



BY-LAWS OF THE CHICAGO ASSOCIATION OF REALTORS®, INC.

Revised by Board of Directors - April 2012

C.A.R. amendments approved by membership on June 7, 2012

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**BY-LAWS
OF THE
CHICAGO ASSOCIATION OF REALTORS®, INC.**

ARTICLE I — PURPOSE

These By-laws are adopted to establish the organizational structure and rules of proceeding of the Chicago Association of REALTORS®, Inc.

ARTICLE II — NAME

2.1 Name.

The official name of this organization shall be the Chicago Association of REALTORS®, Inc., an Illinois not-for-profit corporation, herein referred to as “CAR”.

2.2 REALTORS®.

Inclusion and retention of the registered collective membership mark “REALTORS®” in the name of CAR shall be governed by the constitution and by-laws of NAR, as the same has been and may be, from time to time hereafter, amended.

ARTICLE III — DEFINITIONS

3.1 CAR.

The Chicago Association of REALTORS®, Inc. an Illinois not-for-profit corporation.

3.2 CAR / MLS.

The Chicago Association of REALTORS®, Inc. Multiple Listing Service, an Illinois corporation.

3.3 Code of Ethics and Arbitration Manual.

The *Code of Ethics and Arbitration Manual* of the National Association of REALTORS® (“NAR”), including the NAR “Code of Ethics,” as the same has been and may be, from time to time hereafter, amended.

3.4 IAR.

The Illinois Association of REALTORS®, Inc., an Illinois not-for-profit corporation

3.5 Member.

A member of CAR pursuant to Articles VI and VII of these By-laws. The following shall be the nine categories of Members authorized pursuant to these By-laws:

- A. REALTOR® Member.
- B. Institute Affiliate Member.
- C. Affiliate Member.
- D. Honorary Member.
- E. Property Owner Member.
- F. Active Life Member.
- G. Honorary Life Member.
- H. Hall of Fame Member.
- I. Emeritus Member.

3.6 NAR.

The National Association of REALTORS®, Inc., an Illinois corporation.

3.7 Policy and Procedure Manual.

That certain Policy and Procedure Manual adopted and approved by the Board of Directors and containing various rules, regulations, policies, and procedures of CAR and CAR / MLS, as the same has been and may be, from time to time hereafter, amended. In the event of a conflict between the provisions of these By-laws and the provisions of the Policy and Procedure Manual, the provisions of these By-laws shall control to the extent of any such conflict.

ARTICLE IV — OBJECTIVES

The objectives of CAR are as follows:

1. To unite those engaged in the recognized branches of the real estate profession for the purpose of exerting a beneficial influence upon the profession and related interests.
2. To promote and maintain high standards of conduct in the real estate profession as expressed in the Code of Ethics.
3. To provide a unified medium for real estate owners and those engaged in the real estate profession whereby their interests may be safeguarded and advanced.
4. To further the interests of home and other real property ownership.
5. To unite those engaged in the real estate profession in this community with IAR and NAR, thereby furthering their objectives throughout the State of Illinois and the nation and securing the benefits and privileges of membership therein.
6. To designate, for the benefit of the public, those individuals authorized to use the term REALTOR®, as licensed, prescribed, and controlled by NAR.

7. To offer instruction in subjects related to the real estate profession designed to assist persons desiring to enter the profession and to improve the skills of persons who are already members of the profession.
8. To further the constructive growth of the City of Chicago and its metropolitan area, to promote economy and efficiency in government, particularly at the local levels, and to assist in affecting an equitable distribution of the tax burden.
9. To facilitate the negotiation of real estate transactions.
10. To compile reliable information concerning real estate, its trends and market conditions.

ARTICLE V — JURISDICTION

5.1 Territorial Jurisdiction.

The territorial jurisdiction of CAR, as a member association of NAR, shall include all areas within the corporate boundaries of the City of Chicago and such other areas as depicted on the map of the territorial jurisdiction of CAR on file in the offices of CAR.

The West Towns Board of REALTORS® is from the intersection of Harlem and Roosevelt Road, east on Roosevelt Road to Cicero Avenue, thence south along Cicero to the Sanitary Canal, then west along the Sanitary Canal to the easterly city limits of Forest View, then south to the southern limits of Forest View, thence west to Joliet Road and 1st Avenue, north on 1st Avenue to 47th Street, thence west on 47th to Custer Avenue, thence north on Custer to Ogden Avenue, from that point east on Ogden Avenue to Harlem Avenue, thence north on Harlem Avenue to 26th Street, west on 26th Street to 19th Avenue, north on 19th Avenue to Cermak Road, east on Cermak Road to DesPlaines River, north along DesPlaines River to intersection of DesPlaines River and North Riverside's north city limits, thence east to Harlem Avenue and north on Harlem Avenue to Roosevelt Road (12th Street, the point of beginning).

5.2 Control of Use of REALTOR® Terms.

Within the territorial jurisdiction of CAR, CAR shall have the right and duty to control the use of the terms REALTOR® and REALTORS®, subject to the conditions set forth in these By-laws and in the By-laws of NAR, in return for which CAR shall protect and safeguard the property rights of NAR in those terms.

5.3 Division of Territorial Jurisdiction.

CAR shall not entertain, approve or endorse any endeavor to divide the territorial jurisdiction of CAR.

ARTICLE VI — MEMBERSHIP

6.1 REALTOR® Members.

A. General Description.

The following is a general description of the different types of REALTOR® Members:

1. Individuals who are sole proprietors, partners, corporate officers, or branch office managers and are engaged actively in the real estate profession by buying, selling, exchanging, renting, leasing, managing, appraising for others for compensation, counseling, building, developing, or subdividing real estate, and who maintain or are associated with an established real estate office located within the State of Illinois, or a state contiguous thereto. All individuals who are partners in a partnership, and all officers in a corporation, who are actively engaged in the real estate profession within the State of Illinois or a state contiguous thereto shall qualify for REALTOR® membership only, and each is required to hold REALTOR® membership in a board / association of REALTORS® in the State of Illinois or a state contiguous thereto unless otherwise qualified for Institute Affiliate membership pursuant to these By-laws. REALTOR® Members may obtain membership in a secondary board / association in a state other than Illinois.

In a case of a real estate firm, partnership, or corporation, whose business activity is substantially all commercial, only those principals actively engaged in the real estate business in connection with the same office, or any other offices within the jurisdiction of the board/association in which one of the firm's principals holds REALTOR® membership, shall be required to hold REALTOR® membership unless otherwise qualified for Institute Affiliate Membership as described in Section 6.2 of Article VI of these Bylaws.

2. Individuals who are engaged in the real estate profession other than as sole proprietors, partners, corporate officers, or branch office managers, and are associated with a REALTOR® Member and meet the qualifications set out in Article VII of these By-laws.
3. Corporate officers (who may be licensed or unlicensed) of a real estate brokerage franchise organization with at least 150 franchisees located within the United States, its insular possessions and the commonwealth of Puerto Rico, elected to membership pursuant to the constitution and by-laws of NAR. Such individuals shall enjoy all of the rights, privileges and obligations of a REALTOR® Member (including compliance with the Code of Ethics) except for (a) obligations related to board mandated education, (b) meeting attendance, (c) indoctrination classes or other similar requirements, (d) the right to use the term REALTOR® in connection with their franchise organization's name, and (e) the right to hold elective office in CAR, IAR, or NAR.

B. Primary and Secondary REALTOR® Members.

1. Primary REALTOR® Member. A REALTOR® Member is a "Primary REALTOR® Member" of CAR if such REALTOR® Member has selected CAR as its "Primary" Association and, consequently, CAR pays IAR and NAR dues based on such REALTOR®

Member. In order for a Primary REALTOR® Member affiliated with a real estate firm to be a Primary REALTOR® Member, one of the principals of such firm must be a “Designated REALTOR® Member” of CAR as further set forth in Subsection 6.1.C of these By-laws.

2. Secondary REALTOR® Member. A REALTOR® Member is a “Secondary REALTOR® Member” of CAR if such REALTOR® Member has not selected CAR as its “Primary” Association and, consequently, such REALTOR® Member’s state association and NAR dues are remitted through a board / association other than CAR.

C. Designated REALTOR® Members.

Each firm shall designate in writing one REALTOR® Member who shall be responsible for all duties and obligations of membership including the obligation to arbitrate pursuant to Article 17 of the Code of Ethics and the obligation to pay CAR dues as established in Article XII of these By-laws. The Designated REALTOR® Member shall be a sole proprietor, partner, corporate officer, or branch office manager acting on behalf of the firm’s principal(s) and shall meet all other qualifications for a REALTOR® Member pursuant to these By-laws.

6.2 Institute Affiliate Members.

Institute Affiliate Members shall be (a) individuals who hold a professional designation awarded by an Institute, Society, or Council affiliated with NAR that addresses a specialty area other than residential brokerage, or (b) individuals who otherwise hold a class of membership in such Institute, Society, or Council that confers the right to hold office. Any such individual, if otherwise eligible, may elect to be a REALTOR® Member, subject to payment of applicable dues.

6.3 Affiliate Members.

Affiliate Members shall be individuals, firms, or corporations, wherever residing or located, who, while not engaged in the real estate profession as described in Paragraph 6.1.A or Section 6.2 of these By-laws, have interests requiring information concerning real estate, and who share and are in sympathy with the objectives of CAR. Affiliate Members shall not be entitled to vote, to hold office, use the term REALTOR® or be a Participant or Subscriber in CAR /MLS (MRED); except as provided under Section 14.2 of these By-laws.

6.4 Honorary Members.

Honorary Members shall be individuals who are not engaged in the real estate profession but who have performed notable service for the real estate profession, for CAR, or for the public. Honorary Members shall not be entitled to vote, to hold office, or to use the term REALTOR®.

6.5 Honorary Life Members.

Honorary Life Members shall be (a) the past presidents of CAR or any of its predecessor entities, (b) individuals holding membership for a total of 40 years or more in CAR or any of its predecessor entities, (c) Active Life Members, (c) Hall of Fame Members, and (d) such other Member regardless of classification or term of membership, who has, pursuant to a duly adopted resolution of the Board of Directors, been granted an exemption from CAR dues,

excepting those amounts as shall from time to time constitute the portion of CAR dues to NAR and IAR imposed on CAR for such Member's membership in CAR and the Designated REALTOR® dues formula. Honorary Life Members shall be entitled to vote and to hold office if prior to becoming an Honorary Life Member the Honorary Life Member was a REALTOR® Member of CAR or an active member of any of CAR's predecessor entities.

6.6 Hall of Fame Members.

Hall of Fame Members shall be individuals who satisfy each of the criteria for Hall of Fame membership as set forth in the Policy and Procedure Manual and as determined by the Board of Directors, and who have been nominated by the Hall of Fame Governing Committee and elected to the CAR Hall of Fame by the Board of Directors. Hall of Fame Members shall not be entitled to vote, to hold office, or to use the term REALTOR®, unless the Hall of Fame Member is a REALTOR® Member.

