

Advocacy Is Everyone's Business

Grassroots Outreach, Legislation, and the Role of Your High-Rise Community

Matt D. Ober, Esq., CCAL

Richardson | Ober LLP
Pasadena, Calif.

Phoebe E. Neseth, Esq.

Community Associations Institute
Falls Church, Va.



CAI High-Rise Managers Workshop

Today's Overview

What is grassroots advocacy and why is it important?

CAI Grassroots Outreach Case Studies

Condominium Safety State Update

Federal Update

CAI Advocacy Resources for Grassroots Success



What is Grassroots Advocacy?

Grassroots advocacy...

...makes it possible for citizens and organizations to elevate their voices and impact the issues they care about.



Grassroots advocates...

...are defined as individuals who are willing to take action online, on the phone, or by mail to contact their elected officials. Through education and training, grassroots advocates can over time grow into grassroots advocates. (Quorum.us)





Importance of Grassroots Advocacy for the Community Association Housing Model



Do you see grassroots/grasstops advocacy having a greater impact on your organization's success in the next five years?

FiscalNote

Overwhelmingly, respondents expect the importance of advocacy to grow over the next few years, with over three quarters saying they expect grassroots and grasstops strategies to have a greater impact on their success. Notably, 65 percent of government affairs professionals working in corporations believe corporate advocacy will become particularly important in 2023.

| | |
|----------------------------------|-------|
| Yes | 76.4% |
| No | 16.4% |
| We don't participate in advocacy | 7.1% |

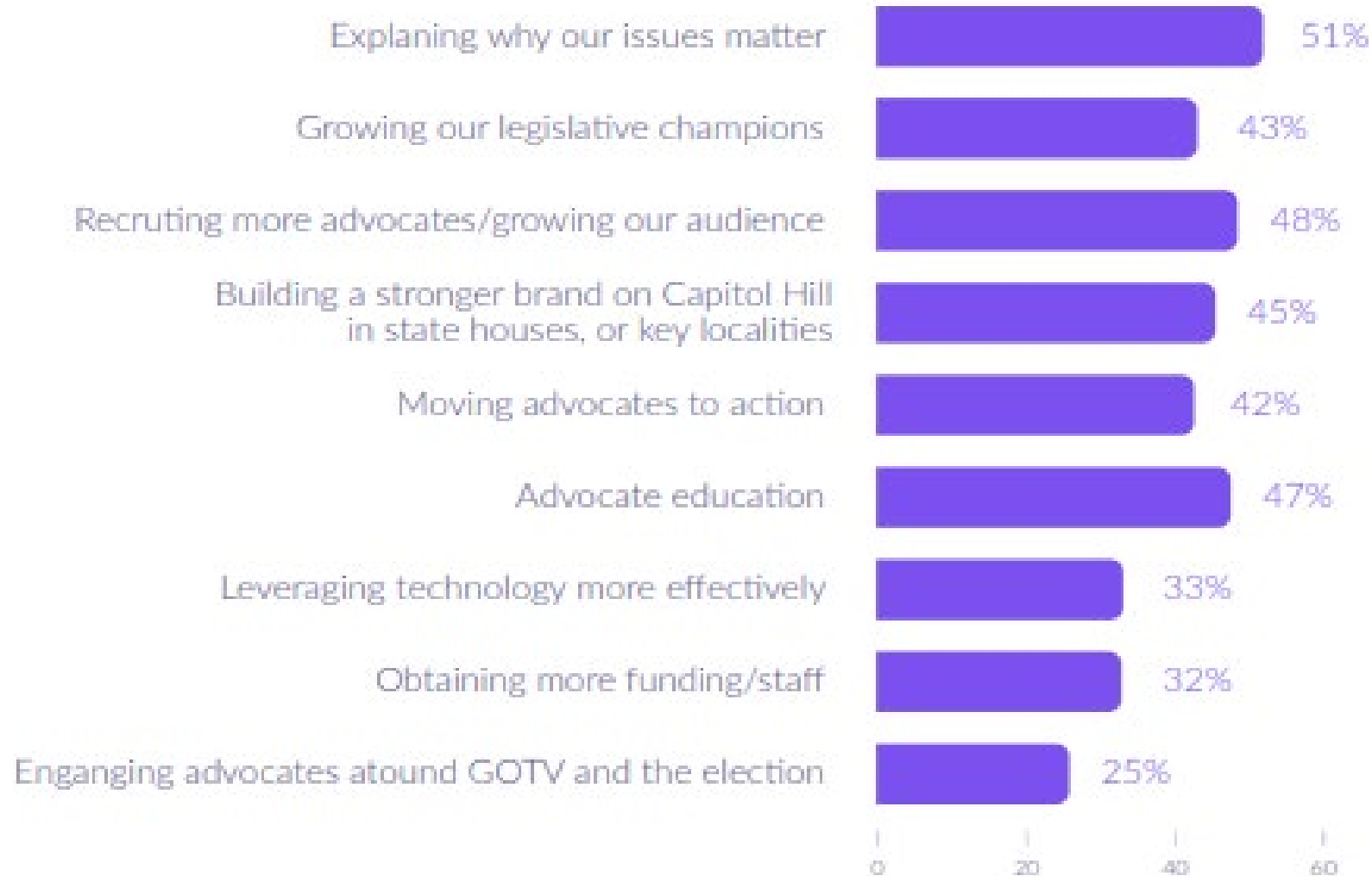


FiscalNote: The State of Government Affairs and Advocacy 2023 Industry Report

CAI High-Rise Managers Workshop



What will your public affairs program focus on in 2024?

