

SYNDICATES

This horse ownership option isn't as complicated as you may think. Here is some information we found in the May/05 issue of *Horses All*, and written by their columnist Christine Sweet. Her research was information gathered by an Ontario lawyer, Catherine Willson. Catherine is in the process of having a book published by the Self Council Press on "The Law and Business of Horses. This book will provide us with Canadian legal information for many equine business transactions.

Syndication means: Two or more people get together to buy a horse. You could call it a "co-ownership agreement." No matter how simple the agreement, the partners should go through the list of "what ifs" prior to purchasing, and that there be a written agreement signed by all owners, and that it be witnessed. People need to be up front about their intentions, and spell out the agreement at the very beginning while everyone is excited and happy about the venture. Trying to formalize an agreement when things have gone bad just doesn't work.

It is exciting to buy a horse and even more exciting to be able to share that experience with friends or family. This excitement has the potential to dissipate the moment the first "unforeseeable incident" might have been foreseen if the owners had taken the time to have the conversation and identify potential ownership risks. Wilson suggests that prospective owners sit down together-right at the beginning- and ask each other some hard questions. Talk about worst case scenarios. Ask the wild and crazy question like, "What if the horse dies"? What are the contingencies that the group needs to put in place to address that issue? Make sure that everyone has a chance to contribute their own thoughts and ideas. By establishing the processes and boundaries up front, many headaches will be avoided. Here are some questions Willson provided to get you started. Ask:

1. Is the purpose of our collaboration pleasure or business? Do we all have a common goal?
2. What is the duration of this agreement?
3. Who makes the decisions about training and shows: is it one of the owners, or all of the owners? Are some of the owners silent partners?
4. What circumstances would be cause for changing the agreement?
5. What is our exit strategy from this agreement?
6. What happens if the horse is injured or dies?
7. What happens if one of the owners can't pay the expenses or wants out of the agreement?
8. How are disagreements between the owners to be resolved?
9. What will trigger the sale of the horse?
10. Anything else important to the owners...?

A very simple agreement such as buying a horse for the kids to share with no formal activities scheduled should include the very basic elements.

1. Horse identification: breed and registration number, color, markings, age.
2. Identify all individuals participating in the agreement: name, addresses, phone numbers.
3. The purpose of the agreement. Outline the reason for purchasing the horse.
4. List details related to the care and use of the horse.
5. Indicate who makes decisions about the horse.
6. Clearly state who is responsible for what expenses. If it helps, write down the regular expenses, like feed, board, farrier, deworming and vaccinations that happen regardless of circumstances and assign responsibility to these expenses in the agreement.
7. Write out the exit strategy options for the owners. One example of the exit strategy is to determine how one owner can sell their share of the horse to the remaining owners. Note that it should be clear to all parties that prior to anyone exiting the agreement, any costs incurred prior to the exit are still the responsibility of all owners.
8. Lastly, all owners sign and date the agreement, and have the agreement signed by a witness.

At the risk of sounding even more like a lawyer, Willson strongly recommends that the agreement include liability insurance to cover all owners. "If your horse kicks someone, all owners are liable," Willson warns. Liability insurance is a minimum precaution. She also suggests, depending on the value of the horse, that you consider mortality and veterinary insurance.

Being the owner of a horse is a dream come true. Having the option to join a syndicate-and share the initial cost and continual expenses-can make it possible for more people to have that dream come true. Taking the time to put the agreement on paper will protect you from avoidable issues. If the handshake is what seals the deal for you, then write up your agreement, sign, date it and get it witnessed, then shake hands once it is signed.

This article was written for general interest and information only. Any legal questions should be addressed to the reader's own lawyer.

Written by Horses All columnist Christine Sweet, with permission granted.