

Internal Revenue Service

Department of the Treasury

915 Second Ave., Seattle, WA 98174

District Director

[Redacted]

Person to Contact:

Telephone Number:

Refer Reply to:

D. Smith
JUL 25 1984

[Redacted]

Date: JUN 07 1984

Dear Applicant:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [Redacted] on [Redacted]

Your stated purpose is to operate a multiple listing service for your members. Membership is open to real estate brokers licensed by the State of [Redacted]. Income is generated from a one-time participation fee of \$[Redacted] per office plus monthly membership dues. Expenses are for labor, advertising, lockboxes, and like items necessary to provide the service.

Section 501(c) of the Internal Revenue Code of 1954 describes certain organizations exempt from income tax under section 501(a) and reads, in part, as follows:

"(3) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes."

We have concluded that you are not entitled to exemption from Federal income tax as an organization described in section 501(c)(3) of the Code, inasmuch as you are not organized and operated exclusively for one or more of the exempt purposes specified in that section.

Internal Revenue Code section 501(c)(6) does allow exemption for real estate boards, business leagues and like organizations if such organizations do not have as a purpose a business activity usually carried on for profit and do not have as a primary activity the performing of particular services for members.

It is the position of the Internal Revenue Service that the operation of a real estate multiple listing service is inherently designed for the rendering of particular services for individual board members as a convenience and economy in the conduct of their respective businesses. Therefore, an organization so operated, instead of primarily engaging in activities for the improvement of business conditions within the real estate business generally, is performing particular services for it's members through the maintenance and operation of it's multiple listing

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[Redacted]	[Redacted]	[Redacted]				
Date	5/31/84	6/14/84	6-5-84				

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system by providing them with listings of properties for sale which serve them as a convenience and economy in the conduct of their businesses. We further conclude that the operation of a real estate multiple listing service constitutes a business of a kind ordinarily carried on for profit. In this connection, see Revenue Ruling 59-234, Cumulative Bulletin 1959-2 Page 149.

You are required to file Federal income tax returns annually with your District Director.

Until such time as you establish your exempt status for Federal income tax purposes, contributions made to you are not deductible by the donors on their individual tax returns.

As provided by section 6104(c) of the Internal Revenue Code of 1954 and the applicable regulations, the appropriate State officials are being notified of our determination.

If you are in agreement with this proposed determination, you need take no further action.

If you are not in agreement with this proposed determination, we recommend that you request a hearing in the office of Regional Director of Appeals. Your request for a hearing should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a hearing. The hearing may be held at the office of Regional Director of Appeals or, if you request, at a mutually convenient District Office. A self-addressed envelope is enclosed.

If we do not hear from you within 30 days from the date of this letter, and you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies and will then become our final determination. Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted the administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

[REDACTED]
District Director

Enclosures:
Pub 892

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