

# THE SUPER STALLIONS INCENTIVE FUND

## PROGRAM OVERVIEW

### I. Identification and Objective

THE SUPER STALLIONS INCENTIVE FUND ("SSIF") is a Texas non-profit Corporation.

SSIF is designed by cutting horse stallion owners to make additional prize money available for foals sired by Stallions nominated to the SSIF program that compete in the NCHA Super Stakes.

SSIF is not affiliated with, endorsed by, or operated by NCHA.

### II. Definitions

1. "SSIF" shall mean The Super Stallions Incentive Fund, a Texas Non-Profit Corporation.
2. "Owner" shall mean the legal and registered owner as of the date of the Stallion Nomination Contract.
3. "Stallion Nomination Contract" shall mean a legal and binding contract by and between SSIF and the legal and registered owner of a Stallion that has been nominated by such owner to the NCHA Super Stakes, pursuant to the bylaws, rules, regulations and contract provisions of NCHA.
4. "NCHA" shall mean the National Cutting Horse Association.
5. "NCHA Super Stakes" shall mean the events to be promoted, organized and conducted by the NCHA.
6. "Stallion" shall mean a stallion named in a Stallion Nomination Contract that has been nominated to the NCHA Super Stakes, pursuant to the bylaws, rules, regulations and contract provisions of the NCHA and has been nominated to the SSIF Program.
7. "Eligible Offspring" shall mean the properly documented offspring of a Nominated Stallion as acknowledged by the offspring's corresponding breed registry.
8. "Deliver" shall mean the process of transmitting a Stallion Nomination Contract to the SSIF. When a date for "delivery" is stated, such date shall mean and refer to either actual physical receipt by the SSIF on or before 5:00 p.m., Pacific Time, on such date, or that a First Class U.S. Mail postmark is indicated on an envelope containing such item(s) of no later than 11:59 p.m. on such date.
9. "Contract" shall mean the Stallion Nomination Contract.

### III. Eligibility

Foals sired by stallions nominated to the SSIF program are eligible to compete for SSIF Incentive Fund prize money. The Stallion owner is responsible for nominating the Stallion to the SSIF program and for payment of the Nomination Fees. Nomination of the Stallion to the SSIF program and payment of the SSIF nomination fee makes the Stallion's offspring eligible for SSIF Incentive Fund prize money. The Stallion must be nominated to the SSIF Program and the Nomination Fees paid in accordance with the terms and provisions of the SSIF Program in order for the Stallion's offspring to be eligible for SSIF Incentive Fund prize money.

The Stallion Owner is responsible for assuring that the Stallion has been nominated to the NCHA Super Stakes pursuant to the bylaws, rules, regulations and contract provisions of NCHA. Failure of the Stallion to be nominated to NCHA Super Stakes shall constitute a forfeiture and waiver of any and all fees paid by the Stallion Owner to the SSIF for the right to participate in the SSIF Program.

### IV. Stallion Nomination

The Stallion owner is responsible for delivery of a properly completed Stallion Nomination Contract to SSIF. The Stallion's Owner is responsible for timely reporting to SSIF regarding subsequent ownership changes of the Nominated Stallion.

## **V. The Nomination Fee**

SSIF will submit an invoice to the Stallion Owner for the Stallion Nomination fees approximately six (6) months prior to the NCHA Super Stakes event.

The Stallion Owner is responsible for delivery of the annual Nomination Fee to SSIF in accordance with terms of the invoice. The nomination fee is to be made payable to SSIF in United States Funds. Delivery of the Nomination Fee shall be deemed timely if sent by U.S. Mail showing a cancellation date not later than the date set out in the SSIF rules. Failure to pay the Nomination Fee in accordance with SSIF rules will result in cancellation of the Nominated Stallion from the SSIF program and all subsequent SSIF events.

The amount of the Stallion Nomination Fee is based on the total number of the Nominated Stallion's offspring as reported on applicable Stallion Breeders Report(s) for the corresponding breeding year, regardless of the actual number of live foals born. The following chart summarizes the current SSIF Stallion Nomination Fee.

<b>Stallion Nomination Fee</b>	
<b><u>Total Mares Bred</u></b>	<b><u>Nomination Fee</u></b>
1 to 10	\$1,250
11 to 40	\$2,500
41 to 70	\$5,000
71 or more	\$7,500

## **VI. Management of Stallion Nomination Fees**

The Stallion Nomination Fee will become part of the SSIF Incentive Funds whether or not the Nominated Stallion has any offspring entered in the NCHA Super Stakes. No refunds or adjustments to the Stallion Nomination Fee shall be made for any reason.

