

By-laws

BY-LAWS OF CAROLINA ALPACA BREEDERS AND OWNERS, INC.
A NONPROFIT CORPORATION INCORPORATED UNDER THE
LAWS OF THE STATE OF NORTH CAROLINA

ARTICLE I OFFICES

Section 1.1 Registered Office and Agent: The registered office of the Carolina Alpaca Breeders and Owners (CABO) shall be in the State of North Carolina at 824 Poplar Trail, Siler City, NC 27344-1043. The registered agent shall be Alan A. Rosenbloom, MD.

Section 1.2 Other Offices: CABO may also have offices at such other places within the State of North Carolina or the State of South Carolina as the Board of Directors (BOD) may from time to time determine and the business of the CABO may require or make desirable.

ARTICLE II NONPROFIT STATUS

Section 2.1 Tax Exempt Status: The CABO shall be operated exclusively for charitable purposes within the meaning of Section 501(c)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). In furtherance of these purposes, the CABO shall act, and shall take such actions to ensure compliance with its tax exempt status under the Code in its efforts to promote the Alpaca industry in the Carolinas and to facilitate communication among Alpaca owners.

Section 2.2 Maintenance of Nonprofit Status: CABO is not organized and shall not be operated for pecuniary gain or profit. No part of the property or the net earnings of CABO shall inure to the benefit of or be distributable to any of its directors, officers, or other private persons, except CABO shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments in furtherance of the purposes set forth herein. CABO shall not carry on propaganda, or otherwise attempt to influence legislation to such extent as would result in the loss of its exemption from federal income tax under Section 501(c) of the Code. Notwithstanding any other provisions of these By-laws, CABO shall not carry on any other activities not permitted to be carried on by (a) any corporation exempt from Federal income tax under Section 501(c)(5) of the Code (or the corresponding provision of any future U.S Internal Revenue Law); or (b) any corporation contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future U.S. Internal Revenue Code).

Section 2.3 Payment of Liabilities and Distribution of Assets Upon Dissolution: Upon the dissolution of the corporation's affairs, which may be authorized by the adoption of a resolution to dissolve by majority vote at a meeting of the Membership, the BOD shall, after paying or making provision for the payment of all liabilities of the corporation, distribute, transfer, convey,

deliver, and pay all the assets of the corporation then remaining in the hands of the corporation to any other organization qualifying under Section 501(c)(5) of the Code as an exempt organization operating for the same purposes for which the corporation is organized and operated, which shall be selected by the BOD of the corporation; provided, however, that any such recipient organization or organizations shall at the same time qualify as exempt from taxation under the provisions of Section 501(a) of the Code, as an organization described in Section(c)(5) of the Code, or corresponding provisions of any subsequent law. In the event that, for any reason, upon dissolution of the corporation the BOD shall fail to act in a manner herein provided within a responsible period of time, the senior judge of the Superior Court of Wake County, North Carolina shall make distribution exclusively upon the application of one or more persons having a real interest in the corporation or its assets.

ARTICLE III MEMBERSHIP

Section 3.1 Membership: Any person who owns at least one alpaca or llama may become a Farm Member. Continued Farm Membership is predicated on continued ownership of alpacas or llamas. Other interested persons may become an Associate Member. Membership shall be granted upon written application submitted in the form and manner specified by the BOD and accompanied by annual dues.

Section 3.2 Dues: The annual dues shall be set by the BOD.

Section 3.3 Membership Classes: The following classes of membership shall be recognized by the BOD: Farm Member (Carolinas), Farm Member (non- Carolinas), Associate Member, Lifetime Member, and Honorary Member. Farm Member (Carolinas) is defined as persons who qualify for Farm Membership and reside in either North Carolina or South Carolina. Farm Member (non- Carolinas) is defined as persons qualifying for Farm Membership who reside outside of North Carolina and South Carolina. The BOD may set different privileges for each class.

Section 3.4 Voting Rights: One vote on all matters submitted to the membership for vote shall be entitled to each Farm Member (Carolinas). Voting rights may be awarded to individuals in other classes of Membership by the BOD.

ARTICLE IV MEETINGS OF MEMBERS

Section 4.1 Annual Meeting: There shall be an annual meeting of the members called by the BOD. At the Annual meeting the members shall transact such business as may be brought before them. The Annual Meeting will be the 2nd, 3rd or 4th weekend of July.

