

# RAAA Suggested Seedstock Co-Ownership Agreement

**RAAA Disclaimer:** "Red Angus Association of America does not, by publishing this "RAAA Suggested Seedstock Co-Ownership Agreement", require any of its members to use this Agreement in every instance. All parties to a contract should freely negotiate the terms of an agreement, as each business arrangement is unique. The Red Angus Association of America makes no representations as to the legal sufficiency or adequacy of this suggested agreement for every situation that RAAA members may encounter. Rather, this agreement is simply provided as a service to RAAA members to highlight certain issues that co-owners of RAAA registered cattle should consider, and incorporate, into the appropriate ownership agreement for each RAAA-member's situation. RAAA encourages all members to obtain professional legal advice to address any questions pertaining to the legality and/or enforceability of any particular agreement."

This agreement establishes the terms and conditions by which the parties identified below will share in ownership of the Registered Red Angus Animal as recorded in the Red Angus Association of American (RAAA) and identified by the Herd Prefix \_\_\_\_\_, Identification Number \_\_\_\_\_ with the name:

\_\_\_\_\_, Registration number \_\_\_\_\_, and hereinafter referred to as the animal.

\_\_\_\_\_ of \_\_\_\_\_,  
hereinafter referred to as Owner 1: percent ownership equals \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_,  
hereinafter referred to as Owner 2: percent ownership equals \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_,  
hereinafter referred to as Owner 3: percent ownership equals \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_,  
hereinafter referred to as Owner 4: percent ownership equals \_\_\_\_\_

Additional owners and their respective ownership interests may be identified on a separate page, which will be identified as Attachment "A" when required. Collectively all parties identified as sharing in ownership of the above identified animal are referred to as "Owners".

## I. Communication:

- a. Communication between owners regarding management, promotion, well-being, expenses, etc of the animal must be made in writing. Electronic communications such as FAX or email are acceptable. All correspondence will be considered delivered when sent, i.e. delivered to postal service receptacle with prepaid postage, positive FAX transmission report, or confirmed sent via email.
  - i. In cases where response is required such as a decision or vote amongst owners, mail should be sent with return receipt, and electronic communications should request a reply in the subject line (email) or cover page (FAX).
  - ii. Any votes that are taken between owners will be counted based on percentage of ownership. A majority is achieved when 51% of the ownership interests in the animal vote for one outcome. A super-majority will be achieved when 67% of the ownership interests in the animal vote for one outcome. All owners agree to accept and support the results of such votes.

## II. Data Reporting and Registration of Progeny:

- a. All owners understand that both explicit and estimated estimations of the animal's genetic merit will likely be impacted by progeny data, which includes but is not limited to: recorded weights,

management codes, contemporary group formation, ultrasound measures, DNA tests, and other recorded phenotypes. All owners also understand that such impacts may be either positive or negative and can affect the value of the animal.

- b. No owner shall hold another liable for loss of value of the animal that resulted from the accurate reporting of any data.
- c. All owners agree to abide by the prevailing rules of the Red Angus Association of America (hereinafter RAAA) when recording progeny data and/or registering progeny of the animal.

**III. Subsequent Sale and Divisibility:**

- a. At any time an owner may sell all or part of their ownership interest. However, they must give prior notice to all other owners. Prior notice shall include:
  - i. The identity of the potential buyer, percentage of ownership being offered for sale, any possession being offered for sale and the sale price.
  - ii. Such notice must be made to all other owners in writing and be sent in a common email, or delivered by expedited service (USPS, UPS, FEDEX) where notification to all owners were shipped on the same date, at the same time and from the same location.
  - iii. Prior to any interest in the animal being sold, all current owners will be given first right of refusal at the same price and with the same terms and conditions.
    - 1. Owners will then have 7 business days from the date notices were sent to exercise their respective purchase option.
    - 2. When two or more owners choose to exercise the first purchase option they may:
      - a. Agree to share in the purchase, with each paying a pro-rated share of the sale price according to the percentage of ownership they will be purchasing.
      - b. Hold a teleconference or web-conference "bid off" to be conducted by the seller. The party with the final and highest bid will purchase the interest and terms offered for sale at that bid price.

