

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
31 HOPKINS PLAZA
BALTIMORE, MD 21201

DEPARTMENT OF THE TREASURY

Entered in POG

Date: JUL 26 1991

U S TERM LIMITS FOUNDATION
1511 K ST NW STE 540
WASHINGTON, DC 20005-1401

Employer Identification Number:
52-1729739
Case Number:
525179034
Contact Person:
M MCCARTHY
Contact Telephone Number:
(410) 962-7756
Our Letter Dated:
June 11, 1991
Addendum Applies:
Yes

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

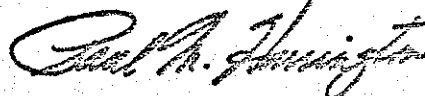
Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,



District Director

Enclosure:
Addendum

ATTACHMENT 3 -- IRS DETERMINATION LETTER

Internal Revenue Service
District Director

Entered in PCC

Department of the Treasury

Date:

February 22, 1993

Employment Identification Number:

52-1729739

Person to Contact:

S. Cain

Contact Telephone Number:

(410) 962-6058

Internal Revenue Code Section: 501(c)(3)

509(a)(1) & 170(b)(1)(A)(vi)

Advance Ruling Ends: December, 1994

U.S. Term Limits Foundation
666 11th Street, N.W., Suite 840
Washington, D.C. 20001

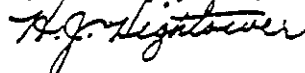
Thank you for submitting the information shown below or on the enclosure. We have made it a part of your file.

The changes indicated do not adversely affect your exempt status and the exemption letter issued to you continues in effect.

Please let us know about any future change in the character, purpose, method of operation, name or address of your organization. This is a requirement for retaining your exempt status.

Thank you for your cooperation.

Sincerely yours,



District Director

Item ChangedFromTo

Name Changed

Citizens for Congressional
Reform Foundation

As Shown Above

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Citizens for Congressional Reform
Foundation
470 L'Enfant Plaza, SW #7112
Washington, D.C. 20024

Person to Contact:
Ms. D. Kawecki
Telephone Number:
202-566-3843

Refer Reply to:

Date: JUN 11 1991
E.F.O.R. 2

Employer Identification Number: 52-1729739
Key District: Baltimore
Accounting Period Ending: December 31
Foundation Status Classification: 509(a)(1) and
170(b)(1)(A)(vi)
Advance Ruling Period Ends: December 31, 1994
Form 990 Required: Yes

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. This ruling is based on the following representations which you made in your letter dated June 7, 1991. In regard to your related organization, Citizens for Congressional Reform, you stated the following.

Each organization will be operated for distinct purposes, separate books and accounts will be maintained for Foundation and Reform, and all assets of Foundation will be dedicated only for charitable and educational purposes...Foundation has not contributed any money to Reform. If, in the unlikely event, there is any such contribution in the future, it will be earmarked in writing to be used only for charitable and educational purposes within the intendment of section 501(c)(3) of the Code.

For your information, note that section 501(c)(3) of the Code provides that, no substantial part of the activities of an organization exempt from federal income taxation under that subsection may consist of the carrying on of legislative activities except as otherwise provided by section 501(h). Legislative activities include actions with respect to acts, bills, resolutions, or similar items by the United States Congress, any state legislature, any local council, or any similar governing body, including one in a foreign country, or by the public in a referendum, initiative, constitutional amendment, or similar procedure. The election provided for under section 501(h) places organizations under an expenditure test for legislative activities. If you intend to carry out any legislative activities, the election may be made by filing Form 5768 with the appropriate Internal Revenue Service Center before

Citizens for Congressional Reform Foundation

the conclusion of the first taxable year for which the election is effective.

Because you are a newly created organization, we are not now making a final determination of your foundation status under Code section 509(a). However, we have determined that you can reasonably be expected to be a publicly supported organization described in the sections shown above.

Accordingly, you will be treated as a publicly supported organization, and not as a private foundation, during the advance ruling period. This advance ruling period begins on the date you were organized and ends on the date shown above.

Within 90 days after the end of your advance ruling period, you will be asked to furnish to your key District Director information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, you will be classified as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period you will be classified as a private foundation for future periods. Also, if you are classified as a private foundation, you will be treated as a private foundation from the effective date of your exemption for purposes of section 4940, which imposes an excise tax on your net investment income, and section 507(d), which defines, in the event of termination of status, the aggregate tax benefit derived from tax exemption as a section 501(c)(3) organization.

