
Life Partners Position Holder Trust

March 2, 2020

Greetings. This letter will focus on Grantor Letters and K-1s which are about to be mailed to you and I hope you will find it helpful this year in preparing your tax returns. Last year many of you voiced complaints regarding the timing of the forms being sent and your difficulty in making sense of the information contained in them. I heard you loud and clear. As a result, I have made a concerted effort this year to expedite (to the extent possible) mailing of the forms and make them a little easier to follow and understand (again to the extent I can). I can't and won't give you tax advice, but in this letter I am going to show you how to put the information from the Grantor Letter into your tax form.

Why do you receive a Grantor Letter....

The Life Partners Position Holder Trust is what is known in the IRS world as a grantor trust. A grantor trust does not pay federal or state income tax. Instead, any tax liability which would normally be paid by the trust is passed through to the individuals or entities who are beneficiaries of the trust in a pro-rata amount. As the holder of units, you are a beneficiary of the trust and so your share of the taxable income and deductible expenses are passed through to you. I did not make up these rules or create the trust. The IRS makes the rules and I have to follow them, and the trust was created by the bankruptcy court through the plan process. I am sure that most of you did not understand the tax ramifications of the process and had I been in your position I doubt I would have understood it either. As a result, at the end of each tax year I am required to send each unit holder the Grantor Letter which contains the information relating to their share of the taxable income and deductions.

Timing as to when the Grantor Letters are sent....

The timing of when I can actually send the Grantor Letter depends on a number of factors, none of which are in my control. The first thing that has to occur is that the end of the year financial books and records of the trust have to be completed and closed. It is a complicated and time-consuming process. We do not wait until the end of the year to begin this process; instead we close the books monthly and then close December at the beginning of the following year. Even so, it still takes a couple of weeks because of the thousands of transactions each month. The second thing that has to happen is an audit has to occur. This is required by the SEC and the audit team is completely independent of me. They basically test and confirm that everything the trust did during the year was done correctly and properly documented. That process takes a couple of months. Once the audit is complete or almost complete, the trust can determine the amount of taxable income and any deductions. That information is then calculated on a per unit basis and each unit holder's totals are determined and then reported on the Grantor Letter. For the tax year ending 2019, there are a total of 1,235,715,080 units and 9678 unit holders. It takes time to

complete this process. The Grantor Letters (in the format required by the IRS) are then sent to the vendor which mails them. Given the number of mailings, this process takes a couple of days as well. This year we have successfully been able to complete all these activities in a little over 2 months and the letters will be mailed by the end of this week. This will allow you about 6 weeks to still complete and timely file your tax return. I really can't do this any faster. In my letter to you dated December 19, 2019, I told you Grantor Letters would be sent by March 1, 2020. We were delayed just a couple of days. My apologies. Under the IRS rules I actually have until April 15 of each year to send out the Grantor Letters so they are still being sent out well before the deadline.

The Grantor Letter....

Now to the form of the Grantor Letter itself. Attached you will find a SAMPLE of a Grantor Letter and the actual letter sent to you will look the same except the numbers will be different. I will go through each line and give you the best explanation I can. Also attached are the various tax forms you will need in order to input the information from the Grantor Letter into your tax return. Since I don't know anything about the rest of your tax information, I am going to show you how to fill out the forms as if you had no other information to put in the forms. Obviously, each of you do have additional information to put in your tax return so this is an example only. **I'm just trying to show you where these items go on your tax return; not considering anything else, to provide you with a good starting point.** In order to follow this you need to look at the attached sample Grantor Letter and then follow the instructions below to track the information on the sample letter as to where the numbers are placed on the tax forms.

INTEREST INCOME

During the year the trust earns interest on most of its bank accounts. This is your pro-rata share of the interest earned on those accounts for the calendar year 2019. Enter this amount (\$32 in the sample) on Form 1040, Schedule B, Part I, line 1 and complete part I, which means fill out lines 2,3 and 4. Transfer the amount on line 4 to your 1040 to line 2b or 1040-SR to line 2b. Now you are done with this item.

