



IBAA
INDEPENDENT BANKERS
ASSOCIATION OF AMERICA

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL COUNSEL

DEC 7 1993 P 11 151

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James R. Lauffer
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Kenneth A. Guenther
Executive Vice President

Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Dear Sir:

We are writing to seek an FEC Advisory Opinion regarding the relationship between the Independent Bankers Association of America (IBAA), a national banking trade association, and independently organized state banking associations, for PAC fundraising purposes.

The IBAA has had a national PAC since 1977 (IBAAPAC). At issue is whether these state independent banking associations can act as fundraising arms for the PAC of the national trade association.

The IBAA and the state independent banking associations have a common but not identical membership base of independent community banks. Member banks pay dues separately to the IBAA and to the state independent banking associations. IBAA membership does not carry state membership with it nor does state membership carry IBAA membership. The IBAA is not a dues paying member of any state independent banking association.

State independent banking associations are voluntary dues paying associate members of the IBAA. Generally, associate members do not have a vote in association matters and, unlike IBAA member banks, have no vote at the IBAA's convention.

The 36 state independent banking associations around the country have a state independent banking association and elect a Chairman and Vice Chairman each year. The IBAA By-laws provide that the elected Chairman and Vice Chairman of the state independent banking association are full members of the IBAA Board of Directors.

Under new FEC regulations put forth this year, it is our understanding that a full member is defined as one who pays full dues and votes for a member on the highest governing body of the association. Unfortunately, our by-laws (see attached) are not clear for FEC purposes as to what our "highest governing body" is, i.e., it could be the annual convention or the board of directors. Section 2.1 states that: "The final authority of the Association is in the General or Special Convention." However, section 5.0 of our bylaws states that: "The Board of Directors shall be vested with the responsibility and authority to manage the affairs, funds, property and finances of the Association, except as may otherwise be provided by these bylaws."

Recently, a state independent banking association developed its own federal PAC and asked us to jointly raise federal PAC funds with it.

For IBAAPAC fundraising purposes, our questions are:

First: Can we proceed on the premise that the IBAA Board of Directors of the IBAA is the highest governing body of the IBAA? Since elected state independent banking association officials are drawn from state independent banking association ranks following a vote by all of the state independent banking association officials, and these two individuals sit on and are full members of the IBAA Board, this interpretation would then allow such state association officials to raise funds on behalf of the IBAAPAC.

Second: If a state independent banking association creates a federal PAC, may an independent community bank member of both associations give solicitation approval to one and have it cover both associations? If the independent community bank is only a member of one association, can it give approval to it and have it cover both associations?

Third: We would like to know if our two PACs are affiliated, and if so, should all federal campaign contributions to candidates be aggregated for PAC donation limitation purposes?

Finally: Can IBAAPAC solicit and/or accept funds from a state independent banking PAC that have been solicited from non-IBAA members of the state independent banking organization?

Thank you for your attention to these matters.

Sincerely,



Kenneth A. Guenther
Executive Vice President

Retail Marketing Program
Customer Insurance & Investments—Cont'd
Life, Health & Annuity Insurance

- Universal Life
- Investment Quality Life
- Simplified & Guaranteed Issue Life
- Survivor Whole Life
- Term Life
- Long-Term Care
- Supplemental Health
- Single Premium Deferred Annuity
- Variable Annuity

Property/Casualty Insurance

- Homeowners
- Auto
- Commercial
- Crop/Hall
- Mechanical Breakdown

Investments

- Mutual Funds
- Stocks
- Bonds
- Discount Brokerage

Received by
DGC 3-23-95

CONSTITUTION OF
COMMUNITY BANKERS ASSOCIATION OF ILLINOIS

ARTICLE 1

The name of this Not-For-Profit Corporation shall be Community Bankers Association of Illinois (CBAI).

ARTICLE 2

This Association hereby declares the following to be its general purposes, guiding aims and principles:

Section 1: To represent the strengths, values and contributions of community banking in Illinois to public officials and the public.

Section 2: To take such action as will preserve competition in banking and prevent the concentration of control of banking resources.

Section 3: To support the dual banking system and protect the right of the State of Illinois to determine the type of banking structure best suited to its economy.

Section 4: To maintain an association of community banks in the State of Illinois which will have the capability and respect requisite to the effective protection and promotion of the interests of its members and the general public.

Section 5: To assist and cooperate with the Independent Bankers Association of America and other organizations in the promotion and enactment of better state and federal banking laws for the advancement of community banking and the protection of the public interest consistent with sound banking practices.

Section 6: To encourage high ethical standards and improve education in banking.

Section 7: To take such action as may be deemed necessary to serve community banking and the public interest, and to perform such other acts as are permitted to a nonprofit corporation of this type.

ARTICLE 3

The principal office of this Association shall be located within the State of Illinois as the Board of Directors may from time to time determine.

ARTICLE 4

Membership

Membership in the Association shall consist of three classes: active, associate, and distinguished.

Section 1: An active member is any national bank, state bank or trust company located in Illinois which agrees with and adheres to the principles and purposes of this Association, is approved for membership by the Board of Directors of the Association, and pays the prescribed dues.

Section 2: An associate member is any person, firm or corporation which is approved for membership by the Executive Committee or the Board of Directors of the Association, and pays the prescribed dues. There shall be two or more subclasses of associate members as prescribed in Article 2 of the By-Laws. Associate members shall be entitled to enjoy all the privileges and courtesies of the Association, including its General Conventions but not the right of voting or holding any elective or appointive office.

Section 3: Any active member or associate member failing within thirty days to honor and pay any bill or draft drawn on it by the Association for the amount of its semi-annual or annual dues to the Association shall be considered as having withdrawn from membership and shall thereupon forfeit all privileges of its membership; provided, however, that such member may thereafter be reinstated by the Association upon payment of dues.

Section 4: A distinguished member is any person that is approved for membership by the Association. A distinguished member shall have the same status and privileges as associate members but shall not be required to pay dues.

Section 5: Any active, associate or distinguished member may be expelled from membership by a two-thirds vote of all the members of the Board of Directors of this Association.

Section 6: Any financial institution or related organization or person that has been excluded from membership by a two-thirds vote of all the members of the Board of Directors for any reason other than nonpayment of dues may appeal to the total membership. A ballot with separate letters from the Board of Directors and the expelled member, each stating its case, will be sent to the entire membership. The ballots will be promptly returned to and counted by a neutral party. A two-thirds majority of the members voting is required to reinstate the expelled member.

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ARTICLE 5

— Management —

CONVENTIONS

Section 1: The supreme authority of the Association shall be vested in the Convention unless otherwise provided in the Constitution.

Section 2: The Convention of the Association shall meet in regular session annually, the date and place to be determined by the Board of Directors, and notice of which session shall be given to the membership not later than thirty days prior thereto.

Section 3: Special sessions of the Convention may be called by the Board of Directors, or shall be called by the Board of Directors within thirty days after receipt of a petition setting forth the matters to be presented, signed by not less than twenty percent of the active membership, and in either event said special session shall be called upon not less than two weeks' notice to the membership of the time and place of such special session, and the nature of the business to be transacted.

Section 4: Only active members shall be entitled to vote at any session of the Convention. Each active member shall be entitled to be represented by one delegate at any session of the Convention and such delegate must be an officer or director of the respective members. Floor privileges, without vote, shall be granted to any number of additional representatives of any member and to all former presidents of the Association not qualified as delegates. The delegates present at any session of the Convention shall constitute a quorum.

Section 5: All voting at sessions of the Convention shall be via voice unless otherwise ordered. Delegates shall vote in person only and shall not represent more than one member. Voting by proxy shall not be permitted.

Section 6: If by a majority vote of the members of the Board of Directors, by reason of the existence of a state of war or other emergency, it is deemed expedient in any year for the Association to forego the annual regular session, then the Board of Directors shall be authorized to do so and perform all acts authorized to be done and performed by the regular session of the Convention except electing officers and acting on proposed amendments to this Constitution, which matters shall be submitted by mail to the active membership of the Association. If replies are received from a majority of such members, then in the case of election of officers, the candidate receiving the highest number of votes shall be declared elected, and in the case of a proposed Amendment, it shall be carried on the affirmative vote of two-thirds of the members replying.

Section 7: Robert's Rules of Order shall govern the proceedings of all sessions of the Convention except as otherwise determined herein or by the By-Laws.

MANAGEMENT BETWEEN CONVENTIONS

Section 1: The administration of the affairs of this Association between annual meetings shall be vested in the Board of Directors.

Section 2: The Board of Directors shall be composed of the Group Director (who must be an officer or director of an active member bank) from each CBAI Group, the immediate past-president of CBAI, the State Directors to the ISAA, providing they are officers of active member banks of CBAI; a President, a First Vice President, a Second Vice President, four Regional Vice Presidents, one each from the Chicago Area Region, Northern Illinois Region, Central Illinois Region, and Southern Illinois Region; a Treasurer and the Executive Director.

Section 3: Election of Group Directors. The members in each Group shall elect a Group Director at a Group Meeting held not more than 150 days before the Convention or by caucus of the members of the Group at the Convention. The term of office for each Group Director shall be for two years with election for Group Directors in odd numbered Groups held in odd numbered years and elections for Group Directors in even numbered Groups held in even numbered years. (For Group Directors elected in 1988 for the terms commencing October 1, 1989, Group Directors in odd numbered Groups shall have a term of one year, and Group Directors in even numbered Groups shall have a term of two years.) If for any reason a Group fails to elect a Director or a Director fails to complete his or her term of office, the Board of Directors shall have the power to appoint a Director to fill any vacancy in said Group until the next Group meeting. The term of Group Directors shall begin on the first day of October immediately following their election. Once an individual has been elected to serve as Group Director for two consecutive terms, then he or she shall not be permitted to stand for election as Group Director for the immediately following term.

Section 4: The President shall appoint a Nominating Committee, with the advice and consent of the Executive Committee, of at least five (5) members, not more than 150 days or less than 150 days prior to the annual meeting to nominate such officers as specified in the Association's By-Laws.

Section 5: A quorum at meetings of the Board of Directors shall be a majority of the Board of Directors.

Section 6: Meetings of the Board of Directors shall be called by the President or a majority of the Board of Directors.

Continued next page

ARTICLE 5—Cont'd

Section 7: The President, First Vice President, Second Vice President, four Regional Vice Presidents, Treasurer, Immediate Past President and Executive Director shall be the Executive Committee and shall have charge of the affairs of the Association during the intervals between meetings of the Board of Directors. The President shall report to the Board of Directors at its next meeting.

ARTICLE 6

— Officers —

Section 1: The officers of the Association shall be a President, a First Vice President, a Second Vice President, four Regional Vice Presidents, one each from the Chicago Area Region, Northern Illinois Region, Central Illinois Region, and Southern Illinois Region; a Treasurer and an Executive Director. The Executive Director shall be a voting member of the Board.

Section 2: With the exception of the Executive Director, officers of the Association shall be elected at the annual meeting of the Association and shall hold office for one (1) year, or until their successors are elected and qualified. Any qualified member may hold a position as an officer on the Executive Committee for no greater than four (4) consecutive years unless he or she is elected Second Vice President, First Vice President or President in the second, third, or fourth consecutive years. Under no circumstances shall any qualified member hold a position as an officer on the Executive Committee for more than eight (8) consecutive years. If for any reason an officer fails to complete his or her term of office, the Board of Directors shall have the power to appoint an officer to fill any vacancy in said office until the next annual election.

