

[SAMPLE SAVINGS BANK BYLAWS]

IMPORTANT: While all savings banks' bylaws may contain similar provisions, each savings bank, preferably in consultation with legal counsel, should tailor its bylaws to fit its operations and comply with applicable law. These sample bylaws are not all-inclusive nor is each provision necessarily relevant to every savings bank. These sample bylaws may be revised from time to time.

**BYLAWS
of**

ARTICLE ONE - - LOCATION OF THE BUSINESS OFFICE

The location of the business office shall be _____, in the city of _____, County of _____, State of Illinois.

ARTICLE TWO - - SEAL

The seal of the savings bank shall be a disk with the words _____ in the margin and _____ in the center, and shall be in the custody of the secretary.

ARTICLE THREE - - MEMBERS

Section 1. Members.

[Mutual savings bank] The membership of the savings bank shall consist solely of every depositor or holder of a deposit account issued by the savings bank. In compliance with applicable provisions of the Savings Bank Act and any other law, and subject to contractual obligations of the Savings Bank, the Savings Bank may reject any application for membership, as the Board of Directors may determine. [Note: An institution converting to savings bank may retain borrowers as members pursuant to section 4001(c) of the Savings Bank Act.]

[Capital stock savings bank] The membership of the savings bank shall consist solely of the owners of the capital stock of the savings bank. [Note: An institution converting to savings bank may retain depositors and borrowers as voting or non-voting members pursuant to section 4001(c) of the Savings Bank Act.]

Section 2. Corporate Governance Documents. The savings bank shall cause a true copy of its Articles of Incorporation and Bylaws and all amendments thereto to be available to members at all times, and shall upon request deliver to any member a copy of such Articles of Incorporation, Bylaws and amendments.

[Mutual savings bank - Optional] Section 3. Maximum Votes. No member shall cast more than 1000 votes regardless of the aggregate value of the member's accounts or the matter subject to a member vote.

[Note: A mutual savings bank may adopt a "different voting arrangement" pursuant to Section 4005(b)(2) of the Savings Bank Act.]

ARTICLE FOUR - - MEMBERS MEETINGS

Section 1. The date of the annual meeting of members shall be not more than 120 days after the close of the savings bank's fiscal year.

Section 2. Nomination of Directors. (a) [For this subsection (a), two samples are provided.]

[Sample 1] (a) The entire board of directors shall act as nominating committee for selecting nominees for election as directors. As provided in this Section 2, it shall be the duty of the nominating committee to select nominees for election as directors. Except in the case of a nominee substituted as a result of incapacity or refusal to serve of a nominee of the committee, the nominating committee shall file written nominations with the secretary at least [10, 20, or other number] [business] days before the date of the annual or special meeting at which the election is to take place. No nominations for directors except those made by the nominating committee shall be voted on at the annual or special meeting unless a nomination is made by a member expressly in accordance with paragraphs (b) or (c) of this Section 2.

[Sample 2] (a) The majority of the board of directors shall create a nominating committee and shall appoint not less than three members of the board to serve on the committee. No member of the nominating committee shall be an employee or officer of the savings bank and the majority of the members of committee also shall have no significant relationship with any senior executive or senior officer of the savings bank. As provided in this Section 2, it shall be the duty of the nominating committee to select nominees for elections as directors [Alternative Language: it shall be the duty of the nominating committee to select, and recommend to the Board, nominees for election as directors]. Except in the case of a nominee substituted as a result of the incapacity or refusal to serve of a nominee of the committee [Alternative Language: substitute "board" for "committee"], the nominating committee shall file written nominations [Alternative Language: if applicable, add "as approved by the board"] with the secretary at least [10, 20, or other number] [business] days before the date of the annual or special meeting at which the election is to take place. No nominations for directors except those made by the nominating committee [Alternative Language: if applicable, add "as approved by the

board”] shall be voted on at the annual or special meeting unless nominations by members are made expressly in accordance with paragraphs (b) or (c) this Section 2.

(b) A member or members holding of record at least [(percentage that would not unreasonably restrict members ability to make nominations)]% of the savings banks outstanding deposit accounts [if a capital stock savings bank, substitute “capital stock” for “deposit accounts”] by written verified petition may nominate individuals for election to the Board, provided that neither the nominating member or members, nor the individual nominated by such member or members is under indictment for or has ever been convicted of, a felony involving dishonesty or breach of trust; has been subjected to a cease and desist order by a financial institution regulatory agency for conduct involving dishonesty or breach of trust; has been found by a regulatory agency or court to have breached a fiduciary duty involving personal profit or committed a willful violation of any law, rule or regulation governing banking, securities, commodities, insurance or any other financial service, or any cease and desist order issued by a financial services regulatory agency. A member or members wishing to nominate an individual for election to the Board shall submit such nomination to the secretary of the savings bank not less than [10, 20, or other number] [business] days before the date of the annual or special meeting at which the election is to take place. The secretary of the savings bank shall communicate any such member nominations to the nominating committee.

