

Repository/Radiographs – Owners of horses may provide digital radiographs for the sale repository. Radiographs must be submitted to the sale office by September 30, 2019. Radiographs received after the deadline date will not be in the repository. Digital radiographs are not expected to prove an animal “perfect”; this practice merely allows interested parties the opportunity to make decisions based on information made available. 3 Step Ltd. does not view digital radiographs, does not use results to determine entry into a sale session and does not announce results. A list of recommended digital radiograph views is available on the www.threestepquarterhorses.com website. Digital radiographs remain the property of 3 Step Ltd. and are not available for viewing after a horse has sold.

FROM OWNER TO: 3 STEP LTD. (“Auctioneer”) RE: 3 STEP LTD. THE CLOVERLEAF SALE

1. Authorization of Auctioneer. Owner authorizes Auctioneer to research, advertise, catalogue, sell each horse at public auction, make the representations and warranties set forth in the Conditions of Sale on Owner’s behalf, deliver possession of each animal to the highest recognized bidder, transfer title thereto, and receive and disburse the proceeds of sale for Owner’s account. Owner warrants that Auctioneer is entitled to all applicable sale fees. If legally required, Owner hereby grants to Auctioneer a power of attorney to perform any of the acts set forth above on behalf of Owner.

Owner warrants the correct identity and title to each animal free from all liens and adverse claims to ownership, use or possession, and agrees to defend title against all claims, including any claims which arise from the horse’s failure to satisfy the AQHA’s requirement of parentage. Neither Auctioneer nor the pedigree research company retained by Auctioneer shall be responsible for providing information regarding tissue retained by Owner for possible future cloning or information as to same year siblings resulting from embryo transfer or for reporting multiple embryos (foals or embryos in utero in recipient mares of the same year) out of dams in the sale; nor shall either the Auctioneer or the sale catalogue company be liable in any way for any Buyer’s knowledge/lack of knowledge of such information. All information concerning sales prices, incidental and consequential sales expenses, the existence and amounts of liens, charges and other claims, and the final payment of accounts with respect to Buyers, Sellers, Breeders and Owners shall not be deemed to be confidential in nature. All parties agree that Auctioneer may, but shall not be required to, disclose such information without incurring liability to any party. Owner agrees that exclusive cloning rights to the animal sold pass to Buyer unless otherwise announced.

Owner acknowledges that all risk of loss, title to, interest in, and possession of the horse(s) shall remain with Owner until the fall of the hammer when title and risk of loss pass to Buyer(s) at the time of sale.

2. Conduct of Sale. Owner acknowledges that Auctioneer shall also have the right to: (1) select sale entries chosen by the sale committee or refuse entries not acceptable; (2) reject any animal for any reason in Auctioneer’s absolute and sole discretion on date of sale; (3) make announcements at time of sale concerning any horse consigned; (4) determine the order of sale; (5) secure any health requirements not provided by Owner from a veterinarian and debit charges to Owner’s account; (6) change the date, time or location of the sale if circumstances

deem necessary; should the sale be permanently cancelled due to uncontrollable circumstances, the sole liability of Auctioneer shall be to return the entry fee and necessary documentation to Owner. Owner acknowledges and agrees that Auctioneer is acting as its agent solely for purposes of selling the horse in question.

3. Registration Certificates/Title. The original breed association registration certificate, completed transfer report, application for breed association registration certificate, and/or the stallion breeder's certificate (the "Registration Documents") for each horse sold must be furnished by the Owner prior to the sale. Auctioneer will withhold settlement for all sales, until all Registration Documents have been delivered to the sales company. Auctioneer reserves the right to withhold delivery of all Registration Documents for all horses bought by Buyer OR returned to Owner (in the event of either a withdrawal or a repurchase) until such time as Buyer's or Owner's account with Auctioneer has been paid in full. A correction/addition fee of \$200.00 will be deducted from sale proceeds for any necessary correction(s) of any original registration certificate.

