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EMBRYO PURCHASE AGREEMENT

1. **PARTIES.** This Agreement, effective _____, is entered into by and between _____ ("Seller") and the following:

(BILL TO) CLIENT NAME (hereinafter "Client")		FARM OR RANCH NAME	
BILLING STREET ADDRESS		FARM OR RANCH STREET ADDRESS	
BILLING CITY, STATE AND ZIP		FARM OR RANCH TELEPHONE	FARM OR RANCH FAX
TELEPHONE (FOR BILLING ADDRESS)	FAX	I HAVE A MEMBERSHIP IN THE FOLLOWING ASSOCIATIONS: <input type="checkbox"/> AHA <input type="checkbox"/> AQHA <input type="checkbox"/> APHA <input type="checkbox"/> NSHA <input type="checkbox"/> OTHER _____	
RESIDENCE TELEPHONE	MOBILE TELEPHONE	MEMBERSHIP NUMBER(S):	
E-MAIL ADDRESS(ES):			

2. **EMBRYO.** This Agreement relates to the embryo produced from the following horses:

Name of Mare (hereinafter "Mare")		Sire	Dam
Registration No.	Date Foaled	Color	Breed/Registry
Name of Stallion (hereinafter "Stallion")		Sire	Dam
Registration No.	Date Foaled	Color	Breed/Registry

3. **OWNERSHIP. (Check all appropriate boxes)**

Client:

- Will have full title to Embryo and registration will be in Client's name.
 Is co-owner of Embryo with: (Please complete 3A)
 Is purchasing Embryo on installment contract from: (Please complete 3A)
 Is leasing Donor Mare for embryo right

3A. SELLER/CO-OWNER/LEASOR

Name	Phone
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3B. IN CASE OF EMERGENCY

Name of Person to Contact	Phone
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4. **PURCHASE PRICE:** The total Purchase price shall be _____ USD to include Donor Mare Egg (Oocyte).
Embryo Transfer Fees are are not included. **Stallion Breeding Fees** are are not included.
5. **PAYMENT OF PURCHASE PRICE:** The purchase price shall be paid by Buyer as follows:
6. **WARRANTIES:** Seller warrants to Buyer that the sire and dam as stated in Paragraph 2, date bred and recipient mare are true and correct.
7. **Buyer understands and agrees** that Zerlotti Equine Reproduction, Ltd. is not responsible for registration or parentage testing of any embryo transfer foal.
8. **Zerlotti Equine Reproduction, Ltd. agrees** to provide all board and veterinary fees associated with maintaining the recipient mare up to the date recipient mare is checked in foal. Thereafter, all board and veterinary fees become the responsibility of the Buyer. The pasture board fee will be accruing until discharged.

9. SERVICE(S). Client hereby contracts with Zerlotti Equine Reproduction, Ltd. for the following service(s):

Embryo Transfer. (See Rate Schedule for applicable fees)

Boarding-Recipient Mare:

- Recipient Mare Board @ \$12/Day applies when recipient is checked 30 days in foal
 Recipient Mare Board @ \$15/Day applies when recipient mare is over 90 days in foal
 Recipient Mare w/Foal @ \$20/day applies when recipient mare delivers live foal

Other: _____

CLIENT UNDERSTANDS AND AGREES THAT ZERLOTTI EQUINE REPRODUCTION, LTD. WILL NOT RENDER ANY SERVICES UNLESS AND UNTIL THIS AGREEMENT IS EXECUTED AND DELIVERED BY CLIENT TO ZERLOTTI EQUINE REPRODUCTION, LTD.

