

Internal Revenue Service
District Director

Department of the Treasury

APR 08 1994

COPY

P. O. Box 2508
Cincinnati, OH 45201

Federation of Appalachian
Housing Enterprises, Inc.
Drawer B US 25 S
Berea, KY 40403

Person to Contact:
Judy Hegener
Telephone Number:
513-684-3957
Refer Reply to:
EP/EO
Federal Identification Number:
31-0986871

Dear Sir or Madam:

This is in response to your inquiry of March 30, 1994, requesting a copy of your determination letter.

Our records indicate that by a determination letter issued on November 24, 1982, your organization was recognized as exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because you are an organization described in section 509(a)(1) and 170(b)(1)(A)(vi).

The classification was based on the assumption that your operations would continue as stated in the application. If your sources of support, or your purposes, character, or method of operations have changed, please let us know so we can consider the effect of the change on your exempt status and foundation status.

As of January 1, 1984, all exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more they pay to each of their employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

You are required to file Form 990, Return of Organization Exempt from Income Tax, only if your gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, when a return is filed late, unless there is reasonable cause for the delay.

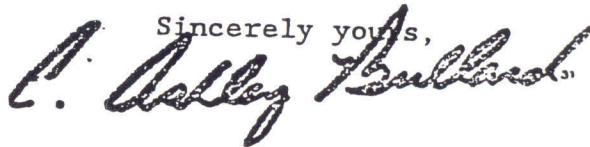
You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions concerning this matter, you may contact us at the address or telephone number shown in the heading of this letter.

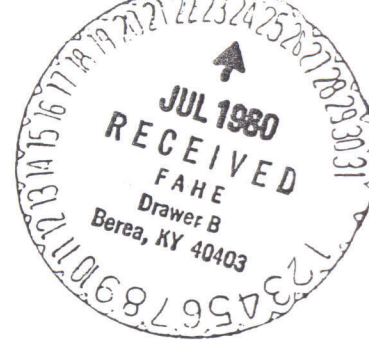
This is an affirmation letter.

Sincerely yours,

A handwritten signature in cursive script that reads "C. Ashley Bullard".

C. Ashley Bullard
District Director

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
FRANKFORT
40620



Federation of Appalachian Housing
Enterprises, Inc.
P.O. Drawer B
Berea, KY 40403

PURCHASE EXEMPTION NUMBER: D-13552

DATE: July 22, 1980

SUBJECT: Exempt Purchases

Based on the information submitted in your "Application for Purchase Exemption", you are hereby authorized to purchase tangible personal property or services without paying or reimbursing the vendor for the sales or use tax with respect to such purchases. This authorization is effective on or after the date of issuance and does not apply retroactively to tax paid on purchases made prior to this date.

Your vendor is hereby authorized to sell tangible personal property or services to you without receipt of sales or use tax, provided he receives a copy of a purchase exemption certificate, Revenue Form 51A126, in good faith and retains the copy in his records. Every invoice should show that delivery was made to you and should bear the exemption permit number shown above. The vendor may deduct receipts from these sales on Line 4 of his return.

If any of the property purchased is not used within the exempt function of a charitable, educational or religious institution, you will immediately report and pay the required tax measured by the purchase price of the property. Any official or employee of the institution who uses his position to make tax-free purchases for his own personal use or that of any other person will be subject to the penalties provided in KRS 139.990 and other applicable laws.

This exemption authorization applies only to purchases made by the institution. In the event the institution makes retail sales, a sales and use tax permit must be obtained for reporting and remitting the tax on such sales. KRS 139.495 provides that sales made by charitable, educational and religious institutions (except sales of food made to students in school lunchrooms or cafeterias and sales by school bookstores of textbooks, workbooks and other course material) are subject to tax and the tax may be passed on to the customer as provided in KRS 139.210.

In the event there is a change in your operations from the information submitted in your application, you must notify the department of the change immediately.

A handwritten signature in cursive script that reads "William L. Mayes".

William L. Mayes
Technical Division