Section 3: The executive officers shall each be an executive officer or director of an active member bank.

Section 4: The President, First Vice President, Second Vice President, four Regional Vice Presidents and Treasurer shall be elected by mail ballot submitted to the entire active membership of the Association, enclosed in the notice of the regular session of the Convention with the Report of the Committee on Nominations. If replies are received from such members prior to the regular session of the Convention, the candidate receiving the highest number of votes shall be declared elected at the Convention. In the event there is only one nominee for an elective office, in lieu of the nominee appearing on a ballot, the Executive Director shall prepare and mail to each active member bank with the Report of the Committee on Nominations a certification that only one name was placed in nomination for the elective office and that the nominee will be declared duly elected at the Convention. The terms of the officers so elected shall begin on the first day of October immediately following their election.

Section 5: The Board of Directors shall elect the Executive Director to serve for such time and receive such compensation for his services as it may determine. The Board of Directors may also, at its discretion, retain a Legal Counsel, Legislative Counsel and other consultants as necessary who shall receive such compensation as it may direct.

ARTICLE 7

— Duties of Officers —

Section 1: The President shall perform the duties usually incumbent upon the office of the President; shall appoint all committees with the advice and consent of the Executive Committee and shall be an ex-officio member of all committees; shall preside at regular and special meetings of the membership and of the Board of Directors and Executive Committee meetings.

Section 2: The First Vice President will share the duties and responsibilities of the Association with the President. Further, the First Vice President will assume all of the duties of the Presidency in the event the President is incapacitated or becomes ineligible to serve as President during his or her term of office.

Section 3: The Second Vice President shall assist the President and First Vice President in handling the overall affairs of the Association. Further, the Second Vice President will assume all of the duties of the First Vice Presidency in the event the First Vice President is incapacitated or becomes ineligible to serve as an officer during his or her term of office.

Section 4: The four Regional Vice Presidents shall assist the President in handling the affairs of the Association and will improve, coordinate and supervise Region activity programs through the various Groups of the Association within their respective Regions.

Section 5: The Executive Director shall keep the minutes of the Board, Executive Committee and the membership; and shall mail all notices of meetings at the direction of the President, keep the records of the Association and manage the Association staff and operations pursuant to the personnel policy manual and Strategic Plan as approved by the Board of Directors.

Continued next page

CBAI INFORMATION

CBAI INFORMATION

Article 7--Cont'd

Section 6: The Treasurer shall collect and be responsible for all dues and for keeping of the money of the Association; shall present an annual financial report and present financial reports at any time upon request of the President or the Board of Directors. The Treasurer is to be bonded in an amount determined by the Board of Directors.

ARTICLE 8

-- Regions --

Section 1: In order to coordinate the efforts and objectives of the Association, the active member banks will be divided into geographical regions and groups as may be determined by the Board of Directors from time to time. The Chicago Area Region includes CBAI Groups 1 and 2; the Northern Illinois Region includes CBAI Groups 3, 4, 5, and 6; the Central Illinois Region includes CBAI Groups 7, 8, 9, and 10; and the Southern Illinois Region includes CBAI Groups 11, 12, and 13.

Section 2: Each Group should hold at least one general meeting each year, the dates for which shall be set by the Vice President of each Region for its Groups with the advice and consent of the Group Director for each Group.

ARTICLE 9

-- Determination of Association Policy --

The basic policy of this Association is to advance the principles of community banking and to oppose the concentration of control of banking resources in the State of Illinois and the nation as being detrimental to the public interest.

Section 1: The determination of Association policy shall be vested in the Convention, excepting that resolutions relating to the Association's policies on bank structure shall be submitted by the Board of Directors by mail to the membership. Other matters of policy not inconsistent with any previous decision of the active membership may be determined by the Board of Directors.

(a) The Board of Directors must direct the President to submit to the membership for mail vote any matters on bank structure if requested to do so by 50 or more active members.

(b) "Bank Structure" shall, for the purpose of this Article, mean: (a) the form or forms of bank ownership, including holding companies; (b) the number and types of facilities, additional offices, agencies, or branches permitted or prohibited apart from the main banking house of a bank; and (c) the number and types of banking functions prohibited or permitted apart from the main banking house of a bank.

Section 2: The Convention's determination of Association policy shall be made by a vote of the majority of the delegates present and voting at any regular or special session of the Convention on resolutions submitted in accordance with this Constitution.

Section 3: Resolutions to be presented at a regular session of the Convention shall be submitted in writing to active members only to the Board of Directors not later than 45 days prior to said Convention. The Board of Directors shall include the proposed resolution in its official notice of said Convention together with any other resolutions it may desire to submit to the Convention. The Board of Directors shall submit said resolutions to said Convention for action.

Section 4: The Board of Directors' determination of policy shall be made at any meeting of the Board by a vote of 80 percent of the members present.

Section 5: The President, if authorized by the Board, shall submit any question of policy by mail to the entire active membership of the Association. If replies are received from a majority of such members and if 80 percent of the replying members concur, the policy and action of the Association shall be determined accordingly. Such submission of questions or policy for mail vote shall be accompanied by a brief statement of facts and explanation of the need for action thereon.

ARTICLE 10

-- Liability --

There shall be no personal liability whatsoever upon the members of the Association for corporate obligations. Members shall have no right, title or interest in and to the property or other assets of the Association.

ARTICLE 11

-- Nonprofit Corporation --

The Association does not afford pecuniary gain, incidentally or otherwise, to its members. In case of dissolution of the Association, all assets remaining after payment of all debts shall be distributed among such educational and/or charitable institutions that are exempt from federal income taxation as may be determined by the Board of Directors at the time of dissolution.

ARTICLE 12

-- Amendments --

This Constitution may be amended at any session of the Convention by a vote of two-thirds of the delegates present and voting. The proposed amendment shall be submitted to the Board of Directors not later than 60 days prior to such session. The Board of Directors shall include the proposed amendment in its official notice of such session, together with comments, if any, thereon. Any proposed amendment may itself be amended at the session of the Convention at which presented, by a two-thirds vote of the delegates present and voting.

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BY-LAWS OF COMMUNITY BANKERS ASSOCIATION OF ILLINOIS

ARTICLE 1

Fiscal Year

Section 1: The fiscal year of the Association shall begin July 1.

ARTICLE 2

Dues

Section 1: The annual dues of active members and financial associate members of the Association shall be based upon the resources of said entities as of the immediately preceding December 31st and in accordance with the following schedule:

ASSETS

ANNUAL DUES

Table with 2 columns: ASSETS and ANNUAL DUES. Rows include 5 million to 10 million, 10 million to 20 million, 20 million to 30 million, 30 million to 40 million, 40 million to 50 million, 50 million to 60 million, 60 million to 70 million, 70 million to 80 million, 80 million to 90 million, 90 million to 100 million, 100 million to 150 million, 150 million to 200 million, 200 million to 250 million, 250 million to 300 million, 300 million to 350 million, 350 million to 400 million, 400 million to 450 million, 450 million to 500 million, 500 million to 550 million, 550 million to 600 million, 600 million to 650 million, 650 million to 700 million, 700 million to 750 million, 750 million to 800 million, 800 million to 850 million, 850 million to 900 million, 900 million to 950 million, 950 million to 1,000 million.

Section 2: The annual dues for Associate Members of the Association shall be determined by the Board of Directors. There shall be at least two subclasses of associate members: 1) financial associate members, and 2) nonfinancial associate members. A financial associate member is any commercial bank or other financial institution that does not qualify as an active member. A nonfinancial associate member is any person, firm or corporation that is not a financial institution.

Section 3: The annual dues for members shall be payable in semi-annual payments in advance on June 1st and December 1st of each year. On June 1st, the Executive Director or Treasurer shall make a draft upon each member for one half of the annual dues, based on the member's resources as of the immediately preceding December 31st. On December 1st the Executive Director or Treasurer shall make a draft upon each member for one half of the annual dues, based on the member's resources as of the immediately preceding June 30th.

Section 4: Members joining after the beginning of the fiscal year shall be required to pay dues ratably for the remaining portion of the fiscal year.

Section 5: The initial semi-annual dues assessment will be waived for newly chartered banks (one year or less in existence) that join within the first 90 days of semi-annual period. For newly chartered banks joining after the first 90 days of semi-annual period, dues will be waived until the second semi-annual dues assessment. Thereafter, the banks will be assessed according to the payment schedule provided in Article 2, Section 1 of these By-Laws.

Section 6: The Board of Directors may from time to time offer complimentary memberships for specific periods of time or other special incentives to nonmembers in conjunction with member development programs. A two-thirds majority of the Board is required to offer such incentives.

Section 7: Banks that are commonly owned, either as subsidiaries of a multiple bank holding company or as in a chain banking operation, are eligible to receive a dues discount if and only if all banks in a multiple bank holding company or chain banking operation are members of the Association. The Board of Directors shall determine the discount and which banks shall qualify for the discount. For purposes of this Section, a chain banking operation shall constitute two or more banks in which the same person owns at least 10 percent of the voting stock in each of the banks.

ARTICLE 3

Termination of Membership

Section 1: Any member may resign by filing a written resignation with the Executive Director, but such resignation shall not relieve said member of any obligation to pay any indebtedness due the Association.

Section 2: Any financial institution or related organization or person that has been expelled from membership by a two-thirds vote of all the members of the Board of Directors for any reason other than nonpayment of dues may appeal to the total membership. A ballot with separate letters from the Board of Directors and the expelled member, each stating the case, will be sent to the entire membership. The ballots will be promptly returned to and counted by a neutral party. A two-thirds majority of the members voting as required to reinstate the expelled member.

Continued next page

ARTICLE 4

Order of Business at all Sessions of the Convention

Section 1: The order of business at all sessions of the Convention shall be determined by the President and Executive Director in the arrangement of the program for each Convention.

ARTICLE 5

Committees

Section 1: Standing Committees of the Association are hereby established as follows:

- COMMITTEE ON MEMBERSHIP
COMMITTEE ON COMMUNICATIONS
COMMITTEE ON LEGISLATION, REGULATION AND AGRICULTURE
COMMITTEE ON STRATEGIC PLANNING
COMMITTEE ON SPECIAL EVENTS
COMMITTEE ON EDUCATION
COMMITTEE ON FINANCE

Section 2: The Standing Committees shall give consideration to all matters implied in their respective titles of interest and benefit to the membership of the Association, and shall make such recommendations as they see fit to the Board of Directors. The President shall appoint members of the Executive Committee as chairman of the various Standing Committees on the basis of one chairman for each Standing Committee. No Executive Committee member may serve as chairman of more than one Standing Committee simultaneously.

Section 3: A Past Presidents' Council, to be comprised of all former Presidents of the Association and the current President, is hereby established. The Council shall meet during the Association's annual convention and upon the request of any Council member. Its function shall be to periodically monitor and evaluate the direction of the Association to insure that the original purpose of the Association is not forgotten. It shall report directly to the Board of Directors and shall meet with the Board of Directors whenever called upon.

