

**Internal Revenue Service**  
Appeals Office

**Department of the Treasury**

**Person to Contact:**

Employee ID Number:

Tel:

Fax:

**Refer Reply to:**

**In Re:**

EO Determination

**Form Required to be Filed:**

1120

**Tax Period(s) Ended:**

**Last Day to File a Petition with the  
United States Tax Court:**

Release Number: 200832035

Release Date: 8/8/08

Date: May 12, 2008

UIL Code: 501.03-30

A  
B  
C  
D

**LEGEND:**

A =  
B =  
C =  
D =

**Certified Mail**

Dear

This is a final adverse determination as to your exempt status under section 501(c)(3) of the Internal Revenue Code (IRC). It is determined that you do not qualify as exempt from Federal income tax under IRC Section 501(c)(3).

Our adverse determination was made for the following reason(s): A substantial part of your activities consists of providing down payment assistance to home buyers. To finance the assistance, you rely on home sellers and other real-estate related businesses that stand to benefit from these down payment assistance transactions. Your receipt of a payment from the home seller corresponds to the amount of the down payment assistance provided in substantially all of your down payment assistance transactions. The manner in which you operate demonstrates you are operated primarily to further your insiders' business interests. Therefore, you are operated for a substantial nonexempt purpose. In addition, your operations further the private interests of the persons that finance your activities. Accordingly, you are not operated exclusively for exempt purposes described in section 501(c)(3).

Contributions to your organization are not deductible under Code section 170.

You are required to file Federal income tax returns on the form indicated above. You should file these returns within 30 days from the date of this letter, unless a request for an extension of time is granted. File the returns in accordance with their instructions, and do not send them to this office. Processing of income tax returns and assessment of any taxes due will not be delayed because you have filed a petition for declaratory judgment under Code section 7428.

If you decide to contest this determination under the declaratory judgment provisions of Code section 7428, a petition to the United States Tax Court, the United States Court of Claims, or the district court of the United States for the District of Columbia must be filed within 90 days from the date this determination was mailed to you. Contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment. To secure a petition form from the United States Tax Court, write to the United States Tax Court, 400 Second Street, N.W., Washington, D.C. 20217.

We will notify the appropriate State officials of this action, as required by Code section 6104(c). You should contact your state officials if you have any questions about how this determination may affect your state responsibilities and requirements.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

TEAM MANAGER



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

Date:

Contact Person:

M =

Identification Number:

Contact Number:

State =

FAX Number:

Employer Identification Number:

Legend:

M =

State =

Date =

Dear

We have considered your application for recognition of exemption from Federal income tax under Internal Revenue Code section 501(a). Based on the information provided, we have concluded that you do not qualify for exemption under Code section 501(c)(3). The basis for our conclusion is set forth below.

You, M, are a State non-profit corporation formed on Date. Your Articles of Incorporation state that you are "organized for charitable, religious, scientific, literary, or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). The specific purpose of the corporation is to promote home ownership among individuals and families by participating in community development activities and providing grants to be used towards the down payment and closing costs associated with the purchase of their home".

Your application Form 1023 and your letter of August 3, 2004 provide that you will engage in down payment assistance in the following manner:

1. You will promote your national home ownership downpayment assistance program to builders, sellers, real estate and mortgage professionals. You will also promote your program directly to prospective homebuyers.
2. You will administer your home ownership downpayment assistance program, which includes approving grants for prospective home buyers, coordinating with lenders and

Letter 4034 (CG) (11-2005)  
Catalog Number 47628K

closing agents the transfer of downpayment gift funds to closing offices, and the collection of service fees from sellers.

3. You will seek charitable donations from individuals and entities that share your passion for promoting home ownership opportunities.

Your Program Guidelines describe the step-by-step process for purchasing or selling a home using your program as follows:

1. To purchase a home, the buyer completes the Home Buyer Registration. To sell a home, the seller completes the Purchase Agreement Addendum identifying the amount of the service fee to be paid to you at closing.
2. You will work with the buyer's mortgage and/or real estate professionals to assist in completing the forms to process the down payment assistance grant
3. If the buyer does not already have a lender or agent, you will put them in touch with one of your preferred partners
4. Once the amount of the grant has been determined, the buyer signs the Gift Letter and the down payment gift will be waiting for them at the time of closing