10. ACCEPTANCE OF TERMS. Client agrees to the terms and conditions set forth in this Agreement and all attachments, including the 2009 Service Description and Rate Schedule which is attached hereto as Exhibit "A" and which is expressly incorporated in this Agreement. Client agrees to pay all fees and expenses according to this Agreement (including the 2009 Service Description and Rate Schedule) for services provided under this Agreement. Client agrees that Zerlotti Equine Reproduction, Ltd., in the exercise of its sole discretion, may increase or otherwise modify any and all fees and charges set forth in this Agreement (including the 2009 Service Description and Rate Schedule), after providing thirty (30) days notice to Client and Client thereafter shall be liable for payment of such fees and expenses as increased or modified.
11. BOARDING, TRAINING AND BREEDING FEES. Client shall pay Zerlotti Equine Reproduction, Ltd. for each day Recipient Mare is boarded and/or trained by Zerlotti Equine Reproduction, Ltd. a daily fee at the rate set forth in the 2009 Service Agreement and Rate Schedule. Zerlotti Equine Reproduction, Ltd. shall at all times maintain Recipient Mare in accordance with generally accepted standards in the horse industry. Boarding fees are billed in advance and are due and payable by the tenth (10th) of each month or within ten (10) days of invoice date.
12. MISCELLANEOUS SERVICES, FEES AND EXPENSES. Client shall pay all miscellaneous fees and expenses as set forth in this Agreement and the 2009 Service Description and Rate Schedule and as may be increased or modified hereafter by Zerlotti Equine Reproduction, Ltd. together with all amounts necessary to reimburse Zerlotti Equine Reproduction, Ltd. for services provided and all expenses incurred on behalf of Client. Client shall also pay or reimburse Zerlotti Equine Reproduction, Ltd. promptly for all taxes, however defined or denominated except income taxes, related to this transaction or this Agreement, and for any interest and penalties imposed in connection with such taxes. Such amounts described in this Section shall be referred to in this Agreement as "Miscellaneous Fees and Expenses."
13. BILLING TERMS. Client shall pay all fees and expenses incurred under this Agreement (including the 2009 Service Description and Rate Schedule) upon receipt of the statement(s) for such fees and expenses. Payment shall be deemed late if not paid within ten (10) days from the date such statement is deposited in the United States mail or personally delivered. **IF CLIENT FAILS TO OBJECT IN WRITING TO ANY ITEM CHARGED IN A STATEMENT WITHIN TEN (10) DAYS FROM THE DATE SUCH STATEMENT IS DEPOSITED IN THE UNITED STATES MAIL OR PERSONALLY DELIVERED, THEN IT SHALL BE CONCLUSIVELY AGREED BY CLIENT THAT SUCH AMOUNT IS FAIR AND CORRECT AND IS OWED TO ZERLOTTI EQUINE REPRODUCTION, LTD. AND THAT CLIENT WAIVES ANY CHALLENGE TO THE FEES AND EXPENSES CHARGED.