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Date 5/22/97

Surname _____

MAR 25 1997

[REDACTED]

Dear Applicant,

We have considered your application for recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). Based on the information submitted, we are not able to conclude that you qualify for exemption under that section.

You were incorporated July 17, 1995 for the general purposes recited in section 501(c)(3) of the Internal Revenue Code, and for the specific purpose of providing affordable housing for low and moderate income residents of [REDACTED]. With these provisions, and other provisions and limitations in your articles of incorporation, you have met the organizational test of section 501(c)(3).

Although your original application for exemption did not identify any particular housing projects or activities, you subsequently submitted information that you would conduct your housing activities through a limited partnership arrangement. We reviewed the partnership agreement for [REDACTED] in which you were one of the general partners, submitted in support of your application. We advised you the agreement contained provisions which could result in operations not exclusively in furtherance of exempt purposes, and therefore exempt status could not be recognized for that activity.

You subsequently submitted evidence that the [REDACTED] was terminated, along with a revised statement of proposed activities in support of your application. Your goals and objectives as represented by the following extracts from your statement are:

1. "....(I)nfluence the shaping of public and non-profit programs to build communities for the benefit of the distressed, handicapped and elderly."
2. "...(S)eeK to allocate scarce resources to alleviate distressed neighborhoods, to enhance the involvement of local residents and community institutions in service delivery, to identify and train community leaders, and encourage policy

RE: [REDACTED]

changes to benefit the needy."

3. [REDACTED] primary objectives are to build strong rural communities, to develop cooperation between community organizations and businesses to promote neighborhood revitalization and to empower poor and minority people through education and training."

4. "... [REDACTED] would like to conduct a weatherization program and be in a position to provide doors, windows, caulking, skirting and insulation to help the needy to cope with high energy costs."

5. "... [REDACTED] can provide counseling to assist homeowners with regard to information for refinancing mortgages, budget management and readjustment of loan payments. Moreover, funds permitting, emergency assistance can be provided for persons in need of shelter, mortgage or rental costs and utility payments."

6. [REDACTED] status as an exempt organization... would enhance its ability to approach banks and local business to provide funds for neighborhood revitalization. In particular, Seventh District would like to see businesses participate in home ownership programs..."

7. [REDACTED]... members have committed funds to set up an impressive number of programs such as: medical and dental assistance, supplemental utility and mortgage assistance payments...."

In regard to number seven above, we reviewed copies of statements you submitted from several Baptists churches which responded to a request from the [REDACTED] for estimates of amounts spent by those churches on various charitable services to the community. At no point in our review was it apparent that sums spent by local churches represented support pledged to you. Further, your Bylaws provide "...The membership of this organization shall be composed (sic) of any person or persons who on more than one occasion have the right to vote for the election of a director or directors." However we are unable to ascertain from your bylaws how one qualifies to vote in elections of directors. Likewise we are unable to ascertain whom you refer to when you state that members have committed funds for charitable programs.

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable purposes.

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations provides that an organization will be regarded as operated exclusively for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3) of the Code. An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Rev. Proc. 90-27, 1990-1 C.B. 514 sets forth procedures with regard to applications for recognition of exemption from federal income tax under sections 501 and 521 of the Code.

Section 5.02 of Rev. Proc. 90-27 provides that exempt status will be recognized in advance of operations if proposed operations can be described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements of the section under which exemption is claimed. A mere restatement of purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement. The organization must fully describe the activities in which it expects to engage, including the standards, criteria, procedures or other means adopted or planned for carrying out the activities, the anticipated sources of receipts, and the nature of contemplated expenditures. Where the organization cannot demonstrate to the satisfaction of the Service that its proposed activities will be exempt, a record of actual operations may be required before a ruling or

As noted above, you provided a statement of proposed activities which represents a wide variety of charitable goals. You have not, however, provided a description of the standards, criteria, procedures of other means by which your activities will service charitable purposes exclusively. Likewise, it is also unclear how you will obtain financial resources to achieve your purposes, and how you will insure expenditures are made exclusively for charitable purposes.

Based on the above, you have failed to establish that you will be operated exclusively for purposes described in section 501(c)(3) of the Code.

Contributions to you are not deductible under section 170 of the Code. You are required to file federal income tax returns.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your principle officers, must be

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submitted within 30 days from the date of this letter. You also have the right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your principle officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practice Procedures.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Code provides, in part, that a declaratory judgement or decree under this section shall not be issued in any proceeding unless the United States Tax Court, the U.S. Court of Federal Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

To insure your reply is properly directed and promptly considered, please use the following address:

[Redacted]
Internal Revenue Service
[Redacted]
1111 Constitution Ave. N.W.
Washington, DC 20224

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your Key District Director. Thereafter, any questions about your federal tax status should be addressed to that office. Also, the appropriate State officials will be notified of this action in accordance with section 6104(c) of the Code.

Sincerely yours,

[Redacted Signature]

Chief, Exempt Organizations
Rulings Branch 5

cc: [Redacted]

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[Redacted]	[Redacted]					
Surname	[Redacted]	[Redacted]					
Date	2/19/97	3/24/97					