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Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**2010**

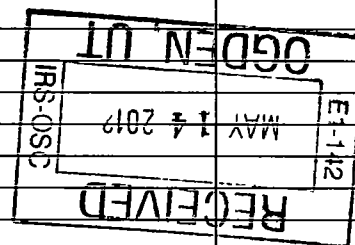
Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

For calendar year 2010, or tax year beginning **DEC 14, 2010**, and ending **JUN 30, 2011**G Check all that apply: ☒ Initial return ☐ Initial return of a former public charity ☐ Final return
☐ Amended return ☐ Address change ☐ Name change

Name of foundation LED BY LOVE FOUNDATION		A Employer identification number 27-4256513
Number and street (or P O box number if mail is not delivered to street address) 8300 UTICA AVE, SUITE 300	Room/suite	B Telephone number 909-354-8000
City or town, state, and ZIP code RANCHO CUCAMONGA, CA 91730		C If exemption application is pending, check here <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 638,465.	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
(Part I, column (d) must be on cash basis.)		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received		650,000.		N/A	
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities					
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10					
b Gross sales price for all assets on line 6a					
7 Capital gain net income (from Part IV, line 2)			0.		
8 Net short-term capital gain					
9 Income modifications Gross sales less returns and allowances					
10a b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income					
12 Total Add lines 1 through 11		650,000.	0.		
13 Compensation of officers, directors, trustees, etc		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees					
c Other professional fees					
17 Interest					
18 Taxes					
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses STMT 1		1,535.	1,517.		18.
24 Total operating and administrative expenses. Add lines 13 through 23		1,535.	1,517.		18.
25 Contributions, gifts, grants paid		10,000.			10,000.
26 Total expenses and disbursements. Add lines 24 and 25		11,535.	1,517.		10,018.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		638,465.			
b Net investment income (if negative, enter -0-)			0.		
c Adjusted net income (if negative, enter -0-)				N/A	

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only			
		Beginning of year	End of year		
		(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1 Cash - non-interest-bearing		20,340.	20,340.	
	2 Savings and temporary cash investments				
	3 Accounts receivable ▶				
	Less: allowance for doubtful accounts ▶				
	4 Pledges receivable ▶				
	Less: allowance for doubtful accounts ▶				
	5 Grants receivable				
	6 Receivables due from officers, directors, trustees, and other disqualified persons				
	7 Other notes and loans receivable ▶				
	Less: allowance for doubtful accounts ▶				
	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges				
	10a Investments - U.S. and state government obligations				
	b Investments - corporate stock				
	c Investments - corporate bonds				
	11 Investments - land, buildings, and equipment basis ▶				
	Less: accumulated depreciation ▶				
	12 Investments - mortgage loans				
	13 Investments - other STMT 2	0.	618,125.	618,125.	
	14 Land, buildings, and equipment: basis ▶				
	Less: accumulated depreciation ▶				
	15 Other assets (describe ▶)				
	16 Total assets (to be completed by all filers)	0.	638,465.	638,465.	
	Liabilities	17 Accounts payable and accrued expenses			
		18 Grants payable			
19 Deferred revenue					
20 Loans from officers, directors, trustees, and other disqualified persons					
21 Mortgages and other notes payable					
22 Other liabilities (describe ▶)					
23 Total liabilities (add lines 17 through 22)		0.	0.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.				
	24 Unrestricted				
	25 Temporarily restricted				
	26 Permanently restricted				
	Foundations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 31				
	27 Capital stock, trust principal, or current funds	0.	0.		
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.		
	29 Retained earnings, accumulated income, endowment, or other funds	0.	638,465.		
30 Total net assets or fund balances	0.	638,465.			
31 Total liabilities and net assets/fund balances	0.	638,465.			

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	0.
2 Enter amount from Part I, line 27a	2	638,465.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	638,465.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	638,465.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)		(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b NONE				
c				
d				
e				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7
If (loss), enter -0- in Part I, line 7 }

3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):
If gain, also enter in Part I, line 8, column (c).
If (loss), enter -0- in Part I, line 8

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

N/A

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

☐ Yes ☐ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2009			
2008			
2007			
2006			
2005			

2 Total of line 1, column (d)

3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years

4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5

5 Multiply line 4 by line 3

6 Enter 1% of net investment income (1% of Part I, line 27b)

7 Add lines 5 and 6

8 Enter qualifying distributions from Part XII, line 4

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		1	0.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0.
3 Add lines 1 and 2		3	0.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5 Tax based on investment income Subtract line 4 from line 3. If zero or less, enter -0-		5	0.
6 Credits/Payments:			
a 2010 estimated tax payments and 2009 overpayment credited to 2010	6a		
b Exempt foreign organizations - tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d	7		0.
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8		
9 Tax due If the total of lines 5 and 8 is more than line 7, enter amount owed	9		0.
10 Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		
11 Enter the amount of line 10 to be: Credited to 2011 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11		

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
1c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. \$ 0. (2) On foundation managers. \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		X
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> CA		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	X	

N/A

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <u>N/A</u>	13	X	
14	The books are in care of ► <u>RICH MUNKVOLD</u> Telephone no. ► <u>909.354.8000</u> Located at ► <u>8300 UTICA AVE, SUITE 300, RANCHO CUCAMONGA, CA</u> ZIP+4 ► <u>91730</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year	15	N/A	
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►	16	Yes	No
				X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	1b	
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010?	1c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► _____, _____, _____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	2b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► _____, _____, _____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2010 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010.) <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b	X

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?

☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

N/A

Organizations relying on a current notice regarding disaster assistance check here

☒

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

N/A

☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

If "Yes" to 6b, file Form 8870

☐ Yes ☒ No

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
JAMES L. PREVITI	DIRECTOR			
12770 AMBER LANE				
RANCHO CUCAMONGA, CA 91739	0.50	0.	0.	0.
LORELL PREVITI	DIRECTOR			
12770 AMBER LANE				
RANCHO CUCAMONGA, CA 91739	5.00	0.	0.	0.
RICHARD MUNKVOLD	DIRECTOR			
5380 EVENING CANYON WAY				
ALTA LOMA, CA 91737	0.50	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over \$50,000

0

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Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)***3** Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services

0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	0.

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Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	0.
b	Average of monthly cash balances	1b	16,147.
c	Fair market value of all other assets	1c	618,125.
d	Total (add lines 1a, b, and c)	1d	634,272.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) SEE STATEMENT 4	1e	309,549.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	634,272.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	9,514.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	624,758.
6	Minimum investment return. Enter 5% of line 5 ADJUSTED FOR SHORT TAX PERIOD	6	17,031.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	17,031.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	0.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	17,031.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	17,031.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	17,031.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	10,018.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	10,018.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	10,018.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				17,031.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2010 from Part XII, line 4: ► \$ 10,018.				
a Applied to 2009, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2010 distributable amount				10,018.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				7,013.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				
d Excess from 2009				
e Excess from 2010				

Part XV	Supplementary Information (continued)
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3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year CHILDREN'S FUND 825 E HOSPITALITY LANE, 2ND FLOOR SAN BERNARDINO, CA 92415	NONE	CHARITY	CHILDREN'S PROGRAMS	10,000.
Total			► 3a	10,000.
b Approved for future payment NONE				
Total			► 3b	0.

Schedule B(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

▶ Attach to Form 990, 990-EZ, or 990-PF.

OMB No 1545-0047

2010

Name of the organization

LED BY LOVE FOUNDATION

Employer identification number

27-4256513

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☐ 501(c)() (enter number) organization☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation☐ 527 political organization

Form 990-PF

☒ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundationCheck if your organization is covered by the **General Rule** or a **Special Rule**.**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.**General Rule**

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- ☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year. ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2010)

Name of organization

Employer identification number

LED BY LOVE FOUNDATION**27-4256513****Part I Contributors** (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
<u>1</u>	<u>JAMES L. PREVITI</u> <u>12770 AMBER LANE</u> <u>RANCHO CUCAMONGA, CA 91739</u>	\$ <u>650,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution)
<u>0</u>		\$ _____	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

Name of organization

Employer identification number

LED BY LOVE FOUNDATION

27-4256513

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) ▶ \$

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee

FORM 990-PF	OTHER EXPENSES	STATEMENT	1
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
WIRE FEE	35.	17.		18.
APPRAISAL FEE	1,500.	1,500.		0.
TO FORM 990-PF, PG 1, LN 23	1,535.	1,517.		18.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	2
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
FD&J MARKET	FMV	618,125.	618,125.
TOTAL TO FORM 990-PF, PART II, LINE 13		618,125.	618,125.

FORM 990-PF	LIST OF SUBSTANTIAL CONTRIBUTORS PART VII-A, LINE 10	STATEMENT	3
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NAME OF CONTRIBUTOR	ADDRESS
JAMES L. PREVITI	12770 AMBER LANE RANCHO CUCAMONGA, CA 91739

FORM 990-PF

REDUCTION EXPLANATION
PART X, LINE 1E

STATEMENT 4

EXPLANATION FOR REDUCTION CLAIMED FOR BLOCKAGE OR OTHER FACTORS

SEE ATTACHED APPRAISAL FOR EXPLANATION OF REDUCTION DUE TO MINORITY
DISCOUNT.

STATE COPY

Appraisal of FD & J Market, LLC

A. VALUATION AND PARTNERSHIP INFORMATION

DATE OF THE REPORT : October 5, 2011
DATE OF VALUATION : March 20, 2011

INTEREST APPRAISED : This appraisal provides an estimate of value for a 37.5% interest in the FD & J Market LLC, whose sole asset is 13.09 acres of General Commercial-zoned land on Highway 18/Verbena Road in Adelanto. This ownership share was formerly held by James L. Previti and transferred to the Led By Love Foundation in its entirety on December 17, 2010. The intent of this report is to determine the discounted fractional interest for the ownership share now held by Led By Love, based on a separate appraisal of the land prepared by Catherine A. Bolsover as of March 20, 2011.

For this analysis, only the Cost Approach/Net Asset Value Method will be employed. The Income Approach involves forecasting the net cash flows generated by the subject property to the ownership interest being appraised. The conversion of net cash flow to a value indication is accomplished through a technique known as discounted cash-flow analysis. Since the sole asset held by the LLC is vacant land that is not ground-leased, this approach would not be applicable for this assignment.

WILLING BUYER/WILLING SELLER TEST : For gift and estate tax purposes, the value of property transferred to another party is measured on the date of the transfer as "the price at which the property would change hands between a [hypothetical] willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts" (the "willing-buyer, willing-seller test," Treas. Reg. § 20.2031-1(b)). For assets traded on an established market or that have a readily ascertainable value, the value for gift and estate tax purposes is their market value on the date of the transfer or death. For other assets, valuation must be established by an educated estimate.¹

INTENDED USE OF THE APPRAISAL : It is our understanding that this report is to be utilized for tax and estate planning purposes by the Client.

INTENDED USERS OF THE APPRAISAL : The intended users of this report include the Client, FD & J Market LLC, and agencies related to the intended use of the report such as the Internal Revenue Service. The appraiser does not intend use of this report by others.

¹ Justin Ransome and Vinu Satchit, "Valuation Discounts for Estate and Gift Taxes", July 2009, American Institute of Certified Public Accountants, Inc.

OWNERSHIP BACKGROUND AND FORMATION

The subject's ownership interests were initially established on February 15, 2006 with the creation of the FD & J Market LLC, whose members were W. Daniel Tate, Frank J. Glankler III and James L. Previti. At the time of the LLC's creation, Mr. Previti was named the Manager of the LLC. On December 17, 2010, Mr. Previti transferred his ownership share to the Led By Love Foundation, who is now the Successor Manager of the LLC. As of the date of this report, the current ownership breakdown in this LLC is as follows. This LLC will terminate on December 31, 2026 unless extended by unanimous vote of the members.

Owner's Names	% Ownership
– FD & J Market LLC (Sole owner)	
W Daniel Tate	25.00%
Frank J. Glankler, III	37.50%
Led By Love Foundation	37.50%
Totals	100%

Portions of this Agreement have been cited in this report, where relevant.

