

## Schedule K-1 Entries and Where They Go

- Line 2-Net Income (Loss) From Rental Real Estate Activities (see A)** is entered on worksheet 3, insert after, column a of Form 8582 if line 2 shows net income and column b of Form 8582 if line 2 shows a loss and carried to lines 3a and 3b respectively. Be sure to bring any prior year suspended losses forward to worksheet 3, column c.
- Form 8582 accumulates all your passive income and loss and determines how much of the loss you can deduct in the current year. Any unused passive loss may be carried forward indefinitely and allowed as a deduction against passive income in future years.
- Line 5 - Interest Income** and the name of the Partnership is entered on Line 1, Part I of Schedule B.
- Line 11E or Line 11F - Cancellation of Debt**  
The cancellation of debt income should be reported as passive activity income and added to Form 8582, Part I line 3a, and also carried to Form 1040, line 21.
- Line 13D - Charitable Contributions** Report this amount, subject to the 30% AGI limitation, on line 17 of Schedule A (Form 1040).
- 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.
- 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.
- Please enter the EIN and the amount from Line 15A or 15B of the K-1 on Part III, line 1d, column (b) and (c) of the Form 3800. The amount should also be included in Part II, line 32. Please also enter the amount from line 15A or 15B onto worksheet 3 of Form 8582CR and complete lines 3c and 5 through 7 of Form 8582CR.
- Complete Lines 31 through 34 of Form 8582CR and then complete the Line 35 worksheet. Enter the Line 37 amount on Part II, line 33 of Form 3800.
- Before proceeding, you will need to complete Form 6251. Please refer to the IRS instructions if you have any questions about completing this form. You must complete Part II of the Form 3800. Carry the amount from Line 38 of the Form 3800 to Line 53 of the Form 1040 and check box 53 (a).
- 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.

- 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. You will probably need to consult with a competent tax professional for assistance in preparing this form.
- If you are not deducting any passive losses from this activity, enter zero on Line 19 of Form 6251 - "Alternative Minimum Tax - Individuals." If you are deducting the passive losses, see the instructions for Form 6251, Line 19 to determine the amount to be entered on that line. (Please consult with your tax advisor if this applies to you.)
- Item L - 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. The capital account represents tax capital and is not indicative of fair market value, nor does it necessarily represent your tax basis. This section is not used in preparing your tax return.
- Item K** - 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, 2011.

## California K-1 Entries and Where They Go

- 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.
- Line (5) - Interest income** is the same as the Federal amount and no California adjustment is required.
- Lines 17(a) (b) or (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:

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:

F. Taxable income.....	_____	
G. Tax on line F above.....	_____	_____
H. Taxable income on Line F less amount from Form 8582, line 10, 14, and \$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).

# WNC 2011 Schedule K-1 Instructions and Graphic Guide

Dear WNC Investor,

We are pleased to provide you with your 2011 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 980 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

17782 SKYPARK CIRCLE • IRVINE, CALIFORNIA 92614-6404  
www.wncinc.com • (714) 662-5565 x 600

## 2011 K-1 Instructions and Graphic Guide

### Part III of Form 3800 - General Business Credits

**Schedule K-1 (Form 1065) 2011**  
OMB No. 1545-0099

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

1 Ordinary business income (loss) 15 Credits

2 Net rental real estate income (loss) 16 Foreign transactions

3 Other net rental real estate (loss) 16 Foreign transactions

4 Guaranteed payments

5 Interest income

6a Ordinary dividends

6b Qualified dividends

7 Royalties

8 Net short-term capital gain (loss)

9a Net long-term capital gain (loss)

9b 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)

19 Distribution

20 Other information

**Part I Information About the Partnership**

12-123456 Identification number

WNC Partnerships  
17782 Sky Park Circle  
Irvine, CA 92614

**Part II Information About the Partner**

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

Partner's share of profit, loss, and capital (see instructions)

Beginning Ending

Profit % %  
Loss % %  
Capital % %

Partner's share of liabilities at year-end:

Nonrecourse \$  
Qualified nonrecourse financing \$  
Recourse \$

Partner's capital account analysis:

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

For IRS Use Only

**Form 8582 (2011) Passive Activity Loss Limitations**  
OMB No. 1545-1008

**Worksheet 1 - For Form 8582, Lines 1a, 1b, and 1c** (See instructions.)

Current year	Prior years	Overall gain or loss
(a) Net income (line 1a)	(b) Net loss (line 1b)	(c) Overall loss (line 1c)

Total. Enter on Form 8582, lines 1a, 1b, and 1c.

**Worksheet 2 - For Form 8582, Lines 2a and 2b** (See instructions.)

Current year	Prior years	Overall loss
(a) Current year unallowed deductions (line 2a)	(b) Prior year unallowed deductions (line 2b)	(c) Overall loss

Total. Enter on Form 8582, lines 2a and 2b.

