

BYLAWS OF THE AMERICAN TEESWATER SHEEP ASSOCIATION

ARTICLE I. NAME.

The name of this organization shall be the American Teeswater Sheep Association (ATSA).

ARTICLE II. PURPOSE.

The American Teeswater Sheep Association is a nonprofit organization, without capital stock, whose purpose is to foster, promote and develop the Teeswater breed of sheep. It shall keep records of all sheep recorded or registered in or by the Association, issue official papers covering the same and perform any and all functions connected with the registration of Teeswater sheep. Such records shall be permanent in character and at the disposition of the members or contractors of the Association. The Association shall receive and disburse the finances of the organization.

ARTICLE III. MEMBERSHIP.

SECTION 1. Rights and Privileges of Membership.

Membership in the Association is and at all times shall be considered to be a privilege and not a right. Active members meeting the general qualification requirement of Section 2 of the Association are entitled to attend, speak, and vote at the membership meetings of the Association. In addition, members in good standing shall be kept informed of the Association's activities, shall be notified of all membership meetings, shall have access to annual reports, flock books and copies of the Bylaws.

SECTION 2. General Qualifications of a Member.

Any person, family or corporation interested in the promotion of Teeswater Sheep may become a member of the ATSA, and as such is entitled to all privileges of full membership except that, in order to be considered eligible for voting, to participate in Association elections and to hold elective office they shall have (1) have paid dues for the current year, (2) have no outstanding financial obligation to the Association more than sixty (60) days past due, (3) currently own Teeswater sheep, (4) have bred and registered sheep in the American Teeswater Sheep Association within the previous two calendar years and (5) not participate in the management of other associations or enterprises so as to be determined by the Board to present a direct conflict of interest with the ATSA. Each owner and registrant eligible for voting per the above shall be represented by but one membership whether such owner and registrant be an individual, partnership, corporation, association or other entity.

SECTION 3. Junior Membership.

The Board of Directors shall have the authority to establish a separate membership class for junior members with such limitations and qualifications as the Board shall establish from time to time; provided, however the junior member shall have no voting rights.

SECTION 4. Members That Are Not Individuals.

Any member that is a partnership, corporation, Association, or other entity (i.e. not an individual person) shall designate in writing to the Association the name of the individual who is authorized to sign and vote on behalf of the entity.

SECTION 5. Voting Rights.

Each member of the Association in good standing and meeting the requirements of Section 2 above, other than Junior members, shall be entitled to one vote on each matter submitted to a vote of the membership. A member may vote either in person or by proxy appointed in writing by the member or his duly authorized attorney-in-fact. No proxy shall be valid for any voting issue or period except that which it was specifically designated in the proxy. In no case shall a proxy be valid for more than 30 days.

SECTION 6. Membership Dues and Service Fees.

The Board of Directors may determine from time to time the amount of annual membership dues and the amount of fees for services that shall be payable to the Association. The Board of Directors may also establish the time or times at which membership dues and service fees are due and payable, and procedures for dealing with members and others in default of payment. If a person is in default in the payment of annual membership dues or service fees, the Association may refuse to register any sheep for that person until due and owing membership dues and service fees are paid in full. If not modified by the Board, annual membership shall begin January 1st and expire on December 31st. of each year. A grace period of 30 days will be in effect, allowing such time for members to send in membership dues.

SECTION 7. Withdrawals.

Any member may withdraw from membership in the Association by giving written notice of intent to withdraw to the Association at its principal office. Upon receipt of any such notice, the membership of such member shall terminate; provided, however, that after a complaint has been initiated against a member, the right of such member to withdraw from membership shall be suspended until the termination of all proceedings in connection with such complaint, unless the Executive Committee or the Board of Directors otherwise approves.

ARTICLE IV. MEETINGS OF THE MEMBERSHIP.

SECTION 1. Annual Meeting.

The annual meeting of the membership shall be held at such time and place as the Board of Directors may designate.

SECTION 2. Special Meetings.

Special meetings of the members may be held at any time for any purpose or purposes at such designated place. Special meetings may be called by the President or by the Board of Directors or by 25 percent (%) of the membership. The person calling a special meeting shall designate the date, time and place of such meeting and shall give notice at least 14 days prior to and no longer than 30 days prior to the meeting.

SECTION 3. Notice.

Written notice of all meetings 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 fourteen (14) days nor more than thirty (30) days before the date of the meeting, either electronically or by mail, by or at the direction of the President or the persons calling the meeting to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited, in the United States mail, addressed to the member at his address as it appears on the records of the Association with postage thereon prepaid, if electronically such notice shall be deemed delivered when distributed to the email address as it appears on the records of the Association.

SECTION 4. Waiver of Notice.

Whenever any notice is required to be given under the provisions of these Bylaws, or of any law, a waiver thereof in writing, signed by the person or persons entitled to such notice whether before, at, or after the time stated therein, shall be deemed the equivalent to the giving of such notice. To the extent permitted by law, attendance of a member at any meeting shall constitute a waiver of notice of such meeting.

SECTION 5. Quorum.

A quorum at any meeting of the membership shall consist of not less than fifty one (51) percent of members in good standing present, in person or by proxy. Every decision of a majority of such quorum shall be valid as a corporate act, except in those specific instances in which a larger vote is required by law or by these Bylaws.

