

[REDACTED]

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[REDACTED]

JUN 08 1981

Dear Sir or Madam:

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 and the supporting information submitted.

The evidence submitted indicates you were incorporated as a non-stock corporation under [REDACTED] law on [REDACTED] to provide an entity under the [REDACTED] Condominium Act for the operation of [REDACTED].

Membership is limited to the record owners of condominium units in [REDACTED].

Your activities consist of providing services to your members. These services consist of management of [REDACTED], outside maintenance, insurance, electricity, water and sewer service, lawn care and snow removal.

Your income comes from condominium fees paid by the unit owners annually. Expenditures are made for operating expenses.

Section 501(c)(12) of the Code provides exemption for 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 purposes of meeting losses and expenses.

Revenue Ruling 65-201, found in Cumulative Bulletin 1965-2, on page 170 held that cooperative housing organization operated for the personal benefit of its tenant-owner members was not exempt under section 501(c)(12). The Ruling reads, in part: "It is clear that the term 'like organizations' as used in the statute is limited by the type of organizations specified in the statute, and is applicable only to those mutual or cooperative organizations which are engaged in activities similar in nature to the benevolent insurance or public utility type of service or business custom-

CODE	[REDACTED]		REVIEWER	REVIEWER	REVIEWER
BUR. NAME	[REDACTED]				
DATE	5/11/81	5/18/81			

(2)

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.

Revenue Ruling 74-17, found in Cumulative Bulletin 1974-1, on page 130, held that a condominium housing association operated to provide for the management, maintenance, and care of the common areas of the Project did not qualify for exemption under section 501(c)(4) of the Code.

Based on the information submitted, it appears that your organization is not a "like organization" within the meaning of section 501(c)(12).

Therefore, we have concluded that your organization is not an organization described in section 501(c)(12), 501(c)(4), or any other section of 501(c) as exempt.

Accordingly, you are required to file Federal income tax returns. Your attention is called to section 528 of the Internal Revenue Code which provides certain procedures by which qualifying homeowners associations may elect to be treated as a tax exempt organization. If you determine that you qualify under section 528, you must file Form 1120-B. If you determine that you do not qualify under section 528, you must file corporate tax returns on Form 1120. File these returns with your Key District Director for exempt organization matters within 90 days from the date of this letter, unless a request for an extension of time is granted. Returns due presently are those for the years ended [redacted] and [redacted]. File returns for later tax years with the appropriate service center indicated in the instructions for those returns.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892.

(3)

[REDACTED]

You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office or, if you request, at any mutually convenient District Office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

Sincerely yours,

[REDACTED]
District Director

Enclosure: Publication 892