CORPORATE TRANSPARENCY ACT
GLOSSARY OF ACRONYMS AND TERMS

Your trusted resource for filing BOI Reports for HOA's, CIDs, and other Common Interest Developments.

GLOSSARY OF ACRONYMS

CTA: Corporate Transparency Act

BO: Beneficial Owner

BOI: Beneficial Owner Information

BOIR: Beneficial Owner Information Report

Company Applicant: The individual or individuals who created/registered the new entity. Related to "new entities" only, formed AFTER January 1, 2024

Exempt Entities: Entities that are not required to file under the CTA, such as certain large operating companies, regulated entities, and inactive entities

FinCEN: Financial Crimes and Enforcement Network

Filing Deadline: The specific date by which BOI must be submitted to FinCEN

Registry: The database where beneficial ownership information is stored and maintained by FinCEN

Reporting Company: Entity that the BOI report is being filed on behalf of

Beneficial Owner: Individuals who meet the following standard:

- Exercises substantial control over a reporting company, or
- Owns or controls at least 25 percent of a reporting company's ownership interests.

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BENEFICIAL OWNER INFORMATION

Below is an excerpt from the Corporate Transparency Act (CTA) that explains how an Association can determine who a Beneficial Owner (BO) is. A BO must exercise substantial control over the entity. The definition of substantial control is provided below, along with relevant information to help you navigate the process. Relevant information has been <u>underlined.</u>

Substantial Control: An individual can exercise substantial control over a reporting company in four different ways:

- The individual is a senior officer
- The individual has authority to appoint or remove certain officers or a majority of directors (or similar body) of the reporting company.
- <u>The individual is an important decision-maker for the reporting company.</u>
- The individual has any other form of substantial control over the reporting company.

Important Decisions:

- Business, such as:
  - Nature, scope, and attributes of the business
  - The selection or termination of business lines or ventures, or geographic focus
  - <u>The entry into or termination, or the fulfilment or non-fulfillment, of significant contracts</u>
- Finances, such as:
  - Sale, lease, mortgage, or other transfer of any principal assets
  - <u>Major expenditures or investments, issuances of any equity, incurrence of any significant debt, or approval of the operating budget</u>
  - Compensation schemes and incentive programs for senior officers
- Structure, such as:
  - Reorganization, dissolution, or merger
  - <u>Amendments of any substantial governance documents of the reporting company, including the articles of incorporation or similar formation documents. bylaws, and significant policies or procedures</u>