

ARABIAN HORSE ASSOCIATION

BYLAWS

ARTICLE I.

NAME AND BACKGROUND

Section 1. Name.

Pursuant to its Articles of Incorporation under the laws of the State of Colorado, the name of this organization shall be Arabian Horse Association, and it shall be a non-profit corporation.

Section 2. Background Information.

Following the incorporation of the Arabian Horse Association, the International Arabian Horse Association, Inc., a Colorado non-profit corporation ("IAHA"), and Arabian Horse Registry of American, Inc., a Colorado non-profit corporation ("AHRA"), were merged into the Arabian Horse Association (the "Merger") in accordance with an Agreement and Plan of Merger dated as of __, 2002 (the "Merger Agreement"). Prior to the Merger, AHRA established The Purebred Arabian Trust (the "Purebred Trust"), which trust is managed by a Board of Trustees (the "Trustees").

ARTICLE II

OBJECTS AND PURPOSES

The objects and purposes of Arabian Horse Association shall be those stated in Article II of its Articles of Incorporation, and more specifically to:

1. Be cognizant of the importance of promoting the purebred Arabian horse at all times during the performance of activities furthering Arabian Horse Association's objects and purposes (as stated in the Articles of Incorporation and these Bylaws).
2. Foster and encourage good relations between Arabian Horse Association and Member Organizations and especially and specifically between Arabian Horse Association and the Canadian Arabian Horse Registry and to maintain and protect the heritage of the purebred Arabian horse by allowing the Purebred Arabian Registry Members of the Registry Commission to establish and implement any and all necessary rules and procedures to accomplish this end.
3. Aid and encourage the breeding, exhibiting, use and perpetuation of the purebred Arabian horse as well as Half-Arabian and Anglo-Arabian horses; coordinate the activities with all Arabian Horse Organizations in all countries; promote and

encourage the participation of Arabian horses in open events, activities and multiple disciplines, including recreation; coordinate and cooperate with the USA Equestrian, Inc., Equine Canada and the Canadian Arabian Horse Registry in providing qualified officials and judges for Arabian horse events and activities and in devising and adopting Arabian event and activity rules, regulations and standards.

4. Formulate publicity and educational programs and other activities in the interest of Arabian horse owners, Arabian horse organizations, clubs and enthusiasts.
5. Aid, promote and foster the preservation and use of purebred Arabian horses and the Arabian breed and to engage in all activities and undertakings incidental to or designated to further or promote this objective.
6. Promote, encourage and stimulate popular interest in the outstanding qualities of the Arabian horse.
7. Effectively maintain, operate and promote the Arabian Horse Registry, Half-Arabian Horse Registry and Anglo-Arabian Horse Registry.
8. Maintain records, support and promote the racing of purebred Arabian horses in the United States.
9. Do any and all things necessary or appropriate to accomplish the objects and purposes as stated herein and as set forth in the Articles of Incorporation.

ARTICLE III.

MEMBERSHIP

Section I. Member Organizations.

Arabian Horse Association shall be composed of those non-profit clubs, associations, and corporations (i) that provide for membership of individuals and corporations, (ii) that have aims and purposes similar to those of Arabian Horse Association, and (iii) that have been duly admitted to membership in Arabian Horse Association. These organizations will hereinafter be referred to as Member Organizations.

Paragraph a. Voting Rights of Member Organizations.

The Member Organizations shall have the right to vote for the election of Directors in the manner described in Article VII of these Bylaws, and shall have the right to vote on all matters decided at the Annual Convention, as described in Article V of these Bylaws. All voting rights of the Member Organizations shall be exclusively vested in, and exercised by, Voting Delegates, in the manner set forth in these Bylaws.

Paragraph b. Levy of Dues to Member Organization by Region

A region may levy dues on the Member Organization within its area provided the dues are based on number of Affiliate Members or number of Voting Delegates per Member Organization.

Paragraph c. Member Organization Application.

A non-profit organization desiring to become a Member Organization of Arabian Horse Association shall make written application to the Executive Vice President on a form provided by the Arabian Horse Association. A copy of the application shall be forwarded to the Regional Director who will be provided an opportunity to comment should he or she wish to do so.

Paragraph d. Approval of Member Organizations.

Upon a favorable vote of the Board of Directors of Arabian Horse Association, such application shall be approved, and such organization shall thereafter be, subject to the Articles of Incorporation, Bylaws, Resolutions and Board of Director action of Arabian Horse Association as a Member Organization.

Paragraph e. Termination of Member Organization Membership.

A Member Organization may be terminated from membership for any of the following reasons:

Violation of the Articles of Incorporation, Bylaws, or a duly adopted Resolution of Arabian Horse Association;

Failure to comply with an action by the Arabian Horse Association Board of Directors;

Conduct deleterious to the best interests of the Arabian horse or to the best interests of Arabian Horse Association;

Upon action by such Member Organization withdrawing from Arabian Horse Association;

Upon failure of such Member Organization to pay assessed dues to Arabian Horse Association or the Region in which the Member Organization is located; or

If a Member Organization falls below ten (10) voting affiliate and/or life members as of June 30th of any year.

Paragraph f. Procedure for Termination.

The Membership Committee shall make investigation of all matters, which may afford a basis of termination from membership (other than voluntary withdrawal). After such

investigation, if the Committee finds that probable cause for termination exists, it serves notice on the Member Organization affected, stating:

The grounds of the proposed termination;

That the Committee proposes to recommend the Member Organization's termination from membership on such grounds;

That such recommendation will be made to the next Annual Convention at which time and place such Member Organization is entitled to appear and be heard;

That after such hearing, the matter of termination will be submitted to the Convention for decision; and

Such notice shall be given to the Member Organization at least forty five (45) days before the opening day of the Annual Convention at which the Member Organization is to be given an opportunity to be heard. Notice shall be given in writing and delivered by first-class, prepaid mail, telecopy, personal delivery, overnight courier, or electronic mail. Any notice given by mail must be given to the last address, telecopy number or electronic mail address of the Member Organization shown on Arabian Horse Association's records. Notice shall be deemed given at the time of delivery through the means of delivery utilized.

Paragraph g. Termination of Member Organization.

A Member Organization may be terminated from membership, after hearing, by action of the Annual Convention. In the event of such termination, the Secretary of Arabian Horse Association shall promptly inform such Member Organization of its termination from membership. The termination shall become effective no sooner than five (5) days after the date of the hearing afforded the Member Organization.

