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HOUSE BILL No. 1115

Proposed Changes to January 22, 2026 printing by AM111503

DIGEST OF PROPOSED AMENDMENT

Homeowners association governance. Provides that the governing documents of a homeowners association (HOA) may not require that the consent of more than 2/3 of the owners be required to amend the HOA's governing documents. (Current law provides that the consent of not more than 75% of owners may be required in order to amend the governing documents.) Provides that an HOA's governing documents may not require the consent of more than 2/3 (instead of 75% under current law) of first lien mortgage holders in order to amend the governing documents. Removes the provision in current law that provides that the governing documents may require the approval of at least 95% of the owners to convey common areas or to dissolve the plan of governance for the HOA.

A BILL FOR AN ACT to amend the Indiana Code concerning property.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 32-25.5-3-2, AS AMENDED BY P.L.1-2010,
 2 SECTION 128, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2026]: Sec. 2. (a) In addition to any other
 4 meeting held by a board, a board shall hold a special meeting of the
 5 members of a homeowners association if at least ten percent (10%) of
 6 the members of the homeowners association submit to the board at
 7 least one (1) written demand for the special meeting that:
 8 (1) describes the purpose for which the meeting is to be held;
 9 and
 10 (2) is signed by the members requesting the special meeting.
 11 (b) If a board does not send out a notice of the date, time, and
 12 place for a special meeting not more than thirty (30) days after the date
 13 the board receives a valid written demand for the special meeting under
 14 subsection (a), a member of the homeowners association who signed

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- 1 the written demand may:
- 2 (1) set the date, time, and place for the special meeting; and
- 3 (2) send out the notice for the special meeting to the other
- 4 members.
- 5 **(c) In the meeting notice of the board's annual meeting, the**
- 6 **board shall include a written statement that:**
- 7 **(1) notifies homeowners association members of the right to**
- 8 **demand a special meeting of the members under this section;**
- 9 **and**
- 10 **(2) states the number of members required to demand a**
- 11 **special meeting, as determined under subsection (a);**
- 12 **in accordance with section 3(g) of this chapter.**
- 13 SECTION 2. IC 32-25.5-3-3, AS AMENDED BY P.L.164-2016,
- 14 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 15 JULY 1, 2026]: Sec. 3. (a) A homeowners association shall prepare an
- 16 annual budget.
- 17 (b) The annual budget must reflect:
- 18 (1) the estimated revenues and expenses for the budget year; and
- 19 (2) the estimated surplus or deficit as of the end of the current
- 20 budget year.
- 21 (c) The homeowners association shall provide each member of the
- 22 homeowners association with:
- 23 (1) a:
- 24 (A) copy of the proposed annual budget; or
- 25 (B) written notice that a copy of the proposed annual budget
- 26 is available upon request at no charge to the member; and
- 27 (2) a written notice of the amount of any increase or decrease in
- 28 a regular annual assessment paid by the members that would
- 29 occur if the proposed annual budget is approved;
- 30 before the homeowners association meeting held under subsection (d).
- 31 (d) Subject to subsection (f), a homeowners association budget
- 32 must be approved at a meeting of the homeowners association
- 33 members by a majority of the members of the homeowners association
- 34 in attendance at a meeting called and conducted in accordance with the
- 35 requirements of the homeowners association's governing documents.
- 36 (e) For purposes of this section, a member of a homeowners
- 37 association is considered to be in attendance at a meeting if the
- 38 member attends:
- 39 (1) in person;
- 40 (2) by proxy; ~~or~~
- 41 **(3) by remote or virtual means in accordance with the**
- 42 **procedures set forth in IC 23-17-10-1(d) through**