(c) If the nominating committee shall fail or refuse to act at least [10, 20, or other number] [business] days before the date of the annual or special meeting at which the election of directors is to take place, nominations for directors may be made at the meeting by any member entitled to vote and shall be voted upon, provided that an election of a director shall be void if either the nominating member, or the individual nominated by such member is under indictment for or has ever been convicted of, a felony involving dishonesty or breach of trust; has been subjected to a cease and desist order by a bank regulatory agency for conduct involving dishonesty or breach of trust; has been found by a regulatory agency or court to have breached a fiduciary duty involving personal profit or committed a willful violation of any law, rule or regulation governing banking, securities, commodities, insurance or other financial service, or any cease and desist order issued by a financial services regulatory agency.

(d) Ballots bearing the names of all individuals nominated pursuant to paragraphs (a) or (b) of this Section 2 shall be provided for use at the annual or special meeting at which the election is to take place.

Section 3. Proposal of New business. Any new business upon which action of the members is requested at the annual meeting, other than consideration of the report of officers, directors, or committees, or business specifically stated in the call for the meeting, shall be stated in writing and filed with the secretary at least [10, 20, or other number] [business] days before the date of the annual meeting. However, any member may make any other proposal at the annual meeting and the same may be discussed; but unless stated in writing and timely filed as required by this Section 3, any such proposal

shall be laid over for action at an adjourned, special or regular meeting of the members taking place [30 or other number] days or more after the annual meeting.

Section 4. Voting by Proxy. Voting at any annual or special meeting of the members may be by proxy. No proxy shall be voted at any meeting unless such proxy shall have been placed on file with the secretary of the savings bank for verification at least [10 or other number] business days prior to the date on which such meeting shall convene.

[Optional] Section 5. No Cumulative Voting. Each member shall be entitled to one vote for each share held by such member and cumulative voting for directors shall not be permitted. [Note: The savings bank should seek advice of counsel on issue of member cumulative voting for directors. The 1970 Illinois Constitution eliminated the provision in the 1870 Constitution that guaranteed corporation shareholders cumulative voting for corporation directors, except for corporations in existence on July 1, 1971. *Roanoke Agency v. Edgar*, 461 N.E.2d 1365. Because the savings bank chartered did not come into existence until 1989, it appears that savings bank members may not have a constitutional right to vote cumulatively for directors (even if savings banks were to be considered "corporations" or "incorporated companies" under the 1870 and 1970 constitutional provisions). The Savings Bank Act (SBA) (205 ILCS 205) itself does not mention "cumulative voting." However, SBA section 4005(b) states members shall have one vote for each share held. If the SBA were deemed to lack guidance on a matter of corporation governance, SBA section 1008(b) permits – but does not require -- a savings bank to follow Illinois Business Corporation Act (BCA) (805 ILCS 5). Accordingly, while the savings bank may opt to follow the BCA, it does not appear that it must to adhere to BCA section 7.40 which gives shareholders right to cumulative voting unless eliminated or limited in the articles of incorporation, as adopted or amended.]

ARTICLE FIVE – DIRECTORS

Section 1. Number. [For this Section 1, two sample options are provided. Choose one.]
[Option 1] The board of directors to be elected shall consist of _____ directors [an odd number, not fewer than 5 or more than 15].

[Option 2] The board of directors to be elected initially shall of _____ directors [an odd number, not fewer than 5]. Thereafter, the board of directors to be elected shall consist of not less than five nor more than fifteen directors as determined from time to time by vote of the directors without further amendment of these bylaws. A decrease in the number of directors shall not terminate or shorten an incumbent director's term.

[Optional] Section 2. Classes. The Directors shall be divided into [Class "A" Directors and Class "B" Directors *OR* Class "A" Directors, Class "B" Directors and Class "C" Directors] (2 or 3 classes are permitted). Each class shall be as nearly equal in number as is possible. Each Director, regardless of class, shall be elected to serve until the [same number as number of classes] annual meeting of the members following his or her election or until his or her successor is elected and qualifies, except as follows:

The Class "A" Directors elected at the annual meeting of the members held on _____, shall serve until the next annual meeting, or until their successors are elected and qualified; and

The Class "B" Directors elected at the annual meeting of the members held on _____, shall serve until the second annual meeting following this meeting or until their successors are elected and qualified. [The provision is needed only if bylaws create three classes of directors]

If any person is elected or appointed a Director to replace a Director who, for any reason, ceases to be a Director before the expiration of his or her term, the newly elected or appointed Director shall serve until the annual meeting of the members, at which Directors of the same class as the replaced Director are to be elected, or until his or her successor is elected and qualified.

Section 3. Vacancies. Any vacancy occurring in the board of directors and any directorship to be filled by reason of an increase in the number of directors may be filled by election at an annual meeting or at a special meeting of members called for that purpose; provided, however, vacancies arising between meetings of shareholders by reason of an increase in the number of directors or otherwise may be filled by appointment of the board of directors. A director elected by the shareholders to fill a vacancy shall hold office for the balance of the term for which he or she was elected. A director appointed to fill a vacancy shall serve until the next meeting of shareholders at which directors are to be elected.

Section 4. Organization - Regular Meetings. The organization meeting of the board of directors shall be held without other notice than this Bylaw immediately after and at the same place as the annual meeting of members, unless otherwise announced at the annual meeting by, the presiding officer. Regular meetings of the directors shall be held on the _____ of each month at the savings bank's place of business or at such other place and at such hour as the directors may determine by resolution.

Section 5. Special Meeting - Notice. Special meetings of the directors may be called by the Secretary of the Illinois Department of Financial and Professional Regulation, or by the president and the secretary and shall be called by either the president or secretary upon request in writing signed by a majority of directors. At least twelve hours' notice must be received by each director of the time, place and purpose of such meeting. A meeting may be held on shorter notice if all directors consent. No business shall be considered at any special meeting except that specified in the call without consent of all of the directors.

Section 6. Committees. The directors shall appoint all committees, standing or special, as may be deemed necessary to carry out the corporate powers of the savings bank and shall provide for the filling of vacancies on such committees.

Section 7. Directors' Personal Liability. A director is not personally liable to the savings bank or its members for monetary damages for breach of their fiduciary duty; provided, however, that such liability is not eliminated or limited for any of the following:

- A. An act or omission that is grossly negligent;
- B. A breach of the duty of loyalty to the savings bank or its members;
- C. Acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- D. A transaction from which the director derived an improper personal benefit; or
- E. An act or omission occurring before the effective date of this Section 7 of Article 5, of the bylaws of the savings bank.

Notwithstanding any other provision of these bylaws, no indemnification or purchase of insurance by the savings bank may be promised or made by the savings bank if the indemnification or insurance would eliminate or limit a director's personal liability for any act, omission, or transaction described in Items A through E of this Section 7. The immediately preceding sentence is not intended to limit savings bank's authority otherwise available under these bylaws and applicable law to purchase and maintain insurance for the benefit of the savings bank itself.

ARTICLE SIX - - OFFICERS - TITLES - DUTIES

Section 1. Election - Duties. The officers of the savings bank shall consist of a president, one or more vice presidents, a secretary, and a treasurer, who shall have such powers and duties as may be assigned to them by law or these Bylaws. Any two or more officers may be held by the same person except that one person shall not hold the offices of president and secretary. The directors may leave unfilled any office except those of president, vice-president, secretary and treasurer. In addition to the foregoing offices, there may be elected one or more assistant secretaries and assistant treasurers, or an assistant secretary and treasurer, whose duties shall be to assist the principal secretary and treasurer or secretary and treasurer and in the absence of such principal officers or in the case of their inability to act, such assistants shall be vested with all of the powers and duties of their respective principals. Any one of such officers may be designated to act as the executive officer of the savings bank. All officers shall hold office until their successors are elected and qualified.

Section 2. President. The president (in the absence of resolution of the Board to the contrary) shall preside at all meetings of the members and directors and shall be an ex officio member of all committees. He shall advise and assist all officers of the savings bank in the discharge of their duties.

Section 3. Vice President. The seniority of the vice presidents shall be determined at the time they are elected, and they shall preside at meetings and serve in the absence of the president according to such rank. They shall perform the duties of the president in case of his/her absence or inability to act, and assist the president and executive officer in the discharge of their duties as the directors may determine. The directors may designate additional duties to be performed by the vice president.

Section 4. Secretary. The secretary shall keep the minutes of the meetings of the members and of the directors; be custodian of the seal of the corporation and see that the seal is affixed to all documents the execution of which requires the same; keep a record of the names and addresses of the officers and directors, including any changes thereof, and notifying the Illinois Department of Financial and Professional Regulation in accordance with the Savings Bank Act of any such change and in general perform all duties incident to the office of the secretary.

Section 5. Treasurer. The treasurer, with the approval of the directors, shall designate the bank or banks to be used as depositories for the funds of the savings bank. He/she shall exercise all duties incident to the office of treasurer and shall have additional duties as may be assigned to him/her by the directors.

Section 6. Executive Officer - Title, Powers and Duties. The President shall be the executive officer of the savings bank. In addition to his other powers and duties, he shall be responsible for the following: keeping the books and accounts, receiving and safekeeping all monies, securities and other property of the savings bank; accounting for all receipts, fees and charges of every character for services in behalf of the savings bank to any member or prospective member; recording conveyances to the savings bank, mortgages and other papers required to be recorded; such action from time to time as may be necessary to keep insured the interests of the savings bank in any property; protection of the interests of the savings bank in all tax or special assessment sales, forfeitures or foreclosures; reports of the financial condition of the savings bank at the annual meeting of the members and meetings of the directors; filing annual and such other reports with the Illinois Department of Financial and Professional Regulation in accordance with the Savings Bank Act, including the publication thereof, causing notices for annual and special meetings in accordance with legal requirements; and keeping records of any transaction that directors, officers, employees, or agents may have in connection with the savings bank's shares or other property, it being incumbent upon them to report the same to him/her.

ARTICLE SEVEN -- INDEMNIFICATION

Section 1. Legal Action. (a) The savings bank may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the savings bank) by reason of the fact that he or she is or was a director, officer, employee or agent of the savings bank against expenses

(including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to the best interests of the savings bank, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the savings bank or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful.

(b) The savings bank may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the savings bank to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the savings bank against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the savings bank, provided that no indemnification shall be made with respect to any claim, issue, or matter as to which such person has been adjudged to have been liable to the savings bank unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Section 2. Successful Defense. To the extent that a present or former director, officer, employee, or agent of the savings bank has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Section 1 of this Article 7 or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, if the person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation.

Section 3. Proper Determination. Any indemnification under Sections 1 and 2 of this Article 7 shall be made by the savings bank only as authorized in the specific case, upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 1 and 2 of this Article 7 and in compliance with Section 7 of Article 5. Such determination shall be made: (1) by the majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, (2) by a committee of the directors who are not parties to such action, suit, or proceeding, even though less than a quorum, designated by a majority vote of the directors, (3) if there are no such directors, or if the directors so direct, by independent legal counsel in a written opinion, or (4) by the members. [Alternative language for the prior sentence:

Such determination shall be made: (1) by the Board of Directors by a majority vote of a quorum consisting of directors who are not parties to such action, (2) by independent counsel, or (3) by the members.]

Section 4. Indemnification Not Exclusive. The indemnification and advancement of expenses provided by or granted under this Article 7 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of members or disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.

Section 5. Insurance. The savings bank may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the savings bank against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of this Article 7, except as prohibited by Section 7 of Article 5.

Section 6. Report to Members. If the savings bank indemnifies or advances expenses to a director, officer, employee, or agent under subsection (b) of Section 1 of this Article 7, the corporation shall report the indemnification or advance in writing to the shareholders with or before the notice of the next shareholders meeting.

Section 7. Continuation of Indemnification. The indemnification and advancement of expenses provided by or granted under this Article 7 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of that person.

Section 8. Applicable Law. Notwithstanding any other Section of this Article 7, no indemnification or purchase of insurance may be promised or made unless in compliance with applicable federal and State law, rules, or regulations.

ARTICLE EIGHT - EXECUTION OF INSTRUMENTS

The president, or a vice president, and secretary, or an assistant secretary, shall sign all documents and instruments in writing required by the directors or authorized by them to be executed in behalf of the savings bank. Acting jointly with the secretary, or an assistant secretary, the president, or a vice president, may release or partially release mortgages upon the repayment in full or partial payment of loans.

ARTICLE NINE - CAPITAL ACCOUNTS

Section 1. If authorized by the Articles of Incorporation or by an amendment thereto, capital stock shares may be issued in the amount set forth in the Articles of Incorporation and shall be in conformity with all applicable provisions of the Savings Bank Act and these Bylaws relating to same.

Section 2. Cash dividends may be declared annually, semiannually or quarterly on capital stock shares in accordance with the Savings Bank Act. A stock dividend may be declared out of undivided profits at any time.

ARTICLE TEN - - DEPOSIT ACCOUNTS

Section 1. Issuance. Deposit accounts may be issued on such terms as the board of directors may prescribe and shall be in accord with all applicable laws and regulations.

Section 2. Enforced Retirement. The Savings Bank by resolution of the Board of Directors in compliance with applicable provisions of the Savings Bank Act and any other law may retire deposits accounts not pledged as security for loans, and subject to contractual obligations of the Savings Bank, by enforcing the retirement thereof, as the Board of Directors may determine.

ARTICLE ELEVEN - - FISCAL YEAR

The fiscal year of the savings bank shall end on the _____ day of the month of _____ of each year.

ARTICLE TWELVE - - AMENDMENT

These Bylaws may be made, altered, amended or repealed by the board of directors at any meeting by a majority vote of a quorum of the directors unless these Bylaws otherwise require a supermajority for action. No bylaw shall be effective unless approved by the Illinois Department of Financial and Professional Regulation in accordance with the Savings Bank Act.