



HB 797 – Changes in Chapter 617 Affecting Associations

Updated 24-May-26

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CVE associations are governed by both Chapter 718 (Condominium Act) and Chapter 617 (Not For Profit Corporation Act). HB 797 primarily updates Chapter 617, modernizing nonprofit governance rather than condominium operations. 📅 **Effective July 1, 2026.**

What Actually Changed (Practical Impact vs. Chapter 718)

1. Officer Resignation – Clear Legal Effect

Before (718 practice): Resignation handled by bylaws; sometimes ambiguity about timing.

Now (617 update): Officer resignation is effective when delivered or on a stated future date; No board “acceptance” required unless bylaws specifically require it.

Key Impact: Removes uncertainty. Officers cannot be “held in place” once resignation is submitted.

2. Officer Removal – Reinforced Board Authority

Before (718): Board removes officers by vote; procedures vary by bylaws.

Now (617 update): Officers serve at the pleasure of the board unless bylaws restrict; Removal may be with or without cause; Confirms officers do not have employment-style tenure rights.

Key Impact: Eliminates arguments that officers have protected terms unless clearly stated in bylaws.

3. Fiduciary Duties – Officers Now Explicitly Covered

Before: Fiduciary duty language focused mainly on directors under 718.

Now (617 update): Officers are explicitly required to: Act in good faith; Exercise reasonable care; Act in the corporation’s best interest.

Key Impact: Officers have clearly defined statutory responsibility, not just board-assigned duties.

4. Director Removal – Court Authority Clarified

Before (718): Owners remove directors through recall procedures.

Now (617 update): Adds clearer authority for judicial removal of directors for: Fraud; Misconduct; Abuse of authority; Serious breach of duty.

Key Impact: Creates a separate legal remedy beyond owner recall under 718.

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5. Committees – Authority Clearly Derived from Board

Before: Committee authority often defined loosely in bylaws.

Now (617 update): Committees are clearly extensions of board authority; Cannot exceed delegated powers.

Key Impact: Strengthens board control and clarifies limits of committee action.

6. Corporate Administration (Not Condo Operations)

HB 797 updates general nonprofit mechanics: Electronic communications; Corporate filings and corrections; Administrative corporate procedures.

Important: 718 notice rules and condo-specific requirements still control where applicable.

7. Liability Protection – Clarified Standard

Reinforces protection for directors/officers acting in good faith, within authority and without fraud or willful misconduct.

Key Impact: Strengthens corporate baseline protections but does not override condo-specific liability rules.

Bottom Line

HB 797 does not materially change condo operational law under Chapter 718, including: Milestone inspections; SIRS / reserves; Official records rules; Board education requirements; Website requirements; Condo safety reforms. HB 797 mainly clarifies officer roles, resignation/removal mechanics, fiduciary duties, and corporate structure, not day-to-day condo operations.

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