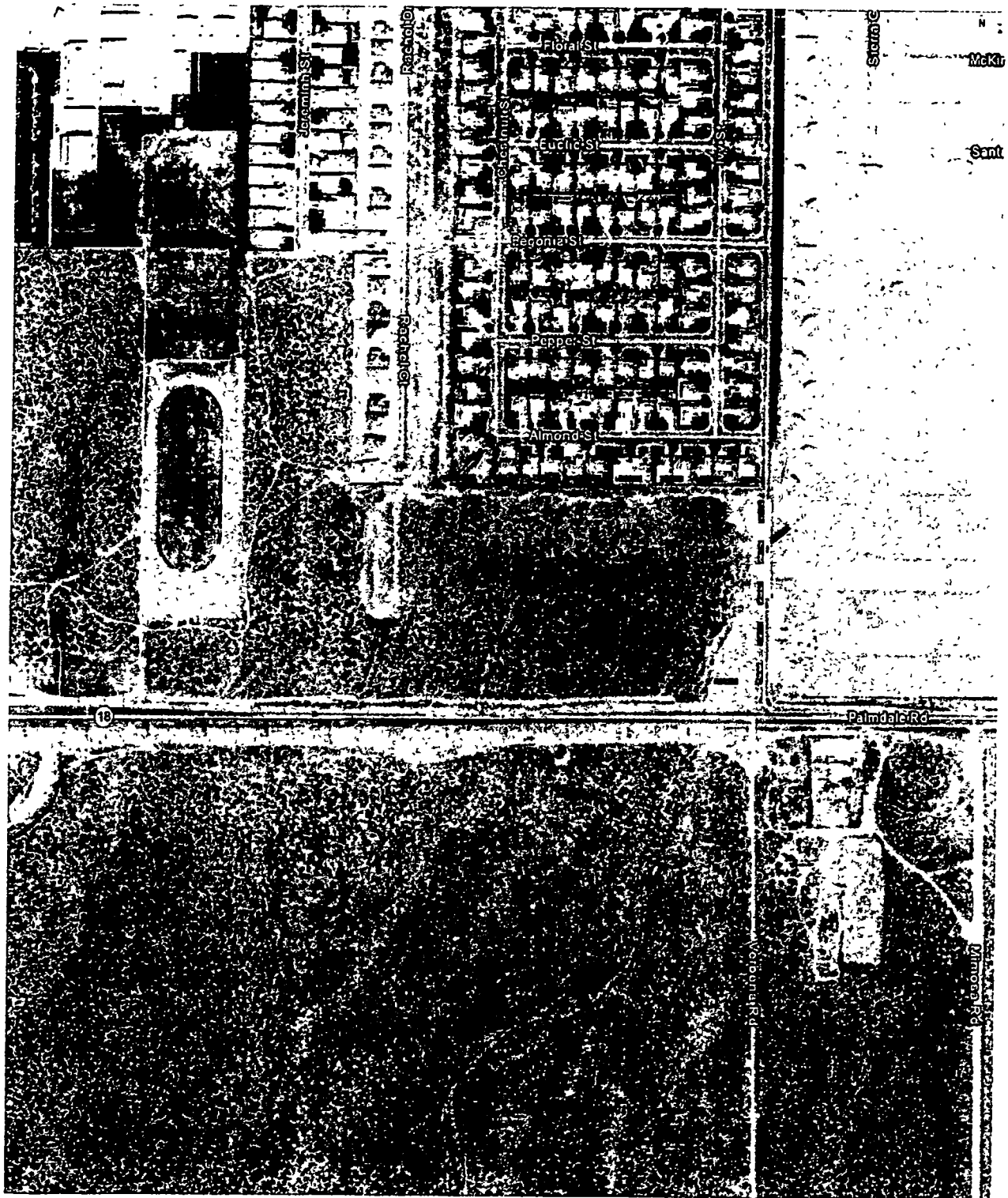
ORGANIZATION

- Name of LLC FD & J Market LLC
- Principal Place of Business 3536 Concours, Suite 320
Ontario, CA 91764
- Purpose of the Business "The purpose of the Company is to engage in any lawful activity for which a limited liability company may be organized under the Beverly-Killea Limited Liability Company Act, codified in California Corporations Code Sections 17,000 et seq. Without limiting the foregoing, the Company has been specifically organized to own, develop and/or operate real estate projects, and/or to act as the manager of one or more limited liability companies, owning, developing and/or operating real estate projects."²

ASSET IDENTIFICATION

The asset owned by FD & J Market LLC was appraised by Catherine A. Bolsover and Paul T. Jacobs in a separate report with a date of valuation of March 20, 2011. The subject consists of two adjoining parcels of land at the northwest corner of Verbena Street and Palmdale Road in the city of Adelanto, as shown in the aerial map on the next page.

² Limited Liability Company Agreement for FD & J Market LLC, pages 1 and 5.



AERIAL MAP OF SUBJECT SITE

The subject is located in the city of Adelanto, which is in the high-desert sub-region of San Bernardino County. It is bordered to the east and south by the city of Victorville, and to the north and west by undeveloped land. The subject is approximately 5.8 miles west of Interstate 15, and 6 miles southwest of the Adelanto airport. There is currently weak demand for new commercial development in this market area, although there is an adequate amount of potentially-developable land.

- Market Value of Lessee's Interest: \$2,358,470, based on an appraisal prepared by Catherine A. Bolsover and Paul T. Jacobs as of March 20, 2011.
- Liabilities: No indebtedness was assumed for this assignment.
- Net Asset Value: This is the difference between the depreciated value of the fixed assets and the current amount of the total liabilities. Since there are no liabilities, the net asset value would be the same as the overall market value.

ALLOCATION OF PROFITS AND LOSSES

It is assumed that the profits and losses of the ownership will be determined for each fiscal year in accordance with the accounting methods followed for federal income tax purposes. Profits and losses shall be allocated among the owners in proportion to their respective ownership interests at the end of the fiscal year.

MANAGEMENT AND CONTROL OF THE OWNERSHIP

Maintenance of the Real Property

The Manager of the LLC will be responsible for the maintenance of the real property and the payment of operating expenses not passed through to the other members of the LLC.

Management and Control of the Real Property

To the best of our understanding, the day-to-day management and control of the real property will be handled by the Manager.

Sale of the Real Property/Distributions

Acquisition or disposition of any real property owned by the LLC will require the unanimous consent of all members.

According to Section 5.3 of the LLC Agreement, "the unanimous consent of all Members shall be required for the Company to undertake any work on a new project, including, without limitation, agreeing to act as manager of such project or an entity that owns or will own such project. Nothing herein shall limit any of the Members from undertaking such a project individually or collectively outside of the Company."

NON-DISCOUNTED FRACTIONAL INTEREST CONCLUSION

All of our non-discounted fractional interest assumptions are incorporated in the tables below.
(Note). Per client's instructions, we have not factored in sales commissions or other sales-transaction costs.

The undiscounted ownership interest held by Led By Love Foundation equates to 37.50% of the overall property value.

Non-Discounted Fractional Interest (Led By Love Foundation)		
FD & J Market LLC		
Non-Discounted Value of LLC's Sole Asset		\$2,358,470
Less: Estimated Sales Commissions	0.0%	\$0
Less: Estimated Sales Transaction Cost	0.0%	\$0
Net Sales Proceeds		\$2,358,470
Plus: Cash and Receivables		\$0
Less: Liabilities as of the Date of Value		\$0
Net Sales Proceeds from LLC's Sole Asset		\$2,358,470
Led By Love Foundation Fractional Interest (%)		37.50%
Led By Love Foundation Fractional Interest (\$)		\$884,426
		Say
Final Non-Discounted Fractional Interest Value		\$884,426

THE COST APPROACH/NET ASSET VALUE METHOD

The Cost Approach or the Net Asset Value Method provides a value estimate based on the value of the underlying assets. The calculated value represents the net value of the assets assuming the assets were to be sold. The fractional interest valuation can be applied in three major steps:

APPRAISAL DEVELOPMENT AND REPORTING PROCESS

The purpose of this report is to provide a determination of the fractional value of an ownership interest in an LLC whose sole asset is 13.09 acres of General Commercial-zoned land in the city of Adelanto, California. The fractional interest valuation can be applied in three major steps:

1. Estimate the fair market value of the underlying asset.
2. Calculate the fractional interest's pro rata share.
3. Apply a "fractional interest discount" to the pro rata share.

In *Estate of Newhouse v Commissioner*³, fair market value was defined as "the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell, and both having reasonable knowledge of relevant facts. The willing buyer and willing seller are hypothetical persons and are presumed to be dedicated to achieving the maximum economic advantage."

A fractional interest, by definition, represents an interest that is less than whole. It is a generally accepted practice to apply a discount to the fractional interest. The amount of the discount is attributed to a number of factors, including illiquidity, lack of complete control, and other factors. These factors, as they relate to this case, are addressed here.

Historically, the generally accepted range of a fractional interest discount has been between 20% and 40%. The indicated range has been sustained in a number of Tax Court memoranda, including the following four cases the Internal Revenue Service frequently cites when arguing the appropriateness of a fractional discount:⁴

- Propstra v. United States, 680 F. 2d. 1248 (USCA, 9th Cir. 1981)
- Estate of Andrews v. Commissioner, 79 TC 983 (1982)
- Ward v. Commissioner, 87 TC 78 (1986)
- Estate of Piper v. Commissioner, 72 TC 1062

The following sections apply three methods to derive an appropriate discount for the subject.

- Method 1: Davidson Method
- Method 2: Tax Court Data
- Method 3: Partnership Profiles Data

³ 94. T.C. 193, 218 (1990) (citing *Estate of Bright v United States*, 658, F.2d 999, 1006 (5th Cir. 1981)).

