

[REDACTED]
[REDACTED]
[REDACTED]
OCT 27 1989

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(4) of the Internal Revenue Code and have determined that you do not qualify for exemption under that section. Our reasons for this conclusion and the facts on which it is based are explained below.

The information you submitted indicates you were organized on [REDACTED]. Your Bylaws state that you are organized to administer to the operational and financial needs of the Condominium known as [REDACTED] Condominiums.

You have stated that your organization's primary activities will be that of administering to the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium and performing all of the other acts that may be required.

Section 501(c)(4) of the Internal Revenue Code provides for exemption from federal income tax for organizations that are civic leagues or organizations not formed for profit but operated exclusively for the promotion of social welfare, or local associations of employees the members 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.

Income Tax Regulations 1.501(c)(4)-1(a)(2) provides that to be exempt as an organization promoting social welfare the organization must be exclusively engaged in the promoting in some way the common good and general welfare of the community.

Code	Initiator	[REDACTED]	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[REDACTED]	[REDACTED]	[REDACTED]				
Date	10-20-89	10-20-89	10/27/89				

Revenue Ruling 74-17 concerns an association formed by unit owners of a condominium housing project which was operated to provide for the management, maintenance and care of the common areas of the project. Because the essential structure of a condominium association involves ownership in common by all unit owners of common areas and the maintenance and care of private property, it was held that the organization could not be recognized as tax exempt because the activities of the association constituted providing private benefit for the unit owners.

Your organization fails to meet the operational test of section 501(c)(4) since your primary activity of administering to the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium are not activities described in section 501(c)(4) of the Code.

Our review of the activities of your organization and other information submitted indicates that your purposes are similar to those of a condominium association. Section 528 of the Internal Revenue Code provides guidelines for organization under this section.

You are required to file federal income tax returns on Form 1120 for each year that you have been in existence.

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. You will 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 [Redacted]