

Sample Bylaws for a Neighborhood Organization

With Comments

Neil McBride
Legal Aid Society
March 2007
(Revised by Bill Murrah, 2015)

This sample should be considered only as a guide. Every organization does not need to address each one of these issues and other issues may need to be addressed that are not included here. In some cases, it may be more appropriate for some organizations to address issues in board policies or policy manuals rather than in the bylaws. Remember, board resolutions are binding on the organization as are the bylaws but are easier to change. Bylaws must be submitted to the IRS with the Form 1023, Application for Tax Exempt Recognition. Organizations must submit later amendments to the bylaws to the IRS. Organizations with questions about their bylaws should consult legal counsel with experience in representing nonprofit organizations.

BYLAWS

OF

ARTICLE I. Name and Address

The name of this corporation shall be _____ . The board of directors may designate other names for specific activities and programs as it deems appropriate.

[Check with the Secretary of State before submitting a name, to make sure it is available.]

Article II. Boundaries

For purposes of this corporation, the _____ neighborhood is defined as the area bounded by....

ARTICLE III. Objectives

The corporation's purpose shall be _____.
(The purpose should also be stated in the charter. If there is a goal of obtaining 501c3 tax exempt status with the IRS, be sure the purpose is consistent with eligible exempt activities of a 501c3 organization.)

ARTICLE IV. Membership

*(Organizations have two options regarding membership. One is that the organization may not have members and be exclusively run by a board of directors. The second option is that the organization is a membership-based organization. Many, but not all, neighborhood organizations are membership-based. If the organization **is not** a membership organization, the following language may be used in the bylaws.)*

Members of the board of directors shall constitute the membership of the corporation.

*(If the organization **does** have a general membership, the following language can provide a guide for what may be included in the bylaws.)*

A. Eligibility.

(This section describes who is eligible for membership and may designate, for example, that members must be adults (or not) and must be residents or own property in the neighborhood. If members must be residents or own property, the boundaries of the neighborhood will need to be clearly described. Caution: If yours will be a membership organization with membership confined to the specific neighborhood, be sure your objectives in Article II mention a focus on the larger community in addition to the neighborhood itself. You want to be designated as a "public charity" rather than more narrowly as a "mutual benefit organization" for other filings with the Tennessee Secretary of State and the IRS. You cannot state that everyone in the neighborhood is automatically a member. There must be a list of members kept by the secretary.)

B. Registration

(This is where the bylaws state how someone becomes a member. Do they merely sign a register? Will there be a membership fee? If so, it can be a one-time or an annual fee. The board would set the amount of the fee as well as when the fee would be collected.)

C. Term.

(Will there be a permanent membership until someone moves out of the neighborhood? Will there be a one-year membership term? Other?)

D. Powers.

(Members can be given any number of responsibilities although final authority always rests with the board of directors. State law requires that members have at least two powers- election of the board and, along with the board, the power to revise the bylaws.)

E. Meetings.

Membership meetings must be held at least quarterly at a time and place to be set by the board of directors. The board chair shall either chair membership meetings or select another person to do so. Membership meetings must be held in the neighborhood.)

(This section states how often members must meet each year. This section should set a minimum number of meetings and not be aspirational. It can also state whether the membership meetings must be held in a geographical area.)

F. Notice of Meetings.

Notice of membership meetings shall be by email, phone, or by leaflet and must be given 10 days in advance of the meeting.

(This section sets out how members will be notified of upcoming membership meetings and how many days in advance the notice must be issued. Additional methods of notice can be listed and the number of days required in advance is optional.)

G. Quorum

At least 25% of the members must be present in order for business to be transacted.

(This can be any percentage from 10% and up.)

H. Voting.

In order for any motion to be carried at a membership meeting, there must be a vote for approval of at least 50%. Proxy voting will not be allowed.

ARTICLE V. Board of Directors

A. **Composition of the Board of Directors.** The number of board members shall be at least _____ and no more than _____. Directors shall be of adult age.