Section 4.2 Special Meetings: Special meetings of the Members may be called by a majority vote of the BOD, or by petition to the BOD of not less than one-fifth (1/5) of the Members having voting rights as defined in Section 3.4.

Section 4.3 Notice of the Meeting: Written notice stating the place, day, and hour of any meeting of the Membership shall be delivered by regular mail or email to each Member having voting rights not less than twenty (20) days and not more than forty-five (45) days before the date of the meeting. Such notice shall provide the opportunity for each Member to cast their ballot on the meeting agenda items. Any such notice shall state the purposes of the meeting.

Section 4.4 Quorum: Twenty-five percent (25%) of all Members entitled to vote at any duly noticed Membership meeting shall constitute a quorum at such meeting. For purposes of establishing a quorum, a mail or email ballot duly certified shall be considered as if the Member were present. If a quorum is not present, a majority of the Members present may adjourn the meeting to a time certain without further notice.

Section 4.5 Manner of Acting: A majority of the Members present or voting by mail or email on a matter at a meeting at which a quorum is present shall be necessary for the adoption of the matter being voted upon unless a greater proportion is required by the law or By-laws. If a matter on the agenda of the Annual Meeting is submitted to the Members, and provision made for voting by mail or email, a Member may vote by mailing or emailing the ballot to the Secretary or other designated person. No vote shall be counted unless postmarked by a date set by the BOD, which date shall be indicated on the ballot. The ballots shall not be counted before the meeting except to determine a quorum or not.

ARTICLE V BOARD OF DIRECTORS

Section 5.1 General Powers: The property, affairs, and business of the CABO shall be managed and directed by its BOD. The BOD shall set policy, appoint Officers, and perform the duties as set forth in the By-laws. The BOD may, at their sole discretion, adopt the findings of any duly constituted committee or outside consultants. Directors must be voting Members in good standing of the CABO.

Section 5.2 Number, Election, and Term: The BOD shall be composed of no less than seven (7) members and no more than ten (10) members. The BOD may by resolution fix the precise number of members between these stated limits, but any reduction in the number of members in the BOD shall take effect only at the expiration of the term of office of the members whose offices are to be eliminated or upon their earlier resignation. The term of office of each member shall be three years. Whenever the BOD shall by resolution increase or decrease the number of elective members of the BOD, such increase or decrease shall be arranged so that, as nearly as possible, the terms of office of one-third of the members of the BOD shall continue to expire each year thereafter. The term of office of each member shall commence at the annual meeting. A director shall be eligible for reelection to succeed him or herself. All expired terms shall be filled by election at the Annual Meeting of the Membership, according to Section 4.5 and Article VIII. Directors may serve for an unlimited number of terms, providing that a minimum of one year's absence from the BOD shall occur after any two (2) consecutive terms. All Directors shall be elected pursuant to Article VIII. Directors shall be natural persons who have attained the age of 18 years.

Section 5.3 Vacancies: Any vacancy occurring in any Directorship shall be filled by affirmative vote of a majority of the remaining Directors even though less than a quorum of the BOD is remaining in office. A Director appointed to fill a vacancy shall serve only until the next election for the BOD, at which time, that Directorship shall be filled by election to complete the vacated term, unless, in fact, that term expired upon the current election cycle, in which case the new Director shall serve a three-year term.

Section 5.4 Location and Conduct of Meetings and Minutes: The BOD of the Corporation may hold meetings, both regular and special, either within or without the States of North Carolina and South Carolina. The minutes of any meeting shall be taken by the Secretary and be available to the Membership.

Section 5.5 Annual, Regular, and Special Meetings: The annual meeting of the BOD for the purpose of transacting business as may be brought before the meeting shall be held each year with proper notice. The BOD may by resolution provide for the time and place of other regular meetings, and no notice of such regular meetings need be given. Regular BOD meetings shall be held monthly (on a day of the month the majority of the board agrees on). The regular BOD meetings can be in person or by telephonic conference. A regular meeting of the BOD is to be held at the conclusion of the annual meeting to appoint officers. Special meetings of the BOD may be called by the President or by any two members of the BOD. Written notice of the time and place of such meetings shall be given to each member of the BOD by first class mail, e-mail, or in person at least two days before the meeting. Any member of the BOD may execute a waiver of notice either before or after any meeting, and shall be deemed to have waived notice if he or she is present at such meeting. Neither the business to be transacted at, nor the purpose of, any meeting of the BOD need be stated in the notice or waiver of notice of such meeting.

