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

IRS

Date:
08/17/2026
Employer ID number:

Form you must file:

Tax years:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202646016
Release Date: 11/13/26
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

IRS

Date:
06/30/2026
Employer ID number:

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

Legend:
B = Date
C = State
D = Name
F = City
x = Years

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 on B as a nonprofit corporation in the state of C. You are established as a condominium association for D, a condominium community located in F. You provided your Community Manual and a Supplemental Covenant and Declaration of Condominium Regime which sets forth the rules and regulations relating to owning a condominium within the community.

You will have members. Each condominium unit is entitled to a single vote on behalf of its owner(s). You are funded by assessments. Each owner is required to pay assessments levied against their unit. There are five types of assessments: Regular, Special, Utility, Individual, and Deficiency. You will use assessments for the general purposes of preserving and enhancing the Condominium Regime and for the benefit of owners and residents, including but not limited to the maintenance, management and operations of the association.

Your Summary of Maintenance Obligations indicates that owners are responsible for all aspects of maintenance for their unit interior, including improvements, fixtures, partition walls, floors within the unit, sheetrock within the unit and treatments on walls. Owners are responsible for their exterior unit door if the repair is serving their unit exclusively.

You will maintain common areas, including sidewalks, entrances, passages driveways, parking areas, fences, screening walls, and retaining walls around the perimeter of the property, exterior lighting, mailboxes and exterior street addresses or unit numbers, trash receptacles, exterior landscaping, roofs and roof facilities, exterior building components, building foundation, glass in windows, glass in exterior doors and common area yards.

You will repair exterior unit doors, water lines, wastewater lines, electrical lines and systems and HVAC systems if more than one unit requires maintenance. You will levy individual assessments for repairs to yard fencing and trellis located in a unit's common area. You will also levy assessments for replacement and repairs for glass in windows and exterior doors.

Your actual expenses on your Income Statement Reports include repairs and maintenance costs in accounts: Building Repair & Maintenance, Electrical Supplies Repair & Maintenance, Garage Repair & Maintenance, General Repair & Maintenance, Lighting Supplies Repair & Maintenance, Plumbing Supplies Repair & Maintenance and Roof Repair & Maintenance.

Your subdivision includes parks and other open space areas that will be used by residents and non-residents. Certain parks, areas and amenities such as pools will not be accessible to residents and non-residents. Non-residents may be permitted to access such areas upon payment of a fee. You have reserved the right to provide a reasonable means of access for the public through a gated entrance in connection with the active marketing of units by an owner, including the right to require that gates remain open during certain days or hours.

Law

IRC Section 501(c)(4) provides that civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes and no part of the net earnings of such entity inures to the benefit of any private shareholder or individual may be exempt from federal income tax.

Treas. Reg. 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 50l(c)(4) is one that 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 for members who own houses in a housing development is not exempt as a social welfare organization. Distinguished by Rev. Rul. 72-102.

Rev. Rul. 72-102, 1972-1 C.B. 149, described a non-profit organization formed to preserve the appearance of a housing development and to maintain streets, sidewalks, and common areas for the use of the residents was found to be exempt under IRC Section 501(c)(4). The ruling described what may constitute a community, which may be exemplified in a neighborhood, precinct, subdivision, or housing development. It stated 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, this organization served the common good and the general welfare of the people of the entire development.

In Rev. Rul. 74-17, 1974-1 C.B. 130, 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 statue with membership assessments paid by the unit owners does not qualify for exemption under Section 501(c)(4) of the Code. The common areas of the condominium property are owned by the unit owners as tenants in common, in equal shares, one for each unit. The maintenance and care of the common areas necessarily constitute the provision of private benefits for the unit owners.

Rev. Rul 74-99, 1974-1 C.B. 131, held that a homeowners association, in order to qualify for exemption under IRC Section 501(c)(4) of the Code, (1) must engage in activities that confer benefit on a community comprising a geographical unit which bear a reasonably recognizable relationship to an area ordinarily identified as a governmental subdivision or a unit or district thereof; (2) It must not conduct activities directed to the exterior maintenance of private residences; 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.

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 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, Inc. v. United States, 868 F.2d 108 (4th Cir. 1989), the Court held that a homeowners' association that maintained a private lake accessed by a private road, open only to lot owners in a 375-lot residential subdivision surrounding the lake, did not qualify for exemption under IRC Section 501(c)(4) because it did not benefit a "community" bearing a recognizable relationship to a governmental unit and its common areas or facilities were not for the use and enjoyment of the general public. Citing Rev. Rul. 74-99, the Court stated that "Clearly Congress believed that an organization cannot serve social welfare if it denies its benefits to the general public...Wholly private activity, however meritorious, confers no such benefit which would render exemption appropriate."

Application of law

You are not described in Section 501(c)(4) of the Code because you are not operated for the promotion of social welfare. Instead, you are operated for the benefit of your owners and residents through the operation of a condominium association. A homeowners' association described as a social welfare organization under Section 501(c)(4) must primarily engage in promoting the common good and general welfare of the people of the community.

You do not meet the requirements of Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations because your primary purpose is not that of social welfare, but rather for the operation of a condominium association for the benefit of the owners.

Like the organization described in Rev. Rul. 69-280, you will maintain the roofs and exterior walls of your condominium development. Each condominium owner shares pro rata interest in the common areas and has a

proportionate collective interest, based on market value. Your activities are geared towards benefiting only the condominium owners, and not the general public.

The Service distinguished its treatment of homeowners' associations, as described in Rev. Rul. 72-102, from that of condominium associations. Rev. Rul. 74-17, held that while condominium associations and homeowners' associations provided similar services, a substantial distinction existed between them. Specifically, the essential nature and structure of condominium ownership, both statutory and contractual, is inextricably and compulsorily tied to the owner's acquisition and enjoyment of the property. Basic condominium ownership necessarily involves common ownership of all condominium property in the development, the care and maintenance of which would constitute the provision of private benefit to the owners to a degree that would disqualify it from exemption under IRC Section 501(c)(4). You operate like the organization described in Rev. Rul. 74-17. You are a condominium association formed to provide for the management, maintenance and care of the common areas of the owners and residents of the condominium. Your common areas such as the pool and certain parks are not for the use and enjoyment of the general public. Your income is composed of membership assessments enforced by covenants and is primarily used to provide direct economic benefits to these members and the owners of D by improving the overall development of the condominium. Any benefits to the larger community are minor and incidental in nature. Where the benefit from an organization is limited to the organization's members, except for some minor and incidental benefit to the community, the organization is not operated exclusively for the promotion of social welfare within the meaning of IRC Section 501(c)(4) of the Code.

You do not meet the three criteria described in Rev. Rul. 74-99 that an organization must meet to qualify as a homeowners' association exempt under IRC Section 501(c)(4). You maintain the exterior unit doors and roofs of the condominiums. Also, you have not established that the common areas you maintain are for the use and enjoyment of the general public.

Like the organizations in Lake Petersburg Association and Flat Top Lake Association which both state that an organization will not qualify for exemption under IRC Section 501(c)(4) if their services are not for the public at large or of a public character. Many of your common areas are not for the use and enjoyment of the general public, and any benefits to the community are indirect and remote.

Conclusion
Based on the information submitted, you do not qualify for exemption under Section 501(c)(4) as you don't operate exclusively for the promotion of social welfare and your activities primarily benefit your members.

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.

We sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements