

OAK GROVE HOMEOWNERS ASSOCIATION

ASSESSMENT COLLECTION POLICY AND PROCEDURE

Adopted: November 2026

Effective Date: January 1, 2027

In compliance with the Illinois Common Interest Community Association Act (ICICA) and Illinois Public Act 104-0734, the Board of Directors of the Oak Grove Homeowners Association has established the following uniform policy and procedures for the billing, collection, and escalation of unpaid annual and special assessments.

This policy must be followed in full before any legal action or collection remedies are pursued against a delinquent owner. A copy of this policy shall be included in all standard resale certificate disclosure packages provided to prospective buyers.

1. Assessment Billing and Due Dates

- * Annual Assessments: The annual assessment amount is determined by the Board of Directors during the annual budgeting process.
- * Due Date: Annual assessments are due in full on January 1 of each calendar year.
- * Grace Period: Homeowners are granted a grace period until January 31 to submit payment without penalty.
- * Special Assessments: Due dates for any Board-approved special assessments will be specified in the written notice provided to homeowners at least 30 days prior to the payment deadline.

2. Schedule of Fees and Penalties

- * Late Fee: Any assessment payment not received or postmarked by January 31 is considered delinquent. A flat late fee of \$25.00 will be automatically applied to the account on February 1.
- * Interest: Delinquent balances will accrue interest at a rate of 10% per annum (or the maximum rate allowed under the Association's governing declarations, whichever is lower), calculated monthly on the remaining unpaid balance starting February 1.
- * Returned Check Fee: A fee of \$35.00 will be assessed to the owner's account for any check returned by the financial institution for insufficient funds, a closed account, or a stop-payment order.

3. Collection Escalation Timeline

- * February 1 (First Notice): The Association or its designated agent will send a written Notice of Delinquency via regular mail and email. This notice will state the past-due amount, the applied late fee, and instructions for payment.
- * March 1 (Second Notice / Intent to File Lien): If the balance remains unpaid, a second written notice will be sent via certified mail. This notice will warn the owner that a formal Assessment Lien will be recorded against the property if the account is not brought current within 30 days.
- * April 1 (Lien Recordation & Legal Referral): If payment or an approved payment plan

is not secured, the Board will refer the account to the Association's legal counsel. Counsel will record an Assessment Lien against the property with the McHenry County Recorder of Deeds. All legal fees, recording costs, and title search charges will be charged back to the homeowner's ledger.

* Foreclosure / Money Judgment: If the delinquency persists past the recording of the lien, legal counsel may initiate a lawsuit for a personal money judgment or a foreclosure action against the property to satisfy the debt, subject to Board approval.

4. Payment Plans

* Availability: The Association is willing to work with homeowners experiencing financial hardship. Owners may request a structured payment plan at any time prior to the account being referred to legal counsel.

* Terms: Payment plans must be requested in writing and approved by the Board. Plans typically require the delinquent balance to be paid in equal monthly installments over a period not to exceed six (6) months, while continuing to pay future assessments on time.

* Late Fees During Plans: If a homeowner adheres strictly to the approved payment plan, additional monthly late fees will be paused. Failure to make a scheduled payment voids the plan, and full collection remedies will immediately resume.

5. Application of Payments

All payments received from a homeowner will be applied to the account ledger in the following restrictive order:

1. Legal fees and collection costs incurred by the Association.
2. Late fees, interest charges, and returned check fees.
3. Past-due special assessments.
4. Past-due annual assessments.
5. Current assessments due.

PRESIDENT'S ATTESTATION:

This policy was formally approved and adopted by a majority vote of the Board of Directors.

/s/ *Terry Brown*

President, Oak Grove HOA

October 30, 2026