** A valid credit card is required to be kept on file and will be used to settle Owner's account if payment in another form is not received within ten (10) days of statement date. If Client fails to make timely payment of any amount due under this Agreement, Client shall be in breach of this Agreement. Client agrees that time is of the essence in payment of all amounts due under this Agreement and that it would be impractical to fix the exact amounts of Zerlotti Equine Reproduction, Ltd.'s damages if Client fails to pay promptly. Therefore, if any such amounts are not paid in full on or within thirty (30) days of the date shown on the Statement, Client agrees that Zerlotti Equine Reproduction, Ltd. shall then be entitled to charge as liquidated damages on the then unpaid balance interest at the rate of one and one-half percent (1.5%) per month from the date of such statement until paid or the highest rate permitted by law, whichever is greater. All payments hereunder shall be made in lawful money of the United States at the office of Zerlotti Equine Reproduction, Ltd. at the address set forth. Visa, MasterCard and Discover credit cards are accepted for payment. A fee of \$40.00 will be charged for returned checks.
14. SECURITY INTEREST AND LIEN. **CLIENT SPECIFICALLY AGREES THAT NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, ALL AMOUNTS OWED UNDER THIS AGREEMENT SHALL BE DUE AND PAYABLE BEFORE RECIPIENT MARE WILL BE RELEASED BY ZERLOTTI EQUINE REPRODUCTION, LTD. IN ADDITION TO THE FOREGOING, CLIENT HEREBY GRANTS ZERLOTTI EQUINE REPRODUCTION, LTD. A SECURITY INTEREST AND LIEN IN ANY IN UTERUS EMBRYO(S)/FOAL(S) RESULTING FROM ANY SERVICES PROVIDED BY ZERLOTTI EQUINE REPRODUCTION, LTD. PURSUANT TO THIS AGREEMENT AS SECURITY FOR ALL PAYMENTS NOW OR HEREAFTER OWING UNDER THIS AGREEMENT AND PERFORMANCE OF ALL OBLIGATIONS OF CLIENTS UNDER THIS AGREEMENT. IF CLIENT IS NOT THE LEGAL OWNER OF EMBRYO(S)/FOAL(S), CLIENT SPECIFICALLY REPRESENTS AND WARRANTS THAT THE PERSON SIGNING THIS AGREEMENT IS A DULY AUTHORIZED ATTORNEY-IN-FACT WITH SUFFICIENT AUTHORITY TO EXECUTE THIS AGREEMENT AND GRANT THE SECURING INTEREST AND LIEN GRANTED HEREBY FOR THE OWNER OF EMBRYO(S)/FOAL(S). ZERLOTTI EQUINE REPRODUCTION, LTD. MAY, AT ANY TIME UNTIL ALL AMOUNTS DUE HEREUNDER ARE FULLY PAID AND ALL OBLIGATIONS REQUIRED OF CLIENT THEREUNDER ARE FULLY PERFORMED, FILE A PHOTOCOPY OF THIS AGREEMENT IN THE COUNTY AND STATE OF CLIENT'S RESIDENCE OR BUSINESS OR WHERE SUCH EMBRYO(S)/FOAL(S) IS/ARE LOCATED, AND WHEN SO FILED THIS AGREEMENT SHALL BE EFFECTIVE AS A FINANCING STATEMENT AS WELL AS A SECURITY AGREEMENT. CLIENT AGREES TO EXECUTE, FILE AND RECORD SUCH OTHER STATEMENT, NOTICES AND AGREEMENTS, TAKE SUCH ACTIONS AND OBTAIN SUCH DOCUMENTS AS ZERLOTTI EQUINE REPRODUCTION, LTD. SHALL DEEM NECESSARY TO FURTHER OBTAIN, PERFECT AND RETAIN SUCH SECURITY INTEREST AND LIEN. CLIENT APPOINTS MARIO ZERLOTTI AS ITS ATTORNEY-IN-FACT TO EXECUTE AND FILE UCC-1 FORMS AND OTHER DOCUMENTS TO RECORD, PERFECT, AND PROTECT SUCH SECURITY INTEREST AND LIEN GRANTED HEREIN. IF CLIENT FAILS TO PERFORM FULLY AND TIMELY ANY OBLIGATION UNDER THIS AGREEMENT, ZERLOTTI EQUINE REPRODUCTION, LTD., AT ITS OPTION, MAY DECLARE A DEFAULT AND EXERCISE ALL RIGHTS IN EMBRYO(S)/FOAL(S) ALLOWED BY THIS AGREEMENT AND TEXAS LAW, INCLUDING THE TEXAS UNIFORM COMMERCIAL CODE.**

