



Schedule K-1 Entries and Where They Go

- 1) Line 2-Net Income (Loss) From Rental Real Estate Activities (see A) is entered on line 3b of Form 8582.
2) Form 8582 accumulates all your passive income and loss and determines how much of the loss you can deduct in the current year.
3) Line 5 - Interest Income and the name of the Partnership is entered on Line 1, Part I of Schedule B.
4) Line 15A or 15B - Low-Income Housing Credit Please consult the instructions for Form 8582CR for additional information about claiming the Low-Income Housing Credit.
5) You will need Forms 8582CR and 3800 to claim the credit. You will also need to complete Form 6251 if you have not already done so as part of completing these forms.
6) Please enter the EIN and the amount from Line 15A or 15B of the K-1 on to line 1d of the Form 3800.
7) Complete Lines 31 through 34 of Form 8582CR and then complete the Line 35 worksheet.
8) Before proceeding, you will need to complete Form 6251. Please refer to the IRS instructions if you have any questions about completing this form.
9) If some of the credits are suspended on Form 3800, it may be possible to carry the unused credits to the prior tax return through the use of Form 1045.

- 10) Line 17A - Depreciation Adjustment on Property Placed in Service After 1986 represents your proportionate share of the Partnership's depreciation calculation for income tax purposes in excess of depreciation calculated for alternative minimum tax purposes.
11) If you are not deducting any passive losses from this activity, enter zero on Line 17 of Form 6251 - "Alternative Minimum Tax - Individuals."
12) Item N - Reconciliation of Partner's Capital Account and Adjusted Basis on your Schedule K-1 is for informational purposes only and is a reconciliation of your capital account.
13) Item M - on your Schedule K-1 represents your proportionate share of the liabilities which is used in determining the adjusted tax basis of your interests in the Partnership at December 31, 2007.
14) Form 8271 - Investor Reporting of Tax Shelter Registration Number (is obsolete and has been removed.)

California K-1 Entries and Where They Go

- 15) Line 2 - Net Income (Loss) From Rental Real Estate Activities may be used to offset passive income only and should be reported on Form 3801 to determine how much of the loss is allowable.
16) Line (5) - Interest income is the same as the Federal amount and no California adjustment is required.
17) Lines 17 (a) (b) (c) Tax Preference Items should be reported on Schedule P - "Alternative Minimum Tax." Please consult your tax advisor if you are subject to the California Minimum Tax.

Worksheet for Form 8582-CR Part III, Line 27 and Part IV, Line 35 Passive Activity Credit Limitation Form

Part III, Line 27

First complete lines 21 through 26 of Form 8582-CR. If your adjusted gross income (AGI) is less than \$200,000 and you are not deducting losses from rental real estate with active participation (see Part II of Form 8582), enter \$25,000 on line 26.<sup>1</sup>

The amount on line 27 is computed as follows:

Table with 2 columns: Description and Amount. Rows include: A. Taxable income, B. Tax on line A\*, C. Enter amount from Form 8582-CR, line 26, D. Subtract line C from line A, E. Tax on line D\*, F. Subtract line E from line B and enter the result on Form 8582-CR, line 27.

<sup>1</sup>For Form 1040, use the Tax Table, Tax Computation Worksheet, the Qualified Dividends and Capital Gain Tax Worksheet, or the Schedule D Tax Worksheet, whichever applies. For Form 1041, use the Tax Rate Schedules, Qualified Dividends Tax Worksheet, or Schedule D, whichever applies.

Part IV, Line 35

The amount on line 35 is computed as follows:

Table with 2 columns: Description and Amount. Rows include: F. Taxable income, G. Tax on line F above, H. Taxable income on Line F less \$25,000, I. Tax on line H, J. Line G minus line I, K. Amount (if any) entered on line 30, form 8582-CR, L. Line J minus line K-enter this on line 35 of Form 8582-CR.

<sup>1</sup>For properties placed in service prior to 1990 the \$25,000 allowance is reduced by 50% of AGI over \$200,000 and is eliminated when AGI exceeds \$250,000. The \$25,000 allowance is also reduced for any losses deducted under the special allowance for rental real estate with active participation (which would appear on line 10 of Form 8582).

Dear WNC Investor,

We are pleased to provide you with your 2007 tax credit package. This package includes your Schedule K-1, this instructional guide and the recommended tax forms to claim your WNC tax credits.

Tax credits are complex. We are providing this guide as a basic tool for you to use in the preparation of your tax return. However, because each investor has unique circumstances, we recommend that you consult with your tax advisor regarding this information before submitting your tax return.

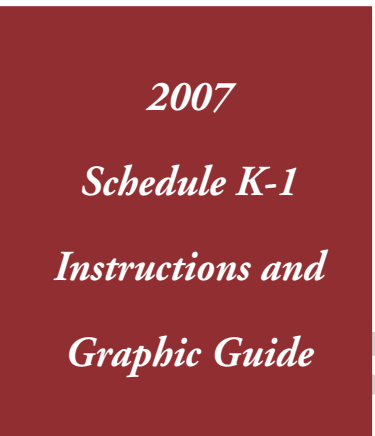
Since its inception in 1987 and continuing to this day, the Low Income Housing Tax Credit program has been a major source

of funding for the development of affordable housing. WNC has been at the forefront of this program, acquiring properties and raising funds. We now have more than 820 tax credit properties across the country.

The need for affordable housing remains an issue in our nation. Your investment not only provides tax benefits to you, but it also directly provides decent and safe affordable housing for working class families and seniors.

Thank you for being a part of this program.

Sincerely,
WNC & Associates, Inc.



# WNC 2006 K-1 Instructions and Graphic Guide

**Schedule K-1 (Form 1065) 2007**  
 Department of the Treasury Internal Revenue Service  
 For calendar year 2007, or tax year beginning in 2007, ending in 2007

**Partner's Share of Income, Deductions, Credits, etc.**  
 ▶ See back of form and separate instructions.

**Part I Information About the Partnership**

A Partnership's employer identification number  
**12-123456**

B Partnership's name, address, city, state, and ZIP code  
**WNC Partnerships**  
**17782 Sky Park Circle**  
**Irvine, CA 92614**

C IRS Center where partnership filed return

D  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

E Partner's identifying number

F Partner's name, address, city, state, and ZIP code

G  General partner or LLC member-manager  Limited partner or other LLC member

H  Domestic partner  Foreign partner

I What type of entity is this partner?

J Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	%	%
Loss	%	%
Capital	%	%

K Partner's share of liabilities at year end:

L Partner's capital account analysis:

Beginning capital account \$  
 Capital contributed during the year \$  
 Current year increase (decrease) \$  
 Withdrawals & distributions \$  
 Ending capital account \$

OMB No. 1545-0099  
 Attachment Sequence No. 22

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

1 Ordinary business income (loss)	15 Credits
2 Net real estate income (loss)	16 Foreign transactions
3 Other net rental income (loss)	17 Alternative minimum tax (AMT) credits
4 Guaranteed payments	18 Distributions
5 Interest income	19 Other information
6a Ordinary dividends	20 Other information
6b Qualified dividends	
7 Royalties	
8 Net short-term capital gain (loss)	
8a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	
9c Unrecaptured section 1250 gain	
10 Net section 1231 gain (loss)	
11 Other income (loss)	
12 Section 179 deduction	
13 Other deductions	
14 Self-employment earnings (loss)	

\*See attached statements for additional information.

OMB No. 1545-0099  
 Attachment Sequence No. 22

**Part II Allowable Credit**

9 Regular tax before credits:

10 Alternative minimum tax:

11 Enter the greater of line 9 or line 10

12a Credits from Form 8840, lines 47 through 50 and lines 52 through 54 (or Form 1040NR, lines 47 and 48 and 47 through 49)

12b Foreign tax credit

12c Credits from Forms 5735 and 8834

12d Non-business alternative motor vehicle credit (Form 8910, line 18)

12e Non-business alternative fuel vehicle refueling property credit (Form 8911, line 19)