Paragraph h. Reinstatement of Member Organization.

A Member Organization may be reinstated by favorable action of an Annual Convention.

Section 2. Individual Membership Categories.

Individual membership privileges and benefits for each category are established by the Board of Directors and may be modified by the Board of Directors from time to time. All individual members may serve on an Arabian Horse Association committee, commission or board if applied, appointed or elected, as provided in the Arabian Horse Association rules.

Paragraph a. Affiliate Member.

Each person appearing on the membership list of a Member Organization and for whom dues as set by the Annual Convention are paid to Arabian Horse Association shall be an individual Affiliate Member of Arabian Horse Association ("Affiliate Member"). An Affiliate Member is entitled to all general membership privileges including the privilege to compete in Arabian Horse Association (formerly IAHA) Recognized Competitions.

i) An Affiliate Member is also granted the rights to:

Vote in his/her Member Organization;

Be counted towards the delegation strength of that Member Organization;

Be eligible for election as an officer or member of the board of directors at the Member Organization, Region, or Arabian Horse Association level;

Have the opportunity to be a Voting Delegate at the Arabian Horse Association Annual Convention, as prescribed herein.

Paragraph b. Associate Member.

Individuals may become Associate Members of Arabian Horse Association by paying dues as set by the Board of Directors. An Associate Member is entitled to discounts on Arabian, Half-Arabian and Anglo-Arabian registration services, member communications, and access to Arabian Horse America programs, services and benefits. An Associate Membership may not be used to meet the membership requirement in Arabian Horse Association (formerly IAHA) Recognized Competitions and related award programs.

Paragraph c. Direct Member.

Individuals may become Direct Members of Arabian Horse Association by paying dues as set by the Board of Directors. A Direct Member is entitled to all Affiliate Member membership privileges, benefits and discounts except for the rights specifically granted to Affiliate Members in Article III, Section 2, Paragraph (a)(i).

Paragraph d. Life Member.

Individuals may become Life Members of Arabian Horse Association by paying a one-time fee as set by the Board of Directors. Life Members that have also joined and paid dues, as applicable, to a Member Organization shall be treated as Affiliate Members, herein. Life Members who have not joined a Member Organization are entitled to all Affiliate Member membership privileges, benefits and discounts except for the rights specifically granted to Affiliate Members in Article III, Section 2, Paragraph (a)(i). Honorary Directors of AHRA prior to the Merger and Life Members of IAHA prior to the Merger shall be Life Members of Arabian Horse Association without paying an additional Life Member fee.

Paragraph e. Youth Member.

Any individual under the age of 18 as of December 1 of the previous calendar year may become a Youth Member by paying dues as set by the Board of Directors. A Youth Member is entitled to membership in the Arabian Horse Youth Association and all Affiliate Member membership privileges, benefits and discounts except for the rights specifically granted to Affiliate Members in Article III, Section 2, Paragraph (a)(i). Youth Members joining through a Member Organization shall not count towards determination of that Member Organization's number of Voting Delegates.

Paragraph f. Business Member.

Entities including but not limited to corporations, farm/ranches, trusts, syndicates, partnerships, and estates may become Business Members by paying dues as set by the Board of Directors. A Business Member is entitled to all Affiliate Member membership privileges, benefits and discounts except for the rights specifically granted to Affiliate Members in Article III, Section 2, Paragraph (a)(i).

Paragraph g. Single Event Member.

Individuals may become Single Event Members of Arabian Horse Association for participation in Arabian Horse Association's (formerly IAHA) Recognized Competitions (with the exception of Regional and National competitions) by paying dues as set by the Board of Directors. Single Event Members shall only have exhibiting privileges for the duration of the event where the membership is purchased and are subject to all Arabian Horse Association rules and procedures.

Section 3. Membership Year and Dues.

Paragraph a. Membership Year

The membership year shall run from January 1 to December 31 until December 31, 2004.

- i) Notwithstanding the foregoing, the membership year for each Associate Member of the corporation shall run for twelve months from the date of payment of membership dues.
- ii) **Beginning January 1, 2005, pending approval by the Annual Convention in 2003, the membership year for all memberships shall run for twelve months from the date of payment of membership dues. Note: this was voted down by the delegates at the 2003 Convention, but was later implemented by ???**

Paragraph b. Payment of Dues

Dues are payable to the Arabian Horse Association office on October 31 preceding the beginning of the membership year and become delinquent on January 1 of the membership year. If not postmarked to Arabian Horse Association Office by

December 31 the member for whom dues are not paid will lose all membership privileges until such dues are paid. Full annual dues shall be payable to Arabian Horse Association for any portion of a year until January 1, 2005 except in the case of Associate Members as provided in Paragraph (a)(i) above.

- i) Beginning January 1, 2005, pending approval by the Annual Convention in 2003, the membership year for all membership categories will commence upon date of payment and expire twelve months after that date. The member for whom dues are not paid as of the membership expiration date will lose all membership privileges as of the expiration date.

ARTICLE IV. CORPORATE POWERS

Section 1. Division of Powers.

The corporate powers of Arabian Horse Association shall be administered as provided in this Article.

Section 2. Powers of the Annual Convention.

Paragraph a. Exclusive Powers.

Except as limited by Article XVI of these Bylaws, the Annual Convention provided for in Article V hereof, shall have exclusive power to enact, repeal and amend Bylaws, amend the Articles of Incorporation, and dissolve Arabian Horse Association.

Paragraph b. Other Powers.

The Annual Convention may, by resolution, take any other action not inconsistent with law, with the Articles of Incorporation, the Bylaws, or the Merger Agreement. **Notwithstanding the foregoing, the Annual Convention shall have no power to approve or amend Arabian Horse Association's budget or take any action regarding the rules, policies, practices, and procedures applied to the Arabian Horse Registry or the Half-Arabian/Anglo-Arabian Horse Registries.**

Section 3. Powers of the Board of Directors.

Paragraph a. Annual Budget and Authority.

The Board of Directors shall have final authority to approve the annual operating budget and shall have all power to take any action not inconsistent with law, with the Articles of Incorporation, the Bylaws, the Merger Agreement, or with any duly enacted resolution of the Annual Convention. Notwithstanding the foregoing, the Board of Directors shall have no power to take any action regarding the rules,

policies, practices, and procedures applied to the Arabian horse Registry or the Half-Arabian/Anglo-Arabian Horse Registry.