ARTICLE 6

Committee on Nominations

Section 1: The Nominating Committee is to be appointed by the President, with the advice and consent of the Executive Committee, of at least five (5) members, not more than 180 days or less than 150 days prior to the annual Convention to nominate officers for President, First Vice President, Second Vice President, the four Regional Vice Presidents and Treasurer.

Section 2: The Committee shall advise the membership that it will, until 90 days prior to the regular session of the Convention, receive nominations from the general membership. In writing, endorsed and signed on behalf of at least twenty active members; if those criteria are not met, the Committee on Nominations shall have the power to nominate a qualified active member by a vote of 80 percent of the members present at the Committee meeting. Each nominee must be qualified to hold office in that he must be an Executive Officer or Director of an active member bank. No candidates shall be permitted to stand for election until he or she has filed a written consent to serve with the Chairman of the Nominating Committee.

Section 3: Not later than thirty days before the date of the regular session of the Convention, the Committee shall cause to have published and submitted to the members of the Association in the official notice of the regular session of the Convention, its report and a ballot or certification listing all nominations for each of the elective offices, the names of the candidates for each office to be arranged in alphabetical order.

Section 4: The election of officers shall take place as provided in Article 6, Section 4, of the Constitution.

ARTICLE 7

Indemnification

Section 1: Any person, his or her heirs, executors, or administrators, may be indemnified or reimbursed by the Association for reasonable expenses actually incurred in connection with any action, suit or proceeding, civil or criminal, to which he, she or they shall be made party by reason of his or her having been a director, officer or employee of the Association or of any firm, corporation, or organization which he or she served in any such capacity at the request of the Association; provided, however, that no person shall be so indemnified or reimbursed in relation to any matter in such action, suit or proceeding as to which he or she shall finally be adjudged to have been guilty of, or liable for, willful misconduct, gross neglect of duty or criminal acts in the performance of his or her duties to the Association; and, provided further, that no person shall be indemnified or reimbursed in relation to any matter in such action, suit or proceeding which has been made the subject of a compromise settlement except with the approval

Continued next page

APP. 8.

ARTICLE 7—Cont'd
Section 1—Cont'd

of a court of competent jurisdiction. This right of indemnification or reimbursement shall not be exclusive of other rights to which such person, his or her heirs, executors or administrators, may be entitled as a matter of law. The Board of Directors of the Association is hereby authorized to purchase directors and officers liability insurance coverage which will be paid by the Association.

ARTICLE 8

— Rules of Procedure —

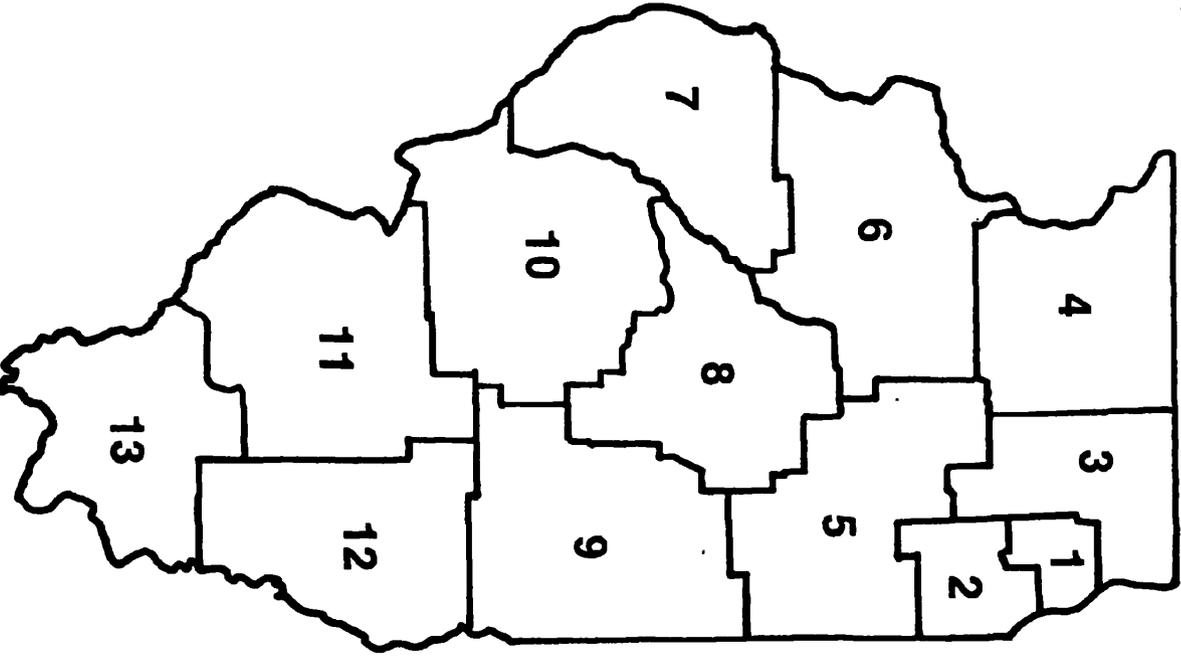
Section 1: Robert's Rules of Order shall determine the conduct of any and all meetings of this Association, except where otherwise provided in the By-Laws.

ARTICLE 9

— Amendments —

Section 1: The Board of Directors may from time to time alter or amend these By-Laws by a vote of three-fifths of the members. Notice of the proposed alteration or amendments shall be given to the members of the Board of Directors prior to the date of such meeting.

MAP OF
CBAI GROUPS





March 6, 1995

Richard L. Mount
President

Leland M. Stenejem, Jr.
President-Elect

William D. Somes
Vice President

Terry J. Jorde
Treasurer

Dale A. Bradley
Secretary

John Shivers
Chairman

Kenneth A. Guenther
Executive Vice President

Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

AOR 1995-12

Dear Sir:

As a follow-up to our December 7, 1994 letter to you, we seek an FEC Advisory Opinion regarding the relationship between the Independent Bankers Association of America (IBAA), a national banking trade association, and independently organized state banking associations (SIBAs), for PAC fundraising purposes.

The following information is provided:

IBAA membership eligibility is defined by the SIBAs. The IBAA and the SIBAs have a common but not identical membership base of independent community banks. Member banks pay dues separately to the IBAA and to the SIBAs. IBAA membership does not carry state membership with it nor does state membership carry IBAA membership. The IBAA is not a dues paying member of any SIBA.

SIBAs are voluntary dues paying associate members of the IBAA. Although SIBAs cannot vote at the IBAA convention, SIBAs (unlike any other associate member) have two full voting seats on the IBAA Board of Directors. The 36 SIBAs around the country have formed a SIBA Council to which they elect a Chairman and Vice Chairman each year. The enclosed IBAA By-laws provide that the elected Chairman and Vice Chairman of this Council are full members of the IBAA Board of Directors. In addition, representatives from this Council also sit as ex-officio members on IBAA's Standing Committees.

Each year, IBAA holds its Spring Legislative Meetings in Washington, D.C., and pays for all SIBA executives (the paid staffperson running the state association), the Presidents of the SIBAs (an elected banker), and IBAA Committee members to come to Washington to discuss and to lobby issues important to independent banking. In many instances, IBAA has joined with SIBAs in holding rallies, issuing press releases and engaging in other joint addresses to the nation in support of national issues.

Approximately 25 SIBAs hold state conventions each year and provide a free booth to IBAA in the vendor area. All other vendors pay for their booth. In addition, an officer of IBAA is always a main speaker at these conventions.

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[OGC: Attachments A & B received 3-23-95]

Federal Election Commission
March 6, 1995
Page 2

IBAA and SIBAs coordinate national lobbying efforts. In addition, IBAA's federal PAC--IBAAPAC--regularly calls upon SIBA executives for their input and guidance with regard to a contribution to a candidate from their state.

Recently, a state independent banking association developed its own federal PAC and asked us to consider jointly raising federal PAC funds with it. This action has raised several issues that we feel need to be addressed.

Specifically, we request rulings on the following issues:

1. Is IBAA "affiliated" with SIBAs with/without a Federal PAC? If they are not affiliated, given IBAA's close relationship with SIBAs, what type of additional interaction would be needed for IBAA and the SIBAs to be deemed "affiliated?";
2. Does IBAA qualify under 11 CFR 114.8 (g) as a "Federation of Trade Associations" with respect to its relationship with the SIBAs? If we do not, we would like to know how our relationship to the SIBAs is regarded under FEC law;
3. What is the difference between "Federation" and "affiliation" in terms of the type of activities that can be entered into jointly, and those that must be kept separate, for FEC purposes;
4. Can SIBAs act as fundraising arms for the PAC of the IBAA and vice versa?;
5. If a SIBA sets up a Federal PAC, what are the rights, duties, and obligations of IBAAPAC and the SIBA Federal PAC? For example, must contributions to a candidate by both PACs be aggregated for Federal campaign contribution limits? Can a bank executive sign a solicitation for both PACs, and must his/her contributions to both PACs be aggregated for FEC purposes?
6. If a SIBA creates a federal PAC, may an independent community bank member of both associations give solicitation approval to one and have it cover both associations? If the independent community bank is only a member of one association, can it give approval to it and have it cover both associations?; and
7. Can IBAAPAC solicit and/or accept funds from a SIBA Federal PAC that have been solicited from non-IBAA members of the SIBA?

Federal Election Commission
March 6, 1995
Page 3

Thank you for your attention to these matters. If you have additional questions or need additional documentation, please contact Alex Maroulis-Cronmiller, IBAAPAC Administrator, at 202-659-8111.

Sincerely,

A handwritten signature in cursive script that reads "Richard L. Mount". The signature is written in black ink and includes a horizontal line extending to the right from the end of the name.

Richard L. Mount
President

Enclosure-- (BAA Articles of Incorporation & Bylaws)

See Attachments A, B, & C

of this Association shall be in the City of Sauk Centre, County of Stearns, State of Minnesota.

**ARTICLE IV
Membership Basis**

This Association shall operate on a membership basis, without capital stock.

**ARTICLE V
Qualifications and Classes of
Membership**

Qualifications and classes of membership shall be prescribed in the Bylaws.

**ARTICLE VI
Administration**

The Board of Directors of this Association shall be selected and organized as provided in the Bylaws, and shall direct the affairs of the Association, subject always to the control and direction of the members acting as a Special or General Convention. The Board shall have control of the finances of the Association and administer the same in strict accordance with all provisions outlined in the Bylaws. The Executive Committee, selected and organized as provided in the Bylaws, shall have and exercise the powers of the Board and shall direct the affairs of the Association between sessions of the Board.

**ARTICLE VII
Corporate Existence**

The duration of its corporate existence shall be perpetual.

**ARTICLE VIII
Nonprofit Corporation**

The Association does not afford pecuniary gain, incidentally or

otherwise, to its members. In case of dissolution of the Association, all assets remaining after payment of all debts shall be distributed among such educational and/or charitable institutions that are exempt from federal income taxation as may be determined by the Board of Directors at the time of dissolution.

ARTICLE IX
Liability

There shall be no personal liability whatsoever upon the members of the Association for corporate obligations. Members shall have no right, title or interest in and to the property or other assets of the Association.

ARTICLE X
Amendments

These Articles may be amended as provided in the Bylaws.