The individual Stallion Nomination Fee for each Stallion will be deposited when received by SSIF into an interest bearing account (SSIF Nomination Fee Account) and will be combined with all nomination fees paid by owners of Nominated Stallions for events of the year for which the fees are received. SSIF shall maintain corresponding nomination fees records.

SSIF shall annually deduct from the SSIF Nomination Fee Account, exclusive of any interest, five percent (5%) of such account balance as and for a onetime management fee ("SSIF Management Fee"). Interest earned on the SSIF Nomination Fee Account shall be added to the principal and when so added, less the SSIF Management Fee, shall be considered the "Net Nomination Fees".

## **VII. Payout of SSIF Incentive Funds**

The Net Nomination Fees will be distributed in the following manner:

1. \$25,000 (the "Dam Owner Purse") to the legal and registered Owner, as of the time of the commencement of the NCHA Super Stakes, of the dam of the eligible foal receiving the highest score in the Finals of the Open Division of the NCHA Super Stakes, if any;
2. 10% of the Net Nomination Fees (after deduction of the Dam Owner Purse, if any) in excess of \$250,000 (the "Non-Professional Division Distribution") will be distributed to foals of all Nominated Stallions in the Finals of the Non-Professional Division of the NCHA Super Stakes; and
3. The remaining portion (after deductions of (1) and (2) above, if any), of the Net Nomination Fees (the "Open Division Distribution") will be distributed to the legal and registered Owner, as of the time of the commencement of the NCHA Super Stakes of the eligible foals in the Finals of the Open Division of the NCHA Super Stakes, in accordance with the payout indicated below.

Within the Finals of both the Non-Professional Division and the Open Division of the NCHA Super Stakes, the Non-Professional Division Distribution and the Open Division Distribution will be distributed in the following manner:

1. If there is only one (1) eligible foal in the Finals, that eligible foal shall receive 100% of the Non-Professional Division Distribution or the Open Division Distribution, as applicable;
2. If there are only two (2) eligible foals in the Finals, the eligible foal receiving the highest score in the Finals shall receive 70% of the Non-Professional Division Distribution or the Open Division Distribution, as applicable; and the other eligible foal shall receive the remaining 30% of the Non-Professional Division Distribution or the Open Division Distribution, as applicable; and
3. If there are three (3) or more eligible foals in the Finals, each eligible foal in the Finals shall receive a distribution based upon the following chart, subject to paragraph, (4) below:

PLACE AMONG NOMINATED FOALS IN THE FINALS	% DISTRIBUTION
1	40.000000%
2	12.291000%
3	10.335316%
4	8.352632%
5	6.369947%
6	4.414263%
7	2.431579%
8	2.257895%
9	2.084211%
10	1.910526%
11	1.736842%
12	1.563158%
13	1.389474%
14	1.215789%
15	1.042105%
16	0.868421%
17	0.694737%
18	0.521053%
19	0.347368%
20	0.173684%
	<b>100.000000%</b>

4. If there are 3 or more, but less than 20 eligible foals in the Finals, the percentage distribution allocated for those places not having an eligible foal in the forgoing chart, shall be re-distributed to those eligible foals in the Finals on a pro-rata basis, based upon the numbers of eligible foals in the Finals.

*By way of example only: assume that there are only 7 eligible foals in the Finals of the Open Division of the NCHA Super Stakes - those 7 eligible foals will receive the percentage distribution assigned in the forgoing chart to places 1st through 7<sup>th</sup> and in addition each eligible foal shall each receive 1/7th of the remaining 15.805263% (the percentage allocated for places 8th through 20th) of the Open Division Distribution.*

5. If there are no eligible foals in the Finals of a particular Division, the Non-Professionals Division Distribution or the Open Division Distribution, as applicable, shall be retained by SSIF and added to the Non-Professional Division Distribution or the Open Division Distribution for the following year, as applicable.

### **VIII. Miscellaneous Provisions**

The Stallion Nomination Contract is not binding until properly executed by both the Stallion's Owner and by SSIF. SSIF shall have ten (10) business days after receipt of the Contract to determine whether to execute this Contract. If SSIF declines to execute the Contract, the Stallion owner shall be so notified in writing within said ten (10) business days and such notification shall be accompanied by the return of the Contract marked "Cancelled".

In the event that NCHA cancels the Super Stakes, SSIF shall return all Nomination Fees, and all interest accrued thereon, to the Stallion Owner, as applicable, excluding a pro rata share of the management fees subtracted from the funds.

Terms of the Stallion Nomination Contract will remain in force from year to year for subsequent events unless modified by SSIF. The Stallion Owner may elect to cease nomination to subsequent events by written notification to SSIF by certified mail.

## **Super Stallions Incentive Fund (SSIF)**

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