

Fantasy Lane Stable, Inc.

Fantasy Lane Stable 2015 Two-Year Old Program "B"

1. Fantasy Lane Stable Inc. 2YO Program "B" is a Limited Partnership involving the purchase of 2YO Kentucky bred gray or roan Macho Uno filly out of the dam Up To Date Event. She was foaled May 1, 2013. Participation in this syndicate is as a racehorse/broodmare only. It does not include any breeding rights to her dam or sire.
2. There is the grand total of thirty (30) full Shares (90% Interest) in this FLS 2015 Partnership "B". The purchase price/Fair Market Value {FMV} of this newly formed syndicate shall be \$90,000. Any unused portion of the \$90,000 capital raised shall be used to offset training expenses until fully exhausted.
3. No other current FLS horses or Partnerships are included in this offering. There is no limitation on the number of shares a Member/Limited Partner can elect to purchase. Once all 30 full shares are sold this syndicate is officially closed.
4. This is not a stock, a security, nor a bond, and, should not be construed as one. All thoroughbred racehorses are living breathing animals as there is absolutely NO guaranteed Return on Investment (ROI).
5. Participation in thoroughbred racing in general, involves a very high degree of risk as a racehorse could be injured, die and/or never make it to the races for a variety of reasons.
6. The purpose of this FLS 2015 2YO Program "B" is to purchase one (1) 2YO Macho Uno thoroughbred filly currently in training with the express intention to race.
7. There is the possibility, for whatever reason, that the horse may never race. This may be due to an unforeseen injury. Should this occur the Member/Partner acknowledges that horse may become a broodmare and/or retired and that other expenses may incur. Although we have attempted to cover most contingencies FLS Inc. is unable to cover everything in this Agreement.
8. A Full Share {2.999%} has a cost of three-thousand {\$3,000} dollars; Half Shares {1.5%} are available at a cost of one thousand-five-hundred {\$1,500} dollars; and Quarter shares (0.75%) are available for seven-hundred-fifty (\$750) dollars. Fantasy Lane Stable, Inc. at any time without notice reserves the exclusive right to modify pricing at its complete discretion.
9. Purchases of these shares are as a Member/Limited Partner and pertain only to this specific 2015 2YO Program "B" and not to any other FLS Inc. syndicates or any other horses.
10. No oral promises or explanations arising from the FLS Website, Brochure, Cover Letter, E-mail, Personal Phone Conversations, or Otherwise, shall alter the written terms of this Agreement. The literature and/or conversations are for explanatory purposes only to provide an overall guide as to the intentions of this FLS syndicate.
11. The General Manager (GM)/Robert L Hutt in the singular tense represents the management team. When referred to in this Agreement it shall represent the entire management interest. For the protection of all Member/Limited Partner(s) after five (5) days from the date of purchase, there are no provisions in this Agreement for any refunds or re-sale of Interests. Upon making a reservation all funds are due in full by personal check or by PayPal within seven days.
12. FLS 2015 2YO Program "B" Partnership commenced on or about March 24, 2015 and terminates when the horse is sold, claimed, dies, retired from racing, or ceases to be a racehorse/stallion, whichever comes last.
13. It is entirely possible that this 2YO filly shall retire from racing to become a broodmare at which time this contract/Agreement shall remain entirely in full force.

