

BYLAWS
OF
KENTUCKY QUARTER HORSE ASSOCIATION

Revised September 21, 2011

BYLAWS CERTIFICATE

The undersigned certifies that he is the Secretary of Kentucky Quarter Horse Association, a Kentucky nonprofit corporation, and that, as such, he is authorized to execute this certificate on behalf of said corporation, and further certifies that attached hereto is a complete and correct copy of the presently effective bylaws of said corporation.

Dated: September 21, 2011

Kelly Salmon
Secretary

BYLAWS OF THE
KENTUCKY QUARTER HORSE PROMOTIONS ASSOCIATION, INC.
d.b.a. KENTUCKY QUARTER HORSE ASSOCIATION
Revised September 21, 2011

ARTICLE I. NAME AND OFFICES

Section 1.1 Name. The name of the Corporation shall be Kentucky Quarter Horse Promotions Association, Inc., d.b.a. Kentucky Quarter Horse Association, hereinafter referred to as KyQHA.

Section 1.2 Business Offices. The principal office of the KyQHA shall be located at P.O. Box 23917, Lexington, KY 40523-3917, or at such other place or places as the Board of Directors shall determine from time to time.

Section 1.3 Registered Office. The registered office of the KyQHA required by the Kentucky Nonprofit Corporation Act to be maintained in Kentucky may be, but need not be, the same as the principal office if in Kentucky, and the address of the registered office may be changed from time to time by the Board of Directors or by the officers of the KyQHA.

ARTICLE II. PURPOSE

Section 2.1 Statement of Purpose. The purpose of the KyQHA shall be as follows:

- (a) To promote and project the interest of the Quarter Horse in Kentucky.
- (b) To raise the standards of the breed.
- (c) To encourage and foster cooperation among Quarter Horse owners and enthusiasts.
- (d) To provide beneficial services for its members.

ARTICLE III. MEMBERSHIP

Section 3.1 Classification, Qualification, Privileges and Election of Voting Members. The KyQHA shall have one class of voting members. Any person may be admitted to KyQHA by submitting an application and paying the annual dues to the KyQHA for that year. Membership will include spouse and/or all children 18 years of age and younger as of January 1.

Section 3.2 Representation. There will be eight Districts of the KyQHA composed of the following counties:

District 1: Ballard, Caldwell, Calloway, Carlisle, Crittenden, Fulton, Graves, Hickman, Livingston, Lyon, Marshall, McCracken, Henderson, Hopkins, McLean, Union, Webster, Christian, Muhlenberg, Todd, and Trigg.

District 2: Allen, Barren, Butler, Edmonson, Hart, Logan, Metcalfe, Monroe, Simpson, Warren.

District 3: Breckinridge, Daviess, Grayson, Hancock, Meade, Ohio.

District 4: Jefferson

District 5: Anderson, Bullitt, Hardin, LaRue, Mercer, Nelson, Spenser, Washington.

District 6: Boone, Campbell, Carroll, Franklin, Gallatin, Grant, Henry, Kenton, Oldham, Owen, Scott, Shelby, Trimble.

District 7: Bath, Bourbon, Boyd, Bracken, Carter, Clark, Elliott, Fayette, Fleming, Floyd, Greenup, Harrison, Jessamine, Johnson, Lawrence, Lewis, Magoffin, Martin, Mason, Menifee, Montgomery, Morgan, Nicholas, Pendleton, Pike, Powell, Robertson, Rowan, Wolfe, Woodford.

District 8: Adair, Bell, Breathitt, Boyle, Casey, Clay, Clinton, Cumberland, Estill, Garrard, Green, Harlan, Jackson, Knott, Knox, Laurel, Lee, Leslie, Letcher, Lincoln, Madison, Marion, McCreary, Owsley, Perry, Pulaski, Rockcastle, Russell, Taylor, Wayne, Whitley.

Changing of the KyQHA Districts shall be done only by a majority vote of members present at any annual meeting. Each District shall be allowed no more than one Director and one Alternate Director. District Director terms shall be two year with re-election privileges. In addition, there shall be four District Directors-At-Large positions appointed by the Board of Directors.

Section 3.3 Dues. The Board of Directors may establish such membership initiation fees, periodic dues and other assessments and such rules and procedures for the manner and method of payment, the collection of delinquent dues and assessments and the pro-ration or refund of dues and assessments in appropriate cases as the Board of Directors shall deem necessary or appropriate. Membership shall be from January 1, to the following December 31.

Section 3.4 Suspension and Termination of Membership. Whenever any members fails to comply with the bylaws of the KyQHA , and/or fails to act in accordance with the best interest of the organization in any way, he or she may be suspended or expelled, with or without cause, from the organization by a majority vote of the KyQHA's Board of Directors, entitled to vote thereon, and have no further rights as a member until said person shall be reinstated by action of this same Board. Any member who is suspended by a vote of the Board shall remain so until reinstated by the majority vote of the KyQHA's Board of Directors entitled to vote thereon. During any period of suspension a member shall not be entitled to exercise the rights and privileges of membership, including without limitation the right to vote. The KyQHA membership of any person suspended by the American Quarter Horse Association (AQHA) may be reviewed by the KyQHA's Board of Directors, with similar appropriate action taken.

