



HARRIS ESTATES HOMEOWNERS ASSOCIATION, INC.

BYLAWS

Article III: Board of Directors

1. Board Composition & Eligibility

The bylaws must incorporate HB 220's mandatory disqualification rules for directors who are delinquent or have suspended voting rights. As stated: *"owners with suspended voting rights... are legally ineligible to hold office or run for election."* Entity-owned lots (LLCs, trusts, corporations) require designated natural persons to serve as eligible directors.

Term-limit language is ambiguous and should be modernized. SB 406 requires reporting director changes to the Secretary of State within 30 days.

2. Nominations & Elections

Floor-only nominations violate HB 220 and O.C.G.A. § 14-3-708 because advance ballots must list all candidates. The document notes: *"Relying on floor nominations effectively disenfranchises owners who vote electronically or by mail."* A pre-meeting nomination period is required to verify candidate eligibility and populate electronic/absentee ballots.

3. Director Removal & Vacancies

SB 406 mandates state filing within 30 days of any board change. HB 220 requires suspended owners to be removed from the denominator when calculating "total eligible votes." Automatic removal for delinquency must include written notice to avoid disputes. Meeting notices for removal must specify removal as an agenda item.

Vacancies must be documented in minutes and filed with the Secretary of State.

4. Conflicts of Interest

The bylaws conflict with O.C.G.A. § 14-3-862 by requiring approval only by a quorum of disinterested directors. Georgia law requires approval by a majority of all disinterested directors. Conflicted directors must leave the room during deliberations. SB 406 requires detailed disclosure and record-keeping in minutes.

5. Meetings (Regular, Special, Open, Adjourned)

SB 406 requires open board meetings with member notice. Virtual/hybrid meetings must be explicitly authorized under O.C.G.A. § 14-3-820. Outdated notice methods (fax, 2-day mail) must be replaced with email and modern delivery. Adjourned meeting notice rules must follow O.C.G.A. § 14-3-824.

6. Action Without a Meeting

The bylaws incorrectly allow majority consent. Georgia law requires unanimous written consent unless articles state otherwise. Electronic signatures and email approvals must be authorized under UETA.

7. Powers, Duties & Management Agent

Management contracts must include mandatory termination rights (30–60 days). Declarant-controlled management must be commercially reasonable and terminable post-transition. SB 406 requires retention of contracts for 10 years and modern notice methods.

8. Borrowing Authority

The \$10,000 debt limit is outdated. The board must have authority to pledge assessment revenue or common property as collateral. Voting thresholds for borrowing must be clarified.

9. Indemnification & Insurance

Indemnification standards must align with O.C.G.A. § 14-3-851. Advancement of expenses must be added. D&O insurance should be mandatory, not optional.

10. Committees

Committee indemnification must follow statutory standards. D&O insurance and gender-neutral language should be incorporated.