Your Form 1023 application states that "there are no geographic restrictions on available properties, and there are no income or asset limitations for a buyer to qualify for a grant." You also state that "the only requirement is that the property being purchased must be the primary residence of the buyer receiving the grant". In your letter dated August 3, 2004 and its attachments, you reiterate that you do not impose any income or asset restrictions other than those imposed by the homebuyer's lender. You state that the purpose of your down payment program is to assist low to medium income families and individuals, but to facilitate administration of the program you "do not impose any income or asset restrictions." There are no restrictions based on assets owned, credit scores, employment or income. Any residential property in the United States, including new construction and resale properties, is eligible to be purchased by a homebuyer receiving a down payment assistance grant, provided they are using an eligible loan program. An eligible loan program is defined as one which allows the buyer to receive gift funds from a charitable organization to be used for the down payment and/or closing costs. Any first time or repeat home buyer may receive a grant. However, you have stated that you will not provide assistance to buyers in situations where the seller's contribution is less than the amount needed for the down payment gift.

You state that the seller's "service fee is deducted from the seller's net proceeds at closing and is paid to [you] only after closing and after the buyer's loan successfully funds. If closing does not occur, or if the loan does not fund, no service fee is paid. Additionally, there are no pre-registration requirements or upfront costs for a seller to market or advertise their home as participating in [your] down payment gift program". You further state that if a seller sells their home to a buyer who does not receive a down payment gift from you, or if the seller chooses not to sell their home, the seller pays nothing to you. The seller only pays a service fee if they sell to a buyer who receives a down payment gift from you, and then the service fee is only paid after closing and after the buyer's loan successfully funds.

You state that your down payment assistance program transfers funds at settlement using a pre-existing pool of funds to provide buyers with funds for down payment, closing costs, prepaid items or to payoff debts to qualify for a loan. The service fee is used to support the ongoing administration of the organization, and most importantly, the costs to create awareness among prospective home buyers about the advantages of homeownership and the availability of your program. You state that the service fee is not used to provide down payment assistance to the buyer of the participating property.

You state that the service fee paid by the seller is based on the size of the grant given to the home buyer, and the marketing costs for informing the home buyer of the program. The total fee is equal to the amount of the grant, plus a processing fee. The standard processing fee is \$750 for grants up to \$10,000. A discounted fee may be charged if the buyer referral does not come from you. This is reflective of lower marketing costs. In addition, if the grant is greater than \$10,000, an incremental fee may be charged.

The Gift Letter, completed by the home buyer, states the amount of assistance received and explains that the gift funds are coming from you, and not from any person or entity with an interest in the sale of the property, including the seller, lender or real estate agent. The Purchase Agreement Addendum, completed by the home seller, states the amount of the service fee that will be paid to you and explains that this is the grant amount plus the processing fee. This form also includes the names of the buyer and seller, the date of the purchase agreement between the two parties, and the address of the property being sold. The form states that the service fee will not be used to provide the grant to the buyer of the property that is being sold. The form also states that the seller is not obligated to pay the service fee if the buyer does not close on the property that is being sold. The seller instructs the closing agent to retain the service fee and forward it to you once the closing and settlement is complete. If the buyer does not obtain a loan or the loan does not fund within four days after the closing office receives the down payment assistance grant, the seller will instruct the closing agent to return the grant to you.

The financial data included in your Form 1023 shows that you anticipate having approximately \$            and \$            in gross receipts for the second and third year of operations, respectively. You anticipate making "gifts" of approximately \$            and \$            for the second and third year, respectively. You indicated that your service fees will represent approximately 99% of your financial support, and that approximately 1% of your financial support will come from contributions.

As part of your down payment assistance program, you will also conduct homeowner education training and seminars providing comprehensive pre and post purchase homebuyer education. This is designed to teach prospective buyers how to maintain their homes, maximize their home's value, and reduce the risk of default. You have indicated that you have not yet conducted any such seminars. In addition, your letter of August 3, 2004 specifically states that you "do not currently offer any services to the buyer following the closing on their home".

The brochure that you submitted with your August 3, 2004 letter entitled "Builders, sellers, realtors, lenders" states that builders and sellers sell their homes more quickly and easily. Mortgage and real estate professionals significantly increase their potential market of qualified clients, earn higher commissions, and frequently experience a surge in referral business.

Your program guidelines and the other marketing materials submitted with your August 3, 2004 letter also state that, by advertising the availability of your program, builders and sellers "can significantly increase their available market of qualified buyers. This provides a better chance of selling their homes faster, and often for full market value". You state that "commissions are generally higher as a result of seller for full market value" and that you "will provide ongoing referrals of prospective home buyers that will respond to [your] marketing and home buyer education programs" which will lead to "a significant increase in business volume, and a surge in referral business".

