

FILED  
at 11 O'clock & 25 min A.M.

NOV 30 1989

R. G. HILLIARD, CLERK  
U. S. BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA  
DEPUTY CLERK

RELIEF ORDERED  
D. U. Medrick, Jr.

1 ALTMAN, COLLINS & GROSS  
Attorneys at Law  
2 1127-12th Street, Suite 202  
P.O. Box 3291  
3 Modesto, California 95353  
(209) 521-7255  
4 Attorneys for Debtor

6 IN THE UNITED STATES BANKRUPTCY COURT  
7 FOR THE EASTERN DISTRICT OF CALIFORNIA

8 In re:	)	Case No:
9 UNIVERSAL LIFE CHURCH, INC.,	)	Chapter 11 Case
10 a California non-profit	)	VOLUNTARY CASE; DEBTOR'S
corporation,	)	PETITION; ATTORNEY'S
11 Debtor.	)	DECLARATION; PETITIONER'S
	)	AFFIDAVIT & DECLARATION

13 1. Petitioner's post office address is 601 Third Street,  
14 Modesto, California 95351.

15 2. Petitioner's Federal Tax I.D. number is 94-1599959.

16 3. Petitioner has had its principal place of business and  
17 principal assets within this District for the preceding 180 days.

18 4. Exhibit "A" is attached to and made a part of this  
19 petition.

20 5. Petitioner has not had a case pending under Title 11 at  
21 any time in the preceding 180 days where:

22 (a) The case was dismissed by the Court for wilful failure  
23 of the debtor to abide by orders of the Court, or to appear  
24 before the Court in proper prosecution of the case; or

25 (b) The petitioner requested and obtained the voluntary  
26 dismissal of the case following the filing of a request for  
27 relief from the automatic stay provided by Section 362 of Title  
28 11.



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

EXHIBIT "A"

1. Petitioner's employer ID number is 94-1599959.

2. Petitioner has no securities registered under section 12 of the Securities and Exchange Act of 1934.

3. The following financial data is the latest available information and refers to petitioner's condition on November 29, 1989:

a. Total assets are approximately \$3,784,548.00

b. Total liabilities are unknown.

c. Secured debt, excluding that listed below totals \$0.00 and is held by approximately 0 creditors.

d. Debt securities held by more than 100 holders totals \$0.00 and is held by approximately 0 creditors.

e. Secured debt totals \$0.00 and is held by approximately 0 creditors.

f. Unsecured debt is unknown and is held by approximately 20 creditors.

g. Other liabilities, excluding contingent or unliquidated claims totals \$0.00 and is held by approximately 0 creditors.

h. Number of shares of common stock totals \$0.00 and is held by approximately 0 creditors.

Comments if any: none

4. The petitioner is a non-profit California corporation doing business as a tax exempt church under Internal Revenue Code Sections 501(c) (3) and (4).

1           5. No person directly or indirectly owns, controls, or  
2 holds, with power to vote, 20% or more of the voting securities  
3 of petitioner.

4           6. Petitioner does not, directly or indirectly, own,  
5 control, or hold, with power to vote, 20% or more of the  
6 outstanding voting securities of any corporation.

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF CALIFORNIA

In Re: UNIVERSAL LIFE CHURCH, INC.,  
California non-profit corporation

Case No. 989-03284

Chapter 11 Case

**FILED**

JAN 19 1990

**STATEMENT OF AFFAIRS OF DEBTOR ENGAGED IN BUSINESS**

**1. NATURE, LOCATION, AND NAME OF BUSINESS:**

Clerk, U. S. Bankruptcy Court

a. The petitioner carries on business under the name of UNIVERSAL LIFE CHURCH, a California non-profit corporation at 601 Third Street, Modesto, California 95351.

b. The petitioner's business is a church, featuring religious activities. Also active in social welfare, providing low housing income. Universal Life Church was incorporated in 1962. The low income housing program began in approximately 1977.

c. The petitioner has carried on business under the names and at the addresses listed below during the six years immediately preceding the filing of the original petition herein.

Numerous chartered congregations around the country operate under the name Universal Life Church, Inc., under our mother church status. Formation of an unincorporated association called Universal Life Church began in November, 1988. It is a church headed by Reverend Kirby Hensley. It currently receives small donations from the general public and is operated out of the 601 Third Street, Modesto, California location.

d. The petitioner's federal tax employer identification number is 94-1599959.

