

**BILL OF SALE**

Undivided Interest in Dairy Herd  
October, 2006 Version

S&D Smith Dairy, LLC (Seller), whose address is 14304 Mangen Road, Yorkshire, Ohio 45388, for and in valuable consideration of the sum of Seventy-five Dollars (\$75) per share and valuable consideration received upon execution of this instrument by

\_\_\_\_\_ (Buyer), whose address is \_\_\_\_\_, has bargained and sold, and by these presents does sell, grant and convey unto the Buyer the following property, goods, and chattels, to wit:

An undivided interest of \_\_\_\_\_ (\_\_\_\_\_) shares in a herd of dairy cattle located at 14304 Mangen Road, Yorkshire, Ohio 45388 which presently consists of approximately ten (10) cows and all replacements and increase or decrease of the dairy cattle in the herd with the exception of dairy bull calves which constitutes the herd and shall constitute all of the dairy cattle producing or dry at that location (the Herd). Buyer understands and agrees that in accepting this Bill of Sale, the number of cattle in the herd may increase or decrease in which event the Buyer's percentage interest in the herd may decrease or increase, as the case may be, but in no case will the number of Buyer's shares in the herd be increased or decreased. To protect the interest of the Buyer, animals may be removed from or culled from the Herd when such removal or culling to be necessary.

TO HAVE AND TO HOLD the same unto the Buyer forever, or until Seller buys back Buyer's share under the condition listed herein. Should Buyer wish to sell his or her shares in the Herd, Seller agrees to purchase them at the going rate at which Seller is selling herd shares. The Seller covenants and agrees to and with the Buyer to WARRANT AND DEFEND the sale of the undivided interest in the property, goods and chattels against all and every person or persons whomever.

Buyer's interest in the herd also includes a share of the milk production from the herd. The amount of milk production attributable to Buyer's undivided interest shall be an amount that is equivalent to the percentage interest in the herd. No sooner than 12 hours after execution of this Agreement, Buyer shall be entitled to receive milk production from Buyer's undivided interest in the Herd. Buyer's duties for receiving share of milk production from the herd shall be in accordance with a Ohio Herd Boarding Agreement that is being executed between buyer and seller simultaneously with the initial Bill of Sale.

Buyer acknowledges that milk from the Herd is not pasteurized and may contain disease-producing organisms. Buyer understands and is knowledgeable regarding the alleged risks of consuming raw dairy and related products, for both adults and minor children. Specifically, Buyer represents and warrants that it has read additional information about raw milk and milk pasteurization from the following websites of the United States Food and Drug Administration and the Center for Disease Control: [www.fda.gov/fdac/features/2004/2005](http://www.fda.gov/fdac/features/2004/2005), [www.cdc.gov/search.do?action=search&queryTest=raw+milk&x=13&y+5](http://www.cdc.gov/search.do?action=search&queryTest=raw+milk&x=13&y+5).

Buyer insists and demands that the milk from its interest in the herd not be pasteurized and that the milk from its interest in the herd preferably contain microbes. The milk from Buyer's interest may also include but not be limited to manure, dirt, salmonella, E.coli, campylobacter, Listeria, gangrene and parasites. **Buyer's Initial** \_\_\_\_\_

Buyer agrees that any unpasteurized milk produced by the Herd in which the Buyer has an interest and received by the Buyer under this Agreement will be for the personal use of the Buyer and Buyer's immediate family only. Buyer agrees not to allow anyone to unknowingly consume the unpasteurized milk or related products. Further, Buyer certifies that unpasteurized milk produced under this Agreement will not be consumed by minor children without the consent of their parents. **Buyer's Initial** \_\_\_\_\_

Except for the shares previously sold to other shareholders, Seller warrants that he has full legal and equitable ownership of the herd. Said herd may be subject to a lien and a security interest of Seller's secured lender. If such lien exists, Buyer agrees to subordinate its interests in the herd to the interest of Seller's secured lender. Buyer also acknowledges and agrees that Seller may need to secure additional financing and, in that event, Buyer authorizes Seller to place an additional lien on Buyer's interest in the herd.

Buyer acknowledges that it is not entitled to any share of the profits (or the losses, if applicable) from the management of the herd by Seller.

Seller shall meet with the Buyer at least once annually to mutually agree upon the procedures for management of the Buyer's interest in the dairy herd. Such meeting should be conducted in accordance with the terms and conditions of the Boarding Agreement entered into by the parties of today's date.

This agreement shall be construed exclusively in accordance with and governed by the laws of the State of Ohio.

When used herein, the singular shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

The receipt and sufficiency of this agreement is hereby acknowledged,

IN WITNESS WHEREOF,

The Seller has executed this Bill of Sale on this date \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Scott Smith

\_\_\_\_\_  
Print Name

S&D Smith Dairy, LLC

(Phone no.) \_\_\_\_\_

(Email) \_\_\_\_\_