6.7 Emeritus Members.

Emeritus Members shall be any individual who is a REALTOR® Member and who has been a REALTOR®-Principal, REALTOR® or Honorary Member for 40 or more years. Emeritus Members shall have the right to vote, to hold office, and to use the term REALTOR®.

ARTICLE VII — MEMBERSHIP APPLICATION, QUALIFICATIONS, AND ELECTION

7.1 Application.

A. General Requirement.

Application to be a Member shall be made in such manner and form as may be prescribed and made available by the Board of Directors.

B. Compliance With Applicable Rules.

As a condition to membership, the application shall, at a minimum, require the applicant to be thoroughly familiar, and to comply at all times, with the Code of Ethics and Arbitration Manual and the constitution, by-laws, and rules and regulations of CAR, IAR, and NAR, including, without limitation, the obligation to arbitrate controversies as specified by Article 17 of the Code of Ethics.

C. Consent to Investigation.

As a condition to membership, the applicant shall acknowledge and agree that CAR, through its Membership Department, may invite and receive information and comment about the applicant from any Member or other sources. The applicant shall further acknowledge and agree that any information and comment furnished to CAR by any person with regard to a membership application, shall be conclusively deemed to be privileged and shall not form the basis of any action for slander, libel, or defamation of character.

7.2 Qualifications.

A. REALTOR® Member.

1. **Principal REALTOR® Members.** To qualify as a REALTOR® Member who is a principal, partner, corporate officer, or branch office manager of a real estate firm, the applicant shall supply, at a minimum, the following evidence and commitments satisfactory to CAR:

- (a) that the applicant is actively engaged in the real estate profession;
- (b) that the applicant has a place of business within the State of Illinois or within a state contiguous thereto (unless a Secondary Member pursuant to Subsection 6.1.B of these By-laws);
- (c) that the applicant has no record of official sanctions involving unprofessional conduct;
- (d) that the applicant shall, within three months after election to membership, complete a course of instruction or other approved orientation program covering these By-laws, the Policy and Procedure Manual, and the other rules and regulations of CAR, as well as the Code of Ethics and Arbitration Manual and the constitution, by-laws, and rules and regulations of IAR and NAR, and an additional course of instruction on equal opportunity in housing; provided, however that this requirement shall not apply to an applicant that currently is or was, within the immediately preceding year, a member of another REALTOR® board / association; and
- (e) that the applicant shall, if elected to membership, abide by the Code of Ethics and Arbitration Manual and the constitution, by-laws, and rules and regulations of CAR, IAR, and NAR, including the obligation to arbitrate controversies as specified by Article 17 of the Code of Ethics.

2. **Non-Principal REALTOR® Members.** To qualify as a REALTOR® Member who is actively engaged in the real estate profession other than as a principal, partner, corporate officer, or branch office manager, the applicant shall supply, at a minimum, the following evidence and commitments satisfactory to CAR:

- (a) that the applicant, at the time of application, is associated either as an employee of, or as an independent contractor with, a Designated REALTOR® Member of CAR, or a Designated REALTOR® Member of another board / association (if a Secondary Member);
- (b) that the applicant shall maintain a current, valid real estate license or be licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property;

- (c) that the applicant shall, within three months after election to membership, complete a course of instruction or other approved orientation program covering these By-laws, the Policy and Procedure Manual, and the other rules and regulations of CAR, as well as the Code of Ethics and Arbitration Manual and the Constitution, By-laws, and Rules and Regulations of IAR and NAR; provided, however that this requirement shall not apply to an applicant that currently is or was, within the immediately preceding year, a member of another REALTOR® board / association; and
- (d) that the applicant shall, if elected to membership, abide by the Code of Ethics and Arbitration Manual and the Constitution, By-laws, and Rules and Regulations of CAR, IAR, and NAR, including the obligation to arbitrate controversies as specified by Article 17 of the Code of Ethics.

3. Additional Factors. CAR shall also consider the following factors in determining an applicant's qualifications to be a REALTOR® Member:

- (a) All final findings of Code of Ethics violations and violations of membership duties in any other board / association within three years immediately preceding the date of the application;
- (b) Pending ethics complaints or hearings;
- (c) Unsatisfied discipline pending;
- (d) Pending arbitration requests or hearings;
- (e) Unpaid arbitration awards or unpaid financial obligations to any other board / association or board / association multiple listing service.
- (f) Any misuse of the term REALTOR® or REALTORS® in the name of the applicant's firm.

4. Provisional Members. Provided all other qualifications for membership have been satisfied, CAR may grant provisional membership in instances where ethics complaints or arbitration requests or hearings are pending in another board / association or where the applicant has unsatisfied discipline pending in another board / association except for an unfulfilled sanction pending which was imposed by another board/association for violation of the Code of Ethics. CAR may reconsider the provisional membership status of an applicant when all pending ethics and arbitration matters (and related discipline) have been resolved or if such matters are not resolved within six months from the date that provisional membership was approved. Provisional Members shall be considered REALTOR® Members and shall be subject to all of the same privileges and obligations of REALTOR® Members.

5. Pending Ethics Matter. If an applicant resigns from another board / association with an ethics complaint or arbitration request pending, CAR may

condition the applicant's CAR membership on the applicant's certification that the applicant shall submit to the pending ethics or arbitration proceeding (in accordance with the established procedures and rules of CAR) and will abide by the decision of the hearing panel.

B. Other Memberships. To qualify to be a Member other than a REALTOR® or Institute Affiliate Member, the applicant shall satisfy the requirements, and shall supply such information, evidence, and commitments as the Board of Directors may prescribe.

7.3 Election.

A. Review of Application. Upon receipt of a membership application, the Membership Department of CAR shall conduct such review, investigations and other actions as the Department deems necessary to verify the information in the application and to determine whether the proposed membership complies with the requirements of these By-laws.

B. Membership Department Determination; Provisional Membership. Following its review of an application, the Membership Department shall determine whether an applicant is eligible under these By-laws for the class of membership applied for. Thereafter, the Membership Department shall transmit its written determination to the Board of Directors for a final decision on the application; provided, however, that the Membership Department may, upon its determination that an applicant is eligible under these By-laws for the class of membership applied for, grant the applicant provisional membership in the appropriate class. Any such provisional membership shall automatically terminate in the event that (i) the application is not approved by the Board of Directors pursuant to Paragraph 7.3.C of these By-laws, or (ii) the applicant fails to complete the orientation program and course instruction pursuant to Paragraph 7.3.D of these By-laws. Dues shall be computed from the date of application and shall be non-refundable unless the Board of Directors terminates the individual's membership in accordance with subsection A of this Section. In such instances, dues shall be returned to the individual less a prorated amount to cover the number of days that the individual received association services and all application fees.

C. Decision of Board of Directors. The Board of Directors may review the application, the qualifications of the applicant, the Membership Department determination, and any materials and information compiled by the Membership Department or otherwise relevant to the issuance of the requested membership, and shall then vote on the applicant's eligibility for the membership applied for.

1. Approval. If the Board of Directors votes to approve an application, the application shall be deemed approved and written notification of such approval shall be transmitted to the applicant; provided, however, that any such membership approved by the Board of Directors shall automatically terminate in the event that the applicant fails to complete the orientation program and course instruction pursuant to Subsection 7.3.D of these By-laws.

2. Denial. If the Board of Directors does not approve an application, the application shall be deemed denied; provided, however, that the Board of Directors may not deny an application without providing the applicant an opportunity to appear before the Board of Directors, to call witnesses on the applicant's behalf, to be represented by counsel, and to make such statements under oath as are relevant to the

application at issue. The Board of Directors may also have counsel present. The Board of Directors shall require that written minutes be made of any hearing before it, or may electronically or mechanically record the proceedings. Following the proceedings, the Board of Directors may make a final decision to deny the membership application and terminate any provisional membership issued by the Membership Department.

3. Record; Litigation. If the Board of Directors denies a membership application or otherwise terminates any provisional membership issued by the Membership Department, the Board of Directors shall file the record of the proceedings and any findings of the Board with the Chief Executive Officer. If the Board of Directors believes that denial or termination of membership may become the basis of litigation and a claim of damage by the applicant, the Board of Directors may specify that the denial or termination at issue shall become effective upon entry in a suit by CAR for a declaratory judgment by a court of competent jurisdiction of a final judgment declaring that the denial or termination is proper and does not violate the rights of the applicant.

D. Mandatory Instruction and Orientation Courses. All applicants applying for REALTOR® membership for the first time shall not be finally declared elected to membership unless and until the applicant attends and completes an orientation program on the Code of Ethics of not less than two hours and thirty minutes of instructional time, in addition to other topics as may be identified by CAR-from time to time, within three consecutive scheduled orientation classes (except for applicants who are currently, or were within the immediately preceding year, a member of another REALTOR® board / association and can provide proof of completion of such orientation course). Failure to complete the orientation program within the time stated herein, shall result in the automatic termination of any provisional membership granted by the Membership Department pursuant to Subsection 7.3.B of these By-laws and of any membership granted by the Board of Directors pursuant to Subsection 7.3.C of these By-laws.

E. Continuing Member Code of Ethics Training. Effective January 1, 2001, through December 31, 2004, and for successive four year periods thereafter, each REALTOR® member of the association shall be required to complete quadrennial ethics training of not less than two hours and thirty minutes of instructional time. This requirement will be satisfied upon presentation of documentation that the member has completed a course of instruction conducted by this or another association, the State Association of REALTORS®, the NATIONAL ASSOCIATION OF REALTORS®, or any other recognized educational institution or provider which meets the learning objectives and minimum criteria established by NATIONAL ASSOCIATION OF REALTORS® from time to time. REALTOR® members who have completed training as a requirement of membership in another association and REALTOR® members who have completed the New Member Code of Ethics Orientation during any four year cycle shall not be required to complete additional ethics training until a new four year cycle commences. Failure to satisfy this requirement shall be considered a violation of membership duty for which REALTOR® membership shall be suspended until such time as the training is completed. Members suspended for failing to meet the requirement for the first four (4)-year cycle (2001 through 2004) will have until December 31, 2005 to meet the requirement. Failure to meet the requirement by that time will result in automatic termination of membership. Failure to meet the requirement for the second (2005 through 2008) cycle and subsequent four (4) year cycles will result in suspension of membership for the first two months (January and February) of the year following the end of any four (4) year cycle or until the requirement is met, whichever occurs

sooner. On March 1 of that year, the membership of a member who is still suspended as of that date will be automatically terminated. (Adopted 1/01, revised 5/05)

F. Termination. Upon termination of an applicant's REALTOR® membership and/or any provisional membership status, the Designated REALTORS® dues formula shall apply to such licensee and a dues billing shall issue to such licensee's Designated REALTOR®.

G. Installation. Following final election to membership, applicants shall be installed in a manner as determined by the Board of Directors.

H. Membership Termination. The Board of Directors shall terminate from membership any REALTOR® Member whose license as a real estate broker, broker-salesperson, salesperson, or certified or duly licensed appraiser, has been denied, recalled, revoked, or otherwise terminated by the appropriate licensing authority of the State of Illinois. The Board of Directors shall also have the power to reinstate upon such terms and conditions as it deems appropriate any former Member terminated from membership because of loss of license in case such license has been restored or a new license granted.