[Describe appropriate criteria, affiliation, qualifications, appointing bodies, etc. It is advisable to have a range in the number of board members rather than a set single number, giving the organization flexibility.]

B. **Election.** Candidates for board membership shall be selected from among those nominated by the Nominating Committee, which shall consist of three persons appointed by the President. Board members present may also nominate candidates for positions on the board of directors. Directors shall be elected by a majority vote of those members present.

C. **Terms.** Each director shall serve for a term of three years, or until a successor is selected. Initially, one-third of the directors shall serve three year terms; one-third shall serve two year terms and one-third shall serve one year terms. Terms shall be established so that one-third of the directors may be elected each year.

(Board terms can be any length. Some boards establish term limits for board members. For example, there could be a two-term limit and then a member must cycle off the board for at least one year before becoming eligible again. This assures a flow of new leaders for the organization.)

D. **Removal.** A director who has missed three or more consecutive meetings may be removed by a two-thirds vote at a duly called meeting. A director may be removed for any reason by a vote of two-thirds of the members. The notice of such meeting must state that the removal of a board member will

be considered at this meeting. A board member who has been removed must be notified of the action in writing.

E. **Vacancies.** Vacancies may be filled at any time by a majority vote of members. A new member filling a vacancy will complete the remainder of the unexpired term. They will then be eligible to serve two additional terms.

F. **General Powers.** The board of directors shall constitute the governing body of the corporation. The board shall manage the business and affairs of the corporation. It shall have all powers necessary to carry out the objectives of the corporation as set forth in Article 2. The board may accept, on behalf of the corporation, any contribution, bequest, or devise. The board shall have the authority to hire and dismiss the director as necessary in order to carry out the objectives of the corporation.

(Be clear that all the power and responsibilities of the corporation reside with the board of directors. Some authority can be delegated, but final authority always resides with the board.)

G. **Meetings.** Meetings of the board of directors shall be held at least _____ each year, at a reasonable time and place designated by the president. The president may designate additional meeting dates. One-third of the board members may, by written request, schedule additional meetings.

[It is sometimes a good idea to authorize a person or committee or percentage of directors in addition to the president to convene a meeting. Also, even though there may be an intent to meet monthly, organizations often forgo a meeting in the summer or in December. For that reason it may be best to set a minimum number of board meetings to be held each year.]

H. **Annual Meeting.** A meeting during the fourth quarter of the year shall be designated as the "Annual Meeting," at which new members are elected and other formal annual business conducted.

[The annual meeting can be held at any time of the year and is often prior to the beginning of the calendar or fiscal year.]

I. **Notice of Meetings.** Board members shall receive ten days notice of regularly scheduled meetings. This notice may be given electronically, in writing, in person, by telephone, or by any other reasonable method.

[Boards with members from a local area may function with ten days notice or less; boards with members who must travel long distances to meetings may require more notice.]

J. Waiver of Notice of Meeting. A director may, in writing, waive notice of any meeting of the board of directors either before or after the meeting, and such waiver shall be deemed the equivalent of giving notice. Attendance of a director at a meeting shall constitute waiver of notice of that meeting, unless attendance is for the express purpose of objecting to the transaction of business because the meeting has not been lawfully called or convened.

K. Informal Action. If all the directors severally or collectively consent in writing to any action taken or to be taken by the corporation, including by email, the action shall be as valid as though it had been authorized at a meeting of the board. If informal action is taken by email, a full description of the matter under consideration will be provided in advance of the action. Votes of individual board members will be recorded by the secretary when informal action is taken. Informal action without a meeting will be taken only in rare circumstances.

(Sometimes it is necessary to take action quickly which necessitates use of informal action. However, informal action should not be utilized as a substitute for thorough in-person board deliberation.)

L. Voting. Except for the exceptions described in other sections of these bylaws, all decisions of the board shall be by majority vote.

M. Attendance by Telephone. If a member is not reasonably able to attend a meeting, a majority of the members present may authorize participation by telephone, so long as the absent member can hear, or be advised of the discussion of business, and other members can hear, or be advised of the absent member's votes or comments. A member participating by telephone may count toward a quorum.

