

Texas Nonprofit Certificate of Formation/Bylaws Worksheet

General Questions

- 1) What is the name of the organization?
- 2) Has the organization checked with the Secretary of State to make sure the name is available?
- 3) What are the charitable purposes/mission statement of the organization?
- 4) What organization's service area?
- 5) What are the procedures to make future changes to these bylaws?
- 6) If the nonprofit dissolves, what is the process for distributing the assets (e.g., property/money)?

Directors

- 1) How many directors will serve on the Board? (There must be at least three)
- 2) How will directors be selected?
- 3) Will a director have to meet any qualifications (i.e., be an area resident, be over 18, have a certain specialty, be a parent)?
- 4) How long are the terms of office for directors (one year, three years)?
 - a) Can a director serve as long as he or she is willing, or a limited number of terms?
 - b) Will the directors be selected at the same time in alternating years?
- 5) How can directors resign?
- 6) How can directors be removed?
- 7) How will unexpected vacancies on the board be filled?
- 8) What is the organization's policy on reimbursing board members if they are sued?
- 9) What is the organization's policy on reimbursing board members for legal expenses?
- 10) What is the policy concerning:
 - a) transactions with board members?
 - b) transactions with family members?

- c) loans to directors? (These are prohibited under law)
- d) legislative activity?
- e) political activity? (Activity on behalf of individual candidates is prohibited under law)

11) If the organization wants to be a Community Housing Development Organization (CHDO), how will the board fulfill the requirement that at least one-third of the Board of Directors (with a minimum of two) be residents of low-income neighborhoods or elected representatives of low-income neighborhoods? Also, how will they fulfill the requirement that not more than one-third will be public employees or appointed by a participating jurisdiction?

Board Meetings

- 1) When will regular board meetings be held?
- 2) How can special or emergency board meetings be called?
- 3) How and when will board members be notified of board meetings?
- 4) May directors attend meetings by telephone?
- 5) Will the board be allowed to take action without a meeting?
- 6) If the directors are going to be absent from a meeting, may they submit a written vote in advance?
- 7) How many votes will be required at board meetings to take action on items (e.g. , majority vote/two-thirds vote)?
- 8) How many board members must be in attendance to take action at a board meeting?
- 9) Will the board have committees perform some of the duties of the board?
- 10) What rules or procedures will govern the order of the board meetings (i.e., *Robert's Rules of Order*)?
- 11) What actions will require a board resolution (opening checking account, purchasing land, etc.)?

Officers

- 1) What officers will the organization have? (President and Secretary are required.)
- 2) What will be the duties of each officer?

- 3) How will officers be selected?
- 4) How long will the officers remain in their positions?
- 5) How may an officer be removed?
- 6) How will a vacancy be filled?

Members

- 1) Will the organization have members?
- 2) Who can become a member?
- 3) How does a person become a member?
- 4) What are the voting rights and/or entitlements of a member?
 - a) Will members select the board of directors?
 - b) Will members select the officers?
 - c) What other matters will require approval by the members?
- 5) How long will the term of membership be?
- 6) Will membership cards or certificates be issued?
- 7) Will members be charged dues?
- 8) If members are charged dues, how much and how often?
- 9) How may a member resign?
- 10) How may a member be removed?
- 11) For what reasons may a member be removed?
- 12) Will there be regular membership meetings, and, if so, when?
- 13) How can special or emergency membership meetings be called?
- 14) When will the required annual meeting of members be held?
- 15) What notice will be required for membership meetings?
- 16) What will be the number of members required to hold a membership meeting?

- 17) What portion of the total votes will be needed for approval of an item at membership meetings (e.g., majority vote or two-thirds vote)?

Committees

- 1) What committees will the organization have (i.e., fundraising, membership)?
- 2) Will these committees be permanent or called as needed?
- 3) Who will serve on the committees?
- 4) How will committee members be selected?
- 5) What authority will the committees have?
- 6) How long is the term of office of a committee member?
- 7) How may a committee member be removed?
- 8) How will a vacancy be filled?

Finances/Insurance

- 1) What are the rules governing the finances of the organization?
 - a) What procedures will the Board use to maintain the books and records?
 - b) Who will have the authority to write checks for the organization?
 - c) Will checks over a certain amount require more than one signature?
 - d) Does spending over a certain amount require approval of the Board?
 - e) Will the organization hire an outside accountant to review (audit) the organization's financial statements?
 - f) When must the annual audit be completed?
 - g) When will the Board approve the annual financial statements?
- 2) What is the organization's fiscal year (e.g., Jan. 1-Dec. 31; Sept. 1-Aug. 30)?
- 3) What types of insurance will the organization have? This includes:
 - a. Directors and Officers Insurance
 - b. General Liability Insurance
 1. Will this insurance cover employees?
 2. Will this insurance cover volunteers?
 - c. Commercial Property Insurance
 - d. Workers' Compensation Insurance
 - e. Health Insurance
 - f. Employment Practices Liability Insurance
 - g. Auto Insurance