



MEMBERSHIP CONTRACT

THIS BREEDER'S INVITATIONAL MEMBERSHIP CONTRACT (hereinafter "BREEDER'S INVITATIONAL MEMBERSHIP CONTRACT" or "AGREEMENT") dated _____ is entered into by and between BREEDER'S INVITATIONAL, a Nevada, Nonprofit Corporation (hereinafter "BREEDER'S INVITATIONAL", or the "CORPORATION"), and _____ (hereinafter "MEMBER"), either of whom may be referred to as "Party" or both of whom may be collectively referred to as the "Parties".

ARTICLE I

PURPOSE OF BREEDER'S INVITATIONAL

1.01 PURPOSE OF BREEDER'S INVITATIONAL. BREEDER'S INVITATIONAL is a nonprofit, Nevada corporation formed to promote and enhance the cutting horse industry by producing cutting horse shows and sales. BREEDER'S INVITATIONAL has been formed to produce and promote a major cutting horse event (the "Annual Event") with a monetary purse. All revenues and receipts, less normal CORPORATION operating expenses, will be credited to the purses for four (4) year old Open, Non-Pro and Amateur divisions. The Annual Event will be held at a venue and on a date which the Board of Directors in its judgment deems appropriate and favorable to the interests of the organization and its members.

ARTICLE II

MEMBERS AND MEMBERSHIP

2.01 DEFINITION OF MEMBER. A "Member" is a person, who is a stallion owner and who has applied for, and has been accepted for, membership in the CORPORATION by executing a BREEDER'S INVITATIONAL MEMBERSHIP CONTRACT, meeting any reasonable qualifications requirements established by the Board of Directors, and paying their membership fees in a timely manner.

2.01(a) DEFINITION OF SUBSCRIBED STALLION FEES. The Stallion Subscription fee (hereinafter Subscription Fee) is required for each year that a Stallion is subscribed in the program and is a prepayment of the minimum number of mares (hereinafter Minimum Number of Mares). For all breeding seasons up through and including 2011 the Minimum Mares was 20. Starting with the 2012 breeding season the Minimum Mares was reduced to 10. The per mare fee (hereinafter Mare Fee) is \$125. The maximum number of mares (hereinafter Maximum Number of Mares) for which a Stallion must pay is 80. There is no fee for mares in excess of the Maximum Mares. Because of the change in Minimum Mares the Stallion Subscription fee was \$2,500 (\$125 x 20) prior to 2012 and \$1,250 (\$125 x 10) thereafter.

2.02 DEFINITION OF SUBSCRIBED STALLION. A "Subscribed Stallion" is a stallion owned by a Member, and which is identified and designated on the "Annual Stallion Subscription" form, a copy of which is attached hereto as Exhibit 1, and for which stallion the Subscription Fee, plus any excess due under section 2.03 hereof, has been paid in full.

2.03 NATURE OF MEMBERSHIP. Each Member may subscribe one or more stallions owned by such Member, by providing all information requested by Corporation, in such form as is requested by the

CORPORATION, and paying for each breeding season a Subscription Fee for each such stallion. Such fee for the first breeding season is payable at the time such stallion is subscribed, and for any subsequent breeding season, on or before the date designated by the Board of Directors for all Members. On or before December 1 of each breeding season, a Member shall submit a "Breeding Report", in such form as is requested by the CORPORATION, and pay a Mare Fee for each mare bred during such season in excess of the Minimum Number of Mares, up to and including a total not exceeding the Maximum Number of Mares. Such additional fee paid is subject to refund or reduction upon submission of veterinary report, in form satisfactory to the CORPORATION, that a mare did not produce a live foal, aborted, or failed to conceive. Membership, once granted by the CORPORATION, may be terminated by the Board of Directors for any cause deemed detrimental to the interest of the CORPORATION, or to its programs, policies, objectives or the harmonious relationship of its other MEMBERS, as determined by the Board of Directors, in its absolute discretion.

2.04 CLASSES OF MEMBERS; NO VOTING RIGHTS. The CORPORATION has only one class of Members. The Board of Directors has full control over the affairs of the CORPORATION. MEMBER shall have no voting rights in the CORPORATION.

2.05 NO TRANSFER OF MEMBERSHIP. No MEMBER may transfer his membership or any right arising from his membership without the written consent of the Board of Directors. In the event of the death of a MEMBER, the CORPORATION may transfer the DECEDENT MEMBER'S membership in accordance with the DECEDENT MEMBER'S Last Will and Testament or in accordance with applicable law.

