

PREAMBLE

This Sales Code of Conduct ("Code") has been adopted pursuant to a horse industry task force involving multiple segments of the horse industry. It sets out the principles which apply to Equine Auction Sales. The Code is designed to set and maintain a high standard of integrity and transparency, which will safeguard the interest of Sellers, Consignors, bloodstock agents, owners, trainers, Purchasers and sales companies in Equine Auction Sales.

DEFINITIONS

- Agent means any trainer, consignor, bloodstock agent, racing or stud manager or other person or entity who represents a Principal in an Equine Auction Sale, directly or indirectly, whether the Agent is paid by way of retainer, commission or other forms of remuneration, or has ongoing financial arrangements such as training, management or similar fees.
- Principal means a person or entity who appoints an Agent to act as agent on his behalf in an Equine Auction Sale.
- Luck Money means any financial payment or payment in kind or delivery of anything of value (in excess of \$500) made by or on behalf of a Seller to a Purchaser or his Agent in connection with an Equine Auction Sale either before or after the Equine Auction Sale has been concluded.
- Consignor means a person or entity acting as agent for a Seller at public auction.
- Secret Profit means anything of value (in excess of \$500) received by an Agent in connection with an Equine Auction Sale that is not disclosed to the Agent's Principal.
- Seller means a person or entity who sells all or any interest in a horse in an Equine Auction Sale.
- Purchaser means a person or entity who buys all or any interest in a horse in an Equine Auction Sale.
- Equine Auction Sales(s) means sales and purchases of horses and/or interest(s) therein at public auction sales.
- Gender - Words importing the masculine gender herein shall include the feminine.

CODE

1. An Agent owes a duty of good faith and a duty of loyalty to his Principal, which includes a duty to act at all times in an Equine Auction Sale in accordance with his Principal's best interests.
2. An Agent shall not place himself in a position where personal interests conflict with the duties to his Principal, except with full advance disclosure from Agent to Principal. In particular, an Agent shall not use his position to obtain a Secret Profit.
3. When an Agent acts as a Seller or intends to sell any horse in which he has an interest to a Principal, or intended principal, the Agent must disclose to his Principal, before completion of the Equine Auction Sale, the full extent of that ownership or interest and the benefit derived or to be derived by the Agent from that Equine Auction Sale.
4. If an Agent acts for more than one Principal in a transaction, which might for example be as Agent both for the Seller and Purchaser, the Agent can only do so if he has first disclosed the conflict, before completion, to all his Principals, and obtained their consent to Agent's dual agency.
5. An Agent shall notify his Principal, wherever possible in advance, when a conflict of interest may arise, such as transactions involving third parties with whom he has a retainer, transactions where he is aware he will benefit from a third party, or transaction concerning a horse which he has previously purchased or with which he has previously been involved.
6. An Agent shall disclose to his Principal and, if required by the Principal, account to his Principal for any Luck Money paid to him by or on behalf of a Seller, Consignor or Purchaser.
7. A Seller or Agent shall not offer any Secret Profit to any person whom he believes to be an Agent acting for a prospective purchaser.
8. An Agent shall not bid at public auction on any horse for which Agent knows his Principal intends to bid, or on any horse for which his Principal is a Seller, except upon full knowledge and consent of his Principal.
9. This Code shall not be deemed to enlarge or restrict application of laws that govern matters relating to parties involved in Equine Auctions Sales.

ENFORCEMENT

Any alleged breach of the Code shall be settled by arbitration in accordance with the rules of the American Arbitration Association ("AAA"). A complainant of an alleged breach shall provide evidence in the form of a written statement to the sales company where the alleged breach occurred. If, after discussions among the interested parties, they are unable to resolve the alleged breach in a manner suitable to them, the complainant may initiate arbitration. Arbitration shall be held in Shakopee, Minnesota. The findings and decisions of the arbitrator(s) shall be final and binding upon the parties, but shall not preclude the parties from pursuing any action for monetary damages through the legal court system. Minnesota Thoroughbred Association has agreed to observe the findings and sanctions of the arbitrator(s) and to ban from participation in their respective public auctions, for the period of time determined by arbitrator(s), any person found to have violated the Code. Judgment upon the decision of the arbitrator(s) may be entered by any court of competent jurisdiction. The prevailing party in the arbitration proceeding shall be entitled to recover his costs and expenses, including reasonable attorneys fees, from the non-prevailing party. In the event of a finding of an offense by the arbitrator, the sales' companies shall post, in a conspicuous manner during the period of exclusion, the name of the party sanctioned and the sanction determined by the arbitrator.

SANCTIONS

In the event a violation of the Code is found to have occurred, the following sanctions may be imposed by the arbitrator(s): (a) First offense – Exclusion from participation in sales or from sales grounds ("Exclusion") for a period of up to two (2) years from the date of the finding; (b) Second offense – Exclusion for up to five (5) years; and (c) Third or more offense – Up to a permanent Exclusion. Exclusion periods shall be served during such times as the arbitrator(s) imposes.

