



Community Associations and the Corporate Transparency Act



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FinCEN Report

Agenda

Introduction to FinCEN Report

Recent News: NSBU v. Yellen

Corporate Transparency Act Overview

What Does the CTA Require?

How Does the CTA Apply to Associations?

What Do Management Companies Need to Do?

Vantaca's Solution

How to Get Started

FinCEN Report

- Developed by an attorney and author of the Corporate Transparency Act Compliance guide.
- Streamlined system created for busy business owners, and the professionals that manage their compliance.
- Easy single and multiple-company filing systems.
- Robust data privacy and security features.
- Affordable filing options for all company types.



Jonathan B. Wilson

- Jonathan is a co-founder of FinCEN Report Company, LLC. He is an attorney and corporate partner at Taylor English Duma LLP with 33 years of experience in corporate, M&A and securities matters.
- He is the author of The Corporate Transparency Act Compliance Guide (Lexis Nexis, 2023) and the Lexis Practical Guidance Practice Note on the Corporate Transparency Act.
- He is a former member of the Board of Governors of the State Bar of Georgia and has been recognized by The Best Lawyers in America® 2017-2022, Georgia Super Lawyers, 2021-2024, and other notable organizations

Recent News: NSBU v. Yellen

NSBU v. Yellen

On March 1, 2024, in *National Small Business United v. Yellen*, No. 5:22-cv-01448 (N.D. Ala.), a federal district court in the Northern District of Alabama, entered a final declaratory judgment, concluding that the Corporate Transparency Act exceeds the Constitution's limits on Congress's power and enjoining the Department of the Treasury and FinCEN from enforcing the Corporate Transparency Act against the plaintiffs.

What Does this Mean For You?

We must continue to follow the law. This ruling will be appealed, and the outcome may take months or years.

FinCEN Will Continue to Enforce the Law



The screenshot shows the official website of the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN). The page features a dark blue header with the text "FINANCIAL CRIMES" and "ENFORCEMENT NETWORK" flanking the central seal. Below the header is a navigation menu with links for HOME, ABOUT, RESOURCES, NEWSROOM, CAREERS, ADVISORIES, and GLOSSARY, along with a search bar. The main content area displays a notice titled "Notice Regarding National Small Business United v. Yellen, No. 5:22-cv-01448 (N.D. Ala.)" with an "Immediate Release" date of March 04, 2024. The notice text states that on March 1, 2024, a federal district court in the Northern District of Alabama entered a final declaratory judgment concluding that the Corporate Transparency Act exceeds the Constitution's limits on Congress's power and enjoining the Department of the Treasury and FinCEN from enforcing the Act against the plaintiffs. It also notes that FinCEN will comply with the court's order for as long as it remains in effect.



Corporate Transparency Act (CTA) Overview

- **Adopted by Congress in December 2020**

- Final Rule on Beneficial Ownership Reports issued September 29, 2022; 31 CFR 1010.380, took effect January 1, 2024

- **Eliminates corporate anonymity** in the U.S. by requiring non-exempt reporting companies to file a Beneficial Ownership Information (BOI) Report with FinCEN – The U.S. Treasury Financial Crimes Enforcement Network

- **Most Associations will need to file**

- Management companies can add value by guiding Associations through this process
- Managing beneficial ownership will cement relationships on a long-term basis

How the CTA Works

Every **reporting company** that is not **exempt** must file a **BOI Report** that discloses five specific items of PII for each of its **Beneficial Owners**.

- **Failing to file on time may result in a \$500 per day fine;** a willful failure to file (or filing false information) may be a felony.
- **There is no annual renewal,** but the reporting company must *amend* its BOI Report within *30 days after any change in PII* for any of its Beneficial Owners.
- Almost all **Associations** will be non-exempt reporting companies and **will need to file**
- Special rules relate to entities formed on/after January 1, 2024.

What is a Reporting Company

The CTA defines “reporting company” as:

A corporation, limited liability company, or other entity that is (i) created by the filing of a document with a secretary of state or any similar office under the law of a State or Indian Tribe; or (ii) formed under the law of a foreign country and registered to do business in any State or tribal jurisdiction by the filing of a document with a secretary of state or any similar office under the laws of a State or Indian Tribe.

- An Association that is a corporation or LLC is a reporting company
- An unincorporated Association **might** not be a reporting company (these are rare)
- It doesn't matter if the corporation is formed as a not-for-profit corporation; it is still a corporation.

