

## Loaning advice for the person taking a horse or pony on loan (the loanee)

When taking a horse on loan it is essential to have a formal agreement drawn up by a lawyer to ensure both loanee and loaner are fully aware of their responsibilities with regards to the horse. An agreement will cost anything from £300-£500 but it will save a great deal of hassle in the long run. Below Equine Lawyer Jacqui Fulton outlines why it is so important to have a loan agreement drawn up.

It is essential that the loanee is careful when considering taking a horse or pony on loan. Ultimately the loanee is most likely committing to paying livery fees and all other costs of keeping another person's horse, plus competition fees, as well as investing vast amounts of their own time in caring for, training and competing the horse. The loanee may not get anything in return for the time and expense invested in the horse, which, without a written agreement, can potentially be taken away from the loanee at any time, without notice.

This is one of the many reasons why it is essential that a loan agreement is drawn up prior to the commencement of the loan.

The most common form of dispute for the loanee to be aware of involves a disagreement as to the standard of care that the horse is receiving. Loaners are often very particular about how their horse is cared for and, if they are not happy with this, may insist that the horse is returned or that standards are changed immediately.

It is therefore important that the loan agreement details how the loaner wishes the horse to be kept and competed if the loaner does want to be specific about those things. In that way there can be no disagreement over what the loaner expects of the loanee.

A standard form loan agreement does not provide for how a horse should be kept, or for details of classes in which the loaner expects the loanee to compete the horse. This is just one of hundreds of examples and is why the 'one size fits all' standard agreement is not ideal.

Every loan agreement should be in writing, signed by both parties and, to protect the loanee, should as a minimum deal with the following:

- The length of the loan period.
- Is it a free loan?
- Who pays for the horse's costs of keep, farrier, veterinary fees, competition fees and worming etc?
- Who is responsible for and who pays for the horse's annual flu and tetanus vaccinations?
- Who is responsible for insuring the horse?
- If the horse has an accident and a veterinary surgeon advises that the horse should be destroyed, can the loanee authorise this if they are unable to contact the loaner?
- Can either party terminate the loan agreement, and if so, in what circumstances?
- What happens in the event of a dispute?

However, there are invariably other issues that ought to be included within the agreement. An example of a specific requirement that should be included in order to protect the loanee is where the loaner has agreed that the loanee has an option to purchase the horse.

Where this is the case, the agreement should state the period within which the option remains open to the loanee and the agreed purchase price.

Alternatively, the loaner may agree to pay the loanee a percentage of the sale price of the horse if he is sold within a specified period after the loan period expires. Many legal disputes arise as a result of the loaner promising a commission to the loanee upon the sale of a horse. Where nothing has been put in writing, owners often dispute any agreement to pay commission and accordingly refuse to pay it to the loanee.

A loan agreement that clearly details the agreed terms of the option to purchase and/or the amount of commission payable to the borrower, should avoid such a dispute.

## Top Tips for the Loanee

1. Always view and try the loan horse before agreeing to loan him.
2. If possible have the horse on trial for an agreed period before the loan commences.
3. Always finalise and sign the loan agreement before the loan commences.
4. It is essential that the loanee insures the horse at least in respect of third party liability. The loanee will be classed as the horse's keeper and may therefore be liable for any damage that the horse causes to any third party's person and/or property.

It is important to remember that this article does not constitute a formal loan agreement and you must go to a qualified lawyer to have one drafted. Every situation is different and it is essential that the agreement is tailored to suit your individual requirements. Petplan Equine customers can have an agreement drawn up by lawyer Jacqui Fulton for the discounted amount of £175 + VAT. To redeem this offer please visit the Rewards Room.