Section 3.5 Transfer of Membership. Membership in the KyQHA is nontransferable. Members shall have no ownership rights or beneficial interests of any kind in the assets of the KyQHA.

Section 3.6 Annual Meeting of Members. The policy-making body of the KyQHA shall be composed of the voting members. Voting members must be present and shall automatically be that person from whom the family membership has been paid. An annual meeting of the members shall normally be held in December at the time and place determined by the Board of Directors, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the election of Directors shall not be held on the day designated herein for the annual meeting of the members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a meeting of the members as soon thereafter as conveniently may be. Failure to hold an annual meeting as required by these bylaws shall not work a forfeiture or dissolution of the KyQHA or invalidate any action taken by the Board of Directors or officers of the KyQHA.

Section 3.7 Special Meetings. Special meetings of the members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Directors. A vote of two-thirds of all Directors will be required to approve such meeting.

Section 3.8 Place of Meeting. Each meeting of the members shall be held at such place as may be designated in the notice of meeting, or, if no place is designated in the notice, at the business office of the KyQHA in Kentucky.

Section 3.9 Notice of Meeting. Except as otherwise prescribed by statute, written notice of each meeting of the members stating the place, day and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than fifteen (15) nor more than fifty (50) days before the date of the meeting, either personally or by first class, certified or registered mail, certified or registered mail, or by telephonic, telegraphic, telex, facsimile, website or e-mail notice (and the method of notice need not be the same as to each member), by or at the direction of the President, or the Secretary, or the other officer or person calling the meeting, to each member entitled to attend such meeting. If mailed, such notice shall be deemed delivered when deposited in the United States mail,

addressed to each member at such member's address as it appears in the records of the KyQHA, with postage thereon prepaid. Any member may waive notice of any meeting before, at or after such meeting. The attendance in person of a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 3.10 Quorum. Except as otherwise required by the laws of Kentucky or the articles of incorporation, the voting members present shall constitute a quorum at each meeting of the members, and the affirmative vote of a majority of the members represented at a meeting at which a quorum is present and entitled to vote on the subject matter shall be the act of the members; provided, however, that an affirmative vote of two-thirds of the members represented at a meeting at which a quorum is present and entitled to vote thereon shall be required to amend the articles of incorporation or to adopt a plan of merger, consolidation or liquidation.

Section 3.11 Voting.

- (a) Each voting member is entitled to one vote on each matter submitted to a vote of the members entitled to vote thereon either at a meeting thereof or pursuant to Section 3.1.
- (b) If at least ten (10) members present shall ask for a roll call vote, such roll call vote shall be allowed.
- (c) There shall be no vote by proxy.

Section 3.12 Action Without a Meeting. Any action required or permitted to be taken at a meeting of the members or any committee thereof may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof. Such consent (which may be signed in counterparts) shall have the same force and effect as a unanimous vote of the members entitled to vote thereon.

ARTICLE IV. BOARD OF DIRECTORS

Section 4.1 General Powers. The business and affairs of the KyQHA shall be managed by its Board of Directors, except as otherwise provided in the Kentucky Nonprofit Corporation Act, the articles of incorporation or these bylaws.

Section 4.2 Number, Classification, Election, Tenure and Qualifications. The number of Directors of the KyQHA shall be a minimum of five, as determined by the members from time to time. The Board of Directors shall be composed of: the President, 1st Vice President, 2nd Vice President, the Secretary, the Treasurer, the AQHA Director(s), the Youth Advisor, the Immediate Past President, the President of the Kentucky Quarter Horse Youth Association (KQHYA), the President of the Kentucky Amateur Quarter Horse Association (KAQHA), the

Directors Emeriti and the Directors from each Kentucky Quarter Horse Association District, and up to four (4) Directors-at-Large. There can only be one elected or appointed voting position per membership on the Board of Directors or the executive officers. The Directors Emeriti shall also have one vote as long as membership is maintained.

Any action of the members to increase or decrease the number of Directors, whether expressly by resolution or by implication through the election of additional Directors, shall constitute an amendment of these bylaws effecting such increase or decrease. Each Director shall hold office until such Director's term expires and thereafter until such Director's successor shall have been elected and qualified, or until such Director's earlier death, resignation or removal. Directors must be at least twenty-one (21) years old, a resident of Kentucky and a member of the Association for the three (3) year period preceding their election. Directors shall be removable in the manner provided by Section 4.11. Any Director who is absent from three consecutive meetings of the Board of Directors without a valid excuse may be automatically removed from the Board of Directors, and the vacancy created thereby shall be filled pursuant to Section 4.10.

Section 4.3 District Elections. The number of District Directors shall not be greater than eight (8). Each District Director shall be elected by members of his/her own District in a caucus held during the Association's annual general membership meeting. Each District Director shall hold office for two (2) years or until his or her successor shall be elected and qualified, or until his or her earlier death, resignation, or removal. Beginning in 2011, odd-numbered Districts shall elect their Directors for two-year terms, and beginning in 2012, even-numbered Districts shall elect their Directors for two-year terms. In 2011 only, even-numbered Districts shall elect their Directors for special one-year terms. Directors may succeed themselves in office, but no elected director may serve more than two (2) successive two-year terms of office without sitting out for a period of one (1) year. If a District does not elect a Director during the general membership meeting, the Board may appoint a Director to serve until the next election date for that District.

Section 4.4 District Directors-At-Large. There may be up to four District Directors-At-Large positions appointed by the Board each for up to a one-year term expiring on the last day of the membership year.

Section 4.5 Directors Emeriti. Any individual with extensive KyQHA service can be recommended by the committee for approval by the general membership.

Section 4.6 AQHA Director(s). At the annual meeting a person or persons shall be nominated, and a vote taken by the general membership, as the KyQHA's recommendation to the American Quarter Horse Association for the AQHA Director(s) from Kentucky.

Section 4.7 Resignations. Any Director may resign at any time by giving written notice to the President or to the Secretary of the KyQHA. A Director's resignation shall take effect at the time specified in such notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A vacancy occurring in the Board of Directors, except one created by an increase in the number of Directors, may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum. A Director

elected to fill a vacancy shall be elected for the unexpired term of such Director's predecessor in office. Any Directorship to be filled by reason of an increase in the number of Directors shall be filled by an election at a meeting of the members called for that purpose, and a Director so chosen shall hold office until the next election of the class for which such Director was chosen and thereafter until such Director's successor shall have been elected and qualified, or until such Director's earlier death, resignation or removal. Nominations shall be brought forward by the President.

Section 4.8 Board of Director Meetings. The Board of Directors shall meet as often as necessary to transact the business of the KyQHA and to promote it's program. At least 48 hours notice shall be given each Director of all meetings.

Section 4.9 District Caucuses. The District Directors (or Alternates) shall act as temporary chairmen at the annual caucuses.

Section 4.10 Vacancies. If the office of any Director, member of a committee or other officer becomes vacant, the remaining Directors in office, even less than a quorum, by a majority vote may appoint any qualified person to fill such vacancy, and to hold office for the remainder of term and until his or her successor shall be duly chosen. Nominations shall be brought forward by the President.

Section 4.11 Removal. Any Director or Directors may be removed, with or without cause, at any time by the affirmative vote of the holders of two-thirds (2/3) of all the regular members entitled to vote, at a annual or special meeting of the regular members, and the vacancies thus created may be filled, at the meeting held for the purpose of removal, by the affirmative vote of a majority of the members entitled to vote. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not in itself create contract rights.

Section 4.12 Regular Meetings. Regular meetings of the Board of Directors can be held anywhere in Kentucky.

Section 4.13 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place for holding any special meeting of the Board called by them.

Section 4.14 Notice. Notice of each meeting of the Board of Directors stating the place, day and hour of the meeting shall be given to each Director at such Director's business address at least five days prior thereto by the mailing of written notice by first class, certified or registered mail, or at least two days prior thereto by personal delivery of written notice or by telephonic, telegraphic, telex, facsimile or e-mail notice (and the method of notice need not be the same as to each Director). If mailed, such notice shall be deemed to be given when deposited in the United States mail, with postage thereon prepaid. If telegraphed, such notice shall be deemed to be given when the telegram is delivered to the telegraph company. If transmitted by telex, facsimile

or e-mail, such notice shall be deemed to be given when the transmission is complete. Any Director may waive notice of any meeting before, at or after such meeting. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting unless otherwise required by statute.

Section 4.15 Presumption of Assent. A Director of the KyQHA who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless such Director's dissent shall be entered in the minutes of the meeting or unless such Director shall file a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the KyQHA immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 4.16 Quorum and Voting. A minimum of ten (10) Directors shall be present to constitute a quorum for the transaction of business at any meeting of the Board of Directors, and the vote of a majority of the Directors present in person at a meeting at which a quorum is present shall be the act of the Board of Directors. No Director may vote or act by proxy at any meeting of Directors.

Section 4.17 Compensation. Directors shall not receive compensation for their services as such. Directors shall not be disqualified to receive reasonable compensation for services rendered to or for the benefit of the KyQHA in any other capacity.

Section 4.18 Meetings by Telephone. Members of the Board of Directors or any committee thereof may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 4.19 Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Directors or any committee thereof may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors or committee members entitled to vote with respect to the subject matter thereof. Such consent (which may be signed in counterparts) shall have the same force and effect as a unanimous vote of the Directors or committee members.

ARTICLE V. OFFICERS AND AGENTS

Section 5.1 Number and Qualifications. The elected officers of the KyQHA shall be a President, 1st Vice President, 2nd Vice President, Secretary and a Treasurer. The Board of

Directors may also appoint such other officers, assistant officers and agents, including a controller, assistant secretaries and assistant treasurers, as it may consider necessary. One person may hold more than one office at a time, except that no person may simultaneously hold the offices of President and Secretary. Officers need not be Directors of the KyQHA. All officers must be at least twenty-one (21) years old.

Section 5.2 Election and Term of Office. The elected officers of the KYQHA shall be elected by the members at the general membership meeting. If the election of officers shall not be held at such meeting, such election shall be held as soon as convenient thereafter. Each officer shall hold office until such officer's successor shall have been duly elected and shall have qualified, or until such officer's earlier death, resignation or removal.

Section 5.3 Compensation. No officer shall receive compensation, except that officers may be reimbursed for reasonable expenses incurred on behalf of the KyQHA. However, during any period in which the KyQHA is a private foundation as described in section 509(a) of the Internal Revenue Code, no payment of compensation (or payment or reimbursement of expenses) shall be made in any manner so as to result in the imposition of any liability under section 4941 of the Internal Revenue Code.

Section 5.4 Removal. Any officer may be removed, with or without cause, at any time by the affirmative vote of the holders of two-thirds (2/3) of all the regular members entitled to vote, at a annual or special meeting of the regular members, and the vacancies thus created may be filled, at the meeting held for the purpose of removal, by the affirmative vote of a majority of the members entitled to vote. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not in itself create contract rights.

Section 5.5 Vacancies. Any officer may resign at any time, subject to any rights or obligations under any existing contracts between the officer and the KyQHA, by giving written notice to the President or to the Board of Directors. An officer's resignation shall take effect at the time specified in such notice, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A vacancy in any office, however occurring, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5.6 Authority and Duties of Officers. The officers of the KyQHA shall have the authority and shall exercise the powers and perform the duties specified below and as may be additionally specified by the chairman of the Board, the Board of Directors or these bylaws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law.

(a) President. The President shall, subject to the direction and supervision of the Board of Directors: (i) preside at all meetings of the members and of the Board of Directors; (ii) have general supervision of the officers of the KyQHA; (iii) see that all orders and resolutions of the Board of Directors are carried into effect; and (iv) perform all other duties incident to the office of President and as from time to time may be assigned to such office by the Board of

Directors. The President shall interpret and enforce the Constitution and By-Laws of the Kentucky Quarter Horse Association, be responsible for proper execution of all business related to the organization and be certain that the policy adopted by the voting delegates is adhered to insofar as is possible.

(b) 1st Vice President. The 1st Vice President shall assist the President and shall perform such duties as may be assigned to them by the President or by the Board of Directors. The 1st Vice President shall, at the request of the President, perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions on the President.

(c) 2nd Vice President. The 2nd Vice President shall preside in the absence of the President and 1st Vice President, and when acting in such capacity shall discharge all duties devolving upon him.

(d) Secretary. The Secretary shall (I) keep, or cause to be kept, the minutes of the proceedings of the members, the Board of Directors and any committees of the members or the Board of Directors; (ii) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (iii) be custodian of the corporate records and of the seal of the KyQHA; (iv) keep at the KyQHA's registered office or principal place of business within Kentucky a record containing the names and addresses of all members; and (v) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to such office by the President or by the Board of Directors. The Secretary shall publish at the annual membership meeting the meeting attendance of the Board of Directors for the year. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary.

(e) Treasurer. The Treasurer shall (i) be the principal financial officer of the KyQHA and oversee the care and custody of all its funds, securities, evidences of indebtedness and other personal property and deposit, or cause to be deposited, the same in accordance with the instructions of the Board of Directors; (ii) receive and give receipts and a quittances for moneys paid in on account of the KyQHA, and pay out of the funds on hand all bills, payrolls and other just debts of the KyQHA of whatever nature upon maturity, or to see that the same occurs; (iii) unless there is a controller or executive staff assigned such duties, be the principal accounting officer of the KyQHA and keep complete books and records of account, prepare and file all local, state and federal tax returns and related documents, prescribe and maintain an adequate system of internal audit, and prepare and furnish to the President and the Board of Directors statements of account showing the financial position of the KyQHA and the results of its operations; (iv) upon request of the Board of Directors, make such reports to it as may be required at any time; and (v) perform all other duties incident to the office of Treasurer and such other duties as from time to time may be assigned to such office by the President or the Board of Directors. Assistant Treasurers or executive staff, if any, shall have the same powers and duties, subject to the supervision by Treasurer.

(f) Executive Secretary. An Executive Secretary may be appointed by the Board of Directors. The primary responsibility of the executive secretary of the KyQHA shall

be: to administer, implement, and bring together the member services, activities, and programs of the association for the benefit of KyQHA members as directed by the Board of Directors. The executive Director shall serve at the discretion of the KyQHA executive committee, subject to the terms of an employment contract. The Board of Directors shall review annually the performance of the executive secretary. The executive secretary shall work closely with the President, executive officers, District Directors, and committee members as well as responding to the needs of the membership-at-large to bring about program results. The executive secretary shall perform other duties from time to time as deemed necessary by the Board of Directors. The executive secretary is a non-voting position of the KyQHA.

