



Cattle Merchandising and Advertising Policy

Approved By Holstein Association USA, Inc. Board of Directors



Holstein Association Role in Merchandising Holstein Cattle

Jointly with the membership, it is the responsibility of the Association to maintain a healthy, ethical environment in which to merchandise Holstein cattle. The movement of animals from seller to buyer is critical for breed improvement, expansion of the breed and Association influence in the industry. The members expect an honest environment, with mutual trust of buyers, sellers, and merchandising specialists. To assist in maintaining that environment, the Association will:

1. define policy positions that are basic to orderly merchandising and which establish a fair and equitable relationship between buyer, seller, the industry and the Association.
2. establish a standard set of terms and conditions for public sales.
3. establish a model sales agreement for private sales.

POLICY POSITIONS

Full Disclosure

In all merchandising and advertising, the owner is responsible for properly and accurately representing the animal, embryo and/or donors as to lineage, %RHA, and date of birth. Additionally, seller must provide information on conformation and physical condition, production and classification, genetic evaluations, any existing contracts for future offspring, and which advanced reproductive procedures, if any, were performed (e.g. embryo transfer, in-vitro fertilization).

Sale Terms and Conditions

At a public sale, every potential buyer should have an equal opportunity to purchase any consignment. Terms of payment, when granted, should be in contract form and signed by both parties or their designated agents at close of sale.

Quotable Sale Prices

The price at which an animal is struck off at a public sale shall be the sum of money the buyer is legally obligated to pay as of the date of sale. Special conditions of sale, if any, must be disclosed for a sale price to be quotable. The price of animals purchased at private treaty is not considered to be a quotable price.

Computing Sale Averages

Managers of public sales should report every sale of Registered HolsteinsSM to Holstein Association USA, including the buyer(s) and quotable price, with all members of joint ownerships identified. Categories of averages should include milking age females, bred heifers, open heifers, males, embryos, choices of embryo recoveries, ET recipients, and calves under three months of age. If an overall average is reported, then all individual categories

of averages must also be reported. One-bid sales are not to be included in a public sale average.

Pedigree Information

The Holstein Association USA, Inc. recognizes only the pedigree and performance information displayed on an Official Holstein Pedigree. Records in progress must be identified as such.

Reimbursement of Consignors

Sale managers should make payment to sellers or consignors within 30 days from the date of sale unless specific arrangements have been otherwise agreed. In case a "no sale" is declared, the buyer is entitled to and the consignor is responsible for full refund of down payment or amount paid.

Embryos

When selling frozen embryos, the number and quality code must be shown. If the consignment is an option to buy/choice of an embryo recovery, the number of pregnancies must be printed in the catalog and/or announced. If the consignment is a future recovery, the seller-

- a. must announce and state in the catalog and advertisement the expected %RHA of the animal(s) to result from an embryo or choice of recovery if sire to be used is known.
- b. must specify the number of embryos guaranteed with no maximum,
- c. must specify time frame in which recovery will be completed,
- d. must specify a rebate schedule, or alternatives available if recovery does not produce minimum number of embryos guaranteed,
- e. must indicate method by which sire will be selected.

Clones and Transgenics

When selling an embryo or animal that results from cloning technology or is transgenic, any governmental restrictions placed on the sale of such embryo or animal, or on the sale of meat, milk, or semen from such animal, must be printed in the catalog and advertising.

Sexing

If the sex of an embryo or fetus is shown or announced, a written statement by the person or laboratory making that determination must be available for inspection.

Existing Contracts for Future Offspring or Embryos

Existing contracts involving lots to be sold must be announced and available for inspection.

Silent Auction

The applicable portions of the Holstein Association Terms and Conditions for Public Sales must be used for silent auctions.

Option to Buy / Choice of Recovery

In selling the choice of a recovery, the buyer has the responsibility to make his or her selection by the time the youngest animal, from which a selection must be made, reaches 120 days of age. The seller assumes all responsibilities of caring for such possible choices until this time. The buyer has the responsibility of a per day payment following 120 days, unless otherwise agreed to by the buyer and seller. The seller is not required to genomic test the animals from which the selection is to be made or their dam prior to the selection unless that genomic testing was specified in the terms and conditions of the sale. If the buyer has one or no animals from which to make a selection, and the animal available is not satisfactory to the buyer, the buyer can be offered other alternative choices or payment fully refunded with the decision being that of the buyer. The seller is responsible for the full refund.

Corrections and Additions

In a consignment sale, the sale manager is responsible for announcing corrections and/or additions at the time of sale.

Transfer Policy

It is the principal responsibility of the owner of record (or authorized agent or sale manager), within 30 days of the date of sale of a Registered HolsteinSM, to submit a completed application for transfer and to pay the fee for said transfer.

Every transfer of an animal or embryo will be taken as a guarantee of the owner of record that all matters stated in the application are true. The date of transfer must be the date of sale.

Applications for transfer can be recorded without signatures unless the recorded owner requires signatures on applications for transfer of animals or embryos. Both buyer and seller will be notified that a transfer has been recorded. If it is later determined that a transfer of ownership did not take place, reasonable effort will be made to give notice to the parties and Holstein Association USA records will be corrected.

Discretion will be used in determining the amount of effort to be made in identifying intervening ownerships and collecting intervening transfer fees.

Manipulation of Price

Manipulation of the sale price of any lot at a public sale is considered to be a fraudulent sales practice. The following actions of an owner, sales manager, their respective agents, or other persons are defined as manipulation of price:

- a. By-Bidding - Bidding directly or indirectly on an animal or lot by the sole owner of that animal or lot unless the intention to bid is disclosed specific to each animal in the catalog and announced when the animal enters the ring.
- b. Fictitious Bidding - Bidding with no intention of being responsible for the result of such bid, or the knowing acceptance or acknowledgment of any such bidding.
- c. Fictitious Selling - Any understanding or arrangement, other than the printed terms and conditions of the sale, between the seller and apparent or alleged buyer for the return or resale of the animal to the seller. Or, completing the transaction in advance of the animal going through a public sale.
- d. Guarantee of Price - A guarantee before the sale of a minimum price to be received from the sale of any animal, embryo, choice of recovery or future recovery or any individual or combination of animals or embryos identified as a lot.



It is recognized that the following Terms and Conditions for Public Sales should only be used by sale managers who will fully comply with the terms and conditions as stated and will conform to the policy positions of Holstein Association USA in their sales practices. If these Terms and Conditions are printed in the sales material for a given sale, the sale manager is bound to comply with them.

HOLSTEIN ASSOCIATION TERMS AND CONDITIONS FOR PUBLIC SALES

EFFECTIVE MARCH 2, 1996 - Amended October 1, 1997, June 28, 2000, June 23, 2002, March 26, 2010 and March 24, 2016
(Available in single page pdf format for reproduction in sale catalogs.)

TERMS: The terms of the sale are cash unless arrangements are made prior to the sale or are printed in the sale catalog. Only when the above conditions are met will the buyer be entitled to the warranties listed below. In no case will animals be released unless settlement is made with the clerk of the sale.

RESPONSIBILITY: The seller, buyer, and manager of this sale are obligated to comply with the provisions of these terms and conditions.

EXPORT SALES: Buyer assumes all responsibility for health tests required by the importing country.

BIDS: The highest bidder is the buyer. Bidding parties or their agents are responsible for all bids placed. Every animal or lot presented for bidding is pledged to absolute sale. In case of dispute, the animal or lot will again be put up for advance bids, and if there is no advance bid, the animal or lot will be sold to the person the auctioneer accepted the last bid from. In case two or more claim the bid, the auctioneer will indicate the party whose bid he recognized. Other claimants will be given an opportunity to increase the bid and bidding will be restricted to the two or more claimants.

BY-BIDDING: Bidding directly or indirectly by the sole owner of any animal or lot is prohibited unless the intention to bid is disclosed specific to each animal in the catalog and announced when the animal enters the ring. Bidding by any member of a partnership, syndicate, or other entity having an ownership interest in an animal or lot is permitted.

TRANSFER OF OWNERSHIP: For all Registered HolsteinsSM, the transfer of ownership to the buyer will be recorded on the records of Holstein Association USA and a certificate of registration showing that transfer of ownership will be provided to the buyer free of charge. For embryos, the transfer of ownership to the buyer will be recorded on the records of Holstein Association USA free of charge to the buyer.

RISK: All animals located at sale site are at the purchaser's risk as soon as struck off, but will be cared for free of charge for a maximum of 24 hours following the end of the sale.

WARRANTIES:

- 1) Each consignor warrants clear title to the animal or lot, and the right to sell same.
- 2) To the best of the seller's knowledge, each animal is sound and healthy in every respect and embryos have been recovered, processed, frozen, transferred and graded in keeping with IETS recommendations unless otherwise noted in the catalog or announced from the auction stand. Every precaution will be taken to represent the physical condition of each lot exactly as is known. Examination of all purchases should be made immediately after the purchase and before the close of the sale, and if found not to be as represented, complaint must be reported to the sale management before the close of the sale. In the event no complaint is filed, it is understood that the buyer assumes full ownership in the case of animals at sale site together with all risks, after which no representations of the seller can be challenged through the sale management. Heifers that never calved are in no way guaranteed as to the condition of their udders following calving. The sex of an embryo or fetus is in no way guaranteed.

3) Breeding Warranty

The seller guarantees all animals to be breeders, but not beyond the purchase price, with the following understanding:

- a. Males - Should any bull after reaching the age of fourteen months fail to prove a breeder after being used for two months on cows or heifers known to be breeders, the matter shall be reported in writing to the seller within three months of the sale date. The report must include the animal's examination record, a written statement of treatment, and a statement of the animals' inability to breed, by a licensed veterinarian. The seller has the option to refund the purchase price or make other settlement that is satisfactory to the buyer. In either case the rights of ownership of the animal return to the seller. The seller makes no guarantees with respect to the ability to freeze semen.
- b. Females - All females are guaranteed to be breeders with the exception of:
 1. Cows over 7 years of age when sold;
 2. Cows and/or heifers carrying a pregnancy that is the result of an embryo transfer.

