



Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities  
P. O. Box 2508  
Cincinnati, OH 45201

Date:  
08/28/2023  
Employer ID number:

Form you must file:  
1120

Tax years:  
All

Person to contact:

Release Number: 202347017  
Release Date: 11/24/2023  
UIL Code: 501.04-00

Dear :

This letter is our final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(4). Recently, we sent you a proposed adverse determination in response to your application. The proposed adverse determination explained the facts, law, and basis for our conclusion, and it gave you 30 days to file a protest. Because we didn't receive a protest within the required 30 days, the proposed determination is now final.

You must file the federal income tax forms for the tax years shown above within 30 days from the date of this letter unless you request an extension of time to file. For further instructions, forms, and information, visit [www.irs.gov](http://www.irs.gov).

We'll make this final adverse determination letter and the proposed adverse determination letter available for public inspection after deleting certain identifying information, as required by IRC Section 6110. Read the enclosed Letter 437, Notice of Intention to Disclose - Rulings, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us. If you agree with our deletions, you don't need to take any further action.

If you have questions about this letter, you can call the contact person shown above. If you have questions about your federal income tax status and responsibilities, call our customer service number at 800-829-1040 (TTY 800-829-4933 for deaf or hard of hearing) or customer service for businesses at 800-829-4933.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements

Enclosures:  
Letter 437  
Redacted Letter 4034  
Redacted Letter 4038



Department of the Treasury  
Internal Revenue Service  
PO Box 2508  
Cincinnati, OH 45201

Date: 05/31/2023

Employer ID number:

Person to contact:

Name:

ID number:

Telephone:

Fax:

**Legend:**

W = State of Formation

X = Date of Formation

Z = Association

**UIL:**

501.04-00

Dear :

We considered your application for recognition of exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a). We determined that you don't qualify for exemption under IRC Section 501(c)(4). This letter explains the reasons for our conclusion. Please keep it for your records.

**Issues**

Do you qualify for exemption under IRC Section 501(c)(4)? No, for the reasons stated below.

Your self-declared exemption under IRC Section 501(c)(6) was automatically revoked for failure to file annual returns or notices for three consecutive years. You are requesting reinstatement under Section 501(c)(4).

You formed as a non-profit corporation in the State of W on X. Your Articles of Incorporation state that you are formed for recreational and sporting purposes.

Your Bylaws state your objectives are to:

- Unite those engaged in the real estate profession for the purpose of having a beneficial influence upon the profession and related interests
- Promote and maintain high standards of conduct in the real estate profession as provided in the Code of Ethics of the Z
- Provide a unified medium for real estate owners and real estate professionals whereby their interests may be safeguarded and advanced
- Further the interests of home and other real property ownership
- Unite those engaged in the local real estate profession with the state and national associations
- Designate, for public benefit, individuals controlled by the Z that can use the term Realtors

You have classes of membership:

You are a membership-based trade association established to assist your members in the business of real estate in your area. You represent your membership in important real estate issues like Multiple Listing Service (MLS), legal assistance, continuing education, and other unique services.

#### **Law**

IRC Section 501(c)(4) 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.

Treasury Regulation Section 1.501(c)(4)-1(a)(2)(i) provides that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterment and social improvements.

Revenue Ruling 67-6, 1967-1 C.B. 135 provides that an association whose activities are devoted primarily to preserving the traditions, architecture, and scenic appearance of a community by means of individual and group action before the local legislature and administrative agencies with respect to zoning, traffic, and parking regulations is exempt under IRC Section 501(c)(4).

In Commissioner v. Lake Forest, Inc., 305 F.2d 814 (4th Cir. 1962), an organization formed to assist veterans of the World Wars to purchase and finance their own homes through acquisition of properties was held not to be exempt under IRC Section 501(c)(4). The court stated that the organization's operation is not a work of 'social welfare' but a private economic enterprise albeit in the interest of some of the citizens; and even if its objects include a contribution of social welfare, that is not its aim 'exclusively'.

In Monterey Pub. Parking Corp. v. United States, 321 F. Supp. 972 (N.D. Cal. 1970), aff'd, 481 F.2d 175 (9th Cir. 1973), the court held that where nonprofit California corporation was formed to construct and operate public off-street parking facility in central business district of city, no profits or advertising advantages accrued

to corporation's organizers that did not also accrue to non-organizers, all future profits were to be given over to city, upon dissolution remaining assets were to be distributed to nonprofit fund or foundation organized for charitable purposes and there was no indication of unreasonably accumulated surpluses, corporation qualified for exemption from income taxes both as charitable corporation and as social welfare organization.

In Contracting Plumbers Co-op. Restoration Corp. v. United States, 488 F.2d 684 (2d Cir. 1973), the court held that private, nonprofit cooperative, which was organized by New York City plumbers to effect repairs of cuts made in city streets by members in course of plumbing activities, was not entitled to exemption as a civic organization or business league since, among other things, each member enjoyed economic benefits precisely to extent that he used and paid for restoration services.

### **Application of law**

Treas. Reg. Section 1.501(c)(4)-1(a)(2)(i) provides that an organization is operated for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. You are formed to assist your members who are in the real estate profession. Because you are primarily benefitting a group of private individuals, your members, and not the common good and general welfare of the people in your community, you do not qualify under IRC Section 501(c)(4).

The organization described in Revenue Ruling 67-6 was granted exemption under IRC Section 501(c)(4) because they were promoting the common good and general welfare of their community. You are not like this organization because you are promoting the betterment of the real estate profession.

The court in Commissioner v. Lake Forest, Inc. concluded the organization did not qualify for exemption because they did not propose to offer a service or program for the direct betterment or improvement of the community as a whole. You too are not promoting social welfare because you are not offering a service or program for the betterment of the community as a whole. Instead, you operate for the betterment and promotion of real estate professional members.

The court in Monterey Pub. Parking Corp. v. U.S. held that the organization did qualify for exemption from income taxes both as a charitable corporation and as social welfare organization because the organization's benefits accrued to the community as a whole. You are not like this organization because you benefit your members, not the community as a whole.

You are similar the organization in Contracting Plumbers Co-op. Restoration Corp. v. United States that did not qualify for exemption under IRC Section 501(c)(4) because, like that organization, your activities benefit your members, not the community as a whole.

### **Conclusion**

Based on the information presented in your application and subsequent information provided, we conclude you are not exempt under IRC Section 501(c)(4).

Your purpose will improve the business conditions of real estate professionals. You formed for the purpose of benefiting the real estate professionals and not for the general welfare and common good of your community.

### **If you agree**

If you agree with our proposed adverse determination, you don't need to do anything. If we don't hear from

you within 30 days, we'll issue a final adverse determination letter. That letter will provide information on your income tax filing requirements.

### **If you don't agree**

You have a right to protest if you don't agree with our proposed adverse determination. To do so, send us a protest within 30 days of the date of this letter. You must include:

- Your name, address, employer identification number (EIN), and a daytime phone number
- A statement of the facts, law, and arguments supporting your position
- A statement indicating whether you are requesting an Appeals Office conference
- The signature of an officer, director, trustee, or other official who is authorized to sign for the organization or your authorized representative
- The following declaration:

**For an officer, director, trustee, or other official who is authorized to sign for the organization:**  
Under penalties of perjury, I declare that I have examined this request, or this modification to the request, including accompanying documents, and to the best of my knowledge and belief, the request or the modification contains all relevant facts relating to the request, and such facts are true, correct, and complete.

Your representative (attorney, certified public accountant, or other individual enrolled to practice before the IRS) must file a Form 2848, Power of Attorney and Declaration of Representative, with us if they haven't already done so. You can find more information about representation in Publication 947, Practice Before the IRS and Power of Attorney.

We'll review your protest statement and decide if you gave us a basis to reconsider our determination. If so, we'll continue to process your case considering the information you provided. If you haven't given us a basis for reconsideration, we'll send your case to the Appeals Office and notify you. You can find more information in Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

If you don't file a protest within 30 days, you can't seek a declaratory judgment in court later because the law requires that you use the IRC administrative process first (IRC Section 7428(b)(2)).

### **Where to send your protest**

Send your protest, Form 2848, if applicable, and any supporting documents to the applicable address:

U.S. mail:

Internal Revenue Service  
EO Determinations Quality Assurance  
Mail Stop 6403  
PO Box 2508  
Cincinnati, OH 45201

Street address for delivery service:

Internal Revenue Service  
EO Determinations Quality Assurance  
550 Main Street, Mail Stop 6403  
Cincinnati, OH 45202

You can also fax your protest and supporting documents to the fax number listed at the top of this letter. If you fax your statement, please contact the person listed at the top of this letter to confirm that they received it.

You can get the forms and publications mentioned in this letter by visiting our website at [www.irs.gov/forms-pubs](http://www.irs.gov/forms-pubs) or by calling 800-TAX-FORM (800-829-3676). If you have questions, you can contact the person listed at the top of this letter.

**Contacting the Taxpayer Advocate Service**

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or if you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit [www.taxpayeradvocate.irs.gov](http://www.taxpayeradvocate.irs.gov) or call 877-777-4778.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements