



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

Date:
04/22/2026
Employer ID number:

Form you must file:

Tax years:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202629023
Release Date: 7/17/26
UIL Code: 501.04-00, 501.04-07

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.

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**

Date:
03/06/2026
Employer ID number:

Person to contact:
Name:
ID number:
Telephone:
Fax:

Legend:

B = State
C = Date
D = Name
E = Number
F = Number

UIL:
501.04-00
501.04-07

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.

Facts

You were formed in B on C as a nonprofit corporation. Your Articles of Incorporation state that you are organized to operate, manage, maintain and administer the affairs of the D, a condominium project, and to promote the health, safety, and welfare of the residents within the condominium project,

You state that you are organized as a homeowner's condominium management association organized primarily to further the common good and general welfare of the people of the community such as by bringing about civic betterment and social improvements. You are entirely funded by assessment fees.

Your condominium project includes E units across F buildings that make up a full city block. Membership is limited to individuals who own one or more of the units comprising the condominium project. You own a swimming pool located on the property, as well as a parking garage underneath the building, and the sidewalks and green spaces surrounding the complex.

Access to the swimming pool and parking garage is restricted to owners, their tenants, and their guests. The exterior of the complex, including green spaces and sidewalks is open for public access. The complex itself is gated and residents must have the security code to gain access. You maintain exterior walls of all condominium

units, but the doors and windows of individual units are the responsibility of each unit owner. You also enforce rules and regulations on the condominium project.

Law

IRC Section 501(c)(4) provides for the exemption from federal income tax of organizations not organized for profit but operated exclusively for the promotion of social welfare.

Treasury Regulation Section 1.501(c)(4)-1(a)(1) states that an organization may be exempt if it is not organized or operated for profit and it is 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 IRC Section 501(c)(4) is one which is operated primarily for the purpose of bringing about civic betterments and social improvements.

Revenue Ruling 69-280, 1969-1 C.B. 152, held that a nonprofit organization formed to provide maintenance of exterior walls and roofs of homes of members who own houses in a development is not exempt as a social welfare organization under Section 501(c)(4). The organization in Rev. Rul. 69-280 was a nonprofit membership corporation formed to provide services for the homeowners in a housing development. The services consisted of painting exterior walls and repairing roofs. If a person purchased a unit in the housing development, he was required to become a member of the organization. The organization was supported entirely by annual dues charged to members. The dues were based on the estimated expenses of the organization plus an amount for reserves to cover large expenditures, such as replacement of roofs. The Service concluded that this organization was not exempt because it performed services that its members would otherwise have to provide for themselves. Therefore, the organization was operated primarily for the private benefit of members and not operated primarily for the common good and general welfare of the people of the community.

Rev. Rul. 72-102, 1972-1 C.B. 149, found that a nonprofit organization formed to preserve the appearance of a housing development and to maintain streets, sidewalks, and common areas for use of the resident was exempt under IRC Section 501(c)(4). It stated that by administering and enforcing covenants, and owning and maintaining certain non-residential, non-commercial properties of the type normally owned and maintained by municipal governments, the organization served the common good and the general welfare of the people of the entire development.

Rev. Rul. 74-99, 1974-1 C.B. 131, modified Rev. Rul. 72-102 and clarifies the circumstances under which a homeowners' organization may qualify for exemption under IRC Section 501(c)(4). Several factors lead to the prima facie presumption that homeowners' associations are essentially and primarily formed and operated for the individual business or personal benefit of their members, and, as such, do not qualify for exemption under Section 501(c)(4). The ruling adds, in addition to otherwise qualifying for exemption under IRC Section 501(c)(4), the organization must satisfy the following requirements: (1) it must serve a "community" which bears a reasonable recognizable relationship to an area ordinarily identified as governmental; (2) it must not conduct activities directed to the exterior maintenance of private residences, and (3) the common areas or facilities it owns and maintains must be for the use and enjoyment of the general public.

Rev. Rul. 80-63, 1980-1 C.B. 116, clarified Rev. Rul. 74-99 by providing answers to specific questions as to whether the conduct of certain activities will affect the exempt status under IRC Section 501(c)(4) of otherwise

qualifying homeowners' associations. The ruling states, in relevant part, that: 1) the term 'community' does not embrace a minimum area or a certain number of homeowners; and 2) a homeowners' association, which represents an area that is not a community may not qualify for exemption if it restricts the use of its common areas and recreational facilities to only members of the association.

In Lake Petersburg Association v. Commissioner, T.C. Memo 1974-55; 33 T.C.M. (CCH) 259 (T.C. 1974), an organization constructed a man-made lake with funds received by it from its members. In return for a membership fee, each member became entitled to lease lots near the lake, for which each member was required to pay a lot assessment plus an annual lot rental fee. The Tax Court concluded that the organization was operated primarily to serve the interests of its members rather than serve the interest of the community, and thus was not exempt from taxation. This conclusion was based on the finding that the organization "directly benefited only those people who were members and who therefore could enjoy the facilities and environment that the lake provided."