TOTAL ORDINARY DIVIDEND INCOME

Prior to my appointment the trust's bank accounts were held at a different bank. The accounts which earned interest were held in that bank's trust department in funds which earned dividends. That is the same thing as interest they just called it dividends. We earned a small amount of "dividends" before I moved the accounts to a bank which calls interest—interest. So, there may be a very small number in this line on the Grantor Letter. This item will most likely go away in the future. Regardless this is your pro-rata share of the "dividends" earned during calendar year 2019. Enter this amount (\$36

in the sample) on Form 1040, Schedule B, Part II, line 5. Now complete line 6 and transfer this total to form 1040 line 3b or 1040-SR to line 3b and now you are done with this item.

OTHER INCOME

This is your pro-rata share of the income earned by the trust for calendar year 2019. This number takes into account the trust's share of maturities received during the year less the trust's share of premiums paid and some of the expenses of running the trust and certain other deductions we can claim that may not be stated separately, such as Legal and Professional Fees. What is left is the trust's taxable income for the year, before certain expenses. Go to Schedule E Part I. Locate under 1b on the left side of the form where it reads, type of property, next to the letter A, Enter 8. Go down on the left side of the page a few lines to where you see Type of Property – go over to the right and you will see option 8 Other (describe) – type in "Other Portfolio Income". Now enter the Other Income number (\$2451 in the sample) on Line 3 under Column A of Page 1 of Schedule E for form 1040. **Although the form appears to be for rental properties you will note at the top of the form that it says the form is also for Income and Loss from, among other things, "trusts" so this is the correct form to use.** Once you accomplish this you are done with this part of the form but keep it handy as we have more data to enter on it.

LEGAL AND PROFESSIONAL FEES

This is your share of the legal and other professional fees (primarily accounting, portfolio management and servicing fees) paid by the trust in calendar year 2019. This amount (\$580 in the sample) should also be entered on Page 1 of Schedule E for form 1040 at line 10 and on line 5 of form 4952 (more below on this).

INVESTMENT INTEREST EXPENSE

In the past, the trust paid interest with respect to outstanding loans which it had. Although I paid off all remaining loans in early 2019 there was still a small amount of interest paid in connection with paying off the loan, so this is your share of interest paid by the trust during calendar year 2019. This item will most likely go away in the future. First you need to complete additional information on form 4952. Go to line 1 of form 4952 and enter the Investment Interest Expense amount (\$198 in the sample) from the Grantor Letter. Now complete the calculations in Part I. Then complete the calculation in Part II and Part III. You have now completed form 4952. Transfer the result of line 8 from form 4952 to Schedule E Line 13. Based on those calculations you may be limited as to the amount of investment interest expense you can deduct (in the sample the amount is \$0). Now complete the remainder of Schedule E, boxes 20-26. Then complete Part V of schedule E and transfer the amount on line 41 to Schedule 1 for form 1040 line 5 or 1040 SR to line 5. Now complete Part I of Schedule 1. Enter the result on form 1040 line 7a.

You have now input all the information from the Grantor Letter into the proper tax form.

K-1s and why you receive them...

The Life Partners IRA Partnership is the holder of a large number of units in the trust. Instead of getting a Grantor Letter, you receive what is called a K-1 (it is just a tax form like any other it just has a bit more complexity to it). The Partnership receives a Grantor Letter just like every other unit holder. The Partnership then passes your share of the taxable income and deductible expenses through to you by virtue of a K-1. A K-1 shows the share of income and expenses allocated to each investor in the partnership, based on their pro-rata share in the partnership. You are getting a K-1 if you hold units in the IRA partnership (which are qualified to be held in an IRA). You will also receive this form even though you may have taken an in-kind distribution out of your IRA or if you closed your IRA. You still own partnership units, so you receive a K-1. Transfer the information from the K-1 to your personal tax return. There are several third-party tax software packages that can make this task a little easier, though I have no experience with them and cannot recommend them, I have been told TurboTax can handle form 1065 (the K-1 form). A copy of your K-1 is also sent to your custodian so there is no need for you to do so.

But I never received as much income from the trust as you are indicating....

You are absolutely correct that you did not receive the amount of income, in the form of a distribution in your hands, as listed on the Grantor Letter or your K-1. You are in a complex tax entity. An easier example to understand is, let's say the trust had 1 dollar in income, owed and paid 30 cents in debt and 40 cents in premiums. How much did we make in this example? $1 - .40 = 60$ cents. The 30 cents in debt is not deductible. So, you are paying taxes on 60 cents even though there is only 30 cents remaining ($1 - .30 - .40 = .30$) So in this case, if I distributed 30 cents, it will show we made 60 cents even though I only paid out 30 cents. The income was passed through to you and some refer to it as "phantom income". It exists in the mind of the IRS but not in your pocket and you are supposed to report it on your tax return. Again, I didn't make up these rules, but I have to follow them and as I said earlier, these are complex entities. Some of the income received by the trust was, however, used to make the \$20 million distribution in November of 2019 so you did receive some funds but it doesn't match any number on the Grantor Letter and it may be less than the amount of the phantom income. My example above is a simple one to help you understand what is happening, it is not meant to be GAAP (Generally Accepted Accounting Principles) compliant or completely technically correct, just trying to help you grasp the concept.

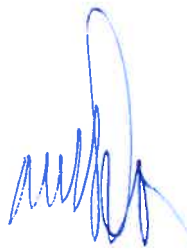
I use a tax software such as Turbotax to prepare my tax return....

Unfortunately, if you use a tax software to prepare your return it may not allow you to directly input the information from the Grantor Letter. There is simply nothing I can do about that. Please consult

your tax advisor or call the number for customer service for your tax software company. During the coming year I am going to try to find a solution to this problem, but it won't help for this year.

Finally....

I truly hope that you find this information helpful. I understand this is still a complicated and time consuming process for each of you. If you work slowly through the forms and examples, I think you will find it easier. If someone else prepares your return, please give this information to them. Please do not call my office or Magna Servicing or the accountants for the trust. None of us can help you with preparing your return and we cannot provide tax advice or elaborate any further on the information I have provided in this letter. If, on the other hand, you haven't received your Grantor Letter or K-1 by the middle of March please let us know by sending an email to trustee@lpi-pht.com. Please put Missing Grantor Letter or Missing K-1 in the subject line.



Michael J. Quilling
Trustee

GRANTOR LETTER
MICHAEL J. QUILLING
TRUSTEE
2001 BRYAN STREET, SUITE 1800
DALLAS, TX 75201

Tax Year Ending:

Grantor Name & Address	Name of Trust
	LIFE PARTNERS POSITION HOLDER TRUST
Social Security Number:	Employer ID Number:

THE FOLLOWING INCOME, DEDUCTIONS AND CREDITS ARE TO BE REPORTED ON THE FEDERAL INCOME TAX RETURN OF THE ABOVE NAMED GRANTOR, IF REQUIRED.

FEDERAL INFORMATION

INCOME

INTEREST INCOME.....	32.
(ENTER ON FORM 1040, SCHEDULE B, PART I, LINE 1)	
TOTAL ORDINARY DIVIDEND INCOME.....	36.
(ENTER ON FORM 1040, SCHEDULE B, PART II, LINE 5)	
OTHER INCOME.....	2,451.
(ENTER ON FORM 1040, SEE THE INSTRUCTIONS)	

OTHER INFORMATION

LEGAL AND PROFESSIONAL FEES.....	580.
INVESTMENT INTEREST EXPENSE.....	198.