CONDITIONS OF SALE

IMPORTANT AND LEGALLY BINDING RULES APPLICABLE TO THIS SALE. PLEASE READ.

FIRST: THESE CONDITIONS GOVERN THIS SALE: This sale is governed by these Conditions of Sale and by all announcements from the auctioneer's stand or otherwise ("Announcements"). All sellers, consignors, agents, owners, prospective bidders/purchasers, all other interested parties and all sales are therefore bound by and subject to the provisions of the Conditions of Sale as set forth in this catalogue and Announcements.

Presale Exam: All prospective Purchasers are urged to carefully examine horses in which they may be interested personally and/or by agents or veterinarians of their choosing **BEFORE bidding** as they are accepting any horse purchased with all faults, including all conditions and defects, except for applicable limited warranties set out in Conditions NINTH through THIRTEENTH.

Conformation Surgeries: Horses in this sale may have been subject to Surgery(ies) designed to affect permanent changes in its physical makeup, which includes, without limitation, transphyseal bridge, periosteal transection, manipulation and elevation. An industry-wide sales integrity task force is reviewing these issues and has determined that disclosure of such Surgery(ies) for horses in this sale should be voluntary. Accordingly, nondisclosure of this Surgery(ies) **shall not be grounds for rescission of sale**. Should a purchaser deem this information material, Purchaser should request from Consignor whether such Surgery(ies) has been performed and Consignors shall be obligated to respond truthfully to their best knowledge, information and belief.

Agent: All prospective purchasers who utilize agents are further urged to reach an agreement with the agent concerning the agent's apparent or real conflicts of interest and disclosure of the agent's compensation, if any, from whatever sources, directly or indirectly, relating to or arising out of, the agent's services.

Code of Conduct: The Code of Conduct governing participants in the sale is set forth in this sales catalogue directly in front of these Conditions of Sale, and is hereby incorporated by reference and made a part of these Conditions of Sale.

Endoscopic Examination: Conditions revealed by post-sale laryngoscopic examinations for which rescission is allowed are ONLY as set forth in Condition of Sale TENTH. There are other conditions which may be revealed by that examination or other examinations which may affect the desirability of purchasing the horse but which are not grounds for rescission of sale.

Private Agreements: In the event consignor makes arrangements with prospective bidders/purchasers prior to sale which differ from these Conditions, MTA shall have no responsibility in regard to any such agreements, and the enforcement thereof shall be the responsibility of the parties to the agreement; provided, however, a change in ownership of a horse in this sale after the horse is on MTA sales grounds must be disclosed by the seller and/or consignor to MTA in writing, and in that event, may be sold, with an announcement disclosing that a change in ownership has occurred by the auctioneer.

Privacy Notice: Notice is hereby given to all participants at MTA Sales that MTA may record any or all portions of MTA sales by video, audio or other means.

SECOND: APPLICABLE/GOVERNING LAW: The horses included in this sale are offered for sale according to the laws of the State of Minnesota which shall be controlling. The right to bid in this sale is reserved for all sellers, including their disclosed and undisclosed agents, unless otherwise announced at time of sale. Purchasers therefore agree and acknowledge that sellers have the right to set reserves implemented by the auctioneer upon horses so entered which are not disclosed to purchasers and also have the right to conduct by-bidding as related to their entries. *Sales results reported by MTA may or may not reflect the fair market value of any horse(s) going through MTA's sale as, among other reasons, consignors may inform MTA after the sale concerning horses that may have been initially reported as a sale(s) which are, in fact, not a sale.*

THIRD: WARRANTY DISCLAIMER: THERE IS NO WARRANTY EXPRESS OR IMPLIED BY MTA OR CONSIGNOR (INCLUDING OWNER), EXCEPT AS SET FORTH HEREIN, AS TO THE MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY HORSE OFFERED IN THIS SALE. SUBJECT TO THE LIMITED WARRANTIES STATED HEREIN, ALL SALES ARE MADE ON AN "AS IS" BASIS, WITH ALL FAULTS AND DEFECTS. See, however, Conditions NINTH through THIRTEENTH for certain limited warranties that are provided.