12f Add lines 12a through 12e

13 Net income tax. Subtract line 12f from line 11. If zero or less, enter -0-

14 Net regular tax. Subtract line 12f from line 9. If zero or less, enter -0-

15 Enter 25% (25) of the excess, if any, of line 14 over \$25,000 (see instructions)

16 Tentative minimum tax:

17 Enter the greater of line 15 or line 16

18 Subtract line 17 from line 13. If zero or less, enter -0-

19 Credit allowed for the current year. Enter the smaller of line 8 or line 18. Individuals, estates, and trusts: See the instructions for line 19 if claiming the research credit. C corporations: See the line 19 instructions if there has been an ownership change, acquisition, or reorganization. Report the amount from line 19 (if smaller than line 8, see instructions) as indicated below or on the applicable line of your return:

• Individuals. Form 1040, line 55 or Form 1040NR, line 50  
 • Corporations. Form 1120, Schedule J, line 5c  
 • Estates and trusts. Form 1041, Schedule G, line 2c

OMB No. 1545-0099  
 Attachment Sequence No. 22

**Form 3800 General Business Credit**  
 Department of the Treasury Internal Revenue Service (99)  
 Names shown on return

OMB No. 1545-0895  
 2007 Attachment Sequence No. 22

**Part I Current Year Credit**

Important: You may not be required to complete and file a separate credit form (shown in parentheses below) to claim the credit. For details, see the instructions.

1a Investment credit (attach Form 3468) 1a

1b Welfare-to-work credit (Form 8861) 1b

1c Credit for increasing research activities (Form 6765) 1c

1d Low-income housing credit (Form 8586) (enter EIN if claiming this credit from a pass-through entity: 12-123456) 1d

1e Disabled access credit (Form 8826) (do not enter more than \$5,000) 1e

1f Renewable electricity production credit (Form 8835, Section A only) 1f

1g Indian employment credit (Form 8845) 1g

1h Orphan drug credit (Form 8820) 1h

1i New markets credit (Form 8874) (enter EIN if claiming this credit from a pass-through entity: ) 1i

1j Credit for small employer pension plan startup costs (Form 8881) (do not enter more than \$500) 1j

1k Credit for employer-provided child care facilities and services (Form 8882) (enter EIN if claiming this credit from a pass-through entity: ) 1k

1l Qualified railroad track maintenance credit (Form 8900) 1l

1m Disabled and severely disabled family credit (attach Form 8884) 1m

OMB No. 1545-0895  
 Attachment Sequence No. 22

Instructions explain if you need to use Form 3800.

Part II of Form 3800 See Instructions

**Schedules A&B (Form 1040) 2007**  
 Department of the Treasury Internal Revenue Service (99)  
 Names shown on Form 1040. Do not enter names and social security number if shown on other side.

OMB No. 1545-0074 Page 2  
 Your social security number

**Schedule B—Interest and Ordinary Dividends**  
 Attachment Sequence No. 08

**Part I Interest**

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 page B-1 and list this interest first. Also, show that buyer's social security number and address ▶

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, line 8a ▶

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

**Part II Ordinary Dividends**

(See page B-1 and the instructions for Form 1040, line 9a.)

1 List name of payer ▶

2 Amount

3 Amount

4 Amount

OMB No. 1545-0074  
 Attachment Sequence No. 08

**Form 8582 Passive Activity Loss Limitations**  
 Department of the Treasury Internal Revenue Service (99)  
 Names shown on return

OMB No. 1545-1008  
 2007 Attachment Sequence No. 88

**Part I 2007 Passive Activity Loss**

Caution: Complete Worksheets 1, 2, and 3 on page 2 before completing Part I.

**Rental Real Estate Activities With Active Participation** (For the definition of active participation, see Special Allowance for Rental Real Estate Activities on page 3 of the instructions.)

1a Activities with net income (enter the amount from Worksheet 1, column (a)) 1a

1b Activities with net loss (enter the amount from Worksheet 1, column (b)) 1b

1c Prior years unallowed losses (enter the amount from Worksheet 1, column (c)) 1c

1d Combine lines 1a, 1b, and 1c 1d

**Commercial Revitalization Deductions From Rental Real Estate Activities**

2a Commercial revitalization deductions from Worksheet 2, column (a) 2a

2b Prior year unallowed commercial revitalization deductions from Worksheet 2, column (b) 2b

2c Add lines 2a and 2b 2c

**All Other Passive Activities**

3a Activities with net income (enter the amount from Worksheet 3, column (a)) 3a

3b Activities with net loss (enter the amount from Worksheet 3, column (b)) 3b

3c Prior years unallowed losses (enter the amount from Worksheet 3, column (c)) 3c

