

REVENUE RULING 70-604

Revenue ruling 70-604 is a tax election that allows an association to take advantage of the lower tax rates associated with filing Form 1120, U.S. Corporate Tax Return rather than filing Form 1120H, U.S. Income Tax Return for Homeowners Associations. Generally, net Federal income tax via Form 1120 is taxed at 15% vs form 1120H which is taxed at 30%.

This election notifies the Internal Revenue Service that the Association plans on using the excess of member revenue over expenses for the current year in determining assessments for the coming year.

This election and resolution is required by the Internal Revenue Service and has been reviewed by our CPA for propriety.

RESOLUTION OF THE McNARY HIGHLANDS CONDOMINIUM

RE: EXCESS INCOME APPLIED TO THE FOLLOWING YEAR'S ASSESSMENT
REVENUE RULING 70-604

WHEREAS, the McNary Highlands Condominium is an Oregon corporation duly organized and existing under the laws of the State of Oregon:

and

WHEREAS, the members desire that the corporation shall act in full accordance with the rulings and regulations of the Internal Revenue Service;

NOW, THEREFORE, the members hereby adopt the following resolution by and on behalf of the McNary Highlands Condominium:

RESOLVED, that any excess of membership income over membership expenses for the year ended December 31, 2014, shall be applied against the subsequent tax year member assessment as provided by IRS Revenue Ruling 70-604.

This resolution is adopted and made a part of the minutes of the meeting of April 24, 2014.

BY:


Chairman

ATTESTED:


Secretary