

## **IC 32-25-8**

### Chapter 8. Administration of Condominiums

#### **IC 32-25-8-1**

##### **Bylaws; administration of property**

Sec. 1. The administration of every property is governed by bylaws. A true copy of the bylaws shall be annexed to and made a part of the declaration. A modification of or amendment to the bylaws is valid only if:

- (1) the modification or amendment is set forth in an amendment to the declaration; and
- (2) the amendment is recorded.

*As added by P.L.2-2002, SEC.10.*

#### **IC 32-25-8-2**

##### **Bylaws; contents**

Sec. 2. The bylaws must provide for the following:

- (1) With respect to the board of directors:
  - (A) the election of the board from among the co-owners;
  - (B) the number of persons constituting the board;
  - (C) the expiration of the terms of at least one-third (1/3) of the directors annually;
  - (D) the powers and duties of the board, including whether the board may engage the services of a manager or managing agent;
  - (E) the compensation, if any, of the directors; and
  - (F) the method of removal from office of directors.
- (2) The method of calling meetings of the co-owners and the percentage, if other than a majority of co-owners, that constitutes a quorum.
- (3) The election from among the board of directors of a president, who shall preside over the meetings of:
  - (A) the board of directors; and
  - (B) the association of co-owners.
- (4) The election of a secretary, who shall keep the minute book in which resolutions shall be recorded.
- (5) The election of a treasurer, who shall keep the financial records and books of account.
- (6) The maintenance, repair, and replacement of the common areas and facilities and payments for that maintenance, repair, and replacement, including the method of approving payment vouchers.
- (7) The manner of collecting from each condominium owner the owner's share of the common expenses.
- (8) The designation and removal of personnel necessary for the maintenance, repair, and replacement of the common areas and facilities.
- (9) The method of adopting and of amending administrative rules governing the details of the operation and use of the common areas and facilities.

(10) The restrictions on and requirements respecting the use and maintenance of the condominium units and the use of the common areas and facilities that are:

- (A) not set forth in the declaration; and
- (B) designed to prevent unreasonable interference with the use of their respective units and of the common areas and facilities by the several co-owners.

(11) The percentage of votes required to amend the bylaws.

(12) This subdivision applies only to a condominium located on the shore of a lake located in a township with a population of more than three thousand one hundred (3,100) but less than three thousand eight hundred (3,800) located in a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900). A statement of the percentage of votes by the condominium unit owners required to convey or encumber part or all of the common areas and facilities. A statement under this subdivision may not allow less than ninety-five percent (95%) of the condominium unit owners, or less than ninety-five percent (95%) of the owners of condominium units not owned by the declarant, to convey or encumber part or all of the common areas and facilities. If the bylaws do not include a statement under this subdivision, IC 32-25-4-3.5 applies.

(13) Other provisions consistent with this article considered necessary for the administration of the property.

*As added by P.L.2-2002, SEC.10. Amended by P.L.181-2007, SEC.4.*

### **IC 32-25-8-3**

#### **Recording instruments; indexes**

Sec. 3. (a) The following shall be recorded:

- (1) A declaration.
- (2) An amendment to a declaration.
- (3) An instrument by which this article may be waived.
- (4) An instrument affecting the property or any condominium unit.

(b) A declaration and any amendment to a declaration are valid only if the declaration or amendment is recorded.

(c) All of the laws of the state applicable to the recording of instruments affecting real property apply to the recording of instruments affecting any interest in a condominium unit.

(d) In addition to the records and indexes required to be maintained by the recording officer, the recording officer shall maintain an index or indexes in which:

- (1) the record of each declaration contains a reference to the record of each conveyance of a condominium unit affected by the declaration; and
- (2) the record of each conveyance of a condominium unit contains a reference to the declaration of the building of which the condominium unit is a part.

*As added by P.L.2-2002, SEC.10.*

#### **IC 32-25-8-4**

##### **Sales and management offices; model units**

Sec. 4. (a) A declarant may:

(1) maintain:

- (A) sales offices;
- (B) management offices; and
- (C) model condominium units;

in the condominium only if the condominium instruments provide for those items; and

(2) specify the rights of the declarant with regard to the:

- (A) number;
- (B) size;
- (C) location; and
- (D) relocation;

of the items referred to in subdivision (1).

(b) If the declarant ceases to be a condominium unit owner:

(1) an item referred to in subsection (a)(1) that is not designated a condominium unit by the condominium instruments becomes part of the common areas and facilities; and

(2) the declarant ceases to have any rights to the item referred to in subdivision (1) unless the item is removed promptly from the condominium real estate under a right reserved in the condominium instruments to make the removal.

*As added by P.L.2-2002, SEC.10.*

#### **IC 32-25-8-5**

##### **Alteration or structural changes; impairing easements or hereditaments**

Sec. 5. A condominium unit owner may not make an alteration or structural change that would:

- (1) jeopardize the soundness or safety of the property;
- (2) reduce the value of the property; or
- (3) impair any easement or hereditament;

unless the condominium unit owner has obtained the unanimous consent of all the other co-owners.

*As added by P.L.2-2002, SEC.10.*

#### **IC 32-25-8-6**

##### **Common profits and expenses**

Sec. 6. The:

- (1) common profits of the property shall be credited to; and
- (2) common expenses of the property shall be charged to;

the condominium unit owners according to the percentage of the owners' undivided interests in the common areas and facilities.

*As added by P.L.2-2002, SEC.10.*

#### **IC 32-25-8-7**

##### **Taxes, assessments, and charges**

Sec. 7. (a) Taxes, assessments, and other charges of:

- (1) the state;

(2) any political subdivision;  
(3) any special improvement district; or  
(4) any other taxing or assessing authority;  
shall be assessed against and collected on each condominium unit. Taxes, assessments, and other charges referred to in this subsection may not be assessed and collected on the building or property as a whole.

(b) Each condominium unit shall be carried on the tax books as a separate and distinct entity for the purpose of taxes, assessments, and other charges.

(c) A forfeiture or sale of the building or property as a whole for delinquent taxes, assessments, or charges may not divest or affect the title to a condominium unit if taxes, assessments, and charges on the condominium unit are currently paid.

*As added by P.L.2-2002, SEC.10.*

### **IC 32-25-8-8**

#### **Records**

Sec. 8. (a) The manager or board of directors shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the common areas and facilities, specifying and itemizing:

- (1) the maintenance and repair expenses of the common areas and facilities; and
- (2) any other expenses incurred.

(b) The records and the vouchers authorizing the payments shall be available for examination by the co-owners at convenient hours of weekdays.

*As added by P.L.2-2002, SEC.10.*

### **IC 32-25-8-9**

#### **Insurance; co-owners**

Sec. 9. (a) The co-owners, through the association of co-owners, shall purchase:

- (1) a master casualty policy, payable as part of the common expenses, affording fire and extended coverage in an amount consonant with the full replacement value of the improvement that in whole or in part comprises the common areas and facilities; and
- (2) a master liability policy in an amount:
  - (A) required by the bylaws;
  - (B) required by the declaration; or
  - (C) revised from time to time by a decision of the board of directors of the association.

(b) The policy referred to in subsection (a)(2) shall cover:

- (1) the association of co-owners;
- (2) the executive organ, if any;
- (3) the managing agent, if any;
- (4) all persons acting, or who may come to act, as agents or employees of any of the entities referred to in subdivisions (1)

through (3) with respect to:

- (A) the condominium;
- (B) all condominium unit owners; and
- (C) all other persons entitled to occupy any unit or other portions of the condominium.

(c) Other policies required by the condominium instruments may be obtained by the co-owners through the association, including:

- (1) worker's compensation insurance;
- (2) liability insurance on motor vehicles owned by the association;
- (3) specialized policies covering land or improvements on which the association has or shares ownership or other rights; and
- (4) officers' and directors' liability policies.

(d) When any policy of insurance has been obtained by or on behalf of the association of co-owners, the officer required to send notices of meetings of the association of co-owners shall promptly furnish to each co-owner or mortgagee whose interest may be affected written notice of:

- (1) the obtainment of the policy; and
- (2) any subsequent changes to or termination of the policy.

*As added by P.L.2-2002, SEC.10.*

### **IC 32-25-8-10**

#### **Insurance; reconstruction of building**

Sec. 10. (a) In case of fire or any other casualty or disaster, other than complete destruction of all buildings containing the condominium units:

- (1) the improvements shall be reconstructed; and
- (2) the insurance proceeds shall be applied to reconstruct the improvements.

(b) In the event of complete destruction of all of the buildings containing condominium units:

- (1) the buildings shall not be reconstructed, except as provided in subdivision (2), and the insurance proceeds, if any, shall be divided among the co-owners:

- (A) in the percentage by which each owns an undivided interest in the common areas and facilities; or
- (B) proportionately according to the fair market value of each condominium unit immediately before the casualty as compared with the fair market value of all other condominium units;

as specified in the bylaws of the condominium; and

- (2) the property shall be considered as to be removed from the condominium under section 16 of this chapter, unless by a vote of two-thirds (2/3) of all of the co-owners a decision is made to rebuild the building.

(c) If a decision is made under subsection (b)(2) to rebuild the building, the insurance proceeds shall be applied, and any excess of construction costs over insurance proceeds shall be contributed as

provided in this section in the event of less than total destruction of the buildings.

(d) A determination of total destruction of the buildings containing condominium units shall be made by a vote of two-thirds (2/3) of all co-owners at a special meeting of the association of co-owners called for that purpose.

*As added by P.L.2-2002, SEC.10.*

#### **IC 32-25-8-11**

##### **Insurance; reconstruction of building; insufficient proceeds**

Sec. 11. (a) If:

(1) the:

(A) improvements are not insured; or

(B) insurance proceeds are not sufficient to cover the cost of repair or reconstruction; and

(2) the property is not to be removed from the condominium; the co-owners shall contribute the balance of the cost of repair or reconstruction in the percentage by which a condominium unit owner owns an undivided interest in the common areas and facilities as expressed in the declaration.

