

## The Corporate Transparency Act (CTA)

The Corporate Transparency Act (CTA), enacted as part of the National Defense Authorization Act for Fiscal Year 2021, aims to enhance transparency in corporate ownership and combat illicit activities such as money laundering and terrorist financing. Effective January 1, 2025, the CTA will require existing HOAs to file documentation with Financial Crimes Enforcement Network (FinCEN). FinCen will require documentation (name, date of birth, address, and a scan of driver's license or other identification) for the board members and any one owner owning more than 25% of lots within the community. CTA requires that any time a board member is added, removed, and/or changed, a new filing is required with FinCEN within 30 days of the change.

There are legal cases being reviewed and legislation is in the US Congress to repeal and/or delay action on this act. As of August 2024, CTA will proceed as planned in January 2025. At last note, Congress is to review when they are in session at the end of September.

Due to the requirement becoming effective on January 1, 2025, we recommend that a note/disclaimer be added to documents sent to homeowners requesting volunteers for service on the Board. It would be a large disruption to the HOA if multiple board members resigned in January upon learning of this information.

Attached is a guide of how to file the required documentation with FinCEN. The second document attached is if you want our office to file the documentation with FinCEN for a small fee.

Please let us know if you have any questions. We also encourage you to reach out to your representatives in Congress and House to show your support of a repeal and/or exemption for HOAs.

### Possible Wording for CTA Disclosure on Application:

Effective January 1, 2025, if legislation is not passed to delay or revoke the Corporate Transparency Act (CTA), board members will be required to provide some personal information to the US government agency Financial Crimes Enforcement Network to be in compliance with CTA. For more information, please visit <https://www.fincen.gov/>.