate Company-approved credit or (B) fails to make settlement for the full purchase price within thirty (30) minutes after the fall of the hammer.

(ii) Authorization Not on File. **An individual who is the successful bidder for a horse and has not filed letters of authorization accepted by Garden State becomes the purchaser of the horse, and shall be personally responsible for payment and all other conditions relating to purchasers. Because of inherent uncertainty, other representations of agency will not be recognized.**

(e) Execution of Confirmation of Sale. Upon the fall of the auctioneer's hammer, the successful bidder shall execute a confirmation of sale, a copy of which is reproduced as part of these Terms and Conditions. If a person other than the successful bidder (as determined by the auctioneer) executes the confirmation of sale, that execution shall not impair the rights of the successful bidder. Refusal by a successful bidder to execute any pertinent confirmation of sale shall constitute a dereliction entitling the Company to exercise any or all of its rights, including resale.

In addition to recognition of and agreement to the security interest in favor of the Company, the ability of the Company to endorse insurance proceeds drafts and registration papers, and entry of judgment by confession, by executing the confirmation of sale slip purchaser agrees that service of any notice, process or pleading in any action or proceeding arising out of or in connection with the sale of any horse hereunder is properly made if a copy is mailed to purchaser at the address set forth on the confirmation of sale slip by certified mail, postage prepaid, return receipt requested, or overnight courier, and purchaser hereby consents to the commencement by Garden State of any action or proceeding against purchaser in any court within the State of New Jersey or Pennsylvania or in the United States District Court for the District of New Jersey or Pennsylvania or by service of process as set forth above, and purchaser agrees that any of those courts shall have jurisdiction with respect to the subject matter hereof, personal jurisdiction over the purchaser, and that venue shall be proper. Notwithstanding the foregoing, the Company in its discretion may also initiate proceedings in the courts of any other jurisdiction in which purchaser may be found or in which any property of purchaser's may be located.

CHALLENGES:

All purchasers shall fully inspect each horse that they may purchase immediately after the fall of the hammer. If any condition, alleged warranty, or representation is challenged, other than a matter relating to a gelding, ridgling or cryptorchid covered in "(a) Terms of Sale" below, the matter must immediately be reported to the Sale Manager who shall have the sole right of appointing a person to make examination to determine whether any such condition, alleged warranty, or representation has been breached. The decision of the referee so appointed (and no other) shall be binding upon both the consignor and the purchaser. The

Company shall incur no liability from either party due to such decision. Thereafter, and in no event after the conclusion of the sale session at which the horse was sold, no other condition, alleged representation, or warranty may be challenged. Purchasers that fail or refuse to inspect for any reason, including a lack of opportunity for inspection, purchase the horse at their own risk.

In all cases of disputes, purchaser shall deposit the referee's fee with the cashier's office. If the decision is in the consignor's favor, purchaser must pay the referee's fee. If the decision is in purchaser's favor, consignor must take back his horse and pay the referee's fee and the Company's contractual charges, including commission, on the sale.

If no party is willing to take possession of a horse that is the subject matter of a controversy, all interested parties agree that Garden State may take all such steps as it deems advisable in the maintenance and care of such horse including, without limitation, board, veterinary care, and any other reasonable expenditures. Furthermore, Garden State shall have the sole discretionary right, but shall be under no obligation, to sell the horse in controversy at any sale, public or private, and upon such terms and conditions as Garden State may deem appropriate. Garden State has sole discretion as to making any announcements concerning the condition of the horse prior to resale. Such sale may be made, in Garden State's sole and exclusive discretion, with or without notice to the consignor or purchaser. All costs and expenses shall bear interest at 1-1/2% per month, and the party ultimately determined to be the owner of the horse in controversy shall reimburse Garden State for costs and expenses plus interest thereon. If the horse is resold, all parties agree that Garden State shall be reimbursed first for all expenses it has incurred in the maintenance and care of such horse and its legal expenses with the balance, if any, to be paid to the consignor.

