

Internal Revenue Service  
P.O. Box 12192  
Covington, KY 41012-0192

Department of the Treasury

Date: November 12, 2013

*Rec 11/18/13*  
*[Signature]*

Oak Creek Lake Association  
c/o Mr. Tommy W. Parker, President  
P.O. Box 376  
Blackwell, TX 79506

Employer Identification Number:  
26-2700173  
Person to Contact – Group #:  
Revenue Agent Mike Kerr - 7822  
ID# 31-08939  
Contact Telephone Numbers:  
513-263-3276 Phone  
859-669-3783 Fax  
Response Due Date:  
December 3, 2013

Dear Sir or Madam:

We need more information before we can complete our consideration of your application for exemption. Please provide the information requested on the enclosed Information Request by the response due date shown above. Your response must be signed by an authorized person or an officer whose name is listed on your application. Also, the information you submit should be accompanied by the following declaration:

*Under penalties of perjury, I declare that I have examined this information, including accompanying documents, and, to the best of my knowledge and belief, the information contains all the relevant facts relating to the request for the information, and such facts are true, correct, and complete.*

If we approve your application for exemption, we will be required by law to make the application and the information that you submit in response to this letter available for public inspection. Please ensure that your response doesn't include unnecessary personal identifying information, such as bank account numbers or Social Security numbers, that could result in identity theft or other adverse consequences if publicly disclosed. If you have any questions about the public inspection of your application or other documents, please call the person whose name and telephone number are shown above.

To facilitate processing of your application, please attach a copy of this letter and the enclosed Application Identification Sheet to your response and all correspondence related to your application. This will enable us to quickly and accurately associate the additional documents with your case file. Also, please note the following important response submission information:

- Please don't fax and mail your response. Faxing and mailing your response will result in unnecessary delays in processing your application. Each piece of correspondence submitted (whether fax or mail) must be processed, assigned, and reviewed by an EO Determinations specialist.
- Please don't fax your response multiple times. Faxing your response multiple times will delay the processing of your application for the reasons noted above.

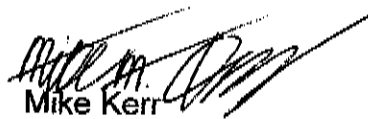
Name: Oak Creek Lake Association  
EIN: 26-2700173

- Please don't call to verify receipt of your response without allowing for adequate processing time. It takes a minimum of three workdays to process your faxed or mailed response from the day it is received.

If we don't hear from you by the response due date shown above, we will assume you no longer want us to consider your application for exemption and will close your case. As a result, the Internal Revenue Service will treat you as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new application.

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

Sincerely yours,



Mike Kerr  
Internal Revenue Agent  
Exempt Organizations Specialist

Enclosure:  
Information Request  
Application Identification Sheet

Name: Oak Creek Lake Association  
EIN: 26-2700173

Additional Information Requested:

1. You submitted a final and complete Form 1024 Application to apply for exemption as a social club under IRC 501(c)(7) on December 12, 2012 (postmark date).

To qualify for exemption under section 501(c)(7) of the Internal Revenue Code (IRC), an organization must be both organized and operated exclusively for pleasure, recreation, and other non-profitable purposes, which means that your social and recreational activities must be the primary activities of an organization described under IRC section 501(c)(7).

Consequently, to meet the organizational test, a social club must show that its members are bound together by a common objective ("commingling of members") and that such common objective is directed towards pleasure, recreation, and other non-profitable purposes.

To meet the operational test, Public Law 94-568 allows social clubs under IRC section 501(c)(7) to receive up to 35% of its income from non-member sources. Within that 35%, no more than 15% may be derived from non-member use of club facilities and/or services.

IRC section 501(c)(4) organizations are organized and operated as civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership 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 to exclusively to charitable, educational, or recreational purposes.

In your narrative description of activities, you stated that 95% of your organization's activities and purposes are communication and advocacy, which may include: (1) attending Sweetwater City Commissioner's monthly meetings alert to issues affecting the public lake, Oak Creek Lake, issuing newsletters to advocate compliance with the provisions of the lake lot lease to individuals for recreational purposes. You stated that only 5% of your organization's activities are social or recreational.