2.06 NO PERSONAL LIABILITY OF MEMBERS. Except as otherwise provided by this agreement, MEMBER is not, solely by virtue of his membership, personally liable for the acts, debts, liabilities or obligations of the CORPORATION.

2.07 IMPOSITION OF FEES. The CORPORATION may levy fees upon the MEMBER, which must be levied on all Members alike. The Board of Directors may fix the amount of all fees from time to time by resolution. The CORPORATION must distribute to the MEMBER, the amount, rate and method of assessment and collection, together with a notice of the result of non-payment thereof. The Board of Directors may provide by rule or resolution for the enforcement or collection of fees, which may include late charges and/or interest on delinquent obligations.

2.08 NON-PAYMENT OF FEES. The CORPORATION may cancel the MEMBER'S membership in the CORPORATION, on reasonable notice, for non-payment of dues, assessments or fees. In such event, the CORPORATION shall not be obligated to refund to the MEMBER any dues, assessments or fees previously paid. The MEMBER may not be expelled or suspended, and a membership may not be terminated or suspended, except pursuant to a procedure that is fair and reasonable and is carried out in good faith. This provision does not apply to the termination of a membership at the end of a fixed term.

Fairness of Proceedings. A procedure is fair and reasonable when it is fair and reasonable taking into consideration all of the relevant facts and circumstances. In addition, a procedure is fair and reasonable if it provides (a) not less than 15 days prior written notice of the proposed expulsion, suspension or termination, and the reasons for it; (b) an opportunity for the MEMBER to be heard, orally or in writing, not less than 5 days before the effective date of the proposed expulsion, suspension or termination by a person authorized to decide that the proposed expulsion, termination or suspension not take place.

Time Limitation to Challenge. A proceeding challenging an expulsion, suspension or termination, including a proceeding in which defective notice is alleged, must be commenced within one (1) year after the effective date of the expulsion, suspension or termination.

2.09 RESIGNATION FROM MEMBERSHIP. The MEMBER may resign from membership in the CORPORATION at any time. The resignation of the MEMBER does not relieve the MEMBER from any monetary obligations he or she may have to the CORPORATION for dues, assessments or fees at the time of such resignation. The CORPORATION shall not be obligated to refund to the resigning MEMBER, any dues, assessments or fees already paid.

ARTICLE III

BOOKS, RECORDS AND REPORTS

3.01 MINUTES, BOOKS AND RECORDS. The CORPORATION shall keep correct and complete minutes of the proceedings of its Board of Directors and committees, shall keep correct and complete books and records of account, and shall keep a membership roster containing the name and address and telephone number of each MEMBER.

3.02 REPORTS TO MEMBERS.

(a) Final Accounting After Each Event. The CORPORATION shall produce and make available to the MEMBER a final accounting of income and expenses within 90 days after the Annual Event or Yearling Sale.

(b) Quarterly Financial Statements. The CORPORATION shall produce and make available to the MEMBER on request, a quarterly statement of income and expenses and balance sheet.

(c) Annual Report. The CORPORATION shall make available an annual report to the MEMBER not later than four months after the close of each fiscal year of the CORPORATION. Such report shall include a balance sheet as of the close of the fiscal year of the CORPORATION and a statement of income and expenses for the year ending on such closing date. Such financial statements shall be prepared from and in accordance with the books of the CORPORATION, in conformity with generally accepted accounting principles applied on a consistent basis.

3.03 INSPECTION OF CORPORATE RECORDS. If the MEMBER is in good standing and has paid his or her fees, the MEMBER shall have the right, for any proper purpose and at any reasonable time, on written demand stating the purpose thereof, to examine and make copies from the relevant books and records of accounts and minutes at a place designated by the CORPORATION. Upon the written request of the MEMBER, the CORPORATION shall mail to such MEMBER a copy of the most recent balance sheet and statement of income and expenses. If such request is received by the CORPORATION before such financial statements are available for its last fiscal year, the CORPORATION shall mail such financial statements as soon as they become available. In any event, the financial statements must be mailed within four months after the close of the fiscal year.

ARTICLE IV

FEES; REPORTS; INVITATIONS; SALES; EVENTS

4.01 BREEDING REPORT. The BREEDING REPORT of the MEMBER shall accompany the final fee submission due on December 1 of each breeding year. The BREEDING REPORT shall designate the SUBSCRIBED STALLION'S name and registration number, the mare's name and registration number, and the owner of the mare. Any form of report will be sufficient as long as all the above items are included, subject to the CORPORATION'S right to require appropriate supplementation of such information or form.