FOURTH: RESOLUTION OF BIDDING DISPUTES: Should any dispute arise between or among two or more bidders, MTA shall forthwith adjudicate the dispute, and its decision shall be absolute, final, and binding on all parties. Bids received after the fall of the hammer are not grounds for dispute. Bids acknowledged by bid spotters employed by MTA are recognized as if tendered to MTA, but in case of dispute, the bidding on the horse shall be forthwith reopened for advance bids, and if there be no advance, the horse is sold to the person from whom MTA recognized the last bid. In case of any dispute, advance bidding shall be restricted to the contending parties, but should the recognized bid be reduced below the bid of commencement of dispute then the bidding is reopened to all bidders, regardless of whether this final bid exceeds the bid which was disputed. The bid recognized at the conclusion of any bidding dispute shall be deemed the sale ("hammer") price and consignor shall not be entitled to any amount over the hammer price. MTA reserves the right to reject any or all bids. In the event that the consignor (or his agent) bids in his own horse (RNA), then MTA shall be so notified within thirty (30) minutes of conclusion of that sales session. In the event the bidder who had the highest and last bid at the fall of the hammer fails or refuses to sign the Acknowledgement of Purchase and Security Agreement when presented to said bidder by MTA, MTA may elect at its sole discretion, to either re-enter the horse at the same or next available sales session, or withdraw the horse entirely from the sale. MTA reserves the right to bring suit against said bidder for the amount of the hammer price (or any deficiency if resold), plus any other damages or may, in its sole discretion, assign such right to the consignor, in which event MTA shall have no further obligation arising out of the subject horse being entered and going through the auction process at MTA. Further, consignor and bidder agree to hold MTA harmless for any deficiency or loss incurred by either the consignor or bidder resulting from such action.

FIFTH: MISSED RESERVES: MTA shall use its best efforts to adhere to reserves properly and timely placed (in accordance with time limits and other requirements established by MTA) with MTA at the MTA Sale Office. In the event a horse is sold to a purchaser for less than the reserve, MTA liability shall be limited to paying the consignor an amount not to exceed the reserve less the commission charged on the sale. In the event a horse is sold with a reserve higher than that placed by the consignor (including, without limitation, a reserve placed on a horse when none was directed by the consignor), the horse if not sold to a purchaser, at the option of consignor, shall be brought back in the ring to be offered for sale and consignor and MTA agree that MTA shall waive all of its commission, including any entry fees paid as liquidated damages and neither party shall have any other rights, claims or obligations to the other arising out of the reserve error.

SIXTH: PASSING OF TITLE; RISK OF LOSS; DELIVERY: Title and risk of loss pass to the purchaser at the fall of the auctioneer's hammer, at which time purchaser shall be responsible for the care, custody, control and security for the horse and for all expenses relating thereto.

Indemnity Regarding Care of Horses. Both consignor and purchaser agree to release, defend, indemnify and hold MTA, and the owners and/or operators of the facilities and their directors, officers, employees, agents and representatives, harmless from all losses, damages, expenses, claims, causes of action and/or attorneys' fees arising out of or related to the possession, care, custody, control or maintenance of any horse either sold or purchased by them, including but not limited to any claims arising out of injuries or damage caused by the horse after the fall of the hammer. The horse will be held for purchaser by consignor until purchaser makes settlement as provided at Condition of Sale SEVENTH below. Purchaser shall immediately present himself to make settlement if requested by MTA, but in any case shall so present himself within thirty (30) minutes of conclusion of the sales session in which the horse was purchased.

Stable Release: Upon settlement by purchaser, the horse will be delivered by means of a "stable release" provided by MTA to purchaser or his representative. Purchaser or his representative shall present a "stable release" to designee of MTA in order to be permitted to remove any horse from sales premises after taking possession; but in any case taking possession of the horse by purchaser or his representative shall constitute delivery and acceptance. By 8:00 p.m. on the day following the sale, purchaser shall remove all horses from the MTA sales barn. In addition, should purchaser fail to remove the horse(s), MTA may remove the horse(s) from sales premises at purchaser's risk and expense or, in the alternative, charge the purchaser for stable space.

SEVENTH: TERMS FOR PAYMENT; REMEDIES UPON DEFAULT: Purchaser shall make payment to MTA in all cases. Unless MTA determines to extend credit to a purchaser, purchaser shall make payment for the full purchase price for each horse purchased as may be required by MTA and not later than thirty (30) minutes from the fall of the hammer, such payment to be in the form of U.S. currency or approved bank check, certified check, withdrawal from Canterbury Horsemen's Account or traveler's check. Any purchaser who has purchased a horse grants to MTA a "Security Interest" in all horses purchased and their Jockey Club certificate(s) of registration and in any products and proceeds, to secure payment of any outstanding sums owed to MTA on the purchaser's account. MTA may, in its sole and exclusive discretion, elect to make full or partial settlement with consignor despite a default by purchaser. **SUCH ELECTION(S) BY MTA TO PAY THE CONSIGNOR SHALL NOT CONSTITUTE A WAIVER, NOR ESTABLISH A CUSTOM AND SHALL NOT ABROGATE MTA'S RIGHT TO WITHHOLD SETTLEMENT FROM CONSIGNOR IN ANY OTHER CASE WHERE THE PURCHASER HAS DEFAULTED.** In no case shall any part of the purchase money be paid directly to the consignor by the purchaser unless otherwise agreed to, in writing, by consignor, purchaser and MTA. Such payment will not be regarded as valid and will not entitle the purchaser to obtain the horses so purchased in this manner. On final settlement for a horse, or the approval of the purchaser's credit by MTA, MTA will issue a "stable release" which must be presented by the purchaser to the stable manager for delivery of the horse as provided in Condition of Sale SIXTH. Purchasers are cautioned not to lose these "stable releases."

