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Corporation Bylaws American Quarter Horse Association

ARTICLE I

Title, Objects, Location, Corporate Seal

Section 1. Title: This Association shall be known as the AMERICAN QUARTER HORSE ASSOCIATION ("AQHA") and shall at all times be operated and conducted as a non-profit association in accordance with the laws of the State of Texas, providing for such organizations and by which it shall acquire all such rights as granted to associations of this kind.

Section 2. Objects: The purpose of AQHA shall be to collect, record and preserve the pedigrees of American Quarter Horses; to maintain a Stud Book and registry to record the history, breeding, exhibition, and racing of American Quarter Horses; and to stimulate the publicity and improvement of this breed; together with all other matters necessary or convenient to further the interests of the breed.

Section 3. Place of Business: The principal place of business shall be Amarillo, Potter County, Texas, but its members or officers may be residents of any state, country, province or region and business may be carried on at any place convenient to such members or officers, as may be participating.

Section 4. Corporate Seal: The seal of AQHA shall be in the charge of the Executive Vice President and shall be in the form impressed hereon immediately below.



ARTICLE II Members

Section 1. Members of AQHA shall be admitted, retained and expelled in accordance with such rules and regulations as the Board of Directors may, from time to time, adopt. In all matters governed by the vote of the members, each member in good standing who has been a member for at least sixty (60) days per AQHA records shall be entitled to one vote.

Section 2. The annual meeting of the members shall be held at such time and place as may be established by the Board of Directors for the purpose of electing Directors and for the transaction of such other business as may be brought before the meeting ("Annual Membership Meeting"). Unless otherwise established by the Board of Directors, the Annual Membership Meeting shall be held at AQHA's Annual Convention and shall consist of two (2) sessions hereinafter referred to as the "Membership General Meeting" and the "Membership Business Meeting".

Section 3. Special Meetings of members may be held at such time and place as may be designated in the notice, whenever called in writing by direction of the President with the advice and majority vote of the Executive Committee or by a majority of the

Board of Directors, or by notice signed by not less than 20 percent of the members then in good standing.

Notice of each Special Meeting, indicating briefly the object or objects thereof, shall be given in the same manner as provided with respect to notice of Annual Membership Meetings.

Section 4. Prior notice to members of any Annual Membership Meeting or Special Meeting of members may be given by written notice to members sent at least thirty (30) days prior to the scheduled meeting by: (1) separate written notice; (2) notice contained in a conspicuous place in a regularly published official membership communication (including, but not limited to *America's Horse*, *The American Quarter Horse Journal* and/or *The American Quarter Horse Racing Journal*; or (3) as otherwise allowed by the law. Notice shall be deemed to be delivered when the separate written notice or the membership communication containing such notice shall be deposited in the United States mail, addressed to the member at the current address as it appears on the records of AQHA, with postage pre-paid. If notice is delivered by means other than mail, such notice shall be deemed delivered at the time such notice is published or transmitted in a manner allowed by law.

Section 5. At any meeting of the members held in accordance with the foregoing provisions as to notice, the members attending such meeting shall constitute a quorum for all purposes unless the representation of a larger number should be required by law. To exercise voting privileges, a member must be physically present at a meeting, which privilege cannot be delegated by proxy.

Section 6. Any officer of AQHA may call the meeting of the members to order and may act as chairman of such meeting, precedence being given as follows: President, First Vice President, Second Vice President, Executive Vice President and the Treasurer. In the absence of all such officers, members present may elect a chairman.

The Executive Vice President of AQHA shall act as secretary of all meetings of the members, but in his absence, the Directors may appoint any person to act as secretary of the meeting.

Section 7. Whenever in these Bylaws the term member or members shall be used, unless otherwise specified, it shall mean a member or members in good standing having the right to vote.

ARTICLE III

Directors

Section 1. The business and property of AQHA shall be managed and controlled by the Board of Directors and an Executive Committee hereinafter created and empowered.

