

Heritage Estates Property Owners Association

Attachment to Board of Directors Minutes

October 5, 2026

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New State Requirements Under North Carolina House Bill 517

Background

On July 7, 2026, Governor Josh Stein signed House Bill 517, which amends the North Carolina Nonprofit Corporations Act (Chapter 55A of the General Statutes). Most homeowners associations in North Carolina, including ours, are organized as nonprofit corporations under this Act, so these changes apply to the Association. Most provisions took effect October 1, 2026. The annual report requirement takes effect January 1, 2027.

What the Association Must Do

The most important change is a new annual report. Until now, nonprofit corporations did not have to file anything with the North Carolina Secretary of State after their original articles of incorporation. Beginning in 2027, the Association must file an annual report with the Secretary of State every year.

- **Deadline:** November 15 of each year, starting in 2027.
- **Fee:** \$18 if filed electronically, or \$25 if filed on paper.
- **Grace period:** 60 days after the deadline. After that, the report is marked delinquent.
- **Corrections:** A filed report can be amended at any time to correct or update information.

The report must include:

- The Association's name and state of incorporation
- The street address and mailing address (if different) of the registered office, and the county where it is located
- The name and email address of the registered agent
- The principal office address and phone number
- The names, titles, and business street addresses of the principal officers
- The name, mailing address, email address, and phone number of a person authorized to provide information about who has authority to bind the Association
- A brief description of the Association's activities
- A contact email address

What Administrative Dissolution Means

Under the new law, failing to file the annual report (after the 60-day grace period) is a specific ground for administrative dissolution. Administrative dissolution means the Secretary of State

shuts down the corporation on its own, without a vote of the members or a court case, because of a paperwork failure.

If the Association were administratively dissolved:

- **The Association would exist only to wind down.** Legally, it could only carry out activities needed to close its affairs, not its normal business.
- **The Board's authority would be in question.** The Association's ability to collect assessments, enforce the covenants, sign contracts, and work with its bank and insurance company could be challenged.
- **Board members could face added risk.** People who act on behalf of a dissolved corporation may lose some of the protection the corporation normally provides.
- **The covenants would not disappear.** The restrictions run with the land. The problem would be the Association's standing to act on them.

Dissolution can be reversed. The Association could file the missing report, pay any fees, and apply for reinstatement. Reinstatement relates back to the date of dissolution, meaning the Association is treated as if it never lapsed. Even so, the period before reinstatement creates uncertainty for contracts, insurance, and the Board's authority to act. Filing on time avoids the problem entirely.

Other Changes in the Law

- **Minimum of three directors.** Nonprofit boards must now have at least three directors. A board may temporarily fall below three while a vacancy is being filled.
- **Board committees.** A committee that includes Board members must have at least two members, and creating one requires approval by a majority of the directors in office, unless the articles or bylaws say otherwise. Committees still may not approve a merger, dissolution, or sale of substantially all assets, or amend the governing documents.

Recommended Board Actions

1. Review the Association's current record on the Secretary of State's website and update any outdated information (registered agent, office addresses, and officers) before the first report is due.
2. Designate the Treasurer as the officer responsible for filing the annual report each year.
3. Include the filing fee in the 2027 budget.
4. Place a reminder on the Association's annual calendar in early October so the report is filed well before the November 15 deadline.

This summary is for the Board's information and is not legal advice. Questions about the Association's specific situation should be directed to the Association's attorney.