14. Members/Limited Partner(s) owning a full share {2.999%} are required for the life of this Agreement/contract to pay in advance every 5 to 6 months \$800 {3.33%} for training expenses; half-share {1.5%} partners shall pay \$400 {1.67%}; and, quarter-share {0.75%} partners are responsible for \$200 {0.833%}.
15. Invoices totaling \$24,000 {the cost of approximately 5-6 months semiannual training shall be sent out when the Operations Account has approximately \$5,000 remaining. Upon receipt of an invoice the limited partner has seven {7} days to submit full payment as vendors must be paid timely.
16. Expenses are defined as everything normally associated to purchase, train, and properly care for the horse(s), including, but not limited to, training, travel, food, lodging, purchasing the horse, advertising, equipment, silks, veterinary care, transportation, win photographs, entry, nomination fees, administration fees, accounting, phone, mailings, stamps, office supplies, bloodstock agent/trainer commissions of 5%, and mortality insurance (if purchased).
17. Each partner owning a full share shall pay \$10 per month Administration fees; half share partners \$5 per month; and quarter share partners \$2.50 per month. Member/Partners do not have to send a monthly check as said fees shall be deducted from the Operations Account.
18. Subject to change, we currently do not carry any type of mortality insurance. This does not preclude the member/limited partner from purchasing his/her own mortality insurance at his/her own expense up to the amount of your investment.
19. Management, at our complete discretion, reserves the exclusive right at any time to either purchase or cancel mortality insurance {General Manager's decision}. Should this occur the Member/Limited Partner(s) may or may not receive written notification. She is currently insured for \$65,000.
20. The Member/Limited Partner(s) reserves the exclusive first right to purchase the horse if and when he is offered for sale by the General Manager. Upon notification, the Partner has five (5) days to elect to notify the General Manager of his/her intention to purchase.
21. If more than one Member/Limited Partner(s) exercises his/her option, an auction shall ensue, with the highest bidder awarded the horse(s). If bids are equal then the GM has the exclusive right to decide.
22. The General Manager maintains sole exclusive authority to operate the management of the horse without any interference whatsoever from the Member/Limited Partner(s). If the Member/Limited Partner interferes he/she shall receive one written warning, after which, should there be a second offense, the member/limited partner forfeits his/her share.
23. The General Manager maintains sole exclusive authority for all decisions if and when to sell.
24. The General Manager maintains sole exclusive authority as to when and where to enter and race.
25. The General Manager maintains sole exclusive authority to make all customary and reasonable decisions required in the day-to-day management of the horse.
26. Any violation of the aforementioned stated terms in this Agreement shall result in immediate forfeiture of the member/limited partner's holdings.
27. The GM shall receive a twenty percent {20%} commission \$13,000} based on the purchase price/FMV of the horse at time of purchase/sale; plus a ten percent (10%) equity interest including, but not limited to, ten (10%) percent of the horses purse earnings/broodmare as management compensation.
28. The General Manager shall establish and maintain a bank account with an FDIC insured commercial bank. Any unused Operation funds remaining at the conclusion of this Agreement shall be returned 100% pro-rata to the Limited Member/Partner(s).

29. The limit of liability to the General Manager shall be no greater than that of the investment at the time of purchase by the Member/Limited Partner less any distributions received by the Partner(s).
30. The General Manager/Robert L Hutt shall be held harmless and indemnified for any and all claims and/or litigation including but not limited to, Court Costs, Legal Fee Representation, Expert Witnesses, and Disbursements by all member/limited partners in this partnership.
31. All parties agree to settle any and all disputes via binding arbitration in a venue selected by FLS Inc. management. The member/limited partner shall be obligated to pay for legal fees, court costs and disbursements. It is hereby agreed that no arbitrator/Judge can amend the terms of this Agreement.
32. The funds necessary for the General Manager to retain counsel and be indemnified shall be paid by the Operations Account. All recovery pertaining to the horse shall be returned to the Operations Account upon receipt by FLS Inc. and/or the General Manager.
33. If any limited partner wishes to arbitrate/litigate against a member/limited partner for violating the terms of this Agreement he/she can do so individually; but at his/her own expense. The General Manager shall not be entitled to any award obtained by said member/limited partner.
34. Limitations on Arbitrations: A Member/Limited Partner arbitrating a claim shall be done on an individual basis. There is no right, nor authority for any claims to be arbitrated on a Class Action basis, nor on a basis involving claims brought on behalf of other limited partners.
35. By way of this Agreement, only one attorney may represent an individual limited partner. Said attorney cannot represent multiple limited partners, nor persons similarly situated as it shall be considered a conflict of interest. Each partner must retain his/her own individual representation. Likewise, no attorney from the same law firm may be retained by another member/limited partner.
36. Conversely, FLS Inc. and the General Manager Robert L Hutt can be represented by one attorney.
37. In the event of the untimely death of the Member/Limited Partner(s) his/her share shall revert to the Estate or the designated beneficiary of the deceased.
38. All Member/Limited Partner(s) reserves the right to sell or gift their Interest at any time. The new Assignee must agree to abide by all terms in this Agreement. The selling Member/Limited Partner(s) must notify the General Manager in writing before making any sale.
39. The other Member(s)/Limited Partner(s) shall then be notified and have the exclusive right for 7 days to match the price and purchase the Interest. If more than one Member/Limited Partner(s) elects this option, an auction shall ensue with the highest bidder awarded the right to purchase the Interest.
40. Periodically, anticipated semi-annually, accumulated net purse earnings in excess of \$24,000 per horse (approximately 5-6 months retained training expenses) shall be distributed to all Member/Limited Partner(s) prorata.
41. Net purse earnings are defined as earned purses less the customary fees to the trainer of 10%, jockey (10%), groom (1% on wins) and win photographs.
42. Should the horse be fortunate to be of stakes caliber, then nomination, entry & starting fees shall be deducted from purse earnings and considered part of expenses.
43. Whenever the trainer employs more one than Assistant Trainer it is customary and reasonable for the Trainer's Fee to be 11% on all purses earned.
44. Should the horse be sold privately resulting in a profit, the selling trainer shall receive 10/11% of the sale price. The General Manager/Robert L Hutt shall receive 20% of such sale; plus Broodmare Fees of: \$30 per month for full share partners; \$15 for half-share partners; and \$7.50 per month for quarter-share partners. These fees shall be paid from the Operations Account.