The Board of Directors shall be comprised of members of annually Elected Directors, Past AQHA Presidents, Directors Emeriti, Directors-at-Large, Honorary Vice Presidents, International District Directors and Appointed International Directors.

Elected Directors, Past AQHA Presidents, Directors Emeriti, Directors-at-Large, Honorary Vice Presidents and International District Directors shall have the privilege of attending all Board of Directors meetings, taking part in discussion and voting, unless otherwise specified herein. Appointed International Directors shall not have voting privileges but may attend all Board of Directors meetings and take part in discussion.

It is a privilege, not a right to serve on the Board of Directors.

Throughout his/her tenure, a Director must (1) remain an AQHA member in good standing, (2) adhere to AQHA rules and regulations pertaining to membership conduct and (3) conduct themselves in an exemplary manner such as to favorably reflect on the Board of Directors and AQHA. A Director's conduct is subject to continual review, and a Director's service on the Board of Directors may be terminated or rejected by the Board of Directors for cause detrimental to the interest of AQHA, its programs, policies, objectives and harmonious relationship of its members.

(a) Elected Directors. Each U.S. state, Canadian province or international country, having a major portion of the required number of active AQHA numbered and appendix horses, shall constitute a Representative District entitled to be represented by Elected Director(s) who are annually nominated and elected as provided herein.

The number of Elected Director(s) that may represent a Representative District shall be determined by Annual Allocation formulas, which are based on the number of active AQHA numbered and appendix horses within a Representative District as of September 30 of the preceding year. In accordance with Annual Allocation formulas, the number of Elected Directors will be frozen permanently at 150, with a tolerance of two percent (2%) to allow for mathematical variances.

Where a U.S. state has less than a major portion of the required number of registered horses to be entitled to be represented by an Elected Director, it shall be accordingly grouped with one or more other U.S. states to form a Representative District. Where an international affiliate or international country has less than a major portion of the required number of registered horses to be entitled to be represented by an Elected Director, it shall be accordingly grouped with one or more other international affiliates and/or international countries to form an International District as set forth in Article III Section 1(f) below.

Each Elected Director shall be domiciled in the Representative District which he/she represents by actual residence therein, having the intent to make it his/her permanent home. To be eligible for election and to serve on the Board of Directors, an individual shall have been a member in good standing of AQHA for three consecutive calendar years previous to nomination. Elected Directors shall serve for a period of one year and until the general election of Elected Directors at the next regular annual meeting of members.

(b) Past Presidents. All Past Presidents of AQHA shall have lifetime tenure on the Board of Directors;

(c) Directors Emeriti. The Board of Directors shall contain a category of Director Emeritus, in recognition of the individual who has, in the past, served AQHA faithfully as an Elected Director, International District Director or International Appointed Director which category shall be designated with lifetime tenure, on the following basis: The individual who has reached the age of 70 years, having served the previous ten (10) consecutive years as an Elected Director, International District Director or Appointed International Director. Upon reaching his/her 70th birthday, he/she will continue as an Elected Director, International District Director or International Appointed Director until the next Annual Membership Meeting, whereupon he/she will automatically be elevated to

Director Emeritus, thereby, creating a vacancy to be filled by either the (1) election of an Elected Director or International District Director in his/her Representative District or International District subject to the Annual Allocation or (2) the appointment of an Appointed International Director subject to Article III Section 1(f). Directors Emeriti will be awarded life membership in AQHA.

(d) Directors-at-Large. An individual who has served twenty (20) cumulative terms as an Elected Director, International District Director or Appointed International Director, at the expiration of the twentieth term, shall automatically receive designation as "Director-at-Large," and serve with lifetime tenure on the Board of Directors, thereby, creating a vacancy to be filled by either the (1) election of an Elected Director or International District Director in his/her Representative District or International District subject to the Annual Allocation or (2) appointment of an Appointed International Director subject to Article III Section 1(f).