EIGHTH: DEFAULTERS: In the event any purchaser who does not have prior approval of his credit fails to pay cash within thirty (30) minutes from the fall of the hammer or fails to sign the Acknowledgment of Purchase and Security Agreement, then the purchaser shall be deemed a defaulter and the horse, at MTA's sole discretion, may re-enter the auction ring during the same sales session, and then be sold with the prior attempted sale being void. In the event MTA, in its sole discretion, determines it is not practicable or advisable to resell the horse during the same sales session, then the horse may be resold by MTA at public or private sale, including on any subsequent day or sales session of the sale in question, without prior notice, for the purchaser's account, costs of such sale and attorneys' fees to be borne by the defaulter. Any deficiency owed by purchaser resulting from resale on account of any default which is not collected from the defaulter shall be borne by the consignor and MTA shall have no responsibility therefore. Purchasers who have purchased on credit, and who fail in any respect whatsoever to pay for horses within fifteen (15) days after the sale, shall likewise be in default and MTA shall have the right to bring suit against the defaulter and/or to repossess the horse and its papers. Any horse purchased by a defaulter may be resold by MTA at public or private sale, without prior notice, for the purchaser's account, costs of such sale to be borne by the defaulter. **FURTHER, THE PURCHASER IN DEFAULT SHALL BE LIABLE FOR A DELINQUENCY OR LATE CHARGE AT THE RATE OF ONE AND ONE-HALF PERCENT (1-1/2%) PER MONTH ON THE UNPAID PURCHASE FROM THE DATE OF SALE UNTIL PAID, COMPOUNDED MONTHLY.** Should such resale fail to satisfy the defaulter's account in full, defaulter shall be responsible for any such deficiency balance and shall pay MTA the amount owing, including late charges, all reasonable attorneys' fees, costs of such litigation and any other damages available to MTA by law, including reimbursement for expenses in caring for and insuring said horse.

NINTH: LIMITATION OF WARRANTIES: AS STATED IN CONDITION THIRD, OTHER THAN THOSE LIMITED WARRANTIES EXPRESSLY STATED IN THESE CONDITIONS OF SALE, OR UNLESS OTHERWISE EXPRESSLY ANNOUNCED AT TIME OF SALE, THERE IS NO WARRANTY OR GUARANTEE OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE SOUNDNESS, CONDITION, WIND OR OTHER QUALITY OF ANY HORSE SOLD IN THIS SALE, OTHER THAN FAILURE TO SATISFY THE EXPRESSLY WARRANTED CONDITIONS LISTED BELOW, NO OTHER DEFECTS SHALL CONSTITUTE A NONCONFORMITY, SUBSTANTIAL OR OTHERWISE, WITH THE TERMS OF THE CONTRACT.

Limited Warranties: HOWEVER, any horse that is either a cribber, or is sold in this sale after July 1 of his yearling year and is a cryptorchid (ridgling) or a gelding **must be so announced at time of sale.** A cryptorchid (ridgling) is defined as a colt which does not have both testes palpable in the entirety below the external inguinal ring. All horses that (i) possess any deviation from the norm in the eyes; (ii) are a "wobbler" (defined as a horse which suffers from a neurological disease caused by compression of the spinal cord and resulting in lack of balance and coordination); (iii) are two years of age or less and (a) have undergone invasive joint surgery, or (b) surgical intervention of the upper respiratory tract; (iv) have undergone abdominal surgery of any type that occurred in the last two (2) calendar years preceding the day of sale and any resection of an abdominal organ (partial or complete) at any time except to repair a ruptured bladder in a newborn foal, or (v) have been nerved, **must be so disclosed by placing a veterinary certificate in the Repository** (see Condition TWENTY-THIRD) on a timely basis as required by MTA reasonably disclosing that one or more of the above conditions are applicable or in lieu thereof must be so announced at time of sale.

Any horse whose condition is as aforesaid and is not so announced or disclosed as required above will be subject to return to consignor with refund of purchase price, provided that MTA is so notified in writing by veterinary certificate, of such condition **and the rejection or revocation of acceptance ("Rejection") on the above grounds shall meet the time requirements hereafter set forth. In addition, any horse which has been subjected to Prohibited Practice(s) (as hereafter defined) shall be subject to Rejection,** provided that MTA is so notified in writing by veterinary certificate of the Prohibited Practice to which the horse was subjected and such Rejection shall meet the time requirements hereafter set forth.