7.4 Status Changes.

A. General Requirements. A REALTOR® Member who changes the conditions under which he or she holds membership shall provide written notification to the Membership Department of CAR within five business days of such change. A non-principal REALTOR® Member who becomes a principal in the firm with which he or she has been licensed or becomes a principal in a new firm comprised of REALTOR® principals, may be required to satisfy any previously unsatisfied membership requirements applicable to principal REALTOR® Members, provided that during the period of membership transition, the Member shall be subject to all of the privileges and obligations of a principal REALTOR® Member. If the non-principal REALTOR® Member does not satisfy the requirements established in these By-laws for the category of membership to which they have transferred within five business days of the date the Member advises CAR of the change in status, the Member's new membership application shall terminate automatically unless otherwise so directed by the Board of Directors. The Board of Directors may waive any qualification that the applicant has already fulfilled in accordance with these By-laws. Any application fee related to a change in membership status shall be reduced by an amount equal to any application fee previously paid by the applicant.

B. Dues. Dues shall be prorated from the first day of the quarter in which the Member is notified of election by the Board of Directors and shall be based on the new membership status for the remainder of the year.

ARTICLE VIII — PRIVILEGES AND OBLIGATIONS

8.1 General.

The privileges and obligations of Members, in addition to those otherwise provided in these By-laws, shall be as specified in this Article.

8.2 Disciplinary Actions for Violation of CAR Standards.

Any Member may be reprimanded, fined, suspended, or expelled by the Board of Directors for a violation of these By-laws, the Policy and Procedure Manual, the otherwise applicable rules and regulations of CAR, after a hearing as provided in the Code of Ethics and Arbitration Manual. Although Members other than REALTOR® Members may not be subject to the Code of Ethics or its enforcement by CAR, such Members are encouraged to abide by the principles established in the Code of Ethics and conduct their business and professional practices accordingly. Further, Members other than REALTOR® Members may, upon recommendation by a hearing panel of the Professional Standards Committee, be subject to discipline as described above, for any conduct that, in the opinion of the Board of Directors applied on a nondiscriminatory basis, reflects adversely on the terms REALTOR® or REALTORS®, and the real estate industry, or for conduct that is inconsistent with or adverse to the objectives and purposes of CAR, IAR, and / or NAR.

8.3 Disciplinary Action for Violation of Code of Ethics.

Any REALTOR® Member may be disciplined by the Board of Directors for violations of the Code of Ethics or other duties of membership, after a hearing as described in the Code of Ethics and Arbitration Manual, provided that the discipline imposed is consistent with the discipline authorized by the Professional Standards Committee of NAR as set forth in the Code of Ethics and Arbitration Manual.

8.4 Resignations.

A. Indebtedness. Resignations of Members shall become effective when received in writing by the Board of Directors; provided, however, that if any resigning Member is indebted to CAR for dues, fees, fines, or other assessments of CAR or any of CAR's services, departments, divisions, or subsidiaries, the indebtedness shall survive any such resignation and the Board of Directors shall have the authority to condition the right of the resigning Member to reapply for membership upon payment in full of all such monies owed.

B. Pending Ethics or Arbitration Matter. If a Member resigns from CAR or otherwise causes membership to terminate with an ethics complaint pending, that Board of Directors may condition the right of the resigning Member to reapply for membership upon the applicant's certification that he/she will submit to the pending ethics proceeding and will abide by the decision of the hearing panel. If a Member resigns from CAR or otherwise causes membership to terminate, the duty to submit to arbitration continues in effect even after membership lapses or is terminated, provided that the dispute arose while the former member was a REALTOR®.

8.5 REALTOR® Members.

A. General Authority. Primary and Secondary REALTOR® Members in good standing whose membership has not been terminated for unpaid financial obligations or otherwise shall be entitled to vote and to hold office in CAR.

B. Use of REALTOR® Term. Subject to the terms of these By-laws, including, without limitation, Article X of these By-laws, REALTOR® Members may use the terms REALTOR® and REALTORS®.

C. General Obligations. REALTOR® Members have the primary responsibility to safeguard and promote the standards, interests, and welfare of CAR and the real estate profession.

D. Suspension or Termination of Principal REALTOR® Members.

1. Use of REALTOR® Term. If a REALTOR® Member is a principal in a firm, partnership, or corporation, and is suspended or terminated, the firm, partnership, or corporation shall not use the terms REALTOR® or REALTORS® in connection with its business during the period of suspension, or until readmission of the REALTOR® Member, unless the REALTOR® Member's connection with the firm, partnership or corporation is severed, or all management control is removed or otherwise relinquished. If a REALTOR® Member other than a sole proprietor in a firm, a partner in a partnership, or an officer of a corporation is suspended or terminated, the use of the terms REALTOR® or REALTORS® by the firm, partnership, or corporation shall not be affected.

2. Effect on Affiliated Principal. The membership of all principals, partners or corporate officers shall terminate or suspend, as the case may be, during the period of suspension of the disciplined REALTOR® Member or until readmission of the Member or unless the Member's connection with the firm, partnership, or corporation is severed, or unless all management and control is removed or otherwise relinquished. Removal of the REALTOR® Member from any management control shall be certified to CAR by the suspended or terminated Member and by the individual who is assuming management control. Signatures of such certification shall be notarized. Upon such certification, the membership of other partners, corporate officers, or other individuals affiliated with the firm shall not be affected, and the firm, partnership, or corporation may continue to use the terms REALTOR® and REALTORS® in connection with its business during the period of suspension or until the disciplined Member regains membership.

3. Effect on Affiliated Non-Principals. The membership of REALTOR® Members other than principals who are employed or affiliated as independent contractors with the disciplined Member shall terminate or suspend, as the case may be, during the period of suspension of the disciplined REALTOR® Member or until readmission of the Member or unless the Member's connection with the firm, partnership, or corporation is severed, or unless all management and control is removed or otherwise relinquished, or unless the non-Principal REALTOR® Member elects to sever his or her connection with the REALTOR® Member and affiliate with another REALTOR® Member in good standing.

4. Continuing Rights. Nothing in this Subsection 8.5.D shall be construed to preclude a suspended or terminated REALTOR® Member from functioning as an employee or independent contractor, providing no management control is exercised.

E. Notice of Suspension or Termination. In any action to suspend or terminate a REALTOR® Member under Subsection 8.5.D of these By-laws, notice shall be given to all REALTOR® Members employed by or affiliated as independent contractors with the disciplined REALTOR® Member. Such notice shall state, at a minimum, that the provisions of Subsection 8.5.D shall apply; provided, however, that failure to provide the notice set forth in

this Subsection shall not invalidate or otherwise affect any action taken pursuant to Subsection 8.5.D of these By-laws.

F. Annual Reporting. REALTOR® Members shall annually provide CAR with a signed affidavit listing all real estate licensees (salespersons or brokers) who are employed by or affiliated with them as independent contractors. If two or more REALTOR® Members are principals of the same firm, partnership or corporation, then one REALTOR® Member shall be designated in writing from time to time by such firm, partnership or corporation as the Designated REALTOR®. Such Designated REALTOR® shall be responsible for providing CAR with the current list of salespersons or brokers and shall be further responsible for payment of dues and other financial obligations as set forth in Article XII of these By-laws. The Designated REALTOR® shall notify CAR within five business days of each addition or deletion to the list of its real estate licensees employed by or affiliated with that firm.

8.6 Institute Affiliate Members.

Institute Affiliate Members shall have such rights and privileges and shall be subject to such obligations as may be prescribed by the Board of Directors in compliance with the Constitution and By-laws of NAR; however, no Institute Affiliate Member may be granted the right to use the term REALTOR®, REALTOR-ASSOCIATE®, or the REALTOR® logo; to serve as President of CAR; or to be a Participant in CAR/MLS.

8.7 Affiliate Members.

Affiliate Members shall have such rights and privileges and shall be subject to such obligations as may be prescribed by the Board of Directors.

8.8 Honorary Life Members.

Honorary Life membership shall have such rights and privileges and shall be subject to such obligations as may be prescribed by the Board of Directors.

8.9 Honorary Members.

Honorary membership shall have such rights and privileges and shall be subject to such obligations as may be prescribed by the Board of Directors.

8.10 Hall of Fame Members.

Hall of Fame Members shall have such rights and privileges and shall be subject to such obligations as may be prescribed by the Board of Directors.

8.11 Emeritus Members.

Emeritus Members shall have such rights and privileges and shall be subject to such obligations as may be prescribed by the Board of Directors.

8.12 Certification by Designated REALTOR®.

Designated REALTOR® Members shall certify to CAR each year, on a form provided by CAR, a complete listing of all individuals licensed or certified in the Designated REALTOR®'s office(s). The Designated REALTOR® shall also designate a primary association for each individual who holds membership. Designated REALTORS® shall also identify any non-member licensees in the REALTOR®'s office(s). If Designated REALTOR® dues have been paid to another board / association based on said non-member licensees, the Designated REALTOR® shall identify the board / association to which dues have been remitted. These certifications shall be used for purposes of calculating dues under Article XII of these By-laws. Designated REALTOR® Members shall also notify CAR of any additional individual(s) licensed or certified with the Member's firm(s) within five business days of the date of affiliation or severance of the individual.

8.13 Harassment.

Any member of the association may be reprimanded, placed on probation, suspended or expelled for harassment of an association employee or association officer or director after an investigation in accordance with the procedures of the association. As used in this Section, harassment means any verbal or physical conduct including threatening or obscene language, unwelcome sexual advances, stalking, actions including strikes, shoves, kicks, or other similar physical contact, or threats to do the same, or any other conduct with the purpose or effect of unreasonably interfering with an individual's work performance by creating a hostile, intimidating or offensive work environment. The decision of the appropriate disciplinary action to be taken shall be made by the investigatory team comprised of the president, and president-elect and/or vice president and one member of the board of directors selected by the highest ranking officer not named in the complaint, upon consultation with legal counsel for the association. Disciplinary action may include any sanction authorized in the associations Code of Ethics and Arbitration manual. If the complaint names the president, president-elect or vice president, they may not participate in the proceedings and shall be replaced by the immediate past president or, alternatively, by another member of the board of directors selected by the highest ranking officer not named in the complaint.

8.14 Ensuring the Security of Listed Property.

No Member responsible for a real estate listing shall provide any third-party access to the listed real estate without the seller's consent and pursuant to the terms and conditions that the seller may reasonably request. No Member shall provide lockbox codes or similar access devices or information to unauthorized third-parties. No Member who holds, possesses, or is responsible for an electronic keycard shall allow that electronic keycard to be used by any person other than the person specifically authorized to use the keycard. No Member shall give an electronic code or combo code to any person not specifically authorized to use or possess the code. Except as specifically authorized by its owner, no Member shall tamper with, destroy, or remove a lockbox or similar security device. In addition to the provisions of this Section, Members shall comply with all rules and regulations that the Association may from time-to-time adopt and promulgate regarding the security of listed and other real estate. Subject to notice and an opportunity to be heard on and appeal any fine or other punishment imposed pursuant to this Section, any Member that violates the provisions of this Section or any of the rules and regulations that the Association adopts and promulgates regarding the security of listed and other real estate shall

be subject to a fine or other appropriate punishment in an amount established and as otherwise determined by the Board of Directors.