SECTION 6. Meeting Procedures.

All meetings of the membership shall be conducted according to parliamentary procedures as set forth in the latest revision of Robert's Rules of Order except in those specific instances in which alternate procedures are detailed by the law or by the Association procedures or Bylaws.

ARTICLE V. DIRECTORS.

Section 1. Powers of the Board.

A Board of Directors shall manage the property and affairs of the Association. The Board of Directors derives its powers and authority from the members and its powers and authority is limited by and subject to the will of the members voting in person or by proxy at any annual meeting or special called meeting. Except as limited by law and the members, the Board of Directors shall have and is vested with the power and authority to do, or cause to be done, any and all things for and on behalf of the Association, to exercise or cause to be exercised any and all of its powers, privileges or franchises and to seek the effectuation of its policies and objectives.

Section 2. Number and Qualifications.

The Board of Directors shall consist of not less than five and not more than nine active members of the Association in good standing and eligible to vote in accordance with Article III; the number shall be determined at the discretion of the Board. Prior to declaring their candidacy, a member must have registered sheep with the Association in the calendar year of their candidacy. The Secretary shall ascertain the qualification of the candidate prior to placing their name on the ballot and shall report any unqualified candidates to the President. Directors must continue to breed and register sheep in each and every calendar year while serving on the board. The Board of Directors shall establish the method of election and appropriate steps to ensure that all members are represented.

SECTION 3. Term of Office.

The term of office of the Directors shall be three years. All positions shall be subject to election following completion of the term. In the event that additional candidates are not nominated for the position, the incumbent shall continue in office until their successors are elected and take office. Nothing contained herein shall preclude a member of the Board of Directors from succeeding himself or herself.

SECTION 4. Election of Directors.

Candidates for a director's position shall cause to be delivered to the ATSA designated office a notice of nomination, which letter or email shall be received by August 1 of that year. An official ballot containing the names and resumes of district candidates shall be mailed or emailed to all members of the association by September 1 of that year. To vote in the election of Directors, a member must return the ballot to the association office by October 1 of that year or respond to the designated email address included in the notice of election. Director applicants receiving the most votes shall be deemed elected. In the event of a tie, the present directors will pick the winner or one of the tie candidates may choose to refrain from election. . The membership will be notified of the results of all elections. The members of the Board of Directors shall be elected from four districts. One director shall be elected from each district and a minimum of one director will serve at large.

The four districts shall be initially established as follows:

District 1. Alaska, Hawaii, Washington, Oregon, California, Idaho, Nevada, Arizona, Utah, Wyoming and Montana.

District 2. North Dakota, South Dakota, Nebraska, Colorado, New Mexico, Kansas, Oklahoma, Texas, Missouri, Arkansas, Louisiana, Mississippi, Alabama and Tennessee.

District 3. Minnesota, Iowa, Wisconsin, Illinois Michigan, Indiana, Ohio and Kentucky.

District 4., West Virginia, Pennsylvania, New York, Vermont, Maine, New Hampshire Massachusetts, Rhode Island, Connecticut, New Jersey, Delaware, Maryland, Virginia, Georgia, North Carolina, South Carolina, and Florida.

The Directors may from time to time move one or more states to contiguous districts to equalize the numbers of registrations in each district. In the event that no members from a district announce their candidacy, a candidate at large may be utilized to fill the position.

SECTION 5. Commencement of Term of Office.

Newly elected Directors shall commence their term of office immediately following the adjournment of the last regular meeting of the Board of Directors, preceding the Annual Meeting of members.

SECTION 6. Vacancies.

In the case of a vacancy on the Board of Directors, the Directors shall have the power to fill such vacancy with the appointment of a member with the vacant seat to serve the unexpired term until the next annual meeting, at which time the opening would be filled in the same manner provided in Section 4, preference will be given to a member who lives in the district first, however if none are available the position will be filled at large. In the event of a vacancy and a full-term board seat both being available in the same district, members will vote for two (2) candidates. The two candidates receiving the most votes will be appointed to the Board of Directors vacancies in the following manner. The person with the most votes will fill the three-year term and the person with the second most votes will fill the shorter term. Filling an uncompleted term will not preclude a Director from being elected to the Board of Directors for two consecutive three-year terms.

SECTION 7. Compensation.

Directors shall not receive any stated compensation for their services but by resolution of the Board, reimbursement for expenses, if any, may be allowed for attendance at each meeting of the Board or for performing other duties assigned by the Board.

SECTION 8. Annual Meeting.

The annual meeting of the Board of Directors shall be held at such location as, and immediately following, the annual meeting of the membership of the Association or at such other location and time as designated by the Board of Directors.

SECTION 9. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such location as, and immediately following, the annual meeting of the membership of the Association or at such other location and time as designated by the Board of Directors.

SECTION 10. Special Meetings.

A special meeting of the Board may be called at any time by the President, or any three or more of the Directors by giving ten days' notice of such meeting to each member of the Board of Directors, stating the time, place and purpose of any such meeting. The place of the special meeting will be designated in the notice. The purpose of the special meeting must be specified in writing and provided to each Board member at the time the meeting is called.

SECTION 11. Special Meeting by Conference Telephone.

Members of the Board or of any committee may participate in a meeting of the Board or its committees by means of conference telephone or other similar communications equipment, provided there has been five days written notice, whereby all persons participating in the meeting can hear each other, and participation in a meeting in such a manner shall constitute being present at such meeting.

SECTION 12. Action in Lieu of Meeting.

Unless otherwise restricted by law, any action requested to be, or that may be, taken at a meeting of the Board, may be taken without a meeting if consent in writing setting forth the action so taken shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. Any such consent signed by all of the Directors shall have the same effect as a unanimous vote and may be stated as such in any document describing the action taken by the Board of Directors.

SECTION 13. Waiver of Notice.

Any notice provided or required to be given to the Directors may be waived in writing by any of them, whether before, at, or after the times stated therein. The attendance of a Director at any meeting shall constitute waiver of notice of such meeting except where the Director attends and so states at the opening of the meeting, for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

SECTION 14. Quorum.

At all meetings of the Board of Directors, a majority of the whole Board shall constitute a quorum for the transaction

of business, and the act of a majority of the Directors present at any meeting at which there is a quorum, except as may be otherwise specifically provided by law or by these Bylaws or by Articles of Incorporation shall be the act of the Board of Directors.

SECTION 15. Resignation.

Any Directors may resign at any time by giving written notice thereof to the Board of Directors. Such resignation shall take effect at the time specified in the notice, and unless otherwise specified therein, formal acceptance of such resignation is not necessary to make it effective.

SECTION 16. Removal.

Any Director may be removed, with cause, by the vote of two-thirds of the Directors present in person or by proxy at any regular meeting or any special meeting called for that purpose at which a quorum is present and at least ten days previous written notice was provided and the officer is offered the opportunity to respond to any accusations.

ARTICLE VI. OFFICERS.

SECTION 1. General Duties of Officers.

The officers of the Association shall consist of a President, a Vice-President, Secretary and a Treasurer. No offices may be held by the same person. To be eligible to serve as President, Vice President or Secretary the individual must have served on the Board the previous year, unless no qualified candidates are available, in which case any Board member may be elected. The Board may elect from time to time to delegate some of the duties of one office to another, however in the absence of such delegation the following duties shall be performed by each office:

- a.) The PRESIDENT shall be the chief officer of the ATSA and shall perform the duties of general supervision of the business and affairs of the ATSA. (S)he shall preside at all meetings of the Board, and of the membership. (S)he shall sign in the name of the corporation all documents or instruments which are necessary and proper to be executed in the course of the corporation's business. (S)he shall be an ex-officio participant of all committees appointed by the Board.
- b.) The VICE PRESIDENT shall, in the absence of or the incapacity of the President, act in the capacity of the PRESIDENT.
- c.) The SECRETARY is subject to the ultimate will of the Board and in compliance with the provisions of the bylaws:
 - i. Shall record the proceedings of all board and membership meetings. If a meeting goes into a closed session to deal with matters of personnel, the secretary shall not take minutes except as shall be ordered by the Board.
 - ii. Shall insure that the members of the board receive a copy of the minutes within 30 days of the meeting.
 - iii. Shall be responsible for maintaining all official documents, minute books and such other matters entrusted to the secretary's keeping.
 - iv. See that all such documents are kept under proper care and safe keeping.
 - v. Shall record and keep a permanent file of any letter ballots received from the general membership.
 - vi. Shall perform such other activities as may be set by the Board.
- d.) The TREASURER may be a member of the Board and shall be responsible for the financial administrative policies established by the Board and shall perform the duties of supervision over the responsibility for the funds, securities, receipts, and disbursements of the association. The treasurer is responsible for bringing any questionable expenditure to the attention of the Board in a timely manner and shall see that a timely record of the financial activity of the ATSA be properly preserved. (S)he shall be empowered (without regard to the will of the Board or the members) to require from any director, officer, staff worker, or associate of the ATSA any financial documents, reports, statements giving such true information as may be desired with respect to any and all financial transactions of or

with the association.

SECTION 2. Registrar.

The Registrar shall be appointed by the Board of Directors and subject to review by that same group. The Registrar shall act as registrant for all ATSA animals, registrations and transfers. The Registrar shall report to the Board quarterly on registrations issued and shall be responsible for preparing the annual Flock Book.

SECTION 3. Election of President, Vice-President and Secretary.

The President, Vice-President, and Secretary shall be elected annually, from the members of the Board of Directors, by the Board of Directors, at the Annual Board meeting immediately following the annual meeting of the members. The newly elected executives shall take office immediately upon this election.

SECTION 4. Election of Treasurer.

The Treasurer may be a member of the Board, or a dually authorized agent designated by the Board. The Treasurer will be elected by the Board of Directors, at the Annual Board meeting immediately following the annual meeting of the members. The newly elected Treasurer shall take office immediately upon this election.

SECTION 5. Term of Office.

Each officer of the Association shall hold office for a term of one year or until a successor is selected, unless the officer is removed or resigns before such time. Nothing contained in these Bylaws shall preclude an officer from succeeding himself/herself, except that no person shall hold the office of the President for more than three consecutive terms.

SECTION 6. Compensation.

Reimbursement for the expenses, if any, of the President or Vice-President in attending meetings or carrying out responsibilities designated by the Board of Directors shall be fixed by the Board of Directors. Compensation for the staff and expenses for carrying out official responsibilities shall be fixed by the Board of Directors.