Consignor shall have the sole responsibility concerning the accuracy of the disclosure/announcements of the condition of any horse as aforesaid and required above, and both consignor and purchaser agree that MTA is absolved from any liability relating to such announcements/disclosures and both agree to hold MTA harmless from any loss incurred relating to such matters. Consignor and Purchaser further agree that MTA is absolved from any liability relating to Prohibited Practices (hereafter defined) and both agree to hold MTA harmless from any loss incurred with respect to Prohibited Practices (as hereafter defined).

Prohibited Practices are:

- **Extracorporeal Shock Wave Therapy** in any form or Radial Pulse Wave Therapy once the horse enters the sales grounds.
- **Acupuncture and/or Electro-Stimulation** with the intent of altering laryngeal function once the horse enters the sales grounds.
- **Electrical Devices** designed or used to increase the speed of a horse.
- **Any invasive practice which intentionally conceals a material defect or chronic lameness.**
- **Internal blister or other injections** to the knee intended to have the effect of concealing the true conformation of the horse is not permitted at any time.
- **Medication:**

Medications may only be administered at or below manufacturers recommended dosages. The medication policy and testing procedures will be administered according to the guidelines of the sales company subject to state regulations.

• **Restrictions:**

1. No more than two (2) non-steroidal anti-inflammatory drugs (NSAIDs) may be administered.
2. No more than one (1) cortico-steroid may be administered.

3. No bronchodilators, including but not limited to Clenbuterol and Albuterol, may be administered within 72 hours of the Under Tack Show or Sale.
4. No exogenous anabolic steroids or their esters are to be administered within 45 days of sale.
5. The following medications may ***NOT*** be administered on the sales grounds:
 - all substances classified as either Class 1 or Class 2 by the Association of Racing Commissioners International (ARCI)
 - Furosemide (Salix or Lasix)
 - Procaine Penicillin

Time Requirements: The physical condition of horses is subject to material change on a daily basis. **Time is of the essence. Failure to strictly comply with the notice requirements hereafter set out shall operate to disallow the protection of the applicable warranty in favor of purchasers.** The time requirements for Rejection for each of the limited warranties herein and as set forth in subparagraphs (i) through (v) and Prohibited Practices stated above are:

(A) 48 hours from the end of the session at which the horse in question was sold for cribbers, eyes, wobbler, nerved, misdescription as a colt/cryptorchid/gelding, or Prohibited Practices.

(B) 14 days from the day of sale in the case of surgeries as described in paragraphs (iii) and (iv) above.

Notice Requirements: As a condition precedent to allow a Purchaser to avail himself of any of the above limited warranties, he shall supply MTA with a veterinary certificate stating such veterinarian's opinion that the horse in question has not met one or more of the above limited warranties which must be delivered to MTA in strict compliance with the time requirements set forth above. If consignor disagrees with purchaser's veterinary certificate, consignor must, within 24 hours of receiving notice of purchaser's veterinary certificate, supply a veterinary certificate stating that the horse does comply with the limited warranty in question. In the event of conflicting certificates, MTA shall appoint a third veterinarian whose certificate in these circumstances shall be binding upon consignor, purchaser and all other parties absent fraud or bad faith. The consignor and purchaser acknowledge that the selection process for the third veterinarian hereafter set out is fair and reasonable to each of them.

TENTH: UPPER RESPIRATORY LARYNGOSCOPIC EVALUATIONS (EXCLUSIVE OF THE TRACHEA):

Post Sale Endoscopic Examination

Notwithstanding any prior custom and usage of the trade, horses which have not raced and which are sold as racing prospects in this sale after July 1 of his/her yearling year, at the election of purchaser, shall be subject to a post-sale upper respiratory laryngoscopic evaluation (excluding the trachea) through a veterinarian specializing in equine practice of purchaser's choosing within twenty-four (24) hours from the end of the session in which the horse in question was auctioned and prior to the horse leaving MTA grounds.

Negative/Positive Certificate

If the purchaser's veterinarian is of the opinion that the horse has: (i) laryngeal hemiplegia (consistent immobility or inability to fully abduct the arytenoid cartilage), (ii) rostral displacement of the palatopharyngeal arch, (iii) epiglottic entrapment, (iv) permanent dorsal displacement of the soft palate, (v) chondroma or severe arytenoid chondriitis, or (vi) subepiglottic cyst(s) or (vii) cleft palate ("Negative Certificate"), then purchaser shall so notify MTA, in writing, within twenty-four (24) hours from end of the session and shall further furnish MTA within that time period with a copy of the Negative Certificate. MTA shall, as soon as practicable thereafter, notify consignor. Consignor shall either accept rescission of the sale or deliver to MTA his veterinarian's certificate contrary to that of purchaser's ("Positive Certificate"). Upon receipt of a

Positive Certificate, which must be received by MTA within twenty-four (24) hours of consignor's receipt of the Negative Certificate, consignor and purchaser or their representatives shall meet, for purposes of selecting a panel of three veterinarians. The panel shall be determined as set out in Condition ELEVENTH. The panel shall determine whether the horse has one or more of the conditions set forth herein, and in that event the sale shall be rescinded. Otherwise, the sale shall stand. The decision of the panel shall be **final, binding and conclusive** on all parties, absent fraud or bad faith. If the panel is not unanimous, a majority vote shall be determinative.