Paragraph b. Delegation of Power.

The Board of Directors may delegate to any committee or officer any portion of its power, subject to any limitation imposed by the Colorado Nonprofit Corporation Act or which the Board may see fit to impose.

Paragraph c. Appointments.

The Board of Directors shall have power to employ an Executive Vice President.

Paragraph d. Executive Committee.

The Executive Committee shall be composed of the President, a Vice President, two (2) At-Large Vice Presidents, Secretary, Treasurer and Immediate Past President.' The Executive Committee is empowered between meetings of the Board of Directors to handle all matters, subject to ratification by the Board.

Section 4. Powers of Officers.

The Officers of Arabian Horse Association, as enumerated in Article VIII, shall have those powers delegated to them by these Bylaws and such additional powers as may be delegated by the Annual Convention or by the Board of Directors.

' Initially, the reference to the Immediate Past President shall refer to the Immediate Past President of IAHA at the time of the Merger; thereafter, Immediate Past President shall refer to the immediate past President of Arabian Horse Association.

Section 5. Duties of the Executive Vice President

The Executive Vice President shall perform such duties as are assigned to him or her by the President, the Executive Committee and the Board of Directors. The Executive Vice President shall also make recommendations for approval by the Trustees relating to the staff providing (i) market development and promotion services, (ii) purebred registration services, and (iii) racing services. To the extent that such recommendations affect the staff who would perform the foregoing services as they relate to purebred horses, the Executive Vice President shall obtain the approval of the Trustees before implementing such recommendations, which approval shall not be unreasonably withheld. In determining the reasonableness of withholding such approval, among other things, the Trustees may consider the effect of the recommendations on the quality, information, speed, and integrity of the market development services, registry services, and services relating to the Arabian Jockey

Club as such services were carried out by AHRA prior to the Merger. All employees shall be subject to the personnel policies and procedures applied uniformly to employees or classifications of employees of Arabian Horse Association and subject to discipline, including discharge, should they fail to conduct themselves in accordance with such policies and procedures as the same may be modified from time to time.

Section 6. Indemnification

Arabian Horse Association shall indemnify and hold all directors, officers, employees, agents, and committee, commission and board members harmless from all liabilities, obligations, claims, causes of action, or expenses of any kind, including without limitation reasonable attorneys' fees, that may arise or be incurred by them as a result of the performance of their duties for or on behalf of Arabian Horse Association, to the full extent allowed under the Colorado Revised Nonprofit Corporation Act.

ARTICLE V. ANNUAL CONVENTION

Section 1. Time and Place.

The Annual Convention of Arabian Horse Association shall be held annually at such time and place as shall be determined by a previous Annual Convention.

Section 2. Notice.

Notice of the Annual Convention shall be given to all Member Organizations and registered Delegates as described herein (such Delegates together with Member Organizations, being the "Notice Recipients") not less than forty five (45) nor more than ninety (90) days before the date of the Annual Convention. The notice shall specify the place, date and hour of the Annual Convention and those matters which the Board of Directors, at the time of giving notice, intends to present for action by the Notice Delegates. Notice shall be given in writing and delivered by first-class, prepaid mail, telecopy, personal delivery, overnight courier, or electronic mail. Any notice given by mail must be given to the last address, telecopy number or electronic mail address of the Notice Recipient shown on Arabian Horse Association's records. Notice shall be deemed given at the time of delivery through the means of delivery utilized.

Section 3. Attendance.

Paragraph a. Convention.

All members of Member Organizations who are in good standing with their Member Organizations, Life Members, Associate Members and Direct Members shall be entitled to attend any Annual Convention, or any other meeting called for a similar

purpose, and shall have floor privileges; provided, however, they shall not, solely by reason of such membership, be entitled to vote.

Paragraph b. Delegates.

All Delegates, selected in accordance with Article VI hereof, shall be entitled to attend the Annual Convention and shall be entitled to the floor privileges. Voting Delegates shall be entitled to vote on all questions properly coming before the Convention and Non-Voting Delegates shall not be entitled to vote.

Section 4. Voting.

Paragraph a. Quorum.

A quorum to do business shall consist of a majority of all Voting Delegates (as defined and authorized by Article VI hereof to vote at the Annual Convention) who have been duly registered and credentialed at the Annual Convention; provided, however, a lesser number may adjourn the Annual Convention from time to time until a quorum shall be attained.

Paragraph b. Special Measures.

The favorable vote of two-thirds of all the Voting Delegates present and voting, authorized by Article VI hereof who have been duly registered and credentialed at the Annual Convention, shall be required to adopt the following:

Enact, repeal, or amend a Bylaw (subject to Article XVI hereof);

Amend the Articles of Incorporation;

Dissolve Arabian Horse Association; or

Revoke a Member Organization membership.

Paragraph c. Ordinary Measures.

A majority of the votes cast shall be necessary for the election of an Officer or for the adoption of any other measure (with the exception of the two (2) At-Large Vice Presidents, who shall be appointed as provided in Article VIII, Section 2).

Paragraph d. Presiding Officer.

The presiding officer of the Annual Convention shall not vote except in the case of a tie and in that case the presiding officer may cast the deciding vote, regardless of whether the presiding officer is a Voting Delegate.

Paragraph e. Proxies.

Voting by proxy shall not be permitted.

ARTICLE VI. DELEGATES

Section 1. Voting Delegates.

Paragraph a. Delegate Qualifications.

Each Voting Delegate and each Alternate Voting Delegate shall be an Affiliate Member, in accordance with Article 111, Section 2, Paragraph a., and in good standing of the Arabian Horse Association. The Voting Delegate and Alternate Voting Delegate's name must appear on the membership roster of the Member Organization he or she represents. The term Voting Delegate shall also include the Voting Delegates at-large and officer Voting Delegates described in this Article VI. Alternate Voting Delegates meeting the same criteria as Voting Delegates selected by Member Corporations shall not be entitled to vote unless the Voting Delegates initially selected are not present or are otherwise unable to vote.

Paragraph b. Selection of Delegates.

Each Voting Delegate and each alternate Voting Delegate shall be selected for such office by the Member Organization which he or she represents in the manner provided by the bylaws or rules of such Member Organization and shall serve until the selection and qualification of his or her successor pursuant to the bylaws or rules of such Member Organization.

