CTA Filing Services For Condominium and Community Associations

KEOUGH MOODY

Beginning January 1, 2024, the Corporate Transparency Act ("CTA") requires mandatory reporting requirements for condominiums, homeowners associations, master associations and cooperatives. Associations must file a report, called a Beneficial Owner Information Report ("BOIR") with the Financial Crimes Enforcement Network (FinCEN), a bureau of the U.S. Treasury Department. The BOIR must be filed on or before January 1, 2025.

The BOIR must disclose the name, date of birth and residential address of each Beneficial Owner (a person who exercises substantial control over the entity). Effectively, a Beneficial Owner under the CTA refers to each board member of an association. In addition, the BOIR also requires the disclosure of a photocopy of a drivers' license, passport or other photo ID, for each board member.

Associations must also file updates to their BOIRs within 30 days of any changes, including changes related to the reporting company (association) or its board members.

K&M will provide compliance services to its community association clients in order to fulfill their CTA disclosure obligations. To do so, we will use a secure and double encrypted platform to gather, safeguard and transmit sensitive, personal information.

Services Included	Fee
Coordination with board and management to gather board member information necessary for filing FinCEN BOIR before January 1, 2025 deadline. Advising board/management regarding necessary filing information.	$450 flat
Ongoing CTA compliance. Updating BOI information due to changes in board e.g., appointments/resignations, annual elections.	K&M hourly rates

Client shall solely be responsible for any missed deadlines or delays related to submitting personal information to the platform, and K&M shall not be responsible for same. Client understands that each board member shall have responsibility to provide documentation necessary to comply with the CTA and that no filing may occur without fully providing same. Client acknowledges that K&M cannot independently verify personal information supplied by board members.

Future and ongoing compliance with the CTA, including changes to personal information or changes in the board, shall be the sole responsibility of client and Beneficial Owners. Clients and Beneficial Owners understand that they have a duty to file an updated BOIR within 30 days of any changes to the information they previously reported to FinCEN. K&M shall have no responsibility to amend or submit an updated BOIR unless separately engaged to do so by client. K&M shall have no liability connected to any failure of a Beneficial Owner to update a BOIR.

FOR MORE INFORMATION, PLEASE CONTACT:

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Frequently Asked Questions

What is the Corporate Transparency Act?

The CTA was enacted in 2021 to combat money laundering and other similar financial crimes. The CTA requires that domestic reporting companies (e.g., corporate entity, LLC, or similar entity) 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 the CTA apply to my association?

Very likely yes. If your association has been 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 CTA and will have filing obligations.

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

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).

Frequently Asked Questions (continued)

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).

When do we have to file this documentation?

For incorporated associations, the Beneficial Ownership Information Report must 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. Given the severity of the penalties, it behooves you to comply with applicable law if you want to continue to serve as a Board member.

Is this a one-and-done obligation?

No. Further, associations must also file updates within 30 days to their BOIRs when changes occur to the required information (e.g., changes to the reporting company or to the board members by virtue of an annual election, resignation or appointment to the board.

Will Keough & Moody, P.C. assist our association in complying with the Act?

Yes. We will prepare and file the initial report to FinCEN for a flat fee of $450.00 per association.