



CTA Compliance Deadline Nears – Injunction to Stop Application to Community Associations Unsuccessful

By: Todd A. Sinkins

We wanted to notify all of our clients and managers of our shared clients of a recent development with respect to compliance with the Corporate Transparency Act. As you know from our prior memos and other sources, most community associations are required to comply with the requirement that all beneficial owners, which in most cases are the members of the association's Board of Directors, are required to register certain personal information with the Department of the Treasury' Financial Crime Information Network, otherwise known as FinCEN, by no later than December 31st of this year. These Board members will need to provide FinCEN with their (i) full legal name; (ii) date of birth; (iii) current address [business or residential]; and (iv) either a unique identifying number from an acceptable form of identification (e.g., unexpired passport, driver's license) or a FinCEN identifier number. On the last point, once a person has a FinCEN identifier number, they can submit that to FinCEN instead of providing a copy of their passport or driver's license.

In an effort to eliminate this requirement, on September 10, 2024, the CAI and five community associations located in Northern Virginia filed suit against the Department of the Treasury and FinCEN challenging the constitutionality of the CTA as it applies to community associations and seeking preliminary and permanent injunctions against the application of the CTA against community associations. The hearing date on the motion for a preliminary injunction motion was October 11, 2024. **The Court issued a ruling on CAI's motion on October 25th denying the request for a preliminary injunction.**

As a result, community associations need to prepare to comply with the CTA by no later than the end of this year. We can assist with compliance. We recommend that management notify Board members of this obligation. Any person running to serve on a Board of Directors for non-exemption associations (those that are not 501(c) tax exempt entities) should be notified prior to their nomination that they will need to register with FinCEN unless and until either HR 9045 becomes law or the CTA is ruled unconstitutional or otherwise unenforceable. Also, community associations should develop internal procedures to file their initial reports in a timely manner, to accurately track and report changes in information reported to FinCEN, and to submit their subsequent reports updating their reported information in a timely manner.