

**Prepared by Suzanne Jamison for community-based organizations
This is not a legal opinion, but is for informational purposes only.**

OVERVIEW FOR WORKING ON BY-LAWS

The purpose of by-laws is to outline how the organization will function in carrying out its vision and who will do it. If the organization plans to apply for federal tax-exempt status, there is specific language that needs to be included in the bylaws.

Bylaws delineate the responsibilities of each of the organization's members, how those members organize themselves into a governing body – usually a board of directors – and how that board of directors makes sure that the organization's business is taken care of in a reasonable and rationale manner. Bylaws that are part of a legally-established organization must be in accordance with the regulatory entity's rules and regulations governing its type of organization, as well as the federal rules, should it seek federal status.

Bylaws provide the roadmap for the orderly accomplishment of the organization's day to day business, exercise of responsibilities, and transition of power.

Bylaws provide for the organization's ability to grow and change over time to continue to be responsive to the community it serves.

Bylaws lay out the ethical and fiduciary responsibilities to be carried out by the board of directors and the members. Board/staff accountability and responsibilities to each other are best handled in a Manual of Operations or similar document adopted by resolution.

Bylaws also give the organization's members and board of directors, acting in concert according to how they wish to distribute decision-making power, the ability to pass resolutions regarding the organization's day-to-day business, and setting up more detailed rules and procedures, such as certifications, bank resolutions, and so forth.

No bylaws can prevent poor judgment, intentional fraud, or willful misuse of power on behalf of any member or director. What they can do is provide for a reasonable structure for oversight and for dealing with problems. It is a mistake to try to make the bylaws the moral and ethical arbiter – that function can only be carried out by the individuals who are part of the organization.

The bylaws need to provide for the orderly execution of responsibilities, effective and reasonable ways to deal with challenges, changes, disagreements, and the transition of power.

Certification and membership standards

If the organization seeks to establish certification standards and membership criteria, the power to do so should be vested in the appropriate body and so stated in the bylaws, but the actual day-to-day application of standards should not be stated in the bylaws.

The standards and certifications should be part of a handbook, initially set forth by resolution of the board of directors (and usually ratified by the members). The handbook needs to clearly outline how the standards and certifications are applied and enforced. There should be latitude for development of values and mediation of differences.

The enforcement procedures for the standards and certifications should be a healthy one of making informed decisions based on shared values in carrying out the mission and purpose of the organization. There should be provision for the standards and certifications to evolve over time in order to uphold community values and applicability to the member needs. The Board must be continually vigilant to maintain a balance between rigidity and complacency, punitive reaction and no action, stringent structuralism and collapse.