Section 5.7 Surety Bonds. The Board of Directors may require any officer or agent of the KyQHA to execute to the KyQHA a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of such person's duties and for the restoration to the KyQHA of all books, papers, vouchers, money and other property of whatever kind in such person's possession or under such person's control belonging to the KyQHA. The Treasurer shall be bonded. The bond will be paid by the KyQHA.

Section 5.8 Term Transition. The term of office for the President, 1st Vice President, 2nd Vice President, Secretary, and Treasurer shall be from January 1 to December 31 to insure a smooth transition after the general membership meeting.

Section 5.9 Officer Terms. The President, 1st Vice President, 2nd Vice President, Secretary, and Treasurer shall be elected for terms of one year, with renewal privileges.

ARTICLE VI- COMMITTEES AND ADVISORY BOARDS

Section 6.1 General. The President shall annually appoint such committees or advisory boards as required by the bylaws and such additional committees as he or she may find necessary. All such committee appointments shall be reported at the next meeting of the Board of Directors. No committee or advisory Board shall have authority to incur any expense or make any representation or commitment on behalf of the KyQHA without the express approval of the Board of Directors of the KyQHA. The delegation of authority to any committee shall not operate to relieve the Board of Directors or any member of the Board from any responsibility imposed by law.

Section 6.2 Executive Committee. By one or more resolutions adopted by a majority of the Directors then in office, there shall be an executive committee composed of the President, 1st Vice President, 2nd Vice President, Secretary, Treasurer and immediate Past President. The executive committee, to the extent provided in the resolution establishing such committee, shall have and may exercise on behalf of the Board of Directors all of the authority of the Board of Directors, when circumstances require such decisions be made, except as prohibited by statute.

Section 6.3 Finance Committee. The finance committee shall include and be chaired by the Treasurer, and shall consist of not less than two (2) nor more than six (6) members

selected annually by the President and approved by the Board of Directors. The finance committee shall recommend to the Board of Directors appropriate accounting and book keeping procedures, review the financial statements, and oversee year-end tax preparations. Along with the President and 1st Vice President, the finance committee shall prepare an annual budget and submit the budget to the Board of Directors for approval.

Section 6.4 Nominating Committee. The nominating committee shall consist of not less than five (5) persons annually appointed by the President within sixty (60) days following the annual meeting of members, and act beginning in September each year. The nominating committee shall be responsible to annually nominate Director and Officer candidates and attempt to select members broadly representative of the membership and receive all candidate nominations from the membership. The nominating committee will supervise the dissemination and tabulation of all ballots in the annual election of Directors and Officers.

Section 6.5 Nomination procedure. The nominating committee will recommend to each District caucus for approval, one or more District members to fill the position of Director for that District, as well as members to fill the offices of President, 1st Vice President, 2nd Vice President, Secretary, Treasurer, and recommendations for AQHA Director(s). Each caucus chooses a Director and alternate Director and approves or amends the nomination committee's recommendation. Caucuses may add to the nominating committee's recommendations for District Director and/or officers. Members can nominate from the floor of the general membership meeting if they so desire. All officer recommendations coming from the caucuses will be voted upon the general membership. A youth advisor and back-up advisor will be recommended by KQHYA and approved by the KyQHA at the next meeting of the KyQHA Board of Directors. Youth advisors must be Kentucky residents.

Section 6.6 Other Committees. Other committees may, from time to time, be designated by resolution adopted at any meeting of the Board at which a quorum is present. Committee chairman will be recommended by the President, and confirmed by the Board of Directors.

Section 6.7 Advisory Boards. The Board of Directors may from time to time form one or more advisory boards composed of such members, and having such chairperson, as the Board of Directors shall designate. The name, objectives and responsibilities of each such advisory board, and the rules and procedures for the conduct of its activities, shall be determined by the Board of Directors. Advisory boards will be recommended by the President, and confirmed by the Board of Directors. No advisory board shall have authority to incur any expense or make any representation or commitment on behalf of the KyQHA without the express approval of the Board of Directors.

Section 6.8 Term of Office. Each member of a committee or advisory board shall continue as such until the next annual meeting of the members and until his successor is appointed, unless the committee or advisory board shall be sooner terminated, the committee or advisory board member resigns, or the committee or advisory board member is removed by the affirmative vote of the Board of Directors.

ARTICLE VII. INDEMNIFICATION

Section 7.1 Definitions. For purposes of this Article, the following terms shall have the meanings set forth below:

(a) "KyQHA" means the corporation and, in addition to the resulting or surviving corporation, any domestic or foreign predecessor entity of the corporation in a merger, consolidation or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

(b) "Expenses" means the actual and reasonable expenses, including attorneys' fees, incurred by a party in connection with a proceeding.

(c) "Liability" means the obligation to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to a private foundation or an employee benefit plan) or expense incurred with respect to a proceeding.

