



**KEOUGH & MOODY WEBINAR  
Top Ten Mistakes to Avoid in 2024  
March 6, 2024  
12:00 p.m. - 1:30 p.m.**

*\*Pending approval for continuing education*

With the first quarter of 2024 almost under our belt, NOW is the time to do that which we vowed we would do on January 1st –make 2024 a better year. We all make mistakes (whether we want to admit it or not). Yet, there are certain mistakes which are more commonly made within the community association industry. These are common mistakes that can cause things to easily spiral out of control and not only make managing a community association much harder, but also add unnecessary stress to our lives. Whether you have been in the industry for two years or twenty years, this webinar is for you as Dawn and Gabby will not only highlight certain mistakes and share some funny stories, but they will also provide you with practical tips that can be easily implemented. Join Dawn and Gabby on March 6th and be ready to make changes in your management style on March 7th!

Register in advance for this webinar [here](#).

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## **What in the World is this Corporate Transparency Act?**

The Corporate Transparency Act is federal legislation which was enacted in 2021 to address the use of somewhat anonymous corporate structures to commit money laundering and other similar financial crimes. The Corporate Transparency Act requires that domestic reporting companies, meaning a corporate entity, LLC, or similar entity, which is created by the filing of a document with the Secretary of State, submit information to the federal government regarding the beneficial owner of the corporate entity (i.e., the person who has substantial control or at least 25% ownership interest in the corporate entity).

### **Does this Corporate Transparency Act apply to my association?**

Based on the current version of the statute, the answer is likely yes. If your association has been duly incorporated with the Illinois Secretary of State and files taxes under Section 528 of the Internal Revenue Code, then your association is going to be governed by the Corporate Transparency Act and have filing obligations.

### **Who is the beneficial owner(s) of my association?**

Like most legal questions, the answer is, it depends! The statute defines “beneficial owner” as “with respect to an entity, an individual who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise exercises substantial control over the entity or owns or controls not less than 25 percent of the ownership interests of the entity.” Unless your association is a small association or you have an owner who owns many units, where a designated owner or owners hold 25% or more of the percentage of ownership, it is likely the members of the board of directors.

### **Why is the board of directors the beneficial owner of my association and not the board president?**

A board of directors operates by a majority vote of a quorum of its board. Therefore, it is all members of the board who would be appropriately identified as beneficial owners of the common interest community association. In the event of a small association or an association where one (or more) owner(s) holds more than 25% of the percentage of ownership, the association should consult with its attorney to confirm who should be identified as the beneficial owner(s).

### **What information does each beneficial owner(s) have to provide?**

The beneficial owner must provide (1) their full legal name; (2) date of birth; (3) current address; and (4) a unique identifying number from an acceptable identification document, such as a current driver’s license, state-issued ID, or passport (a copy of the document must also be provided). A link to the filing system for the Beneficial Ownership Information Report can be located here: [BOI E-FILING \(fincen.gov\)](https://www.fincen.gov/boi-e-filing).

### **When do we have to file this documentation?**

For duly incorporated associations, the Beneficial Ownership Information Report must

currently be filed by January 1, 2025. This information must be updated within thirty (30) days of **any** changes, including new beneficial owners (board members!) or changes in name, address, or unique identifying number.

### **What if we, the Board members, do not want to provide this information?**

Non-compliance carries with it the potential of a civil fine of \$500.00 per day, up to a maximum fine of \$10,000.00, with the potential for criminal penalties. Therefore, if you want to continue to serve as a Board member, it behooves you to comply with applicable law, given the potential severity of the penalties.

### **Who should be filing this documentation?**

Associations should work with their professional management company and/or attorney to prepare policies and procedures relative to obtaining the necessary documentation, storing the information (so that it remains confidential), updating the information following elections, resignations, and appointments, and delegating responsibility to file the information. This is a process which will require a team effort!

### **So, we should immediately be moving forward with taking steps to ensure that we will be in compliance with the Corporate Transparency Act?**

In the words of the great Coach Lee Corso, “Not so fast, my friend!” We are sure that while reading this, you have asked yourself something along the lines of “is there really concern that a community association is going to launder money?” And that right there, would be a good question. It is a question most people in the community association industry are asking themselves. In fact, Community Association Institute (CAI), an international membership community dedicated to community associations, is working to have community associations exempted from this statute (and reporting deadlines further delayed). Information regarding CAI’s efforts can be located here: [Corporate Transparency Act: Community Associations Prepare and Engage - CAI Advocacy Blog \(caionline.org\)](https://caionline.org). Readers are strongly encouraged to utilize the link provided to contact your Senators to express concern about the Corporate Transparency Act, as its terms apply to community associations.

In light of this, and our hopes that CAI’s lobbying will prove at least somewhat successful, we are encouraging our boards to delay immediate action to comply with the Corporate Transparency Act, like the implementation of the REAL ID requirements for travel, things very well may change. As noted above, if compliance with the Corporate Transparency Act is a requirement, confidential information will have to be properly stored. Before collecting this information, every association must have a process in place to collect and store this information. Also, every association has to have a process in place to educate its members who currently are or might be interested in becoming a board member on what information they may have to provide. In addition, due to the steep penalties for a non-compliant association, each association should have a process or policy in place if a member of the board of directors fails to provide such information. We recommend that management and/or the board of directors consult with their legal counsel in the second and third quarters of 2024 about implementing these policies and procedures.

As we approach the second quarter of 2024, stay tuned for more information as to whether your association should be prepared to move forward with adopting policies and procedures associated with the Corporate Transparency Act with an eye toward compliance prior to the end of 2024.

If you have any questions about this newsletter or any issues related to your association, please do not hesitate to contact us.

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