**Worksheet 3 - For Form 8582, Lines 3a, 3b, and 3c** (See instructions.)

Current year	Prior years	Overall gain or loss
(a) Net income (line 3a)	(b) Net loss (line 3b)	(c) Overall loss (line 3c)

Total. Enter on Form 8582, lines 3a, 3b, and 3c.

Form 8582 - Page 2

**Form 1040 U.S. Individual Income Tax Return 2011**  
OMB No. 1545-0074

**Part III Passive Activity Credit Limitations**  
Attachment Sequence No. 89

**Part I Passive Activity Credits**

1 Credits from Worksheet 1, column (a).

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

3 Add lines 1a and 1b.

4 Credits from Worksheet 2, column (a).

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

6 Add lines 2a and 2b.

7 Regular tax before credits:

8 Alternative minimum tax:

9 Add lines 1 through 7.

10 Subtract line 9 from line 8.

11 Enter the smaller of line 9 or line 10.

12 Enter the amount from line 11.

13 Enter the amount from line 12.

14 Enter the amount from line 13.

15 Enter the amount from line 14.

16 Enter the amount from line 15.

17 Enter the amount from line 16.

18 Enter the amount from line 17.

19 Enter the amount from line 18.

20a Social security benefits 20b Taxable amount

21 Other income. List type and amount.

22 Combine the amounts in the far right column for lines 7 through 21. This is your total income.

23 Educator expenses 23

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 24

25 Health savings account deduction. Attach Form 8889 25

26 Moving expenses. Attach Form 3903 26

27 Deductible part of self-employment tax. Attach Schedule SE 27

28 Self-employed SEP, SIMPLE, and qualified plans 28

29 Self-employed health insurance deduction 29

30 Penalty on early withdrawal of savings 30

31a Alimony paid b Recipient's SSN 31a 31b

32 IRA deduction 32

33 Enter the smaller of line 20 or line 29.

34 Subtract line 33 from line 31. If zero, enter -0- here and on line 36, and then go to Part V.

35 Enter the smaller of line 34 or line 33.

36 Enter the smaller of line 34 or line 35.

**Form 3800 (2011) General Business Credit**  
OMB No. 1545-0895

**Part I Current Year Credit for Credits Not Allowed Against Tentative Minimum Tax (TMT)**  
(See instructions and complete Part(s) III before Parts I and II.)

1 General business credit from line 2 of all Parts III with box A checked	1
2 Passive activity credits from line 2 of all Parts III with box B checked	2
3 Enter the applicable passive activity credits allowed for 2011 (see instructions)	3
4 Carryforward of general business credit from 2012. Enter the amount from line 2 of Part III with box C checked. See instructions for schedule to attach.	4
5 Carryback of general business credit from 2012. Enter the amount from line 2 of Part III with box D checked (see instructions).	5
6 Add lines 1, 3, 4, and 5	6

**Part II Allowable Credit**

7 Regular tax before credits:

8 Alternative minimum tax:

9 Add lines 1 through 7.

10 Subtract line 9 from line 8.

11 Enter the smaller of line 9 or line 10.

12 Enter the amount from line 11.

13 Enter the amount from line 12.

14 Enter the amount from line 13.

15 Enter the amount from line 14.

16 Enter the amount from line 15.

17 Enter the amount from line 16.

18 Enter the amount from line 17.

19 Enter the amount from line 18.

20 Enter the amount from line 19.

21 Enter the amount from line 20.

22 Enter the amount from line 21.

23 Subtract line 22 from line 21.

24 Multiply line 23 by 50% (.50). Do not enter more than \$25,000. If married filing separately, see page 13.

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

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

25c Add lines 25a and 25b.

26 Subtract line 25c from line 24.

27 Enter the tax attributable to the amount on line 26 (see page 13).

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

29 Subtract line 28 from line 27.

30 Enter the smaller of line 20 or line 29.

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

32 Enter the amount from line 30.

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

34 Enter the smaller of line 30 or line 33.

35 Tax attributable to the remaining special allowance (see page 13).

36 Enter the smaller of line 34 or line 35.

Instructions explain if you need to use Form 3800.

**Form 3800 (2011) General Business Credit**  
OMB No. 1545-0895

**Part I Current Year Credit for Credits Not Allowed Against Tentative Minimum Tax (TMT)**  
(See instructions and complete Part(s) III before Parts I and II.)