4.02 CERTIFICATES OF INVITATION. Provided a Member is not in default of any obligation under this agreement, the CORPORATION shall provide "Certificate(s) of Invitation" or "Invitation Certificate(s)" to the MEMBER for distribution to mare owners upon the birth of each foal represented by the MEMBER'S BREEDING REPORT. The CORPORATION shall have the right to DNA blood test any foal, at the CORPORATION'S expense, either before or after the issuance of an Invitation Certificate. The Invitation Certificate shall qualify each foal for participation in the CORPORATION'S Annual Event and such other Events as the Corporation may develop. Only horses with a valid Invitation Certificate will be allowed to participate in the CORPORATION'S Events.

4.03 YEARLING SALE. Depending upon availability of facilities and venues for appropriate dates, the CORPORATION shall make its best efforts to conduct a Yearling Sale or initiate other appropriate sales, incentives or promotions.

4.04 ANNUAL EVENTS. The CORPORATION shall actively advertise MEMBER-SUBSCRIBED STALLIONS, will solicit corporate sponsors and publicize the Annual Events, all as deemed appropriate by the Board of Directors.

ARTICLE V

MEMBERSHIP CARDS AND CERTIFICATES

5.01 FORM AND ISSUANCE. MEMBER may be issued a membership card and/or membership certificate signed by an authorized representative of the CORPORATION. Each membership card and certificate may contain such information as the Board of Directors deems appropriate. The membership card or certificate itself shall convey no rights or privileges, but shall only be for identification purposes.

5.02 LOST, STOLEN OR DESTROYED MEMBERSHIP CARD AND CERTIFICATES. The CORPORATION may issue a new membership card or certificate in the place of any card or certificate previously issued if the MEMBER named in the card or certificate (a) makes proof that it has been lost, destroyed or stolen; (b) requests the issuance of a new card or certificate; and (c) satisfies any other reasonable requirements imposed by the CORPORATION.

ARTICLE VI

WARRANTIES AND REPRESENTATIONS

6.01 AMOUNT OF PURSES. The CORPORATION cannot guarantee any minimum dollar amount of any purse to be awarded in any Annual Event or Yearling Sale. The amount of any purses will be dependent on the number and participation of the Members and Subscribed Stallions.

ARTICLE VII

INDEMNITY BY MEMBER

7.01 ACCIDENTS OR INJURIES. The CORPORATION shall not be responsible in any manner for any accident or injury which may happen to any stallion or mare, or to any person in charge of any stallion or mare, at service. MEMBER shall indemnify and hold harmless the CORPORATION, its officers, directors and agents, from any and all such potential liability.

7.02 OMISSION FROM BREEDING REPORT. The CORPORATION, its officers, directors and agents, shall not be responsible in any manner, to the owner of a mare or otherwise, in the event that a MEMBER omits a foal from his or her BREEDING REPORT, or in the event of any other error or omission in the BREEDING REPORT. The CORPORATION has no responsibility for or interest in, any fees payable between any mare owner and any stallion owner. The MEMBER agrees that he, she, or it will indemnify and defend the CORPORATION for any and all claims, losses, liabilities asserted by any mare owner or by any other third person against CORPORATION arising out of or relating to any BREEDING REPORT, or any transaction with, or act or omission of, MEMBER.

ARTICLE VIII

LIABILITY OF OFFICERS AND DIRECTORS

8.01 LIMITATION OF LIABILITY OF OFFICERS AND DIRECTORS. Except as otherwise provided in the Articles of Incorporation, or Nevada Revised Statutes Sections 82.136 or 82.536, or Chapter 35 of the Nevada Revised Statutes, no action may be brought against an officer or director of the CORPORATION based on any act or omission arising from failure in his official capacity to exercise due care regarding the management or operation of the CORPORATION unless the act or omission involves intentional misconduct, fraud or knowing violation of law.

8.02 INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS OF THE CORPORATION. Except as otherwise may be prohibited by law or the Internal Revenue Code, pursuant to Nevada Revised Statutes Section 82.541, the CORPORATION may indemnify any person against expenses as provided in Nevada Revised Statutes Section 78.751, and may purchase and maintain insurance or make

other financial arrangements on behalf of any person for any liability asserted against him as provided in Nevada Revised Statutes Section 78.752.

Notwithstanding the other provisions of this Section, the CORPORATION may not indemnify or maintain insurance or a similar arrangement on behalf of any person if such indemnification or maintenance of insurance or similar arrangement would subject the CORPORATION to income or excise tax under the Internal Revenue Code.

