

Memo to: All PMPOA Property Owners

From: Glenn T. Cline, Treasurer

Dated: May 22, 2017

Re: IRS Revenue Ruling 70-604 Ballot

Dear Property Owners,

Attached to this memo is a ballot which requires your immediate attention.

In the event that the POA's membership income exceeds membership expenses in any year, the difference would be taxed to the Association at regular corporate income tax rates unless Revenue Ruling 70-604 is adopted. Membership income and expenses excludes all revenues and expenses related to the golf course.

Simply stated, the Revenue Ruling allows us to carry over the excess of membership revenues over membership expenses to the next year. If there is no excess of membership revenues over membership expenses, the election to adopt the Revenue Ruling is simply ignored.

Approving the adoption of Revenue Ruling 70-604 is a safeguard that should be approved each and every year.

Please return the completed ballot with your Board of Directors election ballot prior to 4:00 PM on June 3, 2017.

GTC

PINE MOUNTAIN PROPERTY OWNERS ASSOCIATION, INC.
BALLOT FOR APPROVAL OF IRS REVENUE RULING 70-604

The purpose of this ballot is to vote for the approval of IRS Revenue Ruling 70-604. This Ruling will allow the Association to apply excess of membership income over membership expenses for the year end June 30, 2017, if any, to the subsequent year, and requires approval of the membership.

By having the ruling approved by the membership, the Association will have the option of filing whatever tax form (1120 or 1120-H) is most cost-effective to the Association. If this ballot item is not approved, then the Association will not be able to take advantage of Revenue Ruling 70-604 if filing Form 1120, and therefore be subject to paying higher taxes on any excess income, if any.

Please place one (1) vote either in favor of the IRS Revenue Ruling 70-604, or one (1) vote not in favor of the IRS Revenue Ruling 70-604. Any ballot with more than one (1) vote will be deemed invalid for purposes of calculating this vote.

 Yes, I am in favor of approving IRS Revenue Ruling 70-604 for tax year ending June 30, 2017 for the Pine Mountain Property Owners Association.

 No, I am not in favor of approving IRS Revenue Ruling 70-604 for tax year ending June 30, 2017 for the Pine Mountain Property Owners Association.