ARTICLE IX — PROFESSIONAL STANDARDS

9.1 Code of Ethics and Arbitration Manual.

A. Applicability. The responsibility of CAR and the Board of Directors to enforce the Code of Ethics, discipline Members, and arbitrate disputes, and the organization and procedures incident thereto, shall be governed by the Code of Ethics and Arbitration Manual; provided, however, that any provision deemed inconsistent with Illinois law shall be deleted or amended as necessary to comply with Illinois law.

B. Duty of REALTOR® Members. It shall be the duty and responsibility of every REALTOR® Member of CAR to abide by (a) the Articles of Incorporation, By-laws, Policy and Procedure Manual, and other Rules and Regulations of CAR; (b) the Constitution and By-laws of IAR and NAR; (c) the Code of Ethics and Arbitration Manual, including the duty to arbitrate controversies in accordance with Article 17 of the Code of Ethics and the duty to present evidence and cooperate in any way with any disciplinary hearing or investigation in accordance with Article 14 of the Code of Ethics.

C. Ethics Decision Appeal. An appeal from an ethics decision must be accompanied by a fee as established by the Board of Directors.

9.2 Manner of Invoking Arbitration.

The Secretary / Treasurer, or their designee, shall refer arbitration requests and responses to the Chairperson of the Grievance Committee for determination by the Committee within 10 business days, as to whether the matter is subject to arbitration. Each party must sign the arbitration agreement and deposit a fee established by the Board of Directors.

ARTICLE X — USE OF THE TERMS REALTOR® AND REALTORS®

10.1 Governing Rules.

Use of the terms REALTOR® and REALTORS® by Members shall, at all times, be subject to the provisions of the Constitution and By-laws of NAR and to the rules and regulations prescribed by NAR's board of directors. CAR shall have the authority to control, jointly and in full cooperation with NAR, use of the terms within CAR's jurisdiction. Any misuse of the terms by members is a violation of a membership duty and may subject members to disciplinary action by the Board of Directors after a hearing as provided for in the association's Code of Ethics and Arbitration Manual.

10.2 REALTOR® Members.

REALTOR® Members shall have the privilege of using the terms REALTOR® and REALTORS® in connection with their places of business within the State of Illinois or within a state contiguous thereto so long as they remain REALTOR® Members in good standing. Except as otherwise provided in these By-laws, no other class of Members shall have this privilege.

10.3 Principal REALTOR® Members.

REALTOR® Members who are principals of a real estate firm, partnership, or corporation may use the terms REALTOR® and REALTORS® only if all the principals of any such firm, partnership, or corporation who are actively engaged in the real estate profession within the State of Illinois or within a state contiguous thereto are REALTOR® Members or Institute Affiliate Members.

A. Commercial Members. In a case of a REALTOR® member who is the principal of a real estate firm, partnership, or corporation whose business activity is substantially all commercial, the right to use the term REALTOR® or REALTORS® shall be limited to office locations in which a principal, partner, corporate officer, or branch office manager of the firm, partnership, or corporation holds REALTOR® membership. If a firm, partnership, or corporation operates additional places of business in which no principal, partner, corporate officer, or branch office manager holds REALTOR® membership, the term REALTOR® or REALTORS® may not be used in any reference to those additional places of business.

10.4 Institute Affiliate Members.

Institute Affiliate Members shall not use the terms REALTOR® or REALTORS® or the imprint of the emblem seal of NAR.

ARTICLE XI — STATE AND NATIONAL MEMBERSHIPS

11.1 Membership.

CAR shall be a member of NAR and IAR. By reason of such memberships, each REALTOR® Member shall be entitled to membership in NAR and IAR without further payment of dues. CAR shall continue as a member of NAR and IAR, unless a majority of all REALTOR® Members vote to withdraw from one or both organizations, in which case NAR or IAR, or both, as the case may be, shall be notified at least one month in advance of the date designated for the termination of such membership.

11.2 Exclusivity.

CAR recognizes the exclusive property rights of NAR in the terms REALTOR® and REALTORS®. CAR shall discontinue use of the terms in any form in its name, upon ceasing to be a member of NAR, or upon a determination by the board of directors of NAR that CAR has violated the conditions imposed upon the terms.

11.3 Adoption of Code of Ethics and Arbitration Manual.

CAR hereby adopts the Code of Ethics and Arbitration Manual and agrees to enforce the Code among its REALTOR® Members. CAR and all of its Members agree to abide by the Constitution, By-laws, and Rules and Regulations and policies of NAR and IAR.

ARTICLE XII — DUES AND ASSESSMENTS

12.1 Application Fee.

A. REALTOR® Member. The Board of Directors may adopt an application fee for REALTOR® Members not in excess of three times the amount of the annual dues for REALTOR® Members (local, state and national dues). Subject to such maximum amount, the Board of Directors may adopt a policy to waive any application fee or set an alternate fees for new REALTOR® Members transferring to a CAR Member's office, as an employee or independent contractor, from another REALTOR® board / association. The application fee shall accompany each application for a REALTOR® Member.

B. Other Classes of Members. The application fee, if any, for other Member classifications shall be in such amount as established by the Board of Directors, consistent with the Constitution, Bylaws, and Rules and Regulations of NAR and IAR.

12.2 Dues.

A. REALTOR® Members.

1. Annual Dues. The annual dues for REALTOR® Members shall be the amount determined by the Board of Directors at a regularly scheduled Board of Directors meeting by August of each year plus an equal amount times the number of real estate salespersons and licensed or certified appraisers (1) who are employed by or affiliated as independent contractors or who are otherwise directly or indirectly licensed with such REALTOR® Member, and (2) who are not themselves REALTOR® Members of any board / association in the State of Illinois or in a state contiguous thereto or Institute Affiliate Members of CAR (collectively, "non-member licensees"). In calculating the dues for a Designated REALTOR® Member, non-member licensees as defined in (1) and (2) of this paragraph shall not be included in the computation of dues if the Designated REALTOR® Member has paid dues based on said non-member licensees in another board / association in the State of Illinois or in a state contiguous thereto, provided the Designated REALTOR® notifies CAR in writing of the identity of the other board / association to which dues have been remitted. In the case of a Designated REALTOR® Member in a firm, partnership, or corporation whose business activity is substantially all commercial, any assessments for non-member licensees shall be limited to licensees affiliated with the Designated REALTOR® (as defined in (1) and (2) of this paragraph) in the office where the Designated REALTOR® holds membership, and any other offices of the firm located within the jurisdiction of this board* (Amended 1/01)

2. REALTOR® Member Determination. For the purpose of this Section, a REALTOR® Member of a Member Board shall be held to be any Member who has a place or places of business within the State of Illinois or in a state contiguous to Illinois and who, as a principal, partner, corporate officer, or branch office manager of a real estate firm, partnership, or corporation, is actively engaged in the real estate profession as defined in Article III, Section 1, of the Constitution of the NATIONAL ASSOCIATION OF REALTORS®. An individual shall be deemed to be licensed with a REALTOR®, if the license of the individual is held by the REALTOR®, or by any broker who is licensed with the REALTOR®, or by any entity in which the REALTOR® has a direct or indirect ownership interest and which is engaged in other aspects of the real

estate business (except as provided for in Paragraph 1 of this Section) provided that such licensee is not otherwise included in the computation of dues payable by the principal, partner, corporate officer, or branch office manager of the entity.

3. Licensee Certification and Reporting. A REALTOR® with a direct or indirect ownership interest in an entity engaged exclusively in soliciting and/or referring clients and customers to the REALTOR® for consideration on a substantially exclusive basis shall annually file with CAR on a form approved by CAR a list of the licensees affiliated with that entity and shall certify that all of the licensees affiliated with the entity are solely engaged in referring clients and customers and are not engaged in listing, selling leasing, managing, counseling or appraising real property. The individuals disclosed on such form shall not be deemed to be licensed with the REALTOR® filing the form for purposes of this Section and shall not be included in calculating the annual dues of the Designated REALTOR®.

4. Prorated Dues. Membership dues shall be prorated for any licensee included on a certification form submitted to CAR who during the same calendar year applies for REALTOR® membership in CAR. However, membership dues shall not be prorated if the licensee held REALTOR® membership during the preceding calendar year.

5. Membership Termination. In the event a sales licensee who is a REALTOR® Member is terminated for nonpayment of CAR dues, and the licensee remains with the Designated REALTOR®'s firm, the dues obligation of the Designated REALTOR® shall be increased to reflect the addition of a non-member licensee. Dues shall be calculated from the first day of the current fiscal year and are payable within 30 days after the notice of termination.

B. Institute Affiliate Members. Dues for Institute Affiliate Members shall be as established in Article II of the NAR By-laws.

C. Other Classes of Membership. The dues of each other Member classification shall be in such amount as established annually by the Board of Directors.

12.3 Dues Payable.

A. Current Members. Dues for all Members shall be payable annually on or before October 1.

B. New Members. Dues from applicants elected as Members shall begin on the first day of the calendar quarter closest to the date of application and shall be prorated for the remainder of the year. In the case of provisional REALTOR® members, dues shall be computed from the date of application once provisional membership is granted.

C. Individual Associated with REALTOR® Members. All brokers, broker-salespersons, licensed or certified appraisers, and salespersons employed by or associated with a REALTOR® Member, as an independent contractor, must either apply for CAR membership or register with CAR's Membership Department within five business days of the date of employment or association.

D. Dues Adjustment. The adjustment of a REALTOR® Member's dues resulting from an increase in the size of the Member's operation shall take effect on the first day of the calendar quarter closest to the date of employment or association of the salespersons and licensed or certified appraisers.

E. Dues Waiver. C.A.R dues will be waived for REALTORS and their spouses called to active military duty. Such waiver must be requested in writing with 3rd party verification from an appropriate source (i.e. military supervisor and/or designated REALTOR).

12.4 Non-payment of Financial Obligations.

A. Suspension. If dues, fees, fines or other assessments owed to CAR, or to any entity created or controlled by CAR, are not paid within 30 days after the due date, the non-paying Member shall be subject to suspension by the Membership Department.

B. Termination. If dues, fees, fines, or other assessments owed to CAR, or to any entity created or controlled by CAR, are not paid within 60 days after the due date, the membership of the non-paying Member may be terminated at the discretion of the Board of Directors. Ninety (90) days after the due date, membership of the non-paying Member shall automatically terminate unless within that time the amount due is paid in-full.

C. Disputed Obligations. Notwithstanding Subsections 12.4.A and 12.4.B above, no membership shall be suspended or terminated once the non-paying Member has disputed the amount owed in writing, except by the Board of Directors, having considered all relevant information regarding the accuracy of the disputed amounts.