The marketing flyer submitted entitled "Builders/Sellers: Sell Your Homes More Quickly and for Full Market Value" demonstrates the advantage that a seller can realize by using your program. Specifically, you provided the following example:

**Average Sale**

List Price: \$145,000  
Sale Price: \$137,500  
(after negotiation)  
Less Realtor  
Commission \$8,265

**Seller Net: \$129,485**

**M Sale**

List Price: \$145,000  
Sale Price: \$145,000  
  
Less Realtor  
Commission \$8,700  
M Service  
Fees \$6,200  
(\$5800 grant + \$400 fee)  
**Seller Net: \$130,100**

**SELLER ADVANTAGE using M: \$615**

The manner in which you operate is referred to as "seller-funded downpayment assistance" in the Final Report: An Examination of Downpayment Gift Programs Administered by Non-Profit Organizations, commissioned by Office of Housing, United States Department of Housing and Urban Development, HUD Contract No.:C-OPC-22550/M0001 (March 1, 2005). The report concludes that seller-funded down payment assistance for mortgage down payments has led to underwriting problems that require immediate attention. Furthermore, the report concludes that the effective costs of homeownership are increased even more by the processing fees charged by the seller-funded down payment assistance providers which get passed through to borrowers in higher property prices. A copy of the report is enclosed with this determination letter.

Law:

Section 501(c)(3) of the Code provides for the exemption from federal income tax of corporations organized and operated exclusively for charitable or educational purposes, provided no part of the net earnings inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations provides that an organization operates exclusively for exempt purposes if it engages primarily in activities that accomplish exempt purposes specified in section 501(c)(3) of the Code. An organization must not engage in substantial activities that fail to further an exempt purpose.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations provides that an organization is not organized and operated exclusively for exempt purposes unless it serves a public rather than a private interest. To meet this requirement it is necessary for an organization to establish that it is not organized and operated for the benefit of private interests.

Section 1.501(c)(3)-1(d)(2) of the regulations defines the term "charitable" as used in section 501(c)(3) of the Code as including the relief of the poor and distressed or of the underprivileged. The term "charitable" also includes the advancement of education.

Section 1.501(c)(3)-1(d)(3)(i) of the regulations provides, in part, that the term "educational" as used in section 501(c)(3) of the Code relates to the instruction of the public on subjects useful to the individual and beneficial to the community.

Section 1.501(c)(3)-1(e) of the regulations provides that an organization that operates a trade or business as a substantial part of its activities may meet the requirements of section 501(c)(3) of the Code if the trade or business furthers an exempt purpose, and provided the organization's primary purpose does not consist of carrying on an unrelated trade or business.

In Better Business Bureau of Washington, D.C. v. U.S., 326 U.S. 279, 283 (1945), the Supreme Court held that the "presence of a single . . . [nonexempt] purpose, if substantial in nature, will destroy the exemption regardless of the number of importance of truly . . . [exempt] purposes."

In Easter House v. U.S., 12 Cl. Ct. 476, 486 (1987), aff'd, 846 F. 2d 78 (Fed. Cir.) cert. denied, 488 U.S. 907 (1988), the court found an organization that operated an adoption agency was not exempt under section 501(c)(3) of the Code because a substantial purpose of the agency was a nonexempt commercial purpose. The court concluded that the organization did not qualify for exemption under section 501(c)(3) because its primary activity was placing children for adoption in a manner indistinguishable from that of a commercial adoption agency. The court rejected the organization's argument that the adoption services merely complemented the health related services to unwed mothers and their children. Rather, the court found that the health-related services were merely incident to the organization's operation of an adoption service, which, in and of itself, did not serve an exempt purpose. The organization's sole source of support was the fees it charged adoptive parents, rather than contributions from the public. The court also

found that the organization competed with for-profit adoption agencies, engaged in substantial advertising, and accumulated substantial profits. Accordingly, the court found that the "business purpose, and not the advancement of educational and charitable activities purpose, of plaintiff's adoption service is its primary goal" and held that the organization was not operated exclusively for purposes described in section 501(c)(3). Easter House, 12 Cl. Ct. at 485-486.