ELEVENTH: UPPER RESPIRATORY AND YEARLING RESOLUTION: For purposes of resolving issues arising out of Conditions TENTH, a panel of three (3) veterinarians shall be elected. MTA shall provide consignor and purchaser (or their representatives) with a list of not less than five (5) veterinarians. Consignor shall have the first strike of the veterinarian deemed most unacceptable to him, and purchaser shall have the second strike, and they shall alternate thereafter until three (3) veterinarians remain on the list. MTA shall then determine if all three veterinarians can serve on the panel and if not, MTA shall canvas the other veterinarians struck in reverse order until three are found who will serve. If three are not found, the parties shall repeat the process under such conditions as MTA shall determine until three veterinarians are found who will serve.

TWELVTH: PAYMENT OF EXPENSES; RESOLUTION OF DISPUTES; WAIVER OF HEARING PROCEDURE; HOLD MTA HARMLESS:

For all dispute resolutions as provided in these Conditions of Sale, expenses of the panel, arbitrator or third party veterinarian, as applicable, shall be the responsibility of the non-prevailing party. Consignor shall be solely responsible for expenses incurred by him, including his veterinarian, and purchaser shall be solely responsible for expenses incurred by him, including his veterinarian. During the period of determining whether the sale shall be rescinded, the horse shall be at the risk of the party who does not prevail. Boarding of the horse during this period shall be arranged by MTA with the cost of same to be borne by the nonprevailing party.

The parties acknowledge that they expressly waive any requirement that the panel or the third party veterinarian, as applicable, conduct a hearing and the parties further waive any right they may have to participate in any dispute resolution procedure other than as provided in these Conditions of Sale, which includes the right to assist in the selection of the panel and to submit a written veterinarian report to such panel.

Time is of the essence for all matters as set forth in this and all other Conditions of Sale.

The parties acknowledge that only the conditions set forth in these Conditions of Sale will allow rescission of sale and that rescission hereunder **shall be purchaser's sole and exclusive remedy**. In all other respects the **as is** nature of this sale remains in full force and effect.

Other than those disputes which are subject to binding resolution as set forth in these Conditions of Sale, for all such other disputes among consignor, purchaser and/or MTA arising out of this sale, including but not limited to, any dispute arising under these Conditions of Sale regarding any alleged defect or nonconformity or breach of warranty of fitness, as may be provided herein, of any horse sold, all interested parties agree that MTA may seek judicial resolution of such dispute and shall be reimbursed for its reasonable costs and expenses, including interest and attorneys' fees, pending determination thereof.

In addition, if no party is willing to take possession of the horse which is the subject matter of the controversy, all interested parties agree that MTA 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 such as insurance coverage. Furthermore, MTA 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 MTA may deem appropriate. MTA has the sole discretion as to making any Announcements concerning the condition of the horse prior to such sale. Such sale may be made, within the sole and exclusive discretion of MTA, with or without notice to the consignor or purchaser. All such costs and expenses shall bear interest at the rate of 12% per annum, and MTA shall be reimbursed for same, costs and expenses plus interest thereon, by the party ultimately determined to be the owner of the horse in controversy. In the event the subject horse should be resold, the parties agree that MTA shall be reimbursed first for any expenses it has incurred in the care of such horse and for its legal expenses with the balance, if any, to be paid to the consignor.

Consignor and purchaser agree to hold MTA harmless for any deficiency or loss the consignor and/or purchaser may incur upon the resale of such horse in the event MTA is unable to resell the horse for an amount equal to or greater than the original purchase price.

THIRTEENTH: REGISTRATION CERTIFICATES: The Registration Certificate for each horse sold must be furnished by the consignor prior to the sale. MTA reserves the right to withhold delivery of all registration papers for all horses either bought by a purchaser OR returned to consignor (in the event of either a withdrawal fee or a chargeback commission) until such time as the purchaser's or consignor's account with MTA shall have been paid in full. In order to secure payment of the purchase price or sales commission, purchaser and consignor hereby grant MTA a security interest and lien upon the subject horse or horses together with all registration certificates relating thereto.