Paragraph c. Number of Delegates.

Member Organizations shall be entitled to be represented at an Annual Convention by one (1) Voting Delegate per fifty (50) Affiliate Members in good standing or part thereof). The number of members of a Member Organization for delegate purposes shall be the number of Affiliate Members on whom dues have been received in the office of Arabian Horse Association as of the thirtieth day of June of each year and remain that number until June 30 of the following year. Member Organizations approved by the Board of Directors of Arabian Horse Association after the thirtieth day of June of each year and prior to the Annual Convention shall have their delegate count for that initial Annual Convention based on the number of Affiliated Members submitted on their application.

Paragraph d. Delegate Certifications.

Each Member Organization shall submit to Arabian Horse Association the name(s) of its Voting Delegates and Alternate Voting Delegates in a manner as defined in Arabian Horse Association Handbook.

Paragraph e. Regional Directors.

Each Regional Director (as defined in Article VII, Section 2, paragraph c) shall represent his or her region as a Voting Delegate from the Region.

Paragraph f. At-Large Directors.

Each At-Large Director (as defined in Article VII, Section 2, paragraph d) shall serve as a Voting Delegate and shall represent the interests of purebred Arabian horses.

Paragraph g. Past Directors.

Each past Regional and past At-Large Director will serve as a Voting Delegate-at-large for a period following the expiration of his or her Directorship equal to the period served immediately prior to such expiration (provided such past Director is an Affiliate, Direct or Life Member in good standing).

Paragraph h. Elected Officers.

Each officer as defined in Article VIII shall serve as a Voting Delegate-at-Large.

Paragraph i. Past Presidents.

All Past Presidents of IAHA and Arabian Horse Association and the Past Chairman of AHRA will serve as Voting Delegates-at-Large if not otherwise a Voting Delegate (provided such Past President or Past Chairman is an Affiliate, Direct or Life Member in good standing).

Paragraph j. Multiple Memberships.

A Voting Delegate may represent at the Annual Convention only one of the Member Organizations on whose membership list his or her name appears.

Paragraph k. Delegate Voting.

All voting at the Annual Convention shall be by the Voting Delegates acting personally. Voting by proxy shall not be permitted. With respect to any particular Annual Convention, any person may be authorized to attend as a non-Voting Delegate by the Board of Directors or the President of Arabian Horse Association.

Section 2. Suspension of Voting Rights.

A Member Organization ninety (90) days or more in arrears on Regional dues as defined in Article III, Section 1, Paragraph b. shall not be entitled to Voting Delegates at the Annual Convention. Notification of such arrears and suspension of voting rights shall be made by the Regional Director to Arabian Horse Association Office and to the

affected Member Organization at least forty five (45) days prior to the opening day of the Annual Convention. Such notification shall be given in writing and delivered by first-class, prepaid mail, telecopy, personal delivery, overnight courier, or electronic mail. Any notice given by mail must be given to the last address, telecopy number or electronic mail address of the Member Organization shown on Arabian Horse Association's records. Notice shall be deemed given at the time of delivery through the means of delivery utilized. The affected Member Organization shall have the opportunity to object in writing to the suspension of its voting rights and submit such objections to the Regional Director at any time prior to the opening day of the Annual Convention subject to review by the Executive Committee as appropriate.

ARTICLE VII.

DIRECTORS

Section 1. Qualifications.

The Board of Directors shall consist of twenty-nine (29) persons selected in accordance with this Article. Each Director shall, at all times during his or her continuance in office, be an Affiliate, Direct or Life Member in good standing as determined pursuant to Article III, Section 2. Each elected member of the Board of Directors shall be an Affiliate Member. Each appointed member of the Board of Directors shall be an Affiliate, Direct or Life Member.

Section 2. Enumeration.

The Board of Directors shall consist of the following persons:

Paragraph a. Past President

The Immediate Past President.

Paragraph b. Officers

Each person elected or appointed as an officer pursuant to Article VIII hereof, shall serve for the period for which so selected, and until the selection of his or her successor to such office.

Paragraph c. Regional Directors

A Director from each of the eighteen (18) Regions as defined from time to time by Arabian Horse Association elected by the Voting Delegates of each Region.

Paragraph d. At-Large Directors

There shall be four (4) At-Large Directors initially selected by the AHRA prior to the Merger with and into Arabian Horse Association, two (2) of whom will serve for a one (1) year term and two (2) of whom will serve for a two (2) year term. Thereafter, two (2) of the four (4) At-Large Directors shall be selected by the Trustees each year at the time of the Annual Convention. Each At-Large Director shall represent the interest of purebred Arabian horses and seek to aid, promote and foster the preservation and use of the purebred Arabian horses and the Arabian breed and to engage in all activities and undertakings incidental to or designed to further promote these objectives.

Section 3. Selection of Regional and At-Large Directors.

Paragraph a.

In each of the Regions the Voting Delegates to the Annual Convention shall serve as a Regional Board of Delegates. The Regional Board of Delegates of each Region shall nominate and elect one (1) Director every other year. Voting by proxy shall not be permitted. Odd and even-numbered Regions shall elect Directors in odd and even-numbered years, respectively.

Paragraph b.

Election or appointment of Directors shall be completed no later than ninety (90) days before the opening day of the Annual Convention held during the calendar year of the election.

Paragraph c.

The Regional Director in each Region shall act as the Chairman of the Regional Board of Delegates of his or her Region during his or her term in office. The Chairman of each Regional Board of Delegates shall provide notice of all meetings of the Region's Board of Delegates to the Voting Delegates in the Region and to each At-Large Director residing within such Region not less than ten (10) nor more than ninety (90) days before the date of such meeting. Such notice shall specify the date, place and hour of the meeting, the names of all those who are nominees at the time notice is given and the general nature of any other business to be transacted at such meeting. Notice shall be given in writing and delivered by first-class, prepaid mail, telecopy, personal delivery, overnight courier, or electronic mail to each Member Organization in the Region. Any notice given by mail must be given to the last address, telecopy number or electronic mail address of the Member Organization shown on Arabian Horse Association's records. Notice shall be deemed given at the time of delivery through the means of delivery utilized. An At-Large Director attending a Regional meeting shall have floor privileges at the meeting but may not vote, unless otherwise entitled to vote.

Section 4. Regional and At-Large Directors Term and Limitation.