4. Payments/Entry Fees and Commissions. The entry fees specified on the fee schedule appearing on page 1 hereof must be submitted with entry. Auctioneer will notify Owner in writing when an entry is accepted for the auction as a consignment. The entry fee is non-refundable and shall be deemed fully earned when Auctioneer accepts this contract, when entry is submitted. In addition to the entry fee and any other fees associated with the sale of Owner's horse(s) as set forth on page 1 hereto, a commission of 7% of accepted bids shall be charged and deducted from Owner's gross proceeds from the sale of horses. After an entry is accepted by Auctioneer, no substitutes shall be allowed except in accordance to paragraph No.5

The commission and other amounts due to Auctioneer may be deducted from Owner's proceeds. All fees incurred in connection with the offering of Owner's horse(s) for sale by Auctioneer shall be fully earned by Auctioneer at fall of hammer, even in the event that the horse is returned to Owner as unsold pursuant to the Conditions of Sale or receives no bid. In the event amounts owed to Auctioneer exceed net proceeds of Owner's consignment, Owner shall immediately pay to Auctioneer the balance. Owner's account, if not paid in full within 30 minutes of the conclusion of the sale. In Addition any party issuing a cheque returned as "insufficient funds" or "payment stopped" or "account closed", or issuing a cheque that for any reason does not clear will be charged \$45.00 NSF Fee and is subject to being prosecuted to the full extent of the law and is further subject to all legal and equitable remedies, including interest, court costs and attorney fees.

5. Withdrawal/Veterinary Statement. Upon presentation of a notarized veterinary certificate to Auctioneer stating that the horse has died or suffers from a specific condition rendering it unfit for sale, Owner may withdraw or substitute a consigned horse. Auctioneer may appoint a veterinarian to examine any horse so withdrawn from this sale and the opinion of Auctioneer's appointed veterinarian as to whether there is a valid reason for such withdrawal shall be binding and conclusive on all parties. The entry fee for an accepted consignment, however, shall still be considered earned and shall not be refunded by the Auctioneer.

6. Withdrawal/Private Sales. Owner agrees not to privately sell or withdraw any horse after it is accepted by Auctioneer for sale consignment. If Owner sells or withdraws any accepted horse prior to the auction or fails to present such horse for sale at the auction for any reason other than as specified in paragraph 5, Owner agrees to pay Auctioneer LIQUIDATED DAMAGES, the sum equal to 10% of Auctioneer's appraised value of said horse or \$2,500.00, whichever is greater. The parties further agree that the establishment of damages in the event of withdrawal is difficult to determine and Owner accepts and acknowledges that liquidated damages set forth herein are a fair and reasonable forecast of just compensation and not a penalty.

7. Repurchase Fee/Reserves. If Owner elects to repurchase a consigned horse, Owner must do so by: (1) being the highest bidder and signing the Buyer's Acknowledgement of Purchase or, (2) submitting a completed written reserve bid form to Auctioneer at least thirty minutes prior to the horse being led into the ring for sale or, (3) instructing the Auctioneer. Auctioneer thus reserves the right to bid on behalf of the Owner up to the amount of the reserve bid. Under no circumstance will a reserve bid submitted on this contract or which is turned in to a bid spotter or submitted in any form other than previously stated be accepted. Owner agrees that Auctioneer is absolved from any liability if these procedures are not strictly followed. All fees, specified herein, shall be payable before removing the horse from the sale grounds. Unless waived by announcement, there shall be a \$500.00 upset price on any horse offered for sale. Thus, if an opening bid of \$500.00 is not immediately forthcoming at the beginning of bidding, the horse shall be led out as unsold and a repurchase fee, equal to the entry fee, shall be charged and charged to Owner.

8. Presentation of Horse for Sale. Owner agrees to physically have all horses consigned on the sale premises not later than 8 pm of the eve prior to the sale date. Responsibility for getting a horse to and from the auction arena is that of Owner. Auctioneer has no responsibility for the care and custody of any horse consigned, including the providing of veterinary or other care, but Owner hereby authorizes Auctioneer to take such action if deemed reasonably necessary for the health, care and welfare of the horse at Owner's expense, without any liability to Auctioneer.