In American Campaign Academy v. Commissioner, 92 T.C. 1053 (1989), the court held that an organization that operated a school to train individuals for careers as political campaign professionals, but that could not establish that it operated on a nonpartisan basis, did not exclusively serve purposes described in section 501(c)(3) of the Code because it also served private interests more than incidentally. The court found that the organization was created and funded by persons affiliated with Republican Party entities and that most of the organization's graduates worked in campaigns for Republican candidates. Consequently, the court concluded that the organization conducted its educational activities with the objective of benefiting Republican candidates and entities. Although the candidates and entities benefited were not organization "insiders," the court stated that the conferral of benefits on disinterested persons who are not members of a charitable class may cause an organization to serve a private interest within the meaning of section 1.501(c)(3)-1(d)(1)(ii) of the regulations. The court concluded by stating that even if the Republican candidates and entities did "comprise a charitable class, [the organization] would bear the burden of proving that its activities benefited members of the class in a non-select manner."

In Aid to Artisans, Inc. v. Commissioner, 71 T.C. 202 (1978), the court held an organization that marketed handicrafts made by disadvantaged artisans through museums and other non-profit organizations and shops be operated for exclusively charitable purposes within the meaning of section 501(c)(3) of the Code. The organization, in cooperation with national craft agencies, selected the handicrafts it would market from craft cooperatives in communities identified as disadvantaged based on objective evidence the Bureau of Indian Affairs or other government agencies. The organization marketed only handicrafts it purchased in bulk from these communities of craftsmen. It did not select individual craftsmen based on the needs of the purchasers. The court concluded that the overall purpose of the activity was to benefit disadvantaged communities. The method it used to achieve its purpose did not cause it to serve primarily private interests because the disadvantaged artisans directly benefited by the activity constituted a charitable class and the organization showed no selectivity with regard to benefiting specific artisans. Therefore, the court held that the organization operated exclusively for exempt purposes.

In Airlie Foundation v. Commissioner, 283 F. Supp. 2d 58 (D.D.C., 2003), the court relied on the "commerciality" doctrine in applying the operational test. Because of the commercial manner in which this organization conducted its activities, the court found that it was operated for a non-exempt commercial purpose, rather than for a tax-exempt purpose. "Among the major factors courts have considered in assessing commerciality are competition with for profit commercial entities; extent and degree of below cost services provided; pricing policies; and reasonableness of financial reserves. Additional factors include, *inter alia*, whether the organization uses commercial promotional methods (e.g. advertising) and the extent to which



the organization receives charitable donations.”

Rev. Rul. 67-138, 1967-1 C.B. 129, holds that helping low income persons obtain adequate and affordable housing is “charitable” because it relieves the poor and distressed or underprivileged. The organization carried on several activities directed to assisting low-income families obtain improved housing, including (1) coordinating and supervising joint construction projects, (2) purchasing building sites for resale at cost, and (3) lending aid in obtaining home construction loans.

Rev. Rul. 70-585, 1970-2 C.B. 115, discusses four examples of organizations providing housing and whether each qualified as charitable within the meaning of section 501(c)(3) of the Code. Situation 1 describes an organization formed to construct new homes and renovate existing homes for sale to low-income families who could not obtain financing through conventional channels. The organization also provides financial aid to eligible families who do not have the necessary down payment. When possible, the organization recovered the cost of the homes through very small periodic payments, but its operating funds were obtained from federal loans and contributions from the general public. The revenue ruling holds that by providing homes for low-income families who otherwise could not afford them, the organization relieved the poor and distressed.

Situation 2 describes an organization formed to ameliorate the housing needs of minority groups by building housing units for sale to persons of low and moderate income on an open-occupancy basis. The housing is made available to members of minority groups who are unable to obtain adequate housing because of local discrimination. The housing units are located to help reduce racial and ethnic imbalances in the community. As the activities were designed to eliminate prejudice and discrimination and to lessen neighborhood tensions, the revenue ruling holds that the organization was engaged in charitable activities within the meaning of section 501(c)(3) of the Code.

Situation 3 describes an organization formed to formulate plans for the renewal and rehabilitation of a particular area in a city as a residential community. The median income level in the area was lower than in other sections of the city and the housing in the area was generally old and badly deteriorated. The organization developed an overall plan for the rehabilitation of the area; it sponsored a renewal project; and involved residents in the area renewal plan. The organization also purchased apartment buildings that it rehabilitated and rented at cost to low and moderate income families with a preference given to residents of the area. The revenue ruling holds that the organization is described in section 501(c)(3) of the Code because its purposes and activities combated community deterioration.