SECTION 7. Removal.

Any officer shall be removed, with cause, by the vote of two-thirds of the Directors present in person or by proxy at any regular meeting or any special meeting called for that purpose at which a quorum is present and at least ten days previous written notice was provided and the officer is offered the opportunity to respond to any accusations.

SECTION 8. Resignation.

Any officer may resign at any time by giving written notice of such resignation to the Board of Directors.

SECTION 9. Vacancies.

Vacancies caused by the death, resignation, incapacity, removal or disqualification of any officer shall be filled by the Board of Directors. Any person so appointed to fill such vacancy shall serve at the pleasure of the Board for the un-expired term of the predecessor or until the successor is elected and commences the term of office.

SECTION 10. Delegation of Duties.

If any officer is absent, or unable to act, or for any other reason the Board may deem sufficient, the Board may delegate, for the time being, some or all of the functions, duties, powers and responsibilities of any officer to any other officer, agent, or employee of the Association or other responsible person, provided a majority of the whole Board concurs therein.

SECTION 9. Appointment of Other Officers and Agents. The Board of Directors may also appoint, from time to time, such other officers, agents and attorneys-in-fact as it may deem necessary or advisable. All appointed officers, agents, and attorneys-in-fact shall hold their respective positions at the pleasure of the Board or for such terms as the Board may specify, and they shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors or by an elected officer empowered by the Board to make such

determination.

ARTICLE VII. COMMITTEES.

SECTION 1. Executive Committee.

The Executive Committee shall consist of the President, the Vice-President, Secretary and the Treasurer, who serves as the chair of the finance committee appointed by an election by the Board of Directors. The Executive Committee shall, when the Board is not in session, supervise and direct the affairs of the Association under policies established by the Board, reporting to the Board for its ratification of the Committee's action.

SECTION 2. Other Committees.

The Board of Directors may, from time to time, establish such other committees as it deems necessary or appropriate, with such powers and authority as the Board shall designate. The members of each committee, other than the Executive Committee, shall be appointed by the President with the approval of the Board of Directors. A majority of the members of any committee shall constitute a quorum for the transaction of business at any meeting of that committee. Each committee shall meet at such times as may be designated by the President of the Board of Directors.

SECTION 3. Place of Meeting.

Meetings of committees may be held at any place as determined by the chairman of that committee. A conference call would be preferred.

SECTION 4. Notice.

Written notice of all committee meetings shall be given not less than fourteen (14) days prior to any meeting unless all committee members and the President approve a waiver of that requirement. Any notice required to be given to members of any committee may be waived in writing by any of the members.

SECTION 5. Compensation.

Reimbursement for the expenses, if any, of attending meetings of any committee shall be fixed by the Board of Directors.

SECTION 6. Removal.

Any member of any committee may be removed, with cause, by a two-thirds vote of the Board of Directors at any meeting at which a quorum is present and at least ten days previous written notice was provided and the committee member is offered the opportunity to respond to any accusations.

SECTION 7. Resignation.

Any member of any committee may resign at any time by giving written notice of such resignation to the President or Board of Directors.

SECTION 8. Vacancies.

Vacancies caused by death, resignation, incapacity, removal or disqualification of any member of a committee shall be filled by the President with the approval of the Board of Directors. Any person appointed to fill such vacancy shall serve at the pleasure of the Board for the unexpired term of the predecessor or until the successor is chosen and commences the term of office.

ARTICLE VIII. TERMINATION OR CURTAILMENT OF MEMBERSHIP.

SECTION 1. Expulsion and Censure of Members.

Any member of this Association: (1) who violates the Articles of Incorporation, Bylaws or Rules of Registry of the Association; (2) who shall deceive or wrong the Association; a member thereof, or another person with respect to Teeswater sheep; (3) whose practices in the breeding of Teeswater sheep are such as to impair the reliability of the records of the Association; may be censured, suspended or expelled by the Board of Directors after notice and a

hearing as hereinafter provided. The Board of Directors shall have the power, to define what constitutes such fraudulent and unethical practices.

Any person whose membership has been censured, suspended or expelled and who is at the time an owner of registered sheep may, at the discretion of the Board of Directors, be permitted to transfer the sheep then standing in his/her name on the records of the Association, or to register and transfer the progeny of such sheep, within six months after the date of the cancellation of his/her membership and/or the forfeiture of his/her rights in the Association upon payment of the required fees.

SECTION 2. Charges Against Members.

Upon a written complaint reflecting adversely upon the conduct of a member being presented to the Association's staff or employee or President of the Association, the President shall direct the Disciplinary Action Committee to cause the same to be investigated. Members shall cooperate fully with the Association in any investigation.

Whenever, as a result of an investigation, the designated Disciplinary Action Committee Chair, with the written concurrence of the President or the Vice-President or the Board of Directors, deems that the best interests of the Association require it, the designated Disciplinary Action Committee Chair shall file with the Board of Directors, charges in writing against the member based upon the information and investigation.

The designated Disciplinary Action Committee Chair shall forthwith cause a copy of such charges, together with a written notice of the time and place of the hearing thereof before the Board of Directors, to be served upon said member by certified or registered mail addressed to the members at the member's last-known address as shown by the records of the Association not less than thirty (30) days prior to said hearing.