(e) Honorary Vice President. The Board of Directors shall contain a category of Honorary Vice President in recognition of individuals who merit such honor by reason of distinguished service to AQHA. All Honorary Vice Presidents of AQHA shall have lifetime tenure on the Board of Directors. An Honorary Vice President, shall not be eligible for nomination for consideration to serve on the Executive Committee.

(f) International Directors. Each officially recognized international affiliate shall appoint one Appointed International Director, whose term shall be for one year and thereafter until his/her successor is appointed. The current president of the international affiliate shall certify in writing to AQHA's Executive Vice President his/her board's appointment at least thirty (30) days prior to the annual meeting of the Board of Directors. Appointed International Directors shall be in addition to an international country's Elected Director(s), if any, specified in Article III Section 1(a) above. Appointed International Directors shall be domiciled in the country that his/her international affiliate represents by actual residence therein, having the intent to make it his/her permanent home. To be eligible to become an Appointed International Director, an individual shall be a member in good standing of AQHA.

Depending upon which international affiliate an Appointed International Director represents, an Appointed International Director shall serve on one of three International Councils which represent the following International Districts: (1) Europe; (2) Mexico, South and Central America; and (3) Oceania and others.

Each International Council shall recommend for nomination International District Director(s) to represent and vote for their International District during the Board of Director meetings. The number of International District Director(s) that may represent an International District shall be determined by an International Annual Allocation formula. The International Annual Allocation formula is based on the number of active AQHA numbered and appendix horses as of September 30 of the preceding year in the International District discounted to an extent by the number of active AQHA numbered and appendix horses in Representative District(s) within the International District as of September 30 of the preceding year. International District Directors shall serve for a period of one year and until the general election of Directors at the next annual meet-

ing of members.

Appointed International Directors shall serve on the International Committee during their term. International District Directors, if so appointed, may serve on a standing committee.

(g) Any Elected Director or International District Director who is absent for two (2) consecutive times from the General Board Meeting and New Board Meeting at AQHA's Annual Convention is automatically removed as a Director without further action, upon his/her second absence, making available for his/her District a vacancy to be filled by regular election of an individual who will represent that District's interests at AQHA's annual convention and Board of Directors meetings. Failure to attend either the General Board Meeting or the New Board Meeting at an AQHA Annual Convention shall be considered an absence. However, failure to attend both the General Board Meeting and the New Board Meeting at an AQHA annual convention shall only be considered one (1) absence. Absences shall be evidenced by roll call at both the General Board Meeting and the New Board Meeting.

Any Director Emeritus, Director-At-Large or Honorary Vice President who is absent for two (2) consecutive times from the General Board Meeting and the New Board Meeting at AQHA's Annual Convention shall automatically lose their Board of Director voting privilege without further action, upon his/her second absence. Failure to attend either the General Board Meeting or the New Board Meeting at an AQHA Annual Convention shall be considered an absence. However, failure to attend both the General Board Meeting and the New Board Meeting at an AQHA Annual Convention shall only be considered one (1) absence. Absences shall be evidenced by roll call at both the General Board Meeting and the New Board Meeting. Any Director Emeritus, Director-At-Large or Honorary Vice President who loses their voting privilege as a result of this provision shall nevertheless have the privilege of attending all meetings of the Board of Directors and take part in discussions. Any Director Emeritus, Director-At-Large or Honorary Vice President who loses their voting privilege as a result of this provision may request to have their voting privilege reinstated by requesting such reinstatement to the Executive Committee after attending all General Board Meetings and New Board Meetings at two (2) consecutive AQHA Annual Conventions.

(h) That in accordance with the mission statement of AQHA, Elected Directors, Appointed International Directors and International District Directors are expected to assist in the provision of beneficial services for its members. These services should enhance and encourage American Quarter Horse ownership and participation through Director availability and visibility to their respective state, province, country and/or affiliate association. To establish and improve communications between AQHA and its members, Elected Directors, Appointed International Directors and International District Directors shall, during the term of his or her directorship, be a member in good standing of their respective state, provincial or international affiliate association(s), failure of which shall be reviewed by the Nomination and Credentials Committee. Furthermore, each Elected Director and Appointed International District Director should be encouraged to submit a yearly report on the status of the industry in their respective state, province and/or

country to aid AQHA in addressing and implementing the needs for members.