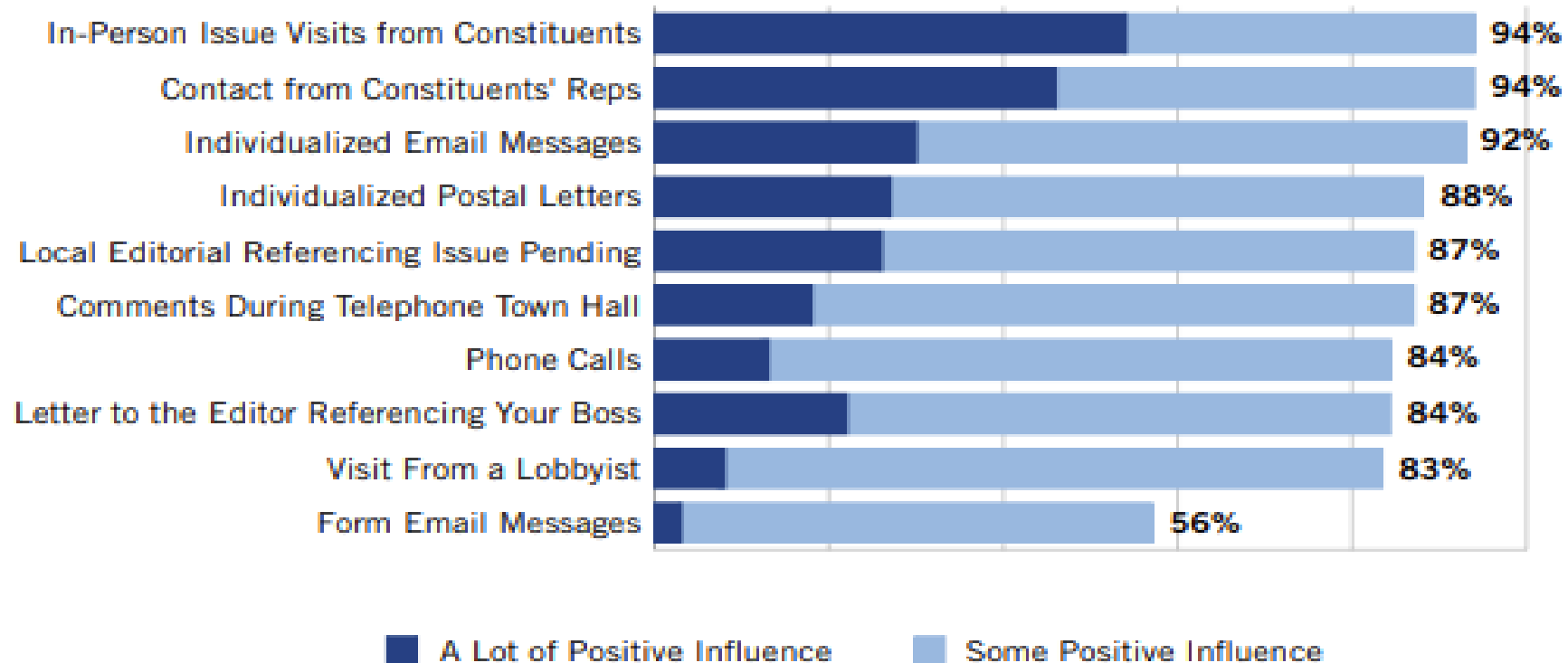


Quorum, 2024 State of Government Affairs Survey

CAI High-Rise Managers Workshop



If your Member/Senator has not already arrived at a firm decision on an issue, how much influence might the following advocacy strategies directed to the *Washington office* have on his/her decision?



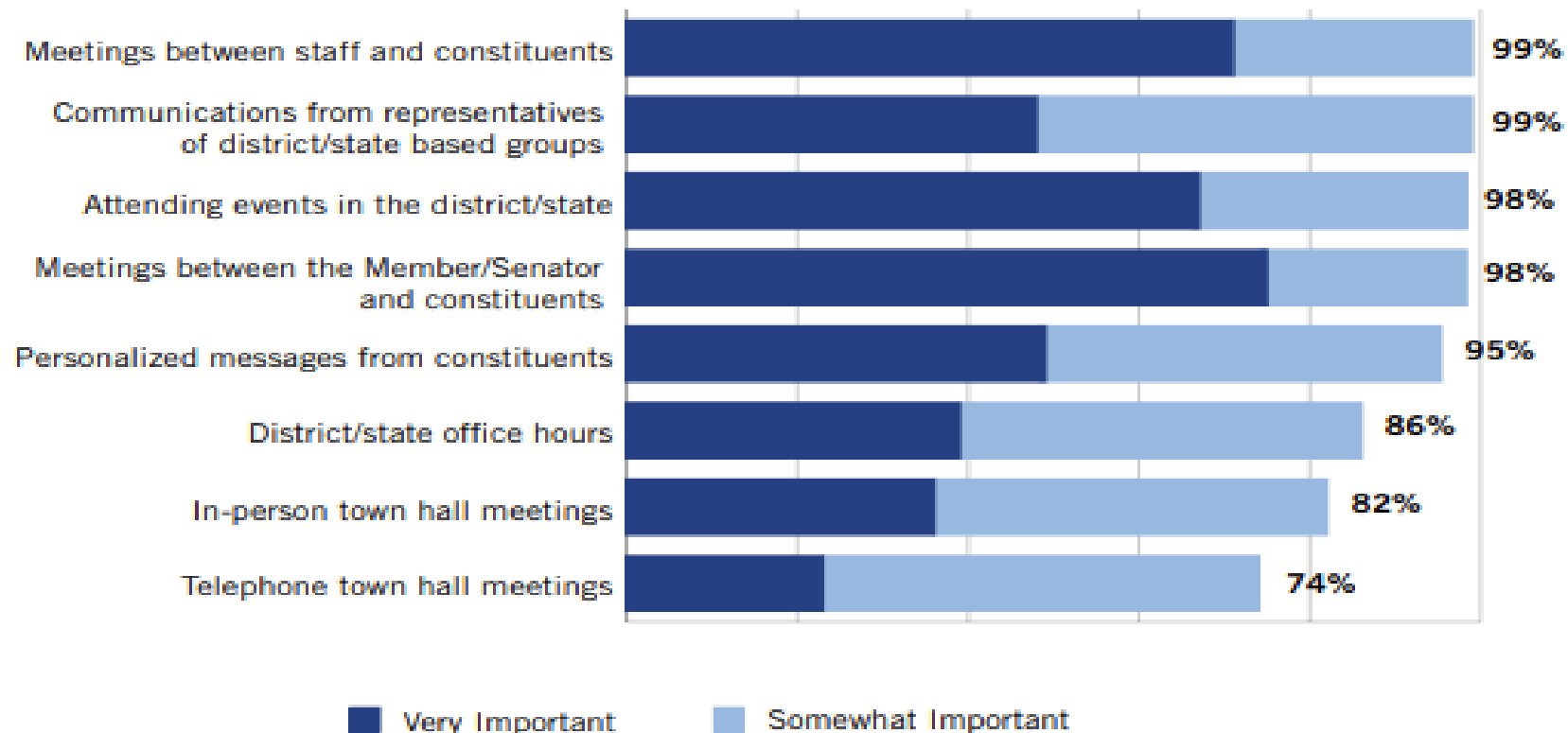
(n = 190-192)

Source: Congressional Management Foundation 2015 survey of congressional staff, including Chiefs of Staff, Communications Directors, Legislative Directors, and Legislative Assistants.