D. Continuing Rights Until Termination. Membership rights under these By-laws, including the right of a Member to vote, to hold office, shall not be affected or eliminated as a result of unpaid financial obligations, unless the membership of the Member is terminated pursuant to this Section.

E. Reinstatement. A Member terminated for unpaid financial obligations pursuant to this Section may apply for reinstatement in the same manner prescribed for new applicants for membership. Any such reinstatement shall be subject to such reinstatement fee as may be prescribed by the Board of Directors from time to time and to full payment of all unpaid financial obligations.

12.5 Notices.

CAR shall provide notice to the CAR Member of all delinquent dues, fees, fines, assessments and other financial obligations to CAR or to any entity created or controlled by CAR. The notice shall, at a minimum, set forth the amount owed and the due date. The failure to provide the notice set forth in this Section shall not invalidate or otherwise affect any amount owed pursuant to these By-laws.

ARTICLE XIII — OFFICERS

13.1 Identification and Term.

The officers of CAR shall be a President, President-Elect, and Secretary / Treasurer. The term of each officer shall commence on October 1 and shall be for one year or until their respective successors are duly elected and qualified. Except as provided in Section 13.3.C.1 and 13.5.C.1 of these By-laws, no individual other than a Primary or Secondary REALTOR® Member may serve as President, President-Elect, or Secretary / Treasurer. No Member shall be permitted to hold more than one office at any one time. Nothing herein shall prohibit an individual from serving as an officer of CAR and an officer of CAR / MLS at the same time.

13.2 President.

A. Ascension. The President-Elect shall ascend to the office of President immediately and automatically upon completion of a term as President-Elect; provided, however, that, prior to October 1, upon a vote of two-thirds of all Directors and the written assent of the President-Elect who would otherwise assume the office of President, the President may be authorized to serve one additional term as President and the President-Elect may be authorized to serve one additional term as President-Elect. Except as provided in the previous sentence, no Member shall serve more than one consecutive term as President.

B. Powers and Duties. The President shall be the Chairperson of the Board of Directors and shall have the power and duty to:

1. Preside at all meetings of the Board of Directors;
2. Sign all contracts and other documents and instruments duly authorized to be signed on behalf of CAR and required to be signed by the President;
3. Assign duties to officers, committees, and task forces of CAR to the extent not inconsistent with these By-laws;
4. Represent CAR as its President in all matters and on all occasions except to the extent expressly limited by these By-laws or by the Board of Directors;
5. Perform all other duties commonly pertaining to the office of President;
6. Serve as an ex-officio non-voting member on all CAR committees except for the Nominating Committee, the Grievance Committee and Professional Standards Committee. The President shall not serve on the Grievance Committee or the Professional Standards Committee. The President shall serve as full member of the Nominating Committee pursuant to Section 17.1 of these By-laws;
7. Serve as President of CAR / MLS and perform all other duties required pursuant to the CAR / MLS by-laws; and
8. Perform all other duties as may be prescribed by the Board of Directors.

C. President's Vote. The President shall have the same right to vote on matters brought before the Board of Directors as any other Director.

D. Absence or Inability to Act.

1. Temporary. In the event of the President's temporary absence or inability to act, as determined by the Board of Directors, the President-Elect shall, during such temporary absence or inability to act, preside at all meetings of the Board of Directors and perform all duties and exercise all powers within the normal purview of the President, except as otherwise specifically provided by the Board of Directors.

2. Permanent. In the event of the permanent absence or inability to act of the President, as determined by the Board of Directors, the President shall immediately resign and the President-Elect shall thereupon assume the office of President for the balance of the unexpired term of the vacant office, at which time the President-Elect shall continue to serve as President for the subsequent election year. If the President does not resign, the President shall be subject to removal (a) pursuant to a Member vote in accordance with the procedures set forth in Section 13.6 of these By-laws, or (b) by declaration of the Board of Directors that a vacancy in the office of President has occurred. Upon such vote or declaration, the President shall be deemed removed and the President-Elect shall assume the office of President for the balance of the unexpired term of the vacant office, at which time the President-Elect shall continue to serve as President for the subsequent election year.

13.3 President-Elect.

A. Election. The President-Elect shall be elected by the outgoing Board of Directors from the immediately preceding election year from among such members of such Board of Directors as may be nominated for such office by any Director. Except as specifically provided in Subsection 13.2.A, no Member shall serve as or be elected to the Office of President-Elect for more than one consecutive term. The President-Elect shall not serve on the Grievance Committee or the Professional Standards Committee.

B. Powers and Duties. The President-Elect shall have and be assigned such powers and duties as the Board of Directors may prescribe.

C. Absence or Inability to Act.

1. Temporary. In the event of the President-Elect's temporary absence or inability to act, as determined by the Board of Directors, the Chief Executive Officer shall, during such temporary absence or inability to act, serve as President-Elect and perform all duties and exercise all powers within the normal purview of the President-Elect, except as otherwise specifically provided by the Board of Directors. Under no circumstances shall the Chief Executive Officer become President.

2. Permanent. In the event of the permanent absence or inability to act of the President-Elect, as determined by the Board of Directors, the President-Elect shall immediately resign and a director chosen by the President, with the advice and consent of the Board of Directors, shall assume the office of President-Elect for the balance of the unexpired term of the vacant office. If the President-Elect does not

resign, the President-Elect shall be subject to removal (a) pursuant to a Member vote in accordance with the procedures set forth in Section 13.6 of these By-laws, or (b) by declaration of the Board of Directors that a vacancy in the office of President-Elect has occurred. Upon such vote or declaration, the President-Elect shall be deemed removed and a director chosen by the President, with the advice and consent of the Board of Directors, shall assume the office of President-Elect for the balance of the unexpired term of the vacant office.

13.4 Temporary President.

In the event that the Board of Directors determines that both the President and President-Elect are temporarily absent from, or unable to perform the duties of President at, a Board of Directors meeting, the Board of Directors shall select from their number a Temporary President to serve as President at said meeting and to perform the duties and to exercise the powers of the President at such meeting, except as otherwise specifically provided by the Board of Directors.

13.5 Secretary / Treasurer.

A. Election. The Secretary / Treasurer shall be elected by the outgoing Board of Directors from the immediately preceding election year from among such members of such Board of Directors as may be nominated for such office by any Director.

B. Powers and Duties. The Secretary / Treasurer shall serve as Secretary / Treasurer of CAR / MLS and shall have such other powers and duties as the Board of Directors may prescribe, including, without limitation, the following:

1. Finance Committee. The Secretary / Treasurer shall be the Chairperson of the Finance Committee.

2. Financial Matters. With regard to financial matters, the Secretary / Treasurer shall have the power and duty to:

- (a) Oversee and advise the Board of Directors regarding CAR's financial statements and accounting records, the receipt, deposit, and disbursement of all CAR funds, and CAR's accounting, investment, and control systems, policies, and procedures;
- (b) Oversee the maintenance of all of the Secretary / Treasurer's records at the main office of CAR;
- (c) Oversee the preparation and maintenance monthly statements of receipts and disbursements; and
- (d) Furnish such bonds, the cost of which shall be paid by CAR, as may be required by the Board of Directors for the faithful performance of the Secretary / Treasurer's official duties; and
- (e) Perform all other duties prescribed by these By-laws, applicable law, or the Board of Directors.

3. Secretarial Matters. With regard to secretarial matters, the Secretary / Treasurer shall have and be assigned such powers and duties as are set forth in these By-laws and as the Board of Directors may otherwise prescribe.

C. Absence or Inability to Act.

1. Temporary. In the event of the Secretary / Treasurer's temporary absence or inability to act, as determined by the Board of Directors, the Chief Executive Officer shall, during such temporary absence or inability to act, serve as Secretary / Treasurer and perform all duties and exercise all powers within the normal purview of the Secretary / Treasurer, except as otherwise specifically provided by the Board of Directors.

2. Permanent. In the event of the permanent absence or inability to act of the Secretary / Treasurer, the Secretary / Treasurer shall immediately resign and a director chosen by the President, with the advice and consent of the Board of Directors, shall assume the office of Secretary / Treasurer for the balance of the unexpired term of the vacant office. If the Secretary / Treasurer does not resign, the Secretary / Treasurer shall be subject to removal (a) pursuant to a Member vote in accordance with the procedures set forth in Section 13.6 of these By-laws, or (b) by declaration of the Board of Directors that a vacancy in the office of Secretary / Treasurer has occurred. Upon such vote or declaration, the Secretary / Treasurer shall be deemed removed and a director chosen by the President, with the advice and consent of the Board of Directors, shall assume the office of Secretary / Treasurer for the balance of the unexpired term of the vacant office.

13.6 Removal Upon Member Vote.

Any officer who fails to resign as set forth in this Article in the event of a permanent absence or inability to act shall be subject, in addition to removal by declaration of the Board of Directors as set forth in this Article, to removal by a Member vote as set forth below:

A. Petition. A petition (a "Removal Petition") calling for the removal of the officer and signed by not less than one-third of the Members or a majority of all Directors shall be filed with the Chief Executive Officer. The Removal Petition shall identify the officer and the nature of the individual's absence or incapacity that prevents the individual from fulfilling the duties of office.

B. Special Meeting. A special meeting of the Members shall be held not less than 20 days nor more than 45 days after receipt of the Removal Petition. Notice of the special meeting shall be given by the Chief Executive Officer to all Members not less than 10 days prior to the meeting. The special meeting shall be conducted by the President, unless the Removal Petition is directed at the President, in which case the next-ranking officer shall conduct the meeting. The sole business of the special meeting shall be to consider the charge against the officer, and to decide whether the officer should be removed. All sides shall have a fair opportunity to present their views on the proposed removal.

C. Decision. Upon a vote of three-fourths of the Members present and voting, the officer subject to the Removal Petition shall be removed and replaced as set forth in this Article.

ARTICLE XIV — BOARD OF DIRECTORS

14.1 General Powers.

The management and governing body of CAR shall be the Board of Directors consisting of 19 directors as set forth in this Article. Unless otherwise specifically set forth in these By-laws, all authorized actions of the Board of Directors shall be final and shall not require the approval of the Members in order to be valid. Nothing herein shall prohibit an individual from serving simultaneously as a director of CAR and as a director of CAR / MLS. As may be determined by the Board of Directors, it shall be the duty of the officers and directors of CAR to serve and function, by virtue of their respective positions, as the officers and / or directors of CAR's affiliated entities, including, without limitation, Northern Illinois Real Estate Information Network, the Cook County Real Estate Board, the Chicago Real Estate Board, and the Chicago Board of REALTORS®.

14.2 Directors.

A. Officer Directors (3). The President, President-Elect, and Secretary / Treasurer shall be directors by reason of their holding their respective offices ("Officer Directors"). The method of election and term of the Officer Directors shall be as set forth in Article XIII of these By-laws.

B. Immediate Past President (1). The President shall, immediately and automatically upon expiration of the President's term, be referred to as the Immediate Past President and shall automatically be a director for the immediately succeeding year. No Member other than a Primary or Secondary REALTOR® Member shall serve as the Immediate Past President.

