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*Tried and True.*

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On May 5, 2016, the US Department of the Treasury announced a Customer Due Diligence (CDD) Final Rule and proposed Beneficial Ownership legislation. Due to these regulatory changes **effective May 1, 2018** we will be asking for additional information when commercial accounts are opened or changes are made to existing accounts held at The Community Bank.

Beginning on May 1, 2018 The Community Bank is required to gather information in regard to Beneficial Owners of Legal Entity Customers as it relates to the following:

- 1) **Ownership:** Under the rule, any individuals who directly or indirectly own 25 percent or more of the equity interests in the legal entity must be identified. This means that up to four individuals may be identified; in some cases, however, there may not be any individual identified under the ownership prong (for example, if no individual actually owns 25 percent or more of the equity interest).
- 2) **Control:** Unlike the ownership prong, for which it is possible that no single individual be identified, the control prong requires at least one individual be identified who has significant managerial control over the legal entity customer. This individual could be an executive officer, a senior manager, or any other individual who regularly performs similar functions. An individual identified under the ownership prong above can also be identified under the control prong.

Certain exemptions will apply. The exemptions allowed are:

- 1) **Sole proprietors and unincorporated associations:** Typically, these entities do not have a legal existence that is separate from the “associated individual or individuals that in effect creates a shield permitting an individual to obscure his or her identity.”

Each covered entity will be required to complete the Certification Form regarding Beneficial Owners of Legal Entity Customers and provide identification of the individual owners when a qualifying event takes place. Qualifying events include but are not limit to new deposit accounts or loans, changes in ownership or signers on accounts or loans and CD or loan renewals.

Thank you for the confidence and loyalty you have placed in us at The Community Bank. Please let us know if there is anything that we can assist you with to make your Community Bank experience the best it can possibly be. If you have any questions regarding this notice, please contact your local Community Banking Office.