

Opening a Bank Account for a Neighborhood Association

Over the course of time, every neighborhood association accumulates money for one reason or another. It is then a question of what to do with that money. What kind of bank account should be opened and how to go about opening an account for the organization? It is important to note that either a person or a corporation can open an account.

To Open an Account

1. Tax Identification Number. A tax ID number is a federal tax number that is filed with the IRS. This enables the bank to report the earnings of the association account to the IRS. If you do not have a number, get one from the IRS.

If you do not have a tax ID number, you can open an account with a member's personal social security number. Often the secretary will use his/her number. The problem with using a personal number is that the person whose number is being used is liable for paying taxes on the additional money reported. This means that the money in the account is considered the personal money of the ID holder and taxes must be paid as if it is additional income. Also, if there is ever a lien against the person's assets, those monies are considered personal property and can be assessed.

2. Signature cards must be signed by two board members of the neighborhood.
3. Along with the tax ID number, other papers providing the legitimacy of the association will be needed.

If a non-profit corporation, bring the corporate resolution form, sealed by the state, proving non-profit status.

If not a corporation or do not have non-profit status, then bring a copy of the bylaws or minutes of the first meeting. Also state the names and titles of people who can do business for the organization.

4. Not all non-profits receive waivers of service charge. The bank waives service charges to organizations that provide a necessary public service. The decision to waive the charge is at the discretion of the individual bank.
5. If not a registered corporation, you must apply for an assumed business name.
6. Identification, such as a driver's license, credit cards, passport, etc. is required to open ANY type of account.