

INTERNAL REVENUE SERVICE

Department of the Treasury

District
Director

McCaslin Industrial Park
2 Cupania Circle
Monterey Park, CA 91754

Date: Sept. 26, 1991

Case number:
[REDACTED]

Person to Contact:
[REDACTED]

Telephone Number:
[REDACTED]

Response Due:
Oct. 21, 1991

[REDACTED]

Dear Applicant:

This is in regards to your application for Federal tax-exemption as an organization described in section 501(c)(4) of the Internal Revenue Code of 1986.

In order to qualify for tax-exemption as a 501(c)(4) homeowner's association, an organization must: 1) serve a "community" which bears a reasonable recognizable relationship to an area ordinarily identified as governmental, 2) it must not conduct activities directed to the exterior maintenance of private residences, and 3) the common areas or facilities it owns and maintains must be for the use and enjoyment of the general public. Revenue Ruling 74-99.

Furthermore, Revenue Ruling 74-17 held that condominium homeowners associations serve the interests of the individual owners and not the community and therefore do not qualify for exemption under section 501(c)(4) of the Code. Section 528 however, can be elected by these associations. Section 528 provides that the exempt function income (homeowner dues and assessments) of the association will not be taxed under certain circumstances. Associations that elect section 528 do so by filing an annual return, Form 1120-H, with their respective Service Centers. There is no formal application process.

In summary, it appears doubtful that your organization will qualify as being tax-exempt under section 501(c)(4). If you are in agreement, please sign an return the enclosed agreement Form 6018 by the above response due date. If you are not in agreement, please be advised that a formal adverse determination letter may be forthcoming in which you may appeal. The enclosed Publication 892 explains your rights to appeal such a determination.

Also enclosed for your reference is Revenue Ruling 74-99,

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Revenue Ruling 74-17, a brief explanation of section 528 entitled "Homeowner's Associations - Section 528," Form 1120-H for 1990 and Publication 588, Tax Information for Homeowners Associations.

Should you have any questions regarding this matter, please contact me at [REDACTED].

Thank you for your cooperation.

Sincerely,

[REDACTED]
Internal Revenue Agent
Exempt Organizations

Enclosures

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
2 CUPANIA CIRCLE
MONTEREY PARK, CA 91754

DEPARTMENT OF THE TREASURY

Date: OCT. 16, 1991



Employer Identification Numbers:



Case Numbers:



Contact Persons:



Contact Telephone Number:



Dear Applicant:

This is in reference to your application for exemption from Federal income tax as an organization described in section 501(c)(4) of the Internal Revenue Code.

In a previous contact made with your organization, you were informed that it was our opinion that you did not qualify for exemption from Federal income tax as an organization described in section 501(c)(4) of the Code. We have previously informed you of your rights of appeal in this matter and if you were in agreement with our conclusions, we requested that you execute an agreement Form 6018.

You have indicated your agreement to our conclusion that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(4) of the Code, by executing and returning the Consent to Proposed Adverse Action Form 6018.

Accordingly, you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(4) of the Code.

Sincerely yours,


District Director

Form **6018**
(Rev. September 1980)

Department of the Treasury Internal Revenue Service
Consent to Proposed Adverse Action
(All references are to the Internal Revenue Code)

Prepare in
Duplicate

Case Number

[Redacted]

Date of Latest Determination Letter

Employer Identification Number

[Redacted]

Date of Proposed Adverse Action Letter

Name of Organization or Plan and Address

[Redacted]

I consent to the proposed adverse action relative to the above organization or plan, as shown by the box(es) checked below. I understand that if Section 7428, Declaratory Judgments Relating to Status and Classification of Organizations under Section 501(c)(3), etc.; or Section 7476, Declaratory Judgments Relating to Qualification of Certain Retirement Plans, applies, I have the right to protest the proposed adverse action.

NATURE OF ADVERSE ACTION

- Denial of exemption, section 501(c)(4) of the Code
- Revocation of exemption, effective
- Modification of exempt status, effective
- Classification as a private foundation (section 509(a)), effective
- Classification as a non-operating foundation (section 4942(j)(3)), effective
- Non-qualification under section 401(a)
- Classification as an organization described in section 509(a)(), effective
- Classification as an organization described in section 170(b)(1)(A)(), effective

If you agree to the adverse action shown above, please sign and return this consent. You should keep a copy for your records.

If you sign this consent before you have exhausted your administrative appeal rights, you may lose your rights to a declaratory judgment under section 7428 or 7476.

(Signature instructions are on the back of this form.)

Name of Organization or Plan

[Redacted]

Signature and Title

[Redacted]

Treasurer

Date

10/4/91

Signature and Title

Date