CAI High-Rise Managers Workshop



In your opinion, how important is each for understanding constituents' views and opinions?



(n = 188-189)

Source: Congressional Management Foundation 2015 survey of congressional staff, including Chiefs of Staff, Communications Directors, Legislative Directors, and Legislative Assistants.



CAI Case Study Examples: Benefits of Elected Official Relationships and Outreach for Your Community

CAI Grassroots Success Stories

Philadelphia Residents: Sign the Letter to City Council Opposing Sprinkler Retrofit Bill, December 2022 , Government & Legislative Affairs



California Electronic Voting Email Campaign





2022-2023 City of Philadelphia High-Rise Building Fire Sprinkler Mandate Legislative Proposal – OPPOSITION SUCCESS STORY

We need your help to get the electronic voting bill, Assembly Bill 2159 approved by the Senate Judiciary Committee on July 2, 2024.

Email your Senator to urge them to vote in support of AB 2159.

Electronic balloting systems are not a new idea, just new to California. Allowing HOAs to vote electronically is long overdue, and will increase participation and reduce costs for HOAs.





California Electronic Voting Email Campaign

Campaign Overview

Total Messages Sent

4,663

Personalized: 1,648

Advocate Types

New Advocates: 487

Returning 154

Advocates:

Total: 641

Top Recipients

| Name | Messages |
|---------------------------------|----------|
| Senator Roger Niello (R-CA-006) | 491 |
| Senator Ben Allen (D-CA-024) | 467 |
| Senator John Laird (D-CA-017) | 454 |
| Senator Henry Stern (D-CA-027) | 418 |
| Senator Richard Roth (D-CA-031) | 410 |



Condominium Safety State Legislative and Advocacy Update



National State Legislative Affair Trends and California Specific Initiatives

46 States in Session (MT, ND, NV, & TX every odd year)

37 Legislative Action Committees and....Delaware, Iowa, Kansas, Louisiana, Mississippi, Nebraska, Oklahoma, West Virginia, Vermont

More than 1,200 bills tracked

2024 Priorities

Condominium Safety: Building Inspections, Reserve Studies/Funding

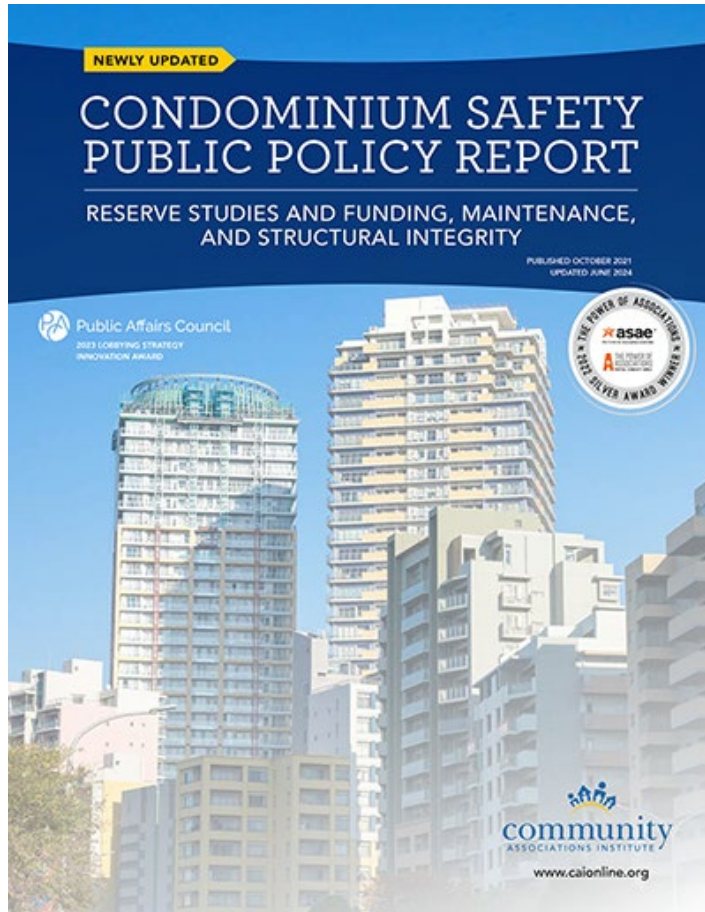
Fining Authority and Foreclosures
Dispute Resolution and ADR

