

INTERNAL REVENUE SERVICE
District Director

Department of the Treasury

Date: **OCT 03 1995**

Employer Identification Number:

Person to Contact:

Telephone Number:

Refer Reply To:

Dear Applicant:

This is in reference to your application for exemption from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code.

In a previous contact made with your organization, you were informed that it was our opinion that you did not qualify for exemption from Federal income tax as an organization described in section 501(c)(6) of the Code. We have previously informed you of your rights of appeal in this matter, and if you were in agreement with our conclusion, we requested that you execute an agreement Form 6018.

You have indicated your agreement in your letter dated Sept. 20, 1995 to our conclusion that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(6) of the Code.

Accordingly, we conclude that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(6) of the Code.

Very truly yours,


District Director

Form **6018**
(Rev. August 1983)

Department of the Treasury-Internal Revenue Service
Consent to Proposed Adverse Action
(All references are to the Internal Revenue Code)

Prepare In
Duplicate

Case Number

Date of Latest Determination Letter

Employer Identification Number

Date of Proposed Adverse Action Letter

Name and Address of Organization

I consent to the proposed adverse action relative to the above organization as shown by the box(es) checked below. I understand that if Section 7428, Declaratory Judgments Relating to Status and Classification of Organizations under Section 501(c)(3), etc. applies, I have the right to protest the proposed adverse action.

NATURE OF ADVERSE ACTION

- ☒ Denial of exemption
- ☐ Revocation of exemption, effective
- ☐ Modification of exempt status from section 501(c)() to 501(c)(), effective
- ☐ Classification as a private foundation (section 509(a)), effective
- ☐ Classification as a non-operating foundation (section 4942(j)(3)), effective
- ☐ Classification as an organization described in section 509(a)(), effective
- ☐ Classification as an organization described in section 170(b)(1)(A)(), effective

If you agree to the adverse action shown above, please sign and return this consent. You should keep a copy for your records.

If you sign this consent before you have exhausted your administrative appeal rights, you may lose your rights to a declaratory judgment under section 7428.

(Signature instructions are on the back of this form.)

Name of Organization

Signature and Title

Date

9-26-95

Signature and Title

Date

INTERNAL REVENUE SERVICE
District Director

Department of the Treasury

Date: *Aug. 14, 1990*

Person to Contact:

Telephone Number:

Response Due Date:

Aug. 28, 1990

Dear Applicant:

We have reviewed your application for tax-exemption as an organization described in section 501(c)(6) of the Internal Revenue Code.

The information submitted disclosed that you were incorporated on [REDACTED] in the State of [REDACTED].

Your purpose for which your organization was formed as stated in your application Form 1024 reads, in part, as follows:

[REDACTED] was organized in [REDACTED] in order to provide a facility for the orderly correlation and dissemination of real estate information and guidelines among its Real Estate Salespeople and related industry members.

[REDACTED] established and maintains, on behalf of its members, a Multiple Listing Service (RMLS). This service was established in [REDACTED]. Members receive biweekly real estate publications and quarterly real estate sales reports. An on line computer system allows member access to current listing and comparable sales information. An electronic lock box system is maintained to allow member access to listed properties which promotes cooperation among members and allows them to better serve sellers, buyers, appraisers and lending institutions."

Most of your income is from multiple listing and your expenses consist of those connected directly with your service. Your membership consists mainly of realtor membership who are required to participate in multiple listing.

IRC 501(c)(6) provides for the exemption of business leagues, chambers of commerce, real estate boards, boards of trade, and professional football leagues (whether or not administering a pension fund for football players), which are not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

In order to comply with the requirements of the code and regulations an organization must meet the following basic tests:

- 1- it must be an association of persons having some common business interest, and its purpose must be to promote this common business interest;
- 2- it must not be organized for profit;
- 3- no part of its net earnings may inure to the benefit of any private shareholder or individual;
- 4- its activities must be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons; and
- 5- its purpose must not be to engage in a regular business of a kind ordinarily carried on for profit, even if the business is operated on a cooperative basis or produces only sufficient income to be self-sustaining.
- 6- it must be primarily engaged in activities or functions constituting the basis for its exemption.
- 7- its primary activity cannot be performing particular services for members.

Section 1.501(c)(6)-1 of the Income Tax Regulations reads, in part, as follows:

A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league.

Rev. Rul. 58-234, 1958-2 C.B. 148, held that a real-estate board whose primary purpose or activities is the operation of a multiple listing system is considered to be rendering particular services for its members and is not exempt from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code.

By operating a real estate multiple listing service, you are performing a particular services to your members ordinarily carried on for profit, both within the meaning of section 1.501(c)(6)-1 of the regulations. As such you do not qualify for tax-exemption as an organization described in section 501(c)(6) of the Code.

If you are in agreement with this proposed determination, we request that you sign and return the enclosed agreement Form 5018. Please note the instruction for signing on the reverse side of this form.

[REDACTED]

if you are not in agreement, please explain and be advised that a formal adverse determination letter may be forthcoming in which you may appeal. The enclosed Publication 892 explains your appeal rights.

Should you have any questions, please contact me at the above telephone number. Please note the due date in which you must respond.

Thank you for your cooperation.

Sincerely,

[REDACTED]
Internal Revenue Agent

Enclosures