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1 **IC 23-17-10-1(f); or**
2 ~~(3)~~ **(4)** by any other means allowed under:
3 (A) state law; or
4 (B) the governing documents of the homeowners
5 association.
6 (f) If the number of members of the homeowners association in
7 attendance at a meeting held under subsection (d) does not constitute
8 a quorum as defined in the governing documents of the homeowners
9 association, the board may adopt an annual budget for the homeowners
10 association for the ensuing year in an amount that does not exceed one
11 hundred percent (100%) of the amount of the last approved
12 homeowners association annual budget. However, the board may adopt
13 an annual budget for the homeowners association for the ensuing year
14 in an amount that does not exceed one hundred ten percent (110%) of
15 the amount of the last approved homeowners association annual budget
16 if the governing documents of the homeowners association allow the
17 board to adopt an annual budget under this subsection for the ensuing
18 year in an amount that does not exceed one hundred ten percent
19 (110%) of the amount of the last approved homeowners association
20 annual budget.
21 (g) Subject to subsection (k):
22 (1) the financial records, including all contracts, invoices, bills,
23 receipts, and bank records, of a homeowners association must be
24 available for inspection by each member of the homeowners
25 association upon written request; and
26 (2) the minutes of meetings of the homeowners association
27 board, including the annual meeting, must be available to a
28 member of the homeowners association for inspection upon the
29 homeowners association member's request, which may be
30 submitted:
31 (A) in person;
32 (B) in writing; or
33 (C) by electronic mail **or other electronic means.**
34 In addition to the right to inspect the meeting minutes of the
35 homeowners association board, a member of a homeowners
36 association has the right to attend any meeting of the
37 homeowners association board, including an annual meeting of
38 the board. **For each meeting of the homeowners association**
39 **board, the board must provide at least four (4) days advance**
40 **written notice of the meeting to members of the homeowners**
41 **association. The meeting notice must include an agenda for**
42 **the meeting. The meeting notice for the annual meeting of**

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1 **the board must also include a statement of the right of**
 2 **homeowners association members to demand a special**
 3 **meeting of the members under section 2 of this chapter,**
 4 **including a statement of the number of members required to**
 5 **demand a special meeting, as determined under section 2(a)**
 6 **of this chapter. The board may provide a written meeting**
 7 **notice required under this subsection by hand delivery,**
 8 **United States mail, or electronic mail or other electronic**
 9 **means.** However, the board of directors may meet in private to
 10 discuss delinquent assessments. The board of directors may also
 11 meet in private with legal counsel to discuss the initiation of
 12 litigation or to discuss litigation that either is pending or has
 13 been threatened specifically in writing. As used in this
 14 subsection, "litigation" includes any judicial action or
 15 administrative law proceeding under state or federal law.

16 A written request for inspection must identify with reasonable
 17 particularity the information being requested. A member's ability to
 18 inspect records under this section shall not be unreasonably denied or
 19 conditioned upon provision of an appropriate purpose for the request.
 20 The homeowners association may charge a reasonable fee for the
 21 copying of a record requested under this subsection if the homeowners
 22 association member requests a written copy of the record.

23 (h) Subject to subsections (j) and (k), if there is a dispute between
 24 a homeowner and a homeowners association, the officers of the
 25 homeowners association must make all communications concerning the
 26 dispute available to the homeowner.

27 (i) Subject to subsections (j) and (k), the following apply:
 28 (1) A homeowners association shall make all communications
 29 and information concerning a lot available to the owner of the lot
 30 or a home on the lot.

31 (2) If a homeowners association initiates communication with
 32 any member about another member's lot, the homeowners
 33 association must give a copy of that communication to the other
 34 member whose lot is the subject of the communication.
 35 However, this subdivision does not apply if the communication
 36 concerns suspected criminal activity, or activity that is the
 37 subject of a law enforcement investigation, involving the
 38 member whose lot is the subject of the communication.

39 (j) A homeowners association is not required to make:
 40 (1) communications between the homeowners association and
 41 the legal counsel of the homeowners association; and
 42 (2) other communications or attorney work product prepared in

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- 1 anticipation of litigation;
- 2 available to the owner of a lot or home.
- 3 (k) A homeowners association is not required to make available to
- 4 a member for inspection any of the following:
- 5 (1) Unexecuted contracts.
- 6 (2) Records regarding contract negotiations.
- 7 (3) Information regarding an individual member's association
- 8 account to a person who is not a named party on the account.
- 9 (4) Any information that is prohibited from release under state
- 10 or federal law.
- 11 (5) Any records that were created more than two (2) years before
- 12 the request.
- 13 (6) Information that:
- 14 (A) is provided by a member of the homeowners association
- 15 about another member of the homeowners association; and
- 16 (B) concerns suspected criminal activity involving the other
- 17 member.

18 Except as otherwise provided in this article (including subsection (j)
 19 and this subsection), other applicable law, or the governing documents
 20 of the homeowners association, a homeowners association is not
 21 required to retain a record of a written or electronic communication for
 22 any specific period of time. However, a homeowners association or a
 23 member of the board of a homeowners association shall retain for at
 24 least two (2) years after ~~receipt~~, **the date it is received or sent**, and
 25 during that period shall make available to a member of the homeowners
 26 association at the member's request, any written or electronic
 27 communication received **or sent** by the homeowners association or
 28 board member that relates to a financial transaction of the homeowners
 29 association and that is not otherwise excepted from disclosure under
 30 this article or other applicable law.