Report of a non-breeder must occur in writing within 3 months of the date of sale or before the animal reaches 21 months of age and must be submitted to the seller. The report must include the animal's examination record, a written statement of treatment, and a statement of the animals' inability to breed, by a licensed veterinarian. The seller has the option to refund the purchase price or make other settlement that is satisfactory to the buyer. In either case the rights of ownership of the animal return to the seller.

Females bred when sold and pronounced in calf are presumed to be pregnant but pregnancy is not guaranteed unless so announced. The seller makes no warranty that pregnant cows will deliver calves or that they will carry calves full term.

- c. If, after the sale, embryos or oocytes are recovered from a female or an attempt is made to superovulate her, this negates the breeding warranty unless there is a separate written agreement between buyer and seller.

SHIPPING: Assistance will be given in arranging shipping of the animals after the sale. All costs, risks and responsibility will be borne by the purchaser.

PEDIGREE INFORMATION: All production, classification, type and production summaries are current. Only information recorded on Holstein Association USA pedigrees is used. Any production or classification records supplied by the seller or consignor will be properly identified as provided by owner. Records in progress are identified as such.

GENOMIC INFORMATION: If genomic information on the animal or embryo is available, it must be dated and disclosed at or before the time of sale.

EMBRYO TRANSFER: All registered animals that have resulted from embryo transfer are identified with one of the following suffixes in the name: ET, ETS (from split embryo), or ETN (from

nuclear transfer). If unregistered, the appropriate technology will be identified. Donor dams are identified.

HEALTH WARRANTY: The seller will provide an official health certificate to the buyer for each animal showing the results of all health tests made in preparation for this sale as required by the state where the cattle reside. Other health tests completed for this sale will be disclosed.

ERRORS: The material in this catalog has been carefully edited. If any errors or omissions are discovered, they will be announced.

Such announcements take precedence over that printed in this catalog.

ACCIDENT: The sale management, the consignors, and the owner of the grounds will not be responsible in any case for the condition of the grounds or the behavior of the animals and disclaim any liability in the event of personal accident or property loss.

LIMITATIONS OF WARRANTIES: Warranties contained herein, unless terminated earlier, will cease upon the resale of an animal.

PRIVATE TREATY SALES TERMS AND CONDITIONS

1. An up-to-date Official Holstein Pedigree™ is provided to the buyer.
2. Buyer will receive a Certificate of Registration showing his/her ownership, without additional charge.
3. The animal(s) is/are sound in all respects unless the purchaser is otherwise advised.
 - a. Heifers that have never calved are in no way guaranteed as to the condition of their udders following calving.
4. Warranties:
 - a. The buyer is warranted clear title to the animal.
 - b. Breeding Warranty - The seller guarantees all animals to be breeders, but not beyond the purchase price, with the following understanding:
 - 1) Males - Should any bull after reaching the age of fourteen months fail to prove a breeder after being used for two months on cows or heifers known to be breeders, the matter shall be reported in writing to the seller within three months of the sale date. The report must include the animal's examination record, a written statement of treatment, and a statement of the animals' inability to breed, by a licensed veterinarian. The seller has the option to refund the purchase price or make other settlement that is satisfactory to the buyer. In either case the rights of ownership of the animal return to the seller. The seller makes no guarantees with respect to the ability to freeze semen.
 - 2) Females - All females are guaranteed to be breeders with the exception of:
 - Cows over 7 years of age when sold;
 - Cows and/or heifers carrying a pregnancy that is the result of an embryo transfer;

Report of a non-breeder must occur in writing within 3 months of the date of sale or before the animal reaches 21 months of age and must be submitted to the seller. The report must include the animal's examination record, a written statement of treatment, and a statement of the animals' inability to breed, by a licensed veterinarian. The seller has the option to refund the purchase price or make other settlement that is satisfactory to the buyer. In either case the rights of ownership of the animal return to the seller.

Females bred when sold and pronounced in calf are presumed to be pregnant but pregnancy is not guaranteed unless so announced. The seller makes no warranty that pregnant cows will deliver calves or that they will carry calves full term.

If, after the sale, embryos or oocytes are recovered from a female or an attempt is made to superovulate her, this negates the breeding warranty unless there is a separate written agreement between buyer and seller.

- c. Health Warranty - The seller will provide an official health certificate to the buyer for each animal showing the results of all health tests made in preparation for this sale as required by the state where the cattle reside. Other health tests completed for this sale will be disclosed.
5. Embryo Transfer
All registered animals that have resulted from embryo transfer are identified with one of the following suffixes in the name: ET, ETS (from split embryo), or ETN (from nuclear transfer). If unregistered, the appropriate technology will be identified. Donor dams are identified.

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