ABSENCE OF REPRESENTATION AND WARRANTIES:

(a) Terms of Sale. All horses are sold "**as is**" with all existing conditions and defects except that any equine sold in this sale which is catalogued as a colt and not otherwise announced by the time of sale, and is a gelding, ridgling, or cryptorchid shall be returnable to consignor with refund of the purchase price if Garden State receives a written veterinary certificate to that effect within forty-eight hours after the start of the session in which the equine in question was sold. If consignor's veterinarian disagrees with the finding in purchaser's veterinary certificate, the referee procedure provided above in "CHALLENGES" shall apply. This shall be purchaser's sole remedy in colt/ridgling/gelding/cryptorchid disputes. Purchasers acknowledge that the physical condition of horses is subject to change on a daily basis and, therefore, that time is of the essence. Failure to comply strictly with the notice and time requirements stated here will disallow purchaser's ability to use this procedure. **THERE ARE NO WARRANTIES, STATUTORY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, CONDITION, QUALITY OR DURABILITY OF ANY HORSES PRESENTED FOR SALE.**

(b) Liability of the Company. The Company neither assumes nor bears any responsibility to any bidder for the accuracy of any statement of fact or opinion appearing in this catalog or made by the auctioneer in reference to any horse. **All such matters are the sole responsibility of the person or persons consigning the horse to the sale.** The Company makes no representation or warranty with respect to the merchantability, fitness for a particular purpose, condition, quality, durability, breeding or foaling date, soundness, identity, medications, veterinary history, or any other quality or characteristic of any horse. Ages, heights, marks, speed, and other information of that character are provided to the Company by consignor, should be recognized as approximations, and the Company does not guarantee them. Bidders should examine horses for themselves since the catalog statement may be in error. **It is the consignor's responsibility to bring all printed errors to the attention of the auctioneer so that any such errors may be announced and corrected. The consignor is at all times responsible for the identity of all horses consigned by him.** Corrections of typographical or any other errors appearing in this catalog by the auctioneer take precedence over the printed matter in the catalog. If an error applies to a portion of a consignment generally, the auctioneer may make one announcement when the affected portion begins to sell, and the correction shall apply to the entire portion. Any dispute concerning any of the above matters shall be resolved between the consignor and the successful bidder only and the Company shall not be made a party thereto.

(c) Broodmares, Broodmare Prospects, and Fillies. All broodmares are sold with service fees paid and with **no** rights to refunds of service fees or return booking guarantees unless specified by consignor

in this catalog or announced by the auctioneer at the time of sale. The Company makes no representation or warranty regarding the suitability for breeding of any horse. Any examination made or information posted regarding suitability for breeding is consignor's sole responsibility.

(d) Engagements. Where a consignor reports futurity or stakes engagements, a memorandum of these engagements is printed under the pedigree of each horse as reported to the Company. The Company is not responsible for any errors, misstatements, or omissions in the engagements so published in the catalog. The Company does not and will not accept any responsibility as to the eligibility of any horse. The consignor is the responsible party for all such statements of eligibility.

Purchaser assumes no liability for future payment in futurity or stakes events. Payments may be made at purchaser's option but must be made when due to keep the entry eligible. All payments when made are forfeits.

ARBITRATION:

If the Company so elects, in its sole discretion, any controversy or claim arising out of or relating to a sale hereunder must be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and the award so rendered by the arbitrator may be entered as a judgment in any court having jurisdiction thereof.

NON-WAIVER:

Any waiver by the Company of strict compliance or performance of any right or remedy or other provision contained herein shall not preclude the Company from exercising or enforcing the same or others at any time or times thereafter. If any provision contained herein shall be held for any reason to be invalid, illegal or unenforceable in any respect, such impairment shall not affect any other provision hereof.

RECORDING AND PUBLICITY:

Notice is hereby given to all participants at this sale that the Company may record any portion or the entire sale by video, audio, photograph, or other means.

Each purchaser and its representatives, successors, and assigns hereby grants to Garden State, the consignor, and/or breeder of any horse purchased at this sale, and their representatives, successors, and assigns, the absolute right to copyright and publish, use, or reuse the name or performance of as well as any photograph/print film, or videotape footage or audio, digital, electronic, or other reproduction of any horse purchased at this sale, in whole or in part, in the composite or in distorted character, with or without use of names, in color or otherwise, for the purposes of promotion, advertising, trade, or other lawful purpose in any and all media anywhere in the world. Purchaser and its' representatives, successors, and assigns waives any right to inspect and/or approve the finished product or the copy that may be used in connection therewith or the use to which it might be applied.

ACTION BY GOVERNMENTAL AUTHORITY:

The Horse Park of New Jersey reserves the right to terminate the Company's use of the Horse Park for "conditions or circumstances, such as, but not limited to, security and safety concerns, prevention of damage to the Horse Park of New Jersey and related facilities," in which event, or in the event of similar action by any other governmental authority, the Company shall have no liability to anyone at or connected with the sale.

CISG OPT-OUT:

No issue or dispute arising out of this sale or these Terms and Conditions of Sale shall be interpreted, litigated, or resolved under the Convention on Contracts for the International Sale of Goods.