(i) All Directors in any of the aforementioned Director categories agree to abide by AQHA policies and guidelines designed to assist AQHA in complying with state, federal, or other applicable law.

Section 2. In case of any vacancy in the Board of Directors by death, resignation, disqualification, increase in number or other cause, the President, with the advice and majority vote of the Executive Committee, may appoint a qualified successor to serve until the next general election of Directors at the Membership Business Meeting.

Section 3. The annual meeting of the Board of Directors ("Annual Board Meeting") shall be held in conjunction with the Annual Membership Meeting. Unless otherwise established by the Board of Directors, the Annual Board Meeting shall consist of two (2) sessions hereinafter referred to as the "General Board Meeting" and the "New Board Meeting". The General Board Meeting shall be immediately following the Membership General Meeting. The New Board Meeting shall be immediately following the Membership Business Meeting. Notice of the Annual Board Meeting shall be given in the same manner set forth in Article II Section 2 above.

Section 4. Special Meetings of the Board of Directors shall be held whenever called by the President with the advice and majority vote of the Executive Committee or by two-thirds of the voting Directors.

The Executive Vice President shall give notice of each Special Meeting to each Director by mailing, telephoning, electronically communicating (or by any other means allowed by law) such notice at least 15 days before the meeting, but such notice may be waived by any Director. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a Special Meeting.

Any meeting at which every Director may be present, even though without any notice, any business may be transacted.

Section 5. A majority of the number of Directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board there may be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum shall be present. To exercise voting privileges, a Director must be physically present at a meeting, which privilege cannot be delegated by proxy.

Section 6. At meetings of the Board of Directors, business shall be transacted in such order as the Board of Directors may determine.

Section 7. At the New Board Meeting, the Board shall elect officers of AQHA.

Section 8. Except as otherwise provided herein, the Bylaws and the rules and regulations pertaining to the registration of horses shall be subject to change only by the Board of Directors.

The Board of Directors shall have the power and authority to make, amend, repeal and enforce such rules and regulations, not contrary to law or the Certificate of Incorporation or these Bylaws, as they may deem expedient concerning the conduct, management and activities of AQHA, the admission, classification, qualification, suspension and expulsion of members, removal of officers, the rules and

regulations governing the procedure of such suspension and expulsion and removal, the fixing and collecting of dues and fees, regulations regarding maintaining the stud book, registration, expenditures of money, auditing of books and records, awarding of championships, conducting of shows, contests, exhibitions, races, sales and social functions and other details relating to the general purposes of AQHA, all, however, subject to revision or amendment by the members at any regular or special meeting of the members, provided written notice of intention of any rule or regulation shall have been mailed to all members at least 30 days in advance of the meeting.

Section 9. The Board of Directors, from time to time, may create and empower other committees, general or special.

ARTICLE IV

Executive Committee

Section 1. There is hereby created an Executive Committee consisting of the President, First Vice President, Second Vice President and two additional members elected by and from the membership of the Board of Directors at the annual meeting of the Board, each for a term of one year and until the selection and qualification of his successor.

Section 2. No officer or member of the Executive Committee elected after March 11, 1969, may serve on the Executive Committee in excess of five consecutive years.

Section 3. The President with the advice and majority vote of the Executive Committee shall fill all vacancies in the Executive Committee occurring between Annual Conventions of AQHA.

Section 4. The Executive Committee shall meet whenever and wherever called by direction of the President or two members of the Committee acting jointly, of which meeting the Executive Vice President shall give 10 days written notice, but such notice may be waived by any member.