(d) "Official capacity" when used with respect to a Director of the KyQHA means the office of Director in the KyQHA, and when used with respect to a person in a capacity other than as a Director (even if such person is also a Director) means the office in the KyQHA held by the officer or the employment relationship undertaken by the employee on behalf of the KyQHA in the performance of his or her duties in his or her capacity as such officer or employee. "Official capacity" does not include service for any other foreign or domestic corporation or for any partnership, joint venture, trust, other enterprise or employee benefit plan when acting directly on behalf of such other corporation, partnership, joint venture, trust, enterprise or plan as a Director, officer, employee, fiduciary or agent thereof.

(e) "Party" means any person who was, is, or is threatened to be made, a named defendant or respondent in a proceeding by reason of the fact that such person is or was a Director, officer or employee of the KyQHA, and any person who, while a Director, officer or employee of the KyQHA, is or was serving at the request of the KyQHA as a Director, officer, partner, trustee, employee, fiduciary or agent of any other foreign or domestic corporation or of any partnership, joint venture, trust, other enterprise or employee benefit plan. A party shall be considered to be serving an employee benefit plan at the KyQHA's request if such party's duties to the KyQHA also impose duties on or otherwise involve services by such party to the plan or to participants in or beneficiaries of the plan.

(f) "Proceeding" means any threatened, pending or completed action, suit or proceeding, or any appeal therein, whether civil, criminal, administrative, arbitral or investigative (including an action by or in the right of the KyQHA) and whether formal or informal.

Section 7.2 Right to Indemnification.

(a) Standards of Conduct. Except as provided in Section 7.2(d) below, the KyQHA shall indemnify any party to a proceeding against liability incurred in or as a result of the proceeding if (i) such party conducted himself or herself in good faith, (ii) such party reasonably believed (A) in the case of a Director acting in his or her official capacity, that his or her conduct was in the KyQHA's best interests, or (B) in all other cases, that such party's conduct was at least not opposed to the KyQHA's best interests, and (iii) in the case of any criminal proceeding, such party had no reasonable cause to believe his or her conduct was unlawful. For purposes of determining the applicable standard of conduct under this Section 7.2, any party acting in his or her official capacity who is also a Director of the KyQHA shall be held to the standard of conduct set forth in Section 7.2(a)(ii)(A), even if such party is sued solely in a capacity other than as such Director.

(b) Employee Benefit Plans. A party's conduct with respect to an employee benefit plan for a purpose such party reasonably believed to be in the interests of the participants in or beneficiaries of the plan is conduct that satisfies the requirements of Section 7.2(a)(ii)(B). A party's conduct with respect to an employee benefit plan for a purpose that such party did not reasonably believe to be in the interests of the participants in or beneficiaries of the plan shall be deemed not to satisfy the requirements of Section 7.2(a)(I).

(c) Settlement. The termination of any proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, is not of itself determinative that the party did not meet the applicable standard of conduct set forth in Section 7.2(a).

(d) Indemnification Prohibited. Except as hereinafter set forth in this Section 7.2(d), the KyQHA may not indemnify a party under this Section 7.2 either (i) in connection with a proceeding or in the right of by the KyQHA in which the party is or has been adjudged liable for gross negligence or willful misconduct in the performance of the party's duty to the KyQHA, or (ii) in connection with any proceeding charging improper personal benefit to the party, whether or not involving action in the party's official capacity, in which the party was adjudged liable on the basis that personal benefit was improperly received by the party (even if the KyQHA was not thereby damaged). Notwithstanding the foregoing, the KyQHA shall indemnify any such party if and to the extent required by the court conducting the proceeding, or any other court of competent jurisdiction to which the party has applied, if it is determined by such court, upon application by the party, that despite the adjudication of liability in the circumstances in clauses (i) and (ii) of this Section 7.2(d) or whether or not the party met the applicable standard of conduct set forth in Section 7.2(a), and in view of all relevant circumstances, the party is fairly and reasonably entitled to indemnification for such expenses as the court deems proper in accordance with the Kentucky Nonprofit Corporation Code.

(e) Claims by or in the Right of KyQHA. Indemnification permitted under this Section 7.2 in connection with a proceeding by or in the right of the KyQHA shall be limited to expenses incurred in connection with the proceeding.

(f) Combined Proceedings. If any claim made by or in the right of the KyQHA against a party is joined with any other claim against such party in a single proceeding, the claim by or in the right of the KyQHA (and all expenses related thereto) shall nevertheless be deemed the subject of a separate and distinct proceeding for purposes of this Article.

Section 7.3 Prior Authorization Required. Any indemnification under Section 7.2 (unless ordered by a court) shall be made by the KyQHA only if authorized in the specific case after a determination has been made that the party is eligible for indemnification in the circumstances because the party has met the applicable standard of conduct set forth in Section 7.2(a) and after an evaluation has been made as to the reasonableness of the expenses. Any such determination, evaluation and authorization shall be made by the Board of Directors by a majority vote of a quorum of such Board, which quorum shall consist of Directors not parties to the subject proceeding, or by such other person or body as permitted by law.