**IV. Possession:**

- a. It is understood by all owners that ownership and possession are not the same, and that individual(s) who have no rights of possession may own the animal. The following owners are identified as owning a possession interest in the animal:  
Owner(s) \_\_\_\_\_.
- b. Owners' times of possession may be divided by date/month within each year or alternating even/odd years.
- c. Owners' times of possession shall be as follows:
  - i. Owner \_\_\_\_ shall have possession beginning XX/XX of [each/even/odd] year(s), and ending XX/XX of [each/even/odd] year(s).
  - ii. Owner \_\_\_\_ shall have possession beginning XX/XX of [each/even/odd] year(s), and ending XX/XX of [each/even/odd] year(s).
  - iii. Owner \_\_\_\_ shall have possession beginning XX/XX of [each/even/odd] year(s), and ending XX/XX of [each/even/odd] year(s).
  - iv. Owner \_\_\_\_ have possession beginning XX/XX of [each/even/odd] year(s), and ending XX/XX of [each/even/odd] year(s).
- d. All parties who own a possession interest in the animal must mutually agree upon any changes to the times of possession as stated above.
- e. Any party wishing to relinquish, or sell their possession time (also "walking rights) of the animal, while maintaining an ownership interest must first offer the same possession time to the other owners as follows:
  - i. All owners will be made aware of a prospective sale to include dates of possession, price, and name/location of prospective buyers. Once so informed, owners will be given 7 business days to exercise the possession purchase option.

- ii. Any owner(s)' refusal to purchase the possession time shall be deemed as their agreement for possession to be offered to a non-owner.
  - iii. However, owners agree that subsequent sale of possession must consider the health and well being of both animal and herds of other owners who share possession. Thus, distance of travel, age and health of the animal, potential crossing of international borders, or travel to states with specific health risks must be disclosed to all owners who share in possession of the animal. Any subsequent sale of possession must be approved by [all/a majority] of the other owners who share in possession of the animal.
- f. All costs associated with the transportation of the animal from one owner's possession to the next, shall be the responsibility of the party receiving possession.
  - i. Owners understand that the health requirements of the owner receiving possession may require an interstate shipping certificate and/or various health tests. Each owner with possession agrees to facilitate the required tests in appropriate time as required for transportation to be possible on or about the date the next owner's possession is scheduled to begin.
- g. Expenses associated with normal care and nutrition shall be the responsibility of the party in possession of the animal.
  - i. Extraordinary expenses incurred through maintaining the health of the animal will be shared according to percentage of ownership; however the owner in possession must notify the other owners of changes in the animal's health that warrants such expense.

#### V. Bulls Only:

- a. Each owner with possession agrees to limit natural service to an appropriate number of cows that are thought to be in good health and free of disease to the best of that owner's knowledge.
  - i. The appropriate number of cows will vary depending on age, pasture conditions, duration of exposure and nutrition. Each owner with possession agrees to endeavor to maintain the bull's health, body condition and breeding soundness for the long-term welfare of the bull.
- b. Each owner shall have unrestricted within herd use of the Bull via Artificial Insemination (hereinafter "AI").
  - i. Owners agree that frozen semen is the best insurance against loss of the Bull's genetic merit, thus through their execution of this document they agree to make this a priority.
  - ii. Owners will work together to coordinate times when the bull is available for semen collection.
  - iii. Each owner will have unlimited use of the bull within their own herd.
  - iv. Each owner will share in semen collection and related expenses on a pro-rated basis dependent upon the number of units they require for their own within herd use.
- c. Leasing: No owner may lease his or her possession in the bull to a non-owner without consent of other owners.
  - i. An owner with possession may lease their interest to another owner providing the transportation, or service does not put the bull at abnormal risk.
    - 1. Other owners must be notified of such lease.
- d. Progeny testing – Any owner may at their expense and through donation of their supply of semen enter the bull into an official progeny test for the purpose of increasing accuracy of genetic predictions.
  - i. Or, where mutually agreeable by two or more owners, this may be a collective effort in which case all expenses and supplied semen will be shared according to respective percentage of ownership.
- e. Semen Sales: In addition to outside use through structured progeny testing, owners agree to determine whether to offer the bull's genetics to non-owners through the sale of frozen semen. And, if so they will likewise determine the method, which accomplishes this.
  - i. Any method chosen may be abandoned in lieu of another method by majority/supermajority vote of ownership.