Exempt Reporting Companies:

- Securities reporting issuer
- Governmental authority
- Bank
- Credit union
- Depository institution holding company
- Money services business
- Broker or dealer in securities
- Securities exchange or clearing agency
- Other Exchange Act registered entity
- Investment company or investment adviser
- Venture capital fund adviser
- Insurance company
- State-licensed insurance producer
- Commodity Exchange Act registered entity
- Accounting firm
- Public utility
- Financial market utility
- Pooled investment vehicle
- Tax-exempt entity
- Entity assisting a tax-exempt entity
- Large operating company
- Subsidiary of certain exempt entities
- Inactive entity

Most Associations Will Not Be Exempt

The CTA exempts certain non-profit entities under IRC 501(c) (and some others) but not other IRC sections.

Most Associations are exempt from income tax under IRC 528, which is NOT covered by the CTA exemption.

Unless an Association is covered by one of the exemptions listed in the Reporting Rule, it will not be exempt and will need to file a BOI report.

Almost all Associations will need to file and they will need your help.

What is a Beneficial Owner?

A beneficial owner is an *individual* that meets either test:

- An **individual** is a **beneficial owner** if the individual **exercises substantial control over the reporting company**.
- An individual is a beneficial owner if the individual **owns or controls 25 percent** or more of the ownership interests of such reporting company.
- **An incorporated Community Association's beneficial owners will include:**
 - (A) Each member of the Board of Directors; and
 - (B) Each senior officer.

Non-profit Associations will not have any "owners," so their beneficial owners will consist of those individuals who have "substantial control"

This approach might be over-inclusive in some cases, but with the CTA there is no harm to being over-inclusive.

The BOI Must Contain

For the reporting company:

- Legal name
- Any trade names or “DBAs”
- Current street address for principal place of business
- Jurisdiction of formation
- Taxpayer Identification Number (EIN)

For each beneficial owner:

- Legal name
- Date of birth
- Residential Address
- Unique identifying number
- Image of the document that supplies the unique identifying number

Management Company challenges:

- How can you collect this data, keep it confidential and secure, and compile it into a BOI report that you can electronically file with FinCEN?
- How can you track changes in BOI data so that you can file an amendment within 30 days as required?

Vantaca + FinCEN Report



COMING SOON (Q3): Leverage existing board member data stored in Vantaca for CTA compliance.

Management company approval to share their information with FinCEN is necessary, and Vantaca will facilitate this process.

Vantaca + FinCEN Report

The screenshot shows a web browser window with the URL `demo.filefincen.com/company/850`. The page title is "Shady Acres Association". The left sidebar contains navigation links: Partner Dashboard, User Dashboard, My Companies, My FinCEN ID, My Filings, My Info, My Documents, Notifications, Get Help, and Settings. The main content area has a header with the company name and buttons for "+ Add New Member", "Edit Company Information", "Leave this Company", and "Wizard". Below the header are tabs for "General Information", "Billing Information", "Company Members", "Pending Invitations", and "Wizard Reports". The "General Information" tab is active, displaying a table with the following data:

General Information	
Legal Name	Shady Acres Association
DBA Names	Shady Scres
Foreign Investment Pool?	No
Company Type	Corporation
Formed / Registered In	MO
EIN	12-3457897
FinCEN ID	
Formation Date	July 1, 1997
Address 1	
Address 2	

To the right of the table is a "Status Information" section with the heading "This company is unable to file due to the following issues" and a "Remind Admins" button. The issues listed are:

- Complete business address is required
- There is a pending invite to `jwilson@fincenreport.com` (with a "Resend Invite" button)
- Member **Abe Frohman** has the following issues (with a "Remind User" button):
 - Date of birth is required
 - A completed identifying document is required
- Member **Seamus Finnegan** has the following issues (with a "Remind User" button):
 - Full legal name is required
 - Date of birth is required
 - A completed identifying document is required



Vantaca + FinCEN Report

The screenshot shows a web browser window with the URL `demo.filefincen.com/company/850`. The page title is "Shady Acres Association". The interface includes a sidebar with navigation options and a main content area with tabs and tables.

