

October 4, 2024

Letter sent to the Honorable Michael S. Nachmanoff regarding the CAI lawsuit to exclude HOAs from the Corporate Transparency Act

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ATTN: Honorable Michael S. Nachmanoff Case 1:24-cv-01597

Your Honor,

I am writing to you as an academic researcher, educational consultant, and advocate for homeowner and citizen rights against abusive homeowner associations. I am alarmed at the challenge that the Community Associations Institute has initiated in their lawsuit to exempt HOAs (and other similar associations) from the Corporate Transparency Act. In my extensive research, I have encountered horrifying stories of unchecked, unregulated, and highly protected abusive and illegal behavior on the part of associations across the nation. Far from being neighborhood squabbles or isolated incidents, I increasingly find that this issue is endemic in our nation, and American citizens often have to suffer in silence as abuses and criminality runs rampant through their neighborhoods, enacted by their own neighbors, and the cost of speaking against it could be their life's savings and their very homes.

The abuse must end.

The Corporate Transparency Act would do much to hold bad actors to account and expose them where they exist. Anyone who holds a position of power over others **MUST** have a system of checks and balances to ensure protections for those who are subject to them. This is the very reason our distinguished system of government exists, and HOAs must be held to act within it.

The objections presented by the pro-HOA lobbying group CAI are either unfounded, inapplicable, or untrue - as in the claim of "arbitrary and capricious action" in that they state there is a "low risk of illicit financial activity by such entities." Illicit financial activity is so extensive as to be almost commonplace in the HOA industry and has been documented consistently and for an extended length of time by media stories and lawsuits. And these are only the cases that have come to light.

If other corporations are held to account for themselves by the CTA, there is absolutely no reason that HOAs, as one of the most powerful entities in our very communities, cannot and should not be included in this mechanism of protection for American citizens. In fact, because it affects people's very homes, it is even more important to extend that layer of protection to include them.

HOAs which are acting legally, fairly, and honestly have absolutely no reason to be concerned about being held to the CTA. It affects them no more or less than registering with the Secretary of State or reporting to the IRS as they currently do. The force of reaction that CAI has had to this measure is deeply concerning since to protect the HOA industry, the organization should have the protection of homeowners at its foundation. Including HOAs in the requirement to

comply with the CTA is a measure that would work to prove the honesty and good-will of individual groups and the institution as a whole.

According to the National Association of Realtors, 75.5 million Americans are subject to HOAs. That is approaching nearly a quarter of the population of our nation who are completely subject to an unregulated, self-governing, volunteer system with the power to ruin their lives at will.

Your Honor, you have been entrusted with the authority and responsibility to protect American citizens and the governing system put in place to ensure the promise of true democracy to all of us. For myself, my fellow advocates, and on behalf of 75.5 million Americans, I implore you to put The People first in this case. Be the one who stands up to protect all of us. We need you.

With deep respect and gratitude,

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