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.01 NOTICE. All notices under this AGREEMENT shall be in writing and shall be given to the Parties at the address as each may specify. Notices shall be deemed duly given five business days after their deposit, postage prepaid, certified mail, return receipt requested, in the United States Mails.

9.02 TIME OF THE ESSENCE; CHOICE OF LAW; JURISDICTION AND VENUE. Time is of the essence of each portion of this AGREEMENT. Notwithstanding the place where this AGREEMENT may be executed by any Party, all the terms and provisions and the validity hereof shall be interpreted under the local internal law of the State of Nevada. Any action relating to this AGREEMENT shall be brought only in Washoe County, Nevada, and the parties submit to and recognize the personal jurisdiction of any state or federal court located in such county and state.

9.03 ENTIRE AGREEMENT; MODIFICATIONS. This AGREEMENT embodies the full and complete agreement of the Parties, until and unless the Board of Directors shall give notice in writing of a change in the terms of this contract. Any such changes shall become effective when such notice is given to the MEMBER in writing, provided that no change shall retroactively modify any right or duty arising before such notice is given of such change.

9.04 USE OF WORDS. Where the context in which words are used in this AGREEMENT indicates that such is the intent, words in the masculine gender shall include the feminine and neuter gender and vice versa, the plural shall include the singular and the singular shall include the plural and the word "person" shall include a natural person, an estate, trust, corporation, firm, partnership or other form of association.

9.05 ADDITIONAL DOCUMENTS. Each Party hereto agrees to execute, with acknowledgment or affidavit if required, any and all documents and writings which may be necessary or expedient to fulfill the terms of this AGREEMENT.

9.06 HEIRS AND SUCCESSORS. This AGREEMENT shall be binding upon the Parties hereto, their heirs, successors, and legal representatives forever.

9.07 ATTORNEY FEES AND COSTS. In the event that any action is commenced by any of the Parties hereto to enforce or interpret the terms and provisions of this AGREEMENT, the prevailing Party shall be entitled, in addition to all other relief granted or awarded, to recover its expenses and costs, including attorney's fees, incurred in connection therewith.

9.08 INVALID PROVISIONS. Should any provision of this AGREEMENT be held unlawful under the laws of Nevada, or invalid for whatever reason, such provision shall be considered stricken from the AGREEMENT and be null and void, but the AGREEMENT shall otherwise remain in full force and effect.

9.09 CLAUSE HEADINGS. The clause headings appearing in this AGREEMENT have been inserted for the purpose of convenience and ready reference. They do not purport to, and shall not be deemed to define, limit or extend the scope or intent of the clauses to which they appertain.

9.10 EFFECTIVE DATE. This AGREEMENT shall be effective only upon execution by all of the proposed original Parties to this AGREEMENT.

9.11 WAIVER. No waiver of any provisions of this AGREEMENT shall be valid unless in writing and signed by the person or party against whom charged.

BREEDER'S INVITATIONAL SHALL NOT BE BOUND BY THE TERMS OF THIS AGREEMENT UNLESS AND UNTIL THIS AGREEMENT IS EXECUTED BY AN AUTHORIZED OFFICER OF BREEDER'S INVITATIONAL.

This AGREEMENT is executed on the day and year first hereinabove written.

PARTIES:

BREEDER'S INVITATIONAL
by:

MEMBER

by: _____

Robert G. O'Bannon
Secretary/Treasurer

Name

Breeder's Invitational
PO Box 9398
5401 Business Park South, #224
Bakersfield, CA 93309
(661) 327-7511

Address

City, State, Zip

Phone

Email



ANNUAL STALLION SUBSCRIPTION

SUBSCRIBED STALLION NAME & NUMBER

DESIGNATED BREEDING SEASON: _____.

SUBSCRIPTION FEE: _____

* Standing at: _____

* Stallion Fee: _____

* - Optional Information – Fill in if you wish to have this information posted on the web-site.

The undersigned hereby agrees to subscribe the named Stallion to the Breeder's Invitational for the above designated breeding season and further acknowledges that undersigned has read the current bylaws of the Breeder's Invitational and agrees to abide by the rules of the Breeder's Invitational as determined by the Board of Directors.

Failure to make payments or file reports as required will subject subscriber to late fees and may be cause for expulsion and forfeiture of fees. Furthermore, foals from the designated breeding season may not be eligible to participate in Breeder's Invitational events.

SIGNATURE

DATE

Amount Paid: _____ Payment Method: Check Credit Card

MC Visa AmEx Number _____ Exp Date _____

Name on card _____ Billing Zip _____ CVC Code _____
