



In the horse business:
**Prevention Is
Best Cure for
Legal Disputes**

Whether you're looking to buy your first horse or selling a horse to an equine novice, knowing the legalities can prevent frustration.

BY TROY SMITH

According to the American Horse Council (AHC), there are nearly 2 million horse owners in the United States who breed, feed, lead, ride or just like to look at their own contributions to an equine population of approximately 7 million. The numbers are growing, along with interest in recreational equine activities.

Seeing new fires of interest breaking out all across the country, aggressive breed associations are fanning the flames to promote their particular breeds and programs.

AHC number crunchers say recreation is the largest and fastest-growing area of equine interest. Racing and racehorse breeding account for about 725,000 head; ranch- and rodeo-related uses require 1,262,000 mounts; and showing competition includes some 1,974,000 horses. However, 2,970,000 horses are kept for recreational riding.

Most new interest comes from entry-level horse fanciers,

and most of those have urban backgrounds two or more generations away from the farm or ranch. They are pretty green; and while they might be oozing enthusiasm, they usually lack experience. Few have purchased a horse before, and many may not have considered what it takes to stable, feed, train or maintain the health of a horse. And there are the legal aspects of buying and owning a horse.

■ **Advice for greenhorns**

Rod Rehm, an attorney from Lincoln, Neb., offers advice that might help keep novices and old hands alike from becoming entangled in legal disputes. Though not an avid rider himself, Rehm says he is a "horse dad" who has acquired several horses for his daughter. While purchasing horses, arranging for their care and training, and hauling his daughter to competitions, Rehm says he has made nearly every mistake possible.

For novices honest enough to

admit they know nothing about how to choose and buy the right horse, Rehm recommends purchase by private treaty. He also advises seeking assistance from a trusted and experienced breeder or trainer.

Advice from an expert is essential if the novice plans to buy through an auction sale. And, when a prospective animal has been located, Rehm advises the potential buyer to do some homework.

"If the horse is supposed to be broke to ride or trained as a performance horse, be sure to take it for a test drive," advises Rehm. "Ride it yourself or have a more experienced friend put the animal through its paces. If the seller doesn't want you to try the horse, something is wrong, and it might be better to walk away from that deal."

Particularly when considering the purchase of a horse to be used in performance competition or an animal to be used for breeding, Rehm recommends having the horse

examined by an independent veterinarian.

Once the horse is determined to be healthy and sound and a purchase price is agreed upon, Rehm suggests writing a sale agreement.

■ **Put it in writing**

"Putting your agreement down on paper protects the integrity of the bargain," he says, "and it might help avoid taking a dispute to a courtroom. It doesn't have to be fancy, and you don't need to have a lawyer write it up. Chances are that your lawyer doesn't know anything about horses and what you want written anyway. Buyer and seller can negotiate their own agreement and put it down in plain English. With that done, however, it's not a bad idea to have your attorney review the agreement before you sign it."

Rehm says a purchase agreement should identify both buyer and seller, as well as the animal, including any identification information like registration numbers, tattoos or brands.

The agreed price should be specified along with the terms of payment. Any warranties should be spelled out along with the specific time that ownership passes from seller to buyer. If insurance during transport is necessary, the agreement should indicate who is responsible for that, as well as any health tests that may be required.

Both parties should sign the agreement, and some states may require that it be notarized.

Leasing of horses is becoming more common, and Rehm says that should never take place without a written agreement specifying the period of the lease, permitted uses of the horse, who bears the costs of maintenance, health care and insurance, and who stands the loss if the horse dies.

■ **Tips for urban owners**

Urban-dwelling horse owners who plan to keep and care for their own horses should check

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zoning regulations before investing in facilities. That might seem obvious to many, but Rehm says it's surprising how many people find out too late that they can't just build a corral behind their yard.

New horse owners must consider, too, just where they intend to ride their horse and the possible objections of neighbors.

"Then there's the possibility that your horse might be considered an 'attractive

nuisance' to neighbors," Rehm adds. "That can be anything potentially dangerous that also attracts the interest of people, particularly children. I suspect that many states have laws similar to Nebraska's, which says the owner is responsible for vigilance and is required to take reasonable measures to prevent injury. Horses are not definitely an attractive nuisance, but they could be in some situations."

Rehm says homeowner's insurance usually covers

accidental injuries to people visiting a horse owner's property, including injury caused by an animal. That would not be the case if the animals were associated with a business conducted on the property.

Often city folks will choose to board their horses. Again, Rehm thinks a written agreement stating all parties' expectations is a good idea. Not only does it assure the boarder that certain services will be provided, but

operators of boarding or training stables receive some protection, too. And even if a boarding, training or riding stable is located way out in the country, it isn't treated like a farm or ranch with regard to liability issues.

"Farms and ranches are not subject to workers' compensation laws, but most stables are," says Rehm. "Too many insurance agents think a stable out in the country fits in with agricultural operations, but

they often do not. Liability insurance is a must, but stable managers still are obligated to warn people coming on their property of dangers and manage potential hazards to avoid charges of negligence.”

Operators of riding stables should require customers, such as riding students, to sign a waiver or liability release, which means the customers recognize and accept some responsibility for inherent dangers associated with horse activities. Rehm says

organizers of competitions like horse shows and rodeos should require signed waivers, too. They are enforceable.

Rehm says people who board, rent or train horses, or otherwise manage an equine activity, should find out what statutory limitations apply in their own state. Some states' recreational liability statutes may apply, some have limited-liability laws specific to equine activities, and some offer no liability protection for equine professionals.

■ New view of horse trading

Ranch and rodeo folk who grew up around horses and horse people have an understanding of the underlying dangers associated with their work or lifestyle. Newcomers to the world of buying, keeping, breeding and using horses may have far different views regarding issues of responsibility and liability.

The attraction of the latter group to recreational and competitive use of horses brings

more dollars to the industry and supports a strong horse market. Taking care to foster understanding and professional standards of business can go far to prevent disputes that end in litigation.

For those interested in more information, Rehm says a book titled *Equine Law & Horse Sense* should be required reading. The book is available from the author, Julie Fersthman, by writing to PO Box 250696, Franklin, MI 48025-0696. 