GRANTOR LETTER FOOTNOTES

LIFE PARTNERS POSITION HOLDER

TRUST

TAXPAYER

FEDERAL FOOTNOTES

DESCRIPTION

AMOUNT

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 TRUST'S 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 TRUST EQUAL TO THE AMOUNTS SET FORTH IN THIS GRANTOR LETTER YOU ARE REQUIRED TO REPORT THE TAXABLE ITEMS ON YOUR TAX RETURN. THE AMOUNT OF THE DISTRIBUTION, IF ANY, MADE TO YOU BY THE TRUST DOES NOT MATCH ANY OF THESE AMOUNTS. IF YOU USE A TAX SOFTWARE TO PREPARE YOUR TAX RETURN, YOU MAY FIND IT DIFFICULT TO INPUT THE FOREGOING INFORMATION. IN THAT CASE PLEASE CONSULT YOUR TAX ADVISER OR CALL THE CUSTOMER SUPPORT NUMBER FOR YOUR TAX SOFTWARE. PLEASE DO NOT CALL THE TRUST OR ITS TAX PREPARER AS THERE IS NOTHING WE CAN DO TO ASSIST YOU IN THESE MATTERS.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶

Your first name and middle initial	Last name	Your social security number
If joint return, spouse's first name and middle initial	Last name	Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions.		Apt. no.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).		Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. <input type="checkbox"/> You <input type="checkbox"/> Spouse
Foreign country name	Foreign province/state/county	

Standard Deduction **Someone can claim:** You as a dependent Your spouse as a dependent
 Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness **You:** Were born before January 2, 1955 Are blind **Spouse:** Was born before January 2, 1955 Is blind

(1) First name		(2) Social security number	(3) Relationship to you	(4) ✓ if qualifies for (see instructions):	
				Child tax credit	Credit for other dependents
Last name				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

Standard Deduction for—
 • Single or Married filing separately, \$12,200
 • Married filing jointly or Qualifying widow(er), \$24,400
 • Head of household, \$18,350
 • If you checked any box under **Standard Deduction**, see instructions.

1	Wages, salaries, tips, etc. Attach Form(s) W-2				1	
2a	Tax-exempt interest	2a		b	Taxable interest. Attach Sch. B if required	2b
3a	Qualified dividends	3a		b	Ordinary dividends. Attach Sch. B if required	3b
4a	IRA distributions	4a		b	Taxable amount	4b
c	Pensions and annuities	4c		d	Taxable amount	4d
5a	Social security benefits	5a		b	Taxable amount	5b
6	Capital gain or (loss). Attach Schedule D if required. If not required, check here					6
7a	Other income from Schedule 1, line 9					7a
b	Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income					7b
8a	Adjustments to income from Schedule 1, line 22					8a
b	Subtract line 8a from line 7b. This is your adjusted gross income					8b
9	Standard deduction or itemized deductions (from Schedule A)	9				
10	Qualified business income deduction. Attach Form 8995 or Form 8995-A	10				
11a	Add lines 9 and 10					11a
b	Taxable income. Subtract line 11a from line 8b. If zero or less, enter -0-					11b

12a	Tax (see inst.) Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	12a	
b	Add Schedule 2, line 3, and line 12a and enter the total		12b
13a	Child tax credit or credit for other dependents	13a	
b	Add Schedule 3, line 7, and line 13a and enter the total		13b
14	Subtract line 13b from line 12b. If zero or less, enter -0-		14
15	Other taxes, including self-employment tax, from Schedule 2, line 10		15
16	Add lines 14 and 15. This is your total tax		16
17	Federal income tax withheld from Forms W-2 and 1099		17

• If you have a qualifying child, attach Sch. EIC.
 • If you have nontaxable combat pay, see instructions.

18	Other payments and refundable credits:		
a	Earned income credit (EIC)	18a	
b	Additional child tax credit. Attach Schedule 8812	18b	
c	American opportunity credit from Form 8863, line 8	18c	
d	Schedule 3, line 14	18d	
e	Add lines 18a through 18d. These are your total other payments and refundable credits		18e
19	Add lines 17 and 18e. These are your total payments		19

Refund

Direct deposit?
See instructions.