Section 5. The Committee may act, without convening in meeting, by written resolution signed by all members thereof and duly entered in AQHA records. At all meetings of the Committee, three members shall constitute a quorum.

Section 6. All powers of the Board of Directors, except the power to change any Bylaws and any rules and regulations pertaining to registration of horses, be and are vested in the Executive Committee.

Section 7. All vacancies in the elective and appointed offices of AQHA shall be filled by the Executive Committee for the unexpired term and those so appointed shall serve until the election and acceptance of their duly qualified successors.

Section 8. A slate of nominations for consideration to election by the Board of Directors of the offices of President, First Vice President, Second Vice President and two additional members shall be presented to the Board prior to the annual election by a committee composed of those Past Presidents registered with and attending AQHA's Annual Convention at which the election will take place, with its chairman to be the newest Past President so qualified. After presentation to the Board of Directors of this slate at the New Board Meeting, the President will open the meeting for additional nominations, if any, from the floor. At the close of nominations, the President will conduct the election, either by voice vote, show of hands or secret ballot as a majority of the Board of Directors directs.

ARTICLE V

Elective Officers & Duties

Section 1. Officers: The officers of AQHA elected after March 11, 1969, shall be the President, First Vice President, Second Vice President and such other officers as may be authorized from time to time by the Board of Directors, who shall be elected by the Board of Directors. Such officers shall hold office for the period of one year and until their successors are elected and qualified. None of said officers may succeed themselves in office.

Section 2. President: The President shall be the chief executive officer of AQHA and shall preside at all meetings of the Board of Directors. The President shall see that the Bylaws, rules and regulations of AQHA are enforced, and shall perform all other duties that may be prescribed from time to time by the Board of Directors. The President shall be ex officio member of all committees.

Section 3. First Vice President: In the absence of the President, the First Vice President, and in the First Vice President's absence, the Second Vice President, shall have the powers and perform the duties of the President and such other duties as may be prescribed by the Board of Directors.

ARTICLE VI

Executive Vice President & Treasurer

Section 1. In addition to the officers named in Article V, Section 1, there shall be the appointive offices of Executive Vice President and Treasurer of AQHA. These offices shall be filled by the Executive Committee by appointment of qualified individuals, the term of such appointment to be for a period of no greater than three years, with provision for termination of appointment for cause, which appointment may be renewed by the Executive Committee for successive three-year periods. Other provisions of said appointment, such as salary, shall be on such terms as the Executive Committee, at its discretion, may determine. The offices of Executive Vice President and Treasurer may be held by the same person.

Section 2. Duties of Executive Vice President & Treasurer

(a) Executive Vice President: The Executive Vice President is the chief operating officer of AQHA, and, pursuant to direction of the Executive Committee, shall implement the actions, decisions and directions of the Board of Directors and Executive Committee. The Executive Vice President shall be ex officio secretary of all committees appointed by the President or Board of Directors. The Executive Vice President shall make a report of his office to the Board of Directors when demanded and to the membership at the Annual Membership meeting, and shall perform such other duties as may be prescribed by the Board of Directors from time to time.

(b) Treasurer: The Treasurer is the chief financial officer of AQHA, and, pursuant to direction of the Executive Committee, shall implement the actions, decisions and directions of the Board of Directors and Executive Committee. The Treasurer shall account for the financial condition of AQHA by presenting an independent audit of AQHA accounts at each Annual Membership Meeting and to the Board of Directors when demanded. Also, the Treasurer shall submit to the Executive Committee, at the first meeting following the Annual Membership Meeting, a detailed budget of the proposed and anticipated expenditures for the current fiscal year of AQHA.

Upon approval of this said budget, or its modification, it becomes binding upon the officers of AQHA and cannot be exceeded in the total amount set forth by more than 10 percent without a majority vote of the Executive Committee.

Section 3. Surety Bonds: The Executive Vice President and the Treasurer and all other officers or employees of AQHA who may handle any funds of AQHA shall give a surety bond to be furnished at the expense of AQHA for the faithful discharge of his or her duties, if so required by the Executive Committee.