Bylaws As Amended, February 19, 1994
of the **INDEPENDENT BANKERS
ASSOCIATION OF AMERICA**

**BYLAWS
OF THE
INDEPENDENT BANKERS
ASSOCIATION OF AMERICA**

1.0 MEMBERSHIP

1.1 ACTIVE. A community bank or other community financial institution which supports and adheres to the principles and purposes of this Association is eligible to become an Active Member. Applicants for Active Membership must be approved by the Executive Committee.

1.2 ASSOCIATE. Any individual or organization is eligible to become an Associate Member. Applicants for Associate Membership must be approved by the Executive Committee. Associate Members shall be afforded Association privileges and courtesies, but shall not have the right to participate in discussion, except by consent of the chair, or the right to vote or to hold any elective or appointive office or committee assignment.

1.3 HONORARY. Honorary Membership may be conferred on individuals or organizations by the Board of Directors and shall have the same status as Associate Membership, except that dues shall not be required.

1.4 TERMINATION. Any member may be suspended or expelled for due cause by a two-thirds vote of the Executive Committee or the Board of Directors, after the member has had an opportunity to be heard.

2.0 GENERAL CONVENTION

2.1 ANNUAL MEETING OF MEMBERS. The Association shall hold one General Convention each year unless by a

majority vote of the Board of Directors such General Convention shall be cancelled. Special Conventions may be authorized by a majority vote of the Board of Directors or the Executive Committee. The final authority of the Association is in the General or Special Convention.

2.2 TIME AND PLACE. The General Convention and any Special Convention shall be held at a time and place designated by the Executive Committee. Notice of the time and place of the General Convention shall be published in an Association publication.

2.3 DELEGATES. Delegates to the General or Special Convention shall be officers or directors of Active Members. All Past Presidents of the Association shall be delegates for life. Should any Past President cease to be an officer or director of an Active Member or the parent of an Active Member, such Past President shall be required to recuse himself/herself from voting; provided, however, that should any Past President become an officer, director or employee of a financial institution or the parent of a financial institution which is not eligible for Active membership, such Past President shall no longer be a delegate. In the election of officers or the transaction of any Association business wherein a vote is taken, each Active Member shall be entitled to one vote to be cast by its properly accredited delegate. Delegates may vote in person only. No voting by proxy shall be permitted. No delegate may represent more than one Member, and no Member may be represented by more than one delegate. The delegates present at any session of the General or Special Convention shall constitute a quorum.

3.0 DUES

3.1 SCHEDULE. The Board shall annually establish a schedule of dues which shall be payable on an annual basis.

3.2 FAILURE TO PAY. Nonpayment of membership dues within ninety days after the billing date shall constitute a forfeiture of membership.

4.0 ASSOCIATION OFFICES

4.1 The Board of Directors shall approve the location of the general headquarters of the Association and the establishment and location of any additional offices of the Association.

5.0 BOARD OF DIRECTORS

5.1 POWERS. The Board of Directors shall be vested with the responsibility and authority to manage the affairs, funds, property and finances of the Association, except as may otherwise be provided in these Bylaws. The Board may, from time to time, adopt rules governing the operation of the Association, its officers, committees and employees.

5.2 COMPOSITION. The Board of Directors shall consist of the Chairman, President, President-Elect, Vice-President, Executive Vice-President, Secretary and Treasurer of the Association, Past Presidents of the Association, the elected Director from each state or district, the Chairman and Vice-Chairman of SIBA, the Chairman of the Bankers' Bank Council, the Chairman of the Association's Young Bankers' Council, if any, and twelve (12) bankers from Active Members appointed by the President in accordance with the provisions of these Bylaws.

5.3 PAST PRESIDENTS. Past Presidents of the Association who served prior to and including the 1985 presidential term, shall serve as members of the Board for life. Should any such Past President cease to be an officer or director of an Active Member or the parent of an Active Member, such Past President may participate in

Board discussions but shall be required to recuse himself/herself from voting; provided, however, that should any such Past President become an officer, director or employee of a financial institution or the parent of a financial institution which is not eligible for Active membership, membership on the Board shall automatically terminate.

Past Presidents who served after the expiration of the 1985 presidential term, shall serve terms of fifteen (15) years. However, should any such Past President cease to be an officer of an Active Member or the parent of an Active Member or become an officer, director or employee of a financial institution or the parent of a financial institution which is not eligible for Active membership, membership on the Board and on the Executive Committee shall automatically terminate. In such event, the most recent eligible Past President shall complete the remainder of the Board and Executive Committee term(s) of such Past President.

5.4 APPOINTED DIRECTORS. The Board shall include twelve (12) bankers from Active Members located in at least ten (10) states, appointed by the President as follows: Within thirty days following the close of the 1994 General Convention, and thereafter, the newly elected President shall appoint six (6) Active Member banker representatives from at least five (5) states to serve two-year terms as members of the Board.

The term of an appointed Director shall commence immediately upon appointment. Should a vacancy occur in a position of appointed Director, the President shall appoint a replacement for the remainder of the term of the vacated position. Appointed Directors may not serve more than two consecutive terms. However, after a lapse of at least 2 years, appointed Directors may be eligible for reappointment and may serve two additional consecutive terms.

5.5 ELECTED DIRECTORS. States which have five or more Active Members shall be entitled to elect Directors to the Board of Directors as follows: five or more Active Members--1 Director; two hundred (200) or more Active Members--2 Directors; four hundred (400) or more--3 Directors; six hundred (600) or more--4 Directors; and thereafter, one additional Director for each additional two hundred (200) Active Members. States entitled to 2 to 4 Directors shall be divided into one district for each Director as annually determined by the Association as of September first of each year in consultation with the State Independent Bankers Association within the state. States entitled to more than 4 Directors shall designate additional Directors as "at large."

5.6 ELECTION OF DIRECTORS. On the first day of each September, the Recording Secretary shall prepare and forward to the Active Members in each state with five or more such Members, a list of the membership in that state or district together with a nominating petition in a form approved by the Association. In states in which an Active Membership of five or more has first been achieved, the nominating petition and membership list shall be sent within thirty days thereafter.

5.6.1 Nominees for Director must be officers of financial institutions which have been Active Members for at least one (1) year prior to the election. Nominations for Director must be made on the official nominating petition, contain signatures representing three Active Members within the state or district, and must be received by the Recording Secretary no later than September 21. The Secretary shall then prepare an official ballot for each state or district containing the name(s) of the bankers(s) nominated and the name(s) of the Member(s) such banker(s) represent. In the event that only one name is submitted from a state

or district, in lieu of a ballot, the Recording Secretary shall prepare and mail to each Active Member in the state or district, a certification that only one name was placed in nomination and that the nominee is declared the duly elected member of the Board from that state or district.

5.6.2 On or before October first, the Recording Secretary shall mail the ballot for that state or district to the Active Members in each state. Each Member shall mark the ballots to indicate from the names appearing thereon its choice(s) for Director(s). Ballots must be received by the Recording Secretary on or before October fifteenth. The candidate receiving the majority of votes from the Active Members casting votes within his/her respective state or district shall be declared the duly elected Director of the Board of Directors for his/her state or district.

5.6.3 In the event no candidate receives a majority of the votes cast, there shall be a runoff between the two candidates receiving the most votes. A new ballot containing the names of the two candidates shall be prepared and mailed to the Active Members of that state or district by the Recording Secretary on or before November first. Each Active Member shall mark the ballots to indicate from the names appearing thereon its choice for Director from its state or district. Ballots must be received by the Recording Secretary on or before November fifteenth. The candidate receiving the majority of votes from the Active Members casting votes from his/her respective state or district shall be declared to be the duly elected Director of the Board of Directors for his/her state or district. In the event of a tie vote, the election shall then be finally decided by a drawing in a manner selected and conducted by the President. The term of an elected Director shall begin on the first Monday

in January of the year following his/her election.

5.6.4 Should an elected or appointed Director cease to be an officer of an Active Member or the parent of an Active Member within his/her state or district for more than sixty consecutive days, membership on the Board shall automatically terminate.

5.6.5 In the event of a vacancy in an elected Directorship, a special election conducted in accordance with the provisions of this section 5.0 shall be commenced within thirty days of the vacancy. The President may appoint an interim Director to serve until a new Director is elected.

5.7 TERMS. Elected Directors shall serve three-year terms but may not serve more than two consecutive three-year elected terms. However, after a lapse of at least one term, Directors are eligible for re-election and may serve two additional consecutive elected terms.

5.8 DUTIES. Each elected Director shall be the official representative of the Association in his/her state or district and shall: act as liaison between his/her state and the Association; act as liaison between the Association and the local State Independent Bankers Association; advise the Association of developments in his/her state or district of interest to Association members; promote membership in the Association within his/her own state or district; and attend all meetings of the Board.

5.9 REMOVAL. Elected or appointed Director shall be removed upon petition of a majority of Active Members in his/her state or district or by a three-fourths secret ballot vote of the Board of Directors.

5.10 MEETINGS. The Board of Directors shall meet twice annually. The President may call additional meetings of the Board as required, and at his/her discretion, but shall promptly call a special meeting upon petition of a

majority of the entire Board. Notice of special meetings, with a statement of the purpose of the meeting, shall be mailed to each Board member no less than fifteen days prior to the meeting date. All Board action requires the presence of a quorum which shall be a majority of the Board. Unless otherwise provided in these Bylaws, a majority vote of the quorum constitutes lawful action.

6.0 EXECUTIVE COMMITTEE

6.1 COMPOSITION. The Executive Committee shall consist of the President, President-Elect, Vice-President, Secretary, Treasurer, Executive Vice-President and the three immediate Past Presidents of the Association.

6.2 POWERS. The Executive Committee shall have and exercise the powers of the Board of Directors when the Board is not in session. The Executive Committee shall appoint the Executive Vice-President, Recording Secretary, and Executive Directors of the Association and shall fill any vacancies in these offices.

6.3 MEETINGS. Executive Committee meetings may be called by the President or by any three members of the Executive Committee. The Executive Committee may schedule a joint meeting at least annually with the SIBA Executives. All Executive Committee action requires the presence of a quorum which shall be a majority of the Executive Committee. Unless otherwise provided in these Bylaws, a majority vote of the quorum constitutes lawful action.

6.4 FINANCES. Prior to the beginning of each fiscal year, the Executive Committee shall estimate the income and ordinary expenses for the coming year, determine the funds necessary to carry out Association activities for the same period, prepare a budget for the year and submit it to

the Board for approval. The Executive Committee shall be responsible for the investment and reinvestment of Association funds and shall report all substantive changes to the Board. The Executive Committee may authorize interim adjustments to the budget which will not affect surplus.

The Executive Committee shall retain a recognized audit firm of Certified Public Accountants which shall complete the annual audit immediately following the close of each fiscal year. A copy of the auditor's report shall be sent to each member of the Board no less than ten days prior to the annual meeting of the Board at the General Convention.

7.0 OFFICERS

7.1 TITLES. The officers of this Association shall be Chairman, President, President-Elect, Vice-President, Executive Vice-President, Secretary, and Treasurer.