⁴ Appraisal Institute, *The Appraisal Journal* (Chicago: Appraisal Institute, B. Davidson, April, 1992) 187, Appraisal Institute, *The Appraisal Journal* (Chicago: Appraisal Institute, C. Sirmans, J. Doiron, and K. Guidry, October, 1993) 602

METHOD 1: DAVIDSON METHOD

According to the B. Davidson article titled "Valuation of Fractional Interests in Real Estate Limited Partnerships-Another Approach", the discount applied to the fractional interest depends upon factors that affect the asset itself as well as factors that affect the fractional interest. These factors are summarized as follows:⁵

A) *Factors that affect the asset itself*

▪ Relative risk of the assets

The typical discount for this factor ranges between 3% and 10% with average risk assets at approximately 7%. High-quality assets would generally have the lowest risk. Also, larger assets are generally considered to have greater risk than smaller assets, all else being the same. Since the subject is vacant commercial land, we estimate the risk of the asset to be near the upper end of the indicated range.

We estimate the discount attributed to this factor to be:

discount factor- 9.0%

▪ Historical consistency of distributions

The typical discount for this factor ranges between 3% and 9% with average-performance assets at approximately 6%. Assets with a steady history of earnings and distributions would fall at the lower end of the range. The subject is vacant land, and as such, has not generated any income for its owners--as best as we could gather from the Paul Jacobs appraisal. Therefore, we estimate the risk of the asset to also be near the upper end of the indicated range.

We estimate the discount attributed to this factor to be:

discount factor- 8.0%

▪ Condition of assets

The typical discount for this factor ranges between 2% and 5% with average-condition assets at approximately 3%. Again, the subject is vacant land and does not have any building or site improvements. Therefore, we estimate the risk attributed to this factor to be near the middle of the indicated range.

We estimate the discount attributed to this factor to be:

discount factor- 3.0%

⁵ Appraisal Institute, *The Appraisal Journal* (Chicago: Appraisal Institute, B. Davidson, April, 1992) 184-194.

- Market's growth potential

The typical discount for this factor ranges between 2% and 4% with average assets at approximately 3%.

Ms. Bolsover and Mr. Jacobs did not perform any trend analyses due to the lack of sufficient data, although they indicated in the appraisal form that property values were declining, that there was an oversupply of commercial land, and that marketing times were averaging over six months.

We recently completed an appraisal of multi-family land in Victorville, and can offer the following observations on local market conditions. The land owned by FD & J Market LLC is located west of Highway 395 on the fringe of existing development. Up until residential market conditions dropped in 2009-2010, the overall path of development progressed west of Interstate 15 into unincorporated and undeveloped land and to the south towards Bear Valley Road.

The year 2009 represented the bottom of the regional-apartment market and also represented the bottom of the single-family housing market in the high-desert area (Adelanto, Victorville and Hesperia) and the county as a whole, based on MLS data. Local apartment values began declining in 2008 and continued through 2009. Consequently, there were few land sales available during this period. Those that did occur ended up selling for less than \$1.00 per square foot--regardless of location or entitlements--which is roughly a quarter of what land values were at the peak of the last cycle in 2006-2007. Those that did sell with entitlements did not sell for any more (on a price-per-square-foot basis) than neighboring unentitled land.

Although there are a number of listings of commercial land (we counted 48 in Adelanto as of the date of this report, according to Loopnet), few have translated into closed sales. According to Loopnet, there have been only 10 sales of commercial land in Adelanto since January 2010. Of these, the highest price paid was for a 1.5-acre lot on Palmdale Road closer to Interstate 15, for approximately \$5 million. The other land sales we found all sold for less than \$100,000--regardless of size.

Based on the current general economic conditions, we estimate the discount attributed to this factor to be at the upper end of the range.

We estimate the discount attributed to this factor to be:

discount factor- 4.0%

▪ Portfolio diversification

The typical discount for this factor ranges between 1% and 2%. The discount factor applied to diversified portfolios should fall at the lower end of the range whereas single-asset portfolios should fall at the higher end of the range. We estimate the discount attributed to this factor to be at the upper end of the range since only a single asset is involved.

We estimate the discount attributed to this factor to be:

discount factor- 2.0%

▪ Strength of management

The typical discount for this factor ranges between 1% and 2%. Since the existing ownership has the necessary knowledge and expertise for this type of property, we estimate the risk factor to be attributed to this factor to be at the lower end of the range.

We estimate the discount attributed to this factor to be:

discount factor- 1.0%

FACTORS THAT AFFECT THE FRACTIONAL INTEREST

▪ Magnitude of the fractional interest

The typical discount for this factor ranges between 2% and 7% with an average of approximately 4%. This category relates to the market pool of potential investors for a given asset. Private fractional interests, which are rarely traded, would fall at the high end of the range. This is addressed by the following passage from the *Comprehensive Guide For Family Limited Partnerships—2nd Edition*.

“Generally, an investment in a family limited partnership owning marketable securities represents greater risk than a direct investment in publicly-traded stocks and bonds. For example, an acceptable return on a direct investment in a diversified portfolio of large company stocks might be 12.0%. However, a noncontrolling interest in a limited partnership owning the same stock portfolio would likely require a higher rate of return due to the lack of control over the sale of the securities and the distribution of available cash flow. If a higher return were not available, an investor would purchase the securities comprising the portfolio directly and retain control of the management of the assets and distribution of income. The higher risk associated with holding a noncontrolling interest in a limited partnership with the same assets would require a higher return.”⁶

The fractional interest being evaluated consists of a 37.50% share held by Led By Love Foundation in a limited liability company. In addition, Led By Love Foundation became the Successor Manager of the LLC by virtue of an ownership transfer from the previous Manager, James L. Previti. Although the Successor Manager does not have full unilateral control of the LLC, they have more of a controlling interest than the other two members. Therefore, we estimate the risk factor attributable to this factor to be closer to the lower end of the range.

We estimate the discount to be:

discount factor- 3.0%

▪ Liquidity of the interest

According to the Davidson article, the typical discount for this factor ranges between 2% and 6% with an average of approximately 4%. The discount applied to the most highly liquid partnership securities such as REITS and master limited partnerships would fall at the lower end of the range. Based on the parameters set forth in the Davidson article, we estimate the discount attributed to this factor to be near the middle of the range, since it involves a share in a limited liability company.

We estimate the discount attributed to this factor to be:

discount factor- 4.0%

Note: The “Method 2” analysis, which follows the Davidson Method, places primary emphasis on the lack of marketability and the lack of control aspects of a fractional interest.

⁶ *Comprehensive Guide For Family Limited Partnerships—2nd Edition*, page 12.

▪ Ability to influence management

According to the Davidson article, the typical discount range for this factor is between 0% and 1%. This factor relates to the degree of influence a particular interest has over control of the entire asset. Recent tax court memoranda (see Method 2) have placed a greater emphasis on the lack of control aspect. In this case, the ownership interest has control and management responsibilities as the Successor Manager of the LLC. Therefore, we estimate the risk factor attributable to this factor to be at the lower end of the range.

We estimate the discount to be:

discount factor- 0.0%

▪ Ease of asset analysis

The typical discount for this factor ranges between 0% and 1%. Analysis of the subject interest would require familiarity with commercial-land development. As a result, we estimate the risk factor for this category to be at the upper end of the range.

