
Equine Transaction Laws

An Educational Summary



TRICIA BOOKER/USHJA ARCHIVES

What You Need To Know

The sale or lease of a sport horse is a major business transaction and yet horse deals often are made without the legally required documentation that is designed to protect all parties involved.

While knowledge is power, ignorance is not a defense. If you are a professional representing buyers and sellers – or if you are a buyer or seller – you need to know the laws governing equine transactions. Understanding and following the law can help you avoid liability, damages, and other fees imposed for transactions gone awry. It will also increase the likelihood of a successful purchase or sale.

A Summary of Legal Requirements in Three Key States

California State Law

A bill of sale is required in purchases in excess of \$10,000 and must include:

- a. Purchase price
- b. Signature of buyer, seller, or such party's duly authorized agent.

Further restrictions

- a. Dual agency is prohibited unless both buyer and seller agree in writing
- b. It is unlawful for an agent to receive payment or any item valued in excess of \$500 from anyone other than his principal unless:
 - it is disclosed in writing to both buyer and seller, and
 - the agent's principal consents in writing to the payment"

A written contract or agreement setting forth any commission structure and a bill of sale are required for payment of commissions, otherwise payment of commissions is not enforceable.

Possible consequences

- a. Treble damages

Kentucky State Law

A bill of sale is required in purchases in excess of \$10,000 and must include:

- a. Purchase price
- c. Signature of buyer, seller, or such party's duly authorized agent.

Further restrictions:

- a. Dual agency is prohibited unless both buyer and seller agree in writing
- b. It is unlawful for an agent to receive payment or any item valued in excess of \$500 from anyone other than his principal unless:
 - it is disclosed in writing to both buyer and seller; and
 - the agent's principal consents in writing to the payment

Possible consequences

- a. Treble damages, award of cost of the suit, reasonable litigation expenses and attorney's fees

DISCLAIMER

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Florida State Law

A bill of sale is required in purchases in excess of \$10,000 and must include, at a minimum:

- a. The name, address, and signature of the purchaser, owner or his duly authorized agent
- b. The name of the horse, and its sire and dam, if known
- c. Breed and registry status of the horse, if applicable and known
- d. The age of the horse, if known
- e. The date of the sale
- f. The purchase price
- g. The following statements:

“As the person signing below on behalf of the Owner, I hereby confirm that I am the lawful owner of this horse (or the Owner’s duly authorized agent), and I am authorized to convey legal title to the horse pursuant to this bill of sale”

“As the person signing below on behalf of the Purchaser, I understand that any warranties or representations for the Owner or the Owner’s agent that I am relying upon in acquiring this horse, including warranties or representations with respect to the horse’s age, medical condition, prior medical treatments, and the existence of any liens or encumbrances, should be stated in writing as part of this bill of sale.”

Further restrictions

- a. Dual agency is prohibited unless both buyer and seller agree in writing
- b. It is unlawful for an agent to receive payment or any item valued in excess of \$500 from anyone other than his principal unless:
 - it is disclosed in writing to both buyer and seller
 - the agent’s principal consents in writing to the payment
- c. Anyone serving as a dual agent must, upon request by his principal, furnish copies of all financial documents in the control of the agent pertaining to the transaction
- d. A written contract stating commission structure is required for payment of commissions, otherwise payment of commissions is not enforceable
- e. An owner or an agent that has subjected a horse to one or more of the following treatments within 7 days prior to the private sale of a horse or any interest therein shall disclose this fact to the purchaser.
 - extracorporeal shock wave or radio pulse therapy
 - acupuncture, electro-stimulation or both with the intent or effect of altering laryngeal function of the horse

Possible consequences

- Actual damages, attorney’s fees and court costs, and civil penalties up to \$10,000.



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A Summary of Requirements Outside of State Law

Uniform Commercial Code Covering Horse Transactions

The Uniform Commercial Code (“UCC”) is a comprehensive body of laws governing commercial transactions in the United States.

These laws regulate sales by merchants and a seller would be deemed a merchant if he holds himself out as having knowledge or skill peculiar to the goods involved in the transaction. In addition, merchant status can be imputed to the seller if he employs an intermediary (broker, agent, trainer, or knowledgeable friend) to make the sale. If the seller is found to be a merchant, the transaction will carry implied warranties of merchantability and fitness for a particular purpose.

State Consumer Protection Act and Consumer Protection Laws (“CPAs”)

Every state has common law fraud statutes which exist to address deceptive and unfair practices. CPAs seek to protect a buyer from the perceived imbalance of knowledge and experience held by sellers in the equine industry. CPAs overrule a defense that the challenged action is accepted practice or customary in the industry.

Possible consequences

- Punitive damages and payment of attorney’s fees

DEFINITION OF TERMS:

AGENCY: The fiduciary responsibility of an agent is to ensure the transaction meets the best interest of the client.

DUAL AGENCY: A Dual Agency situation exists when an individual (trainer, coach, agent or other) represents a purchaser in a purchase or lease transaction and receives compensation as such and who also receives compensation directly or indirectly from the seller or another individual in the transaction. This is a situation that needs to be disclosed and agreed upon by the seller and purchaser.

Below are checklists for the three most important contractual agreements you will need when buying or selling a horse. For sample contracts scan the QR code.