7.2 ELECTION. The President, President-Elect, Vice-President, Secretary and Treasurer shall be elected annually by the delegates attending the General or Special Convention. To be eligible for election, candidates must be delegates, or eligible to be delegates as defined in these Bylaws. The Executive Vice-President, Executive Directors, and Recording Secretary shall be appointed by the Executive Committee. The Nominating Committee shall each year recommend qualified nominees for the positions of President, President-Elect, Vice-President, Secretary and Treasurer and shall make its recommendations to the General or Special Convention. Other nominations may be made from the Convention floor by any delegate in accordance with the Rules governing the conduct of the General Convention. If there is more than one candidate for a single office, the voting shall be by ballot, otherwise, by a voice vote.

7.3 TERMS. The terms of office of the elected officers of the Association shall be one year or until the installation of their successors at the next General or Special Convention.

7.4 REMOVAL. Should any officer of the Association become unable or unfit to properly discharge the duties of his/her office, he/she may be removed by the Board upon a three-fourths vote at a closed Executive Session.

8.0 DUTIES OF OFFICERS

8.1 PRESIDENT. The President shall preside at all General or Special Conventions, at Executive Committee meetings and meetings of the Board of Directors. He/she shall appoint all committees unless otherwise ordered by the Board, and shall designate the chairmen and vice-chairmen thereof. He/she shall be an ex-officio member of all committees, and shall carry out the expressed policies of the Board and report to the Board and to the General Convention annually on the affairs of the Association.

8.2 PRESIDENT-ELECT. The President-Elect shall perform such duties as may be assigned to him/her by the President and shall act as the President during the President's absence or disability. In case of a vacancy in the office of the President, the President-Elect shall become President of the Association for the unexpired term.

8.3 VICE-PRESIDENT. The Vice-President shall perform such duties as may be assigned to him/her by the President and shall follow the same procedure in advancement if either the offices of President-Elect, President, or both are vacated. Should a vacancy occur in the office of Vice-President more than sixty days prior to the General Convention, the Nominating Committee shall fill the vacancy by vote of three-fourths of the Committee meeting in special session.

8.4 CHAIRMAN. The Chairman shall be the immediate Past President of the Association and shall serve a term of one year or until his/her successor is qualified. The Chairman shall serve as Chairman of the Nominating Committee and Federal Legislation Committee.

8.5 EXECUTIVE VICE-PRESIDENT. The Executive Vice-President shall be appointed by the Executive Committee. He/she shall be responsible for promoting and furthering the objectives and goals of the Association and extending its membership and influence and shall perform such other duties as the Board or Executive Committee may assign. He/she shall be responsible for supervision and direction of the offices of the Association in keeping with general policies as established by the Board and Executive Committee and shall render reports of the business of the Association at meetings of the Board and the Executive Committee. The responsibilities of the Executive Vice-President shall include: the employment and removal of employees; supervision of all employees, including Executive Directors and the Recording Secretary; supervision of all tangible property of the Association; general supervision of the Activities of the Association and of all departments and committees; publication of the reports of the Association and informing the members of matters of interest to them.

The Executive Vice-President shall be the chief budget officer of the Association and a member of the Executive Committee and shall carry out the instructions of the Executive Committee for the investment of surplus funds, for the conversion of investments into money, for the purchase, sale, exchange or substitution of all securities owned by the Association, and for deposit or withdrawal of securities from the designated custodian. He/she shall approve all bills and items of expense incurred by the Association, submitting

records thereof to the Executive Committee and shall have authority to execute all papers and documents necessary for carrying out such duties.

Prior to the end of each fiscal year, the Executive Vice-President shall prepare in writing his/her estimates of revenues and appropriations for the succeeding year in the form of a tentative budget for submission to the Executive Committee and the Board of Directors for approval.

In the event of a vacancy in the office of the Executive Vice-President, the President may temporarily designate an Acting Executive Vice-President, subject to the approval of the Executive Committee.

8.6 SECRETARY. The Secretary shall be responsible for the safe custody of all Association documents; the sending of all Association notices; and the collection of dues.

8.7 TREASURER. The Treasurer shall be responsible for the safe custody of uninvested monies of the Association and, at the expiration of his/her term, responsibility for all funds shall be turned over to his/her successor in office at a time specified by the Board. In addition, the Treasurer shall perform such other duties as may be assigned by the President.

9.0 COMMITTEES

9.1 STANDING COMMITTEES. In addition to the stated purposes for Standing and Special Committees, they shall have such duties and powers as are assigned by the Board, Executive Committee or the President of the Association. Standing Committees, except the Nominating and IBPAC Committees, shall be composed of not less than fifteen (15) nor more than twenty-five (25) members appointed by the President, and shall include a chairman and a vice-chairman. Each Standing Committee chairman shall timely prepare a Committee mission

statement for approval by the Executive Committee. Committee members shall be from Active Members. Committee membership shall automatically terminate should the committee member cease to be an officer of an Active Member or the parent of an Active Member within his/her state or district for more than 60 consecutive days.

In addition, the President shall appoint to each Standing Committee, except the Nominating, IBPAC and Executive Committees, the senior staff officer from an Independent State Banker Association who shall serve as an ex-officio member of the Committee. In making appointments to committees, the President should attempt to include approximately twenty percent representation from individuals who have not served on such committee previously. Reports and recommendations of all Standing Committees, except the Long Term Planning Committee, shall be made to the Executive Committee and to the Board at their meetings at the General Convention. All committee chairmen shall coordinate the scheduling of meetings with the President and the Executive Vice-President.

The following Standing Committees are hereby established to implement the general policies of the Association.

9.1.1 NOMINATING COMMITTEE. Shall be composed of the President and eligible Past Presidents of the Association and three members appointed by the President. Past Presidents who served prior to and including the 1985 presidential term, shall serve as members of the Committee for life. Should any such Past President cease to be an officer or director of an Active Member or the parent of an Active Member, such Past President may participate in Committee discussions but shall be required to recuse himself/herself from voting; provided, however, that should any such Past President become an officer,

director or employee of a financial institution or the parent of a financial institution which is not eligible for Active Membership, membership on the Committee shall automatically terminate.

Past Presidents who served after the expiration of the 1985 presidential term, shall serve terms of 15 years. However, should any such Past President cease to be an officer of an Active Member or a parent of an Active Member, or becomes an officer, director or employee of a financial institution or the parent of a financial institution which is not eligible for Active membership, membership on the Nominating committee shall automatically terminate. The President shall appoint one officer of an Active Member for a three-year term, provided that no such appointee shall be a Past President. The new appointee shall not be from the same state as as the two other appointees to the Committee. The Executive Vice-President shall be an ex-officio non-voting member of the Nominating Committee.

The Nominating Committee shall annually recommend a qualified nominee for each elective office and shall make its recommendations to the General Convention. The Chairman of the Association shall serve as Chairman of the Nominating Committee and the immediate Past Chairman of the Committee shall serve as Vice-Chairman. The Committee shall be subject to the call of the Committee Chairman, Vice-Chairman, President of the Association or a majority of the Executive Committee.

9.1.2 POLICY DEVELOPMENT COMMITTEE. Shall be composed of one delegate from each Standing Committee nominated by its chairman. The members of the Committee and its Chairman shall be appointed by the President no later than ninety days preceding the opening of the General Convention and the Committee shall meet at least thirty days preceding the opening of the General Convention. At

the earliest possible date following appointment the Committee shall invite resolutions from all Committees of the Association and the membership at large.

Proposed resolutions must be adopted by majority vote of the Committee and shall be presented to the Executive Committee, to the Board, and to a General Session of the Convention for final vote.

Convention delegates may present resolutions or amendments to proposed resolutions from the Convention floor, providing delegates have first obtained permission from the Chairman of the Convention at least one day before final voting on all resolutions, and providing further that such permission is ratified by a majority vote of the delegates then present, and is otherwise in accordance with the Rules governing the conduct of the General Convention.

9.1.3 LONG TERM PLANNING COMMITTEE. The members of the Committee shall be the members of the Executive Committee, the Chairmen of the Standing Committees and the Chairman of each IBAA subsidiary. The Committee shall serve as a study group to evaluate the Association's political role, its role as a provider of services to Members, and its organizational structure and management structure, making recommendations to the Board of Directors.

9.1.4 AGRICULTURE-RURAL AMERICA COMMITTEE.

9.1.5 BANK OPERATIONS COMMITTEE.

9.1.6 BANK EDUCATION COMMITTEE.

9.1.7 FEDERAL LEGISLATION COMMITTEE.

9.1.8 REGULATION REVIEW COMMITTEE.

9.1.9 BANK SERVICES COMMITTEE.

9.1.10 MARKETING COMMITTEE.

9.1.11 TAX COMMITTEE.

9.1.12 IBPAC COMMITTEE.

9.2 SPECIAL COMMITTEES. In addition to the Standing Committees,

the President may appoint Special Committees with the consent of the Executive Committee.

10.0 BALLOTING

10.1 Except as may otherwise be provided in these Bylaws, any action which may be approved in a General or Special meeting of the general membership, the Board of Directors, the Executive Committee or any Standing or Special Committee, may be approved by written or electronic balloting without a meeting subject to the provisions of these Bylaws.

10.2 The President may propose action for written or electronic ballot decision of the Executive Committee when, in his/her opinion, prompt decision or action regarding Association matters is required between regular meetings and there is not sufficient time to hold a meeting, or the proposed action does not justify the time and expense of a meeting.

10.3 A decision to submit a proposed action for written or electronic ballot decision by the Board of Directors may only be made by the Executive Committee on affirmative vote of at least three members when the Executive Committee determines that there is not sufficient time to hold a meeting, or the requested action does not justify the time and expense of a meeting, or otherwise determines that there is good and sufficient reason therefore.

10.4 A decision to submit a proposed action to the general membership for vote by written or electronic ballot may only be made by affirmative vote of a majority of the Board meeting in regular or special session.

10.5 Any action proposed for decision by the Board of Directors or the general membership by written or electronic balloting, shall be stated in full text, accompanied by a ballot and a memorandum explaining its purpose.

10.6 The Secretary, with the

President, or in the absence of either or both of them, then any two Association officers, shall tally the votes, verify the results and insert a signed verification in the appropriate minute book, and shall retain the ballots for inspection at the next meeting of the body concerned, after which time the ballots may be discarded. If the proposed action receives an affirmative vote of the majority of those voting, then it shall be adopted.

10.7 A written or electronic ballot may be used for amendment of the Articles of Incorporation and Bylaws and for election of officers in accordance with these Bylaws, unless prohibited by three-fourths vote of the Board meeting in regular or special session.

10.8 Any action which may be approved by written or electronic ballot according to the provisions of these Bylaws may be approved by means of conference by telephone or other voice or electronic communication facilities. Any such telephone balloting shall be subject to all the relevant provisions of these Bylaws and any such communication facilities must provide a means by which all persons participating in the meeting can hear and speak and/or communicate electronically in writing simultaneously with all others. Participating in a meeting pursuant to this section shall constitute presence in person at such meeting.