Such notice shall contain a statement of the purpose and scope of the hearing and of the action which the Board of Directors has power to take regarding the person's membership in the Association and shall further advise the member that the member may appear in person or by counsel and produce witnesses, affidavits, and documentary or other evidence.

SECTION 3. Hearings.

At the hearing upon said charges, both the person bringing them and the member against whom they have been brought shall have the right to be heard in person and by counsel and to produce whatever witnesses, affidavits, documentary or other evidence the member may desire to produce. Oral testimony shall be recorded. At the close of said hearing or as soon thereafter as may be reasonably possible, the Board of Directors shall make its finding as to the charges and shall render its decision thereon, either censuring, suspending or expelling said member, or dismissing the charges.

When a member has been denied privileges of the Association or has been censured, suspended or expelled from membership, such action shall be communicated to the Association's members.

Neither the Board of Directors, nor any of their members nor any officer or employee of the Association, shall become liable for the decisions rendered, put into effect or published as provided for in the Bylaws, nor for any action taken pertaining to the same.

SECTION 4. Terminated or Altered Privileges.

The Board of Directors shall establish a procedure for transaction registry or transfer work on sheep owned or previously owned by a person whose privileges has been terminated or altered under this article.

ARTICLE IX. NONMEMBER SERVICES.

Section 1. Nonmember Services and Penalties. The same rules and procedures set forth in Section 1, 2, 3 and 4 of Article VIII shall apply in dealing with nonmembers who avail themselves of services of the Association. The penalties for nonmembers shall be termination, limitation, or denial of registration or other services of the Association.

ARTICLE X. GENERAL PROVISIONS.

SECTION 1. Fiscal Year.

The fiscal year of the Association shall be such as may be designated from time to time by the Board of Directors. In the absence of action by the Board of Directors, the fiscal year of the Association shall be from January 1 through

December 31 of the calendar year.

SECTION 2. Financial Controls.

Funds of the Association shall be handled and expended in keeping with accepted budget and accounting practices under policies established by the Board of Directors. Funds kept in deposit accounts will be monitored at regular intervals to ensure that reasonable returns are achieved on investments. All moneys, securities, and other valuables of the ATSA shall be deposited in the name of the American Teeswater Sheep Association in such banks, trust companies, or safe deposit boxes as the Board of Directors shall designate, and shall be withdrawn only by check or order signed by such person as designated by the Board.

All instruments of assignment, transfer, conveyance, release and contract requiring execution of the Board of Directors of the ATSA shall be signed by the authorized officer or agent designated by the Board.

The President, or any other officer of the Board may accept any and all unconditional and unrestricted bequests, devices, or donations.

No part of the net earnings of this corporation shall inure to the benefit of any individual, and no part of the funds of this corporation shall attempt to influence legislation, nor shall this corporation engage in any prohibited transaction as defined by the Internal Revenue Code.

The Board of Directors may require that the yearly audit of the Association is conducted by an independent auditor who is beyond the realm of the business affairs of the ATSA. A copy of such audit shall be available to the members of the ATSA.

SECTION 3. Indemnification of Directors, Officers and Agents.

Each person who is or was a Director, officer or agent of the Association or is or was serving at the request of the Association as a Director, officer or agent or another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Association as of right to the full extent permitted or authorized by the laws of the state in which the association is incorporated. The indemnification provided by this Bylaw provision shall be indemnification against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonable incurred by the person in connection with any action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, has no reasonable cause to believe the conduct was unlawful.

No person shall be liable to the Association for any loss, damage, liability, or expense suffered by it on account of any action taken or omitted to be taken as a Director, officer or agent of the Association or of any other corporation, partnership, joint venture, trust, or other enterprise, that the person serves as a Director, officer or agent at the request of the Association, if the person exercise the same degree of care and skill as a prudent man would have exercised under the circumstances in the conduct of his own affairs, or if the person took, or omitted to take, such action in reliance upon the advice of counsel for the Association or for such other corporation, firm, or other enterprise that the person had no reasonable grounds to disbelieve.

The indemnification provided by this section shall inure to the benefit of the heirs, executors and administrators of such person.

SECTION 4. Records.

The Association shall keep accurate books and records of account and shall also keep Minutes of the meetings of its members, Board of Directors and each committee having any of the authority of the Board of Directors.

SECTION 5. Seal.

The Board of Directors shall adopt, and may alter at its pleasure, the corporate seal, which shall have inscribed thereon the name of the corporation and the words: American Teeswater Sheep Association and the letters ATSA. The corporate seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced in any

manner.

SECTION 6. Bylaw Amendments.

These Bylaws may from time to time be altered, amended or repealed, or new Bylaws may be adopted by the vote of two-thirds of the members in good standing who cast mail ballots on such matter; provided, however, that the Bylaws shall not be altered, amended or repealed or new Bylaws be adopted unless the number of ballots cast would have been sufficient to constitute a quorum at a duly held meeting of the members.

Proposed bylaw changes may be initiated by the Board or by petition to the Annual Membership Meeting, signed by not less than 25% of the members of the Association.

SECTION 7. Duty of Applicants/Members.

It shall be the duty of persons availing themselves of the privileges of the Association to promptly answer all letters or inquiries of the Association. Action on all matters dealing with applicants/members relations with the Association shall be deferred until said letters and inquiries are fully answered.

