

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR

DEPARTMENT OF THE TREASURY

P O BOX 2350 ROOM 5127 ATTN: E.O.
LOS ANGELES, CA 900532350

Date: DEC. 7, 1990

Employer Identification Number:
[REDACTED]

Case Number:
[REDACTED]

Contact Person:
[REDACTED]

Contact Telephone Number:
[REDACTED]

Dear Applicant:

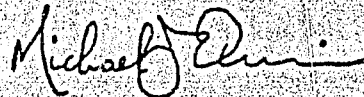
This is in reference to your application for exemption from Federal income tax as an organization described in section 501(c)(4) of the Internal Revenue Code.

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,



Michael J. Quinn
District Director

Letter 1633(CG)

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 2350 Los Angeles, Calif. 90053

Case Number: [REDACTED]

Person to Contact: [REDACTED]

Telephone Number: [REDACTED]

Refer Reply to: [REDACTED]

Date: October 24, 1990

Response Due: Nov. 16, 1990

[REDACTED]

Dear Applicant:

This is in regards to your application for exemption from Federal income tax under section 501(c)(4) of the Internal Revenue Code.

Enclosed you will find various materials that will help clarify the tax status of homeowners associations such as yours.

In order to qualify under section 501(c)(4) of the Code as a homeowners 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 74-99.

Furthermore, Revenue Ruling 74-17 held that condominium homeowners associations serve the interests of the individual owners and not the community, and do not qualify for exemption under section 501(c)(4) of the Internal Revenue Code. Section 528 however, can be elected by these associations. Section 528 of the Code provides that the exempt function income (homeowners dues) 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.

In summary, it appears doubtful that your organization will qualify as being tax-exempt under section 501(c)(4) as a homeowners association. If you are in agreement, please sign and 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 in the event of this situation.

Should you have any questions regarding this matter, please call me.

Sincerely,

[REDACTED]

[REDACTED]

Internal Revenue Agent

Form 6018
(Rev. August 1983)

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 and Address of Organization
[REDACTED]

I consent to the proposed adverse action relative to the above organization 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. applies, I have the right to protest the proposed adverse action.

NATURE OF ADVERSE ACTION

- Denial of exemption
- Revocation of exemption, effective
- Modification of exempt status from section 501(c)() to 501(c)(), effective
- Classification as a private foundation (section 509(a)), effective
- Classification as a non-operating foundation (section 4942(j)(3)), effective
- 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.

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

Name of Organization

Signature and Title Date

Signature and Title Date