

The Summer Rains Can Wreak Havoc On Your Communities!

By Michael Frank

Residing in Arizona for over 45 years, we are used to this time of year where the state receives increased moisture and humidity from the southeast and the Gulf of Mexico.

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How Do You Explain Revenue Ruling 70-604 To Your Members?

By Gary Porter, CPA

I receive more questions on Revenue Ruling 70-604 than on all other tax issues combined. And, one of the questions that continually arises is “How do we inform and educate our members so that they can vote on this important ruling?”

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Q and A—Revenue Ruling 70-604

By Gary Porter, CPA

Does Revenue Ruling 70-604 apply to commercial condominium associations?

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This weather pattern is called "Monsoon" which is Spanish for "season". It's that "season" again and the state can expect to receive increased amounts of rain (especially in the late afternoon and early evening) as a result. That is why addressing drainage issues within your community is so critical to the life of your pavement.

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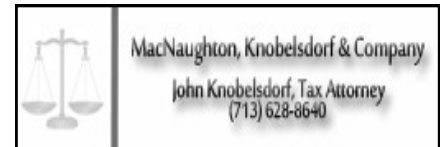
How Do You Explain Revenue Ruling 70-604 To Your Members?

By: Gary Porter, CPA

One of the questions that continually arise is “How do we inform and educate our members that they can vote on this important ruling?”

I recommend putting some descriptive wording on the ballot so that the members have a basic understanding of the Revenue Ruling. An example of such wording follows.

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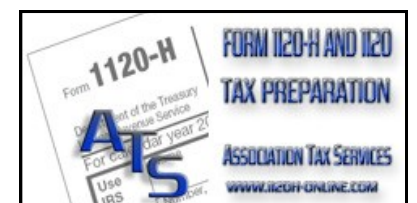
Q & A – Revenue Ruling 70-604

By: Gary Porter, CPA

Question – I’ve heard differing responses regarding whether or not commercial associations can make an election under Revenue Ruling 70-604. Since our commercial condominium association is required to file Form 1120, and we need a certain amount of money to operate on, this is an important issue for us. Can a commercial association make an election under revenue Ruling 70-604.

Answer – The IRS position is that commercial associations cannot use Revenue Ruling 70-604; it is only available to residential associations. I disagree with that position, and believe IRS will find itself on the losing end of an argument when push comes to shove.

My reasoning comes from the plain language of Revenue Ruling 70-604. For federal tax purposes, your commercial association is defined as a “condominium management corporation,” which is the exact description of the organization that was the subject of Revenue Ruling 70-604. The Ruling does NOT state that the subject association was a residential association. Therefore, the Ruling must apply. Revenue rulings are rulings issued by IRS to provide expanded guidance to taxpayers on an area of tax law where the Code and Regulations do not provide sufficient explanation. The IRS is required to follow any revenue rulings it issues. Tax payers are not required to follow the Rulings, but may challenge them and be prepared to justify any variances to IRS.



Articles on the Web

Article Title	Article Summary	State
Wall has Glendale residents seething over lost pond view	Residents who enjoyed their view of ducks on the pond behind their homes, are angry that cinder block walls have now been built blocking their view.	Arizona
Homeowners association traps muskrats	Local residents, who live by a pond, are instructed to keep their dogs on a leash to protect them from an influx of muskrats.	Montana
HOA member accused of spying on & threatening residents	Residents of a Nevada HOA are not happy in their community because they feel the board practices discrimination, spying, threatening residents and carrying a gun.	Nevada
Judge rejects east Mesa condo residents' demand for HOA receivership	A judge ruled there was insufficient evidence to warrant putting the Superstition Lakes HOA into receivership on the basis of financial misconduct.	Arizona
San Tan Heights lake filled with sewage, dead fish	Residents are concerned their ponds are being polluted. The water is filled with raw sewage and dead fish.	Arizona
Lake Jovita resident wants monks and nuns to pay property taxes in St. Leo	Community wants two of the town's largest landowners to pay property taxes even though as a non-profit religious organization their property is exempt	Florida
Dog waste DNA identifies owners who don't pick up droppings	Homeowners associations are researching having DNA samples taken of their residents' dogs to see who is not picking up after them.	California
City annexation bid irks condo owners	Almost 9 acres of Fernandina Beach are in line to be annexed despite opposition by property owners.	Florida
Neighborhood pleads for new way in, out	Local homeowners association is asking for a project to begin to have a main roadway rerouted to improve traffic safety.	Ohio
HOA election dispute turns into brawl, injuries and lawsuit	The results of an election caused a resident to lose his temper and shove a woman who had been elected to the board of directors. As a result, five men attacked the resident and now he is suing the men, the HOA and the security company for the injuries and emotional distress he has suffered.	California
Ocoee delays developer, grants wireless cameras pilot	A homeowners association is fighting to keep a Dollar General Store from being built at their subdivision's entrance.	Florida
Bernards multi-family associations consider fewer lawn chemicals	Homeowners associations and township officials are considering banning lawn chemicals.	New Jersey
New HOA laws will affect you	Various bills have been presented that will affect the management of homeowners associations.	Florida
Xeriscaping bill passes House preventing HOA's from restricting drought-resistant landscaping	A Bill has been passed that would prevent HOAs from restricting drought-resistant landscaping.	Texas
Dallas suburb solar panel fight exposes problems	A lawsuit between a homeowners association and a homeowner wanting to install solar panels has exposed	California