- 31 (l) **Except for information described in subsection (k)(4),**
- 32 nothing in this chapter:
- 33 (1) abrogates or eliminates provisions in homeowners
- 34 association agreements that permit or require additional
- 35 disclosure or inspection rights not required by this chapter; or
- 36 (2) prevents a homeowners association from agreeing to make
- 37 disclosures or to provide inspection rights not required by this
- 38 chapter.
- 39 (m) A homeowners association may not charge a fee for the first
- 40 hour required to search for a record in response to a written request
- 41 submitted under this chapter. A homeowners association may charge
- 42 a search fee for any time that exceeds one (1) hour. The following

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provisions apply if a homeowners association charges a search fee:

(1) The homeowners association shall charge an hourly fee that does not exceed thirty-five dollars (\$35) per hour.

(2) The homeowners association may charge the fee only for time that the person making the search actually spends in searching for the record.

(3) The homeowners association shall prorate the fee to reflect any search time of less than one (1) hour.

(4) The total amount of the fee charged by the homeowners association for a search may not exceed two hundred dollars (\$200).

[SECTION 3. IC 32-25.5-3-9, AS AMENDED BY P.L.164-2016, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 9. The governing documents must contain a provision allowing the owners to amend the governing documents at any time, from time to time, subject to the following:

(1) The declarant's consent to an amendment may be required if:

(A) the declarant owns one (1) or more units within the subdivision; and

(B) not more than seven (7) years have passed since the original governing documents were first recorded.

(2) The consent of the owners to the amendment has been obtained as evidenced by either of the following:

(A) The vote of the owners at a meeting duly called for the purpose of considering the amendment, **including a special meeting called upon the demand of members of the homeowners association under section 2 of this chapter.**

(B) A written instrument signed by the owners.

The governing documents may not require that the consent of more than ~~seventy-five percent (75%)~~ **two-thirds (2/3)** of the owners **is be** required for consent under this subdivision.

(3) If the consent of first mortgage holders is required, only first mortgage holders that provide an address to the secretary of the board must be notified. The consent of a first mortgage holder must be indicated in a written instrument signed by the mortgage holder. However, a mortgage holder is considered to have consented to a proposed amendment if the mortgage holder does not respond to a written request for consent within thirty (30) days after the mortgage holder receives the request. The governing documents may not require that the consent of more than ~~seventy-five percent (75%)~~ **two-thirds (2/3)** of first mortgage holders eligible to receive notice **is be** required for

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1 consent under this subdivision.

2 (4) Notwithstanding subdivisions (1) through (3), the governing
 3 documents may require the approval of at least ninety-five
 4 percent (95%) of the owners to convey common areas or to
 5 dissolve the plan of governance for the homeowners association.

6] SECTION ~~3~~[4]. IC 32-25.5-3-12 IS ADDED TO THE
 7 INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS
 8 [EFFECTIVE JULY 1, 2026]: **Sec. 12. (a) A homeowners association**
 9 **may assess a fine for a member's violation of a covenant described**
 10 **in IC 32-25.5-2-3(2) if the board first adopts a schedule of fines that**
 11 **sets forth:**

- 12 (1) the covenant violations that are subject to a fine;
 13 (2) the amount of the fine that applies to each violation
 14 identified under subdivision (1); and
 15 (3) if any of the fines listed in subdivision (2) will be assessed
 16 on an ongoing or recurring basis:

- 17 (A) for a defined period or a specified number of days;
 18 or
 19 (B) until the violation is cured or another contingency
 20 occurs;

21 a statement of that fact, along with a description of how the
 22 fine will be calculated and assessed.

23 (b) If the board will adopt a schedule of fines under this section
 24 at a meeting of the board, the board shall give notice of the meeting
 25 to members in accordance with the homeowners association's
 26 governing documents. The notice must include the proposed
 27 schedule of fines.

28 (c) A schedule of fines adopted under this section must be
 29 available to any member for inspection upon the member's request,
 30 which may be submitted:

- 31 (1) in person;
 32 (2) in writing; or
 33 (3) by electronic mail or other electronic means.

