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EP/EO

23 DEC 1982

Dear Sir or Madam:

CIN: EO: [REDACTED]

We have reviewed your application for recognition of exemption from Federal income tax as an organization described in section 501(c)(4) of the Internal Revenue Code of 1954.

The information submitted discloses that you were incorporated on [REDACTED] under the [REDACTED] Not-For-Profit Corporation Act of [REDACTED]. Your purposes are set forth in Article II of your Articles of Incorporation. Briefly stated, your purposes are to exercise the powers and functions granted to you pursuant to the restrictions and covenants set forth in the contracts and/or deeds wherein [REDACTED], a [REDACTED] corporation, is the vendor or grantor of certain lots in [REDACTED] and in accordance with such restrictions, to promulgate rules and regulations for the use of all streets, rights-of-way, common lands, parks, recreational facilities, swimming pools, etc., which said rules and regulations shall be binding upon all shareholders and members of your corporation, their families, guests and invitees.

Your application states that you were formed to provide the functions of limited government for the campgrounds and some recreational and social opportunities for the lot owners. The primary governmental functions include maintenance and repair of water and electrical services and gravelling of roadways.

Another major function is the operation and maintenance of the swimming pool and bath house. Other recreational facilities available to campers include a playground for small children, shuffleboard courts, horseshoe pits, volleyball nets, a grassy area for ball games and an open pavilion for group meetings and social occasions.

Your common areas and recreational facilities are for the use of members and their guests, not the general public.

Section 501(c)(4) of the Code provides, in part, for the exemption of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

[REDACTED]

Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
[REDACTED]	[REDACTED]	[REDACTED]				
1-1-82	12-6-82	12/20/82				

Correspondence Approval and Clearance

Department of the Treasury / Internal Revenue Service

Section 1.501(c)(4)-1(a)(2)(i) of the Income Tax Regulations states 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 betterments and social improvements.

The concept of social welfare includes the provision of benefits to the community at large. The provision of benefits to a narrow group of recipients in most instances is not considered as in furtherance of social welfare. Rev. Rul. 74-99, 1974-1 C. B. 131, states that in order to qualify for exemption under section 501(c)(4) of the Code, a homeowners' association: 1) 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, states that a homeowners' association may satisfy the requirement of serving a community if its common areas and facilities are for the use and enjoyment of the general public rather than restricted to members of the association.

Based on the information submitted, we propose to deny your application for exemption from Federal income tax as an organization described in section 501(c)(4) of the Code. It is our opinion that your activities are for the private benefit of your members rather than the general public.

You are required to file Federal income tax returns annually on Form 1120.

If you are in agreement with our proposed denial, please sign and return the enclosed Form 6018, Consent to Proposed Adverse Action.

You have the right to protest our proposed denial of your application for exemption under section 501(c)(4) of the Code if you believe that it is incorrect. To protest, you should submit a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892 (Rev. 8-78), "Exempt Organization Appeal Procedures for Unagreed Issues." The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office, or, if you request, at any mutually convenient District Office. If

[REDACTED]

you are to be represented by someone who is not one of your principal officers, he must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in section 601.502 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

If we do not hear from you within the time specified, this proposed denial will become final.

Sincerely yours,

[REDACTED]

[REDACTED]

District Director

Enclosures