(b) The amount of the contribution under subsection (a):

(1) is assessed as part of the common expense; and

(2) constitutes a lien from the time of assessment of the contribution as provided in IC 32-25-6-3.

*As added by P.L.2-2002, SEC.10.*

#### **IC 32-25-8-12**

##### **Determination not to rebuild after casualty or disaster**

Sec. 12. The following apply if, under section 10 of this chapter, it is not determined by the co-owners to rebuild after a casualty or disaster has occurred:

(1) The property is considered to be owned in common by the condominium unit owners.

(2) The undivided interest in the property owned in common that appertains to each condominium unit owner is the percentage of undivided interest previously owned by the owner in the common areas and facilities.

(3) Any liens affecting any of the condominium units are considered to be transferred in accordance with the existing priorities to the percentage of the undivided interest of the condominium unit owner in the property.

(4) The property is subject to an action for partition at the suit of any condominium unit owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the property, if any:

(A) are considered as one (1) fund; and

(B) are divided among all the condominium unit owners in a percentage equal to the percentage of undivided interest owned by each owner in the property, after first paying out of the respective shares of the condominium unit owners, to

the extent sufficient for the purpose, all liens on the undivided interest in the property owned by each condominium unit owner.

*As added by P.L.2-2002, SEC.10.*

### **IC 32-25-8-13**

#### **Expandable condominiums; addition of real estate**

Sec. 13. (a) Subject to the declaration and this chapter, a declarant may add additional real estate to an expandable condominium if an amendment to the declaration required by subsection (b) is executed in the manner described in section 3 of this chapter. The expansion is effective when the instruments required by subsection (b) are recorded.

(b) In expanding the condominium, the declarant shall:

- (1) prepare, execute, and record amendments to the condominium instruments; and
- (2) record new plats and plans under IC 32-25-7-1 and IC 32-25-7-4.

The amendment to the declaration shall assign an identifying number to each condominium unit within the real estate being added and shall reallocate undivided interests in the common areas and facilities under IC 32-25-4-3.

*As added by P.L.2-2002, SEC.10.*

### **IC 32-25-8-14**

#### **Contractable condominiums; withdrawal of land**

Sec. 14. (a) Subject to:

- (1) the declaration;
- (2) condominium instruments; and
- (3) this chapter;

a declarant may withdraw withdrawable land from a contractable condominium unless the withdrawal is prohibited by subsection (c). The contraction is effective when the instruments required by subsection (b) are recorded.

(b) In contracting the condominium, the declarant shall prepare, execute, and record an amendment to the declaration and condominium instruments:

- (1) containing a legally sufficient description of the land being withdrawn; and
- (2) stating the fact of withdrawal.

(c) If a portion of the withdrawable land was described under IC 32-25-7-3(6) and IC 32-25-7-3(7), that portion may not be withdrawn if any person other than the declarant owns a condominium unit situated on that portion of the withdrawable land. If that portion of the withdrawable land was not described under IC 32-25-7-3(6) and IC 32-25-7-3(7), none of the withdrawable land may be withdrawn if any person other than the declarant owns a condominium unit situated on that portion of the withdrawable land.

*As added by P.L.2-2002, SEC.10.*

### **IC 32-25-8-15**

#### **Reservation of option not to expand; disclosure**

Sec. 15. If a declarant reserves an option in the declaration to not expand the condominium, the declarant shall:

- (1) make a full disclosure of that option to every prospective buyer in writing before the buyer enters an agreement to purchase a condominium unit; and
- (2) obtain and retain an instrument acknowledging receipt of that disclosure by the prospective buyer.

*As added by P.L.2-2002, SEC.10.*

### **IC 32-25-8-16**

#### **Removal of property**

Sec. 16. (a) All of the co-owners may remove a property from this article by a recorded removal instrument if the holders of all liens affecting any of the condominium units:

- (1) consent in a recorded instrument to the removal; or
- (2) agree in a recorded instrument that their liens be transferred to the percentage of the undivided interest of the condominium unit owner in the property as provided in this section.

(b) If it is determined under section 10 of this chapter that all of the buildings containing condominium units have been totally destroyed:

- (1) the property is considered removed from this article; and
- (2) an instrument reciting the removal under section 10 of this chapter shall be recorded and executed by the association of co-owners.

(c) At the time of recording under subsection (b)(2), the property is removed from this article.

(d) Upon removal of the property from this article, the property is considered to be owned in common by the condominium unit owners. The undivided interest in the property owned in common that appertains to each condominium unit owner is the percentage of undivided interest previously owned by the owner in the common areas and facilities.

(e) Under the circumstances described in subsection (a) or in subsections (b) through (d), the property is subject to an action for partition at the suit of any condominium unit owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the property, if any:

- (1) are considered as one (1) fund; and
- (2) are divided among all the condominium unit owners in a percentage equal to the percentage of undivided interest owned by each owner in the property, after first paying out of the respective shares of the condominium unit owners, to the extent sufficient for the purpose, all liens on the undivided interest in the property owned by each condominium unit owner.

(f) A removal under this section does not bar the subsequent resubmission of the property to this article.

*As added by P.L.2-2002, SEC.10.*