Situation 4 describes an organization formed to alleviate a shortage of housing for moderate-income families in a particular community. The organization planned to build housing to be rented at cost to moderate-income families. The Service held that the organization failed to qualify for exemption under section 501(c)(3) of the Code because the organization’s program did not provide relief to the poor or further any other charitable purpose within the meaning of section 501(c)(3) and the regulations.

Rev. Rul. 72-147, 1972-1 C.B. 147, holds that an organization that provided housing to low income families did not qualify for exemption under section 501(c)(3) of the Code because it gave preference to employees of a business operated by the individual who also controlled the organization. Although providing housing for low income families furthers charitable purposes, doing so in a manner that gives preference to employees of the founder's business primarily serves the private interest of the founder rather than a public interest.

Rationale and Conclusion:

Based on the information you provided in your application and supporting documentation, we conclude that you are not operated for exempt purposes under section 501(c)(3) of the Code. An organization cannot be recognized as exempt under section 501(c)(3) unless it shows that it is both organized and operated exclusively for charitable, education, or other exempt purposes.

Among other things, the application and supporting documentation must demonstrate conclusively that the organization meets the operational test of section 1.501(c)(3)-1(c) of the regulations. Your information indicates that your primary purpose is to operate a down payment assistance program that does not exclusively serve a purpose described in section 501(c)(3).

Charitable purposes include relief of the poor and distressed. See section 1.501(c)(3)-1(d)(2) of the regulations. However, you do not conduct your down payment assistance program in a manner that establishes that your primary purpose is to address the needs of low-income grantees by enabling low-income individuals and families to obtain decent, safe housing. See Rev. Rul. 70-585, Situation 1.

Your down payment assistance program does not serve exclusively low-income persons. Instead, your program is open to any individual who will qualify for any loan program that will accept gift funds from a charitable organization to cover down payment and/or closing costs. You have not demonstrated that your down payment assistance program exclusively serves any other exempt purpose such as combating community deterioration and lessening racial tensions. You indicated that you do not specifically target the benefits of your program towards any one disadvantaged group. For example, you have not shown that your program is designed to attract a mixed-income group of homeowners to a specifically defined geographical area that has a history of racial problems. See Rev. Rul. 70-585, Situations 2 and 3

Your information indicates that you do not limit your assistance to certain geographic areas or target those areas experiencing deterioration or racial tensions. See Rev. Rul. 70-585, Situation 4. Your program is intended to promote home buying nationwide. Arranging the purchase of homes in a broadly defined metropolitan area does not combat community deterioration within the meaning of section 501(c)(3) of the Code.

Furthermore, you do not engage in any activity to ensure that the house will be habitable or that the buyer will be able to afford to maintain the house over time. Instead, you rely solely on the mortgage lender, insurance agency, home inspector or other third party to conduct such review.

Specifically, you state that "the lender must document through an independent appraisal of the subject property by a certified appraiser that the sales price does not exceed the appraised value of the property". You do not provide oversight to ensure that buyers are purchasing properties that are safe, decent, sanitary, and affordable. You have stated that you intend to conduct educational programs to teach prospective buyers how to maintain their homes, maximize their home's value, and reduce the risk of default; however these programs have not yet been instituted.

Only an insubstantial portion of the activity of an exempt organization may further a nonexempt purpose. As the Supreme Court held in Better Business Bureau of Washington D.C., Inc. v. United States, *supra*, the presence of a single non-exempt purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly exempt purposes. You conduct your operations in a manner that is consistent with a commercial firm seeking to maximize sales of services, rather than in a manner that would be consistent with a charitable or educational organization seeking to serve a charitable class or the public at large. This is evidenced by the marketing materials and brochures provided. The manner in which you operate your down payment assistance program indicates that you facilitate the sales of homes in a manner that is indistinguishable from an ordinary trade or business. You operate as a business that provides services to home sellers for which you charge a market rate fee. It is clear that the fees received from the home seller are connected to the sale of their home because you indicate that the seller is not obligated to pay the fee until the time of settlement and that they will not be required to pay the fee if the sale transaction does not close. In this respect you are similar to an organization which was denied exemption because it operated a conference center for a commercial purpose. See Airlie Foundation, Inc. v. U.S., 283 F. Supp. 2d 58 (D.D.C., 2003). Likewise, operating a trade or business of facilitating home sales is not an inherently charitable activity. Thus, a substantial part of your activities further a nonexempt purpose.

