

Person to Contact: [REDACTED]
Telephone Number: [REDACTED]
Refer to file no: [REDACTED]

Date: DEC 02 1968

CERTIFIED

Dear Applicant:

We have considered your application for recognition of exemption from Federal Income Tax under Section 501(c)(7) of the Internal Revenue Code.

The Form 1074 which you submitted indicates that you hold an organizational meeting in the State of [REDACTED] or [REDACTED]. You have no legal organizing document. It also states that your organization was founded to take care of maintenance, repair costs and ground upkeep, etc. at a campground where trailer boxes are kept. Your funds come from member dues and are applied toward expenses for the above purpose.

Section 501(c)(7) of the Code provides for exemption from Federal Income Tax of clubs organized and operated exclusively for pleasure, recreation, and other non-profitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder.

Sec. 501.75-404, 1975-2 C.B. 214, states that, while homeowner associations can be exempt under Internal Revenue Code Section 501(c)(7), it is contemplated that they conduct social and recreational activities. Maintenance of residential streets, trash collection, enforcing restrictive covenants and providing police and fire protection are not social or recreational activities.

You are not eligible for exemption because you have no legal organizing document, i.e., articles of incorporation, articles of association, constitution, etc. Furthermore, your purpose is clearly not within the intent of Section 501(c)(7) of the Internal Revenue Code.

Accordingly, we hold that you are not entitled to exemption from Federal Income Tax as an organization described in Section

581(c)(7) of the Code. Accordingly, you are required to file Federal income tax returns on Form 1120 or 1120E.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, "Except Organization Procedures for Adverse Determinations," which explains in detail your rights and procedures.

If you agree with this determination please sign and return the enclosed Form 6018.

Sincerely yours,

District Director

Enclosures:
Form 6018
Publication 892