20	If line 19 is more than line 16, subtract line 16 from line 19. This is the amount you overpaid		20
21a	Amount of line 20 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>		21a
b	Routing number	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
d	Account number		
22	Amount of line 20 you want applied to your 2020 estimated tax	22	

Amount You Owe

23	Amount you owe . Subtract line 19 from line 16. For details on how to pay, see instructions		23
24	Estimated tax penalty (see instructions)	24	

Third Party Designee

(Other than paid preparer)

Do you want to allow another person (other than your paid preparer) to discuss this return with the IRS? See instructions. Yes. Complete below. No

Designee's name	Phone no.	Personal identification number (PIN)
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Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return?
See instructions.
Keep a copy for your records.

Your signature	Date	Your occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.)
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent your spouse an Identity Protection PIN, enter it here (see inst.)
Phone no.	Email address		

Paid Preparer Use Only

Preparer's name	Preparer's signature	Date	PTIN	Check if: <input type="checkbox"/> 3rd Party Designee <input type="checkbox"/> Self-employed
Firm's name	Phone no.			
Firm's address	Firm's EIN			

SCHEDULE 1
(Form 1040 or 1040-SR)

Additional Income and Adjustments to Income

OMB No. 1545-0074

2019

Attachment
Sequence No. **01**

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 1040 or 1040-SR.

▶ Go to www.irs.gov/Form1040 for instructions and the latest information.

Name(s) shown on Form 1040 or 1040-SR

Joe Investor

Your social security number

000-00-0000

At any time during 2019, did you receive, sell, send, exchange, or otherwise acquire any financial interest in any virtual currency?

Yes No

Part I Additional Income

1	Taxable refunds, credits, or offsets of state and local income taxes	1	
2a	Alimony received	2a	
b	Date of original divorce or separation agreement (see instructions) ▶		
3	Business income or (loss). Attach Schedule C	3	
4	Other gains or (losses). Attach Form 4797	4	
5	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	5	1871
6	Farm income or (loss). Attach Schedule F	6	
7	Unemployment compensation	7	
8	Other income. List type and amount ▶	8	
9	Combine lines 1 through 8. Enter here and on Form 1040 or 1040-SR, line 7a	9	1871

Part II Adjustments to Income

10	Educator expenses	10	
11	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	11	
12	Health savings account deduction. Attach Form 8889	12	
13	Moving expenses for members of the Armed Forces. Attach Form 3903	13	
14	Deductible part of self-employment tax. Attach Schedule SE	14	
15	Self-employed SEP, SIMPLE, and qualified plans	15	
16	Self-employed health insurance deduction	16	
17	Penalty on early withdrawal of savings	17	
18a	Alimony paid	18a	
b	Recipient's SSN ▶		
c	Date of original divorce or separation agreement (see instructions) ▶		
19	IRA deduction	19	
20	Student loan interest deduction	20	
21	Tuition and fees. Attach Form 8917	21	
22	Add lines 10 through 21. These are your adjustments to income . Enter here and on Form 1040 or 1040-SR, line 8a	22	

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71479F

Schedule 1 (Form 1040 or 1040-SR) 2019

SCHEDULE B
(Form 1040 or 1040-SR)

Interest and Ordinary Dividends

OMB No. 1545-0074

2019
Attachment
Sequence No. **08**

Department of the Treasury
Internal Revenue Service (99)

► Go to www.irs.gov/ScheduleB for instructions and the latest information.
► Attach to Form 1040 or 1040-SR.

Name(s) shown on return
Joe Investor

Your social security number
000-00-0000

Part I

Interest

(See instructions and the instructions for Forms 1040 and 1040-SR, line 2b.)

Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address ►

Interest from the PHT (life Partners Trust)

Amount

32

2 Add the amounts on line 1

3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815

4 Subtract line 3 from line 2. Enter the result here and on Form 1040 or 1040-SR, line 2b

Note: If line 4 is over \$1,500, you must complete Part III.