11.0 INDEMNIFICATION

11.1 PAYMENT OF COSTS AND DAMAGES. The Association shall indemnify any officer, member of the Board of Directors, Executive Committee or other Committee, and any employee or agent of the Association or any of its subsidiaries, who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, by reason

of the fact that he/she is or was acting on behalf of the Association or any of its subsidiaries, against all costs and expenses, including attorneys' fees, judgments and amounts paid in settlement actually and reasonably incurred by him/her in connection with such action, suit or proceeding, except in cases where liability shall result from willful misconduct or gross negligence. This indemnification shall continue as to a person who has ceased to act in any such stated capacity and shall inure to the benefit of his/her heirs, executors, administrators, and personal representatives.

11.2 EXCESS COVERAGE ONLY. The indemnification provided in section 11.1 shall be payable only as excess coverage over and above any indemnification, insurance or other primary coverage in force from other sources and only after such other coverage has been paid.

11.3 INSURANCE. The Association may purchase such insurance as it deems necessary to underwrite indemnification.

12.0 FISCAL YEAR

12.1 The fiscal year of the Association shall commence on January first of each year.

13.0 RULES OF PROCEDURE

13.1 Robert's Rules of Order, Revised, together with any special rules which the meeting body may adopt, shall determine the conduct of all meetings of this Association, except where otherwise provided in these Bylaws.

14.0 AMENDMENTS

14.1 The Articles of Incorporation and the Bylaws may be amended at any General or Special Convention by a two-thirds vote of the delegates present

and entitled to vote, or as may otherwise be permitted by these Bylaws.

14.2 The Board of Directors shall propose any amendments to the Articles or Bylaws by resolution, setting forth the proposed amendment and directing that it be submitted for adoption by the delegates present at the General or Special Convention, or as may otherwise be permitted by these Bylaws. Any Active Member may submit a proposed amendment to the Board of Directors for consideration, provided it is submitted in writing to the Secretary of the Association at least ninety days prior to a meeting of the Board.

14.3 Notice of any proposed amendment to the Articles or Bylaws shall be given not less than ten nor more than thirty days prior to the General or Special Convention or, if by written or electronic balloting in accordance with these Bylaws, the voting deadline.

14.4 Proposed amendments to the Articles or Bylaws if proposed for vote at a general session of a General or Special Convention, must first be introduced at such general session and then shall be voted upon the day following introduction. If proposed for vote by written or electronic balloting in accordance with these Bylaws, proposed amendments must first be introduced at least five days prior to the voting deadline.

SIBA COUNCIL
BY-LAWS

Received by
OGC 3-23-95

BYLAWS

ARTICLE 1

NAME

The name of this organization shall be Executive Council of State Community Bankers Associations (hereinafter "Council").

ARTICLE 2

PURPOSE

This Council hereby declares the following to be its general purposes, guiding aims and principles:

Section 1: To provide a forum whereby members can exchange information, ideas and experiences and discuss issues of mutual importance.

Section 2: To foster the interests of state community bankers associations organized for the benefit and perpetuation of community banking in their respective states.

Section 3: To maintain an organization of state community bankers association executives which will have the capability and respect necessary to effectively represent the interests of its members.

Section 4: To take such action as may be deemed necessary to serve the state community banking associations represented by its members.

Section 5: To assist and cooperate with the Independent Bankers Association of America (IBAA) in the promotion and enactment of beneficial federal banking laws and regulations for the advancement of community banking.

ARTICLE 3

LOCATION

The location of this Council shall be the same as the principle office of the state community banking association served by the Council President, or as determined by a majority vote of the Board of Directors of this Council.

Attach A

ARTICLE 4**MEMBERSHIP**

Membership in the Council shall consist of two classes: active and associate.

Section 1: An active member is any full-time chief executive staff person of a state community banking association which agrees with and adheres to the purposes of this Council, is approved for membership by the Board of Directors of the Council, and pays the prescribed dues. Only active members shall have the right to hold an elective office and have the right to vote.

Section 2: An associate member is any person, firm or corporation which is approved for membership by the Board of Directors of the Council, and pays the prescribed dues. Associate members shall be entitled to attend Council meetings only upon the written invitation of the President as authorized by the Board of Directors of the Council, but shall not have the right of voting or holding any elective office.

Section 3: Both active and associate members shall be eligible to serve on appointed committees.

Section 4: Any active member or associate member failing within sixty days to honor and pay any bill or draft drawn on it by the Council for the amount of its annual dues to the Council shall be considered as having withdrawn from membership and shall thereupon forfeit all privileges of its membership; provided, however, that such member may thereafter be reinstated by the Council upon payment of dues.

Section 5: Any active or associate member may be expelled from membership by a two-thirds vote of all the members of the Board of Directors of this Council.

Section 6: Any membership may be terminated in the event of a violation of these Bylaws or any other conduct prejudicial to the interests of the Council. Termination shall be a two-thirds vote of the Board of Directors of the Council. A two-thirds majority of the Board of Directors of the Council is required for reinstatement.

Attch. A

ARTICLE 5

DUES

Section 1: The dues for members of the Council shall be determined annually by the Board of Directors.

Section 2: Payment. Dues shall be paid annually by January 1. Members joining after July 1 shall pay one-half the annual rate for the remainder of the calendar year.

ARTICLE 6

OFFICERS

Section 1: The Officers shall be a President, a President-elect, a Treasurer, and a Secretary-Treasurer. They shall be elected at the Fall meeting of the Council each year and shall serve for one year, beginning on the following January 1st and until their successors are installed. No person shall hold more than one office at any time.

Section 2: The President shall be the Chief Elected Official of the Council and shall preside at all Board of Directors meetings.

Section 3: The President-elect shall be responsible for becoming acquainted with the duties of the office of President and other duties assigned by the President.

Section 4: The Secretary-Treasurer shall have check signing and account maintenance authority for the Council and be responsible for supervising the custody, receipt and disbursement of all funds of the Council and shall be responsible for providing notices of meetings and maintaining minutes.

Section 5: The secretary shall be responsible for providing notices of meetings and maintaining minutes.

Section 55: No member shall be permitted to serve as President for more than one consecutive annual term nor as an elected Officer for more than three five consecutive annual terms.

Section 61: In case of death, resignation or inability of any Officer to serve, his or her successor shall be chosen for the balance of the current year by the President with the concurrence of the majority of the Board of Directors except that in the case of the President, his or her successor shall be the President-elect.

Section 78: The President, with the advice and consent of the Board of Directors, shall appoint such committees as may be needed to conduct the business of the Council.

Attch A

ARTICLE 7

BOARD OF DIRECTORS

Section 1: The governing body of this Council shall be the Board of Directors. The Board of Directors shall have supervision, control and direction of the affairs of the Council, its committees and publications; shall determine its policies or changes therein; shall actively implement its objectives and supervise the disbursement of its funds. The Board may adopt such rules and regulations for the conduct of its business as shall be deemed advisable.

Section 2: The Board of Directors shall consist of the President, President-elect, Secretary-Treasurer and all other active members.

ARTICLE 8

MEETINGS

Section 1: Meetings of the Board of Directors shall be called by the President, and adequate advance written notice of such meetings shall be given to each Director.

Section 2: Special meetings may be called by the Board of Directors, and adequate advance written notice of such meetings shall be given to each Director.

Section 3: The Board shall meet at least during the annual convention and annual Spring Meeting of the Independent Bankers Association of America, and each Fall.

Section 4: A quorum at meetings of the Board of Directors shall be a majority of the Board of Directors. Matters decided by vote shall require a simple majority, except as specifically provided elsewhere in the Bylaws.

Section 5: All voting at meetings of the Board of Directors shall be by voice unless otherwise directed by the President or presiding Officer. Voting by proxy shall not be permitted.

Attach A

ARTICLE 9

NOMINATIONS

Section 1: The President shall appoint a Nominating Committee, with the advice and consent of the Board of Directors, of at least three (3) active members, not less than 60 days prior to the annual election of Officers of the Council.

Section 2: At least 30 days prior to the annual election of the Officers of the Council, the Nominating Committee shall present to the membership a report consisting of nominations of one or more candidates for each office.

Section 3: Additional nominations may be made by members of the Board of Directors of the Council the day of the election.

Section 4: If there is more than one nominee for any office, a secret written ballot shall be taken.

Section 5: Every member of the Board of Directors of the Council in attendance at the meeting when the election is held shall be entitled to cast one vote in the election for each officer.

Section 6: The election of officers shall be decided by a simple majority of the votes cast.

ARTICLE 10

STAFF

Section 1: The Council has the right to employ, if deemed necessary, an Executive Director to perform the usual duties of that position and others assigned by the Board of Directors.

ARTICLE 11

LIABILITY

Section 1: There shall be no personal liability whatsoever upon the members of the Council for Council obligations.

Attach A

CBAI INFORMATION

- Retail Marketing Program
- Customer Insurance & Investments—Cont'd
- Life, Health & Annuity Insurance
 - Universal Life
 - Investment Quality Life
 - Simplified & Guaranteed Issue Life
 - Survivor Whole Life
 - Term Life
 - Long-Term Care
 - Supplemental Health
 - Single Premium Deferred Annuity
 - Variable Annuity
- Property/Casualty Insurance
 - Homeowners
 - Auto
 - Commercial
 - Crop/Hail
 - Mechanical Breakdown
- Investments
 - Mutual Funds
 - Stocks
 - Bonds
 - Discount Brokerage

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OGC 3-23-95



CBAI INFORMATION

CONSTITUTION OF COMMUNITY BANKERS ASSOCIATION OF ILLINOIS

ARTICLE 1 — Name —

The name of this Not-For-Profit Corporation shall be Community Bankers Association of Illinois (CBAI).

ARTICLE 2 — Purpose —

This Association hereby declares the following to be its general purposes, guiding aims and principles:

Section 1: To represent the strengths, values and contributions of community banking in Illinois to public officials and the public.

Section 2: To take such action as will preserve competition in banking and prevent the concentration of control of banking resources.

Section 3: To support the dual banking system and protect the right of the State of Illinois to determine the type of banking structure best suited to its economy.

Section 4: To maintain an association of community banks in the State of Illinois which will have the capability and respect requisite to the effective protection and promotion of the interests of its members and the general public.

Section 5: To assist and cooperate with the Independent Bankers Association of America and other organizations in the promotion and enactment of better state and federal banking laws for the advancement of community banking and the protection of the public interest consistent with sound banking practices.

Section 6: To encourage high ethical standards and improve education in banking

Section 7: To take such action as may be deemed necessary to serve community banking and the public interest, and to perform such other acts as are permitted to a nonprofit corporation of this type.

ARTICLE 3 — Location —

The principle office of this Association shall be located within the State of Illinois as the Board of Directors may from time to time determine.

ARTICLE 4 — Membership —

Membership in the Association shall consist of three classes active, associate, and distinguished

Section 1: An active member is any national bank, state bank or trust company located in Illinois which agrees with and adheres to the principles and purposes of this Association, is approved for membership by the Board of Directors of the Association, and pays the prescribed dues.

Section 2: An associate member is any person, firm or corporation which is approved for membership by the Executive Committee or the Board of Directors of the Association, and pays the prescribed dues. There shall be two or more subclasses of associate members as prescribed in Article 2 of the By-Laws. Associate members shall be entitled to enjoy all the privileges and courtesies of the Association, including its General Conventions but not the right of voting or holding any elective or appointive office.