34 (d) The board may, from time to time, amend or repeal a
 35 schedule of fines adopted under this section if notice of:

- 36 (1) the amendment or repeal, including the amended
 37 schedule of fines in the case of an amendment; and
 38 (2) any meeting held to adopt the amendment or repeal;

39 is given to members in accordance with the homeowners
 40 association's governing documents.

41 (e) Members may submit to the board under section 2 of this
 42 chapter a written demand for a special meeting of the members of

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1 the homeowners association for the purpose of voting to amend a
 2 schedule of fines adopted under this section. An amended schedule
 3 of fines shall be:

- 4 (1) adopted as proposed; or
 5 (2) revised and adopted;

6 if so approved by a majority of members present at the meeting.

7 (f) After a schedule of fines has been adopted under this
 8 section, the board may assess a member a fine for a violation
 9 included in the schedule of fines under subsection (a)(1) if the
 10 board first provides notice to the member of:

- 11 (1) the violation for which the fine will be assessed;
 12 (2) the amount of the fine;
 13 (3) the date on which the fine will be assessed; and
 14 (4) if the fine will be assessed on an ongoing or recurring
 15 basis:

16 (A) for a defined period or a specified number of days;
 17 or

18 (B) until the violation is cured or another contingency
 19 occurs;

20 a statement of that fact, along with a description of how the
 21 fine will be calculated and assessed.

22 (g) If a member is assessed a fine under this section, the
 23 amount of the fine that has accrued must be available to the
 24 member upon the member's request, which may be submitted:

- 25 (1) in person;
 26 (2) in writing; or
 27 (3) by electronic mail or other electronic means.

28 (h) The assessment of a fine by a homeowners association
 29 under this section does not operate as a waiver of the homeowners
 30 association's rights to pursue alternative remedies provided for in
 31 the homeowners association's governing documents, including any
 32 right to injunctive relief or to pursue a claim for damages.

33 SECTION ~~4~~[5]. IC 32-25.5-5-4, AS ADDED BY P.L.141-2015,
 34 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 35 JULY 1, 2026]: Sec. 4. As used in this chapter, "exempt claim" refers
 36 to any of the following claims or actions:

- 37 (1) A claim by the homeowners association for assessments or
 38 dues and any action by the association to collect assessments or
 39 dues. **This subdivision does not include a claim that involves**
 40 **the assessment or enforcement of a fine under**
 41 **IC 32-25.5-3-12 by a homeowners association for a member's**
 42 **violation of a covenant of the homeowners association.**

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- 1 (2) An action by a party to obtain a temporary restraining order
- 2 or equivalent emergency equitable relief:
- 3 (A) to maintain the status quo and preserve the party's
- 4 ability to enforce the governing documents; or
- 5 (B) when an emergency condition exists that jeopardizes the
- 6 health or safety of any of the residents within the
- 7 community governed by the homeowners association.
- 8 (3) A suit to which an applicable statute of limitations would
- 9 expire within the notice period. This subdivision does not apply
- 10 if a party against which the claim is made agrees to toll the
- 11 statute of limitations as to the claim for the period reasonably
- 12 necessary to comply with this chapter.
- 13 (4) A dispute that is subject to mediation, arbitration, or other
- 14 alternate dispute resolution under applicable law, contract,
- 15 warranty agreement, or other instrument.
- 16 (5) A claim that is substantively identical to a claim:
- 17 (A) that was previously addressed by the parties; or
- 18 (B) that was resolved by a judicial determination in favor of
- 19 one (1) of the parties.

20 SECTION ~~6~~ [6]. IC 32-25.5-5-10, AS ADDED BY
 21 P.L.141-2015, SECTION 14, IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 10. A claimant must
 23 provide notice of the claim to the respondent, stating plainly and
 24 concisely the following information:

- 25 (1) The nature of the claim, including the date, time, location,
- 26 persons involved, and the respondent's role in the claim.
- 27 (2) The basis of the claim, including the provision of the
- 28 governing documents or other authority out of which the claim
- 29 arises.
- 30 (3) What the claimant wants the respondent to do or not to do to
- 31 resolve the claim.
- 32 (4) That the respondent has a right to meet with the claimant, if
- 33 the respondent makes a written request for a meeting **not later**
- 34 **than ten (10) business days after the date of the notice.**
- 35 (5) The name and address of the person ~~from~~ whom the
- 36 respondent must **contact to:**
- 37 (A) request a meeting under subdivision (4); **or**
- 38 (B) **provide notice that the violation on which the claim**
- 39 **is based has been cured.**

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