Section 5.6 Quorum: At all meetings of the BOD, a majority of directors in office at any time shall constitute a quorum for the transaction of business, and the act of a majority of the voting directors present at a meeting where there is a quorum present shall be the act of the BOD, except as may be otherwise specifically provided by the law, by the Articles of Incorporation, or by these By-laws.

Section 5.7 Consent of Directors: Unless otherwise restricted by the Articles of Incorporation or by these By-laws, any action required or permitted to be taken at any meeting of the BOD or of any committee thereof may be taken without a meeting, if a majority of the BOD or committee, as the case may be, consent thereto in writing, setting forth the action so taken, and the writing or writings are filed with the minutes of the proceedings of the BOD or committee. Such consent shall have the same force and effect as an affirmative vote of the BOD.

Section 5.8 Compensation of Directors: Directors shall not be entitled to any compensation for their services as directors or members of any committee of the BOD, except that by resolution of the BOD, a director shall be allowed reimbursement for any reasonable expenses incurred on behalf of the CABO and expenses, if any, for attendance at each meeting of the BOD. Any such reimbursement shall be budgeted for and approved by the Members at the Annual Meeting of the Membership.

ARTICLE VI OFFICERS

Section 6.1 Number: The officers of the Corporation shall be appointed by a majority vote of the BOD and shall consist of a President, Vice-president, Secretary, and Treasurer. Any number of offices may be held at the same time by the same person. The BOD may appoint other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the BOD.

Section 6.2 Compensation: The officers of the CABO shall not be entitled to any compensation except that by resolution of the BOD, officers shall be allowed reimbursement for any reasonable expenses incurred on behalf of the CABO and expenses, if any, for attendance of each meeting of the Membership. Any such reimbursement shall be budgeted for and approved by the Members at the Annual Meeting of the Membership.

Section 6.3 Term of Office: Each officer shall serve for a period of one (1) year or until his or her successor shall have been chosen and qualified, or until his or her death, resignation, or removal. Each officer may succeed himself or herself as long as that officer remains a member of the BOD.

Section 6.4 Removal: All officers may be removed by a majority vote of the BOD whenever in its judgment the best interest of the CABO will be served thereby.

Section 6.5 Vacancies: A vacancy in any office resulting from any cause may be filled by appointment of the BOD for the remaining portion of the term.

Section 6.6 Powers and Duties: Except as herein provided, the officers of the CABO shall each have powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the BOD.

(a) President: The President shall be the chief executive officer of CABO and shall be responsible for general and active management of the business of CABO, and shall see that all orders and resolutions of the BOD are carried into effect. The President, with the Secretary or any other proper officer of CABO, shall have the power and authority to execute all contracts requiring a seal, under the seal of CABO, except where the signing and execution thereof shall be expressly delegated by the BOD to some other officer or agent of CABO. The President shall be a member of the BOD.

(b) Vice-president: In the absence of the President or in the event of the President's inability to act, the Vice-president (or in the event there is more than one Vice- President, the Vice-presidents in the order of their election) shall perform the duties of the President, and when acting so, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice-president shall perform such other duties as from time to time may be assigned to him or her by the President or by the BOD. The VP shall be a member of the BOD.

(c) Secretary: The Secretary shall attend all meetings of the BOD and record all proceedings of the meetings of CABO and of the BOD in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all special meetings of the BOD, and shall perform other duties such as may be prescribed by the President or the BOD, under whose supervision the Secretary shall be. The Secretary, with the President, shall have authority to affix the corporate seal of the CABO to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary. The Secretary shall be a member of the BOD.

