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HOUSE BILL No. 1152

Proposed Changes to January 12, 2026 printing by AM115204

DIGEST OF PROPOSED AMENDMENT

Homeowners association. Allows a homeowners association to increase a budget, without a quorum, in an amount not to exceed 110% of the amount of the last approved budget, within three years after the first sale of a lot or unit from a developer to a person not associated with the developer. Allows, if certain conditions are met, a homeowners association to increase an annual budget without a quorum in an amount that does not exceed the lesser of: (1) 105% of the last approved budget; or (2) the average increase of the Consumer Price Index for housing in Midwest for the prior 12 months. Limits the definition of a child care home to a Class I child care home. Specifies that a homeowners association may not prohibit or restrict a person from operating a child care home or providing certain child care if the person resides in the single family residence. Requires the person who holds a license for a child care home to reside in the single family residence.

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 32-25.5-3-3, AS AMENDED BY P.L.164-2016,
- 2 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 3 JULY 1, 2026]: Sec. 3. (a) A homeowners association shall prepare an
- 4 annual budget.
- 5 (b) The annual budget must reflect:
- 6 (1) the estimated revenues and expenses for the budget year; and
- 7 (2) the estimated surplus or deficit as of the end of the current
- 8 budget year.
- 9 (c) The homeowners association shall provide each member of the
- 10 homeowners association with:
- 11 (1) a:
- 12 (A) copy of the proposed annual budget; or

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- 1 (B) written notice that a copy of the proposed annual budget
 2 is available upon request at no charge to the member; and
 3 (2) a written notice of the amount of any increase or decrease in
 4 a regular annual assessment paid by the members that would
 5 occur if the proposed annual budget is approved;
 6 before the homeowners association meeting held under subsection (d).
 7 (d) Subject to subsection (f) **and section 3.1 of this chapter**, a
 8 homeowners association budget must be approved at a meeting of the
 9 homeowners association members by a majority of the members of the
 10 homeowners association in attendance at a meeting called and
 11 conducted in accordance with the requirements of the homeowners
 12 association's governing documents.
 13 (e) For purposes of this section, a member of a homeowners
 14 association is considered to be in attendance at a meeting if the
 15 member attends:
 16 (1) in person;
 17 (2) by proxy; or
 18 (3) by any other means allowed under:
 19 (A) state law; or
 20 (B) the governing documents of the homeowners
 21 association.
 22 (f) ~~if~~ **Except as provided in sections 3.1, 3.2, and 3.3 of this**
 23 **chapter, if** the number of members of the homeowners association in
 24 attendance at a meeting held under subsection (d) does not constitute
 25 a quorum as defined in the governing documents of the homeowners
 26 association, the board may adopt an annual budget for the homeowners
 27 association for the ensuing year in an amount that does not exceed one
 28 hundred percent (100%) of the amount of the last approved
 29 homeowners association annual budget. ~~However, the board may adopt~~
 30 ~~an annual budget for the homeowners association for the ensuing year~~
 31 ~~in an amount that does not exceed one hundred ten percent (110%) of~~
 32 ~~the amount of the last approved homeowners association annual budget~~
 33 ~~if the governing documents of the homeowners association allow the~~
 34 ~~board to adopt an annual budget under this subsection for the ensuing~~
 35 ~~year in an amount that does not exceed one hundred ten percent~~
 36 ~~(110%) of the amount of the last approved homeowners association~~
 37 ~~annual budget.~~
 38 (g) Subject to subsection (k):
 39 (1) the financial records, including all contracts, invoices, bills,
 40 receipts, and bank records, of a homeowners association must be
 41 available for inspection by each member of the homeowners
 42 association upon written request; and

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1 (2) the minutes of meetings of the homeowners association
2 board, including the annual meeting, must be available to a
3 member of the homeowners association for inspection upon the
4 homeowners association member's request, which may be
5 submitted:

- 6 (A) in person;
- 7 (B) in writing; or
- 8 (C) by electronic mail.

9 In addition to the right to inspect the meeting minutes of the
10 homeowners association board, a member of a homeowners
11 association has the right to attend any meeting of the
12 homeowners association board, including an annual meeting of
13 the board. However, the board of directors may meet in private
14 to discuss delinquent assessments. The board of directors may
15 also meet in private with legal counsel to discuss the initiation of
16 litigation, or to discuss litigation that either is pending or has
17 been threatened specifically in writing. As used in this
18 subsection, "litigation" includes any judicial action or
19 administrative law proceeding under state or federal law.