9. Warranties. Each Owner hereby expressly represents and warrants to Auctioneer for each horse consigned, unless stated otherwise in the sale catalogue and/or unless otherwise announced and/or unless otherwise disclosed in the sale repository (disclosures) at time of sale, that such horse(s) is/are free from disease and, as to horses offered for breeding, are suitable for breeding or, as to horses offered as two-year-olds or trained horses, are suitable for training and showing or, as to other categories of horses, each such horse is suitable for the purpose for which it has been catalogued for sale by Owner. Further, in the event a horse possesses any faults, defects or conditions, Owner shall have the responsibility to inform Auctioneer of such immediately, but not later than thirty minutes prior to the time the horse is led into the ring for sale, so that proper announcements can be made in the sale catalogue and/or from the auction block while the horse is in the auction arena. Owner is solely responsible for having such announcements/disclosures made and for their accuracy. Owner hereby releases, INDEMNIFIES and holds Auctioneer harmless from any errors and omissions of Auctioneer in connection with

making or failing to make any such announcement/disclosure. In the event Owner misrepresents or fails to disclose any fault, defect or condition of a horse sold or offered for sale, or in the event any of Owner's representations or warranties are incomplete or inaccurate in any way, Owner shall INDEMNIFY AND HOLD HARMLESS Auctioneer from any and all liability, debts, claims, suits, losses, damages, causes of action, judgements, costs and expenses, including attorney fees, incurred by Auctioneer as a result.

OWNER AGREES TO REVIEW THE CATALOGUE AT LEAST TWENTY-FOUR (24) HOURS PRIOR TO THE SESSION IN WHICH OWNER'S HORSE WILL BE SOLD AND PROMPTLY NOTIFY AUCTIONEER OF ANY ERRORS, INACCURACIES OR OTHER INCONSISTENCIES IN THE DISCLOSURES ON THE CATALOGUE PAGE FOR ANY OF THE OWNER'S HORSES TO BE SOLD BY AUCTIONEER. Owner is the sole guarantor of all information regarding Owner's horse in the Sales Catalogue and neither Auctioneer nor the pedigree research company employed by Auctioneer shall be responsible for errors in the Sales Catalogue.

10. Non Payment/Non Acceptance. In the event Buyer fails to accept responsibility for a bid, pay for or accept a horse, Auctioneer reserves the right to: (1) accept the same purchase amount from another Buyer; (2) accept the next highest bid; (3) offer the horse for auction a second time; (4) retain the horse for Owner as unsold. Auctioneer shall not be liable for any deficit should any resale price be less than that on the initial sale. In any instance where a horse is not paid for in full, or should conditions make an immediate resale as provided above impossible or impractical, Owner agrees to receive the animal back as unsold, without further obligation by the Auctioneer. Possession of each horse sold will be released to Buyer against receipt of a signed Acknowledgement Of Purchase and Security Agreement. Owner agrees that if the sale of any horse is not consummated by reason of default by Buyer or otherwise, Auctioneer shall not be liable for the purchase price of the horse. Auctioneer does not guarantee the validity, enforceability, payment or collection of any instrument delivered to Auctioneer by Buyer in payment of the purchase price of any horse.

IN THE EVENT A BUYER GIVES NOTICE OF A DISPUTE OR REFUSES TO PAY FOR A HORSE BECAUSE OF CLAIM OF MISREPRESENTATION, FRAUD, BREACH OF WARRANTY OR OTHERWISE, AUCTIONEER, IN ITS SOLE DISCRETION, MAY ELECT NOT TO PAY OWNER THE NET PROCEEDS OF SALE OF SUCH HORSE UNTIL THE CLAIM HAS BEEN FINALLY RESOLVED AND THE PROCEEDS OF SALE HAVE BEEN RECEIVED BY AUCTIONEER.

