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Indiana HOA Act Update: 2026 Legislative Changes

Please enjoy the music and standby for the virtual seminar presentation to begin.

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Presents

Indiana HOA Act Update:

2026 Legislative Changes

Presented By:
P. Thomas Murray, Jr., Esq., CCAL

2026
#TrendingTopics

- Wednesday August 19th: 7:00pm/6:00pm
- Wednesday November 18th; 10:00/9:00am

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2026 Lessons Learned

- Thursday July 16th: 10:00am/9:00am

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Board Orientation: Preparing You to SERVE Your Association

Successful, Educated, Responsible, Valuable and Enthusiastic!

- Thursday September 17th: 3:00/2:00pm
- Tuesday December 8th; 7:00/6:00pm

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Indiana HOA Act Update

Important Background:

- Most provisions go into effect on July 1
- Likely applies to all HOAs (condos and traditional homeowners' associations)
- All boards must update and verify some of their procedures, especially on:
  - Meeting notice
  - Assessment increases
  - Fines/enforcement assessments
  - Amendments
  - Costs for payoffs, resale certifications, and records requests

IC 32-25.5-3-2

Meetings

In the meeting notice of the HOA's annual meeting, the board shall include a written statement that:

(1) Notifies HOA members of the right to demand a special meeting of the members, and

(2) States the number of members required to demand a special meeting.

Statutory Significance

- It is unclear why the Indiana legislators made this requirement
- Boards must include in every annual meeting notice a written statement informing members of their right to demand a special meeting
- The notice must state the specific number of members required to call a special meeting under the governing documents
- Members now have a codified statutory mechanism to force special meetings outside the regular annual schedule
- An amendment to the bylaws is not required, as long as the board (and community association manager) comply
- It would not be surprising if the Indiana legislature revises this requirement during its next session

IC 32-25.5-3-3

Meeting Attendance

(c) For purposes of this section, a member of a homeowner's association is considered to be in attendance at a meeting if the member attends

(1)In person;

(2)By proxy;

(3)By remote or virtual means in accordance with the procedures set forth in IC 23-17-10-1(d); or

(4)By any other means allowed under state law; or the governing documents of the homeowner's association.

IC 32-25.5-3-3

Meeting Notice

(g) For each meeting of the homeowner’s association board, the board must provide at least four (4) days advance written notice of the meeting to members of the homeowner's association. The meeting notice must include an agenda for the meeting. The meeting notice for the annual meeting of the board must also include a statement of the right of homeowner’s association members to demand a special meeting of the members under section 2 of this chapter, including a statement of the number of members required to demand a special meeting, as determined under section 2(a) of this chapter. The board may provide a written meeting notice required under this subsection by hand delivery, United States Mail or other electronic means.

IC 32-25.5-3-3

Records Request Fees

(cont.)(g) A written request for inspection must identify with reasonable particularity the information being requested. A member's ability to inspect records under this section shall not be unreasonably denied or conditioned upon provisions of an appropriate purpose for the request. The homeowner's association may not charge a fee for the copying of a record requested under this subsection if the homeowner's association member requests a written copy of the record.

(m) A homeowner's association may not charge a fee to search for a record in response to a written request submitted under this chapter.

IC 32-25.5-3-3

Statement of Account Fees

(o) Not withstanding any other law, a homeowner's association, an agent of a homeowner’s association, or a homeowner’s association management company may not charge a homeowner a fee associated with the production of a statement of account setting forth the amount of any unpaid assessments or other charges due and owing from the homeowner. An account statement must be maintained by the homeowner’s association or its agent and must be provided to a homeowner upon request.

Statutory Significance

- Meeting attendance now includes in person, by proxy, by remote/virtual means, or any other method allowed by law or governing documents
- Boards must provide at least 4 days’ advance written notice with an agenda for every board meeting, deliverable by hand, mail, or electronic means
- Notice could be sent through an email "blast" posted on the association's or management company's website, so long as owners know that this will be the process
- Members’ record inspection requests cannot be unreasonably denied or conditioned on stating a purpose, and the HOA may not charge copying or search fees
- HOAs may not charge any fee for producing a statement of account showing unpaid assessments—Associations must maintain and provide these upon request

IC 32-25.5-3-3.1

Budget Approval

(a) The amendments made by HEA 1152-2026 to section 3 of this chapter do not apply to a homeowner's association established before July 1, 2026, if the homeowner's association's governing documents allowed for the adoption of the annual budget for the ensuing year in an amount that does not exceed one hundred ten percent (110%) of the amount of the last approved annual budget as permitted by section 3(f) of this chapter, before the amendment by HEA 1152-2026.

