

Internal Revenue Service  
24000 Avila Road, Room 4308, MS 3000  
Laguna Niguel, CA 92677

Department of the Treasury

Date: October 13, 2010

Bloomington Cooperative Living, Inc.  
P.O. Box 2052  
Bloomington, IN 47402

Employer Identification Number:  
26-3238535

Person to Contact - Group #:  
Mark Tomback - 7888  
ID# 0246327

Contact Telephone Numbers:  
949-389-4414 Phone  
949-389-5017 Fax

Response Due Date:  
November 3, 2010

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 enclosure 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.*

To facilitate processing of your application, **please attach a copy of this letter to your response.** This will enable us to quickly and accurately associate the additional documents with your case file.

If we do not hear from you within that time, 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.

In addition, if you do not respond to the information request by the due date, we will conclude that you have not taken all reasonable steps to complete your application for exemption. Under Code section 7428(b)(2), you must show that you have taken all the reasonable steps to obtain your exemption letter under IRS procedures in a timely manner and exhausted your administrative remedies before you can pursue a declaratory judgment. Accordingly, if you fail to timely provide the information we need to enable us to act on your application, you may lose your rights to a declaratory judgment under Code section 7428.

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

Letter 1312 (TEDS)

Page 2

Name Bloomington Cooperative Living, Incorporated  
FIN 26-3238535

Sincerely yours,

*Mark Tomback*

Mark Tomback  
Exempt Organizations Specialist

Enclosure: Information Request

1. From the information available from your organization's exemption application, it appears that your organization was formed to provide co-operative low-income housing for low-income and very low-income Bloomington, Indiana residents. It is mandated that at least 75% of the units be occupied by low-income tenants and 20% be occupied by very low-income tenants. Residents have individual bedrooms and they share the rest of the facilities in the house. Your organization is member-operated, housing is provided and managed by the organization's current members. By providing co-operative, low-income housing, your organization provides its residents with an environment conducive to learning about and gaining skills in the areas of property management, conflict resolution and mediation, and environmentally sustainable consumption practices. Your organization provides a living space conducive to self-education through funding by its resident members in the form of monthly dues to cover rent/mortgage payments, food costs, utilities, and incidentals. Your organization also invites the larger community to use its space for projects which has included events such as sewing clubs and the screening of educational films. Many members of your organization are also students at Indiana University and your organization strives to support students' academic aspirations by providing study space and maintaining a small collection of academic texts that are free to borrow. Your organization and the houses which are subsets of your organization, manage the day to day operations of the buildings located at 630 E. Atwater, Bloomington, Indiana (large house) and 831 West 6th Street, Bloomington, Indiana (small house), including but not limited to recruitment, membership dues, house finances, social relations, member education on cooperative principles and practices. Both houses are being rented by your organization. In both houses, all members first sign a membership contract with your organization, follow by the signage of a lease with the landlords of the respective properties. Currently, your organization is negotiating with the landlord to arrange a master lease for the property at 831 W. 6th Street. Your organization collects a one-time non-refundable membership fee which must be paid by each new cooperative member which will go to the "North American Students of Cooperation," an association of housing cooperatives. Initially a security deposit is required and if the rent is not paid by the fifteenth of the month, an additional sum of \$25 is assessed. With one resident per bedroom, your organization's small house accommodates five residents and the large house accommodates fourteen. Your organization provides recommendations to and referrals for other community resources, training in meeting facilitation, accounting, conflict resolution, member recruitment, strategic planning, anti-racism, and sustainable living. Your organization is supported by membership fees, donations, and government grants. Is the above correct? Will your organization engage in any activities that are not mentioned above? If so, please provide descriptions of all of the activities your organization will engage in that are not mentioned above.