Board member education
Access to affordable insurance

Energy Efficiency – Solar panels and electric vehicle charging stations

Electronic Voting

Condominium Collapse Tragedy

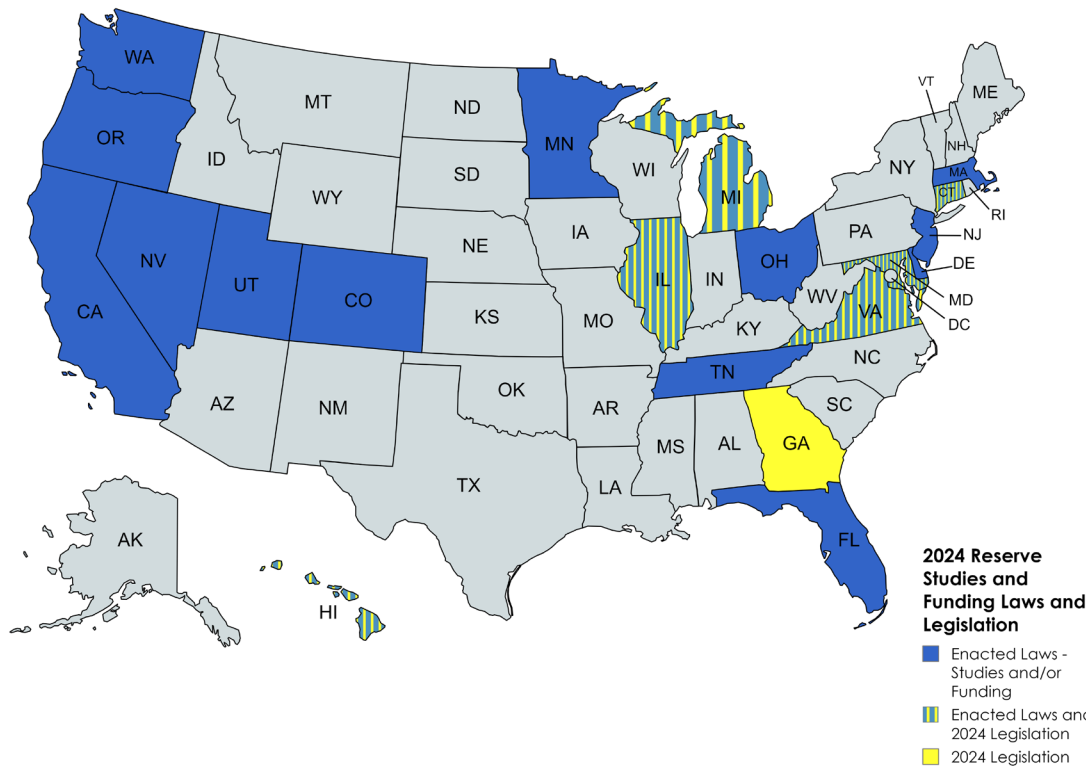


www.condosafety.com

- CAI's Government & Public Affairs Committee held its first discussion at the end of June.
- Three Task Forces with hundreds of people from throughout the U.S. and Canada serving on the task forces
- Research of laws and ordinances in the U.S. and internationally (Australia, Ontario, Singapore, and Spain)
- Conversations with Condo Safety Coalition; including NIST, NLC, NSPE, NACO, Building Inspectors, ICC, NAHC, etc.
- Vetting through 43,000 members; including six hundred legislative committee members
- Final approval by CAI's Board of Trustees