SECTION 8. Limitation of Duty.

It shall not be the duty of this Association to enforce any contract or agreement between buyers and sellers other than the furnishing of proper certificates of registry and transfer of ownership, or of the breeding records relating to such sheep or their progeny.

ARTICLE XI. RULES OF REGISTRY AND UPGRADING GUIDELINES.

The Association has established Rules of Registry and Upgrading Guidelines, contained herein.

The Rules of Registry and Upgrading guidelines are incorporated into the by-laws and may only be amended in accordance with governing rules except where actions by the Board are specifically provisioned by these rules. The Board may at its discretion also institute additional policy guidance as appropriate to implement specific elements of the Guidelines. In the event that changes to the Guidelines are deemed appropriate by the Board or petition of more than 25% of the membership, proposed changes may be put to a vote of the membership at any time by posting notice 30 days prior to the date of the vote.

It shall be the duty of each member of the Association to obtain from the Association Application for Registry and Transfer forms with the most recent Rules of Registry printed thereon and to abide by the Rules of Registry.

SECTION 1. Rules of Registry.

The American Teeswater Sheep Association maintains permanent records of registrations and transfers of Teeswater Sheep. Separate records are maintained for white, naturally colored, recorded and foundation animals. Before any lamb is registered, the application for registration is checked through the records to insure that it is correct. Incomplete, incorrect, and illegible applications may be returned. Application for registration of animals should be presented to the Registrar on forms provided. Applications for Registration blanks are sent to breeders free of charge upon request and are available for download on the ATSA website. The appropriate fee should be sent with the registration request. Each breeder may permanently identify each animal by ear tag system and the ATSA strongly encourages a double ID system since ear tags can often be lost.

The symbols "AI" (Artificially Inseminated) or "ET" (Embryo Transfer) must be designated on the registration Application and be reflected on the registration papers.

For registration in the ATSA, a Teeswater sheep must be able to trace in unbroken lines, through both sire and dam, to registration in a recognized US, or recognized UK Teeswater Sheep Association. Only sheep meeting the registration /recorded guidelines of the ATSA may be included in White, Naturally Colored Recorded or Foundation categories of the Registry. Anyone desiring to register sheep in the ATSA must provide the Association with

evidence of such registration as may be acceptable to the Board of Directors of the ATSA. Acceptable evidence shall be official certificates of registry from recognized Teeswater associations, showing a minimum three generation pedigree, of registered parentage of the individual animal in question. The Board shall establish a list of recognized associations for inclusion in the ATSA registry and shall maintain the list on the Association website.

If an animal currently registered in another US association is the progeny of parents registered with the ATSA, the animal may be considered for inclusion into the ATSA registry provided that acceptable evidence of registry and appropriate supporting documentation, including required genetic testing is provided.

Animals registered with another US association with parentage that is not currently registered with the ATSA will be considered for inclusion into the recorded category of the registry, provided all other requirements are met. Specific exceptions to this are offspring that are direct progeny of AI sires that have acceptable AI service certificates that are submitted with registration applications as supporting documentation. These animals may be included into the White or Naturally Colored sections of the registry as appropriate. Blood percentage for such animals will be marked with an asterisk in the event the Dam is not registered or cannot trace its lineage to registered ATSA animals.

Any Teeswater sheep registered in a recognized sheep society may be considered for registration in the ATSA by forwarding a copy (front and back) of the official registration certificate in said society to the Registrar of the ATSA, along with a Registration Application, appropriate supporting documentation and registration fee indicated on the current fee list.

Any Teeswater EWE registered in another recognized association must be registered in the ATSA before her offspring can be registered.

Any Teeswater RAM registered in another recognized association must be registered in the ATSA before his offspring can be registered.

Exceptions:

When a ewe is bred to a ram (both being registered in another association), and that “bred ewe” is sold before she lambs, that ewe may be registered in the ATSA and when the lambs are born, they may be recorded/ registered in the ATSA, without the ram being registered in the ATSA provided the sire meets the requirements for recording/registry in the ATSA. A complete Certificate of Breeding must accompany the Registration/Recording Application for offspring resulting from said breeding. Pedigree information for the ram shall be included with the application showing at least three generations of parentage.

When the ram used to service a ewe(s) registered with the ATSA, is registered with another association other than ATSA, but is not owned by the breeder, the resulting lambs may be registered in the ATSA without the ram being registered provided he meets all other requirements for registration/recording. A completed Certificate of Breeding must accompany the application of Registry/Recording for the offspring resulting from said breeding. Pedigree information for the ram shall be included with the application showing at least 3 generations of parentage.

DEFINITIONS:

Breeder

The recorded owner of the dam at the time she was bred is the breeder of the lamb produced by this breeding.

Owner

The lamb owner is the recorded owner of the dam at the time she lambs.

Registration/Recording Number

Each sheep or lamb registered or recorded in the American Teeswater Sheep Association will be assigned a Number. This number is assigned by the Registrar and is unique to each sheep.

The color of the animal is indicated on the pedigree and is required information for all animals to be registered. Animals with the designation CF/White are those with colored parentage in their pedigree or who have produced direct colored descendants and are known carriers of colored genetics. Animals with the *CF/White designation are those whose direct progeny may not have produced colored offspring registered with the association, but whose subsequent progeny are known to carry CF.