2. From the information available from your organization's exemption application, it appears that your organization is a membership organization. Is that correct? If so, how many members does your organization currently have? What are the criteria for membership? Are membership dues paid monthly or annually? What are the amounts of the membership dues? Is there an initiation fee? If so, what is the amount of the initiation fee?
3. Please indicate how your organization's services are publicized.
4. Please indicate how participants (tenants) are referred to your organization.
5. Revenue Procedure 96-32, 1996-2 C.B. 717 sets forth a safe harbor under which organizations that provide low-income housing will be considered charitable as described in section 501(c)(3) of the Internal Revenue Code. Section 3.01(1) of the above Revenue Procedure states that at least 75 percent of the units are occupied by residents that qualify as low-income and either at least 20 percent of the units are occupied by residents that also the very low-income limit for the area or 40 percent of the units are occupied by residents that also do not exceed 120 percent of the area's very low-income limit. Up to 25 percent of the units may be provided at market rates to persons who have income in excess of the low-income limit. It was indicated on your organization's exemption application that your organization will meet the above requirements. Please submit a signed statement by an Officer of the organization verifying that the meet the above requirements. Please also indicate how your organization will always meet the above requirements.
6. From the information available from your organization's exemption application, it appears that your organization was formed to provide co-operative low-income housing for low-income and very low-income Bloomington, Indiana residents. It is mandated that at least 75% of the units be occupied by low-income tenants and 20% be occupied by very low-income tenants. Is the above correct? If so, please explain how the housing provided by your organization is co-operative. Who are the earnings being paid to? Is the rent paid by the tenants treated as membership fees? Please explain in detail. *Yes*
7. Please submit a copy of your "Bylaws" that has been **adopted and signed, titled, and dated** by your organization's Board of Directors with the nonprofit corporation name on it.
8. Please submit a copy of your "Conflict of Interest Policy" that has been **adopted and signed, titled, and dated** by your organization's Board of Directors with the nonprofit corporation name on it.

9. From the information available from your organization's exemption application, it was indicated that directors or officers are also members and have membership contracts with your organization. Is the above correct? If so, please explain how directors or officers are also members. Are they tenants? Please submit copies of membership contracts with directors and officers.
10. Please provide budgeted income and expenses for the fiscal year ending October 31, 2011 and 2012.
11. Please provide a breakdown of expenditures from "Any expense Not Otherwise Classified" for the fiscal years ended October 31, 2008 and 2009 and budgeted amount for the fiscal year ended October 31, 2010.
12. On Page 10, Part IX (Financial Data) (Balance Sheet) of Form 1023 of your organization's exemption application, the amount of \$(3,883.00) was reported on Line 15 as "Other Liabilities." Please provide a breakdown of the above amount.
13. Please fill out and submit the enclosed Schedule B of Form 1024.
14. Please submit copies of any brochures, pamphlets, newsletters, advertisements, or any literature regarding your organization.

**Please submit correspondence to:**

**Internal Revenue Service  
TE/GE Division  
24000 Avila Road, Room 4308  
Mail Stop 3000  
Laguna Niguel, CA 92677  
Attn: Mark Tomback**

**FAX Telephone Number:**

**(949) 389-5017**

**Schedule B**

**Organizations Described in Section 501(c)(4) (Civic leagues, social welfare organizations (including posts, councils, etc., of veterans' organizations not qualifying or applying for exemption under section 501(c)(19)) or local associations of employees.)**

- 1 Has the Internal Revenue Service previously issued a ruling or determination letter recognizing the applicant organization (or any predecessor organization listed in question 4, Part II of the application) to be exempt under section 501(c)(3) and later revoked that recognition of exemption on the basis that the applicant organization (or its predecessor) was carrying on propaganda or otherwise attempting to influence legislation or on the basis that it engaged in political activity?  Yes  No

If "Yes," indicate the earliest tax year for which recognition of exemption under section 501(c)(3) was revoked and the IRS district office that issued the revocation.

- 2 Does the organization perform or plan to perform (for members, shareholders, or others) services, such as maintaining the common areas of a condominium; buying food or other items on a cooperative basis; or providing recreational facilities or transportation services, job placement, or other similar undertakings?  Yes  No

If "Yes," explain the activities in detail, including income realized and expenses incurred. Also, explain in detail the nature of the benefits to the general public from these activities. (If the answer to this question is explained in Part II of the application (pages 2, 3, and 4), enter the page and item number here.)

- 3 If the organization is claiming exemption as a homeowners' association, is access to any property or facilities it owns or maintains restricted in any way?  Yes  No

If "Yes," explain.

- 4 If the organization is claiming exemption as a local association of employees, state the name and address of each employer whose employees are eligible for membership in the association. If employees of more than one plant or office of the same employer are eligible for membership, give the address of each plant or office.