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

27 (h) Subject to subsections (j) and (k), if there is a dispute between
28 a homeowner and a homeowners association, the officers of the
29 homeowners association must make all communications concerning the
30 dispute available to the homeowner.

- 31 (i) Subject to subsections (j) and (k), the following apply:
- 32 (1) A homeowners association shall make all communications
33 and information concerning a lot available to the owner of the lot
34 or a home on the lot.
- 35 (2) If a homeowners association initiates communication with
36 any member about another member's lot, the homeowners
37 association must give a copy of that communication to the other
38 member whose lot is the subject of the communication.
39 However, this subdivision does not apply if the communication
40 concerns suspected criminal activity, or activity that is the
41 subject of a law enforcement investigation, involving the
42 member whose lot is the subject of the communication.

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- 1 (j) A homeowners association is not required to make:
 2 (1) communications between the homeowners association and
 3 the legal counsel of the homeowners association; and
 4 (2) other communications or attorney work product prepared in
 5 anticipation of litigation;
 6 available to the owner of a lot or home.
- 7 (k) A homeowners association is not required to make available to
 8 a member for inspection any of the following:
 9 (1) Unexecuted contracts.
 10 (2) Records regarding contract negotiations.
 11 (3) Information regarding an individual member's association
 12 account to a person who is not a named party on the account.
 13 (4) Any information that is prohibited from release under state
 14 or federal law.
 15 (5) Any records that were created more than two (2) years before
 16 the request.
 17 (6) Information that:
 18 (A) is provided by a member of the homeowners association
 19 about another member of the homeowners association; and
 20 (B) concerns suspected criminal activity involving the other
 21 member.
- 22 Except as otherwise provided in this article (including subsection (j)
 23 and this subsection), other applicable law, or the governing documents
 24 of the homeowners association, a homeowners association is not
 25 required to retain a record of a written or electronic communication for
 26 any specific period of time. However, a homeowners association or a
 27 member of the board of a homeowners association shall retain for at
 28 least two (2) years after receipt, and during that period shall make
 29 available to a member of the homeowners association at the member's
 30 request, any written or electronic communication received by the
 31 homeowners association or board member that relates to a financial
 32 transaction of the homeowners association and that is not otherwise
 33 excepted from disclosure under this article or other applicable law.
- 34 (l) Nothing in this chapter:
 35 (1) abrogates or eliminates provisions in homeowners
 36 association agreements that permit or require additional
 37 disclosure or inspection rights not required by this chapter; or
 38 (2) prevents a homeowners association from agreeing to make
 39 disclosures or to provide inspection rights not required by this
 40 chapter.
- 41 (m) A homeowners association may not charge a fee for the first
 42 hour required to search for a record in response to a written request

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1 submitted under this chapter. A homeowners association may charge
 2 a search fee for any time that exceeds one (1) hour. The following
 3 provisions apply if a homeowners association charges a search fee:

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

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

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

11 (4) The total amount of the fee charged by the homeowners
 12 association for a search may not exceed two hundred dollars
 13 (\$200).

14 SECTION 2. IC 32-25.5-3-3.1 IS ADDED TO THE INDIANA
 15 CODE AS A NEW SECTION TO READ AS FOLLOWS
 16 [EFFECTIVE JULY 1, 2026]: **Sec. 3.1. (a)** The amendments made
 17 by ~~<this act>~~ [HEA 1152-2026] to section 3 of this chapter ~~<during~~
 18 ~~the 2026 regular session of the general assembly>~~ do not apply to
 19 a homeowners association established before July 1, 2026,
 20 ~~<whose>~~ [if the homeowners association's] governing documents
 21 allow [ed] for the adoption of the annual budget for the ensuing
 22 year in an amount that does not exceed one hundred ten percent
 23 (110%) of the amount of the last approved annual budget as
 24 permitted by section 3(f) of this chapter, before ~~<its>~~ [the]
 25 amendment by ~~<>~~ [HEA 1152-2026].

26 (b) This ~~<act during the 2026 regular session of the general~~
 27 ~~assembly, unless>~~ [section does not apply if] a homeowners
 28 association described in ~~<this section>~~ [subsection (a)] amends or
 29 renews the governing documents after June 30, 2026.]

30 SECTION 3. IC 32-25.5-3-3.2 IS ADDED TO THE INDIANA
 31 CODE AS A NEW SECTION TO READ AS FOLLOWS
 32 [EFFECTIVE JULY 1, 2026]: **Sec. 3.2. (a)** This section applies to a
 33 homeowners association within the first three (3) years after the
 34 first sale of a lot or unit within the homeowners association from
 35 a developer to a person that is not affiliated with the developer.

36 (b) If the number of members of the homeowners association
 37 in attendance at a meeting held under section 3(d) of this chapter
 38 do not constitute a quorum as defined in the governing documents
 39 of the homeowners association, the board may adopt an annual
 40 budget for the homeowners association for the ensuing year in an
 41 amount that does not exceed one hundred ten percent (110%) of
 42 the amount of the last approved homeowners association annual

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budget.
(c) The governing documents of the homeowners association must expressly allow a board to adopt a budget in the manner described in subsection (b) without a quorum.

(d) The governing documents of a homeowners association may not allow a budget to be increased under this section after the expiration of the third year following the first sale of a lot or unit by a developer to a person that is not affiliated with the developer.

SECTION 4. IC 32-25.5-3-3.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]: Sec. 3.3. (a) This section applies to a homeowners association after the expiration of the third year following the first sale of a lot or unit by a developer to a person that is not affiliated with the developer.

(b) If the number of members of the homeowners association in attendance at a meeting held under section 3(d) of this chapter do not constitute a quorum as defined in the governing documents of the homeowners association, the board may adopt an annual budget for the homeowners association for the ensuing year in an amount that does not exceed the lesser of:

- (1) one hundred five percent (105%) of the amount of the last approved homeowners association budget; or
- (2) the last approved homeowners association budget increased by the average increase of the Consumer Price Index, published by the United States Bureau of Labor Statistics, for housing in the midwest region for the prior twelve (12) months.

(c) The governing documents of the homeowners association must expressly allow a board to adopt a budget in the manner described in subsection (b) without a quorum.]

SECTION ~~<3>~~[5]. IC 32-25.5-3.9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2026]:

Chapter 3.9. Homeowners Association Regulation of Property Used to Provide Child Care

Sec. 1. [(a)]This chapter applies only to a homeowners association's adoption or amendment of governing documents after June 30, 2026.

[(b) This chapter does not apply to an age-restricted community governed by a homeowners association that is in compliance with the Housing for Older Persons Act of 1995.

] Sec. 2. As used in this chapter, "~~<child care home>~~[governing

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1 documents]" has the meaning set forth in
2 ~~<IC 12-7-2-28.6>~~ [IC 32-25.5-2-3].

3 Sec. 3. As used in this chapter, "~~<governing documents>~~" ~~has~~
4 ~~the meaning set forth in IC 32-25.5-2-3>~~ [providing child care"
5 means:

6 (1) the operation of a Class I child care home as defined in
7 IC 12-7-2-33.7; or

8 (2) providing child care described in IC 12-17.2-1-1(2)].

9 Sec. 4. As used in this chapter, "single family residence" means
10 a residential structure that:

11 (1) does not share a common wall with any other structure
12 within the homeowners association; and

13 (2) is designed and built for occupancy by only one (1)
14 family.

15 Sec. 5. ~~<(a)>~~ A homeowners association may not]:

16 (1) prohibit or restrict ~~<a person from:~~

17 ~~— (1) operating a child care home>; or~~

18 ~~(2) <providing child care as described in IC 12-17.2-1-1(2);~~
19 ~~in a single family residence that the person owns, rents, or leases.~~

20 ~~— (b) A homeowners association may not>~~ adopt or enforce a
21 regulation, rule, or other policy that has the effect of prohibiting or
22 restricting];

23] a person from <:

24 ~~— (1) operating a child care home; or~~

25 ~~— (2) >~~ providing child care ~~<as described in IC 12-17.2-1-1(2);~~

26 ~~>~~ in a single family residence that the person [resides within and
27] owns, rents, or leases. [The person holding a license of a Class I
28 child care home must also reside within the single family
29 residence.]

30 Sec. 6. A homeowners association may adopt or amend
31 governing documents to permit ~~<the:~~

32 ~~— (1) operation of a child care home; or~~

33 ~~— (2) provision of child care as described in IC 12-17.2-1-1(2);~~

34 ~~in>~~ [a person providing child care within] a single family residence
35 that ~~<a>~~ [the] person [resides within and] owns, rents, or leases].

36 to conform with this chapter.

37 Sec. 7. This chapter does not affect:

38 (1) a homeowners association that allowed for the operation
39 of ~~<a>~~ [providing] child care ~~<home or the provision of child~~
40 ~~care as described in IC 12-17.2-1-1(2)>~~ in a single family
41 residence before July 1, 2026; or

42 (2) the application of any other laws that apply to



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1 <a>[providing] child care<home or to the provision of child
2 care as described in IC 12-17.2-1-1(2)>.

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