11. Remittance of Sales Proceeds. Remittance of net proceeds to Owner from Auctioneer will begin after Buyer's payment is deemed sufficient and, if all the following requirements have been met: (1) all necessary and correct documents pertaining to the horse and necessary to complete the sale have been secured by Auctioneer from Owner and (2) any dispute or claim by Buyer or any third party has been resolved. All documents pertaining to the horse shall be held by Auctioneer until Owner's accounts are balanced and Buyer's payment clears the drawee's bank and becomes an unconditional credit. Transfer fee is Owner's responsibility, and the standard charges will be deducted from Owner's gross proceeds.

12. Arbitration. All participants and attendees at this auction are subject to, and are encouraged to read, the binding arbitration provisions stated in the Conditions of Sale.

13. Hold Harmless/Indemnification. All Owners, prospective bidders and Buyers agree to save, HOLD HARMLESS AND INDEMNIFY Auctioneer, Calnash Ag Event Centre, their respective agents, employees, partners, directors, officers and/or any person or entity acting on their behalf, from and against any and all liability, debt, claims, suits, losses, damages, causes of action, judgments, costs and expenses, including attorney fees, arising or allegedly arising from (i) personal injury or death of any person (including but not limited to employees of Owner or Buyer) or any horse, including but not limited to any claims arising out of injuries or damages caused by the horse after the fall of the hammer, and (ii) property damage, including loss of use thereof, economic loss or otherwise, arising or growing directly or indirectly out of Owner's or Buyer's use of any of the facilities in connection with the sale, the conducting of the sale or anything occurring in connection with the sale. Indemnity for Auctioneer's Own Negligence: THE FOREGOING INDEMNITY OBLIGATIONS SHALL APPLY WHETHER OR NOT THE CLAIM OR LIABILITY IN QUESTION RESULTS OR IS ALLEGED TO RESULT IN WHOLE OR IN PART FROM THE SOLE, CONCURRENT OR COMPARATIVE NEGLIGENCE OR STRICT LIABILITY OF AUCTIONEER, ITS AGENTS, EMPLOYEES, PARTNERS, DIRECTORS, OFFICERS AND/OR ANY PERSON OR ENTITY ACTING ON ITS BEHALF, OR ANY DEFECT IN THE PREMISES, EQUIPMENT OR TOOLS OWNED, OPERATED OR CONTROLLED BY AUCTIONEER. THUS, IT IS UNDERSTOOD AND AGREED THAT IN NO CASE SHALL AUCTIONEER, ITS EMPLOYEES, AGENTS, DIRECTORS, PARTNERS OR OFFICERS BE RESPONSIBLE FOR ANY LOSS, DEATH, DAMAGE OR INJURY OF ANY CHARACTER TO ANY PERSON, ANIMAL OR ARTICLE ARISING FROM OR OCCURRING DURING THE SALE. Owner INDEMNIFIES Auctioneer from all claims, liabilities and expenses, including reasonable attorneys' fees, arising out of or relating to any claim based upon any conduct by Auctioneer in connection with performance of any of its duties pursuant to this agreement, the conduct of the Sale by Auctioneer, or resulting from any breach of this contract or the Conditions of Sale (printed in the sale catalogue) by Owner. In order to secure payment for all commissions, costs, expenses and damages, including reasonable attorney fees, provided for in this contract or any other monies owed by Owner to Auctioneer or any of its affiliates, Owner grants to Auctioneer a security interest in the horse(s) consigned under this contract and any applicable Registration Documents, and the products and proceeds thereof.

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ANY PERSON(S) SIGNING TO CONSIGNMENT SHALL BE JOINTLY AND SEVERALLY LIABLE FOR THE UPHOLDING OF THE TERMS HEREOF AND ACKNOWLEDGES THAT THEY HAVE READ THE FOREGOING AND THE CONDITIONS OF SALE IN THE SALE CATALOG AND, UPON SIGNING THIS CONTRACT, AGREE TO ABIDE BY THEM. FURTHER, ANY PERSON SIGNING THIS CONSIGNMENT CONTRACT REPRESENTS THAT HE/SHE HAS COMPLETED THE DISCLOSURES REQUIRED ON PAGE 2 HEREOF AND THAT ALL SUCH DISCLOSURES ARE TRUE AND ACCURATE IN EVERY DETAIL.