(b) This section does not apply if a homeowners association described in subsection (a) amends or renews the governing documents after June 30, 2026.

Statutory Significance

- HOAs established before July 1, 2026 are grandfathered from the HEA 1152-2026 budget amendments if their governing documents already allowed budgets up to a 10% increase over the prior year
- The grandfathering exemption expires if the HOA amends or renews its governing documents after June 30, 2026. This creates a transitional safe harbor—pre-existing budget escalation provisions remain valid unless the association voluntarily updates its governing documents. The term "governing documents" is very broadly defined in the HOA Act, including the bylaws. Thus, even if the board adopts a simple amendment to the association’s bylaws (like reducing the quorum for annual meetings), the exemption does not apply!
- Hopefully, the Indiana legislature revises this budgetary constraint. For that reason, we do not recommend an amendment to the declaration, yet

IC 32-25.5-3-3.2

Budget Approval

(a) This section applies to a homeowner's association within the first five (5) years after the first sale of a lot or unit within the homeowner's association from a developer to a person that is not affiliated with the developer.

(b) If the number of members of the homeowner's 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 homeowner's association, the board may adopt an annual budget for the homeowner's association for the ensuing year in an amount that does not exceed one hundred ten percent (110%) of the amount of the last approved homeowner's association annual budget.

IC 32-25.5-3-3.2

Budget Approval

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

Statutory Significance

- Applies only during the first 5 years after the first sale from a developer to a non-affiliated buyer
- It is only applicable if there is not a quorum at the homeowners meeting at which the budget is voted upon
- If a quorum is not achieved at a budget meeting, the board may adopt a budget up to 110% of the last approved budget—but only if governing documents expressly permit it
- Governing documents may not extend this no-quorum budget authority beyond the fifth year after the first developer sale
- If a quorum is represented at the budget approval meeting, this is completely inapplicable, so it is more important than ever to have a realistic quorum!

IC 32-25.5-3-3.3

Budget Adoption Without Quorum After Fifth Year

(a) This section applies to a homeowner's association after the expiration of the fifth 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 a homeowner's 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 homeowner's 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 homeowner's association budget, or (2) the last approved homeowner's 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 must expressly allow a board to adopt a budget in the manner described in subsection (b) without a quorum.

Statutory Significance

- After the fifth year following the first developer sale, stricter rules govern adopting a budget without a quorum
- Without a quorum, the budget is capped at the lesser of 105% of the last approved budget or the Consumers Price Index for Midwest housing over the prior 12 months
- However, the governing documents must expressly authorize the board to adopt a budget without a quorum under this provision
- If a quorum is represented at the budget approval meeting, this is completely inapplicable, so it is more important than ever to have a realistic quorum

IC 32-25.5-3.9

Regulation of Property Used to Provide Child Care

Sec. 1.
(a) This chapter applies only to a homeowner's 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 homeowner's association that is in compliance with the Housing for Older Persons Act of 1995.

Sec. 2. As used in this chapter "governing documents" has the meaning set forth in IC 32-25.5-2-3

Sec. 3. As used in this chapter "providing child-care" means: (1) the operation of a Class 1 child-care home as defined in IC 12-7-2-33.7; or (2) providing child-care described in IC 12-17.2-1-1(2).

IC 32-25.5-3.9

Regulation of Property Used to Provide Child Care

Sec. 4. As used in this chapter, “single family residence” means a residential structure that: (1) does not share a common wall with any other structure within the homeowner’s association; and (2) is designed and built for occupancy by only one (1) family.

Sec. 5. A homeowner’s association may not: (1) prohibit or restrict; or (2) adopt or enforce a regulation, rule, or other policy that has the effect of prohibiting or restricting a person from providing child-care in a single-family residence that the person resides within and owns, rents, or leases. The person holding a license of a Class 1 child-care home must also reside within the single-family residence.

Sec. 6. A homeowner’s association may adopt or amend governing documents to permit a person providing child-care withing a single-family residence that the person resides within, and owns, rents, or leases, to conform with this chapter.

IC 32-25.5-3.9

Regulation of Property Used to Provide Child Care

Sec. 7. This chapter does not affect:

(1)A homeowner’s association that allowed for the operation of providing child-care in a single-family residence before July 1, 2026; or

(2)The application of any other laws that apply to providing child-care.

Statutory Significance

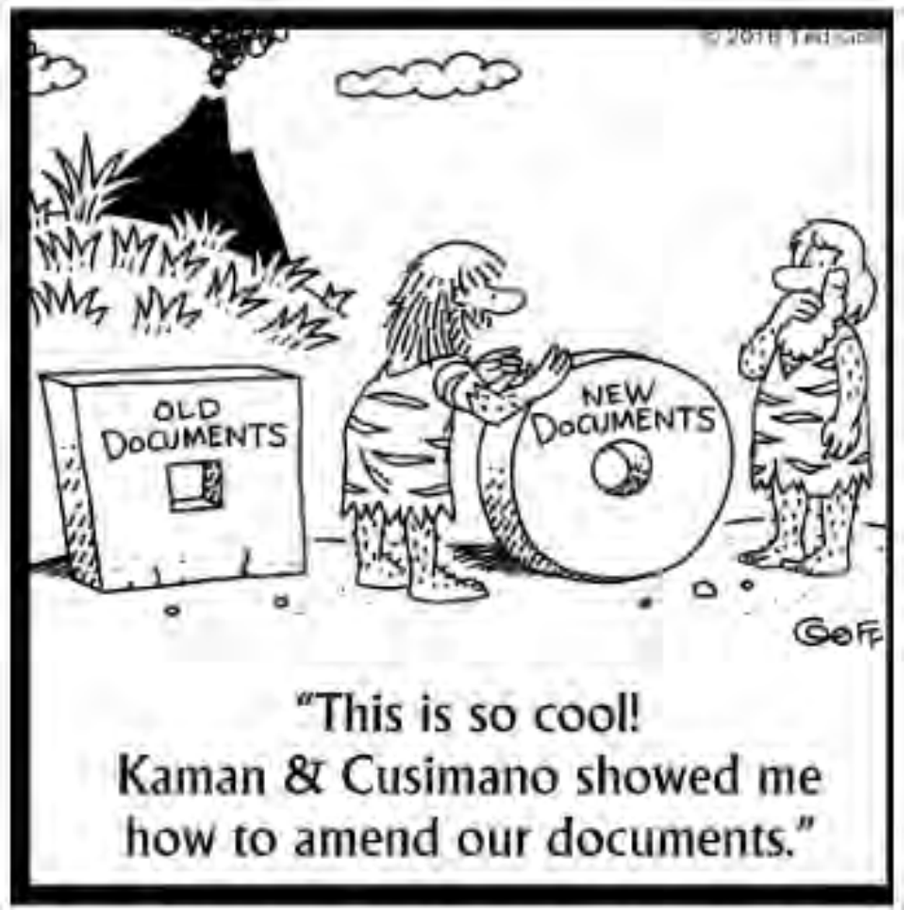
- Applies to governing documents adopted or amended after June 30, 2026; does not apply to 55 or older communities compliant with the Housing for Older Persons Act
- Covers licensed as well as unlicensed child-care facilities
- HOAs cannot prohibit or restrict a resident from operating a licensed child-care home in a single-family residence they own, rent, or lease and reside in
- “Single-family residence” means a standalone structure not sharing common walls with other structures in the HOA; thus, duplexes, "quads" and most condos and townhome communities are not subject to the prohibition
- Existing provisions allowing childcare before July 1, 2026 are unaffected; HOAs may adopt documents to permit childcare that conform with this chapter

IC 32-25.5-3-9

Amending Governing Documents

Sec. 9.

(2) The governing documents may not require the consent of more than two-thirds (2/3) of the owners be required for consent under this subdivision.



(3) The governing documents may not require that the consent of more than two thirds (2/3) of first mortgage holders eligible to receive notice is required for consent under this subdivision.

Statutory Significance

- The former version of the Indiana HOA Act said that the governing documents could not require the consent of more that 75% of the owners to approve an amendment
- As of July 1, 2026, the governing documents may not require consent of more than two-thirds (2/3) of the owners to approve an amendment
- Consent of more than two-thirds of first mortgage holders eligible for notice likewise cannot be required
- This caps the supermajority threshold, making it easier for associations to amend their governing documents going forward
- This is a very good amendment!