15. **ZERLOTTI EQUINE REPRODUCTION, LTD.'S RIGHT TO RETAIN POSSESSION OF RECIPIENT MARE.** Client specifically agrees that Zerlotti Equine Reproduction, Ltd. may retain possession of Recipient Mare until Client has paid all amounts owed to Zerlotti Equine Reproduction, Ltd. and performed fully all obligations required of Client under this Agreement.
16. **TRANSPORTATION AND RELEASE OF RECIPIENT MARE.**
- a) Account must be paid in full prior to release of Recipient Mare from Zerlotti Equine Reproduction, Ltd.'s facilities. Client specifically agrees that Zerlotti Equine Reproduction, Ltd. may retain possession of Recipient Mare until Client has paid all amounts owed to Zerlotti Equine Reproduction, Ltd. and performed fully all obligations required of Client under this Agreement.
 - b) Client shall provide Zerlotti Equine Reproduction, Ltd. with at least forty-eight (48) hours notice (excluding weekends) of intent to pick-up Recipient Mare. Client shall provide Zerlotti Equine Reproduction, Ltd. with written authorization to release Recipient Mare to any third party transporter and Zerlotti Equine Reproduction, Ltd. shall have no obligation to release Recipient Mare without such written authorization. Upon commencement of the loading of Recipient Mare by a third party transporter, Client assumes full responsibility and liability for the health, soundness, breeding condition, transportation and care of Recipient Mare.
 - c) **INSURANCE.** Buyer is responsible for any insurance desired on the recipient mare and/or in utero foal. Client must initiate application with the insurance company of their choice and provide Zerlotti Equine with any necessary forms in order to arrange for veterinarian certification of in utero/embryo. Zerlotti Equine Reproduction, Ltd. must be named as additional insured on the policy up to the value of the embryo transfer fees and the cost of the recipient mare. In the event of a loss, Client will not receive the credit referenced in the Embryo Transfer Service Agreement, "Description of Services" section, paragraph #5, if the embryo/in utero foal is insured and Zerlotti Equine is not named as additional insured. If Client obtains insurance, Client shall provide Zerlotti Equine Reproduction, Ltd. a certificate of insurance evidencing same and naming Zerlotti Equine Reproduction, Ltd. as additional insured. If Client does not obtain insurance, Client acknowledges that he/she/it is self-insured and assumes full responsibility of any loss incurred with respect to Recipient Mare and/or in utero foal.
17. **DISCLAIMER OF AND LIMITATIONS TO ZERLOTTI EQUINE REPRODUCTION LTD'S LIABILITY.** EXCEPT IN THE EVENT OF INTENTIONAL MISCONDUCT, ZERLOTTI EQUINE REPRODUCTION, LTD., ITS OWNERS, PARTNERS, PRINCIPALS, AGENTS, EMPLOYEES, SERVANTS, VETERINARIANS AND FARRIERS, OR ANY OF THEM, HEREBY EXPRESSLY DISCLAIMS ALL LIABILITY FOR ANY SICKNESS, DISEASE, ESTRAY, THEFT, INJURY OR DEATH, WHICH MAY BE SUFFERED BY HORSE DURING THE TIME HORSE IS IN THE CUSTODY OR CONTROL OF ZERLOTTI EQUINE REPRODUCTION, LTD. AND CLIENT HEREBY EXPRESSLY WAIVES ALL CLAIMS AND CAUSES OF ACTION WHETHER SOUNDING IN CONTRACT OR TORT, INCLUDING BREACH OF CONTRACT, NEGLIGENCE AND GROSS NEGLIGENCE, AGAINST ZERLOTTI EQUINE REPRODUCTION, LTD., ITS OWNERS, PARTNERS, PRINCIPALS, AGENTS, EMPLOYEES, SERVANTS, VETERINARIANS AND FARRIERS, OR ANY OF THEM, FOR INJURY TO OR DEATH OF HORSE AND ANY PERSONAL INJURY OR LIABILITY WHICH CLIENT, ITS AGENTS OR EMPLOYEES OR ANY THIRD PARTY MAY RECEIVE WHILE ON ZERLOTTI EQUINE REPRODUCTION, LTD.'S PREMISES, WHETHER PREMISES ARE OWNED OR LEASED, ARISING OUT OF OR IN ANY WAY CONNECTED WITH BOARDING, CONDITIONING, TRAINING, TREATING, FEEDING, BREEDING, RACING, TRANSPORTING, SHOWING, MARKETING, OR PROVIDING VETERINARIAN CARE OR ANY OTHER SERVICES FOR CLIENT INVOLVING HORSE. CLIENT FULLY UNDERSTANDS AND AGREES THAT ZERLOTTI EQUINE REPRODUCTION, LTD. HAS NO OBLIGATION TO PROVIDE FOR CLIENT'S BENEFIT ANY PUBLIC LIABILITY, ACCIDENTAL