In Flat Top Lake Association v. U.S., 868 F.2d (4th Cir. 1989), the Court held that a homeowners association did not qualify for exemption under IRC Section 501(c)(4) when it did not benefit a "community" bearing a recognizable relationship to a governmental unit and when its common areas or facilities were not for the use and enjoyment of the general public. The organization in Flat Top Lake Association had 375 lots in the development with 80 families residing there. The organization did undertake certain quasi-governmental tasks including constructing a bridge, maintaining common areas such as a road, a park, and a lake, and providing waste disposal for residents. The organization also paid for a "conservator of the peace" to perform law enforcement duties. Despite this, the court held that this was not a "community" because it is a private environment for its members and cannot claim a tax exemption for benefitting itself.

In Rancho Santa Fe v. U.S., 589 F. Supp 54 (S.D. Cal. 1984), the court interpreted Rev. Rul. 74-99 and held that a homeowners' association serving residents of a housing development of 3,000 homeowners constituted a community and qualified for exemption under IRC Section 501(c)(4). Of the 600 acres of land within the development, 465 acres, consisting of parks, hiking trails, open space, athletic fields, a public parking lot, playgrounds, and a community club house, were available to the general public on an unrestricted basis. The remaining 135 acres, consisting of a golf course and tennis courts, was restricted to only the members of the association. The organization also loaned out its facilities free of charge to public service organizations and schools. The court found that the homeowners' association performed the functions of a governmental entity and brought about civic betterments and social improvements on an unrestricted basis that would be missed by the community without the activities of the organization. Thus, the court concluded that the benefits to the organization benefited the social welfare of the general public of the community thereby meeting the requirements of IRC Section 501(c)(4).

In Mira Vista Homeowners Association, Inc. v. Commissioner of Internal Revenue, T.C. Memo. 2025-102 (U.S. Tax Ct., 2025), the court held a homeowners association was not described as an IRC Section 501(c)(4) social welfare organization because the non-member activities were incidental and otherwise insubstantial to qualify as benefiting the community as a whole.

Application of law

You seek recognition of tax-exempt status under IRC Section 501(c)(4), which requires an organization to be operated exclusively to promote social welfare. An organization seeking tax-exempt status under Section

501(c)(4) must be operated exclusively to promote social welfare within the meaning of Section 501(c)(4) based on the facts. 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. Based on your Form 1024-A, you were formed and are operated to maintain a private condominium. You are not operating exclusively for the promotion of social welfare within the meaning of Treas. Reg. Section 1.501(c)(4)-1(a)(2)(i) because you operate exclusively for the private benefit of your members rather than for the benefit of the community as a whole.

You do not provide a community benefit as described in Revenue Rulings 69-280, 72-102, 74-99, and 80-63. You do not promote the common good and general welfare of the people in the community but rather promote the private interests of the homeowners in the area consisting of E units across F buildings. Your activities are aimed at the maintenance of areas that serve an exclusive, rather than broad, class of people. You do not qualify for exemption under IRC Section 501(c)(4) because you serve the private interests of the condominium owners rather than promoting the common good and general welfare of the people of the community. The function of the homeowners' association is to service the small group of homeowners that are Unit Owners rather than the interest of the community. See Lake Petersburg.

You are unlike the organization described in Rancho Santa Fe because you do not offer facilities or other amenities to the general public on an unrestricted basis, other than limited green spaces. You do not perform the functions of a governmental entity, nor do you provide social benefit to the general public that may constitute social welfare activities within the meaning of IRC Section 501(c)(4).

The Court in Flat Top Lake Association held that you must serve a "community" which bears a reasonable recognizable relationship to an area ordinarily identified as governmental in order to qualify for exemption as a homeowners association under IRC Section 501(c)(4). You are a condominium association of E units that has limited publicly accessible green space elements. Rather than serving a "community", you are serving the interests of the E unit homeowners. You serve the interests of your members similarly to those in Mira Vista. Thus, whatever the rights or privileges afforded to persons other than members, we find your activities to be incidental and otherwise insubstantial to qualify as benefiting the community as a whole. Accordingly, you do not qualify for exemption under IRC Section 501(c)(4).

Conclusion

Based on the information submitted, you are not operating exclusively for exempt purposes within the meaning of IRC Section 501(c)(4). Rather, by providing a benefit to only those Unit Owners without a benefit to the larger community, you are operating primarily for private interests of your members and you do not promote social welfare of the community. Accordingly, you do not qualify for exemption under IRC Section 501(c)(4).

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 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 or call 877-777-4778.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements