

## **BOARD RESOLUTION ADOPTING LITIGATION COST RECOVERY POLICY**

### **Foundation for Resolution**

WHEREAS, Colony West Home Owners Association (herein the Association) is organized and governed pursuant to its Declaration, Bylaws, and Rules and Regulations (collectively, the “Governing Documents”); and

WHEREAS, the Governing Documents grant the Board authority to adopt rules and regulations governing the use, operation, and administration of the Association, including the allocation and collection of expenses; and

WHEREAS, the Association is subject to the Illinois Condominium Act and/or the Common Interest Community Association Act, which contemplate the recovery of certain costs and enforcement expenses; and

WHEREAS, litigation involving the Association—whether initiated by an Owner or arising from an Owner’s conduct—can impose substantial costs on the Association and its members as a whole; and

WHEREAS, the Board finds that it is inequitable for the general membership to bear costs that are **uniquely caused by or attributable to a specific Owner**; and

WHEREAS, Illinois law permits associations, where authorized by governing documents and properly adopted rules, to allocate **actual, reasonable costs** to an Owner when such costs are **causally related to that Owner’s conduct**; and

WHEREAS, the Board expressly finds that allocating such costs as an individual reimbursement assessment is an **administrative allocation of expense**, not a penalty, and is necessary to protect the financial integrity of the Association;

**THE Board of directors** hereby adopts the **Litigation Cost Recovery Policy** (“Policy”):

#### **1. Nature of Charges**

All amounts assessed pursuant to the Policy shall constitute a **Reimbursement Assessment** against the applicable Owner, representing the allocation of actual costs incurred by the Association and **not a fine or punitive charge**.

#### **2. Required Findings**

Prior to imposing any Reimbursement Assessment, the Board shall make written findings that:

- 2a. The Owner engaged in conduct giving rise to litigation or enforcement activity (“Triggering Conduct”);
- 2b. The Association incurred identifiable litigation-related costs;
- 2c. A **direct and reasonable causal nexus** exists between the Owner’s conduct and the costs incurred; and
- 2d. The amount assessed is **reasonable and proportionate** to the costs actually incurred.

#### **3. Due Process**

No assessment shall be imposed unless the Owner is provided:

- Written notice of the proposed assessment, including the basis and estimated or actual costs;
- and

- An opportunity for a hearing before the Board, with the right to present evidence and argument.

#### **4. Scope of Recoverable Costs**

Recoverable costs may include, but are not limited to:

- Attorneys' fees and legal expenses;
- Court costs and filing fees;
- Expert and consultant fees;
- Management and administrative costs directly attributable to the matter;
- Insurance deductibles or uninsured losses caused by the matter.

#### **5. Assessment and Collection**

Any Reimbursement Assessment imposed under this Resolution:

- Shall be due and payable within the time specified in the notice;
- Shall be treated as an individual assessment against the Owner;
- May be collected in the same manner as any other assessment, including lien and foreclosure rights as permitted by Illinois law.

#### **6. Non-Duplication**

This Policy supplements, and does not duplicate, any court-awarded fees or costs. Any amounts recovered through litigation shall be credited against the Owner's obligation.

#### **7. Limitation**

No assessment shall be imposed where:

- The Owner is the prevailing party on the material issues; or
- Imposition would conflict with express provisions of the Governing Documents or controlling law.

#### **8. Severability**

If any provision of this Resolution or the Policy is deemed invalid or unenforceable, the remainder shall remain in full force and effect.

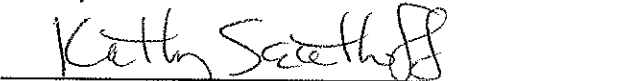
#### **BOARD CERTIFICATION**

The undersigned certify that the foregoing Resolution was duly adopted by the Board of Directors of the Association at a properly noticed meeting on April 16, 2026.

*5 yes 0 no*



Colony West President



Colony West Secretary