

LIFE PARTNERS IRA HOLDER PARTNERSHIP
LLC
—NET INCOME (LOSS) PER SCHEDULE K-1

81-4644966

263.

SCHEDULE K-1 ITEM L. PARTNER'S CAPITAL ACCOUNT ANALYSIS

GAAP

SCHEDULE K-1 FOOTNOTES

THIS ENTITY IS A TAXABLE ENTITY AS DEFINED UNDER TEXAS TAX CODE SECTION 171.0002. YOUR SHARE OF DISTRIBUTIVE INCOME HAS BEEN REPORTED BY THE ENTITY ON ITS TEXAS FRANCHISE TAX RETURN.

IF YOU ARE REQUIRED TO FILE A TEXAS FRANCHISE TAX RETURN, YOU SHOULD REVIEW THE SUBTRACTION FROM GROSS RECEIPTS ALLOWED UNDER TEXAS TAX CODE SECTION 171.1011 OF DISTRIBUTIVE INCOME FROM A TAXABLE ENTITY TREATED AS A PARTNERSHIP FOR FEDERAL INCOME TAX PURPOSES.

THE TOTAL AMOUNT OF OTHER INCOME SHOULD BE REPORTED ON LINE 3 OF PAGE 1 OF SCHEDULE E FOR FORM 1040. IN THAT REGARD PLEASE NOTE:

- THIS INCOME IS NOT SUBJECT TO SELF-EMPLOYMENT.
- THE ACTIVITY IS NOT A PASSIVE ACTIVITY.
- SELECT "8" FOR THE TYPE OF PROPERTY AND INPUT "OTHER PORTFOLIO INCOME".

LEGAL AND PROFESSIONAL FEES SHOULD BE DEDUCTED ON LINE 10 OF PAGE 1 OF SCHEDULE E FOR FORM 1040.

INTEREST EXPENSE SHOULD BE DEDUCTED ON LINE 13 OF PAGE 1 OF SCHEDULE E FOR FORM 1040. IN THAT REGARD, PLEASE NOTE THAT YOU WILL NEED FORM 4952 TO COMPUTE THE AMOUNT OF INTEREST EXPENSE YOU CAN DEDUCT. YOUR SHARE OF THE PARTNERSHIPS INTEREST EXPENSE SHOULD BE REPORTED ON LINE 1 OF FORM 4952. YOUR DEDUCTION OF LEGAL AND PROFESSIONAL FEES SHOULD BE ENTERED ON LINE 5 OF FORM 4952. BASED UPON THE CALCULATIONS IN FORM 4952 YOU MAY BE LIMITED AS TO THE AMOUNT OF INTEREST EXPENSE YOU CAN DEDUCT ON LINE 13 OF PAGE 1 OF SCHEDULE E.

EVEN THOUGH YOU DID NOT ACTUALLY RECEIVE FUNDS FROM THE PARTNERSHIP EQUAL TO THE AMOUNTS SET FORTH IN THIS K-1, YOU