

# **Federal Corporate Transparency Act: Impact on Community Associations**

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# Welcome



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Kim has practiced community association law for 21 years. She was licensed to practice law in Indiana in June 2016, and joined EMP in February 2016. However, she began representing condominium and homeowners association in 2003 as an attorney licensed in Ohio. Kim maintains licenses in both Indiana and Ohio.

Kim was inducted as a Fellow into the College of Community Association Lawyers (CCAL) in 2021, becoming just the fourth Indiana attorney to be admitted into this prestigious national organization. Of many thousands of community association attorneys nationwide, fewer than 175 have been accepted into CCAL. CCAL Fellows are considered to be leaders within the field of community association law and among the most respected community association attorneys nationwide.

Kim's philosophy in representing community association clients is to be proactive and to educate board members to provide the tools necessary to effectively govern their associations.

# Introduction

- What is the Federal Corporate Transparency Act?
- What is the impact on community associations?
- What are legal requirements?
- Board member responsibilities?



**Federal  
Corporate  
Transparency Act**

**Impact on  
Community  
Associations**

# Federal Corporate Transparency Act

- Federal law passed in 2021 as part of the National Defense Authorization Act for Fiscal Year 2021
- Federal Corporate Transparency Act went into effect on January 1, 2021
- Reporting obligations began January 1, 2024\*
- Requires certain businesses to disclose ownership information
- U.S. Treasury's Financial Crimes Enforcement Network (FinCEN)
- Regulations require legal entities to file “beneficial ownership information” (BOI) to FinCEN.

\*New entities formed after 1/1/24 required to comply immediately

# Intent of the Federal Corporate Transparency Act

- Increase business transparency
- Accountability to prevent illegal activities, particularly financial crime
- Make it more difficult for smaller business to engage in fraud, money laundering, tax evasion
- Provide information about the natural persons who own or operate the entity

# Who is a “Beneficial Owner”?

- A “beneficial owner” under the CTA is defined as any individual who, directly or indirectly, either exercises substantial control over a reporting company or owns or controls at least 25% of the ownership interests of a reporting company
- Federal Corporate Transparency Act’s broad language could define board members as having “substantial influence over important decisions” within the community association

# Who Must Comply?

## Impact on Community Associations

- Any entity that is a corporation, a limited liability company (LLC), any entity created through a filing with a Secretary of State or similar office
- Types of entities: U.S. Corporations, U.S. LLCs, other similar entities (ie. limited partnerships, business trusts/statutory trusts), Non-U.S. corporations, LLCs and other similar entities registered to do business in U.S.
- Broad language of the law includes community associations based on how they are legally structured
- Community associations are subject to the reporting requirements

# Community Association Board Members

Board members must provide the required personal information and documentation to the U.S.

Department of the Treasury

1. Name
2. Date of birth
3. Home Address
4. Unique ID (passport, Driver's license, state ID)  
**with an image** of the document



# Timeline & Compliance with Legal Requirements

- Deadline for compliance: **January 1, 2025**
- Board member and community association manager responsibilities:
  - Provide proper personal identification to filer
  - File correct documentation to the U.S. Dept. of the Treasury

# Determining When to File

- Existing Associations: Deadline is January 1, 2025.
- New Associations: 90 days after incorporation.
- Be smart about when you file the initial report.

# Changes/Updates to Association Board Member Information

- Federal Corporate Transparency Act specifies that the U.S. Department of the Treasury must be updated when there are changes **within 30 days.**
- Example = Changes to the board of directors from the community association's initial filing requires update with the U.S. Department of the Treasury

# Exemptions to the Federal Corporate Transparency Act

- 23 different entities are exempt from the Federal Corporate Transparency Act
- Examples include different types of banks, credit unions, insurance companies, public utilities, security exchanges, inactive entities, and more

# Consequences of Non-Compliance

- Fine of \$500 for each day that the violation continues, up to \$10,000
- Imprisonment for not more than two years, or
- Both fine and imprisonment

# Role of Your Association's Attorney

- Assist board members and association managers with Federal Corporate Transparency Act filing legal requirements
- Drafting and implementing a policies that comply with the Federal Corporate Transparency Act
- Help create protocols to promptly learn of changes to the association's "beneficial owners" and/or to their Personal Identifiable Information (PII) that must be submitted within the required reporting timeframe

# Legal Resource

Association legal counsel can help your community association comply with the Federal Corporate Transparency Act by:


- Confirming the community association is subject to new federal law
- Discussing with the Board the manner to provide proper information to the U.S. Department of the Treasury
- Ensuring Board files the correct legal documentation as required by the Federal Corporate Transparency Act
- Ensuring Board properly updates the U.S. Department of the Treasury when there are changes to your community association's board

# Filing Info

- Go to: <https://fincen.gov/boi>

1 <https://boiefiling.fincen.gov>

An official website of the United States government. Here's how you know ✓

 **FINANCIAL CRIMES ENFORCEMENT NETWORK**

**BOI E-FILING** | **FILE BOIR** | **HELP**

**Welcome to the BOI E-Filing System**

The BOI E-Filing System supports the electronic filing of the Beneficial Ownership Information Report (BOIR) under the Corporate Transparency Act (CTA). The CTA requires certain types of U.S. and foreign entities to report beneficial ownership information to the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Department of the Treasury.

**BSA E-Filing** Beneficial Ownership Information (BOI) Reporting  
Need to file a BOIR? Click here! **GET STARTED**

**BSA E-Filing** Bank Secrecy Act (BSA) Reporting  
Need to file another type of BSA report? Click here! **BSA E-FILING**

**Newsroom & Announcements**  
Coming soon ...

**2**

**File BOIR**  
Need to file a BOIR? Click here!

**Help**  
Looking for more information? Click here!



# Filing Info

BOIE-FILING | FILE BOIR | HELP

## File the Beneficial Ownership Information Report (BOIR)

Select the filing method that works best for you:



### File PDF BOIR

- Adobe Reader is required
- Prepare report offline at your own pace, save as you go
- Reuse PDF BOIR when filing updates/corrections
- Download BOIR transcript upon submission

Prepare BOIR

Submit BOIR



WEB

3

### File Online BOIR

- Adobe Reader NOT required
- Prepare report online and submit now
- Prepare new Online BOIR when filing updates/corrections
- Download BOIR transcript upon submission

Prepare & Submit BOIR

FinCEN also offers system-to-system BOIR transmission via secure Application Programming Interface (API) for those, including third-party service providers, who are interested in automating the BOIR filing process:



API

### System-to-System API

If you are interested in this method of filing, select the button below to contact FinCEN and one of our representatives will reach out.

Contact FinCEN for API Information

# Efforts to Combat CTA

**CAI National:** Filed suit against US Treasury and FinCEN on Sept. 10, 2024 seeking exemption for community associations. Filed for preliminary injunction to attempt to delay filing requirements while case is being heard.

**HR 9045:** Proposed in Congress to exempt community associations from BOI Reporting requirements. Introduced July 15, 2024 and is in the House Committee on Financial Services.

**Pending Court cases:** 9 different courts- Alabama, Michigan, Texas, Maine, Massachusetts, Utah, Oregon, Ohio. Similar theories of trying to declare the statute unconstitutional.

# Thank You



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