

Date: AUG 20 1986

Employer Identification Number:
[REDACTED]Person to Contact:
[REDACTED]Contact Telephone Number:
[REDACTED]

Gentlemen:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(12) of the Internal Revenue Code of 1954.

From the information submitted, it appears that your organization was formed under a Constitution on [REDACTED].

Your organization's purposes and activities are summarized in Form 1024 part III, 3. That summary reads, in part, as follows: "The property owners with right of way on the private road, [REDACTED], have formed an association for the maintenance of the road. We have agreed to contribute to a reserve fund for the purpose of saving money to be used for repairs and/or maintenance of our private road, see attached agreement."

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:

"(12) Benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations; but only if 85 percent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses."

The term "like organizations" only refers to organizations that are similar to mutual ditch, irrigation and telephone companies. It does not extend to all mutual organizations.

For example, Rev. Rul. 65-201, 1965-2 C.B. 170 held that a cooperative housing organization that operated for the benefit of its tenant-owner-members was not entitled to exemption under section 501(c)(12). It was not a "like organization".

Your organization maintains a private road for the benefit of its

members. It is not a benevolent life insurance association. It is not a mutual ditch, irrigation or telephone company. It is not a "like organization".

Your organization is not entitled to exemption under section 501(c)(12) because it is not the type of organization that is described in that Code section.

You are required to file Federal income tax returns annually, with your district director.

If you are in agreement with this proposed determination, we request that you sign and return the enclosed agreement Form 6018. Please note the instructions for signing on the reverse side of this form.

You have the right to protest this determination if you believe it is incorrect. Protest instructions are contained in Publication 892 enclosed.

If we do not hear from you within the time specified, this letter will become our final determination in this matter.

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Sincerely yours,

District Director

Enclosures:
Publication 892
Form 6018