Section 3: Any active member or associate member failing within thirty days to honor and pay any bill or draft drawn on it by the Association for the amount of its semi-annual or annual dues to the Association shall be considered as having withdrawn from membership and shall thereupon forfeit all privileges of its membership, provided, however, that such member may thereafter be reinstated by the Association upon payment of dues.

Section 4: A distinguished member is any person that is approved for membership by the Association. A distinguished member shall have the same status and privileges as associate members but shall not be required to pay dues.

Section 5: Any active, associate or distinguished member may be expelled from membership by a two-thirds vote of all the members of the Board of Directors of this Association.

Section 6: Any financial institution or related organization or person that has been expelled from membership by a two-thirds vote of all the members of the Board of Directors for any reason other than nonpayment of dues may appeal to the total membership. A ballot with separate letters from the Board of Directors and the expelled member, each stating its case, will be sent to the entire membership. The ballots will be promptly returned to and counted by a neutral party. A two-thirds majority of the members voting is required to reinstate the expelled member.

Continued next page

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CBAI INFORMATION

ARTICLE 6

— Management —

CONVENTIONS

Section 1: The supreme authority of the Association shall be vested in the Convention unless otherwise provided in the Constitution.

Section 2: The Convention of the Association shall meet in regular session annually, the date and place to be determined by the Board of Directors, and notice of which session shall be given to the membership not later than thirty days prior thereto.

Section 3: Special sessions of the Convention may be called by the Board of Directors, or shall be called by the Board of Directors within thirty days after receipt of a petition setting forth the matters to be presented, signed by not less than twenty percent of the active membership, and in either event said special session shall be called upon not less than two weeks' notice to the membership of the time and place of such special session, and the nature of the business to be transacted.

Section 4: Only active members shall be entitled to vote at any session of the Convention. Each active member shall be entitled to be represented by one delegate at any session of the Convention and such delegate must be an officer or director of the respective members. Floor privileges, without vote, shall be granted to any number of additional representatives of any member and to all former presidents of the Association not qualified as delegates. The delegates present at any session of the Convention shall constitute a quorum.

Section 5: All voting at sessions of the Convention shall be via voice unless otherwise ordered. Delegates shall vote in person only and shall not represent more than one member. Voting by proxy shall not be permitted.

Section 6: If by a majority vote of the members of the Board of Directors, by reason of the existence of a state of war or other emergency, it is deemed expedient in any year for the Association to forego the annual regular session, then the Board of Directors shall be authorized to do so and perform all acts authorized to be done and performed by the regular session of the Convention except electing officers and acting on proposed amendments to this Constitution, which matters shall be submitted by mail to the entire active membership of the Association. If replies are received from a majority of such members, then in the case of election of officers, the candidate receiving the highest number of votes shall be declared elected; and in the case of a proposed Amendment, it shall be carried on the affirmative vote of two-thirds of the members replying.

Section 7: Robert's Rules of Order shall govern the proceedings of all sessions of the Convention except as otherwise determined herein or by the By-Laws.

MANAGEMENT BETWEEN CONVENTIONS

Section 1: The administration of the affairs of this Association between annual meetings shall be vested in the Board of Directors.

Section 2: The Board of Directors shall be composed of the Group Director (who must be an officer or director of an active member bank) from each CBAI Group, the immediate past-president of CBAI, the State Directors to the IBAA, providing they are officers of active member banks of CBAI; a President, a First Vice President, a Second Vice President, four Regional Vice Presidents, one each from the Chicago Area Region, Northern Illinois Region, Central Illinois Region, and Southern Illinois Region; a Treasurer and the Executive Director.

Section 3: Election of Group Directors. The members in each Group shall elect a Group Director at a Group Meeting held not more than 150 days before the Convention or by caucus of the members of the Group at the Convention. The term of office for each Group Director shall be for two years with election for Group Directors in odd numbered Groups held in odd numbered years and elections for Group Directors in even numbered Groups held in even numbered years. (For Group Directors elected in 1988 for the terms commencing October 1, 1989, Group Directors in odd numbered Groups shall have a term of one year, and Group Directors in even numbered Groups shall have a term of two years.) If for any reason a Group fails to elect a Director or a Director fails to complete his or her term of office, the Board of Directors shall have the power to appoint a Director to fill any vacancy in said Group until the next Group meeting. The terms of Group Directors shall begin on the first day of October immediately following their election. Once an individual has been elected to serve as Group Director for two consecutive terms, then he or she shall not be permitted to stand for election as Group Director for the immediately following term.

Section 4: The President shall appoint a Nominating Committee, with the advice and consent of the Executive Committee, of at least five (5) members, not more than 180 days or less than 150 days prior to the annual meeting to nominate such officers as specified in the Association's By-Laws.

Section 5: A quorum at meetings of the Board of Directors shall be a majority of the Board of Directors.

Section 6: Meetings of the Board of Directors shall be called by the President or a majority of the Board of Directors.

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CBAI INFORMATION

ARTICLE 6—Cont'd

Section 7: The President, First Vice President, Second Vice President, four Regional Vice Presidents, Treasurer, Immediate Past President and Executive Director shall be the Executive Committee and shall have charge of the affairs of the Association during the intervals between meetings of the Board of Directors. The President shall report to the Board of Directors at its next meeting.

ARTICLE 6

— Officers —

Section 1: The officers of the Association shall be a President, a First Vice President, a Second Vice President, four Regional Vice Presidents; one each from the Chicago Area Region, Northern Illinois Region, Central Illinois Region, and Southern Illinois Region; a Treasurer and an Executive Director. The Executive Director shall be a voting member of the Board.

Section 2: With the exception of the Executive Director, officers of the Association shall be elected at the annual meeting of the Association and shall hold office for one (1) year, or until their successors are elected and qualified. Any qualified member may hold a position as an officer on the Executive Committee for no greater than four (4) consecutive years unless he or she is elected Second Vice President, First Vice President or President in the second, third, or fourth consecutive years. Under no circumstances shall any qualified member hold a position as an officer on the Executive Committee for more than eight (8) consecutive years. If for any reason an officer fails to complete his or her term of office, the Board of Directors shall have the power to appoint an officer to fill any vacancy in said office until the next annual election.

Section 3: The elective officers shall each be an executive officer or director of an active member bank.

Section 4: The President, First Vice President, Second Vice President, four Regional Vice Presidents and Treasurer shall be elected by mail ballot submitted to the entire active membership of the Association, enclosed in the notice of the regular session of the Convention with the Report of the Committee on Nominations. If replies are received from such members prior to the regular session of the Convention, the candidates receiving the highest number of votes shall be declared elected at the Convention. In the event there is only one nominee for an elective office, in lieu of the nominee appearing on a ballot, the Executive Director shall prepare and mail to each active member bank with the Report of the Committee on Nominations a certificate that only one name was placed in nomination for the elective office and that the nominee will be declared duly elected at the Convention. The terms of the officers as elected shall begin on the first day of October immediately following their election.

Section 5: The Board of Directors shall elect the Executive Director to serve for such time and receive such compensation for his services as it may determine. The Board of Directors may also, at its discretion, retain a Legal Counsel, Legislative Counsel or other consultants as necessary who shall receive such compensation as it may direct.

ARTICLE 7

— Duties of Officers —

Section 1: The President shall perform the duties usually incumbent upon the office of the President; shall appoint all committees with the advice and consent of the Executive Committee and shall be an ex-officio member of all committees; shall preside at regular and special meetings of the membership and of the Board of Directors and Executive Committee meetings.

Section 2: The First Vice President will share the duties and responsibilities of the Association with the President. Further, the First Vice President will assume all of the duties of the Presidency in the event the President is incapacitated or becomes ineligible to serve as President during his or her term of office.

Section 3: The Second Vice President shall assist the President and First Vice President in handling the overall affairs of the Association. Further, the Second Vice President will assume all of the duties of the First Vice Presidency in the event the First Vice President is incapacitated or becomes ineligible to serve as an officer during his or her term of office.

Section 4: The four Regional Vice Presidents shall assist the President in handling affairs of the Association and will improve, coordinate and supervise Region activity programs through the various Groups of the Association within their respective Regions.

Section 5: The Executive Director shall keep the minutes of the Board, Executive Committee and the membership; and shall mail all notices of meetings at the direction of the President, keep the records of the Association and manage the Association's operations pursuant to the personnel policy manual and Strategic Plan approved by the Board of Directors.

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Attach B

CBAI INFORMATION

Article 7—Cont'd

Section 6: The Treasurer shall collect and be responsible for all dues and for safe-keeping of the money of the Association; shall present an annual financial report and present financial reports at any time upon request of the President or the Board of Directors. The Treasurer is to be bonded in an amount determined by the Board of Directors.

ARTICLE 8

— Regions —

Section 1: In order to coordinate the efforts and objectives of the Association, the active member banks will be divided into geographical regions and groups as may be determined by the Board of Directors from time to time. The Chicago Area Region includes CBAI Groups 1 and 2; the Northern Illinois Region includes CBAI Groups 3, 4, 5, and 6; the Central Illinois Region includes CBAI Groups 7, 8, 9, and 10; and the Southern Illinois Region includes CBAI Groups 11, 12, and 13.

Section 2: Each Group should hold at least one general meeting each year, the dates for which shall be set by the Vice President of each Region for its Groups with the advice and consent of the Group Director for each Group.

ARTICLE 9

— Determination of Association Policy —

The basic policy of this Association is to advance the principles of community banking and to oppose the concentration of control of banking resources in the State of Illinois and the nation as being detrimental to the public interest.

Section 1: The determination of Association policy shall be vested in the Convention, excepting that resolutions relating to the Association's policies on bank structure shall be submitted by the Board of Directors by mail to the membership. Other matters of policy not inconsistent with any previous decision of the active membership may be determined by the Board of Directors.

(a) The Board of Directors must direct the President to submit to the membership for mail vote any matters on bank structure if requested to do so by 50 or more active members.

(b) "Bank Structure" shall, for the purpose of this Article, mean: (a) the form or forms of bank ownership, including holding companies; (b) the number and types of facilities, additional offices, agencies, or branches permitted or prohibited apart from the main banking house of a bank; and (c) the number and types of banking functions prohibited or permitted apart from the main banking house of a bank.

Section 2: The Convention's determination of Association policy shall be made by a vote of the majority of the delegates present and voting at any regular or special session of the Convention on resolutions submitted in accordance with this Constitution.

Section 3: Resolutions to be presented at a regular session of the Convention shall be submitted in writing to active members only to the Board of Directors not later than 45 days prior to said Convention. The Board of Directors shall include the proposed resolution in its official notice of said Convention together with any other resolutions it may desire to submit to the Convention. The Board of Directors shall submit said resolutions to said Convention for action.

Section 4: The Board of Directors' determination of policy shall be made at any meeting of the Board by a vote of 60 percent of the members present.

Section 5: The President, if authorized by the Board, shall submit any question of policy by mail to the entire active membership of the Association. If replies are received from a majority of such members and if 60 percent of the replying members concur, the policy and action of the Association shall be determined accordingly. Such submission of questions of policy for mail vote shall be accompanied by a brief statement of facts and explanation of the need for action thereon.

ARTICLE 10

— Liability —

There shall be no personal liability whatsoever upon the members of the Association for corporate obligations. Members shall have no right, title or interest in and to the property or other assets of the Association.