N. Resignations. Any director may resign at any time by giving notice of resignation to any officer of the board.

O. Quorum. A quorum shall be _____ *[percent or number]* of the directors then sitting.

[This number may be less than 50% and is the minimum number of board members who must be present in order to conduct formal business.]

P. Proxy Voting. There shall be no proxy voting. Upon a vote of a majority of members then sitting, the board may allow proxy voting on a specific resolution, provided that a copy of the resolution shall be distributed to members

at least 30 days prior to the meeting at which proxy voting on the resolution is proposed.

[Proxy voting is allowed by Tennessee law unless prohibited by the corporation. This provision does not permit proxy voting except in the case of a specific resolution. This exception may assist the corporation to achieve a quorum on a critical issue.]

Q. Committees. The board of directors may appoint any committee it deems necessary to help carry out its functions. Committees will serve at the discretion and under the authority of the board.

[Some organizations may choose to make certain key committees a part of their organizational structure.]

R. Compensation of Board Members. No member of the board of directors shall receive any salary or compensation for their services as director. No member shall receive any service or benefit not provided to the general public. Members may receive reimbursement for out-of-pocket expenses incurred while conducting authorized business on behalf of the corporation. Members shall be entitled to receive reasonable fees for goods or services rendered to the corporation in capacities other than as members of the board.

ARTICLE VI. Officers

A. Officers. The board of directors shall have a president, a vice-president, a secretary, and a treasurer. Any person may hold two or more offices except that the president shall not also be vice-president, secretary or treasurer.

[Some organizations prefer to call the head of their board a chair, chairperson or chairman. They would then have a vice-chair, etc.]

B. Duties of Officers.

1. The president shall preside at all meetings of the board and executive committee. The president shall appoint members to standing and ad hoc committees. The president shall perform whatever duties the board of directors may from time to time assign.
2. The vice-president shall carry out the duties of the president when the president is absent or incapacitated; shall have the same

power and duties as the president when acting in that capacity; and shall perform whatever duties the board may from time to time assign.

3. The secretary shall have charge of such books, documents and papers as the board of directors may determine; shall keep, or cause to be kept, a true and complete record of the meetings of the board of directors; shall give, or cause to be given, notice of all meetings of the directors; shall keep, or cause to be kept, a record containing the names, alphabetically arranged, of all persons who are members of the corporation, showing their places of residence, the names of persons entitled to participate in corporate affairs. Such books shall be open for inspection as provided by law. The secretary shall, in general, perform all the duties incident to the office of secretary subject to the control of the board of directors and shall perform other duties as may be prescribed by the board of directors.

4. The treasurer shall have custody of all corporate funds, property and securities subject to such regulations as may be imposed by the board of directors. The treasurer shall keep, or cause to be kept, full and accurate accounts of receipts and disbursements and shall deposit, or cause to be deposited all corporate funds and other valuable effects in the name of and to the credit of the corporation in a depository or depositories designated by the board of directors. Corporate funds may be deposited only in banks or institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. The treasurer shall give to the president or board, whenever they require it, an account of transactions as treasurer and of the financial condition of the corporation and shall, in general, perform all duties incident to the office of treasurer, subject to the control of the board of directors.

C. Executive Committee. The Executive Committee shall be composed of the officers of the board of directors and other board members as a majority of the board shall designate. They shall meet as needed to plan for the board's work and to fulfill tasks assigned to them by the board.

D. Election and Terms. The officers shall be elected by the board of directors. The term of office shall be for three years, or until the member's term as director expires.

(Many organizations elect officers for one year terms.)

ARTICLE VII. Staff

A. **Executive Director.** The executive director is responsible for administering the program of the corporation. The executive director shall be hired by and accountable to the board of directors and shall work closely with the board to fulfill its objectives. The executive director, as authorized by the board's fiscal policy, shall sign or delegate authority to sign checks and enter into agreements with the approval of the board of directors, which are necessary to carry out the objectives of the corporation. The executive director may hire other staff members as the board of directors authorizes. The executive director shall be an ex officio member of the board. The executive director shall not be entitled to vote but shall be entitled to notice of and attendance at meetings, except those portions of a meeting at which matters directly relating to the director are discussed.