Another indication of your substantial nonexempt purpose is your lack of public support. You are not supported by contributions from the general public, government or private foundation grants. 99% of your revenue is expected to come from the sellers you serve. That your primary activity is to promote and to further your private business interests is reflected in the financing structure of your down payment assistance program. In this respect you are similar to the organization described in Easter House, *supra*, which derived most of its support from fees it charged for its adoption services. In this case, the court stated that the substantial fees were not incidental to the organization's exempt purpose because they were designed to make a profit. Facilitating home sales, like running an adoption service, is not an inherently charitable activity, and receiving support primarily from fees charged to home sellers is indicative of your commercial purpose.

Even if your program is directed to exclusively low-income individuals, your reliance entirely on home sellers or other real-estate related businesses that stand to benefit from the transactions to finance your down payment assistance activities demonstrates that you are operated for the purpose of benefiting private parties.

Your grant making procedures indicate that gift funds are only provided if a seller has paid a service fee. Your August 3, 2004 response states "M does not provide down payment assistance to buyers in situations where the seller service fee is less than the amount of the down payment gift given to the buyer." The sellers will make the payments to you and indirectly to the homebuyer to facilitate the sale of their homes. Upon the closing of the sale, the sellers "service fee" to you is returned to the seller as part of the proceeds the seller receives from the sale of the home.

Your information clearly indicates that you take into account whether there is a home seller willing to make a payment to cover the down payment assistance an applicant has requested. That you receive a payment from the home seller corresponding to the amount of the down payment assistance plus the service fee indicates that the benefit to the home seller is not a mere accident but rather an intended outcome of your operations. This is clearly evidenced in the sample transaction you detailed in the material you provide to builders and sellers. In this respect, you are like Easter House, *supra*, which provided health care to indigent pregnant women, but only when a family willing to adopt a woman's child sponsored the care financially. Similar to American Campaign Academy, *supra*, you are structured and operated to directly benefit the home sellers who pay for your services. Therefore, a substantial part of your activities serve a private rather than a public interest.

Based on the facts and information submitted, you are not operated exclusively for exempt purposes. You have not established that you activities exclusively serve a charitable class or any other purpose defined in section 501(c)(3). Your proposed operations further a substantial nonexempt business purpose and will further the private interests of home sellers and other private parties. In addition, you have not established that your net earnings will not inure to the benefit of private shareholders or individuals. Therefore, you are not described in section 501(c)(3) of the Code.

Accordingly, you do not qualify for exemption as an organization described in section 501(c)(3) of the Code and you must file federal income tax returns.

Contributions to you are not deductible under section 170 of the Code.

You have the right to file a protest if you believe this determination is incorrect. To protest, you must submit a statement of your views and fully explain your reasoning. You must submit the statement, signed by one of your officers, within 30 days from the date of this letter.

We will consider your statement and decide if that information affects our determination. If your statement does not provide a basis to reconsider our determination, we will forward your case to our Appeals Office. You can find more information about the role of the Appeals Office in Publication 892, *Exempt Organization Appeal Procedures for Unagreed Issues*.

An attorney, certified public accountant, or an individual enrolled to practice before the Internal Revenue Service may represent you during the appeal process. To be represented during the appeal process, you must file a proper power of attorney, Form 2848, *Power of Attorney and*

*Declaration of Representative*, if you have not already done so. For more information about representation, see Publication 947, *Practice Before the IRS and Power of Attorney*. All forms and publications mentioned in this letter can be found at [www.irs.gov](http://www.irs.gov), Forms and Publications.

If you do not intend to protest this determination, you do not need to take any further action. If we do not hear from you within 30 days, we will issue a final adverse determination letter to you. That letter will provide information about filing tax returns and other matters.

Please send your protest statement, Form 2848 and any supporting documents to the applicable address:

**Mail to:**

Internal Revenue Service  
EO Determinations Quality Assurance  
P.O. Box 2508  
Cincinnati, OH 45201  
ATT:

**Deliver to:**

Internal Revenue Service  
EO Determinations Quality Assurance  
550 Main Street  
Cincinnati, OH 45202  
ATT:

You may also fax your statement using the fax number shown in the heading of this letter. If you fax your statement, please call the person identified in the heading of this letter to confirm that he or she received your fax.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Director, Exempt Organizations  
Rulings & Agreements