Navigation Sidebar:

- Partner Dashboard
- User Dashboard
- My Companies
- My FinCEN ID
- My Filings
- My Info
- My Documents
- Notifications
- Get Help
- Settings

Main Content Area:

Shady Acres Association [+ Add New Member] [Edit Company Information] [Leave this Company] [Wizard]

Tabs: [General Information] [Billing Information] [**Company Members**] [Pending Invitations] [Wizard Reports]

Member Name	Roles	Actions
Abe Frohman	Beneficial Owner	Edit
Seamus Finnegan	Beneficial Owner	Edit
Markus Thompson	Admin	Edit

Exempt Entities

Exempt Entities	Roles	Actions
This company has no exempt entities.		



Liability for Non-Compliance

- **\$500 per day fine for late filing**
- Willful failure to file or willful filing of false information is a felony (up to 2 years imprisonment)
- Responsibility rests with (a) each senior officer of the reporting company, and (b) any person who provides information (or fails to provide accurate information) required to make the BOI Report true

Bottom line: The senior officers of each Association are responsible for accurate and timely reporting.

What's next?

All: Prepare to comply

Vantaca Customers:

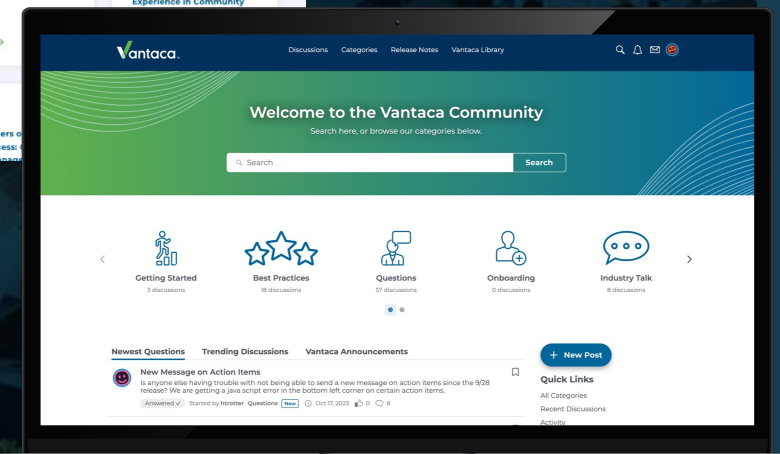
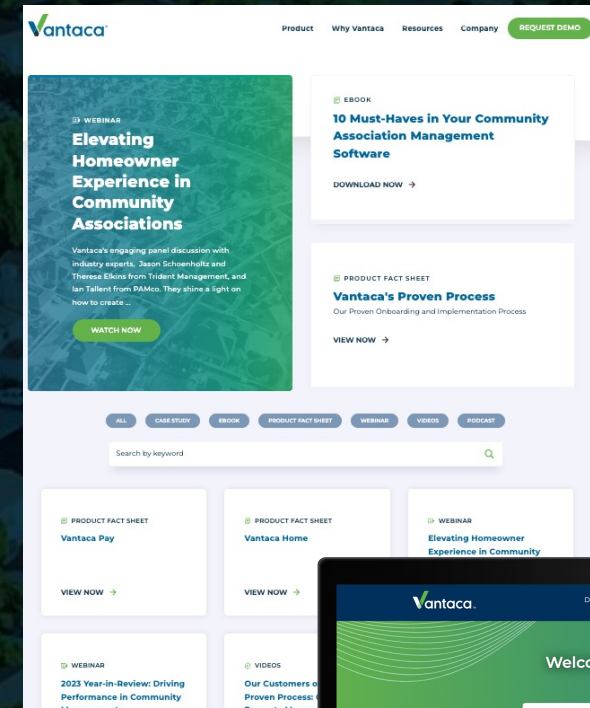
- Join us for another session on June 12th for step-by-step instructions on how to file *(details to follow)*
- Join our [CTA community](#) for up-to-date information (nested under "industry trends")

Follow FinCEN Report and Vantaca for more CTA-related content and resources:



ADDITIONAL RESOURCES

- [Vantaca Corporate Transparency Act Blog Post](https://vantaca.com/blog) (vantaca.com/blog)
- [Vantaca CTA Resource Center](https://vantaca.com/resources) - **COMING SOON** (vantaca.com/resources)
- [Vantaca Community](https://community.vantaca.com) (community.vantaca.com)



The logo for Vantaca features a stylized 'V' icon on the left, composed of a white shape and a green shape. To the right of the icon, the word 'vantaca' is written in a white, lowercase, sans-serif font, followed by a registered trademark symbol (®).

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