Farm (Flock) Name

The farm name, or flock name is, as it implies the name of your farm or flock.

Prefix

A shortened unique version of the farm name or "PREFIX" is used by the owner of the ewe to register lamb(s) born in the subject flock. This unique prefix will appear on the Certificate of Registry of the lamb and along with the ear tag number will identify the animal. Examples would be as follows: Farm Name – "Old MacDonald's Farm", Prefix -"MacDonald". An example of the sheep's ID would be "MacDonald 123". A list of registered prefixes is maintained by the American Teeswater Sheep Association. If animals are left unnamed on registration certificates the Registrar will automatically assign a name based on the farm name and ATSA number.

Certificate of Breeding

When a ewe is sold as a "bred ewe", that is, after she is bred but before the lambs are born, the seller of the ewe shall supply the owner with a Certificate of Breeding listing the month of breeding, and the farm name, ear tag number, and Association registration number of the ram used for this breeding.

Artificial Insemination

Teeswater sheep born as a result of artificially inseminating the ewe, may be registered in the ATSA. If lambs are born as a result of Artificial Insemination, indicate "AI" in the "Type of Birth" column on the registration application form.

If the breeder does not own the ram used to artificially inseminate the ewe, a Certificate of Breeding must be completed by the owner of the semen and the AI technician at the time of coverage. The technicians' signature on the Certificate of Breeding certifies that the tattoo/ear tags match those indicated on the application and the dates of service as noted are appropriate. Certificates of Breeding shall be submitted no later than December of the year of the breeding. All other information required by the ATSA must be supplied on the registration/record application for the lambs to be registered/recorded.

Embryo Transplant

Applications for lambs born as a result of embryo transplant may be submitted just as if the lambs were natural born. If a lamb was born as a result of embryo transplant indicate "ET" in the "Type of Birth" column on the registration application form.

Donor ewes used in an embryo transplant MUST be registered in the American Teeswater Sheep Association.

The owner of the donor ewe will be listed as the breeder on the certificate of registration issued for lambs born as a result of embryo transplant. If embryos are sold, the lamb born must be transferred from the owner of the donor ewe to the purchaser of the embryo. If the breeder does not own the ram used to fertilize the egg(s) of the donor ewe, a Certificate of Breeding must be completed, signed and dated by the owner of the ram. All other information required by the ATSA must be supplied on the registration application for the lambs to be registered.

Transfers

Any member selling, donating, giving away, or otherwise passing ownership of a registered/recorded Teeswater sheep shall, within 30 days after payment in full or other official transfer of the ownership, issue to the new owner a transfer. This transfer is initiated by completing all the information requested on the back of the certificate including the purchaser's name, member number (if known), address, city, state, zip code, and day, month and year of the sale. The owner of the animal as documented in ATSA

records, must provide a written signature authorizing the transfer.

The certificate, with completed transfer information, is then forwarded by the seller to the REGISTRAR of the American Teeswater Sheep Association for recording of the transfer and new owner. Complaints lodged against breeders from improperly completed transfers of sheep may be grounds for investigation of members according to the bylaws of the ATSA.

SECTION 2. Upgrading Guidelines.

Item I - OBJECT

A. The American Teeswater Sheep Association (ATSA) supports the development of white Teeswater sheep from the crossing of specific longwool breeds of non-Teeswater ewes with purebred Teeswater rams. The first generation (50%) blood bred back to a purebred 100% Teeswater sires produces a 75% blood. A second generation (75% blood) female, bred to a purebred 100% Teeswater sire produces an 87.5% blood, the fourth generation produces 93.7%, and a fifth generation produces 96.8%.

Item II - FOUNDATION EWES

The foundation animals used in the first cross matings with ATSA registered parents must be white and registered with the recognized U.S. breed associations or their UK counterparts, as determined by the Board per the requirements of Section 1. Rules of Registry, or qualified first generation cross-bred foundation animals recorded in the ATSA's foundation registry. No other foundation breeds shall be recognized. The following foundation breed registries are recognized by the ATSA:

Bluefaced Leicesters - Bluefaced Leicester Sheep Association, Blueface Leicester Union of North America
Border Leicester - American Border Leicester Association
Cotswold - American Cotswold Record Association, Cotswold Breeders Association
Leicester Longwool - Leicester Longwool Sheep Breeders Association
Lincoln - National Lincoln Sheep Breeders Association
North American Wensleydale - North American Wensleydale Sheep Association

Item III - PROCEDURE FOR REGISTERED ANIMALS

A. There is a separation of record keeping for white and naturally colored animals registered. The ATSA will take all reasonable steps to track the presence of colored genetics in the Teeswater population and include such information on registrations certificates. All applications for registration shall include parentage and fleece color. All white sires and dams producing colored offspring will have the designation of Color Factored (CF/White) added to their pedigree information.. White progeny of colored parents will have the designation CF/White added to their pedigree information.

B. All first cross lambs must be sired by use of 100% Teeswater semen from registered white Teeswater rams. Ewe lambs from this cross will be registered as 50% Teeswater. First cross male lambs will not be eligible for registration. All rams must be at least 75% Teeswater blood and test RR at codon 171 to be eligible for registration.