Contributors (including private foundations) may rely on the advance ruling that you are not a private foundation until 90 days after your advance ruling period ends. If you submit the required information within the 90 days, contributors may continue to rely on the advance ruling until we make a final determination of your foundation status. However, if notice that you will no longer be treated as the type of organization shown above is published in the Internal Revenue Bulletin, contributors may not rely on this advance ruling after the date of such publication. Also, contributors (other than private foundations) may not rely on the classification shown above if they were in part responsible for, or was aware of, the act that resulted in your loss of that classification, or if they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from classification. Private foundations may rely on the classification shown above whether or not they were responsible for an act or failure to act that caused you to lose

Citizens for Congressional Reform Foundation

your classification as long as you were not directly or indirectly controlled by them or by disqualified persons with respect to them. However, private foundations may not rely on the classification shown above if they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from that classification.

If your sources of support, or your purposes, character, or methods of operation change, please let your key district know so that office can consider the effect of the change on your exempt status and foundation status. Also you should inform your key District Director of all changes in your name or address.

Unless specifically excepted, beginning January 1, 1984, you must pay taxes under the Federal Insurance Contributions Act (social security taxes) for each employee who is paid \$100 or more in a calendar year. You are not required to pay tax under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you 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 questions about excise, employment, or other federal taxes contact your key District Director.

Donors may deduct contributions to you as provided in Code section 170. 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.

If you conduct fund-raising events such as benefit dinners, auctions, membership drives, etc., where something of value is received in return for contributions, you can help your contributors avoid difficulties with their income tax returns by assisting them in determining the proper tax treatment of their contributions. To do this you should, in advance of the event, determine the fair market value of the benefit received and state it in your fund-raising materials such as solicitations, tickets, and receipts in such a way that your contributors can determine how much is deductible and how much is not. To assist you in this, the Service has issued Publication 1391, Deductibility of Payments Made to Organizations Conducting Fund-Raising Events. You may obtain copies of Publication 1391 from your key district office.

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 your gross receipts each year are

Citizens for Congressional Reform Foundation

not normally more than \$25,000, we ask that you establish that you are not required to file Form 990 by completing Part I of that Form for your first tax year. Thereafter, you will not be required to file a return until your gross receipts normally exceed the \$25,000 minimum. For guidance in determining if your gross receipts are "normally" not more than the \$25,000 limit, see the instructions for the Form 990. 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. A penalty of \$10 a day is charged when a return is filed late, unless there is a reasonable cause for the delay. The maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are required to make your annual return available for public inspection for three years after the return is due. You are also required to make available a copy of your exemption application, any supporting documents, and this exemption letter. Failure to make these documents available for public inspection may subject you to a penalty of \$10 per day for each day there is failure to comply (up to a maximum of \$5,000 in the case of an annual return). See Internal Revenue Service Notice 88-120, 1988-2 C.B. 454, for additional information.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under Code section 511. If you are subject to this tax, you must file an income tax return on 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.

Please show your employer identification number on all returns you file and in all correspondence with the Internal Revenue Service.

We are informing your key District Director of this ruling. Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

Citizens for Congressional Reform Foundation

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter. For other matters, including questions concerning reporting requirements, please contact your key District Director.

Sincerely yours,

Jeanne S. Gessay
Jeanne S. Gessay
Chief, Exempt Organizations
Rulings Branch 2

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS
BUSINESS REGULATION ADMINISTRATION



C E R T I F I C A T E

THIS IS TO CERTIFY that all applicable provisions of the DISTRICT
OF COLUMBIA NONPROFIT CORPORATION ACT have been complied with and
accordingly, this CERTIFICATE of AMENDMENT is hereby issued to
CITIZENS FOR CONGRESSIONAL REFORM FOUNDATION

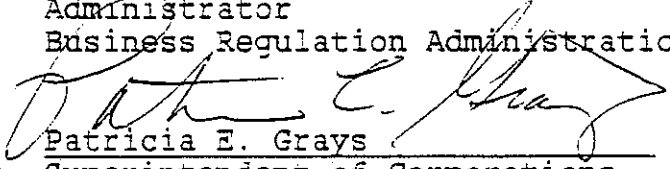
NAME CHANGED TO:

U.S. TERM LIMITS FOUNDATION

as of APRIL 21ST , 1992 .

Barbara E. Brown
Acting Director

James E. Kerr
Administrator
Business Regulation Administration


Patricia E. Grays
Assistant Superintendent of Corporations
Corporations Division

Sharon Pratt Kelly
Mayor