Paragraph a.

Each Regional and At-Large Director's term of office shall be approximately two (2) years, beginning at the close of the Annual Convention following his or her election or appointment, as appropriate, and lasting until his or her successor is selected and takes office at the close of the Annual Convention following the successor's selection.

Paragraph b.

No person shall be eligible to hold the office of Director for a continuous period in excess of two (2) consecutive terms (four years). The foregoing limitation shall not preclude a person appointed to a term of one year or less by the Trustees or any Director elected to serve the remainder of an unexpired term and thereafter being elected and re-elected to serve two (2) consecutive two-year terms.

Section 5. Regional and At-Large Directors Vacancies.

Any Regional Director vacancy occurring between Annual Conventions shall be filled by the Board of Delegates of the affected Region. Any At-Large Director vacancy shall be filled by the Trustees.

Section 6. Meetings.

Paragraph a. Annual Meeting.

There shall be an annual meeting of the Board of Directors at the Annual Convention. Except as otherwise provided by law, written notice of any meeting of the Board of Directors (i) shall be given in writing to each Director and delivered by first-class, prepaid mail, telecopy, personal delivery, overnight courier, or electronic mail. Any notice given by mail must be given to the last address, telecopy number or electronic mail address of the Director shown on Arabian Horse Association's records. Notice shall be deemed given at the time of delivery through the means of delivery utilized, and (ii) shall state the date, place and hour of the meeting and the purpose or purposes for which the meeting is called.

Paragraph b. Special Meetings.

Special meetings of the Board may be held at any time and place on the call of the President or of a majority of the Board, in either case upon ten (10) days' notice by first-class prepaid mail, or five (5) days' notice delivered personally or by telephone or electronic mail. Such notice shall state the time and place of the meeting and shall be deemed given at the time when personally delivered, deposited in the mail, sent by electronic mail or orally transmitted to recipient via telephone.

Paragraph c. Quorum.

At any meeting of the Board, the presence of a majority of Directors shall constitute a quorum to transact business.

Paragraph d. Regional Vice Chair and At-Large Director Alternates.

Elected Regional Vice Chairs and alternate At-Large Directors appointed by the Trustees may attend any open meeting of Arabian Horse Association's Board of Directors when the Regional Director is present. Regional Vice Chairs and alternate At-Large Directors shall be entitled to attend any Board of Directors meeting and vote, and shall count in determining a quorum of the Board of Directors if, and only if, the Regional Director or At-Large Director is absent.

Paragraph e. Participation in Meetings by Conference Telephone.

Directors may participate in any regular or special meeting of the Board through use of conference telephone or similar communications equipment, so long as all Directors participating in such meeting can hear one another. Participation in a meeting in this manner shall constitute presence in person at such meeting.

Paragraph f. Voting by Mail.

The Board of Directors may take action by mail, without a meeting, provided that each Director is notified by mail at his or her last known address of the proposal to be acted upon and all members of the Board individually or collectively consent in writing to such action.

ARTICLE VIII.

OFFICERS

Section 1. Enumeration.

The Officers of Arabian Horse Association shall consist of a President, a Vice President, two (2) At-Large Vice Presidents, a Secretary and a Treasurer.

Section 2. Election.

Paragraph a.

The President shall be elected by ballot for a two (2)-year term. The President will be eligible for a maximum of two (2) consecutive terms excluding any period of time completing the term of a predecessor. The two (2) At-Large Vice Presidents shall be appointed by the Trustees each for a term of one (1) year. All other Officers shall be elected by the Voting Delegates for a term of one (1) year. All Officers shall serve until the their successors are elected (or

appointed by the Trustees in the case of At-Large Vice Presidents) and take office at the close of the Annual Convention following the successor's election or appointment. All elections shall be conducted by a written ballot; provided, however, that in the event but one person is nominated for an office the election may be by voice vote.

Paragraph b.

In the event there are three or more candidates for any office, and no candidate receives a majority of the votes cast, there shall be a run-off between the two candidates receiving the largest number of votes.

Section 3. Qualifications.

Each Officer elected by the Annual Convention shall at all times during his or her continuance in office, be an Affiliate Member in good standing as determined pursuant to Article III, Section 2, Paragraph a. Individuals appointed by the Trustees as At-Large Vice Presidents at all times during their continuance in office shall be an Affiliate, Direct or Life Member in good standing.

Section 4. Vacancy.

In case of a vacancy in the office of President, the Vice President shall become President. A vacancy in the office of either At-Large Vice President positions shall be filled by the Trustees. A vacancy in any other elected office shall be filled by the Board of Directors until the next Annual Convention.

Section 5. Duties of the President.

Paragraph a.

The President shall preside at all Annual Conventions and at all meetings of the Board of Directors.

Paragraph b.

Except as otherwise provided in these Bylaws or Arabian Horse Association's handbook, the President shall appoint all committees and commissions who shall serve at the pleasure of the President. The President shall be an ex-officio member of all committees and commissions, except the Nominating Committee, the Ethical Practice Review Board, and the Probable Cause Panel.

Paragraph c.

Within any limitations imposed by the Articles of Incorporation, these Bylaws, duly adopted resolutions of Annual Convention, or the Board of Directors, the President shall have general power to conduct and manage the affairs and business of Arabian Horse Association.

Paragraph d.

The President shall have such other and further powers as may be specifically delegated to him or her pursuant to Article IV, Section 4 hereof.

Section 6. Duties of the Vice Presidents.

Paragraph a.

The Vice President shall assume the duties of President in the event of the absence or inability to act of the President, or at his or her request.

Paragraph b.

The At-Large Vice Presidents shall represent the interests of purebred Arabian horses and seek to aid, promote and foster the preservation of the unique qualities of the purebred Arabian horse breed. The At-Large Vice Presidents shall recommend, encourage, and support Arabian Horse Association's involvement in all activities and undertakings incidental to or designed to further, promote or grow the purebred Arabian horse breed consistent with the best interests of the purebred Arabian horse.

Paragraph c.

The Vice Presidents shall have such other duties, respectively, as may be specifically delegated to them pursuant to Article IV, Section 4 hereof.

Section 7. Duties of the Secretary.

Paragraph a.

The Secretary shall keep or cause to be kept a full and complete record of the proceedings of the Annual Convention and of meetings of the Board of Directors and of action taken by the Board of Directors by mail.