Part II

Ordinary Dividends

(See instructions and the instructions for Forms 1040 and 1040-SR, line 3b.)

Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

5 List name of payer ►

Div from PHT (life Partners Trust)

Amount

36

6 Add the amounts on line 5. Enter the total here and on Form 1040 or 1040-SR, line 3b

Note: If line 6 is over \$1,500, you must complete Part III.

Part III

You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

Foreign Accounts and Trusts

Caution: If required, failure to file FinCEN Form 114 may result in substantial penalties. See instructions.

7a At any time during 2019, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions

If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements

b If you are required to file FinCEN Form 114, enter the name of the foreign country where the financial account is located ►

8 During 2019, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions

Yes	No

SCHEDULE E
(Form 1040 or 1040-SR)

Supplemental Income and Loss

OMB No. 1545-0074

(From rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.)

2019

Department of the Treasury
Internal Revenue Service (99)

▶ Attach to Form 1040, 1040-SR, 1040-NR, or 1041.

Attachment
Sequence No. **13**

▶ Go to www.irs.gov/ScheduleE for instructions and the latest information.

Name(s) shown on return

Your social security number

Joe Investor

000-00-0000

Part I Income or Loss From Rental Real Estate and Royalties Note: If you are in the business of renting personal property, use Schedule C (see instructions). If you are an individual, report farm rental income or loss from Form 4835 on page 2, line 40.

A Did you make any payments in 2019 that would require you to file Form(s) 1099? (see instructions) Yes No
B If "Yes," did you or will you file required Forms 1099? Yes No

1a Physical address of each property (street, city, state, ZIP code)
A
B
C

1b	Type of Property (from list below)	2 For each rental real estate property listed above, report the number of fair rental and personal use days. Check the QJV box only if you meet the requirements to file as a qualified joint venture. See instructions.	Fair Rental Days	Personal Use Days	QJV
A	8		A		<input type="checkbox"/>
B			B		<input type="checkbox"/>
C			C		<input type="checkbox"/>

Type of Property:

- 1 Single Family Residence
- 2 Multi-Family Residence
- 3 Vacation/Short-Term Rental
- 4 Commercial
- 5 Land
- 6 Royalties
- 7 Self-Rental
- 8 Other (describe) Other Portfolio Income

Income:	Properties:	A	B	C
3 Rents received	3	2451		
4 Royalties received	4			

Expenses:

5 Advertising	5			
6 Auto and travel (see instructions)	6			
7 Cleaning and maintenance	7			
8 Commissions	8			
9 Insurance	9			
10 Legal and other professional fees	10	580		
11 Management fees	11			
12 Mortgage interest paid to banks, etc. (see instructions)	12			
13 Other interest	13	0		
14 Repairs	14			
15 Supplies	15			
16 Taxes	16			
17 Utilities	17			
18 Depreciation expense or depletion	18			
19 Other (list) ▶	19			
20 Total expenses. Add lines 5 through 19	20	580		

21 Subtract line 20 from line 3 (rents) and/or 4 (royalties). If result is a (loss), see instructions to find out if you must file Form 6198	21	1871		
22 Deductible rental real estate loss after limitation, if any, on Form 8582 (see instructions)	22	()	()	()

23a Total of all amounts reported on line 3 for all rental properties	23a	2451		
b Total of all amounts reported on line 4 for all royalty properties	23b			
c Total of all amounts reported on line 12 for all properties	23c			
d Total of all amounts reported on line 18 for all properties	23d			
e Total of all amounts reported on line 20 for all properties	23e			

24 Income. Add positive amounts shown on line 21. Do not include any losses	24	1871		
25 Losses. Add royalty losses from line 21 and rental real estate losses from line 22. Enter total losses here	25	()		

26 Total rental real estate and royalty income or (loss). Combine lines 24 and 25. Enter the result here. If Parts II, III, IV, and line 40 on page 2 do not apply to you, also enter this amount on Schedule 1 (Form 1040 or 1040-SR), line 5, or Form 1040-NR, line 18. Otherwise, include this amount in the total on line 41 on page 2	26	1871		
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Name(s) shown on return. Do not enter name and social security number if shown on other side.

