



<http://www.boardsource.org/Knowledge.asp?ID=1.228>

Knowledge Center

Topic Papers and Articles

Bylaws

Bylaws are the legally binding rules that outline how the board of a nonprofit will operate. All nonprofit organizations need these regulations to help determine how they are to be governed. While bylaws are unique to each organization, they generally have a similar structure and use.

How are bylaws used?

Bylaws are used to guide the board's actions and decisions. They are helpful in preventing or resolving conflicts and disagreements. They can protect the organization from potential problems by clearly outlining rules around procedures, rights, and powers.

Creating and amending bylaws

The board creates bylaws at the time the organization is established. It is not wise to operate without them. Each state has different statutes that apply to a nonprofit's bylaws — some dictate specific provisions, while others give more general guidelines. The Secretary of State's office or State Attorney General's office for each state has copies of these regulations. If an organization operates in more than one state, the laws pertaining to the state where the organization is incorporated should be followed. Once created, an attorney can review the bylaws to ensure they meet the state's legal requirements.

Bylaws are not static and the board should review them regularly. They should accurately reflect how the organization works and remain relevant. This requires periodically amending the bylaws. Keeping bylaws simple in language and content can help ease this process. Some organizations appoint a task force to review the bylaws and make suggestions for revision by the whole board. If the board votes to amend the bylaws, the revisions should be marked on the bylaws and the date they were amended recorded. The revised document should be attached to the next IRS Form 990 filed by the organization.

What should be included?

Bylaws are individual to an organization, but should cover certain issues:

- Name and location of organization
- Statement of purpose
- Election, roles, and terms of board members and officers
- Membership issues (categories, responsibilities)
- Meeting guidelines (frequency, quorum)
- Board structure (size, standing committees, if any)
- Compensation and indemnification of board members
- Role of chief executive
- Amendment of bylaws
- Dissolution of the organization

Hierarchy of laws

While bylaws are a detailed and immediate source of regulations, they must follow federal and state laws and comply with an organization's Articles of Incorporation. If there is a contradiction between the bylaws and these other regulations, that part of the bylaws is considered invalid. For bylaws to be concise, the board should also create comprehensive policies and resolutions.

Infraction of bylaws

There may be several reasons why an organization does not follow the bylaws and there are different ways to address this. In some situations bylaws are ignored because they are no longer relevant to the organization. Either they are too broad, have not been revised for several years, or are not in practical or understandable language. If this is true, the board should make revision a priority.

Both board members and others involved with an organization should be concerned when bylaws are intentionally broken or not amended. There are a few avenues of recourse in this situation.

Internal — Board members should bring up concerns with the chair and other board members. Objections to the bylaws should be noted in the minutes. As the bylaws are a legal document, similar to a contract, there can be legal repercussions if ignored; therefore, it is important for the board to take concerns seriously. Non-board members should try to contact a board member or the chief executive with concerns or voice concerns at a public meeting.

Local Chamber of Commerce or Better Business Bureau — Complaints can be filed with these organizations. These groups cannot enforce the bylaws, but they do keep records of complaints, and their public nature will give exposure to the issue. This approach may get more people involved who can then encourage the board to comply.

Court — The bylaws being a legal document, there is a possibility for prosecution if intentionally broken. This can be a long and expensive process, and courts are often reluctant to get involved in internal organization issues. Going to court could also jeopardize the future of the organization as a whole.

State Attorney General — This office has authority over all nonprofits in the state, and it can require the organization to change its bylaws, comply with the original bylaws, or it can force the organization to close. Like the courts, however, they are reluctant to get involved in internal organizational issues.

References

- D. Benson Tesdahl, [The Nonprofit Board's Guide to Bylaws](#) (BoardSource 2003).

© 2009 BoardSource. Text may not be reproduced without written permission from BoardSource. For more information, please e-mail permissions@boardsource.org.