FOURTEENTH: CATALOGUE; ANNOUNCEMENTS: The accuracy of all information on the catalogue page(s) is the sole responsibility of the consignor. Consignor shall have the affirmative duty to examine the catalogue page(s), on which horses consigned by him appear, prior to sale and report any inaccuracies to MTA so that it may make an appropriate announcement prior to sale. All such announcements must be provided to MTA at the Sale Office, in writing, by 3:00 p.m. the day of the sale. MTA has the sole discretion as to whether to make any such announcements if received after such deadline. While certain information may have been procured by MTA from third parties on behalf of consignor, it is nonetheless solely the responsibility of consignor to verify the accuracy of such information and to notify MTA of any corrections prior to sale. Stakes engagements and all other information so listed are as represented by the consignor, to whom only the purchaser shall look for redress in case of errors or omissions. Information contained in this catalogue concerning foaling place (by state or county) **does not** insure eligibility to races restricted to horses bred and/or foaled in that particular state **nor** does it insure the eligibility of any horse for any awards program sponsored by any state or other entity. **Notwithstanding any remedies the purchaser may have as against the consignor, in the event of an inaccuracy or mis-description of any horse listed in this catalogue (including, without limitation, the wrong identity), the purchaser's sole remedy as against MTA, if purchaser has any remedy against MTA shall be a refund of the purchase price paid which, if applicable at all, shall only be applicable upon return of the subject horse. In the event MTA is required to refund the purchase price to purchaser, MTA may recover said purchase price from consignor, if same has been paid by MTA to consignor.**

Consignor and purchaser agree to hold MTA harmless for any loss incurred by either consignor, purchaser or any third party as a result of (a) MTA's failure to make such announcement or (b) incorrect announcements made.

FIFTEENTH: RIGHT OF EXCLUSION/BID REFUSAL: MTA specifically reserves its common law right to exclude any persons whomsoever from the auction area and all lands owned or controlled by MTA. Notwithstanding any contrary provision(s) of these Conditions of Sale, if any, MTA further reserves the right to refuse to accept and/or reject and/or ignore any bid(s) from any persons(s) whomsoever, even if credit has been approved or even if payment is tendered or believed to be forthcoming. Provided, however, such exclusion and such refusal to bid(s) shall not be made on the basis of race, sex, color or creed. By accepting the license granted to the public by MTA to attend the sales, each individual likewise agrees to be bound by this Condition of Sale.

SIXTEENTH: AGENTS: Persons acting as agents for principals, irrespective of whether the principal is in attendance at the sale, must file notarized letters of authorization from the principals stating that the agent is acting on their behalf and that said principal will be responsible for agent sales or purchases. Failure to comply with this Condition of Sale will result in the agent being deemed to be a co-obligor with the principal with respect to all matters in connection with or arising out of the sale and impose joint and several personal liability upon such agent for any breach of contract. MTA may, in its sole and exclusive direction, elect to accept a non-notarized authorization. In the event MTA accepts such non-notarized authorization which later is shown to be invalid, such acceptance by MTA, MTA shall in no way relieve such agent of personal liability with respect to matters arising out of the sale.

All persons acting as agents for principals also are responsible for ensuring that the principal either has approved credit or makes settlement for the full purchase price for each horse purchased not later than thirty (30) minutes from the fall of the hammer. By signing the sales ticket, regardless of the form of the signature, 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 does not either have approved credit or make settlement for the full purchase price within thirty (30) minutes of the fall of the hammer.

SEVENTEENTH: LIMITATIONS OF ACTION: Any cause of action arising out of the purchase and sale of any horse, or interest therein at this sale, whether it is based in contract or tort, shall be commenced in **not more than six months after the sale**. **Provided, however**, this limitation of action shall not apply to an action for the recovery from the purchaser of the purchase price, plus interest and expenses, and including repossession of any horses purchased at this sale.

EIGHTEENTH: GOVERNING LAWS; VENUE AND JURISDICTION; WAIVER OF JURY TRIAL: The laws of the State of Minnesota shall govern the construction of these Conditions of Sale and the rights, remedies and duties of the parties hereto. **In the event of any litigation arising out of these Conditions of Sale or the transactions contemplated hereby, the parties agree that any action or suit shall be brought in District Court for the County of Scott, State of Minnesota, and the parties hereby consent to the venue and jurisdiction of such courts.** The consignor, purchaser and MTA and their respective agents, voluntarily and intentionally waive any right that they may have to a trial by jury in respect to any litigation arising from or connected with this Sale.

NINETEENTH: DISCLAIMER OF IMPLIED DUTIES: MTA shall endeavor to protect the interests of both consignor and purchaser, but the duties and obligations of MTA to such persons shall be strictly limited to those expressly imposed upon MTA by these Conditions of Sale. **All other duties and obligations, including fiduciary and other duties which might otherwise be imposed upon MTA by operation of law, are hereby expressly disclaimed, except that MTA shall be required to exercise that standard of care generally exercised by other comparable horse auction companies.**

TWENTIETH: INSPECTION (INCLUDING THE REPOSITORY): All purchasers shall inspect fully each horse that they may purchase. As provided in the Conditions of Sale and otherwise, purchasers are accepting any horse purchased with all defects except those conditions and defects specifically warranted by MTA Conditions of Sale. Purchasers that fail or refuse to inspect for any reason, including a lack of opportunity for inspection, purchase the horse at their own risk. **It shall be the sole responsibility of the purchaser to determine the sufficiency, quality and completeness of the available inspection; however, full inspection shall include a review of all Repository information for each horse.**

MTA will not review the Repository information and makes no warranty or assurance of any kind concerning the authenticity, sufficiency, quality, completeness or accuracy of the Repository information, all of which shall be the responsibility of the consignor. Knowledge of the Repository information therefore shall not be imputed to MTA.

