ILLINOIS LAW REQUIREMENT FOR WRITTEN COLLECTION POLICY: WHAT BOARDS AND MANAGERS NEED TO KNOW

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Brand-new legislation has reached the Illinois Governor's desk and will have a major impact on Illinois community associations (both condominiums and common interest communities). Senate Bill 3527, while not yet law, has passed both houses as of May 21, 2026, and is awaiting the Governor's signature to become law.

SB3527 amends both the Illinois Condominium Property Act (765 ILCS 605/ or the "Condo Act") and the Common Interest Community Association Act (765 ILCS 160/ or "CICAA"), insofar as it requires written collection policies for any community association governed by either the Condo Act or CICAA.

What SB3527 Requires:

SB3527 adds a new subsection to the board's powers and duties under both the Condo Act and CICAA, mandating that every association adopt written policies and procedures governing the collection of unpaid assessments. **The requirement is not mere suggestion — it is a true mandate.** Associations will be prohibited from taking legal action to collect common expenses unless a compliant written policy has been adopted and is being followed by the association (i.e., the board, management company, and association attorney).

The mandatory written policy must address, at a minimum, the following seven (7) elements:

1. The date on which common expenses are due and when an account is considered delinquent
2. The late fees the association is authorized to charge
3. Any returned check or "NSF" charges or fees the association may impose
4. The details of a unit owner payment plan, including the minimum terms of such a plan
5. The amount owed or length of delinquency that triggers referral to an attorney for legal action
6. The method by which payments are applied to a delinquent account
7. The legal remedies available to the association under its governing documents and Illinois law

SB3527 also amends the resale disclosure requirements under both the Condo Act and CICAA. In the future, a copy of the association's written collection policy must be included in the disclosure package provided to prospective purchasers at the time of any unit resale. For condominium associations, the policy should be added to any existing Section 22.1 disclosure package. Associations and their management companies will need to ensure the policy is current and accessible for every closing.

Who Is Affected:

SB3527 applies to all Illinois condominium associations and any common interest community associations governed by CICAA. Accordingly, if you are reading this article, SB3527 very likely applies to your community.

What Boards and Managers Should Do Now:

Review your community's current governing documents, including the declaration, existing rules and regulations, as well as any collection policy your association may already have.

- If your community has comprehensive rules and regulations detailing collection procedures or an existing collection policy, they should still be reviewed with legal counsel to ensure that they meet the requirements of SB3527 before the deadline of January 1, 2027.

- If your association does not have a written collection policy or anything in the rules and regulations discussing collections, the board should work with legal counsel to ensure that a policy is prepared and adopted before the deadline of January 1, 2027.

Once your community's policy is either (i) revised to comply with the requirements or (ii) drafted anew to comply with the requirements, the Board will adopt the new policy and prepare to include it in the resale disclosure packets starting January 1, 2027.

The Bottom Line:

While SB3527 is not law yet, all signs point to it becoming law as of August 17, 2026, at the latest. The law has an anticipated compliance deadline of January 1, 2027.

For any further questions, feel free to contact Bartzen Rosenlund Kasten at 312.450.6655 or info@brkchicago.com.