Your social security number

Joe Investor

000-00-0000

Caution: The IRS compares amounts reported on your tax return with amounts shown on Schedule(s) K-1.

Part II Income or Loss From Partnerships and S Corporations - Note: If you report a loss, receive a distribution, dispose of stock, or receive a loan repayment from an S corporation, you must check the box in column (e) on line 28 and attach the required basis computation. If you report a loss from an at-risk activity for which any amount is not at risk, you must check the box in column (f) on line 28 and attach Form 6198 (see instructions).

27 Are you reporting any loss not allowed in a prior year due to the at-risk or basis limitations, a prior year unallowed loss from a passive activity (if that loss was not reported on Form 8582), or unreimbursed partnership expenses? If you answered "Yes," see instructions before completing this section. Yes No

Table with 7 columns: (a) Name, (b) Enter P for partnership; S for S corporation, (c) Check if foreign partnership, (d) Employer identification number, (e) Check if basis computation is required, (f) Check if any amount is not at risk. Rows A, B, C, D.

Table with 5 columns: (g) Passive loss allowed, (h) Passive income from Schedule K-1, (i) Nonpassive loss allowed, (j) Section 179 expense deduction from Form 4562, (k) Nonpassive income from Schedule K-1. Rows A, B, C, D, 29a Totals, b Totals, 30, 31, 32.

Part III Income or Loss From Estates and Trusts

Table with 2 columns: (a) Name, (b) Employer identification number. Rows A, B.

Table with 4 columns: (c) Passive deduction or loss allowed, (d) Passive income from Schedule K-1, (e) Deduction or loss from Schedule K-1, (f) Other income from Schedule K-1. Rows A, B, 34a Totals, b Totals, 35, 36, 37.

Part IV Income or Loss From Real Estate Mortgage Investment Conduits (REMICs) - Residual Holder

Table with 5 columns: (a) Name, (b) Employer identification number, (c) Excess inclusion from Schedules Q, line 2c, (d) Taxable income (net loss) from Schedules Q, line 1b, (e) Income from Schedules Q, line 3b. Rows 38, 39.

Part V Summary

Table with 2 columns: Description, Amount. Rows 40, 41, 42, 43.

Investment Interest Expense Deduction

Department of the Treasury
Internal Revenue Service (99)

► Go to www.irs.gov/Form4952 for the latest information.

► Attach to your tax return.

2019
Attachment
Sequence No. **51**

Name(s) shown on return

Joe Investor

Identifying number

000-00-0000

Part I Total Investment Interest Expense

1	Investment interest expense paid or accrued in 2019 (see instructions)	1	198
2	Disallowed investment interest expense from 2018 Form 4952, line 7	2	
3	Total investment interest expense. Add lines 1 and 2	3	198

Part II Net Investment Income

4a	Gross income from property held for investment (excluding any net gain from the disposition of property held for investment)	4a		
4b	Qualified dividends included on line 4a	4b		
4c	Subtract line 4b from line 4a	4c		0
4d	Net gain from the disposition of property held for investment	4d		
4e	Enter the smaller of line 4d or your net capital gain from the disposition of property held for investment. See instructions	4e		
4f	Subtract line 4e from line 4d	4f		0
4g	Enter the amount from lines 4b and 4e that you elect to include in investment income. See instructions	4g		0
4h	Investment income. Add lines 4c, 4f, and 4g	4h		0
5	Investment expenses (see instructions)	5		580
6	Net investment income. Subtract line 5 from line 4h. If zero or less, enter -0-	6		0

Part III Investment Interest Expense Deduction

7	Disallowed investment interest expense to be carried forward to 2020. Subtract line 6 from line 3. If zero or less, enter -0-	7		0
8	Investment interest expense deduction. Enter the smaller of line 3 or line 6. See instructions	8		0