IC 32-25.5-3-11

Rental Restriction Voting

Sec. 11. (d) Beginning after the effective date of this subsection as added by the HEA 1210-2026 [*which the Governor Signed on March 12,2026*], only members of the homeowner's association who use their property as a homestead (as defined in IC 6-1.1-12-37) are eligible to cast a vote on a matter regarding either of the following: (1) a prohibition or restriction of an owned of a privately owned residential property from using the property as a rental property. (2) a prohibition or restriction regarding the use of property as a rental property.

(e) A developer is not subject to subsection (d) while the developer maintains ownership of lots within the homeowner's association. For the purpose of this subsection, "developer" means any person or entity that is engaged in the business of acquiring land for the purpose of: (1) improving the land, including the subdivision of the land for the purpose of constructing a residential building or structure on a lot: and (2) selling or leasing a residential building or structure to another person.

Statutory Significance

- Only homestead members—those using property as their primary residence under IC 6-1.1-12-37—may vote on rental property prohibitions or restrictions
- Owners can claim the homestead exemption for their primary residence in Indiana, and it is a public record
- Non-homestead owners such as investors and landlords are excluded from voting on rental-related restrictions
- This is especially good for communities that have a high number of investors and landlords; for example, if a community has 30% rentals, it would be nearly impossible to get the owners of at least 2/3 of the total number of homes to approve a rental restriction amendment. With this amendment, the owners of the 30% rental homes would not be eligible to vote
- Developers are exempt from this homestead voting requirement while they still own lots within the HOA

IC 32-25.5-3-12

Fines Levied by the HOA

(a) A homeowner's association may assess a fine for a member's violation of a covenant described in IC 32-25.5-2-3(2) if the board first adopts a schedule of fines that sets forth: (1) the covenant violations that are subject to a fine; (2) the amount of the fine that applied to each violation identified under the subdivision (1); (3) if any of the fines listed in subdivision (2) will be assessed on an ongoing or recurring basis: for a defined period or a specified number of days; or until the violation is cured or another contingency occurs; a statement of the fact, along with a description of how the fine will be calculated and assessed; and (4) a maximum aggregate fine amount for any single violation. A fine assessed on an ongoing or recurring basis may not exceed the maximum aggregate amount stated in the schedule of fines.

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

IC 32-25.5-3-12

Fines Levied by the HOA

(c) A schedule of fines adopted under this section must be available to any member for inspection under the member's request, which may be submitted: (1) in person; (2) in writing; or (3) by electronic mail or other electronic means.

(d) The board may, from time to time, amend or repeal a schedule of fines adopted under this section if notice of :(1) the amendment or repeal, including the amended schedule of fines in the case of an amendment; and (2) any meeting held to adopt the amendment or repeal; is given to members in accordance with the homeowner's association's governing documents.

(e) Members may submit to the board under section 2 of this chapter a written demand for a special meeting of the members of the homeowner's association for the purpose of voting to amend a schedule of fines adopted under this section. An amended schedule of fines shall be: (1) adopted as proposed; or (2) revised and adopted; if so, approved by a majority or members present at the meeting.

IC 32-25.5-3-12

Fines Levied by the HOA

(f) After schedule of fines has been adopted under this section, the board may assess a member a fine for a violation included in the schedule of fines under subsection (a)(1) if the board first provides notice of: (1) the violation for which the fine will be assessed; (2) the amount of the fine; (3) the date on which the fine will be assessed; and (4) if the fine will be assessed on an ongoing on recurring basis: for a defined period or a specified number of days; or until the violation is cured or another contingency occurs; a statement of the fact, along with a description of how the fine will be calculated and assessed.

(g) If a member is assessed a fine under this section, the amount of the fine that has accrued must be available to the member upon the member request, which may be submitted; (1) in person; (2) in writing; or (3) by electronic mail or other electronic means.

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

Statutory Significance

- Indiana law is now finally clear that an HOA can levy fines, sometimes called "violation assessments"
- Fines can only apply to a provision in the Declaration; thus, a violation of a board-adopted rule could not result in a fine.
- There are many steps that are required before a fines system can be implemented:
  - HOAs must adopt a formal schedule of fines before assessing any fine, specifying violations, amounts, recurring fine calculations, and a maximum aggregate fine per violation
  - Members must receive notice of the proposed fine schedule per governing documents and may demand a special meeting to vote on amending it
  - Before levying a fine, the board must give advance notice to the owner of the specific violation, amount, date, and any recurring fine details

Statutory Significance

- Fining does not waive the HOA's right to seek injunctive relief or damages
- If a Board is considering the adoption of a fines system, we recommend that all Board members review the community's declaration and make a list of the provisions for which they would want the ability to levy a fine

IC 32-25.5-3.8

Automated License Plate Readers

Sec. 1. This chapter applies to a homeowner's association established before, on, or after July 1, 2026.