[Some organizations may have more than one key staff member who might be hired by or responsible to the board. Many have no staff.]

B. **Other Staff.** All other staff shall be supervised by and accountable to the director.

C. **Hiring policies.** Hiring shall be conducted in full compliance with the corporation's anti-discrimination policy. The corporation shall hire no employees who are members of the immediate family (spouse, grandparent, parent, brother or sister, son or daughter) of any board member, or of any person who will supervise the employee.

ARTICLE VIII. Finances

A. **Fiscal Year.** The board shall establish the corporation's fiscal year.

B. **Budget.** The board of directors shall prepare and adopt a budget at its first meeting each year.

C. **Annual Financial Statement.** The corporation shall prepare an annual financial statement for distribution to board members.

D. **Fiscal Policy.** The board shall adopt and from time to time review a fiscal policy setting out a formal procedure that shall govern internal controls, the signing of checks; the obligation of funds; approval of contracts, leases, deeds and mortgages; and other significant aspects of the organization's fiscal operation. The fiscal policy shall assure that the corporation shall have sound financial controls that are appropriate, under generally accepted accounting

principles, to its size and purpose. Two signatures shall be required for withdrawals of corporate funds.

E. **Seal.** The corporation will not use a common seal. The signature of the name of the corporation by an authorized person shall be legal and binding.

ARTICLE IX. Records and Reports

- A. **Corporate Records.** The corporation shall keep as permanent records minutes of all meetings of its Board of Directors, a record of all actions taken by the Board without a meeting, and appropriate accounting records.
- B. **Records at the Principal Office.** The corporation shall keep at all times a copy of the following records at its principal office:
1. Its charter or restated charter and any amendments.
 2. These bylaws and any amendments.
 3. A list of the names and business or home addresses of the current board members.
 4. The most current annual report submitted to the Secretary of State.
 5. The most current 990 form submitted to the IRS.
- C. **Annual Financial Statements.** The corporation shall prepare annual financial statements that include a balance sheet as of the end of the fiscal year, an income statement for that year, and such other information necessary to comply with the requirements of the applicable provisions of the Tennessee Nonprofit Corporation Act.

ARTICLE X. Parliamentary Procedures

Robert's Rules of Order shall be utilized in order to resolve procedural questions or conflicts.

(This is phrased in a way that does not require an organization to always follow Roberts Rules because the procedure can become cumbersome. If Roberts Rules are not used, the organization should state in the bylaws what procedure will be used in its place. It is a good idea to finalize decisions by having someone to make a motion, someone else to second the motion, and then hold discussion before the final vote. Record the decision in the minutes.)

ARTICLE XI. Amendments of the Charter and Bylaws

The charter and these bylaws may be amended, supplemented, or repealed by a two-thirds vote of the directors present at any meeting at which a quorum is present. Before directors may vote on an amendment to the charter or

bylaws, notice must be given to directors of the proposed amendment at a prior meeting of the board, and in no case less than 30 days before the amendment is to be considered. These bylaws shall become effective upon approval by the board of directors.

ARTICLE XII. Statement of Nondiscrimination

The corporation shall not discriminate against any person in the hiring of personnel, election of board members, provision of service to the public, the contracting for or purchasing of services or in any other way, on the basis of race, color, sex, national origin, disability, age, or any other basis prohibited by law. This policy against discrimination includes, but is not limited to, a commitment to full compliance with Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975, and any subsequent amendments to these statutes.

[Some grantors require a statement to this effect to be in the charter, bylaws or board policy.]

Approved on _____

President _____

[Bylaws should be dated, so that readers know they have the most recent version. If the board adopts amendments, it should insert them and restate the full set, add the date of the amendment, and make sure members have the correct version.]