Agent Disclosure Agreement Checklist

- Date of agreement*
- Names and Addresses of Agent*
- Names and Addresses of Purchaser*
- Statement of Agent's expertise in the industry and purchase/sale of horses*
- Statement of Agent's intent to act as agent for the purchaser for the horse(s)*
- Statement of Agent's agreement to locate suitable horses for future purchase and to negotiate the purchase.*
- Statement of requirements for purchase outlined by the Purchaser*
- Agent acknowledgment of acting as Purchaser's fiduciary with respect to his obligation under this Agreement.*
- Statement of what acts or omissions would constitute a breach of Agent's duties including but not limited to: (a) communicating any false or misleading information to Purchaser regarding the horse under Purchaser's consideration; (b) failing to disclose to Purchaser the true price at which any horse under consideration by Purchaser has been offered for sale; (c) arranging with any person or persons the sale of a horse to Purchaser at an inflated price; (d) entering into any other agreement with any person with respect to any transaction involving the sale of a horse to Purchaser, other than an agreement which has been fully disclosed to Purchaser and which Purchaser has consented to in writing; (e) failing to disclose to Purchaser any ownership interest of Agent in any horse Purchaser has under consideration; or, (f) otherwise acting in any manner contrary to the best interests of Purchaser.*
- Agent acknowledgment of duty to disclose to Purchaser any adverse/dual interest Agent has in a transaction*
- Statement of whom Agent is employed by concerning the horse under consideration and Agent's compensation for those services.*
- Statement that agent is not employed by any other persons or entities regarding a horse under consideration by Purchaser and is not being paid any additional compensation other than that expressly mentioned in agreement.*
- Agent's remuneration including commissions for services in connection with the purchase*
- Statement of when Agent payments by Purchaser will be made and in what manner*
- Agent acknowledgment that failing to disclose and receive consent from Purchaser for any adverse/dual interest Agent may have in a transaction concerning the subject matter of this Agreement, including but not limited to acting as a dual agent, may constitute fraud and subject Agent to civil and/or criminal prosecution.*
- Signature of Agent*
Date of Signature
- Signature of Purchaser*
Date of Signature

Purchase-Sale Agreement *Checklist*

- Date of agreement***
- Names and Addresses of Seller and Seller's Agent***
- Names and Addresses of Purchaser and Purchaser's Agent***
- Detailed Description of the Horse being sold***
Name/Color/Markings/Breed/Sire/Dam
Sex/Tattoo/Age/Passports/Registry Papers.

- Purchase Price***

Date of when payment is to be made.
Statement of who is responsible for payment.
Statement of who is responsible for paying commissions.
Statement of who is receiving commissions.

- Transfer of Possession***

Statement of when and where horse will be delivered.

- Purchase Contingency***

Veterinary Examination.

Obligation to purchase subject to an inspection and written certification by a licensed veterinarian selected and paid for by the Purchaser.

Certification states Purchaser's satisfaction.

State if horse is in good physical condition and fit for the intended purpose or use.

List name of veterinarian and timeline for examination /inspection.

Seller's Representations and Warranties

Statement of Horse's Physical Condition.

List any and all known medical conditions, vices, and medical treatments:

Veterinary Records and Examination.

Seller provides copies and/or access to Horse's vaccination records as well as any other records. If Purchaser fails to timely secure documentation and review records prior to the sale and transfer of Horse, it is at Purchaser's own peril, and Purchaser waives the right to condition the validity of sale on the basis of non-disclosure of said records.

Statement of authority to enter into agreement and execute sale.

Seller statement of horse's behavior.

List all known behavior issues.

Transfer of Possession and Registration.

Upon Seller's receipt of the full Purchase Price, Seller promises to deliver possession of the Horse and provide Purchaser with Horse's registration papers, if any, and documents necessary to transfer registration of the Horse.

Statement of which state the parties have mutually agreed that this Agreement shall be construed in accordance with and governed by

Signature of Seller

Date of Signature

Signature of Purchaser

Date of Signature

Bill of Sale Checklist

- Detailed Description of the Horse*
- Name*
- Color*
- Markings*
- Breed*
- Sire/Dam*
- Sex*
- Age*
- Statement of authority to enter into agreement and execute sale*
- As is, where is and with all faults*
- Purchaser acknowledges that he/she has conducted inspections as appropriate, including the use of a qualified veterinarian, and is satisfied with the Horse's condition.*
- Acknowledge the Purchaser has had the opportunity to have a pre-purchase examination performed on the Horse by a veterinarian of Purchaser's selection at Purchaser option and expense.*
- Acknowledgment that the execution, delivery, and performance of the Bill of Sale is legal and does not require the additional consent of any person, governmental agency, or any other body of any kind."*
- Acknowledgement of delivery and agreed upon date*
- Seller acknowledges that the Horse has been delivered into the possession of Purchaser on or before the date of this Bill of Sale.*
- Acknowledgement that the sale is agreed to be final with no warranties, guarantees or other promises.*
- Purchaser assumes all risks, responsibilities, and liabilities on the Horse upon execution of this document.*
- Consideration, Commission, and Other Remuneration.*
- Statement of price and payment agreements*
- Purchaser is responsible for payment of a commission to his agent and Seller is responsible for payment of a commission to his agent.*
- List names of persons or entities receiving commissions*
- Statement of which state the parties have mutually agreed that this Bill of Sale shall be construed in accordance with and governed by*
- Signature of Seller and Date*
- Seller's Address*
- Signature of Purchaser and Date*
- Purchaser's Address*



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