3d Combine lines 3a, 3b, and 3c 3d

4 Combine lines 1d, 2c, and 3d. If the result is net income or zero, all losses are allowed, including any prior year unallowed losses entered on line 1c, 2b, or 3c. Do not complete Form 8582. Report the losses on the forms and schedules normally used. If line 4 is a loss and:

- Line 1d is a loss, go to Part III.
- Line 2c is a loss and line 1d is zero or more, skip Part II and go to Part III.
- Line 3d is a loss and lines 1d and 2c are zero or more, skip Parts I and II and go to line 15.

Caution: If your filing status is married filing separately and you lived with your spouse at any time during the year, do not complete

OMB No. 1545-1008  
 Attachment Sequence No. 88

**Form 8582-CR Passive Activity Credit Limitations**  
 Department of the Treasury Internal Revenue Service (99)  
 Names shown on return

OMB No. 1545-1034  
 2007 Attachment Sequence No. 89

**Part I 2007 Passive Activity Credits**

Caution: If you have credits from a publicly traded partnership, see Publicly Traded Partnerships (PTPs) on page 15 of the instructions.

**Credits From Rental Real Estate Activities With Active Participation (Other Than Rehabilitation Credits and Low-Income Housing Credits)** (See Lines 1a through 1c on page 9.)

1a Credits from Worksheet 1, column (a) 1a

1b Prior year unallowed credits from Worksheet 1, column (b) 1b

1c Add lines 1a and 1b 1c

**Rehabilitation Credits From Rental Real Estate Activities and Low-Income Housing Credits for Property Placed in Service Before 1990 (or From Pass-Through Interests Acquired Before 1990)** (See Lines 2a through 2c on page 9.)

2a Credits from Worksheet 2, column (a) 2a

2b Prior year unallowed credits from Worksheet 2, column (b) 2b

2c Add lines 2a and 2b 2c

**Low-Income Housing Credits for Property Placed in Service After 1989** (See Lines 3a through 3c on page 9.)

3a Credits from Worksheet 3, column (a) 3a

3b Prior year unallowed credits from Worksheet 3, column (b) 3b

3c Add lines 3a and 3b 3c

**All Other Passive Activity Credits** (See Lines 4a through 4c on page 9.)

4a Credits from Worksheet 4, column (a) 4a

4b Prior year unallowed credits from Worksheet 4, column (b) 4b

4c Add lines 4a and 4b 4c

5 Add lines 1c, 2c, 3c, and 4c 5

6 Enter the tax attributable to net passive income (see page 9) 6

7 Subtract line 6 from line 5. If line 6 is more than or equal to line 5, enter -0- and see page 10 7

OMB No. 1545-1034  
 Attachment Sequence No. 89

**Form 1040 (2007) Tax and Credits**  
 Department of the Treasury Internal Revenue Service (99)  
 Names shown on return

OMB No. 1545-0047 Page 2

38 Amount from line 37 (adjusted gross income) 38

39a Check if  You were born before January 2, 1943,  Blind,  Total boxes checked ▶ 39a

39b If your spouse itemizes on a separate return or you were a dual-status alien, see page 31 and check here ▶ 39b

40 Itemized deductions (from Schedule A) or your standard deduction (see left margin) 40

41 Subtract line 40 from line 38 41

42 If line 38 is \$117,300 or less, multiply \$3,400 by the total number of exemptions claimed on line 42. If line 38 is over \$117,300, see the worksheet on page 33 42