C. Regional Directors (7).

1. Description. There shall be elected at-large seven directors from seven regions ("Regional Directors"). Directors shall serve staggered 2-year terms, with the odd numbered regions serving opposite the even numbered regions. Directors will be considered for election based upon the zip code of either their home address or principal place of business.

- **Region 1:** 60613, 60618, 60625, 60626, 60630, 60631, 60634, 60640, 60641, 60645, 60646, 60648, 60656, 60657, 60659, 60660
- **Region 2:** 60610, 60611, 60614, 60622, 60635, 60639, 60642, 60647, 60651, 60654
- **Region 3:** 60601, 60602, 60603, 60604, 60606, 60607, 60612, 60654, 60661
- **Region 4:** 60605, 60608, 60609, 60616, 60623, 60624, 60632, 60644, 60650, 60653, 60678, 60680
- **Region 5:** 60615, 60617, 60619, 60620, 60621, 60627, 60628, 60629, 60633, 60636, 60637, 60638, 60643, 60649, 60652, 60655, 60658
- **Region 6 (West Towns Chapter):** 60402, 60804, 60546, 60534, 60526, 60513
- **Region 7:** All zip codes in Illinois outside of those defined in Regions 1 – 6

Changes or amendments to the boundaries of any or all of the regions shall not take effect for purposes of qualifying the Regional Directors until the next regular election following any such change or amendment. Any such change or amendment shall not affect or change the status of the then-current Regional Directors. No Member other than a Primary or Secondary REALTOR® Member shall serve as a Regional Director.

2. Term. Regional Directors shall be elected for two year terms. Terms will be staggered, with the odd numbered regions serving alternate to the even numbered regions. A Regional Director shall resign at the end of the current fiscal year if the Regional Director relocates his/her principal place of business or home out of the Region from which the Director was elected. A Regional Director shall resign immediately if the Regional Director is no longer a Primary or Secondary REALTOR® Member. The CAR President shall appoint, with the advice and consent of the Board of Directors and for the balance of the unexpired term of the vacant position, any Primary or Secondary REALTOR® Member from the same region served by the resigning Regional Director.

D. At-Large Directors (4).

1. Description. There shall be four directors elected at-large (“At-Large Directors”). No Member other than a Primary or Secondary REALTOR® Member shall serve as an At-Large Director.

2. Term. At-Large directors shall be elected for staggered two year terms.

E. Public Policy Coordinating Committee Director (1).

1. Description. The Chairman of the Public Policy Coordinating Committee shall automatically be a Director by reason of holding such office (“Public Policy Coordinating Committee Director”).

2. Term. The Public Policy Coordinating Committee Director shall serve for a one year term coterminous with the Director's term as Public Policy Coordinating Committee Chairman, or until a successor is duly elected and qualified.

F. Affiliate Director (1).

1. Description. There shall be one director who shall be an Affiliate Member (“Affiliate Director”). The Affiliate Director shall be selected by the President-Elect, with the advice and consent of the Board of Directors, at any meeting of the Board of Directors prior to October 1 of each year. The Affiliate Director may not vote on professional standards matters relating to the enforcement of professional standards or the recommendations of hearing panels related to ethics and arbitration hearings.

2. Term. The term of the Affiliate Member shall commence on October 1 and shall be for one year or until a successor is duly elected and qualified.

G. Commercial Forum Committee Director (1).

1. **Description.** The Chairman of the Commercial Forum Committee shall automatically be a Director by reason of holding such office (“Commercial Forum Director”).

2. **Term.** The Commercial Forum Committee Director shall serve for a one year term coterminous with the Director's term as Commercial Forum Committee Chairman, or until a successor is duly elected and qualified.

H. P-E Director (1).

1. **Description.** There shall be one director who shall be a Primary or Secondary REALTOR® Member, an Affiliate Member, or a non-Member from the Chicago business community (“P-E Director”). The P-E Director shall be selected by the President-Elect, with the advice and consent of the Board of Directors, at any meeting of the Board of Directors prior to October 1 of each year. Unless the P-E Director is a Primary or Secondary REALTOR® Member, the P-E Director may not vote on professional standards matters relating to the enforcement of professional standards or the recommendations of hearing panels related to ethics and arbitration hearings.

2. **Term.** The term of the P-E Director shall commence on October 1 and shall be for one year or until a successor is duly selected and qualified.

14.3 Absence or Inability to Act.

A. Resignation. In the event of the permanent absence or inability to act of any director other than Officer Directors, as determined by the Board of Directors, the director at issue shall immediately resign and the President shall appoint, with the advice and consent of the Board of Directors, any Primary or Secondary REALTOR® Member to assume the vacated director position for the balance of the unexpired term of the vacant position.

B. Removal. Any director other than an Officer Director who fails or refuses to resign, shall be subject to removal by declaration of the Board of Directors that a vacancy in the director position has occurred. Upon such declaration, the director shall be deemed removed and the President shall appoint, with the advice and consent of the Board of Directors, any Primary or Secondary REALTOR® Member to assume the vacated director position for the balance of the unexpired term of the vacant position. In the alternative, any director other than an Officer Director who fails or refuses to resign shall also be subject to removal by Member vote as set forth below:

1. **Petition.** A petition (a “Removal Petition”) calling for the removal of the director and signed by not less than one-third of the Members or a majority of all directors shall be filed with the Chief Executive Officer. The Removal Petition shall identify the director and the nature of the individual’s absence or incapacity that prevents the individual from fulfilling the duties of their position.

2. **Special Meeting.** A special meeting of the Members shall be held not less than 20 days nor more than 45 days after receipt of the Removal Petition. Notice of the special meeting shall be given by the Chief Executive Officer to all Members not less than 10 days prior to the meeting. The special meeting shall be conducted by the President. The sole business of the special meeting shall be to

consider the charge against the director, and to decide whether the director should be removed. All sides shall have a fair opportunity to present their views on the proposed removal.

3. Decision. Upon a vote of three-fourths of the Members present and voting, the director subject to the Removal Petition shall be removed from their respective position, and the President shall appoint, with the advice and consent of the Board of Directors, any Primary or Secondary REALTOR® Member to assume the vacated director position for the balance of the unexpired term of the vacant position.

14.4 Other Vacancies.

In the event an officer or director is no longer a Member of, or eligible for membership in, CAR from the class of membership from which such officer or director was elected or appointed, or in the event the officer or director changes business affiliation or association or otherwise materially alters the condition under which they were elected or appointed, there shall be an automatic vacancy created thereby. Such vacancy shall be declared by notice of the Chief Executive Officer to the Board of Directors with a copy to the officer or director at issue. The President shall thereafter appoint, with the advice and consent of the Board of Directors, any Primary (or Secondary) REALTOR® Member to assume the vacated position for the balance of the unexpired term of the vacant position.

ARTICLE XV — ADMINISTRATIVE STAFF OF CAR

15.1 Administrative Staff.

The administrative staff of CAR shall consist of the Chief Executive Officer, as duly appointed pursuant to this Article, and such other personnel as may from time to time be employed or retained by the Chief Executive Officer on behalf of CAR.

15.2 Chief Executive Officer.

A. Appointment. The Chief Executive Officer shall be employed and appointed by the Board of Directors for such term and pursuant to such terms and conditions as the Board of Directors and the Chief Executive Officer shall mutually agree. The Chief Executive Officer shall be appointed solely on the basis of demonstrated management, executive, and administrative qualifications and skill. The Chief Executive Officer shall take direction from and be under the ongoing supervision of the Board of Directors and the Executive Committee. In the event of a conflict between the supervision and direction of the Board of Directors and the supervision and direction of the Executive Committee, the supervision and direction of the Board of Directors shall control to the extent of any such conflict.

B. Duties. The Chief Executive Officer shall be the chief administrative officer of CAR and shall be responsible for the efficient management, execution, and administration of all of the business and affairs of CAR as authorized and directed by the Board of Directors. Without limiting the generality of the preceding sentence, the Chief Executive Officer shall specifically have the power and duty to:

1. Recommend and implement policies, plans, and procedures for the administration, organization, and operation of CAR;
2. Hire personnel to fill positions or vacancies on CAR's administrative staff and discharge or retire members of such staff in accordance with applicable law and CAR procedures;
3. Supervise all administrative staff and consultants of CAR;
4. Purchase materials and services according to applicable law and CAR procedures;
5. Execute all contracts and other documents duly authorized to be signed on behalf of CAR by the Chief Executive Officer;
6. Assist the President and Secretary / Treasurer in preparing an agenda for Board of Directors and committee meetings and attend all meetings of the Board of Directors and CAR committees, unless excused therefrom;
7. Assign such duties as may be properly delegated to other administrative staff or consultants of CAR;
8. Supervise, manage, and maintain the offices of CAR; and
9. Serve as Chief Executive Officer of CAR / MLS and perform all other duties required pursuant to the CAR / MLS by-laws.

C. Absence or Inability; Incapacity. In the event the Chief Executive Officer determines that he or she is or will be temporarily absent or unable to act or perform the duties of Chief Executive Officer, the Chief Executive Officer may designate one or more other CAR employees to act on the Chief Executive Officer's behalf during such temporary absence or inability to act. In the event of the Chief Executive Officer's temporary absence or inability to act or to perform the duties of the Chief Executive Officer, the Board may designate a qualified employee of CAR as the Acting Chief Executive Officer to perform the duties of the Chief Executive Officer during such temporary absence or inability to act.

15.3 Other Personnel.

Any and all other supervisory, administrative, and operating employees of CAR, other than the Chief Executive Officer, shall be under the supervision and direction of the Chief Executive Officer.

ARTICLE XVI — GENERAL COUNSEL

16.1 Appointment.

General Counsel shall be appointed by the Board of Directors. The General Counsel shall be appointed for an indefinite term and solely on the basis of demonstrated legal ability and qualifications, with special weight given to actual training and experience in, and knowledge of, real estate, association, corporate, and government law and practice.

16.2 Removal.

The General Counsel shall serve at the pleasure of the Board of Directors and may be removed without cause by the Board of Directors at any time. The action of the Board of Directors in removing the General Counsel shall be final.

16.3 Duties.

The General Counsel shall be CAR's chief legal officer and principal legal adviser and shall, subject to proper direction pursuant to Section 16.4 of these By-laws, provide legal advice and represent CAR on legal matters related to CAR's business and affairs.

16.4 Oversight and Control.

The General Counsel shall be under the ongoing supervision of the Chief Executive Officer and the Executive Committee. The only persons authorized to contact, assign work to, or seek legal opinions from, the General Counsel are (1) the Chief Executive Officer, or his or her designee, (2) the President, or his or her designee, and (3) a member of the Executive Committee, provided that such member has been duly designated by a majority of the members of the Executive Committee at a regular or special meeting of the Executive Committee.