Sec. 2. "Automated license plate reader" means a camera designed to automatically capture an image of a vehicle's license plate and convert the image to a computer readable data to permit comparison of the license plate number of the captured image with license plate numbers contained in one (1) or more databases. This term does not include a security camera that may incidentally capture the image of a license plate.

Sec. 3. A homeowner's association may not install, maintain, or operate an automated license plate reader.

IC 32-25.5-3.8

Automated License Plate Readers

Sec. 4. A homeowner's association may not permit the installation, maintenance, or operation of an automated license plate reader on the property of a homeowner's association unless: (1) the automated license plate reader is installed by or on behalf of a law enforcement agency; (2) only a law enforcement agency has access to the data and images captured by the automated license plate reader; and (3) the homeowners association does not have access to the images or data captured by the automated license plate reader.

Statutory Significance

- Applies to all HOAs established before, on, or after July 1, 2026
- HOAs are flatly prohibited from installing, maintaining, or operating automated license plate readers (ALPRs)
- Only law enforcement may install ALPRs on HOA property, and only law enforcement may access the captured data—the HOA itself has no access
- Standard security cameras that incidentally capture license plates are not considered ALPRs under this chapter

Section 229 IC 36-1-20-3.6

Rental Regulation Ordinances adopted in 2025 by Fishers and Carmel

- Prior to this amendment, both Fishers and Carmel adopted ordinances that placed a 10% "cap" on the maximum number of rentals within a development; now prevents other municipalities from doing the same
- Under this amendment to the HOA Act, municipalities like Fishers and Carmal cannot adopt or enforce rules prohibiting or restricting owners from using residential property as rental property; this nullified the 10% "cap" that the cities created
- Health and safety regulations, building and fire codes, and registration requirements remain enforceable if they do not cap or limit rentals
- Pre-2026 non-compliant ordinances (such as those in Fishers and Carmel) are grandfathered until January 1, 2028
- Short-term rental ordinances adopted by municipalities before January 1, 2018 in compliance with IC 36-1-24 are permanently exempt

Section 1 IC 32-21-5-8.5

Resale Certificate Cost Cap

Sec. 8.5 (f) In the case of a resale or refinance of property subject to this section, a homeowner's association or agent of a homeowner’s association providing a statement of unpaid assessments or other charges of the homeowner's association relating to the property may not charge more than fifty dollars ($50) for the statement.

Statutory Significance

- On resale or refinance, the HOA or its agent may charge no more than $50 for a statement of unpaid assessments or other charges
- This caps what has been a largely unregulated fee, directly reducing closing costs for homeowners
- Combined with the separate prohibition on account-statement fees under IC 32-25.5-3-3(o), this significantly limits association revenue from transactional charges
- If the management company charges a fee (like $250) for issuing a statement, the HOA may have to absorb the amount over $50 and consider it as a "cost of doing business"
- Budgets may need to be reviewed more carefully as a result. A board could see how many closings occurred during the prior year to predict how many might occur in the upcoming year.

Chapter 13.5

Display of Flags

- Applies to all governing documents past, present, and future; broadly covers HOAs, condo associations, co-ops, and similar property owners associations
- Associations cannot prohibit the display of the U.S. flag or Indiana state flag, including from flagpoles
- Reasonable regulations are permitted: flag condition and maintenance, flagpole materials, zoning compliance, and noise abatement for halyards
- At least one flagpole per property must be allowed—either freestanding (up to 20 feet in the front yard) or attached to the member's residential structure

Concluding Thoughts

- Legislators were concerned about transparency and affordability
- HOA Act has some burdensome provisions that will be costly and cumbersome to comply with
- Boards should now review:
  - Fee amounts (records requests/transfer/payoff)
  - Meeting procedures
  - Fine schedules
  - Quorum
  - Rules (flags and cameras)
  - Budgets and the approval process

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Thank You!

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