43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0- 43

44 Tax (see page 33; Check if any tax is from: a  Form(s) 8814 b  Form 4972 c  Form(s) 8899 44

45 Alternative minimum tax (see page 36); Attach Form 6251 45

46 Add lines 44 and 45 46

47 Credit for child and dependent care expenses. Attach Form 2441 47

48 Credit for the elderly or the disabled. Attach Schedule R 48

49 Education credits. Attach Form 8863 49

50 Residential energy credits. Attach Form 5695 50

51 Foreign tax credit. Attach Form 1116 if required 51

52 Credit tax credit (see page 39). Attach Form 8901 if required 52

53 Retirement savings contributions credit. Attach Form 8880 53

54 Credits from: a  Form 8396 b  Form 8399 c  Form 8839 54

55 Other credits: a  Form 3800 b  Form 8801 c  Form 8812 55

56 Add lines 47 through 55. These are your total credits 56

57 Subtract line 56 from line 46. If line 56 is more than line 46, enter -0- 57

58 Self-employment tax. Attach Schedule SE 58

59 Unreported social security and Medicare tax from: a  Form 4137 b  Form 9919 59

60 Additional tax on IRAs—qualified retirement plans, etc. Attach Form 5329 if required 60

61 Advance payment of income credit payments from Form(s) W-2, box 9 61

62 Unreported employment taxes. Attach Schedule H 62

Add lines 57 through 62. This is your total tax 63

64 Federal income tax withheld from Forms W-2 and 1099 64

65 2007 estimated tax payments and amount applied from 2006 return 65

66a Earned income credit (EIC) (see 66a

66b Non-taxable combat pay election ▶ 66b

67 Excess social security and tier 1 RRTA tax withheld (see page 9) 67

68 Additional child tax credit. Attach Form 8812 68

69 Amount paid with request for extension to file (see page 59) 69

OMB No. 1545-0047  
 Attachment Sequence No. 22

**Form 8582-CR (2007) Special Allowance for Rehabilitation Credits From Rental Real Estate Activities and Low-Income Housing Credits for Property Placed in Service Before 1990 (or From Pass-Through Interests Acquired Before 1990)**  
 Department of the Treasury Internal Revenue Service (99)  
 Names shown on return

OMB No. 1545-1034 Page 2

Note: Complete this part only if you have an amount on line 2c. Otherwise, go to Part IV.

17 Enter the amount from line 16 17

18 Enter the amount from line 16 18

19 Subtract line 18 from line 17. If zero, enter -0- here and on lines 30 and 36, and then go to Part V 19

20 Enter the smaller of line 2c or line 19 20

21 Enter \$250,000. If married filing separately, see page 12. (See page 12 to find out if you can skip lines 21 through 26.) 21

22 Enter modified adjusted gross income, but not less than zero. (See instructions for line 10 on page 10.) If line 22 is equal to or more than line 21, skip lines 23 through 29 and enter -0- on line 30 22

23 Subtract line 22 from line 21 23

24 Multiply line 23 by 50% (.50). Do not enter more than \$25,000. If married filing separately, see page 12 24

25a Enter the amount, if any, from line 10 of Form 8582 25a

25b Enter the amount, if any, from line 14 of Form 8582 25b

25c Add lines 25a and 25b 25c

26 Subtract line 25c from line 24 26

27 Enter the tax attributable to the amount on line 26 (see page 12) 27

28 Enter the amount, if any, from line 18 28

29 Subtract line 28 from line 27 29

30 Enter the smaller of line 20 or line 29 30

**Part IV Special Allowance for Low-Income Housing Credits for Property Placed in Service After 1989**  
 Note: Complete this part only if you have an amount on line 3c. Otherwise, go to Part V.

31 If you completed Part III, enter the amount from line 19. Otherwise, subtract line 16 from line 7 31

32 Enter the amount from line 30 32

33 Subtract line 32 from line 31. If zero, enter -0- here and on line 36 33

34 Enter the smaller of line 3c or line 33 34

35 Tax attributable to the remaining special allowance (see page 12) 35

36 Enter the smaller of line 34 or line 35 36

**Part V Passive Activity Credit Allowed**

37 Passive Activity Credit Allowed. Add lines 18, 30, and 36. See page 12 to find out how to report the allowed credit on your tax return and how to allocate allowed and unallowed credits if you have more than one credit on more than one activity. If you have any credits from a publicly traded partnership, see Publicly Traded Partnerships (PTPs) on page 15 37

**Part VI Election To Increase Basis of Credit Property**

38 If you disposed of your entire interest in a passive activity or former passive activity in a fully taxable transaction, and you elected to increase your basis in credit property used in that activity by the unallowed credit that reduced your basis in the credit property, enter the amount of the election here 38

OMB No. 1545-1034  
 Attachment Sequence No. 89

See worksheet on back of this brochure for lines 27 and 35.