C. A sire must be registered as 75% Teeswater or higher before any progeny are eligible for registration when bred to registered Teeswater ewes.

D. Lambs will be registered with their blood percentage calculated from the use of two registered parents. i.e. 50% dam crossed with a 75% sire results in a 62.5% lamb. If this lamb is male, it is not eligible for registration. (Refer to Item III B).

E. The ATSA has set codon 171 standard for the use of imported semen, and beginning January 1, 2009, only semen from registered Teeswater rams testing RR at codon 171 will be eligible to sire registered animals.

F. To determine percentage of registered animals, the sire and dam Teeswater blood percentages are added together

and divided by two. The percentage will be carried to the first decimal place and then truncated. The resulting figure is the Teeswater blood percentage of the lamb. An animal is eligible for registration as follows:

Registered: Rams 75-100% (must test RR at codon 171)

Registered: Ewes 50 -100%

G. Registered ewes that have met the UK Society's requirements and are included in their Section 22 will be given the classification of Ewe of Merit. These ewes are suitable for producing lambs that may be registered in the UK Flock Book. *Refer to current UK Society Guidelines regarding their US Program. The Ewe of Merit designation may also be granted to ewes meeting the specific guidelines set forth by the Board in the Ewe of Merit Qualification Guidelines for US Producers Policy.

H. Registered offspring of Ewes of Merit sired via AI by purebred UK registered rams who are registered in the UK Society's Flock Book or have met the requirements set forth by the Board in the Elite Qualification Guidelines for US Producers Policy shall be given the classification of Elite. Elite animals that have met qualification criteria or are included in the UK Society's Flock Book will be considered Purebred Teeswaters and will have the value of 100% assigned to all future offspring calculations.

Item IV - PROCEDURE FOR RECORDED ANIMALS

A. Animals submitted for Recording with the ATSA shall meet the minimum recording standards set forth by the ATSA. Animals produced from acceptable matings that do not meet the above blood percentage registration thresholds will be included in the Recorded category. Rams testing QR at Codon 171 may be included in the Recorded category provided the Board has instituted the applicable exception in the year of the animals breeding. All applications for recorded animals shall include parentage and fleece color. Recorded animals will receive a Certificate of Recording. Subsequent offspring of recorded animals may be considered for registration provided all other requirements are met.

When determined appropriate for a given registration year the board may institute the following policies. These policies should be put into effect by a vote of the Board and initiated by January 15th of each year and expire on December 31st of the same year.

TEMPORARY EXCEPTION TO UPGRADING GUIDELINES FOR FOUNDATION SIRES

A. First cross (F-1) lambs may be sired by the use of approved, domestic ATSA registered rams and white Foundation ewes, as defined above in Item II Foundation Ewes. Minimum blood percentage for rams to be considered for this exemption shall not be less than 92 % and may be increased if the Board deems it appropriate based on the availability of breeding stock. Ewe progeny (F-1) will be included in the Recorded category. Ram progeny, first cross (F-1) are not eligible for recording. In order for second generation matings (F-2) of recorded animals to be considered for inclusion as recorded/registered, the lambs blood % must be higher than the ewes blood % and meet all other requirements for recording/registering.

B. Prior to the inclusion of any (F-1) progeny in the ATSA Registry/Recorded or Foundation categories, the ram must be evaluated by ATSA Selection Subcommittee. The Selection Subcommittee will be appointed by the board and will include a minimum of 4 members. The Registrar will research the pedigree of animals submitted for evaluation and provide information and recommendations to the Committee. Members of the Committee may not vote on the acceptability of animals they have bred, owned or transferred. Owners of rams submitted to the Selection Subcommittee must provide all necessary information required for evaluation. Rams may be granted this exemption if found to be of good "Teeswater Type" and meet minimum blood percentage and color characteristics. Once approved, animals may be used in any subsequent year that the exemption is instated.

TEMPORARY EXCEPTION TO UPGRADING GUIDELINES FOR QR RAMS

A. Use of recorded rams testing QR at Codon 171, and meeting all other Registration criteria for breeding is

allowed provided that all progeny submit proof of DNA testing for Codon 171 status. Resulting ewe lambs testing QR or RR at Codon 171 and meeting all other registration requirements will be eligible to be registered. Resulting rams lambs testing QR at Condon 171 will be eligible to be included in the recorded category and resulting ram lambs testing RR will be eligible be included in the REGISTRY provided all other requirements are met. Progeny of either sex testing QQ may not be either recorded or registered.

ARTICLE XII. STANDARD OF TYPE.

The Board of Directors shall establish a Standard of Type which shall be accepted by the Association as a general description and model for Teeswater sheep. Such Standard shall not be considered absolute. Individual breeders and members must consider their own purposes and needs in evaluation of sheep by the standard, and judges should be encouraged to use the standard on the same basis.

ARTICLE XIII. DISSOLUTION AND SUCCESSION

Upon dissolution of the American Teeswater Sheep Association, the Board of Directors shall, after paying or making provision for the payment of all liabilities of the association, dispose of all assets of the association exclusively for the purposes of the association in such manner, or to such organization or organizations organized for charitable, educational, or scientific purposes as shall at the time qualify as an exempt organization under section 501 (c) (3) or the Internal Revenue Code of 1954 (or corresponding provisions of any future United States Internal Revenue Law) as the Board of Directors shall determine.