2024 Reserve Study and Funding State Laws and Legislation



Reserve Study Condo Laws = 13 states
↑ 3 since 2021

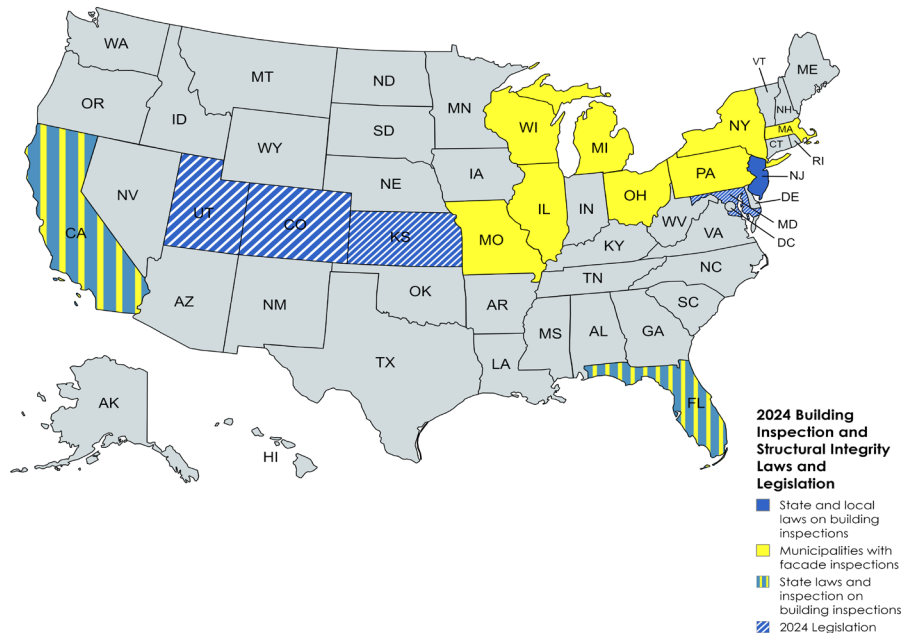
Reserve Funding Condo Laws = 12 states
↑ 2 since 2021

2024 Legislation = 7 states

Created with mapchart.net

CAI supports mandated reserve studies and funding for new community developments and periodic reserve studies for communities with major shared components.

2024 Building Inspections and Structural Integrity State Laws and Legislation



Created with mapchart.net

Façade State Law = CA (balcony)

Building Inspection State Law = CA, FL, NJ
↑ 2 states since 2021

Legislation = 6 states

CAI supports state law that provides for mandatory building inspections and ongoing reviews of the major structural elements, owned, or maintained by the community association.



Federal Legislative and Advocacy Update



The Corporate Transparency Act *Summary*

The Anti-Money Laundering/Corporate Transparency Act that passed in 2021 and related Business Ownership Information (BOI) reporting requirements through FinCEN, including capturing more beneficial business ownership information, aims to combat illicit activity including:

Tax fraud

Money laundering

Financing for terrorism



This Act unintentionally applies to more than 365,000 community associations in the United States due to associations being organized as state non-profit corporations.



Who does the CTA apply to? = Domestic Reporting Companies

APPLIES TO:

Entities created by filing of a document with the Secretary of State, or similar office, of a jurisdiction of the United States

U.S. Corporations

U.S. LLCs

Other similar entities

Most community associations

Exemptions: Unless your community association (very large):

- Employs more than 20 employees on a full-time basis in the United States;
- Filed a Federal income tax return in the United States demonstrating more than \$5M in gross receipts of sales; AND
- has an operating presence at a physical office within the United States

TAX EXEMPTIONS:

- (A) An organization that is described in Section 501(c) of the IRC and exempt from tax under Section 501(a) of the IRC;
- (B) A political organization, as defined in Section 527(e)(1) of the IRC, that is exempt from tax under Section 527(a) of the IRC; or
- (C) A trust described in paragraph (1) or (2) of Section 4947(a) of the IRC.



Beneficial Owner Characterization



Any individual who, directly or indirectly, through any contract, arrangement, understanding relationship, or otherwise 1) exercises substantial control over the entity; or, 2) owns or controls 25% or more of the ownership interests of the entity.