ARTICLE 11

— Nonprofit Corporation —

The Association does not afford pecuniary gain, incidentally or otherwise, to its members. In case of dissolution of the Association, all assets remaining after payment of all debts shall be distributed among such educational and/or charitable institutions that are exempt from federal income taxation as may be determined by the Board of Directors at the time of dissolution.

Continued next page

CBAI INFORMATION

ARTICLE 12

— Amendments —

This Constitution may be amended at any session of the Convention by a vote of two-thirds of the delegates present and voting. The proposed amendment shall be submitted to the Board of Directors not later than 60 days prior to such session. The Board of Directors shall include the proposed amendment in its official notice of such session, together with comments, if any, thereon. Any proposed amendment may itself be amended at the session of the Convention at which presented, by a two-thirds vote of the delegates present and voting.

Attach B

CB AI INFORMATION

BY-LAWS OF COMMUNITY BANKERS ASSOCIATION OF ILLINOIS

ARTICLE 1

— Fiscal Year —

Section 1: The fiscal year of the Association shall begin July 1.

ARTICLE 2

— Dues —

Section 1: The annual dues of active members and financial associate members of the Association shall be based upon the resources of said entities as of the immediately preceding December 31st and in accordance with the following schedule:

ASSETS	ANNUAL DUES
Up to \$ million \$100.00	
\$ 5 million — 9 million	\$ 240.00 + \$37.00 per million over \$ 5 million
10 million — 19 million	440.00 + 24.00 per million over 10 million
20 million — 39 million	660.00 + 19.00 per million over 20 million
40 million — 59 million	1,030.00 + 16.00 per million over 40 million
60 million — 99 million	1,390.00 + 10.50 per million over 60 million
100 million — 199 million	1,805.00 + 5.50 per million over 100 million
200 million — 299 million	2,350.00 + 4.00 per million over 200 million
300 million — 399 million	2,730.00 + 3.00 per million over 300 million
400 million and up	3,075.00 + 2.50 per million over 400 million

Section 2: The annual dues for Associate Members of the Association shall be determined by the Board of Directors. There shall be at least two subclasses of associate members: 1) financial associate members, and 2) nonfinancial associate members. A financial associate member is any commercial bank or other financial institution that does not qualify as an active member. A nonfinancial associate member is any person, firm or corporation that is not a financial institution.

Section 3: The annual dues for members shall be payable in semi-annual payments in advance on June 1st and December 1st of each year. On June 1st the Executive Director or Treasurer shall make a draft upon each member for one half of the annual dues, based on the member's resources as of the immediately preceding December 31st. On December 1st the Executive Director or Treasurer shall make a draft upon each member for one half of the annual dues, based on the member's resources as of the immediately preceding June 30th.

Section 4: Members joining after the beginning of the fiscal year shall be required to pay dues ratably for the remaining portion of the fiscal year.

Section 5: The initial semi-annual dues assessment will be waived for newly chartered banks (one year or less in existence) that join within the first 90 days of semi-annual period. For newly chartered banks joining after the first 90 days of semi-annual period, dues will be waived until the second semi-annual dues assessment. Thereafter, the banks will be assessed according to the payment schedule provided in Article 2, Section 1 of these By-Laws.

Section 6: The Board of Directors may from time to time offer complimentary memberships for specific periods of time or other special incentives to nonmembers in conjunction with member development programs. A two-thirds majority of the Board is required to offer such incentives.

Section 7: Banks that are commonly owned, either as subsidiaries of a multiple bank holding company or as in a chain banking operation, are eligible to receive a dues discount if and only if all banks in a multiple bank holding company or chain banking operation are members of the Association. The Board of Directors shall determine the discount and which banks shall qualify for the discount. For purposes of this Section, a chain banking operation shall constitute two or more banks in which the same person owns at least 10 percent of the voting stock in each of the banks.

ARTICLE 3

— Termination of Membership —

Section 1: Any member may resign by filing a written resignation with the Executive Director, but such resignation shall not relieve said member of any obligation to pay any indebtedness due the Association.

Section 2: Any financial institution or related organization or person that has been expelled from membership by a two-thirds vote of all the members of the Board of Directors for any reason other than nonpayment of dues may appeal to the total membership. A ballot with separate letters from the Board of Directors and the expelled member, each stating its case, will be sent to the entire membership. The ballots will be promptly returned to and counted by a neutral party. A two-thirds majority of the members voting is required to reinstate the expelled member.

Continued next page

CB AI INFORMATION

ARTICLE 4

— Order of Business at all Sessions of the Convention —

Section 1: The order of business at all sessions of the Convention shall be determined by the President and Executive Director in the arrangement of the program for each Convention.

ARTICLE 5

— Committees —

Section 1: Standing Committees of the Association are hereby established as follows:

COMMITTEE ON MEMBERSHIP	COMMITTEE ON STRATEGIC PLANNING
COMMITTEE ON COMMUNICATIONS	COMMITTEE ON SPECIAL EVENTS
COMMITTEE ON LEGISLATION, REGULATION AND AGRICULTURE	COMMITTEE ON EDUCATION
	COMMITTEE ON FINANCE

Section 2: The Standing Committees shall give consideration to all matters implied in their respective titles of interest and benefit to the membership of the Association, and shall make such recommendations as they see fit to the Board of Directors. The President shall appoint members of the Executive Committee as chairmen of the various Standing Committees on the basis of one chairman for each Standing Committee. No Executive Committee member may serve as chairman of more than one Standing Committee simultaneously.

Section 3: A Past Presidents' Council, to be comprised of all former Presidents of the Association and the current President, is hereby established. The Council shall meet during the Association's annual convention and upon the request of any Council member. Its function shall be to periodically monitor and evaluate the direction of the Association to insure that the original purpose of the Association is not forgotten. It shall report directly to the Board of Directors and shall meet with the Board of Directors whenever called upon.

ARTICLE 6

— Committee on Nominations —

Section 1: The Nominating Committee is to be appointed by the President, with the advice and consent of the Executive Committee, of at least five (5) members, not more than 180 days or less than 150 days prior to the annual Convention to nominate offices for President, First Vice President, Second Vice President, the four Regional Vice Presidents and Treasurer.

Section 2: The Committee shall advise the membership that it will, until 90 days prior to the regular session of the Convention, receive nominations from the general membership, in writing, endorsed and signed on behalf of at least twenty active members; if those criteria are not met, the Committee on Nominations shall have the power to nominate a qualified active member by a vote of 60 percent of the members present at the Committee meeting. Each nominee must be qualified to hold office in that he must be an Executive Officer or Director of an active member bank. No candidates shall be permitted to stand for election until he or she has filed a written consent to serve with the Chairman of the Nominating Committee.

Section 3: Not later than thirty days before the date of the regular session of the Convention, the Committee shall cause to have published and submitted to the members of the Association in the official notice of the regular session of the Convention, its report and a ballot or certification listing all nominations for each of the elective offices, the names of the candidates for each office to be arranged in alphabetical order.

Section 4: The election of officers shall take place as provided in Article 6, Section 4, of the Constitution.

ARTICLE 7

— Indemnification —

Section 1: Any person, his or her heirs, executors, or administrators, may be indemnified or reimbursed by the Association for reasonable expenses actually incurred in connection with any action, suit or proceeding, civil or criminal, to which he, she or they shall be made party by reason of his or her having been a director, officer or employee of the Association or of any firm, corporation, or organization which he or she served in any such capacity at the request of the Association; provided, however, that no person shall be so indemnified or reimbursed in relation to any matter in such action, suit or proceeding as to which he or she shall finally be adjudged to have been guilty of, or liable for, willful misconduct, gross neglect of duty or criminal acts in the performance of his or her duties to the Association; and, provided further, that no person shall be indemnified or reimbursed in relation to any matter in such action, suit or proceeding which has been made the subject of a compromise settlement except with the approval

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Att. L. B.

CBAI INFORMATION

ARTICLE 7—Cont'd
Section 1—Cont'd

of a court of competent jurisdiction. This right of indemnification or reimbursement shall not be exclusive of other rights to which such person, his or her heirs, executors or administrators, may be entitled as a matter of law. The Board of Directors of the Association is hereby authorized to purchase directors and officers liability insurance coverage which will be paid by the Association.

ARTICLE 8

— Rules of Procedure —

Section 1: Robert's Rules of Order shall determine the conduct of any and all meetings of this Association, except where otherwise provided in the By-Laws.

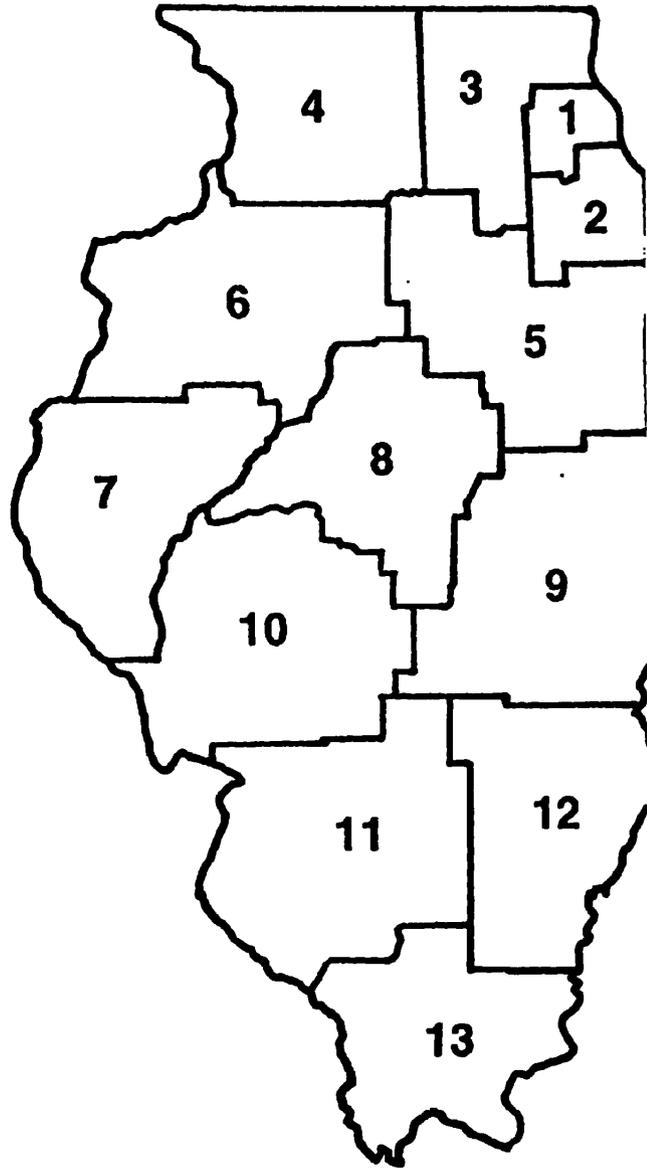
ARTICLE 9

— Amendments —

Section 1: The Board of Directors may from time to time alter or amend these By-Laws by a vote of three-fifths of the members. Notice of the proposed alteration or amendments shall be given to the members of the Board of Directors prior to the date of such meeting.

CBAI INFORMATION

**MAP OF
CBAI GROUPS**



Attch. B