1 General business credit from line 2 of all Parts III with box A checked	1
2 Passive activity credits from line 2 of all Parts III with box B checked	2
3 Enter the applicable passive activity credits allowed for 2011 (see instructions)	3
4 Carryforward of general business credit from 2012. Enter the amount from line 2 of Part III with box C checked. See instructions for schedule to attach.	4
5 Carryback of general business credit from 2012. Enter the amount from line 2 of Part III with box D checked (see instructions).	5
6 Add lines 1, 3, 4, and 5	6

**Part II Allowable Credit**

7 Regular tax before credits:

8 Alternative minimum tax:

9 Add lines 1 through 7.

10 Subtract line 9 from line 8.

11 Enter the smaller of line 9 or line 10.

12 Enter the amount from line 11.

13 Enter the amount from line 12.

14 Enter the amount from line 13.

15 Enter the amount from line 14.

16 Enter the amount from line 15.

17 Enter the amount from line 16.

18 Enter the amount from line 17.

19 Enter the amount from line 18.

20 Enter the amount from line 19.

21 Enter the amount from line 20.

22 Enter the amount from line 21.

23 Subtract line 22 from line 21.

24 Multiply line 23 by 50% (.50). Do not enter more than \$25,000. If married filing separately, see page 13.

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

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

25c Add lines 25a and 25b.

26 Subtract line 25c from line 24.

27 Enter the tax attributable to the amount on line 26 (see page 13).

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

29 Subtract line 28 from line 27.

30 Enter the smaller of line 20 or line 29.

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

32 Enter the amount from line 30.

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

34 Enter the smaller of line 30 or line 33.

35 Tax attributable to the remaining special allowance (see page 13).

36 Enter the smaller of line 34 or line 35.

Part II of Form 3800 - See Instructions

**SCHEDULE B (Form 1040A or 1040) Interest and Ordinary Dividends**  
OMB No. 1545-0074

**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 instructions on back 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 1040A, or Form 1040, line 8a.

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

**Part II Ordinary Dividends**

5 List name of payer.

**Form 3800 (2011) General Business Credit**  
OMB No. 1545-0895

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

17 Enter the amount from line 7.	17
18 Subtract line 18 from line 17. If zero, enter -0- here and on lines 30 and 36, and then go to Part V.	18
19 Enter the smaller of line 2c or line 19.	19
20 Enter \$250,000. If married filing separately, see page 13. (See page 13 to find out if you can skip lines 21 through 26.)	20
21 Enter the amount, if any, from line 10 of Form 8582.	21
22 Enter the amount, if any, from line 14 of Form 8582.	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 13.	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 13).	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
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 30 or line 33.	34
35 Tax attributable to the remaining special allowance (see page 13).	35
36 Enter the smaller of line 34 or line 35.	36

**Part IV Passive Activity Credit Allowed**

37 Passive Activity Credit Allowed. Add lines 6, 16, 30, and 36. See page 13 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 or credits from more than one activity. If you have any credits from a publicly traded partnership, see Publicly Traded Partnerships (PTPs) on page 14.

Part II of Form 3800 - cont

**Form 3800 (2011) General Business Credit**  
OMB No. 1545-0895

**Part I Current Year Credit for Credits Not Allowed Against Tentative Minimum Tax (TMT)**  
(See instructions and complete Part(s) III before Parts I and II.)

1 General business credit from line 2 of all Parts III with box A checked	1
2 Passive activity credits from line 2 of all Parts III with box B checked	2
3 Enter the applicable passive activity credits allowed for 2011 (see instructions)	3
4 Carryforward of general business credit from 2012. Enter the amount from line 2 of Part III with box C checked. See instructions for schedule to attach.	4
5 Carryback of general business credit from 2012. Enter the amount from line 2 of Part III with box D checked (see instructions).	5
6 Add lines 1, 3, 4, and 5	6

**Part II Allowable Credit**

7 Regular tax before credits:

8 Alternative minimum tax:

9 Add lines 1 through 7.

10 Subtract line 9 from line 8.

11 Enter the smaller of line 9 or line 10.

12 Enter the amount from line 11.

13 Enter the amount from line 12.

14 Enter the amount from line 13.

15 Enter the amount from line 14.

16 Enter the amount from line 15.

17 Enter the amount from line 16.

18 Enter the amount from line 17.

19 Enter the amount from line 18.

20 Enter the amount from line 19.

21 Enter the amount from line 20.

22 Enter the amount from line 21.

23 Subtract line 22 from line 21.

24 Multiply line 23 by 50% (.50). Do not enter more than \$25,000. If married filing separately, see page 13.

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

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

25c Add lines 25a and 25b.

26 Subtract line 25c from line 24.

27 Enter the tax attributable to the amount on line 26 (see page 13).

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

29 Subtract line 28 from line 27.

30 Enter the smaller of line 20 or line 29.

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

32 Enter the amount from line 30.

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

34 Enter the smaller of line 30 or line 33.

35 Tax attributable to the remaining special allowance (see page 13).

36 Enter the smaller of line 34 or line 35.

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