



BUYING & SELLING ADVICE

SALES CONTRACTS

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Buying or selling a horse or pony, whether it is your first or you have owned horses before, is an exciting moment full of the promise! Dreams of working with that horse or pony to achieve your goals – whether competitive or for companionship and enjoyment, soon follow. However, it is also a moment where there is significant risk to both buyer and seller. This is where we should instead turn our thoughts to a successful sale. A well drafted sales contract should allocate risk between the buyer and seller appropriately, with the welfare of the horse at its heart to provide the best outcome for all involved.

What is a sales contract?

A sales contract in its simplest form is written evidence that a buyer has paid,

and the seller has received, an agreed amount of money for a specific horse.

A sales contract should include the following key points:

- Address and contact details for both the seller and buyer
- A full description of the horse, including microchip and passport numbers and any identifying features
- If a deposit is to be paid for the horse, the amount and the terms of the deposit (i.e. in what circumstances can, or should the horse be returned)
- The amount of money to be paid for the horse
- The agreed time at which the sale price is to be transferred, and therefore ownership of the horse passes from the seller to the buyer. This may not be at the time of collection unless the transfer can be simultaneous.
- Details of any trial and pre-purchase veterinary inspection of the horse (vetting)
- Information about any specific management needs the horse has, as

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About the Author

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disclosed in the conversation during the trial process

- Details of any pre-existing medical issues.
- Confirmation of when the horse is to be collected, and when the risk of ownership of the horse transfers to the buyer

Why should a buyer ask for a sales contract?

For a buyer – whether buying from a professional seller, or otherwise – the sales contract provides a clear record of a number of matters:

- When the horse formally passes into the buyers' ownership, and therefore when their insurance cover for the horse should commence

- The price paid for the horse, and full identity documents for the horse
- A written disclosure of any specific matters that the buyer may wish to be aware of about the horse or its temperament, such as "requires sedation for clipping" or similar
- A written record of the trial and pre-purchase veterinary examination process, to which any notes on the veterinary report can be included

Why should a seller provide a sales contract?

From a sellers' perspective, whether professional or otherwise, the sales contract provides a clear record of the buyers' opportunities to trial the horse, and a note of the vetting process. It allows the seller to specify any warranty they are willing to give for the horse, and further note any specific issues pointed out during the trial process in relation to the horse, such as any pre-existing medical issues or issues surrounding its temperament.

It also clarifies the time at which the horse changes ownership: a buyer may not be able to collect a horse immediately, however if the horse is sold it becomes subject to the new owners' instructions and requirements, and the new owner should be liable if there is any problem affecting the horse.

Bespoke Arrangements

A sales contract may also be tailored to specific bespoke arrangements, such as when a horse is either sent to a prospective new home before the sale is complete, whether on a short trial, loan with a view to buy, or lease followed

by a sale. In each of these situations it is important to agree the key terms of sale at the outset – such as the price – and further documents which party is responsible for any injury to, or problem with, the horse during the period of trial, loan or lease. Both parties should also agree and record circumstances where the horse can be returned, or should be regarded as sold.

Key areas to consider include – what happens if the horse goes lame, or if the buyer deems it unsuitable?

Deposit Arrangements

If a deposit is to be paid to reserve the horse pending further trial or veterinary inspection, a sales contract should be entered into at the same time as the deposit is paid. The contract should set out clearly the circumstances in which the deposit could be returned (such as if the horse fails the veterinary inspection), and also set out the circumstances where the deposit may not be returned – for instance, if the buyer simply changes their mind.

Where the sale is conditional on the satisfactory completion of a veterinary examination, it is prudent to include terms requiring the buyer to make their decision whether to purchase promptly, and also obliging the buyer to share a copy of the veterinary certificate with the seller if they choose not to proceed with the purchase.

To conclude, while buying a horse is both exciting and risky, a well drafted sales contract which covers every aspect of your agreement is a sensible investment, whether buying or selling.

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