

[REDACTED]
Date: OCT 18 1989

Person to Contact:
[REDACTED]

Contact Telephone Number:
[REDACTED]

Refer Reply to:
[REDACTED]

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(12) of the Internal Revenue Code.

The evidence presented disclosed that the Corporation was incorporated in [REDACTED] on [REDACTED].

The purposes for which the corporation is formed is as follows:

- a) To secure improved living conditions for mobile home owners and tenants of [REDACTED]
- b) To work to reduce and/or minimize the lot rental costs to mobile home owners and tenants of [REDACTED]
- c) To affiliate with other local, state and national organizations whose purposes are to protect the investments of and to secure improved living conditions for mobile home owners and tenants
- d) To negotiate with park owners in furtherance of these purposes
- e) To diffuse a general knowledge of mobile home living through the medium of lectures, publications and periodicals.

The organization's activities consist of protecting its members from absentee landlords by filing lawsuits against the said landlord in respect to unfair and unjustified rent increases, and to prevent the landlord from selling the park without giving its members first chance of refusal.

Financial information submitted indicates that your organization's support is from gross dues and assessments of members and interest income. Your disbursements are for legal and mailing expenses.

IRC Section 501(c)(12)(A) provides for the exemption from Federal income tax of benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organization; 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.

Revenue Ruling 65-201, 1965-2 C.B. 170, states that the conclusion with respect to the term "like organizations," also applies in the case of a cooperative organization which operates and maintains a housing development and provides housing facilities and maintenance services on a cooperative basis for the personal benefit of its tenant-owner members. Such organization does not qualify for exemption as an organization described in section 501(c)(12), or any other provision, of the Code because the organization's activities are for the private benefit of its members.

The organization's purposes and activities clearly indicate that it is not organized and operated exclusively for any of the purposes mentioned in section 501(c)(12) of the Code, and as in Revenue Ruling 65-201 its activities constitute private benefit to its members. Therefore the organization does not satisfy the requirements of section 501(c)(12) of the Internal Revenue Code.

We have also considered your application for exemption under section 501(c)(4) of the Code.

Section 501(c)(4) of the Internal Revenue Code provides for the exemption from Federal income tax of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations provides that an organization is operated exclusively for the promotion of social welfare if it primarily engages in promoting in some way the common good and general welfare of the people of the community.

The concept of social welfare implies a service or program directed at benefitting the community rather than a private group of individuals.

Revenue Ruling 74-99, 1974-1 C.B. 131 states that a homeowners association must, in addition to otherwise qualifying for exemption under section 501(c)(4) of the Code, satisfy the following requirements: (1) It must engage in activities that confer benefit on a community comprising a geographical unit which bears a reasonably recognizable relationship to an area ordinarily identified as a governmental subdivision or a unit or district thereof; ...and (3) It owns and maintains only common areas or facilities such as roadways and parklands, sidewalks and street lights, access to, or the use and enjoyment of which is extended to members of the general public and is not restricted to members of the homeowners association.

Revenue Ruling 74-17, 1974-1 C.B. 130, holds that an organization formed by the unit owners of a condominium housing project to provide for the management, maintenance, and care of the common areas of the project, as defined by State statute, with membership assessment paid by the unit owners does not qualify for exemption under section 501(c)(4) of the Code because the organization's activities are for the private benefit of its members and it cannot be said to be operated exclusively for the promotion of social welfare.

The information submitted shows that you do not meet the requirements as a social welfare organization described in section 501(c)(4) of the Internal Revenue Code.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(12) of the Code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

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If we do not hear from you within that time, this determination will become final.

Sincerely yours,

A solid black rectangular box redacting the signature of the District Director.

District Director

Enclosure: Publication 892