(d) Treasurer: The Treasurer shall have charge and custody of and be responsible for all funds of the CABO and shall keep full and accurate accounts of receipts and disbursements in books belonging to CABO and shall deposit all monies and other valuable effects in the name and to the credit of CABO in such depositories as may be designated by the BOD. The Treasurer shall disburse the funds of CABO as may be ordered by the President of the BOD, taking proper vouchers for such disbursements, and shall render to the President and BOD, at its regular meetings, or when the BOD so requires, an account of all the transactions by the Treasurer and of the financial condition of CABO. In case of the Treasurer's death, resignation, retirement, or removal from office, all books, papers, vouchers, money, and other property of whatever kind in his or her possession or under his or her control belonging to CABO shall immediately be returned to the possession of CABO. If required by the BOD, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the BOD shall determine. The Treasurer shall be a member of the BOD.

ARTICLE VII COMMITTEES

Section 7.1 Committees: The BOD by resolution adopted by a majority of Directors, may designate from among the Members one or more committees, which may consist of one or more Directors. Any such committee, to the extent provided in the resolution, shall provide recommendations for action to be voted upon by the BOD and, to the extent provided in the resolution, shall have and may exercise the powers of the BOD. Except as otherwise provided in such resolution, members of each committee shall be Members of CABO, and the President of CABO shall appoint the members thereof with the approval of the BOD. Any member thereof may be removed by the President whenever in the President's judgment; the best interest of CABO shall be served by such removal. The designation and appointment of any such committee and the delegation of authority thereto shall not operate to relieve the BOD, or officer, or any individual Director of any responsibility imposed by law or these By-laws.

Section 7.2 Chairperson: One member of each committee shall be appointed Chairperson by the President.

Section 7.3 Vacancies: Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided for in the case of original appointments.

Section 7.4 Quorum: Unless otherwise provided in the resolution of the BOD designating a committee, a majority of the members of the committee shall constitute a quorum and the act of a

majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

ARTICLE VIII NOMINATION AND ELECTION PROCEDURES FOR BOARD OF DIRECTORS AND OFFICERS

Section 8.1 Nominating Committee: The BOD and President shall provide for the appointment, at least six (6) months before the Annual Meeting, of five (5) Members of CABO, none of whom shall be a Director, to constitute a Nomination Committee. The committee shall actively recruit and nominate candidates for election as Directors for the ensuing terms. The Nomination Committee shall recruit and nominate at least two (2) candidates for each vacancy of the BOD. They shall prepare the ballots and mail them to all Members entitled to vote.

Section 8.2 Nomination by Petition: Three (3) Members in good standing of CABO may nominate one or more candidates for Director(s) by petition delivered to the Nomination Committee not less than eighty (80) days prior to the Annual Meeting.

Section 8.3 Qualifications and Statement of Candidacy: All nominees must be voting Members in good standing of the Association. Nominations shall be closed not later than two (2) months before the first day of the Annual Meeting. The Nominating Committee may request that the nominees individually submit a statement on behalf of their candidacy no later than six (6) weeks before the first day of the Annual Meeting. The form of the statement and its distribution to the Membership shall be established by the Nominating Committee, which shall decide any questions of compliance with standards that the committee may establish with respect to such form.

Section 8.4 Inspector of Elections: The Nominating Committee may appoint an Independent Inspector of Elections, who shall supervise the election, count the ballots, certify the results, and post the results to the Membership and the BOD the names of those elected. The Inspector of Elections will announce the results of the election prior to the conclusion of the Annual Meeting. The Inspector of Elections shall be a Member of CABO in good standing and not an officer, Director, nor candidate for the election to the BOD. If an Inspector of Elections is not designated, the Secretary shall assume the duties of the Inspector of Elections. The candidates may request and receive the number of votes cast for each candidate. Each candidate may designate an observer to be present during the vote count. Ballots and the tabulation of results shall not be destroyed for at least two (2) years after an election.

Section 8.5 Ballot: At least four (4) weeks before the Annual Meeting, a ballot containing the names of the nominees shall be mailed by the Nomination Committee to each Member of CABO entitled to vote. The ballot may be accompanied by the statement of each nominee in a form approved by the Nominating Committee.

Section 8.6 Voting Procedure: Each Member entitled to vote shall exercise that right by mailing the ballot to the Inspector of Elections. No ballot by mail shall be counted unless postmarked by

the date set by the Inspector of Elections, which date will be indicated on the ballot. Procedures for balloting by mail shall be established to assure the secrecy of each Member's vote.

