



CONTENTS & BEST PRACTICES FOR BYLAWS



ABOUT THE SOLUTION CENTER

The Main Street Solution Center is a free access portal to resources for communities and organizations working to revitalize and strengthen their local economies. The Solution Center's curated resources are designed to help guide and inspire local leaders and advocates as they navigate the complexities of downtown and neighborhood business district revitalization and economic growth.

ABOUT THE PARTNERSHIP

This Main Street Solution Center publication was underwritten by Michigan Main Street and Main Street Iowa. Their generous support demonstrates a shared vision and ongoing commitment to freely share knowledge, experience, tools, and best practices to fuel revitalization and economic growth in their own communities, and in locales spanning the nation.



ABOUT THE CREATORS

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CONTENTS AND BEST PRACTICES FOR BYLAWS

An organization's bylaws are a legal document that stipulates how it must be governed. A board's failure to follow the bylaws can result in severe consequences for the organization, and even potentially for the board members themselves. Given the important nature of this document, nonprofit organization boards should work diligently and in thoughtful ways to craft, review, and amend bylaws that establish sound operations, procedures, and guidelines for the organization today and as it evolves in the future.

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Nonprofit bylaws serve much like a vehicle owner's manual for your organization. They explain key features of your organization (e.g. purpose and governance), outline instructions for its operation (e.g. roles and procedures), present a timetable for scheduled maintenance (e.g. officer terms and elections), and offer remedies for breakdowns (e.g. conflicts or removing a board member).

While your bylaws will inevitably change as the organization evolves, some essential components include:

Name and Address of Organization

The organization's legal name as stated in its Articles of Incorporation, and the address where its corporate records and documents are stored.

Purpose

For legal reasons, the stated purpose should be consistent with the purposes clause in the organization's Articles of Incorporation. To ensure consistency, the organization's bylaws might include a clause that simply refers to the purposes clause as written in the articles of incorporation, which should also be reviewed over time to ensure the stated purposes accurately reflect the current organization and the scope and nature of its operations.

Board Structure

The bylaws should specify the number of board members allowed, often stated as a minimum and maximum to allow flexibility, and stipulate provisions like quorum requirements and board member powers, voting rights, term limits, conditions and processes for removal, and any qualifications or eligibility requirements.

Officers

The process for electing or appointing board officers (e.g. President, Vice-President, Secretary, and Treasurer) should be identified, with roles and responsibilities outlined. For example, the President might be responsible for creating all board meeting agendas and for presiding over all board meetings, while the Treasurer is typically responsible for overseeing all aspects of the organization's finances.

Indemnification of Board Members

Indemnification refers to how the organization will protect its board members from financial harm due to their role. For example, your bylaws might outline how the organization will pay legal fees if board members are involved in a lawsuit.

Conflict of Interest Policy

A conflict of interest policy is used to define and manage potential conflicts and protect the organization's interests when it is contemplating a transaction or arrangement that might benefit the private interest of one of its officers, directors, or members. Because this can be a complex area, some organizations create a separate policy document and simply note such in their bylaws.

Membership

Not all organizations have memberships. Those that do should outline the details of membership eligibility, voting rights, procedures for electing board members and for amending the bylaws, and criteria for terminating a membership.



Committees

Some organization list committees and provide a short explanation about what they do, when they should meet, the number of members involved, any rights they have, etc. Another approach to streamline the bylaws and limit the need to pass amendments is to simply state how committees can be created and abolished, what authority may be delegated to committees, and what actions must be taken by the full board.

Books and Records

The organization's bylaws should indicate how its financial books are managed (e.g. calendar or fiscal year), requirements for maintaining board meeting minutes and records, where records are stored, and how members or the public can access them.

Amendments

This section outlines the process for amending the organization's bylaws, including who votes on amendments and the percentage of the vote necessary for approval.

Dissolution

A dissolution clause stipulates how the nonprofit will distribute its assets if the organization dissolves.

Other Rules and Considerations

Most every organization works differently, and different rules and provisions - like the process for appointing or removing board members, board meeting attendance requirements, executive committee composition and powers - should be addressed within the areas outlined above or might need to be added. The focus should remain on creating bylaws that work for the organization today, and that have enough flexibility to make changes as the organization evolves or to reflect current realities. If there is anything missing from the organization's bylaws that is important to regulate, create a section that addresses those concerns.

Your Nonprofit Bylaws Checklist

Nonprofit bylaws act like a guidebook for your organization as it inevitably grows and changes. They outline your practices and procedures, and offer a path for resolving any conflicts or confusion. While your bylaws will change over time, too, here are some essential elements to include.