Paragraph b. The Secretary shall keep or cause to be kept the seal, books, documents and papers of Arabian Horse Association and affix the seal to all instruments

executed by the President, or by his or her direction, which may require it.

Paragraph.c.

The Secretary shall handle or cause to be handled all correspondence and communications and generally do and perform all duties incident to the office of Secretary.

Paragraph.d.

The Secretary shall publish notices of the place and date of Annual Conventions and of meetings of the Board of Directors.

Paragraph.e.

The Secretary shall have such other duties as may be delegated him or her pursuant to Article IV, Section 4 hereof.

Section 8. Duties of the Treasurer.

Paragraph a.

The Treasurer shall be the chief financial officer of Arabian Horse Association and shall receive or cause to be received all moneys belonging to or paid into Arabian Horse Association and safely keep the same.

Paragraph b.

The Treasurer shall disburse funds of Arabian Horse Association in accordance with the direction given him or her pursuant to Article IV, Section 4 hereof.

Paragraph c.

The Treasurer shall keep complete books of account and shall make an itemized statement and report to the Annual Convention and such interim reports as may be required by the Board of Directors.

Paragraph d.

The Treasurer shall have such other duties as may be delegated to him or her pursuant to Article IV, Section 4 hereof.

Section 9. Officer Disability Policy.

The Board of Directors may remove from office an Officer elected or appointed in accordance with Article VIII of the Bylaws for reason of disability, by an affirmative two-thirds vote of the Board of Directors. Disability may be determined to exist by the Board of Directors when the Officer, as a result of ill health, physical or mental disability, has been continuously unable or unwilling or has failed to perform the

Officer's duties for a period of sixty (60) consecutive days or for a total period of ninety (90) days, in any calendar year, either consecutive or not.

Section 10. Officer for Cause Policy.

The Board of Directors may remove from office, "for cause," an Officer elected or appointed in accordance with Article VIII of the Bylaws by an affirmative two-thirds vote of the Board of Directors. Removal "for cause" may be determined by the Board of Directors when the Officer has engaged in inappropriate conduct including, but not limited to, theft, dishonesty or moral turpitude.

ARTICLE IX . COMMITTEES AND COMMISSIONS

Section 1. Membership Committee.

The President shall appoint a committee on membership consisting of a Chairman and two (2) or more members to hold office at the pleasure of the President. Such committee shall have those duties prescribed by these Bylaws and such other duties as may be delegated by the Annual Convention, the Board of Directors, or the President.

Section 2. USAE Arabian Division Committee

Recommendations to the USA Equestrian for appointment to its Arabian Committee shall be accomplished in accordance with the USA Equestrian Constitution.

Section 3. Nominating Committee.

Paragraph a.

Arabian Horse Association shall have a Nominating Committee consisting of six (6) Affiliate Members in good standing and be nominated and elected at the Annual Convention by the Voting Delegates to the Annual Convention to nominate officers for elections occurring at the Annual Convention the following year. The (6) Members elected to the Nominating Committee shall select a Chairman and Vice Chairman from among their membership. The Nominating Committee process shall be the process to nominate officers other than the At-Large Vice Presidents, who shall be selected by the Trustees.

If during the year there is a resignation or vacancy of a committee or members, the vacancy shall be filled as follows: The nominee who received the next greatest number of votes at the past election shall be considered elected to fill the vacant term. If more than one vacancy should occur, then the person receiving the next greatest number of votes shall be considered elected to fill that unexpired term.

Paragraph b.

Nominating Procedure until elections occurring in 2004.

- i) Each Director of Arabian Horse Association may place in nomination the name of one nominee to be considered by the Delegates for a position on the Nominating Committee.
- ii) All names of nominees for election to the Nominating Committee shall be presented to the Voting Delegates at the first general session of the Annual Convention.
- iii) No less than five (5) nominees for election to the Nominating Committee may be submitted for consideration of the Voting Delegates at the Annual Convention.
- iv) Each nominee for election to the Nominating Committee must be an Affiliate Member of a Member Organization for whom dues have been paid to Arabian Horse Association and must be in attendance at the Annual Convention.
- v) Each Voting Delegate may vote for up to three (3) nominees for election to the Nominating Committee no earlier than the second general session of the Annual Convention.

Paragraph c.

Until the Annual Convention in 2004, it shall be the duty of the Nominating Committee to prepare and place in nomination for election at the Annual Convention a slate of nominees consisting of one (1) Affiliate Member in good standing (pursuant to Article III, Section 2) as a candidate for each office (as prescribed in Article VIII, Section 1) of Arabian Horse Association other than the office of President. Such slate shall be presented to Arabian Horse Association Offices no later than June 1 of each year for timely dissemination to the membership. Notwithstanding the foregoing, the two At-Large Vice Presidents shall be selected by the Trustees.

Paragraph d.

Beginning with elections occurring at the Annual Convention in 2004, the Nominating Committee shall primarily serve as a credentialing committee. At such time, any Affiliate Member in good standing may nominate him/herself as a candidate for any of Arabian Horse Association Offices other than the two At-Large Vice President positions. It shall be the duty of the Nominating Committee: (i) to develop a standard form to detail the relevant biographical information of each nominee and require each

nominee to submit the standard biographical information form to the Nominating Committee at least ninety (90) days prior to the elections at the Annual Convention, (ii) to verify the credentials of each nominee by assuring that each nominee is an Affiliate Member in good standing and that each nominee has submitted a standard biographical information form, (iii) to cause Arabian Horse Association to distribute each nominee's biographical information as detailed on the standard biographical information form to each Voting Delegate prior to the elections, and (iv) seek and nominate candidates for election to any office when no member of Arabian Horse Association has nominated him/herself to such position. Notwithstanding the foregoing, nothing in this paragraph shall restrict nominations taken from the floor.

Paragraph a. Composition.

Arabian Horse Association shall have a Registration Commission whose members shall serve for three (3) year staggered terms. The Registration Commission shall be comprised of three (3) members selected by the Trustees to represent the interest of the purebred Arabian horse (the "Purebred Registry Members"), three (3) members selected by Arabian Horse Association to represent the Half-Arabian and Anglo-Arabian Horse Registry horse (the "Half-Arabian/Anglo-Arabian Registry Members"), and three (3) members selected by the above six (6) members (the "Other Members"). Initially, AHRA shall select one Purebred Registry Member to serve for a term of one (1) year, one Purebred Registry Member to serve for a term of two (2) years, and one Purebred Registry Member to serve for a term of three (3) years. Thereafter, the Trustees shall select Purebred Registry Members each year to fill the vacancies created by the expiration of such terms, which successor members shall serve for a term of three (3) years. Initially, the Board of Directors shall select one HalfArabian/Anglo-Arabian Registry Member to serve for a term of one (1) year, one HalfArabian/Anglo-Arabian Registry Member to serve for a term of two (2) years, and one Half-Arabian/Anglo-Arabian Registry Member to serve for a term of three (3) years. Thereafter, the Board of Directors shall select Half-Arabian/Anglo-Arabian Registry Members each year to fill the vacancies created by the expiration of such terms, which successor members shall serve for a term of three (3) years. Initially, the Purebred Registry Members and Half-Arabian/Anglo-Arabian Registry Members shall select one Other Member to serve for a term of one (1) year, one Other Member to serve for a term of two (2) years, and one Other Member to serve for a term of three (3) years. Thereafter, the Purebred Registry Members and Half-Arabian/Anglo-Arabian Registry Members shall select Other Members each year to fill the vacancies created by the expiration of such terms, which successor members shall serve for a term of three (3) years. Each year, the Registration Commission shall elect its own chairperson.

Paragraph b. Duties.

The Registration Commission shall oversee the rules, policies, practices, and procedures applied to the registration and related matters of purebred Arabian horses (the "Arabian Horse Registry") and the rules, policies, practices, and procedures applied to the registration and related matters of Half-Arabian/Anglo-Arabian horses (the

"Half-Arabian/Anglo Horse Registry"). The Registration Commission shall recommend modifications to the fees schedules for registration services carried on by each of the Registries and oversee, maintain, and improve the performance of the essential functions of the Arabian Horse Registry and the Half-Arabian/Anglo Horse Registry. Notwithstanding the foregoing, (i) the Purebred Registry Members shall have absolute and final authority to interpret, modify, or amend the rules, policies, practices, and procedures applied to the registration of purebred Arabian horses, any such action requiring the unanimous consent of the Purebred Registry Members, and (ii) the Half-Arabian/Anglo-Arabian Registry Members shall have absolute and final authority to interpret, modify, or amend the rules, policies, practices, and procedures applied to the Half-Arabian/Anglo-Arabian Horse Registry, any such action requiring the unanimous consent of the Half-Arabian/Anglo-Arabian Registry Members. The official Registrar of the Arabian Horse Registry shall be designated by the Purebred Registry Members. The official Registrar of the Half-Arabian/Anglo-Arabian Horse Registry shall be designated by the Half-Arabian/Anglo-Arabian Registry Members. The Registration Commission shall direct the development of techniques and implement improvements required to meet the needs of conducting the Arabian Horse Registry and the Half-Arabian/Anglo-Arabian Horse Registry. Arabian Horse Association shall develop and maintain customer service, software and other support required to manage Arabian Horse Association's registry functions including data management, retrieval, security, and sale. The Trustees shall have sole responsibility for all matters relating to the World Arabian Horse Organization and other purebred Arabian registries, and their respective successors and assigns.

Paragraph c. Indemnification.

To the extent permitted by law, Arabian Horse Association shall indemnify members of the Registration Commission for their actions and omissions occurring while in carrying out the above-described duties to the same extent as indemnification is provided to Directors of Arabian Horse Association under the Articles of Incorporation.

Paragraph d. Registry Revenues.

One third (1/3) of the gross revenues derived from the Arabian Horse Registry, including registration fees, transfer fees, service fees and administration fees (the "Purebred Revenues"), shall be paid to the Purebred Trust. Arabian Horse Association shall grant a security interest to the Purebred Trust in the Purebred Revenues in accordance with the terms of a License and Security Agreement between Arabian Horse Association and the Purebred Trust. One third (1/3) of the gross revenues derived from the Half-Arabian/Anglo-Arabian Horse Registry, including registration fees, transfer fees, service fees and administration fees (the "Designated Revenues"), shall be paid into the Designated Fund described below.

Paragraph e. Enforcement of Rules.

Arabian Horse Association shall cause the Arabian Horse Registry and Half Arabian/Anglo-Arabian Registry rules, policies, practices, and procedures as set forth above (and as amended from time to time as set forth above, collectively, the "Registration Rules and Regulations"), to be enforced. In the event of legal challenge to the Registration Rules and Regulations or established procedures or in the event of need to take action to enforce the same, Arabian Horse Association shall be liable for the legal expenses of enforcing and/or defending them. In such event, the Purebred Registry Members, or the Half-Arabian/Anglo-Arabian Registry Members, as applicable depending upon the Registry Rules and Regulations at issue, shall be consulted on the selection of counsel and the defense or prosecution of claims. No settlement of any such matter having the effect of changing the Registration Rules and Regulations or established procedures of the purebred Arabian Horse Registration process shall be made without the express consent of the Trustees. No settlement of any such matter having the effect of changing the Registration Rules and Regulations or established procedures of the Half-Arabian/Anglo-Arabian Horse registration process shall be made without the express consent of the Board of Directors of Arabian Horse Association.

Section 5. Market Development and Promotion Committee.

Paragraph a. Composition.

Arabian Horse Association shall have a Market Development and Promotion Committee consisting of seven (7) members of which three (3) members shall be selected to represent the interest of the purebred Arabian horse (the "Purebred Members"), three (3) members shall be selected to represent the interest of the Half-Arabian/Anglo-Arabian horse (the "Half-Arabian/Anglo-Arabian Members") and one (1) member (the "Other Member") selected by the above six (6) members. Initially, the Trustees shall select one Purebred Member to serve for a term of one (1) year, one Purebred Member to serve for a term of two (2) years, and one Purebred Member to serve for a term of three (3) years. Thereafter, the Trustees shall select Purebred Members each year to fill the vacancies created by the expiration of such terms, which successor members shall serve for a term of three (3) years. Initially, the Board of Directors shall select one Half-Arabian/Anglo-Arabian Member to serve for a term of one (1) year, one Half-Arabian/Anglo-Arabian Member to serve for a term of two (2) years, and one Half-Arabian/Anglo-Arabian Member to serve for a term of three (3) years. Thereafter, the Board of Directors shall select Half-Arabian/Anglo-Arabian Members each year to fill the vacancies created by the expiration of such terms, which successor members shall serve for a term of three (3). Once the initial Purebred Members and Half-Arabian/Anglo-Arabian Members are selected, these six (6) persons shall elect by majority vote the initial Other Member to serve for a term of three (3) years and thereafter shall elect persons to fill vacancies create by the expiration of or resignation of the initial Other Member and succeeding Other Members. Each year, the Market Development and Promotion Committee shall elect its own chairperson.

Paragraph b. Duties.

The Market Development and Promotion Committee shall be responsible for guiding Arabian Horse Association's marketing and promotional activities relating to the promotion of the Arabian horse. The committee shall formulate marketing and promotional plans for Arabian Horse Association and shall develop specific marketing and promotional activities.

Paragraph c. Funding.

When a majority of the Market Development and Promotion Committee approves a marketing or promotional activity, the committee shall solicit funds from the following sources to fund the implementation of such approved activity:

- i) The Purebred Trust. The Trustees shall determine whether, and to the extent, the specific activity serves the interest of the purebred Arabian horse and determine what portion, if any, of the solicited amount of funding it shall contribute to the activity, which determination shall be in the sole discretion of the Trustees.
- ii) The Designated Fund. Arabian Horse Association shall establish a designated fund (the "Designated Fund") comprised of the Designated Revenues for use by the Market Development and Promotion Committee. The Board of Directors shall determine whether, and to the extent, an activity proposed by the Market Development and Promotion Committee should be supported by the Designated Fund.
- iii) The General Funds of Arabian Horse Association. The Board of Directors shall determine whether, and to the extent, that activities should be supported by the general funds of Arabian Horse Association.

Paragraph d. Relationship with Board of Directors.

The Market Development and Promotion Committee shall act independently from the Board of Directors. The Board of Directors cannot restrict the Market Development and Promotion Committee from seeking funding for its recommendations. However, the Board of Directors may generate its own marketing and promotional activities and shall approach the Market Development and Promotion Committee to solicit funding from the Purebred Trust or the Restricted Fund to implement these activities. If the Market Development and Promotion Committee does not endorse the activities proposed by the Board of Directors and refuses to solicit funds from either the Purebred Trust or the Designated Fund, the Board of Directors has the right (as it does with other corporate decisions) to direct funds from Arabian Horse Association's general funds to implement the activities. Arabian Horse Association and its committees and commissions shall make every effort to cooperate with and implement the approved programs of the Market Development and Promotion Committee.

Paragraph e. Staffing.

Arabian Horse Association shall maintain a promotional staff for the purpose of developing, monitoring, and implementing promotional programs approved by the Market Development and Promotion Committee. The salaries and office related expenses of such promotional staff shall not be charged to the Market Development and Promotion Committee or the Purebred Trust and shall not be taken from the Purebred Revenues or the Designated Revenues but, instead, shall be paid by Arabian Horse Association's general funds within the limits of Arabian Horse Association's annual budget. Any reduction in promotional staffing levels required as a result of Arabian Horse Association having serious financial problems must be part of a staff reduction applied uniformly throughout the entire staff of Arabian Horse Association.

Section 6. Racing Committee.

The Racing Committee shall be composed of six (6) members, who shall be the members of the Arabian Jockey Club Executive Committee, which members shall be actively involved in racing, and shall be responsible for the promotion, coordination, and general oversight of Arabian horse racing in the United States. The committee shall advise Arabian Horse Association's Executive Committee, the Trustees, and the Market Development and Promotion Committee on matters related to Arabian horse racing and shall suggest programs and prioritize and develop and obtain funding for action plans that will improve Arabian horse racing in the United States.

Section 7. Ways and Means Committee.

One member of the Ways and Means Committee shall be appointed by the Trustees.

Section 8. Other Committees.

The Annual Convention, the Board of Directors, or the President may, from time to time, provide for the appointment, membership, and duties of such other committees as may be necessary or desirable. All committees of Arabian Horse Association shall keep the best interests of the purebred Arabian horse in mind when performing committee functions.

ARTICLE X.

CORPORATE SEAL

Arabian Horse Association shall have a seal on which in the outer circle shall be the words, "Arabian Horse Association" and in the inner circle, "A Colorado Non-Profit Corporation."

ARTICLE XI.

FISCAL YEAR

The fiscal year of Arabian Horse Association shall be March 31 unless otherwise fixed by resolution of the Board of Directors.

ARTICLE XII.

LITIGATION

Section 1. Definition.

As used in this Article, reference to Arabian Horse Association refers to Arabian Horse Association, its Board of Directors, hearing boards, committees, commissions, officers, representatives, employees and agents.

Section 2. Attorneys' Fees.

While the right or privilege of a member, past member or person utilizing the privileges or services of Arabian Horse Association to seek judicial review of final decisions or actions of Arabian Horse Association is recognized, if a member, past member or person utilizing the privileges or services of Arabian Horse Association is unsuccessful in any attempt to overturn final decisions or actions of Arabian Horse Association, that person or member shall reimburse Arabian Horse Association in full for its reasonable attorneys' fees, court costs and other expenses incurred in defense of any such suit.

Section 3. Place of Suit.

Any suit brought against Arabian Horse Association by a member, past member, or person utilizing the privileges or services of Arabian Horse Association shall be brought only in the United States District Court for the District of Colorado or in the District Court in and for the County of Arapahoe, State of Colorado, and no suit shall be brought against Arabian Horse Association by any member, past member or person utilizing the privileges and services of Arabian Horse Association in any manner in any other court or jurisdiction.

ARTICLE XIII.

PARLIAMENTARY AUTHORITY

The rules contained in the current edition of Robert's Rules of Order, Newly Revised, shall govern the proceedings of Arabian Horse Association in all cases to which they are applicable and in which they are not inconsistent with these Bylaws, the Articles of Incorporation, or Resolutions adopted by the Annual Conventions.

ARTICLE XIV.

AMENDMENTS

These Bylaws may be amended by passage of a resolution at the Annual Convention, in accordance with Article V. Notwithstanding the foregoing, any provision in these Bylaws relating to a power of the Trustees can be amended only by a three-quarters vote of the Trustees and specifically cannot be amended by Arabian Horse Association's Voting Delegates, Executive Committee, Board of Directors or otherwise without the consent of the Trustees.