Does NOT include minors, proxies or power of attorney agents, employees whose sole control over the entity comes from employment, someone who only has an interest in the entity through inheritance; or creditors of the company.



Beneficial Ownership Reported Information

Each beneficial owner of an applicable reporting company must report:

- Full legal name;
- Date of birth;
- Current residential or business street address; and,
- Either the unique identifying number for an acceptable identification document or a FinCEN identifier. (i.e., non-expired U.S. passport, U.S. ID, drivers license)



Consequences of Non-Compliance of the CTA

Any person who violates the reporting requirements will be liable to the United States for:

- Not more than \$500.00 for each day that the violation continues;
- Up to \$10,000.00, imprisoned for not more than 2 years, or both.



Corporate Transparency Act Community Association Compliance Guidelines

Status: Officially in Effect and Applicable to:

New Associations: For community associations incorporated after Jan. 1, 2024, you will have 90 days to complete the 51-question initial report.

Existing Associations: Filing must be completed by Jan. 1, 2025, for associations incorporated with less than \$5M in annual income or less than 20 employees without an IRS 501(c)(4) tax-exemption determinations

- A board point of contact for current community associations must file a 51-question initial report and provide requisite information into the database established by the U.S. Department of Treasury.
- Community association boards, community managers, and other professionals assisting with compliance should be familiar with the reporting portal and the 51-question report. It's important to note any changes to the initial report must be reported within 30 days of the change.



's Corporate Transparency Act Legislative and Advocacy Efforts

recognizes this is an ill-conceived statute that is overburdensome, impractical, and likely ineffective.



1. Urging an exemption for community associations

Send a letter to the U.S. Treasury Department (December 2023) urging their consideration of an exemption for all community associations and email all members of Congress.



2. Urging a delay of implementation

Supporting H.R. 5119/S.3625 – the Protect Small Business and Limit Financial Activity Act – to delay reporting requirements for one year.

COALITION WORK: Bipartisan group of 80 congressional members urged the Financial Crimes Enforcement Network to implement a one-year delay. 130 trade association coalition urged the Banking Committee to pass this delay.

High-Rise Managers Workshop



Legal Efforts and Update by Stakeholders Federal Court Rules Corporate Transparency Act Unconstitutional

March 1st – Alabama Federal Court rules in favor of NSBA, and its members as of March 1st, ruling the CTA is unconstitutional

March 11th – the Federal Government (DOJ & US Treasury) appeal this decision to the 11th Circuit

CAI Amicus filed May 20th during the appeal process and met with FinCEN staff

Summer 2024 – CAI will file a lawsuit in Federal District Court arguing for a community association exemption



**ACT NOW: URGE YOUR
MEMBER OF CONGRESS
TO REQUEST A CTA
EXEMPTION FOR
COMMUNITY
ASSOCIATIONS FROM
FinCEN!**





AI Advocacy Resources for High-Rise Managers and Communities – Start Building Relationships TODAY!



What methods of influencing policymakers are most effective in your organization?



Take Action and Share with Your Residents!

ACT NOW: Community Association Corporate Transparency Act Exemption Delay

On Friday, March 1, a [federal court ruled](#) the Corporate Transparency Act (CTA) unconstitutional, and the federal government [appealed the decision](#) on Monday, March 11. Meanwhile, the [Financial Crimes Enforcement Network \(FinCEN\) has provided notice](#) that as a result of the court's opinion, the government is not currently enforcing the Corporate Transparency Act against the plaintiffs in that action: Isaac Winkles, reporting companies for which Isaac Winkles is the beneficial owner or applicant, the National Small Business Association, and members of the National Small Business Association (as of March 1, 2024). Those individuals and entities are not required to report beneficial ownership information to FinCEN at this time. CAI wanted to share this news with you immediately and we will provide additional details as they become available.

With this uncertainty, this is a great time to contact your Senator CAI is calling on members and advocates to learn more information about a federal law that has a sweeping impact on most community associations incorporated in the U.S. We need your help to educate Congress about the unintended consequences of this law and urge them to delay implementation and exempt community associations from the requirements.