Use this checklist to create your nonprofit bylaws:

| | |
|--------------------------|---|
| <input type="checkbox"/> | Name No nicknames here—use the official name that's in your Articles of Incorporation. |
| <input type="checkbox"/> | Address Where are you located? This shows where you store your corporate records. |
| <input type="checkbox"/> | Purpose of Corporation Having a clear purpose is key to uniting your members and it can qualify you for 501(c)(3) status. |
| <input type="checkbox"/> | Board of Directors Be sure to include the number of members, their powers, term limits, the process and conditions of removal, compensation (if any), and what qualifications they need. |
| <input type="checkbox"/> | Committees If you have committees, include information about what they do, when they should meet, the number of members involved, and any rights they have. |
| <input type="checkbox"/> | Meeting Guidelines and Voting Procedures Lay out what makes a meeting possible! What types of meetings are there? How often? How many people do you need for quorum and how many votes to pass an initiative? |
| <input type="checkbox"/> | Membership Here's where you can clearly lay out your membership eligibility terms, tiers, dues, voting rights, and how you'll handle termination. |
| <input type="checkbox"/> | Bookkeeping & Misc Create a strong foundation for success with clear responsibilities and processes for accounting and record-keeping. |
| <input type="checkbox"/> | Control Provisions No one person owns a nonprofit, but it is important to place the final word somewhere! Does it go to the board of directors or someone separate? |
| <input type="checkbox"/> | Amendment of Bylaws Decide your policy for making amendments. Who will approve them and what percentage of a vote is needed to make them happen? |
| <input type="checkbox"/> | Dissolution of the Organization If your nonprofit's time comes to an end, have a plan for distributing your assets. You may want to choose a similarly-aligned charitable organization to receive them. |

Every nonprofit works differently! This checklist will get you started. And if there's anything missing from these bylaws that you think is important to regulate, be sure to make a section that covers your bases.

Personify Nonprofit Bylaws Checklist wildapricot.com

[Use this checklist](#) from WildApricot to start crafting your bylaws or as a guide for reviewing your existing bylaws.



BYLAWS BEST PRACTICES

An exhaustive list of best practices for bylaws might require volumes of space. The following five, curated and summarized from different sources, will help get you started or keep you on track. Be sure to check out the additional resources listed at the end of this document for more best practices, insights, and examples.

- **Craft your bylaws to accurately reflect and work for your organization.**

Gathering examples of bylaws from peer organizations is a good place to start. But simply using “cut & paste” or “search & replace” functions won’t cut it in the long run. Take time to ensure your bylaws accurately describe your organization and how it works. If you’re just getting started or reworking (amending) your bylaws, enlist legal counsel experienced in nonprofit bylaws and operations to work alongside your organization to ensure compliance with your state’s nonprofit corporation statute and consistency with other internal legal and regulatory documents (e.g. articles of incorporation, IRS application for tax exempt status, written policies, procedures, or manuals, etc.).

- **Stick to the essentials.**

Boards can too often become hamstrung by bylaws provisions or language that make it difficult to stay in compliance. Take a guidelines approach, for example, to establish a minimum and maximum number of board members as opposed to a fixed number. Work to keep your bylaws concise and easy-to-navigate by leaving the details to policies, which can be more easily revised in the future. Taking this approach will also help avoid the need for frequent amendments.

- **Make the amendment process realistic.**

The bylaws should clearly describe a transparent process for amending the bylaws, but it should also be realistic. For example, some non-profit membership organizations with unrealistic quorum requirements or that require a super-majority (2/3) approval of every member eligible to vote might run the risk of tying the hands of current and future boards to keep the bylaws relevant or remain in compliance, especially as the organization evolves.

- **Perform regular reviews.**

Board members should review and re-familiarize themselves with the organization’s bylaws on an annual basis to ensure compliance and prevent costly mistakes. Some organizations might also choose to maintain a standing bylaws committee comprised of board members to help monitor compliance, to speak to applicable provisions during board meetings and votes, to help orient new board members, and to advise the board of needed or recommended amendments.

- **Follow your bylaws religiously.**

Board members not only have a responsibility to understand the bylaws and every provision, but they are also legally accountable for following them. If the board is unclear on what provisions mean, consult legal counsel. Following the bylaws is not optional as a failure to comply could result in severe consequences for the organization, and even potentially for the board members themselves.

[Nonprofit Bylaws: A Beginner's Complete Guide](#) by Jesse Sumrak | Classy

[Nonprofit Bylaws – What to Include and What to Leave Out](#) by Ellis Carter | CharityLawyer

[Nonprofit Bylaws 101: How to Write Bylaws for Your Organization](#) by Sonia Urlando | WildApricot

[Your Nonprofit Bylaws Checklist](#) from Sonia Urlando | WildApricot

[Nonprofit Bylaws – The Dos and Don'ts](#) by Greg McRay, EA | Foundation Group

[The 15 Most Common Nonprofit Bylaw Pitfalls: How to Avoid the Traps](#) by George E. Constantine, Robert L. Waldman, Janice M. Ryan and Yosef Ziffer | Venble LLP