Purchasers will be charged with knowledge of any defect that is or should be revealed by a reasonable inspection, including any defect that is or should be revealed by a review of the Repository information, with the exception of the consignors' warranties per Condition NINTH (cribbers and ridglings only) and Condition TENTH (upper respiratory, laryngoscopic evaluation). Those limited warranties remain effective as more fully provided for and stated in Conditions NINTH and TENTH, unless Announcement is made by the auctioneer in conjunction with the sale of the horse in question. With respect to Condition THIRTEENTH (injury or disease of bone structure for two-year-olds in training only), any defect which will, more likely than not, materially and adversely affect the horse's suitability for training and racing, that appears on radiographs taken within 24 hours after the session in which the horse is sold and taken before the horse leaves MTA grounds, which does not appear on the radiographs filed in the Repository prior to the sale, is subject to dispute resolution as provided in Condition THIRTEENTH which may result in a return of the horse to the consignor and a refund of the purchase price.

The presence or use of the Repository shall not change any of these Conditions of Sale, which shall continue to be binding upon all parties nor does it create any additional express or implied warranties.

In the event consignor elects to place information in the Repository for any sale conducted by MTA, consignor warrants that consignor has deposited in the Repository all of the required views mandated by MTA and further warrants the authenticity and validity of said views. Consignor further warrants the accuracy, validity and authenticity of all other information placed by consignor in the Repository. In the event it should be determined that consignor has placed information in the Repository which is not accurate, valid or authentic in all material respects and such information is deemed to be materially misleading regarding the condition of the horse or its suitability for training and racing, then the sale is subject to rescission at the option of purchaser and consignor, in that event, shall (i) refund the purchase price to purchaser together with any proper and reasonable expenses incurred by purchaser including interest at the rate of 12% per annum, and (ii) pay MTA entry fees and commission as if the sale had been final. Further, if MTA determines, in its sole discretion, that consignor has deliberately and knowingly either placed incorrect information in, or omitted material information from, the Repository which is deemed to be materially misleading regarding the condition of the horse, MTA may elect, in its sole discretion, to impose sanctions against consignor which may include, without limitation, prohibiting consignor from selling horses at future sales.

All items, including radiographs, placed by consignor in the Repository is the sole property of consignor (or the consignor's veterinarian) and consignor shall have the right to receive all such items and information back 48 hours after the end of the session at which the horse in question was sold. However, MTA may elect to hold such items on behalf of consignor in the event a dispute arises concerning these Conditions of Sale and will return the items to consignor upon the resolution of the dispute. Further, MTA may permit the purchaser to receive such items only if consignor has agreed to permit the purchaser to receive such items or information. In the event consignor fails to pick up the items and information contained in the Repository within 30 days after the end of this Sale, MTA may elect to notify the consignor (and/or the consignor's veterinarian, if known) of MTA intent to destroy or otherwise dispose of said Repository information 10 days after notice from MTA of its intent to take such action and MTA shall be held harmless by consignor for any losses or expenses incurred as a result of MTA disposition of the items contained in the Repository.

TWENTY-FIRST: OWNERSHIP DISCLOSURE. The accurate ownership of horses in this sale is required to be disclosed by consignors and/or sellers to the MTA. MTA will maintain an Ownership Registry where such accurate ownership may be disclosed to purchasers at the sole discretion of the MTA.

TWENTY-SECOND: MERGER OF AGREEMENT: The consignor (including owner) or MTA may have made oral statements or published advertisements concerning the physical condition or the racing abilities of the horses described in this catalogue or this sale generally. Such statements or advertisements do not constitute warranties, shall not be relied upon by the purchasers and are not part of the contract for sale. The entire contract of sale is embodied in these Conditions of Sale, the Acknowledgement of Purchase and the Security Agreement, and the Authorization to Bid request (if any). These aforementioned documents constitute the final expression of the parties' agreement, and are a complete and exclusive statement of that agreement. Any attempt on the part of the purchaser to unilaterally alter or modify these Conditions of Sale by making changes on the Acknowledgment of Purchase and Security Agreement is prohibited and shall be invalid and unenforceable. Notwithstanding the above, the consignor (including owner) and purchaser may enter into an agreement which modifies the limited warranties as provided herein, however, any such action by the consignor and purchaser cannot and shall not modify or alter the duties, responsibilities and rights of MTA as provided in these Conditions of Sale and the Consignor's Contract.

Minnesota Thoroughbred Association