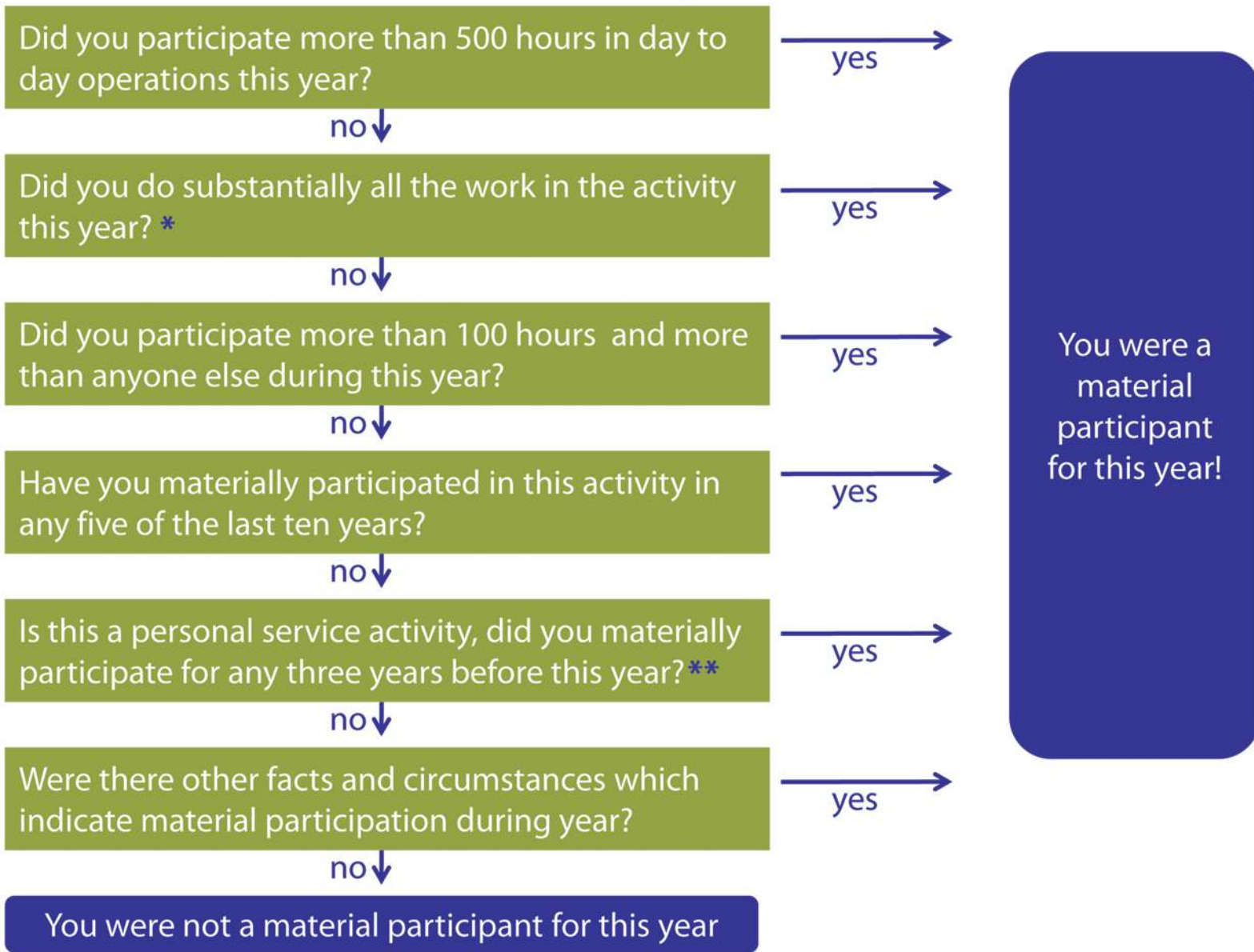


Did you materially participate in that activity this year?

If you materially participate in an activity you may be able to classify the activity as nonpassive and thus use any losses from that activity to offset other sources of taxable income.

Generally, losses from passive activities can only offset passive income (which, strange though it may seem, does not include income from an investment portfolio). As with all tax things, there are exceptions to these guidelines: please consult a tax advisor about your individual circumstances to determine the correct tax treatment.



*If the activity is a Limited Partnership and you are a limited partner, you probably can't use this test to prove your material participation.

**Personal services include the fields of health (e.g.: doctors), engineering, architecture, accounting, actuarial science, performing arts, consulting, or any other field in which capital is not a material income-producing factor.

This is a summary and is not intended as tax or legal advice. You should consult with your tax advisor to obtain specific advice with respect to your fact pattern. Based on the most recent "best practice" standards for tax advisors issued by the Treasury Department, commonly referred to as Circular 230, we wish to advise you that this bulletin has not been prepared to be used, and cannot be used, to provide assurance that penalties which may be assessed by the IRS or other taxing authority (including specifically section 6662 understatement penalties) will not be upheld.