ARTICLE IX BOOKS, RECORDS, AND BUDGETS

Section 9.1 Records and Right of Inspection: CABO shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members and BOD and shall keep at its registered or principal office a record giving the names and addresses of the Members entitled to vote. All books and records of CABO may be inspected by any Member entitled to vote, or his or her agent or attorney, for any purpose at any reasonable time. The President shall cause the books and records of CABO to be certified annually by a certified public accountant. A copy of this report shall be mailed to the Members annually. Furthermore, this report shall be open for discussion as an agenda item at the Annual Meeting of the Membership.

Section 9.2 Budget: The BOD shall cause to be created an Annual Budget for the operation of CABO which shall be submitted to the Members at the Annual Meeting for their approval.

ARTICLE X GENERAL PROVISIONS

Section 10.1 Fiscal Year: The fiscal year of the CABO shall be the calendar year ending December 31.

Section 10.2 Seal: The corporate seal shall have inscribed thereon the name of CABO, the year of its organization, and the words "Corporate Seal" and "North Carolina." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. In the event it is inconvenient to use such a seal at any time, the signature of CABO, by those authorized by the BOD to make such signature, followed by the word "Seal" enclosed in parentheses shall be deemed the seal of CABO.

Section 10.3 Parliamentary Authority: The proceedings at all meetings of the Membership and the BOD shall be governed by Robert's Rules of Order unless otherwise specified in the By-laws.

ARTICLE XI INDEMNIFICATION

Section 11.1 Actions Against Directors: CABO shall indemnify, to the fullest extent permitted by the North Carolina Nonprofit Code, and if applicable, Section 4941 of the United States Internal Revenue Code of 1986, as amended, any individual made a party to a proceeding because such individual is or was a Director, against liability incurred in the proceeding, if such individual acted in a manner such individual believed in good faith to be in, or not opposed to, the best interests of CABO and, in the case of any criminal proceeding, such individual have no reasonable cause to believe such individual's conduct was unlawful. For purpose of this Article,

the terms “party” “proceeding,” “Director,” and “liability” shall have the meanings given them in provisions of the North Carolina Nonprofit Corporation Code which govern the indemnification of Directors.

Section 11.2 Advance for Expenses of Directors: CABO shall pay for or reimburse the reasonable expenses incurred by a Director who is a party to a proceeding, in advance of final disposition of the proceeding if:

(1) The Director furnishes CABO a written affirmation of the Director’s good faith belief that the Director has met the standard of conduct set forth in section 11.1 above; and

(2) The Director furnishes CABO a written undertaking, executed personally or on the Director’s behalf, to repay any advances if it is ultimately determined that the Director is not entitled to indemnification.

The written undertaking required by paragraph (2) above must be an unlimited general obligation of the Director but need not be secured and may be accepted without reference to financial ability to make repayment.

ARTICLE XII AMENDMENTS

Section 12.1 Procedure: Amendments to the By-laws may be proposed by a petition signed by twenty (20) percent of the paid voting Members of CABO or by majority vote of the BOD. The By-laws may be amended by two-thirds (2/3) affirmative vote, including votes cast by mail or email, of all active members entitled to vote at the Annual Meeting of the Members. In this context, active Membership is defined as participation indicated by the casting of a vote. Notice that such business is one of the purposes of the meeting of Members shall be given in advance to Members in the same manner and time as provided in Section 4.3 for Notice of Meetings. A copy of any proposed amendment of the By-laws, including any recommendations of the BOD, shall be sent by mail or email to each voting Member. Members may vote on a proposed amendment by voting at the meeting, by mail or by email. Votes cast by mail or email shall count for purposes of determining a quorum at a meeting. Any proposed amendment of the By-laws shall be submitted to the BOD not less than sixty (60) days before the Annual Meeting of Members.

CERTIFICATE

I HEREBY CERTIFY THAT THE FOREGOING BYLAWS CONSTITUTE THE BY LAWS OF THE CAROLINA ALPACA BREEDERS AND OWNERS, DULY ADOPTED BY THE MAJORITY VOTE OF ITS BOARD OF DIRECTORS AS OF THIS _____ DAY OF _____, 2013.

Leonard Bates, President, Carolina Alpaca Breeders and Owners