INJURY, THEFT, EQUINE MORTALITY, CARE, CUSTODY OR CONTROL INSURANCE ON MARE, AND THAT ALL RISKS CONNECTED WITH THE BOARDING, CONDITIONING, TRAINING, BREEDING, RACING, TRANSPORTATION, SHOWING, MARKETING OR PROVIDING OF ANY OTHER SERVICES TO HORSE ARE TO BE BORNE SOLELY BY CLIENT. ALL IMPLIED WARRANTIES, INCLUDING WARRANTIES FOR MERCHANTABILITY, SHOWING AND FOR FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY EXPRESSLY WAIVED BY CLIENT AND CLIENT HEREBY AGREES THAT ZERLOTTI EQUINE REPRODUCTION, LTD., ITS OWNERS, PARTNERS, PRINCIPALS, EMPLOYEES, AGENTS, SERVANTS, VETERINARIANS, ATTORNEYS, ACCOUNTANTS, FARRIERS, SUCCESSORS AND ASSIGNS OR ANY OF THEM, SHALL NOT BE LIABLE FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES ARISING FROM THE TRANSACTION COVERED BY THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, ANY DAMAGES ARISING FROM THE NON-PERFORMANCE OF OBLIGATIONS WHICH CLIENT MAY HAVE UNDERTAKEN TO ANY THIRD PARTY IN RELIANCE UPON ZERLOTTI EQUINE REPRODUCTION, LTD. PROMISES AND REPRESENTATIONS IN THIS AGREEMENT. IN NO EVENT SHALL CLIENT'S REMEDY FOR ANY LIABILITY OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT EXCEED THE AMOUNT OF THE FEES PAID BY CLIENT UNDER THIS AGREEMENT. WARNING, UNDER TEXAS LAW (CHAPTER 87, CIVIL PRACTICE AND REMEDIES CODE), AN EQUINE PROFESSIONAL IS NOT LIABLE FOR AN INJURY TO OR THE DEATH OF A PARTICIPANT IN EQUINE ACTIVITIES RESULTING FROM THE INHERENT RISKS OF EQUINE ACTIVITIES.
18. **INDEMNIFICATION AND HOLD HARMLESS OF ZERLOTTI EQUINE REPRODUCTION, LTD. BY CLIENT.** With the exception that the following provisions of the Section shall in no event be construed to require indemnification by Client in excess of that permitted under the public policy of the applicable law, Client shall indemnify, defend and save harmless Zerlotti Equine Reproduction, Ltd., its owners, partners, principals, employees, agents, servants, veterinarians, attorneys, accountants, farriers, successors, assigns, and any of them, of and from: (a) any and all claims, demands, causes of action, damages, costs, expenses, losses or liabilities, in law or in equity, of every kind and nature whatsoever, known or unknown, arising out of or in any manner connected with any damage or injury to a third person or persons or to the property of any third person or persons caused by Horse while it is in the care of Zerlotti Equine Reproduction, Ltd., its employees, agents, servants, veterinarians, attorneys, accountants, farriers, successors, assigns, and any of them; and (b) any and all claims, demands, causes of action, damages, costs, expenses, losses, or liabilities, in law or in equity, of every kind and nature whatsoever, known or unknown, arising out of or in any manner connected with Horse which is caused or alleged to be caused by the acts or omissions of Zerlotti Equine Reproduction, Ltd., its employees, agents, veterinarians, attorneys, accountants, farriers, successors, assigns, and any of them.
19. At Client's own cost, expense and risk, Client shall defend any and all suits, arbitrations or other proceedings that may be brought or instituted by third persons or by the legal owner of Horse (where Client is not the legal owner) against Zerlotti Equine Reproduction, Ltd., its owners, partners, principals, employees, agents, servants, veterinarians, attorneys, accountants, farriers, successors, assigns, or any of them, for any and all in enforcing the indemnity granted in this Section. Zerlotti Equine Reproduction, Ltd., its employees, agents, veterinarians, attorneys, accountants, farriers, successors, assigns, or any of them, shall have the right to select its own counsel to defend any claim within the scope of this Section.
20. **WAIVER, AMENDMENT OR MODIFICATION.** No provisions of this Agreement shall be deemed waived, amended or modified by either party unless such waiver, amendment or modification is in writing and signed by the party against whom the enforcement of such waiver,

