

[REDACTED]

Completed R.E. 2/19/87

DEC 4 FEB 23 1981

We have considered your application for recognition of exemption from Federal Income Tax under Section 501(c)(4) of the Internal Revenue Code.

The information submitted with your application discloses that you have no articles of incorporation, constitution, by-laws, trust instrument, articles of association, or other formal documents setting forth your aims, purposes, and code of regulations.

According to your application Form 1024 and supporting documents, the purpose of your organization is to take over the maintenance of lake and park areas in order to insure privacy of the areas of owners of homes in the [REDACTED]. All park areas are dedicated to the owners of lots within the subdivision. A member of your organization must own a lot in the subdivision.

Section 501(c)(4) of the Code 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.

10/10/10	Reviewer	Reviewer	Reviewer	Reviewer	10/10/10	10/10/10

[illegible]

Revenue Ruling 74-49, 1974-1 C.B. 111, which modified Revenue Ruling 77-102, holds that a homeowners association, to qualify for exemption under Section 501(c)(4) of the Code, (1) must serve a "community" which bears a reasonable 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) the common areas or facilities it owns and maintains must be for the use and enjoyment of the general public.

Based on the foregoing, we have concluded that your organization is operated primarily for the private benefit of your members and any benefits to the community are not sufficient to meet the requirement of the regulation that an organization be operated primarily for the common good and general welfare of the people of the community. Accordingly, we hold that you are not exempt from Federal Income Tax as a social welfare organization under Section 501(c)(4) of the Code and are required to file Federal Income Tax Returns annually.

A homeowners association that is not exempt under Section 501(c)(4) and that is either a condominium management association or a residential real estate management association generally may elect, under the provisions of Section 528 to receive certain tax benefits that, in effect, permit the exclusion of its exempt function income from its gross income. The election is made each year by filing Form 1128-M. For more information, see Publication 538 Tax Information for Homeowners Associations.

[REDACTED]

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 reached 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 will be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

Please keep this determination letter in your permanent records.

If you agree with this determination please sign and return the enclosed Form 6019.

Sincerely yours,

[REDACTED]
District Director

Enclosures
Publication 892
Form 6019