ARTICLE XVII — ELECTION OF OFFICERS AND DIRECTORS

17.1 Nominating Committee.

A. Selection and Membership. Eleven REALTOR® Members shall comprise the Nominating Committee. The President and President-Elect shall automatically be members of the Nominating Committee by reason of their holding such offices. At least 120 days prior to each annual election, the President shall select any REALTOR® Member to serve as Chairperson of the Nominating Committee and the President, the President-Elect, and the Chairperson of the Nominating Committee shall then appoint, with the advice and consent of the Board of Directors, the remaining members of the Nominating Committee, which remaining members shall consist of three past presidents of CAR or of any of CAR's predecessor entities, and five at-large REALTOR® Members, which at-large Members shall be selected to further the policy of ensuring that all specialties and professional interests within CAR are sufficiently represented on the Committee. Neither the President nor the President-Elect shall serve as chairperson of the Committee. At the time of appointment, each member of the Nominating Committee shall be from a different firm. Any vacancy on the Nominating Committee shall be filled by appointment by the President.

B. Candidate Restriction. Other than the President and President-Elect, members of the Nominating Committee shall not be eligible for positions to be nominated.

17.2 Nominations.

A. Nominating Committee Nominations.

1. Diversity of Nominated Candidates. In nominating candidates pursuant to Article XIV of these By-laws, the Nominating Committee shall seek to

nominate candidates whose election would further the policy of ensuring that all specialties and professional interests within CAR are sufficiently represented on the Board of Directors.

2. Composition. The Nominating Committee shall nominate Regional Directors and At-Large Directors in accordance with the terms for such Director positions as set forth in Article XIV of these By-laws.

3. Report. The report of the Nominating Committee shall be filed with the Chief Executive Officer no later than 45 days immediately preceding the date of the election. The Nominating Committee's authority to make nominations shall cease as of 12:00 a.m. on the day that is 45 days immediately preceding the date of the election (the "Nominating Committee Deadline").

4. Notice and Posting. Upon receipt of the Nominating Committee's report, if any, the Chief Executive Officer shall provide notice to each REALTOR® Member by posting the Nominating Committee's report at each CAR office and shall otherwise make copies of the report available upon request.

5. Failure of Nominating Committee; Additional Nominations. If the Nominating Committee fails to make any or all of the required nominations, the Chief Executive Officer shall provide notice of such failure to each REALTOR® Member by posting a notice at each CAR office. In that instance, any REALTOR® Member shall have the right, no later than 31 days prior to the date of the election, to place his/her own name or the name of any other REALTOR® Member in nomination for the position for which no Nominating Committee nomination was made. If any such nominations are made, the Chief Executive Officer shall post such nominations at each CAR office no later than 14 days prior to the election.

B. Additional Slates. Additional candidates for the positions to be filled may be placed in nomination by a petition legibly printed and executed by at least ten percent of all REALTOR® Members as of July 30 preceding the election. The petition shall be on a form prescribed by CAR. The petition shall be filed with the Chief Executive Officer at least 31 days before the election. If the Chief Executive Officer determines that the petition has been properly completed and contains the necessary number of valid signatures, the Chief Executive Officer shall post the additional nominations at each CAR office no later than 14 days prior to the election.

C. Multiple Nominations. In the event that an individual is nominated for more than one office or directorship, the individual, no later than 10 days prior to the election, shall notify the Chief Executive Officer in writing and identify the office or directorship nomination to be eliminated. Failure to provide such notice shall result in the individual being removed altogether from the ballot.

D. Vacancies on Tickets. If a vacancy occurs on the Nominating Committee's slate for any reason after the Nominating Committee Deadline, the subject position shall be left open without a nomination on the Nominating Committee's ticket. If a vacancy occurs on any additional ticket submitted pursuant to 17.B of these By-laws after the applicable submittal deadline for that ticket, the subject position shall be left open without a nomination on the subject additional ticket.

E. No Nominations. In the event that, for any reason, there are no individuals nominated for a particular office or directorship, the incoming President shall appoint, with the advice and consent of the Board of Directors, a Primary or Secondary REALTOR® Member to fill the position at the monthly regular meeting of the Board of Directors after the election; provided, however, that failure to make the appointment at that time, shall not in any way invalidate or limit the power of the President, with the advice and consent of the Board of Directors, to make such appointment at a subsequent meeting.

F. Board Neutrality. Except as specifically provided in these By-laws, the Board of Directors shall take no action or position in support of or against any candidate or slate of candidates for election.

17.3 Conduct of Election.

A. Election. The annual association election shall be held in September, ending on the first Wednesday of September. Except as otherwise provided in these By-laws, all votes shall be received, cast, and counted at Chicago Association of Realtors® main office in Chicago.

B. Campaigning. No campaigning of any kind regarding a CAR or CAR / MLS election shall be permitted at, or within 100 feet of, any of the offices of CAR at any time after ballots have been delivered or voting is otherwise declared open by order of the Board of Directors.

C. Uncontested Elections. If the Nominating Committee nominations are the only proper nominations made, no ballots or other related materials shall be printed, mailed or otherwise distributed. The Secretary / Treasurer shall, in that event, cast one ballot for the Nominating Committee candidates, and, by that vote, said candidates shall be deemed duly elected.

D. Contested Elections. In the event of a contested election, the following general procedures shall be followed.

1. Election Time. Votes may be cast pursuant to subsection 4 below at any time after delivery of the ballots pursuant to subsection 3 below, or at any time after voting is otherwise declared open by order of the Board of Directors, provided that the polls for voting in person at CAR's main office in Chicago, shall be open from 9:00 a.m. to 2:00 p.m. C.S.T. on the first Wednesday in September.

2. Election Tellers. Prior to the election, the Executive Committee shall appoint three REALTOR® Members to serve as tellers for the election (the "Tellers"). The Tellers shall be responsible for verifying, counting, and tabulating the ballots pursuant to the rules set forth in the Policy and Procedure Manual. Members may obtain copies of such rules at CAR's main office in Chicago.

3. Ballots. Unless an "on-line voting system" is adopted by the Board of Directors as the exclusive method of voting, the Chief Executive Officer shall cause ballots to be printed and mailed to the Members (at the Member's physical or post office address then on file with CAR), and an electronic form ballot shall be sent by electronic transmission to the Members (at the Member electronic mail address then on

file with CAR), and no later than seven days prior to the first Wednesday in September. Candidates nominated by the Nominating Committee shall appear as an entire nominated slate of candidates on the upper portion of the ballot. The names of other candidates and the offices which they seek shall appear on the lower portion of the ballot. No ballot other than the ballot provided by Chicago Association of Realtors® shall be used. No Member shall provide any other Member any ballot on which the names of any candidates are marked.

4. Casting Votes. Members may vote in person, or by proxy, and may deliver a completed ballot by mail, or by electronic transmission sent from the Member electronic mail address then on file with CAR, or by casting a ballot at CAR's main office in Chicago on the first Wednesday of September, subject to the rules set forth in the Policy and Procedure Manual. No ballot or proxy shall be opened or counted unless actually received (U.S. mail, by electronic mail transmission, or by casting a ballot at CAR's main office in Chicago) before 2:00 p.m. on the first Wednesday of September. If any Member submits more than one ballot, all ballots submitted by that Member will be void. The Tellers shall commence the ballot count immediately after the polls close and shall continue the count until completed. The Board of Directors may, at any time, adopt an "on-line voting system" as an exclusive or non-exclusive method for Members to cast ballots in a contested director election, provided that access to such on-line voting system shall have an appropriate means to maintain the security and integrity of the balloting process.

5. Results; Tie. The candidate for each officer or director position who receives the highest number of valid votes shall be declared duly elected to that officer or director position. In the case of a tie, the successful candidate shall be determined by the candidates drawing lots. Upon completion of the vote count, the Tellers shall announce and certify in writing the results of the election and the Chief Executive Officer shall post the results at each of the CAR offices.

ARTICLE XVIII — MEETINGS

18.1 Board of Directors and Executive Committee.

A. Regular Meeting. The place, dates, and times of all regular meetings of the Board of Directors and the Executive Committee shall be set and noticed as the Board of Directors and the Executive Committee, respectively, may designate. Absence from two regular meetings without an excused absence, or three total absences, shall be construed as resignation of the absent director.

B. Special Meeting. Special meetings of the Board of Directors may be called by the President or by any five directors, by giving two days written notice to each director. Special meetings of the Executive Committee may be called by the President by giving two days written notice to each director. Any special meeting of the Board or of the Executive Committee may be recessed or adjourned from time to time. All notices for special meetings shall be accompanied by a statement of the purpose of the meeting.

C. Quorum. A quorum of the Board of Directors shall consist of one-third of the Directors. No business of the Board of Directors shall be conducted in the absence of a quorum. A quorum of the Executive Committee shall consist of a majority of the members of

the Executive Committee. No business of the Executive Committee shall be conducted in the absence of a quorum.

D. Voting. Except as otherwise specifically provided in these By-laws, action on any matter brought before a meeting of the Board of Directors at which a quorum is present may be taken by the affirmative vote of a majority of the Directors present at such meeting.

E. Notice of Meetings. Written notice shall be given to every Member entitled to participate in a regular meeting at least 5 business days preceding all meetings.

18.2 Members.

A. Regular Meeting. The place, date, and times of all regular meetings of the Members shall be set as the Board of Directors may designate. Notice of regular Member meetings shall be given to every Member entitled to participate in the meeting at least 5 business days prior to any regular Member meeting.

B. Special Meeting. Special meetings of Members may be called at any time by the President or by two percent of the REALTOR® Members by giving 5 business days notice to each REALTOR® Member. At any such meeting, no subject shall be considered other than the subject for which the meeting is called, except as otherwise provided in these By-laws.

C. Annual Meeting. Unless otherwise determined by the Board of Directors, an annual meeting of REALTOR® Members shall be held at the annual installation banquet. Unless otherwise determined by the Board of Directors, the sole business to be conducted at such annual meeting shall be the installation of the incoming officers and directors.

D. Quorum. If proper notice has been provided for a meeting as described in Sections A & B hereof, those REALTOR® Members in attendance at such meeting shall be deemed to affect a quorum for purposes of conducting the business of the meeting.

E. Voting. Except as otherwise specifically provided in these By-laws, action on any matter brought before a meeting of the Members at a which a quorum is present may be taken by the affirmative vote of a majority of the Members present at such meeting; provided, however, that Members may vote by mail or by proxy in a form, and in compliance with such rules and regulations, as the Board of Directors may prescribe or allow.

ARTICLE XIX — COMMITTEES

19.1 Purpose.

The Board of Directors has determined that the committee structure will be, in many situations, the most efficient and productive way for the Board of Directors to carry out its duties and responsibilities.

19.2 Standing Committees.

A. Establishment. The following standing committees of CAR are hereby established:

1. Business Services Committee
2. Commercial Forum Committee
3. Executive Committee
4. Finance Committee
5. Grievance Committee
6. Nominating Committee
7. Professional Standards Committee
8. Public Policy Coordinating

B. Membership and Duties. Except with regard to the Executive Committee and the Nominating Committee as set forth below, the chairperson, membership, and duties, of all standing committees shall be as determined from time to time by the President, with the approval of the Board of Directors.