The law is the Corporate Transparency Act that passed Congress in 2021. The intent of the legislation was to help detect and report suspicious activity related to money laundering and

Review / Edit Message to Legislators

- Officials who did not sponsor/co-sponsor the bill S. 3625 (U.S.-2023-2024 Regular Session (118th))

Subject

Community Associations Corporate Transparer

Message Body

Please add your own story about this issue to personalize your message

I am writing to you regarding the Corporate Transparency Act (CTA) and the unintended impact on the 350,000 homeowners

High-Rise Managers Workshop



Become An Advocacy Ambassador!

Ambassadors will recruit, organize, and motivate other advocates. If an advocacy issue arises in your area, you will be called upon to help get the word out so that CAI has a stronger voice with legislators.

es:

Homeowner Leader Ambassadors

Manager Ambassadors

Management Company Champions

Real Estate Agent/Broker Ambassadors

District Ambassadors



www.caionline.org/takeaction

High-Rise Managers Workshop



CONSTITUENTS *in your* COMMUNITIES

Invite your elected officials to your summer activities!



High-Rise Managers Workshop



CAI Southwest Virginia Chapter – CIYC Event in Lynchburg, Virginia – May 2023





Get out the Vote in Your Community

community association residents say they always or usually vote in local and state elections

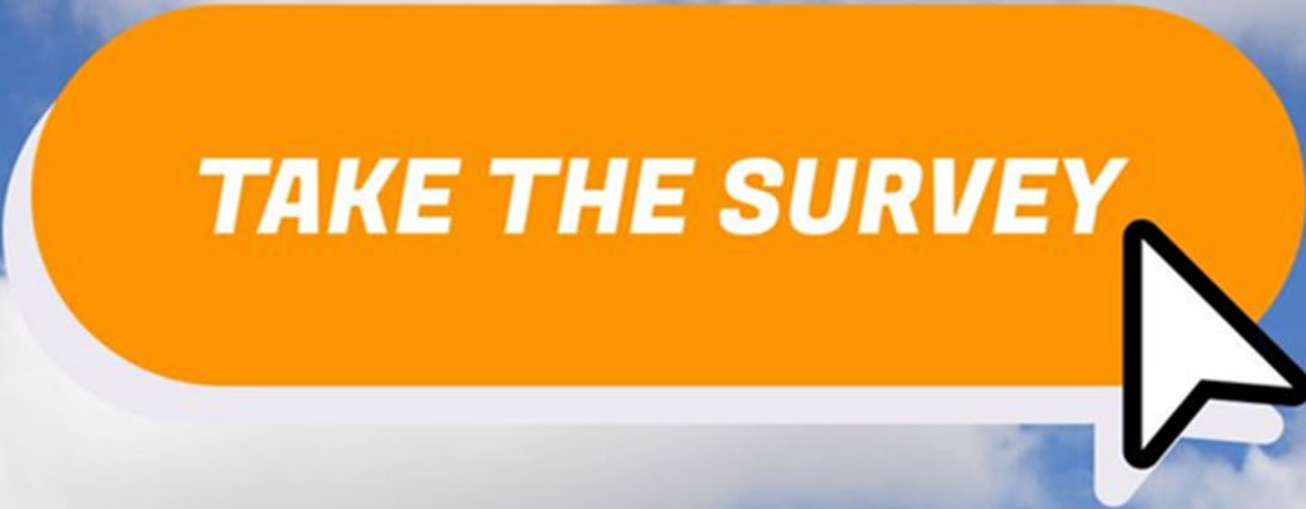


High-Rise Managers Workshop



Us Who You Know!

www.caionline.org/takeaction



***TELL US WHO
YOU KNOW***





Stay in Touch With CAI's Advocacy Efforts!



Follow

Follow us on Twitter @CAIAdvocacy



Email

Email us at government@caionline.org



Subscribe

Subscribe to the Advocacy Blog



**Elevate Your Community's Presence:
Get Your Community and Residents
Involved in Advocacy TODAY!**

HIGH-RISE MANAGERS WORKSHOP

Proactive Advocacy Is Everyone's Business

Topics: Outreach, Legislation, and the Role of Your High-Rise Community

Robert D. Ober, Esq., CCAL

Richardson | Ober LLP
Irvine, Calif.

Rebecca E. Neseth, Esq.

Community Associations Institute
Charlottesville, Va.