2010 SERVICE RATE SCHEDULE

This is not a complete list of all services offered at Zerlotti Equine Reproduction, Ltd. Additional services and price information are available upon request.

EMBRYO TRANSFER SERVICES	
Enrollment Fee, on-site, per cycle, artificial insemination w/fresh or cooled semen	\$650
Enrollment Fee, on-site, per cycle, artificial insemination w/frozen semen	\$800
Enrollment Fee, shipped embryo, per cycle	\$350
Flush only, on-site, per cycle	\$350
Transfer fee, per transfer	\$450
30-Day Pregnancy Fee	\$3,000
Recipient Mare Deposit (Refundable)	\$1,000
Recipient Mare Sale (Non-refundable)	\$1,000
MARE BREEDING SERVICES	
Artificial Insemination, Fresh or Cooled Semen, per cycle (includes palpation, ultrasounds, insemination, medication administration to induce ovulation)	\$350
Artificial Insemination, Frozen Semen, per cycle	\$500
Palpation and Ultrasound, per exam	\$80
Uterine Lavage, per treatment	\$100
Foaling Fee, uncomplicated delivery, per foal	\$500
STALLION BREEDING SERVICES	
Reproduction Evaluation, per evaluation	\$500
Collection for On-Site Artificial Insemination, per collection	\$150
Collection for Shipment of Cooled Semen, per collection, Priority Overnight Service	\$350
Collection for Shipment of Cooled Semen, per collection, Counter-to Counter Service	\$450
Test Freeze; per collection	\$500
Collection for Freezing, per collection up to 10 straws	\$450
	\$50 per additional straw
Frozen Semen Shipping & Handling, per shipment	\$500
Frozen Semen Storage, 1 to 50 straws	\$25 per month
Frozen Semen Storage, 51-100 straws	\$35 per month
Frozen Semen Storage, More than 100 straws	\$50 per month
*Preparation of export documentation is in addition to shipping charges and will be determined at time of shipment	
MEDICATIONS (For medication administration not covered in contract)	
Prostaglandin, per treatment	\$10
hCG, per treatment	\$30
Deslorelin, per injection	\$30
Intrauterine Antibiotics	\$60
eFSH (Super Ovulation Treatment), per treatment	\$110
Progesterone, per injection	\$30
Regumate, per day	\$5
Plasma Treatment, per treatment	\$150
BOARD	
Donor Mare Breeding Board-Dry (no foal by side)	\$18/day
Donor Mare Breeding Board-Wet (foal by side)	\$20/day
Donor Mare Conditioning Board (includes grooming, turnout and blanketing with owner-provided blankets)	\$25/day
Donor Mare Pasture Board	\$15/day
Recipient Mare Board-30 to 90 days in foal	\$12/day
Recipient Mare Board-over 90 days in foal	\$15/day
Recipient Mare w/foal (applies upon delivery of foal)	\$18/day
Stallion Breeding Board (includes grooming, turnout and blanketing with owner-provided blankets)	\$25/day
Weanling Board	\$18/day
After Hours Arrival and Departure Fee	
7 pm to 11 pm CST	\$100
11 pm to 7 am CST	\$200