Section 7.4 Success on Merits or Otherwise. Notwithstanding any other provision of this Article, the KyQHA shall indemnify a party to the extent such party has been successful, on the merits or otherwise, including without limitation, dismissal without prejudice or settlement without admission of liability, in defense of any proceeding to which the party was a party against expenses incurred by such party in connection therewith.

Section 7.5 Advancement of Expenses. The KyQHA shall pay for or reimburse the expenses, or a portion thereof, incurred by a party in advance of the final disposition of the proceeding if: (a) the party furnishes the KyQHA a written affirmation of such party's good-faith belief that he or she has met the standard of conduct described in Section 7.2(a)(I); (b) the party furnishes the KyQHA a written undertaking, executed personally or on behalf of such party, to repay the advance if it is ultimately determined that the party did not meet such standard of conduct; and (c) authorization of payment and a determination that the facts then known to those making the determination would not preclude indemnification under this Article have been made in the manner provided in Section 7.3. The undertaking required by clause (b) must be an unlimited general obligation of the party, but need not be secured and may be accepted without reference to financial ability to make repayment.

Section 7.6 Payment Procedures. The KyQHA shall promptly act upon any request for indemnification, which request must be in writing and accompanied by the order of court or other reasonably satisfactory evidence documenting disposition of the proceeding in the case of indemnification under Section 7.4 and by the written affirmation and undertaking to repay as required by Section 7.5 in the case of indemnification under such Section. The right to indemnification and advances granted by this Article shall be enforceable in any court of competent jurisdiction if the KyQHA denies the claim, in whole or in part, or if no disposition of such claim is made within ninety days after written request for indemnification is made. A party's expenses incurred in connection with successfully establishing such party's right to indemnification, in whole or in part, in any such proceeding shall also be paid by the KyQHA.

Section 7.7 Notifications to Members. Any indemnification of or advance of expenses to a Director (but not to any other party) in accordance with this Article, if arising out of a

proceeding by or on behalf of the KyQHA, shall be reported in writing to the members with or before the notice of the next meeting of members.

Section 7.8 Insurance. By action of the Board of Directors, notwithstanding any interest of the Directors in such action, the KyQHA may purchase and maintain insurance in such amounts as the Board of Directors deems appropriate to protect itself and any person who is or was a Director, officer, employee, fiduciary or agent of the KyQHA, or who, while a Director, officer, employee, fiduciary or agent of the KyQHA, is or was serving at the request of the KyQHA as a Director, officer, partner, trustee, employee, fiduciary or agent of any other foreign or domestic KyQHA or of any partnership, joint venture, trust, other enterprise or employee benefit plan against any liability asserted against or incurred by such person in any such capacity or arising out of such person's status as such, whether or not the KyQHA would have the power to indemnify such person against such liability under applicable provisions of law or this Article. Any such insurance may be procured from any insurance company designated by the Board of Directors, whether such insurance company is formed under the laws of Kentucky or any other jurisdiction, including any insurance company in which the KyQHA has an equity or any other interest, through stock ownership or otherwise. The KyQHA may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such sums as may become necessary to effect indemnification as provided herein.

Section 7.9 Right to Impose Conditions to Indemnification. The KyQHA shall have the right to impose, as conditions to any indemnification provided or permitted in this Article, such reasonable requirements and conditions as may appear appropriate to the Board of Directors in each specific case and circumstances, including but not limited to any one or more of the following: (a) that any counsel representing the party to be indemnified in connection with the defense or settlement of any proceeding shall be counsel mutually agreeable to the party and to the KyQHA; (b) that the KyQHA shall have the right, at its option, to assume and control the defense or settlement of any claim or proceeding made, initiated or threatened against the party to be indemnified; and (c) that the KyQHA shall be subrogated, to the extent of any payments made by way of indemnification, to all of the indemnified party's right of recovery, and that the party to be indemnified shall execute all writings and do everything necessary to assure such rights of subrogation to the KyQHA.

Section 7.10 Other Rights and Remedies. The indemnification provided by this Article shall be in addition to any other rights which a party may have or hereafter acquire under any law, provision of the articles of incorporation, any other or further provision of these bylaws, vote of the members or Board of Directors, agreement, or otherwise.

Section 7.11 Applicability; Effect. The indemnification provided in this Article shall be applicable to acts or omissions that occurred prior to the adoption of this Article, shall continue as to any party entitled to indemnification under this Article who has ceased to be a Director, officer or employee of the KyQHA or, at the request of the KyQHA, was serving as and has since ceased to be a Director, officer, partner, trustee, employee, fiduciary or agent of any other domestic or foreign corporation, or of any partnership, joint venture, trust, other enterprise or employee benefit plan, and shall inure to the benefit of the estate and personal representatives of

each such person. The repeal or amendment of this Article or of any Section or provision hereof that would have the effect of limiting, qualifying or restricting any of the powers or rights of indemnification provided or permitted in this Article shall not, solely by reason of such repeal or amendment, eliminate, restrict or otherwise affect the right or power of the KyQHA to indemnify any person, or affect any right of indemnification of such person, with respect to any acts or omissions that occurred prior to such repeal or amendment. All rights to indemnification under this Article shall be deemed to be provided by a contract between the KyQHA and each party covered hereby.