- ii. \_\_\_\_\_ **Method 1** – No semen will be offered to other breeders, only owners of the bull will have access to his genetics.
  - 1. If this method is chosen all owners understand that since the Red Angus Association of America does not require AI Certificates for registration of progeny, any owner selling or giving or donating semen will likely end up with other breeders registering progeny.
  - 2. If this method is chosen, owners through mutual consent may donate semen for research and/or fundraising.
- iii. \_\_\_\_\_ **Method 2** – Semen sales will be limited to a predetermined number of semen packages. These will be offered to breeders for within herd use only.
  - 1. A purchase agreement will be drafted between the owners and breeders who purchase such a package:
    - a. This agreement will establish the price and quantity of semen.
    - b. This agreement shall prohibit purchasers from reselling any part of their package.
  - 2. If this method is chosen, owners through mutual consent may donate semen for research and/or fundraising.
- iv. \_\_\_\_\_ **Method 3** - Each owner may market frozen semen on their own and is not obligated to share revenue with other owners.
  - 1. Owners will be responsible for all costs associated with maintaining their own semen inventory for sale and within herd use, as well as scheduling semen collection opportunities with the other owner(s).
- v. \_\_\_\_\_ **Method 4** – Owners agree to share in all revenue and expense associated with the sale of frozen semen.
  - 1. Owners will choose one owner or an outside party, hereinafter referred to as Agent, through separate contract, to represent the bull through the marketing of semen to commercial cattlemen, export markets and other seedstock producers.
    - a. The chosen individual/entity will be responsible for sharing revenue, and expenses associated with semen collection, sales, promotion, etc.
    - b. An accounting of semen sales revenue and expenses must be provided to all owners on a [quarterly, semi-annual, annual (pick one)] basis.
    - c. Owners understand that the subsequent contract with the Agent may supersede all or parts of this co-ownership agreement.

**VI. Females Only:** – use as an Embryo Donor Dam, hereinafter referred to as ET donor.

- a. Owners will agree upon a general strategy regarding the superovulation, embryo removal (flushing) and rebreeding of the cow to carry a natural calf.
  - i. Any changes to the agreed upon strategy will be discussed with all owners, and only altered by majority consent.
- b. Owners will through separate agreement determine how fresh, frozen embryos and natural progeny and all expenses incurred through their production will be divided between owners.

**VII. Promotion:**

- c. Advertising: Any owner may advertise the animal according to his or her own wishes and at their expense.
  - i. Any owner advertising the animal agrees to identify all other owners in the ad.
  - ii. Any owner advertising the animal agrees to present only factual information as regards to their ownership interest.
- d. Ads where another owner(s) is expected to share in the expense; must be approved by the other owner(s) prior to submitting ad copy and incurring related expense.
- e. Showing: All owners must offer their approval before the animal can be fitted for exhibition at a livestock show(s). This is true even if one owner accepts responsibility for related expenses.

**VIII. Liability and Insurance:**

- f. Each owner understands and accepts that the animal is subject to injury, illness, and both loss of use and loss of value through normal pasture usage, handling, interaction with other animals, transportation, acts of god, etc.
- g. It shall be the responsibility of each owner to insure his or her ownership interest in the bull.
- h. No owner shall hold another liable for injury, death, and loss of use of the bull that results from accident, act of God, illness, or any non-intentional incident.

**IX. Disposal and Salvage:**

- i. Those owners who share the possession interests of the animal will share in the salvage value if the animal is sold for slaughter. Net proceeds from such sale shall be divided according to percentage.
- j. The party in possession of the bull shall be responsible for disposal of a dead bull or bull incapable of being sold for slaughter.
- k. Owners who share possession shall share the responsibility of determining the time and method for disposal of the bull. However, other owners must be notified and given the opportunity to collect semen if the bull is still capable.

**X. Termination:** This agreement shall be considered terminated when the animal is deceased and all frozen genetics are extinguished. An individual owner may remove themselves from this agreement by selling/gifting their interest in the animal (living or deceased) to another owner.

- a. Any owner terminating their position in this agreement may retain frozen genetics (semen/embryos) for within herd use or frozen embryos for within herd use.

The effective date of this agreement for owners shall be that date which corresponds to their execution of the Agreement.

Owner 1 (Signature): \_\_\_\_\_,

Date: \_\_\_\_\_

Owner 2 (Signature): \_\_\_\_\_,

Date: \_\_\_\_\_

Owner 3 (Signature): \_\_\_\_\_,

Date: \_\_\_\_\_

Owner 4 (Signature): \_\_\_\_\_,

Date: \_\_\_\_\_