Section 4. Auditing of Accounts: AQHA shall conduct its affairs on the fiscal year basis, to begin October 1 and end September 30.

An annual independent audit of the accounts of AQHA shall be made by a certified public accountant at the close of each fiscal year and shall be reported at the next Annual Membership Meeting following the close of such fiscal year. Such accountant shall be a disinterested person and not a member of AQHA.

ARTICLE VII Amendments

Section 1. The Board of Directors shall have the power to make, amend and repeal the Bylaws of AQHA by vote of the majority of the Directors at any regular or special meeting of the Board, subject to the right of the members to rescind or amend any such Bylaws in the same manner as provided in Article III, Section 9, for the revision or the amendment of rules and regulations.

Section 2. To be eligible for consideration by the Board of Directors, a proposed amendment to AQHA Bylaws shall be filed in writing in the office of the Executive Vice President on or before December 31 of the preceding year prior to the Annual Board Meeting or, in the case of any other Board of Directors meeting, at least 60 days prior to such meeting, at which time the proposed amendment is to be considered. The proposed draft shall be promptly sent by the Executive Vice President to each individual eligible to vote at a meeting of Directors. The requirement contained in this paragraph may be suspended by the Board of Directors at any regular or special meeting upon a two-thirds majority vote of eligible voters present, provided a quorum is present.

ARTICLE VIII Indemnification

Section 1. AQHA shall indemnify, to the fullest extent permitted by these bylaws or the laws of the State of Texas, any person made or threatened to be made a defendant or respondent to any threatened or pending action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the person (a) was or is a director, trustee, officer, employee, member of a committee or member of a council created pursuant to the Official Handbook of AQHA or duly designated by the Executive Committee of AQHA, or (b) was or is serving any other corporation, partnership, joint venture, trust or other business or charitable enterprise as a director, trustee, officer or employee at the specific request of AQHA (hereinafter "indemnitee"). This indemnification is available only if, with respect to the matters made the basis of the underlying action, suit or proceeding, such indemnitee.

- (a) acted in good faith,
- (b) acted in a manner he or she reasonably believed to be in the best interests of AQHA, and
- (c) had no reasonable cause to believe his or her conduct was illegal or unlawful.

The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent, shall not of itself, create an irrebuttable presumption that the indemnitee did not meet the requirements set forth above.

This indemnity shall include all usual and customary expenses incurred in defense of or response to the action, suit or proceeding including, attorneys' fees, costs, judgments, fines and amounts paid in settlement that are reasonably incurred by such person in connection with such action, suit or proceeding. The indemnification provided herein shall inure to the benefit of the indemnitee and his or her heirs, executors or administrators and shall not be exclusive of any other rights to which the indemnitee may be entitled by virtue the laws of the State of Texas, any other bylaw of AQHA, a written agreement with AQHA, or the vote of the Executive Committee of AQHA.

Notwithstanding the above provisions, a person shall not be indemnified with respect to any action, suit or proceeding filed by or undertaken by the AQHA against the person to whom indemnity would otherwise be available.

Section 2. Conditions Precedent and Rights of AQHA. To preserve this right of indemnity, an indemnitee shall promptly notify AQHA of any actual or threatened action, suit or proceeding, whereupon AQHA shall have the right to, but not the obligation to, assume and direct the defense thereof through counsel selected and paid for by AQHA. If, in its sole discretion, AQHA, by and through its Executive Committee, determines that the failure of the indemnitee to promptly notify AQHA of any actual or threatened action, suit or proceeding prejudiced the rights of AQHA under this provision, it may deny indemnity to the person to whom indemnity would otherwise be available. The selection of counsel will be subject to the consent of the indemnitee, which consent will not be unreasonably withheld. Any settlement, monetary or otherwise, of the action, suit or proceeding shall require the express consent of the Executive Committee of AQHA, and absent such consent, shall be the sole responsibility of the indemnitee.