Section 7.12 Indemnification of Agents. The KyQHA shall have the right, but shall not be obligated, to indemnify any agent of the KyQHA not otherwise covered by this Article to the fullest extent permissible by the laws of Kentucky. Unless otherwise provided in any separate indemnification arrangement, any such indemnification shall be made only as authorized in the specific case in the manner provided in Section 7.3.

Section 7.13 Savings Clause; Limitation. If this Article or any Section or provision hereof shall be invalidated by any court on any ground, then the KyQHA shall nevertheless indemnify each party otherwise entitled to indemnification hereunder to the fullest extent permitted by law or any applicable provision of this Article that shall not have been invalidated. Notwithstanding any other provision of these bylaws, the KyQHA shall neither indemnify any person nor purchase any insurance in any manner or to any extent that would jeopardize or be inconsistent with the qualification of the KyQHA as an organization described in section 501(c)(3) of the Internal Revenue Code, or that would result in the imposition of any liability under section 4941 of the Internal Revenue Code.

ARTICLE VIII. MISCELLANEOUS

Section 8.1 Account Books, Minutes, Etc. The KyQHA shall keep, or cause to be kept, correct and complete books and records of account and shall keep minutes of the proceedings of its members, Board of Directors and committees. All books and records of the KyQHA may be inspected by any member or Director, or such person's authorized agent or attorney, for any proper purpose at any reasonable time.

Section 8.2 Fiscal Year. The fiscal year of the KYQHA shall be as established by the Board of Directors.

Section 8.3 Conveyances and Encumbrances. Property of the KyQHA may be assigned, conveyed or encumbered by such officers of the KyQHA as may be authorized to do so by the Board of Directors, and such authorized persons shall have power to execute and deliver any and all instruments of assignment, conveyance and encumbrance; however, the sale, exchange, lease or other disposition of all or substantially all of the property and assets of the KyQHA shall be authorized only in the manner prescribed by applicable statute.

Section 8.4 Designated Contributions. The KyQHA may accept any designated contribution, grant, bequest or devise consistent with its general tax-exempt purposes, as set forth in the articles of incorporation. As so limited, donor-designated contributions will be accepted for special funds, purposes or uses, and such designations generally will be honored. However, the KyQHA shall reserve all right, title and interest in and to and control of such contributions, as well as full discretion as to the ultimate expenditure or distribution thereof in connection with any such special fund, purpose or use. Further, the KyQHA shall acquire and retain sufficient control over all donated funds (including designated contributions) to assure that such funds will be used to carry out the KyQHA's tax-exempt purposes.

Section 8.5 Conflicts of Interest. If any person who is a Director or officer of the KyQHA is aware that the KyQHA is about to enter into any business transaction directly or indirectly with such person, any member of such person's family, or any entity in which such person has any legal, equitable or fiduciary interest or position, including without limitation as a Director, officer, shareholder, partner, beneficiary or trustee, such person shall: (a) immediately inform those charged with approving the transaction on behalf of the KyQHA of such person's interest or position; (b) aid the persons charged with making the decision by disclosing any material facts within such person's knowledge that bear on the advisability of such transaction from the standpoint of the KyQHA; and (c) not be entitled to vote on the decision to enter into such transaction.

Section 8.6 Loans to Directors and Officers Prohibited. No loans shall be made by the KyQHA to any of its Directors or officers. Any Director or officer who assents to or participates in the making of any such loan shall be liable to the KyQHA for the amount of such loan until it is repaid.

Section 8.7 References to Internal Revenue Code. All references in these bylaws to provisions of the Internal Revenue Code are to the provisions of the Internal Revenue Code of 1986, as amended, and to the corresponding provisions of any subsequent federal tax laws.

Section 8.8 Amendments. Subject to repeal or change by action of the members, the power to alter, amend or repeal these bylaws and adopt new bylaws shall be vested in members and may be amended at any regular membership meeting of the KyQHA, upon the affirmative vote of two-thirds of the voting delegates present.

Section 8.9 Severability. The invalidity of any provision of these bylaws shall not affect the other provisions hereof, and in such event these bylaws shall be construed in all respects as if such invalid provision were omitted.

Section 8.10 No Private Inurement. The assets of the KyQHA shall be used only in furtherance of the goals and purposes of the KyQHA, and for related expenses, and shall not be used for the private inurement of any individual. Payments may be made to individuals, provided that such payments are determined by the Board of Directors to be in furtherance of the goals and purposes of the KyQHA.

Section 8.11 Hall of Fame. The KyQHA has established a Hall of Fame for the purposes of recognizing the contributions of individuals or horses that have played a significant role in the Quarter Horse industry in the Commonwealth of Kentucky. Candidates will be nominated by the Hall of Fame Committee, approved by the Board of Directors and voted on by the general membership at the annual meeting of members.

Section 8.12 Parliamentary Procedure. All meetings of this organization shall be conducted according to Robert's Rules of Order.

(END)