We estimate the discount attributed to this factor to be:

discount factor- 1.0%

B) Method 1 Conclusion

The Davidson Method figures are summarized in the table below.

AGGREGATE DISCOUNT FOR LED BY LOVE FOUNDATION
Davidson Method

Factors that Affect the Partnership or Asset	Most Attractive	Neutral	Least Attractive	Subject Estimate
Relative risk of asset(s)	3.0%	7.0%	10.0%	9.0%
Historical consistency of earnings	3.0%	6.0%	9.0%	8.0%
Condition of the asset(s)	2.0%	3.0%	5.0%	3.0%
Market growth potential	2.0%	3.0%	4.0%	4.0%
Portfolio diversification	1.0%	1.0%	2.0%	2.0%
Strength of the management	1.0%	1.0%	2.0%	1.0%
Factors that Affect the Fractional Interest				
Magnitude of the fractional interest	2.0%	4.0%	7.0%	3.0%
Liquidity of the interest	2.0%	4.0%	6.0%	4.0%
Ability to influence management	0.0%	1.0%	1.0%	0.0%
Ease of asset analysis	0.0%	0.0%	1.0%	1.0%
Aggregate Discount	16.0%	30.0%	47.0%	35.0%

Source: B. Davidson, "Valuation of Fractional Interests in Real Estate Limited Partnerships-Another Approach,"
The Appraisal Journal (April 1992), 187-190

2. METHOD 2: TAX COURT DATA

Court cases reveal that the valuation of closely held entities is a judgment call that relies upon the opinion of experts. Courts have long upheld a premise often reflected in expert opinions—that the value of closely held interests is usually less than the value of similar publicly traded interests. The factors underlying this premise include the inability to quickly convert the property to cash at minimal cost (“lack of marketability”) and the inability, if the interest held is less than a majority interest, to control managerial decisions and other aspects of the entity (“lack of control”).⁷

Another method of applying a discount to a fractional interest places greater emphasis on two primary factors: (1) the lack of marketability and (2) the lack of control. A number of recent court cases have shed new light on the IRS’s interpretation of lack of marketability and lack of control.

HOLMAN V. COMMISSIONER⁸

In this case, Texas taxpayer Thomas Holman Jr. was employed by Dell Computer Corporation and received substantial stock options from his employer, some of which he exercised. From 1996 to 1999, the Holmans made annual gifts of Dell stock to custodial accounts for their four daughters, which was allowed under the Texas Uniform Transfer to Minors Act. In November 1999, the Holmans created a limited partnership and transferred their remaining Dell stock into the partnership, from which they gave a large gift in 1999 and smaller gifts of limited partnership units in 2000 and 2001 to their children. In valuing the gifts for Federal gift-tax purposes, they applied substantial discounts of 49.25% for minority-interest status and lack of marketability.

On audit, the IRS disagreed. The basis for the IRS’s rebuttal was a clause in the Holman partnership agreement that restricted the right of a limited partner to sell or assign her partnership interest. In their conclusion, the IRS implied that “no rational person would have entered into this arrangement with the Holmans on terms that prohibited the transfer of their interests in almost all circumstances.”⁹ Tax experts representing both sides in this case agreed that the gifts should be valued by “reference to the prices of shares of publicly traded, closed-end investment funds, which typically trade at a discount relative to their share of fund net asset value (NAV) by definition. Since, by definition, such shares enjoy a high degree of marketability, those discounts must be attributable, at least to some extent, to a minority shareholder’s lack of control over the investment fund.”¹⁰ The IRS agreed to a marketability discount of 12.5%, and discounts ranging from 4.63% to 14.34% for the gifts given to the Holman children from the partnership.

⁷ Justin Ransome and Vinu Satchit, “Valuation Discounts for Estate and Gift Taxes”, July 2009, American Institute of Certified Public Accountants, Inc.

⁸ 130 T.C., No 12 (May 27, 2008)

⁹ AALU Washington Report newsletter No. 08-45, Associated for Advanced Life Underwriting, June 9, 2008.

¹⁰ Ibid.

*ARTHUR TEMPLE V. UNITED STATES*¹¹

In this case, the taxpayer created four limited partnerships: one to own a ranch in Texas, one to own and operate a California winery, and two to own marketable securities. The taxpayer made large gifts of limited partner interests to his children and grandchildren and filed a gift-tax return to report the gifts at discounted values. On audit, the IRS allowed a discount of 12.5% for lack of marketability and lack-of-control discounts ranging from 3.3% to 10.1%, averaging 6.96%.

ROBERTSON V. UNITED STATES

In this case, the court reviewed the valuation of a distribution of a limited-partner interest from a trust for generation-skipping transfer tax purposes. The IRS and the taxpayer both agreed on the underlying value of the partnership's assets using a NAV approach. However, the Tax Court concluded on a total discount of 12.5% for lack of marketability and 19% for lack of control.

In both *Temple* and *Robertson*, the Tax Court indicated that discounts are still viable if supported by an appraisal.

*ESTATE OF WEBSTER E. KELLEY V. COMMISSIONER*¹²

This case involved the fair market value of the decedent's 94.83% interest in a family limited partnership and one-third interest in a limited liability company. In December 1999, the estate employed an appraisal firm to prepare a valuation of the decedent's interests in these closely-held entities. The appraisal firm concluded that a 53.5% discount was applicable. The Tax Court allowed a combined 35% discount (23% for marketability and 12% for lack of control), and cited the following cases as support for their conclusion.

- 1) *McCord v. Commissioner*¹³: The court agreed to a 20% marketability discount and a 15% lack of control discount for interests in a family limited partnership classified as an investment company.
- 2.) *Lappo v. Commissioner*¹⁴: The court concluded on a 21% initial discount for an interest in a family limited partnership consisting of marketable securities and real estate subject to a long-term lease. The court then made an upward adjustment of 3% to account for the closely-held nature of the partnership, its small size, and the fact that there did not appear to be a present market for the partnership interests. This equated to a total discount of 24% for marketability. The court also determined a 15% discount for minority interest/lack of control.

¹¹ United States District Court for the Eastern District of Texas, No. 9:03-CV-165, filed March 10, 2006.

¹² T.C. Memo 2005-235, United States Tax Court, Docket No. 16894-03, filed October 11, 2005.

¹³ 120 T.C. No. 13, 394, 395, May 14, 2003.

¹⁴ T.C. Memo, 2003-258

PERACCHIO v COMMISSIONER

This case involved the transfer of a 45.47% limited-partnership interest to a family trust, and a 53.48% partnership interest sold to the trust in exchange for a promissory note in the amount of \$646,764. Relying on an appraisal, the taxpayer took a 40% discount, while the IRS (based on their own appraisal) took a 4.4% lack-of-control discount and a 15% lack of marketability discount. After analyzing both appraiser's samples, the Tax Court assigned appropriate minority-interest discounts as follows:

Cash and money market funds:	2.0%
U.S. Government bond funds:	6.9%
State and local bonds:	3.5%
National municipal bond funds:	3.4%
Domestic equities:	9.6%
Foreign equities:	13.8%

After applying the minority-interest discounts to the asset categories, the average minority discount reached by the Tax Court was 6.02%. The Tax Court also determined a 25% discount for lack of marketability.