C. Executive Committee. Each Member of the Executive Committee shall be a member of the Board of Directors. The Executive Committee shall consist of the President, the President-Elect, the Secretary / Treasurer, the Immediate Past President and one REALTOR® Member chosen by the President. The President shall be the chairperson of the Executive Committee.

D. Nominating Committee. The chairperson, membership, and duties of the Nominating Committee shall be as set forth in Article XVII of these By-laws.

E. Grievance and Professional Standards Committees. Members of The Grievance and Professional Standards shall be REALTOR® Members in good standing, and shall serve three-year staggered terms.

F. Committee Chairperson. The Chairperson of each Standing Committee shall serve for one year after election or appointment of the President and with the approval of the Board of Directors. The Chairperson shall be a primary, or secondary, REALTOR® Member in good-standing (except for the Chairperson of the Commercial Forum Committee, who may be an Affiliate Member) and shall be notified of and responsible for all ongoing projects. Any Chairperson must have a minimum of 1 term of current committee service, as specified in the Policy Manual. The Chairperson will report to the Board of Directors on a regular basis, either in person or by written report. The Chairperson may be requested, from time to time, to appear personally before the Board of Directors.

19.3 Special Committees.

The President may establish such special committees as the President deems appropriate with the approval of the Board of Directors. The chairperson, membership, and duties of each special committee shall be specified by the President at the time the committee is established and may be modified by the President from time to time thereafter.

19.4 Attendance.

Notwithstanding anything in these By-laws to the contrary, absence from two regular meetings of a committee without an excuse deemed valid by the chairperson of the committee, or three total absences, shall be deemed a resignation from the committee.

19.5 Limitation on Committee and Work Group Authority.

Except as specifically authorized by the Board of Directors by resolution duly adopted, no committee or work group shall have any authority to amend, alter or repeal the bylaws; elect, appoint or remove any member of any committee or any director or officer of CAR; amend the articles of incorporation; adopt a plan of consolidation with another corporation; authorize the sale, lease or exchange of any of the property and assets of CAR; authorize the voluntary dissolution of CAR or revoke proceedings therefore; adopt a plan for the distribution of the assets of CAR; or amend, alter or repeal any resolution of the Board of Directors. The designation and appointment of any committee or work group and the delegation to that committee or work group of authority shall not operate to relieve the Board of Directors, or any individual director of any responsibility imposed upon it or any individual director by law.

ARTICLE XX — MULTIPLE LISTING SERVICE

20.1 Authority.

CAR shall maintain CAR / MLS for the use of its Members as a multiple listing service. CAR / MLS shall be maintained as a lawful corporation of the State of Illinois. CAR shall maintain control over CAR / MLS at all times.

20.2 Purpose.

CAR / MLS will provide a means by which authorized Member firms make blanket unilateral offers of compensation to other Member firms; by which cooperation among participants is enhanced; information is accumulated and disseminated to enable authorized Member firms to prepare appraisals, analyses, and other valuations of real property for bona fide clients and customers; by which Member firms engaging in real estate appraisal contribute to common databases; and orderly correlation of listing information is disseminated so member firms may better serve their clients and the public. Entitlement to compensation is determined by the cooperating broker's performance as a procuring cause of the sale (or lease).

20.3 Compliance With NATIONAL ASSOCIATION OF REALTORS®.

Chicago Association of Realtors® / MLS shall operate in compliance with the constitution, by-laws, and rules and regulations of NAR.

20.4 Participation and Access.

Any REALTOR® of this or any other association who is a principal, partner, corporate officer, or branch office manager acting on behalf of a principal, without further qualification, except as otherwise stipulated in these Bylaws, shall be eligible to participate in multiple listing upon agreeing in writing to conform to the rules and regulations thereof and to pay the costs incidental thereto. However, under no circumstances is any individual or firm, regardless of membership status, entitled to multiple listing service "membership" or "participation" unless they hold a current, valid real estate broker's license and offer or accept compensation to and from other participants or are licensed or certified by an appropriate state regulatory agency to engage in the appraisal of real property. Use of information developed by or published by an association multiple listing service is strictly limited to the activities authorized under a participant's licensure(s) or certification and unauthorized uses are prohibited. Further, none of the foregoing is intended to convey "participation" or "membership" or any right of access to information developed by or published by an association multiple listing

service where access to such information is prohibited by law.

Mere possession of a broker's license is not sufficient to qualify for MLS participation. Rather, the requirement that an individual or firm offers or accepts cooperation and compensation means that the participant actively endeavors during the operation of its real estate business to list real property of the type listed on the MLS and/or to accept offers of cooperation and compensation made by listing brokers or agents in the MLS. "Actively" means on a continual and ongoing basis during the operation of the participant's real estate business. The "actively" requirement is not intended to preclude MLS participation by a participant or potential participant that operates a real estate business on a part-time, seasonal, or similarly time-limited basis or that has its business interrupted by periods of relative inactivity occasioned by market conditions. Similarly, the requirement is not intended to deny MLS participation to a participant or potential participant who has not achieved a minimum number of transactions despite good faith efforts. Nor is it intended to permit an MLS to deny participation based on the level of service provided by the participant or potential participant as long as the level of service satisfies state law.

The key is that the participant or potential participant actively endeavors to make or accept offers of cooperation and compensation with respect to properties of the type that are listed on the MLS in which participation is sought. This requirement does not permit an MLS to deny participation to a participant or potential participant that operates a "Virtual Office Website" (VOW) (including a VOW that the participant uses to refer customers to other participants) if the participant or potential participant actively endeavors to make or accept offers of cooperation and compensation. An MLS may evaluate whether a participant or potential participant actively endeavors during the operation of its real estate business to offer or accept cooperation and compensation only if the MLS has a reasonable basis to believe that the participant or potential participant is in fact not doing so. The membership requirement shall be applied in a nondiscriminatory manner to all participants and potential participants.

20.5 Governing Body.

The governing body of Chicago Association of Realtors® / MLS shall be as set forth in the Chicago Association of Realtors® / MLS By-laws.

20.6 Priority Control.

Actions by Chicago Association of Realtors® / MLS, whether by the Chicago Association of Realtors® / MLS Board of Directors or the Chicago Association of Realtors® / MLS members, may be altered, amended, or revoked by Chicago Association of Realtors® by a majority vote of all Directors of the CAR Board of Directors.

ARTICLE XXI — MISCELLANEOUS

21.1 Fiscal Year.

The fiscal year association shall be October 1 to September 30 of each year, unless otherwise designated by the Board of Directors.

21.2 Rules of Order.

The rules of parliamentary procedure contained in *Robert's Rules of Order Newly Revised* (Scott Foresman, 1990), as revised from time to time, shall govern all meetings of the Board of Directors and its committees to the extent that they are applicable and not inconsistent with the terms and provisions of these By-laws, or any special rules or procedures adopted by the Board of Directors.

21.3 Deposit.

Monies received by association for any purpose shall be deposited to the credit of association in one or more financial institutions that are federally insured as selected by the Board of Directors by resolution duly adopted.

21.4 Expenditures.

The Board of Directors shall control the funds of association and the method and manner of the disbursement of such funds except as otherwise provided by these By-laws.

21.5 Notices.

Unless otherwise provided in these By-laws or in the Policy and Procedure Manual, all notices required to be delivered to Members, association, or any association employee, department, officer, or director, shall be in writing and shall be deemed delivered to the addressee when delivered in person or by express mail or messenger, or three days after deposit thereof in any main or branch United States Post Office, properly addressed as follows:

1. If to the association, the Chief Executive Officer, or any association employee, department, officer, or director of association, then to association principal Chicago office and to the attention of the specific individual or department.
2. If to a Member, then to the Member's business address as shown on the Member's membership application or to such other appropriate address.

ARTICLE XXII — AMENDMENTS

22.1 General Amendments.

Except as set forth in Section 22.2 of these By-laws, these By-laws may be amended by the Members present and qualified to vote at any Member meeting, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting.

22.2 Mandated Amendments.

The Board of Directors, without a vote by the Members, may, at any regular or special meeting, approve amendments to these By-laws that are mandated by NATIONAL ASSOCIATION OF REALTORS®.

22.3 Notice.

Notice, in such form as may be determined appropriate by the Board of Directors, of all meetings at which amendments are to be considered shall be given to every Member eligible to vote at least one week prior to the meeting.

22.4 Effective Date.

All amendments shall become effective immediately upon their adoption pursuant to these By-laws; provided, however, that amendments affecting the admission or qualification of REALTOR® Members, the use of the terms REALTOR® and REALTORS®, or any alteration in the territorial jurisdiction of association, shall not take effect once adopted until they have been approved by NATIONAL ASSOCIATION OF REALTORS®.

ARTICLE XXIII — DISSOLUTION

In the event association shall at any time terminate its activities and dissolve, the Board of Directors shall consider and adopt a plan of liquidation and dissolution, which plan shall, among other things, provide for collection of all association assets, the sale or other proper disposition of any real and personal property owned by association, the payment of all liabilities, and the distribution of any remaining assets to the Illinois Association of Realtors or to such other non-profit tax exempt organization or organizations as the Board of Directors shall decide.

ARTICLE XXIV — INDEMNIFICATION AND INSURANCE

24.1 General Indemnification.

CAR shall 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 CAR) by reason of the fact that he or she is or was a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, 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 CAR 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 *nolo contendere* or its equivalent, shall not alone 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 CAR, or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful.

24.2 CAR Actions.

CAR shall 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 CAR 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 CAR, or is or was serving at the request of CAR as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, 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 CAR, provided that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to CAR 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.

24.3 Expenses.

To the extent that a director, officer, employee or agent of CAR has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Sections 24.1 or 24.2 of these By-laws, 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.

24.4 Case-By-Case Determination.

Any indemnification under Sections 24.1 or 24.2 of these By-laws (unless ordered by a court) shall be made by CAR only as authorized in the specific case, upon a determination that indemnification of the 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 24.1 or 24.2 of these By-laws. Such determination shall be made (i) by the Board of Directors by a majority vote of a quorum consisting of directors not parties to such action, suit or proceeding; (ii) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the members entitled to vote, if any.

24.5 Time of Payment.

Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by CAR in advance of the final disposition of such action, suit or proceeding, as authorized by the Board of Directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he or she is entitled to be indemnified by CAR pursuant to this Article XVIII.

24.6 Additional Rights.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of 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, and shall 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 such a person.

24.7 Insurance.

CAR may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of CAR, or who is or was serving at the request of CAR as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability whether or not CAR would have the power to indemnify such person against such liability under the provisions of this Article.

24.8 Statutory Changes.

In the event of any change to the Illinois statutory provisions applicable to CAR and the indemnifications and other matters set forth in this Article, including, without limitation, Section 108.75 of the Illinois General Not For Profit Corporation Act of 1986, 805 ILCS 105/108.75, then the indemnification to which any person shall be entitled hereunder shall be determined by such changed provisions if such changed statutory provisions are mandatory. The Board of Directors is authorized to amend this Article in relation to any such changed statutory provisions.