

There is No Such Thing as a Free Horse

As a horse owner, I was excited to see on September 24, 2016, *The Wall Street Journal* published an article "The Need for Steed" in which it stated "the horse business is trotting ahead," as women

who rode as children are returning to the barn in droves. I know this feeling well. "[M]ore than 75% of horse owners are women," according to the United States Equestrian Federation, and I have found that the horse barn is the

equivalent of the golf course for many women professionals. *The Wall Street Journal* article outlines the basic costs of engaging in the hobby, which can get quite expensive depending on how far one



By Cheri A. Budzynski

wishes to pursue the dream. *The Wall Street Journal* article does not, however, address contractual woes that can be associated with buying a horse. For those that are thinking about returning to their childhood hobby, there are some things to consider.



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Consider Leasing

You may be asking if you read that right. You did and you can. If buying a horse seems like too much of a commitment but a lesson once a week is too little, then consider a lease or a half-lease option. Many horse owners who board and find themselves too busy to ride six days a week look for someone to half-lease their horse. Typically, a half-lease is half the price of board. So in a barn where board is \$500 a month, for \$250 a month, a "half" lessee gets to ride the horse three times a week (this may include one lesson per week depending on the barn). In

a half-lease arrangement, the owner covers the veterinarian costs as well as any maintenance costs such as farrier services (hoof trimming or shoeing) or diet supplements.

Keep in mind that whether you lease or buy a horse, make sure there is a contract! The contract for a lease should be clear on the terms of the agreement. The terms should, at a minimum, include: (1) the price of the lease; (2) the extent of riding the lessee is allowed per week; and (3) who is responsible for any veterinarian fees or other incidental costs.

Buying a Horse

For individuals intent on buying a horse, there are considerations above the costs of owning a horse, which can easily reach \$10,000 to \$20,000 per year. The buying process itself can be daunting. Here are some considerations in making this life-changing purchase.

Horse Brokers. Many people look to a more experienced person to help them buy a horse. This is a perfectly normal way to purchase a horse but the terms of the agreement should be in writing and clear. For example, horse brokers are business people so it is standard that they get paid for their services. It is not unusual for them to charge 10% of the price of the horse and the cost of any travel expenses. Be sure to ask the broker fee for helping you find that perfect horse. If they suggest importing your “first” horse from Europe, the costs go way up and frankly, if it is your first horse, walk away.

In addition, be very clear what you are looking for. It is not an uncommon practice in the horse world for trainers to upsell their clients. Rather than finding a \$5,000 safe and reliable horse for their client, they may talk them into a “flashier” horse with great bloodlines for \$20,000 to \$50,000. Once the client brings the horse home and realizes that the horse is “too much horse,” the trainer recommends paying him or her for professional rides on the horse to be more manageable. While this may work for some clients, most people should settle on the \$5,000 horse.

Pre-Purchase Exams. So you found that perfect horse!!! Now what? Before signing any contract, the next step is arranging a pre-purchase exam or PPE. This is a due diligence test to ensure that your perfect horse is

really a perfect horse and not a lame horse. A PPE can range anywhere from \$500 to \$2,500 depending on the extent of the exam. While there are no 100% guarantees when buying a living animal, in my opinion, this step is critical when buying any horse over \$5,000. It will also give you a baseline of health and may provide an idea of any future medical treatment the horse may need. In addition, minor health issues can be a negotiating point on the price.

The potential buyer is responsible for setting up and paying for the PPE and there are a few things to consider. First, ask the seller for the name of the horse’s current veterinarian and whether the horse has had any health issues. Ask for veterinarian records. If the seller is hesitant to provide this information, walk away. Second, find an independent veterinarian to conduct the PPE as he or she will be acting on behalf of you and not the seller. If the horse is not in your state, call the local horse association and ask for a list of veterinarians that conduct PPEs in that area. Finally, discuss the extent of the exam that you are looking for with the veterinarian and if you are not savvy on equine health, include a person who is, such as your riding instructor. The test may include basic flexion tests and radiographs to scoping the respiratory pathway and drug testing (Yes - drug testing!!! And if you are a timid rider, definitely drug test - the horse industry can include disreputable sellers that mask physical and psychological issues with a horse when you test ride them).

Contracts for Purchase. Most people would not think twice to have a contract for any purchase over \$1,000. It is the same for purchasing a horse. Make sure there is a contract and make sure you read it. The contract may be anywhere from a one page contract to an extensive

multiple page contract. While equine purchase contracts can be very similar to standard contracts, there are issues that are specific to purchasing a living animal. For example, ask for a trial period. Most people that purchase horses ride them once and determine if they want to buy the horse. A horse on one day is not necessarily the same horse on a different day. It is not inappropriate to ask for a trial of seven to 10 days. Keep in mind that if the seller refuses, it should not be a deal breaker but it should give you pause to consider if this is the right horse. Not every horse owner is going to let just anyone take their horse for a period, especially if the contract is between strangers. Offering some type of consideration for a trial may help seal a trial. Offer a sum of money above the purchase price and agree to have mortality insurance during the trial.

If purchasing a horse over \$5,000, it may be worthwhile to have an attorney review the contract. The cost to review a contract is likely to be minimal compared to any legal challenges that could happen should the purchase be problematic.

Insurance for Horses? Yes, you read it right again. Insure your horse for mortality! As with any insurance, the cost increases depending on the extent of the coverage. Typically, most owners purchase mortality insurance for the purchase price of the horse. There is a colloquial saying in the horse world that “horses will try to commit suicide in direct proportion to their value.” While not true, it would be not only emotionally devastating but financially devastating if one purchased a horse for \$20,000 and it died six months later. While the insurance will not heal your broken heart, at least it covered the price of purchase.

Conclusion

Owning a horse can be a rewarding outlet and a great hobby. But before diving into the horse world, be aware that any agreement, whether lease or sale, should be in writing and does not come without the cautions of any other purchase or sale agreement. Do not think twice to ask an attorney familiar with equine laws and practices for guidance in this fulfilling journey.

For additional information, contact Cheri A. Budzynski at cbudzynski@slk-law.com or 1-800-444-6659, ext. 1332.