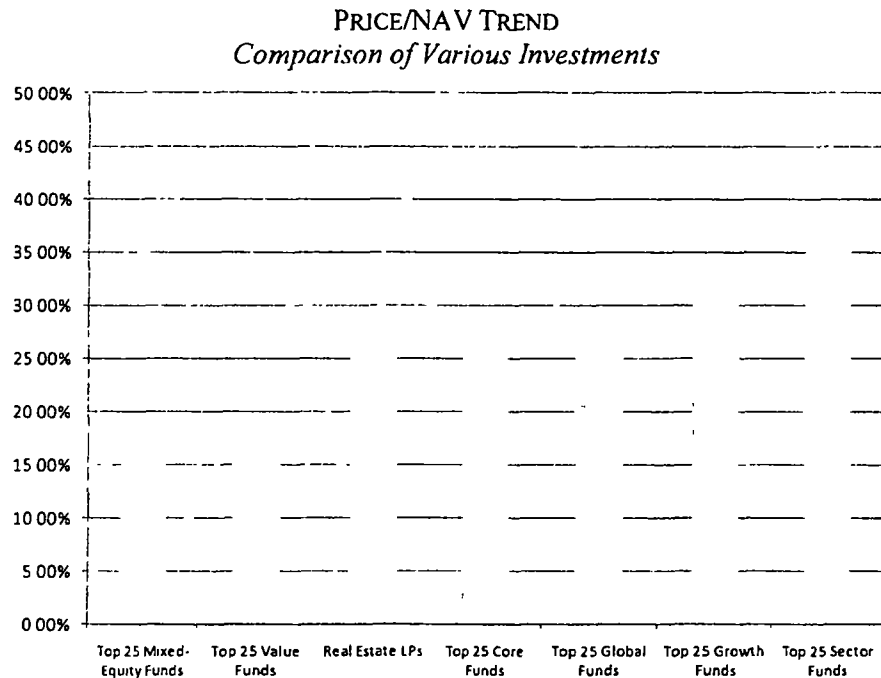
The discounts determined in the above cases have been summarized as follows:

Case	Lack of Marketability Discount	Lack of Control Discount	Combined Discount
Holman v Commissioner	12.50%	14.34%	26.84%
Arthur Temple v. United States	12.50%	6.96%	19.46%
Robertson v. United States	12.50%	19%	31.50%
Kelley v Commissioner	23%	12%	35.00%
McCord v Commissioner	20%	15%	35.00%
Lappo v Commissioner	24%	15%	39.00%
Peracchio v Commissioner	25%	6.02%	31.02%
Averages:	18.50%	12.62%	31.12%

Each of the cases in the table involved closely-held family partnerships with a fairly small market for its ownership shares (beyond the family itself). The sale of the subject's minority interest would warrant a lack-of-marketability discount that would approximate the average of the range indicated by the above Tax Court cases. Therefore, we have determined a marketability discount of 19.0%.

In determining a lack-of-control discount, we initially considered the lack-of-control discounts determined by the Tax Court in *Peracchio*.

The subject asset is real estate, as opposed to marketable securities. In terms of investment risk, real-estate fractional interests would have a risk level somewhere in between bonds and stocks, as discussed below.



Price/NAV Trend			
Publicly-Traded LPs and Mutual Funds (2011)			
Category	Min	Avg	Max
Top 25 Mixed-Equity Funds	16.91%	19.52%	27.90%
Top 25 Value Funds	16.14%	19.27%	32.50%
Real Estate LPs	-8.00%	28.40%	81.90%
Top 25 Core Funds	24.96%	28.89%	35.37%
Top 25 Global Funds	25.66%	29.33%	39.98%
Top 25 Growth Funds	30.88%	33.27%	43.43%
Top 25 Sector Funds	30.70%	36.30%	52.51%

Source: Partnership Profiles, Inc., and WSJ Marketwatch

In *Peracchio*, the Tax Court determined minority-interest discounts for cash and bonds ranging from 2.0% to 6.9% and from 9.6% to 13.8% for stocks. The above chart indicates that discounts for real-estate limited partnerships are currently at or near the same discount rates indicated from the core-fund and global-fund mutual-fund groups. Based on this data, we have weighted our discount-rate estimate towards the upper end of the range indicated. With this in mind, we have reconciled a discount of approximately 16.0% for lack of control, which would equate to a total discount of 35.00%.

METHOD 2 CONCLUSION

The subject interest consists of a fractional ownership share in a closely-held family partnership. Outside of family members, there is an extremely limited pool of potential buyers for the subject interest. Another factor to consider is the fact that there are very limited opportunities from conventional lenders to finance a fractional interest in a limited partnership.

We have determined a lack-of-marketability discount of 19.0% based on recent tax-court cases, and a lack-of-control discount of 16.0% using the criteria applied in the *Peracchio* case. This equals a combined discount of approximately 35.00%.

	Method 2 Tax Court Data
• Tax Court Data Discount	35.00%

3. METHOD 3: PARTNERSHIP PROFILES DISCOUNT SURVEY

Partnership Profiles is a research and consulting firm that specializes in limited partnerships. The company publishes the Partnership Spectrum newsletter and also completes an annual re-sale discount study (the "Study"). The company also maintains an on-line database of partnership sales data.

A) Description of the Types of Partnerships included in the Survey

All of the partnerships included in the Partnership Profiles Survey (the "Survey") are *publicly-registered partnerships* that file annual and quarterly reports with the Securities and Exchange Commission. These partnerships are not publicly traded on any type of formal exchange or securities market.

An interest in this type of partnerships has much more liquidity than the subject interest, which is an undivided interest in a real property. However, the subject interest has comparatively more powers than the interests in the partnership survey.

The partnerships in the Survey all have a finite life. Most of the partnerships were originally expected to operate for periods ranging from six to twelve years before liquidating and paying out the resulting net proceeds.

In terms of the types of assets held by the partnerships, the Survey has 10 categories of real property assets. The following discusses the price-to-net asset value (NAV) trend as they relate to the type of asset in the particular partnerships.

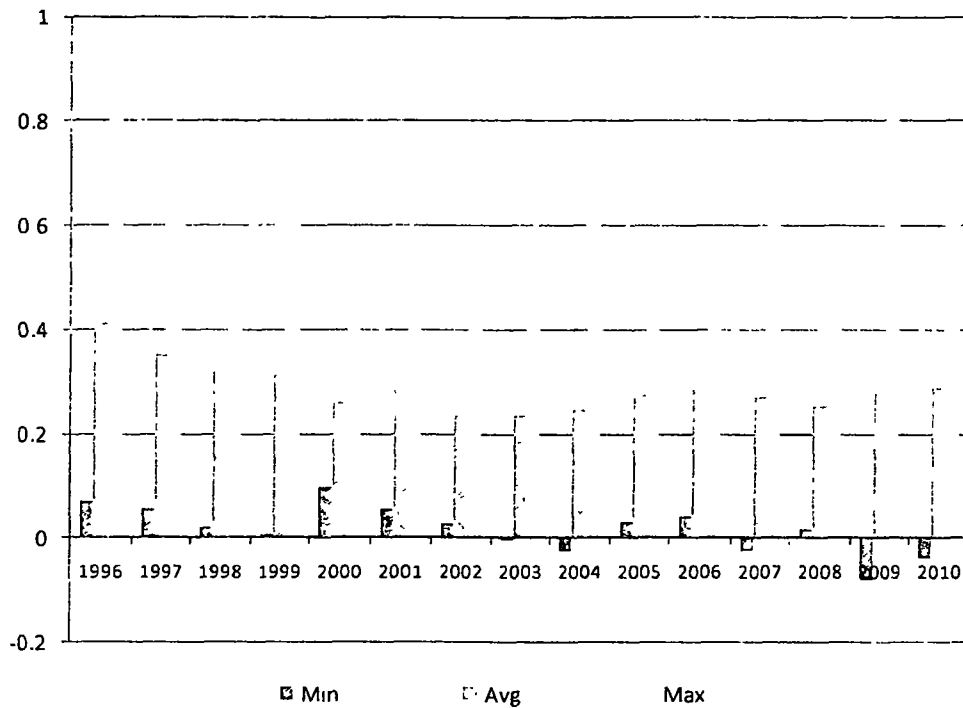
B) All Partnerships

The Partnership Profiles database includes partnerships invested in 10 categories of property types. These include:

- | | |
|------------------|----------------------|
| 1. Commercial; | 6. Mini-warehouse; |
| 2. Retail; | 7. Parking lot; |
| 3. Multi-family; | 8. Triple-net lease |
| 4. Mortgage; | 9. Land; and |
| 5. Hotel; | 10. Mobile Home Park |
| 11. | |

In 2010, the price to net asset value (NAV) discounts for all partnerships in the survey (354 partnerships) ranged from a 3.90% premium to a 72.50% discount with an average discount of 28.74%. Over the last ten years, the average discount has ranged from 23.4% to 29.60%.

PRICE/NAV TREND
All LPs in Survey



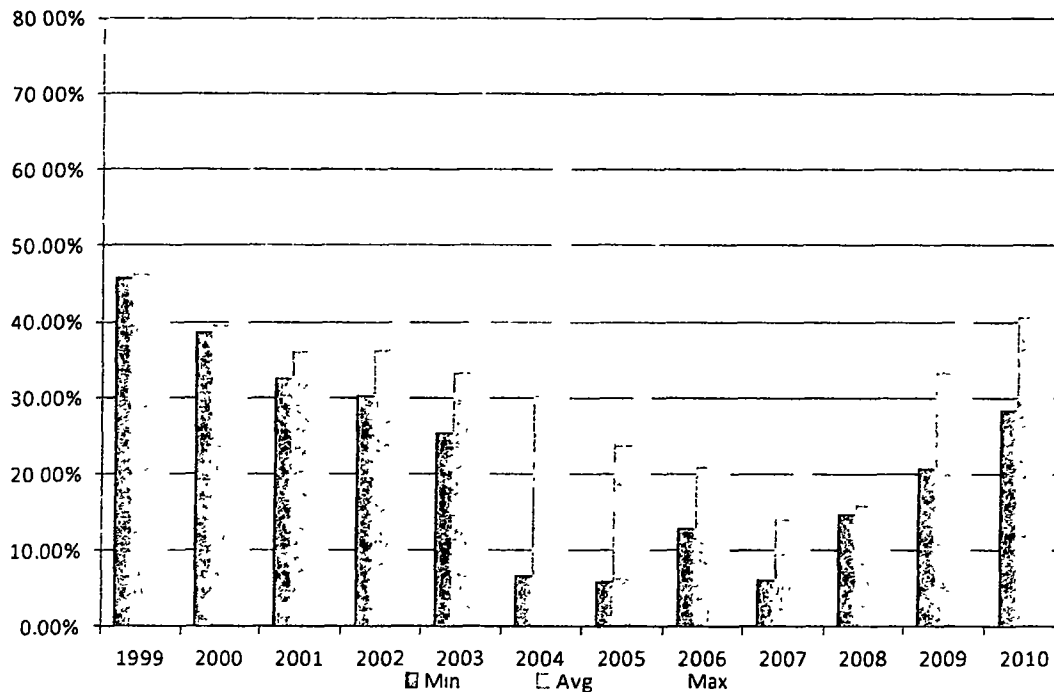
Price/NAV Trend			
<i>All LPs in Survey</i>			
Year	Min	Avg	Max
1996	7.00%	41.20%	87.40%
1997	5.50%	35.30%	62.40%
1998	2.20%	33.00%	56.40%
1999	0.80%	31.20%	61.70%
2000	9.90%	25.90%	48.50%
2001	5.70%	28.40%	51.70%
2002	2.70%	23.40%	44.40%
2003	-0.40%	23.60%	53.50%
2004	-2.40%	24.80%	67.20%
2005	3.20%	27.50%	58.50%
2006	4.10%	29.60%	57.20%
2007	-2.60%	27.22%	64.40%
2008	1.60%	25.18%	57.80%
2009	-8.10%	27.80%	81.90%
2010	-3.90%	28.74%	72.50%

Source: Partnership Profiles, Inc

C) Vacant-land

The Partnership Profiles database also has a separate category for vacant land. In 2010, the discounts in partnerships invested in vacant land ranged from 28.40% to 48.60% with an average of 40.60%. Over the past ten years (since 2001), the annual average discount has ranged from 14.10% to 40.60%, and has averaged 28.49%.

PRICE/NAV TREND
LPs Invested in Vacant Land



Price/NAV Trend			
Vacant Land LPs in Survey			
Year	Min	Avg	Max
1999	45.70%	46.30%	47.60%
2000	38.70%	39.50%	40.10%
2001	32.70%	36.00%	38.70%
2002	30.30%	36.30%	44.00%
2003	25.50%	33.40%	41.20%
2004	6.70%	30.40%	67.20%
2005	5.90%	23.80%	37.50%
2006	13.00%	21.00%	28.90%
2007	6.20%	14.10%	22.00%
2008	14.80%	16.00%	17.10%
2009	20.70%	33.30%	46.70%
2010	28.40%	40.60%	48.60%

Source: Partnership Profiles, Inc.

As discussed, the subject interest is less marketable than the partnership interests represented in the Survey, which are larger and publicly-registered. Considering the fact that the subject's asset is in an area of fairly weak demand, we estimate the fractional interest discount for the subject to be near the upper end of the ten-year average for the land sector, and closer to the average indicated for 2010.

D) Partnership Profiles Conclusion

Based on the above data, we estimate the appropriate discount by this method to be as follows:

	Method 3 Partnership Profiles Data
• Partnership Profiles Data Discount	28.00%-48.60% (Say 39.00%)

DISCOUNTED FRACTIONAL INTEREST CONCLUSION

In this analysis, we discussed various methods to determining an appropriate discount for a fractional interest. In reconciling our final discount, we gave more consideration to Method 1 as it was considered more applicable for a single-asset portfolio. The discounts indicated by the Method-2 and Method-3 rates were only considered in establishing a test of reasonableness for our conclusion.

DISCOUNT RANGE
Led By Love Foundation Interest

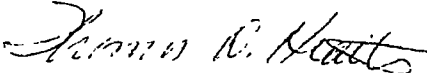
	Method 1 Davidson	Method 2 Tax Court Data	Method 3 Partnership Profiles	Reconciled Discount
Discount Range	35.00%	35.00%	39.00%	35.00%

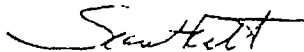
OVERALL FRACTIONAL INTEREST CONCLUSION

Considering these factors, the following discounted fractional interest was determined.