45. Should the horse be syndicated during or after his racing career is over, or a portion sold for racing purposes, the Member/Limited Partner(s) shall maintain his/her prorata percentage of ownership should the horse be sold to outside Interests.
46. Should 50% be sold, then the Member/Limited Partner(s) overall ownership percentage would likewise be reduced by an equal amount of 50%. In this **hypothetical illustrated example**, a Member/Limited Partner(s) owning a full share 2.999% would see his holdings reduced to 1.5%; half-share partners 1.5% to 0.75% and quarter-share partners 0.75% to 0.375%.
47. In the future, should a percentage of the horse be sold to outside interests in which the horse becomes a broodmare, should FLS retain an interest, part or all of the funds received from said sale will be retained to offset stallion/broodmare expenses, including but not limited to, advertising, veterinarian expenses, transportation, nomination, commissions; and, boarding.
48. There is the possibility that FLS Management may decide to retain 100% of the horse as a stallion/broodmare. Should this occur, the member/limited partner can elect at his/her option whether to sell his/her interest at any time. The GM shall post said offer a maximum of 3 times in an email to other members/limited partners for potential purchase.
49. Should the horse produce a foal{s} owned by this syndicate the GM retains sole authority whether to race or sell the foal{s}. Should the foal{s} be sold, net proceeds from a private sale or auction shall be distributed pro rata to each limited partner based on adjusted holdings {percentage} at the time of sale.
50. The Member/Limited Partner(s) shall be notified on a best attempt basis usually two (2) days prior to a race, by e-mail when the horse is scheduled (entered) to race.
51. If required, the Member/Limited Partner(s) at his/her own expense must pay to be individually licensed in any State where the horse races. Most State Racing Commissions require ownership Interest of greater than 5% to be licensed. The only exception currently to our knowledge is the State of New York where the limited partner must be licensed for an interest of 3% or greater.
52. The Member/Limited Partner(s) is required for the entire life of this Agreement to contribute additional funds for all expenses. Any shortfalls shall not be the responsibility of FLS Inc./General Manager.
53. If after three (3) notices {2nd notice shall be 7 days after the first, with the 3rd notice 7 days after the 2nd}; if the funds are still not forthcoming, the Member/Limited Partner(s) acknowledges he/she shall forfeit his/her ownership Interest in the horse, but shall still remain liable for the funds.
54. Should the General Partner find it necessary to invoke Paragraph #53 said share shall be offered for sale to all other limited partners. Should no one elect to purchase it will be divided prorata among all other limited partners who shall then be responsible for the delinquent expense prorata.
55. The General Manager through his Certified Public Accountant {CPA} shall provide to the Member/Limited Partner(s) a K-1 for tax reporting on or before March 31, 2016; and every March 31st thereafter this partnership remains active. Fantasy Lane Stable Inc. does not offer tax advice as that is solely the responsibility of the individual Member/Limited Partner to seek his/her own tax adviser.
56. The Member/Limited Partner(s) upon notification shall have the exclusive right to enroll in the next FLS Inc. Syndicate for 7 days prior to it being offered for sale to the General Public.
57. Although every attempt has been made to cover all contingencies, should a situation occur not covered by this Agreement, the General Manager maintains sole exclusive authority to make any and all changes to this Agreement deemed necessary. Robert L Hutt/GM shall adjudicate any and all disputes in a customary and reasonable manner.

I am over the age of 18 and have completely read and comprehend the terms of this Agreement. I wish to purchase _____ Interest(s) as a Member/Partner in the Fantasy Lane Stable (FLS) 2015 2YO Partnership %B+. I fully agree to abide and comply with the terms and conditions as set forth within this Agreement. I enclose my check in the amount of \$_____.

Date

Member/Partner

Signed before me this _____ day of _____, 2015.

(seal)

Notary Public

Accepted By on behalf of Fantasy Lane Stable, Inc.:

Date

Robert L. Hutt, General Manager

Please provide the following information for our records.

FULL NAME: _____

ADDRESS: _____

CITY _____ STATE: _____ ZIP: _____

TELEPHONE:

Day: (_____) _____

Evening: (_____) _____

Cell: (_____) _____

Fax: (_____) _____

E-MAIL: _____

SOC. SECURITY # _____ - _____ - _____

PLEASE EMAIL TO: TFCG1@AOL.COM OR MAIL TO:

**FANTASY LANE STABLE Inc.
166 Weed Avenue
Staten Island, New York 10306**