Based on the information provided in your application, it appears that your organization is more clearly described under section 501(c)(4) of the Internal Revenue Code (IRC) as a community social welfare or civic organization. Please refer to Publication 557 for a discussion of these types of organizations. Please also find the attached *Revenue 80-206* to support your IRC §501(c)(4) status.

If you agree be described under IRC 501(c)(4), please submit a *revised* page 1 of Form 1024 Application and Schedule B without paying additional User Fee to switch to apply for IRC §501(c)(4). **Note:** If you agree to switch to IRC §501(c)(4), you still need to answer the remaining questions/items listed in this letter.

If you disagree to be described under IRC 501(c)(4), please submit a statement signed by an officer explaining your position with legal reasoning. In addition, please include a copy of any pertinent Revenue Rulings or court cases that you feel will substantiate your position.

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2. You stated that your organization was formed as an association on May 24, 2008. You submitted a copy of the Bylaws (amended on May 26, 2012).

Please submit a copy of your organization's *Articles of Association* which must show the date of adoption, May 24, 2008 and at least two (2) signatures to represent the legal formation of your organization as an association on May 24, 2008.

3. Our current record shows that your organization has been automatically revoked effective May 15, 2011 for Years 2008, 2009 and 2010. Your organization was formed as an association on May 24, 2008. You submitted a new Form 1024 Application to apply for exemption under IRC 501(c)(7) on December 12, 2012.

An organization that is revoked under § 6033(j)(1) must apply for reinstatement of its tax-exempt status. See § 6033(j)(2). Accordingly, we are treating your application for recognition of exemption as an application for reinstatement of exemption under § 6033(j)(2). If we approve your application, your date of exemption will be December 12, 2012, which is the later of (i) the *postmark date* of your application and (ii) the *date* you lost your tax-exempt status under § 6033(j)(1).

If your date of exemption is after the date you lost your tax-exempt status, you may be required to file one or more appropriate federal income tax returns for the period between those dates when you were not tax-exempt:

- U.S. Corporation Income Tax Return (Form 1120), or
- U.S. Income Tax Return for Estates and Trusts (Form 1041).

For more information, please review the instructions to those forms. You can download the instructions from [www.irs.gov](http://www.irs.gov), or request a copy by calling 1-800-TAX-FORM (1-800-829-3676).

You also may request that your tax-exempt status be reinstated retroactive to May 15, 2011 by requesting retroactive reinstatement under the procedure described in Section 5 of Notice 2011-44. You must be able to show you had reasonable cause for not filing each required annual information return or notice for three consecutive years. The other requirements for requesting retroactive reinstatement are described in Section 5 of the Notice. If we approve your request for retroactive reinstatement, your date of exemption would be May 15, 2011, rather than December 12, 2012. If we deny your request for retroactive reinstatement, your date of exemption would be December 12, 2012.

If you make a request for retroactive reinstatement, it may increase the time it takes to process your case. Requesting retroactive reinstatement is optional, however, and you may waive it by signing below. You may be required to file a Federal tax return for the period(s) in which you weren't exempt.

If you do not agree to seek exemption from the postmark date of your application and instead request retroactive reinstatement, you must complete and submit all the information required by Section 5 of Notice 2011-44.

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It is important to note that the criteria for the reasonable cause standard are difficult to satisfy because the failure described in § 6033(j)(1) involves a repeated and continuous failure to file annual returns or notices for a consecutive three-year period. Therefore, an organization seeking retroactive reinstatement under section 6033(j)(3) must demonstrate that it had reasonable cause for failing to file a return or notice not only for each of the three years, but also over the entire three-year period. Most requests for retroactive reinstatement are denied. If you would owe little or no Federal income tax for the period you were not exempt, you may prefer not to have to submit all of the information required by Section 5 of Notice 2011-44.

I do not want to request retroactive reinstatement of exemption under Notice 2011-44, and agree that, if my application is approved, the effective date of exemption will be December 12, 2012.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print name/ title/ date

PLEASE DIRECT ALL CORRESPONDENCE REGARDING YOUR CASE TO:

U.S. Mail:

Internal Revenue Service  
Exempt Organizations  
P. O. Box 12192  
Covington, KY 41012-0192

Street Address for Delivery Service:

Internal Revenue Service  
Exempt Organizations  
201 Rivercenter Blvd  
ATTN: Extracting Stop 312  
Covington, KY 41011