Discounted Fractional Interest (Led By Love Foundation)	
FD & J Market LLC	
Net Sales Proceeds from LLC's Sole Asset	\$ 2,358,470
Led By Love Foundation Fractional Interest (%)	37.50%
Non-Discounted Fractional-Interest Value	\$ 884,426
Fractional Interest Discount 35.00%	\$ (309,549)
	\$ 574,877
	Say
Final Discounted Fractional Interest Value	\$575,000

Respectfully Submitted,
THE HEATH GROUP


Thomas D. Heath, MAI
CA Certified General Appraiser
AG 007301


Sean Heath
CA Certified General Appraiser
AG 008315

ADDENDA

- A. ASSUMPTIONS AND LIMITING CONDITIONS
- B. CERTIFICATION
- C. RESUME AND QUALIFICATIONS

ASSUMPTIONS AND LIMITING CONDITIONS

1. This is a Summary Appraisal Report that is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property/asset is appraised free and clear of any liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-

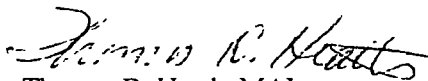
formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
18. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, of the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
7. All valuations and conclusions were performed by the undersigned and Sean Heath (separate certification attached).
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Foundation.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.
11. The Appraisers signing this appraisal report have the necessary knowledge and experience to complete an appraisal for this type of property.



Thomas D. Heath, MAI
California Certified General Appraiser
AG 007301

CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
7. All valuations and conclusions were performed by the undersigned and Thomas D. Heath, MAI (separate certification attached).
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Foundation.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. The Appraisers signing this appraisal report have the necessary knowledge and experience to complete an appraisal for this type of property.



Sean Heath
California Certified General Appraiser
AG 008315

QUALIFICATIONS OF SEAN T. HEATH

Professional Qualifications

- State of California Certified General Real Estate Appraiser, Number AG008315
- Member, International Right-of-Way Association, San Diego Chapter 11
- Approved Residential Appraiser, Department of Housing and Urban Development (San Diego, Riverside, Orange and San Bernardino Counties)
- Approved Residential Appraiser, FNMA

Education

Bachelor of Arts Degree, Literature/Writing, University of California, San Diego, 1985

Classes

- Course 240-Principles of Wireless Site Development, IRWA, 2006 (Was instructor)
- USPAP, Parts A-B, Appraisal Institute, 2006
- Federal and State Laws and Regulations, McKissock, 2003
- California Real Estate Principles, McKissock, 2003
- Dynamics of Subdivision Appraising, Appraisal Institute, 2003
- Course 240-Principles of Wireless Site Development, IRWA, 2003
- Telecommunications Law & Value—Sacramento seminar, Appraisal Institute, 2001
- Highest and Best Use and Market Analysis, Appraisal Institute, 2000
- Operating-expense seminar, Appraisal Institute, 2000
- Residential Design & Functional Utility, Appraisal Institute, 1999
- HUD/FHA Appraisal Policies & Procedures, HUD, 1999
- Internet Search Strategies, Appraisal Institute, 1999
- Blueprint Reading, Appraisal Institute, 1996
- Reporting Limited Appraisals, Appraisal Institute, 1995
- Evaluations and Limited Scope Assignments, Appraisal Institute, 1994
- Advanced Income Capitalization, Appraisal Institute, 1994
- Basic Income Capitalization, Appraisal Institute, 1994
- Applied Residential Property Valuation, Appraisal Institute, 1992

Experience

- October 1989 to Current - Real Estate Appraiser with The Heath Group

Appraisals Have Been Made on the Following Types of Property

Single Family, Multiple Family, Raw Acreage, Industrial, Retail, Office, Motel, Subdivision, Leased Interest, and Special Purpose Appraisals, *e.g.*, Telecommunications, Golf Courses.

Published Articles

- "Hola, Again, HOLA," *AGL* magazine, October 2006 (Bibby Publishing pgs 35-37)
- "Smart Lightpoles The Next Logical Step In the Evolution of Cell Sites," *right of way* magazine, May/June 2006, (IRWA, pgs 36-40)
- "Are You Linked? The Role of Wireless Linkages in Real Estate," *right of way* magazine, July-Aug 2005 (IRWA, pg 40-42)
- "The New Skin of Wireless," *right of way* magazine, Nov-Dec 2004 (IRWA, pg. 21-25)
- "SR/WA: The Story Behind The Letters," *right of way* magazine, July-Aug. 2004 (IRWA, pg 52-54)
- "Telecom Site Sticker Shock," *right of way* magazine, Nov-Dec. 2003 (IRWA, pg. 12-17)
- "Protecting Your Digital Signature," *Working RE* magazine, September 2003 (Working RE, pg. 18)
- "Course 240 Pilot Wireless Site Development," *right of way* magazine, Mar-Apr 2003 (IRWA, pg 34-35)
- "Telecom Sites For Dummies," *right of way* magazine, Nov-Dec 2002 (IRWA, pg 30)
- "Valuing Cell Sites," *Working RE* magazine, October 2002 (Working RE, pg 30)
- "There's Gold in Them Thar Antennas!" *The Communicator* magazine, Summer 2001 (FREA, pg 30)
- "The Value of Keeping Records," *The Communicator* magazine, December 2001 (FREA, pg. 30).
- "EDI Getting up to Speed on Electronic Appraisals," *The Communicator* magazine, Spring 1995 (FREA, pg. 18)
- "Fannie Mae's New Form," *The Communicator* magazine, Spring 1995 (FREA, pg 23)
- "Life after Deminurus," *The Communicator* magazine, Summer/Fall 1994 (FREA, pg 5).

Revised 7/24/07

THOMAS D. HEATH, MAI
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San Diego, California 92127
Telephone (619) 673-1177

ACADEMIC CREDENTIALS AND PROFESSIONAL AFFILIATIONS

- ◆ Certified General Real Estate Appraiser #AG007301
- ◆ MAI, Appraisal Institute (#6324)
- ◆ SRPA, Society of Real Property Appraisers
- ◆ California Real Estate Broker License
- ◆ FNMA and FHLMC approved appraiser and underwriter
- ◆ Graduate, Northwestern University
School of Mortgage Banking
- ◆ Graduate, University of California, Los Angeles
Certificate of Real Estate
- ◆ Graduate, California State University, Los Angeles
B.S. degree, emphasis in Real Estate Finance

GENERAL EXPERIENCE

Mr. Heath has been involved in real estate appraising, lending and sales since 1965. For the last four years, he has been the owner of his own appraisal company in San Diego, California. Prior to establishing his own firm, he served in various co-owner and management positions as follows:

- ◆ Co-Founder, President and Chief Executive Officer
Advanced Savings and Loan, Encino, California
- ◆ Co-Owner, President and Chief Executive Officer
PreConstruction Development Corporation
Studio City, California
- ◆ Vice President/Division Manager
Merrill Lynch Mortgage Company/
United First Mortgage Company, La Jolla, California
- ◆ Vice President
Bowest Mortgage Company, San Diego, California
(subsidiary of Bowery Savings Bank)
- ◆ Senior Vice President
BanCal Mortgage Company
Los Angeles, California
(subsidiary of Bank of California)
- ◆ Vice President
Bank of California
Los Angeles, California

In these capacities, Mr. Heath has appraised all types of real estate in the western United States. He had been involved in lending and mortgage banking activities for local and national companies and was involved in property purchases, sales and development. He has prepared a variety of assignments including market studies, financial feasibility studies, highest and best use studies, and other special purpose investigations.