**2. BOOKS AND RECORDS:**

a. During the two years immediately preceding the filing of the original petition herein, the books of account and records of the petitioner have been kept by or under the supervision of:

Universal Life Church. As a tax-exempt church, we are not required to file tax returns or prepare financial statements.

b. During the two years immediately preceding the filing of the original petition herein, the books of account and records have been audited by:

None known to Petitioner.

E.O.C. FEB 01 1990  
E.O.M. 1-24-90

**11. PROPERTY IN HANDS OF THIRD PERSON:**

Things of value in which petitioner has as an interest are being held by:  
N/A.

**12. SUITS, EXECUTIONS, AND ATTACHMENTS:**

a. The petitioner was a party to the following suits pending at the time of the filing of the original petition herein:

See attached Exhibit "D"

b. Within the year immediately preceding the filing of the original petition herein, the petitioner was a party to suits which were terminated, as follows:

See attached Exhibit "D"

c. Within the year immediately preceding the filing of the original petition herein, property of the petitioner was attached, garnished, or seized under legal or equitable process, as follows:

None.

**13. PAYMENTS ON LOANS AND INSTALLMENT PURCHASES:**

During the year immediately preceding the filing of the original petition herein, petitioner made repayments on loans in whole and in part, and made payments on installment purchases of goods and services, as follows:

None.

**14. TRANSFERS OF PROPERTY:**

a. During the year immediately preceding the filing of the original petition herein, the petitioner made gifts, other than ordinary and usual presents to family members and charitable donations, as follows:

None.

b. During the year immediately preceding the filing of the original petition herein, the petitioner transferred or made other disposition, either absolutely or for the purpose of security, of property, as follows:

Sold 1974 GMC Motorhome to Rudy Eller in February 1989 for \$12,000;  
Sold a Lincoln automobile to Manzanita Lowarch in March 1989 for \$11,000;  
Sold a Chevy van to Gary Hensley in June 1989 for \$4,500; See attached Exhibit "E" for sales of real property.

Universal Life Church, Inc.

5. Interest Recieved in 1988 from Banks

Wells Fargo Bank	6250-638855 (Trust Account) 0250-077013 Checking- no Int.	1,577.82	
Royal Oak Savings & Loan	6002-301131-5 7-104188-3	5,125.91 7,635.80	12,761.7
World Savings & Loan	0-5439571-1 (CD)	4,170.70	

Interest Received in 1989 from Banks

Royal Oak Savings & Loan	7-104188-3 7-105020-7	7,842.88 91.28	
Home Federal Savings & Loan	03-23-193	694.16	
American National	27-167156-50	2,871.51	
World Savings	054-39571-0 055-00889-0	19,841.94 2,930.67	

Other Interest

We have received \$492,376.06 interest income on our notes receivable in the past two years.

7(a) Bank accounts within 2 years in the name of  
Universal Life Church, Inc.

Bank Accounts and CD's 1988 & 1989

Bank Account #	Name	Address
Checking		
0250-077013	Wells Fargo	1120 "K" St., Modesto, CA 95354
6250-638855 (Trust)	Wells Fargo (Closed)	" " " "
27-018848	American National	811 5th St., Modesto, CA 95351
27-021281 (Debtor in Pocession)	" "	" " " " " "
6002-301131-5	Royal Oak Saving & Loan	229 W. Main, Ripon, CA 95366



UNIVERSAL LIFE CHURCH, INC.

8. Personal property held by us.

Under our Receipts and Disbursements program, we hold funds for some of our congregations.

<u>Congregation #</u>	<u>Amount</u>
12798	\$ 9,139.01
16686	2,213.74
22132	852.12
22186	808.55
35636	7,128.52
43414	877.71
54588	615.49
55866	<u>1,309.99</u>
	<u>\$22,945.13</u>

12 (a) Lawsuits pending at this time:

- 1) Garber vs. City of Philadelphia, ULC, et al.  
Court of Common Pleas of Philadelphia County  
Dkt #6679 ("Trespass")
- 2) USA vs. Flagship Bank of Miami and Barnett Bank, N.A.  
ULC (Brennan E. Love) ULC, Intervenor  
US District Court for the Southern District of Florida  
Dkt #83-2675-UV-EPS/ 83-2674-CIV-EPS  
Tax Liability of Brendan E. Love
- 3) McManus vs. ULC, et. al.  
Circuit Court of the State of Oregon for County of Baker  
Dkt #87-113  
Strict Foreclosure of Contract For Sale of Real and Personal  
Property
- 4) Richardson and Reed vs. Kinchloe and ULC  
Court of Common Pleas of Philadelphia County  
Dkt #4796  
Personal Injury
- 5) State of Oregon vs. ULC, et. al.  
Circuit Court; Marion, Oregon  
Dkt #87L-11707  
Racketeering
- 6) Skach vs. ULC, USA  
U.S. District Court, Northern District of Illinois, Eastern  
Division  
Dkt #86-C-3497  
Quiet Title
- 7) Olatunloosesn vs. Reed, ULC  
US District Court of Harris County, Texas  
Dkt #82-63664  
Personal Injury
- 8) Miller & Wess, Ltd., et. al. vs. Mount Taylor ULC, et. al.  
District Court, Bernalillo, New Mexico  
CV-83-06955  
Fraudulent Conveyance
- 9) Monarch Industries vs. ULC, et. al.  
Circuit Court; Broward, Florida  
Dkt #84-14106CJ  
Breach of Contract
- 10) Movers vs. Moyers, ULC  
Superior Court of New Jersey; Chancery Division, Monmouth  
County  
Dkt #08217-83  
Quiet Title

- 11) State of Texas vs. ULC, Dusha  
District Court of Bixar County, Texas  
Dkt #88-C1-03318  
Violation of Provisions of Section 3 of the TFDCA (Texas, food, Drug and Cosmetic Act)
- 12) NMC, Inc. vs. ULC, et. al.  
Circuit Court; Broward County, Florida  
Dkt #84-03925 CT  
Breach of Contract
- 13) Town of Paradise v. Meqqisch, ULC  
Superior Court of CA, County of Butte  
Dkt #94564  
Permanent Injunction
- 14) ULC vs. Commissioner of Internal Revenue - Tax Court  
US Tax Court, Washington, DC  
Petition for redetermination of deficiency set forth by Commissioner  
Dkt #8288-85
- 15) ULC, Free Enterprise Investments vs. Commissioner of Internal Revenue  
US Tax Court, Washington, DC  
Dkt #16669-87  
Petition for readjustment of partnership Hans set forth by Commissioner
- 16) Comark, Debtor vs. ULC, et. al.  
US Bankruptcy Court, Central District of CA.  
SA 82-03850-RP  
Complaint for (1) recovery of preferential transfers, ( 2 ) turnover of property of the estate
- 17) ULC vs. IRS  
US District Court for Northern District of CA  
L-86-20760-SW  
Complaint for Injunctive and Declatory Relief
- 18) Moriarity vs. ULC, et. al.  
Municipal Court, South Orange County, LA  
Dkt # 32506  
Complaint for Money
- 19) USA and David Eichel vs. ULC  
US District Court, Eastern District of CA  
CV-F-87-470 EDP  
Summons Enforcement Matter
- 20) Stanbol vs. ULC, et. al.  
Superior Court of CA, San Luis Obispo County  
Dkt #59590  
Quiet Title

- 21) Sea Ridge Village Homeowners Association vs. ULC  
Superior Court of CA; County of Los Angeles  
Dkt #L462928  
Judicial Foreclosure
- 22) ULC, Emergency Christian Care Church of Christ vs. Robers, et al.  
U.S. District Court, Western Division of Texas, El Paso Division  
#EP-86-CA-169  
Personal Injury
- 23) Williams vs. ULC, et. al.  
US Bankruptcy Court; Eastern District of CA  
Dkt #181-02930  
Matter of Renee' Van Asten Petersen, Debtor
- 24) Dickens  
District Court of Harns County, Texas  
Dkt #84-67489  
Matter of Marriage of Barbara Dickens and Gene Dickens
- 25) Twohy vs. Lasley, ULC, et. al.  
Superior Court of CA; County of Riverside  
Dkt #185397  
Rescission of Gift
- 26) Forquson vs. ULC  
Superior Ct. of CA; County of Riverside  
Dkt #163624  
Complaint for Damages
- 27) Appeal of ULC  
State Board of Equalization - Sales Tax Proposal Deficiency  
Dkt #89A-0186
- 28) Sonocki vs. Glucksman, ULC  
Superior Court of CA, LA County  
Dkt # L-611925  
Quiet Title
- 29) City of Vacaville vs. ULC, et. al.  
Superior Court of State of CA; County of Solano  
Dkt #105723  
Eminent Domain
- 30) Miceli vs. ULC  
US District Court of Colorado  
87-C-835  
Complaint for Damages

- 31) Kaiser Steel Corp., et. al. vs. ULC  
US Bankruptcy Court of Colorado  
89-E-154  
Adversary Proceeding, Re: Kaiser Steel, Debtor
- 32) Cerny, ULC vs. USA  
US Claims Court  
Dkt #696-88T  
Refund Claim
- 33) Cobble vs. Cobble, ULC, et. al  
Superior Court of CA, Solano County  
Dkt # 95736  
Complaint to set aside Fraudulent Conveyance and for Damages
- 34) Northwest Federal Savings Bank vs. ULC, et al.  
Iowa District Court for Clay County  
Equity No. 22433  
Petitioner in Equity (Foreclosure)
- 35) General Federal Savings and Loan Association vs. ULC Cussac,  
ULC, et al.  
17th Judicial Court of Broward County, Florida  
Dkt #86-28475 CD  
Sale and Foreclosure
- 36) Commercial Western Finance Corp. vs. ULC, Inc.  
US Bankruptcy Court for Northern District of CA  
Dkt #3-81-01779-LK  
Bankruptcy
- 37) ULC vs. Commissioner(US State Board of Equalization  
US Bankruptcy Court - Eastern District of CA  
Dkt #989-3284  
Debtor, Bankruptcy; Chapter 11 case
- 38) Gardenier, et al. vs. Bettin, Universal Life Church, Inc., et al.  
Los Angeles County Superior Court, Central Division, Los Angeles, CA  
C-559-706  
Quiet title
- 39) Cimarron Oaks III Homeowners Association vs. Universal Life Church,  
Inc., et al.  
San Bernardino County Municipal Court, West Valley Judicial District  
Dkt #47082  
Foreclosure
- 40) Title Insurance and Trust Company et al., vs. Universal Life Church,  
Inc.  
Stanislaus County Superior Court, Modesto, CA  
Dkt #186608  
Quiet title and related cross-actions

- 41) Universal Life Church, Inc. vs. Clay, Shaw, et al.  
Stanislaus County Superior Court, Modesto, CA  
Dkt #184707  
Quiet Title
  
- 42) Cobble vs. Cobble, Universal Life Church, Inc., et al.  
Solano County Superior Court, Fairfield, CA  
Dkt #95736  
Complaint for Fraud

12 (b) **Lawsuits terminated within one year:**

- 1) Forguson vs. Universal Life Church, Inc., et al.  
Superior Court of California, County of Riverside  
Dkt #163624  
Action on Contract
  
- 2) Universal Life Church, Inc., vs. Johnni Gray  
Stanislaus County Municipal Court, Modesto, CA  
Dkt #137724  
Unlawful Detainer

Location	Sold to:	Date
2641 Parkdale Dr. Modesto, CA 95351	Paul & Rebecca Harney	9/10/89
	Dwn. Pmt. \$5,000. \$50,000.00 Bal. @\$476.20 Mo. 11% Int.	
2628 Riverdale Ave. Modesto	NAOMA JOHNSON	10/16/89
	Dwn. Pmt. \$5,000.00 Bal. \$55,000.00 \$525.00 Mo. 11% Int.	
2620 Riverdale Dr. Modesto	TERRY L. VERNON	11/21/89
	Dwn. Pmt. \$1,500 Bal. \$58,500 \$600.00 11% Int.	
2612 Riverdale Dr. Modesto	Rudy & Sylvia PAYNE	12/01/89
	Dwn. Pmt. \$3,000.00 Bal. \$57,000 \$540.00 11% Int.	
2238 Kenneth St. Modesto	A. Mercado & P. Torres	2/17/89
	Dwn. Pmt. \$3,000.00 Bal. \$47,000 \$440.83/mo. 11% Int.	

UNIVERSAL LIFE CHURCH, INC.

19 (b) and 21 (a) Officers and Directors

<u>Name &amp; Address</u>	<u>Title</u>	<u>Salary, Bonuses and Loans within 1 Year</u>
Rev. Kirby J. Hensley 1766 Poland Road Modesto, CA 95351	President	Loan \$3,000.00 December 28, 1988
Robert E. Imbeau, Ph.D. 38 Ryan Avenue Mill Valley, CA 94941	Vice-President	None
Lida G. Hensley 1766 Poland Road Modesto, CA 95351	Secretary/ Treasurer	Compensation \$6,391.24 Loan for medical expenses \$19,615.00 May 29, 1989
Manzanita H. Lowarch 718 Palm Avenue Ripon, CA 95366	Director	Loan \$11,000.00 March 1, 1989
Rev. Charles Moore 18780 Central Point Rd. Space #28 Oregon City, OR 97045	Director	None
R.G. "Rocky" Gann, Ph.D. 524 Central Avenue, #24 South Bend, WA 98586	Director	None
Rev. Susetta Lykins 40768 Crystal Three Rivers, CA 93271	Director	None
Fayne Pender, D.D. 457 Sunfieeld Court Lake Havasu City, AZ 84603	Director	None
Rev. Rebecca M. Cable 4962 Rice Drive San Jose, CA 95111	Director	None



Schedule B Statement of A Property of Debtors

SCHEDULE B- REAL PROPERTY

Description and location of all real property in which debtor has an interest [including equitable and future interests in estates by the entirety community property life estates leaseholds and rights and powers exercisable for his own benefit]	Nature of Interest [specify all deeds and written instruments relating thereto]	Market value of debtor's interest without deduction for secured claims listed in Schedule A- or Exemptions in B-
--	---	--

See attached Exhibit B

TOTAL MARKET VALUE 942,600

SCHEDULE B-2. PERSONAL PROPERTY

Type of Property	Description and Location	Market value of debtor's interest without deduction for secured claims listed in Schedule A-2 or Exemptions in B-4
(a)	Cash on hand:	2,059
(b)	Deposits of money with banking institutions, savings loan associations, credit unions, public utilities, landlords, etc:	506,458
(c)	Household goods, supplies and furnishings:	0
(d)	Books, pictures and other art objects; stamp, coin and other collections:	0
(e)	Wearing apparel, jewelry, firearms, sports equipment and other personal possessions:	0
(f)	Automobiles, trucks, trailers, and other vehicles:	36,800
	1973 GMC Motorhome	
	1979 Chevy pick-up	
	1988 Buick	
	1981 Chevy Motorhome	
	1978 Chevy Van (sold June 1989, but title has not yet transferred)	
(g)	Boats, motors and their accessories:	0
(h)	Livestock, poultry, and other animals:	0
(i)	Farming equipment, supplies and implements:	0
(j)	Office equipment, furnishings, and supplies:	6,125
(k)	Machinery, fixtures, equipment, and supplies [other than those listed in items (j) and (l)] used in business:	0
(l)	Inventory:	0
(m)	Tangible personal property of any other description:	0
(n)	Patents, copyrights, franchises, and other general intangibles (specify all documents and writings related thereto):	0
(o)	Government and corporate bonds and other negotiable and non-negotiable instruments:	0

(p)	Other liquidated debts owing debtor: (Face Value of \$59,296, discounted 50%)	29,648
(q)	Contingent and unliquidated claims of every nature, including counterclaims of the debtor (give estimated value of each):	0
(r)	Interests in insurance policies (name insurance company of each policy and itemize surrender or refund value of each):	0
(s)	Annuities (itemize and name each issuer):	0
(t)	Stock and interests in incorporated and unincorporated companies (itemize separately):	0
(u)	Interests in partnerships:	0
(v)	Equitable and future interest, life estates, and rights or powers exercisable for the benefit of the debtor (other than those listed in Schedule B-1) [specify all written instruments related thereto]:	0
	TOTAL MARKET VALUE	581,090

SCHEDULE B-3. PROPERTY NOT OTHERWISE SCHEDULED

Type of Property	Description and Location	Market value of debtor's interest without deduction for secured claims listed in Schedule A-2 or Exemptions in B-4
<p>(a) Property transferred under assignment for benefit of creditors, within 120 days prior to filing of petition (specify date of assignment, name and address of assignee, amount realized therefrom by the assignee, and disposition of proceeds so far as known to debtor:</p>		0
<p>(b) Property of any kind not otherwise scheduled:</p>		
	Notes Receivable on real property sales, face value \$2,327,522 discounted 30%	1,629,265
	Real property in escrow (2612 and 2620 Riverdale) included at cash received from escrow December 1989 of \$3,180.64 plus 30% discount on notes of \$115,500 face value.	84,031
TOTAL MARKET VALUE		1,713,296

---

SCHEDULE B-4. PROPERTY CLAIMED AS EXEMPT

---

Debtors select the following property as exempt pursuant to the laws of the State of California

Type of Property	Location, and description, and so far as relevant to claim of exemption, present use of property	Statute and section creating exemption	Value claimed exempt
------------------	--	--	----------------------

TOTAL VALUE CLAIMED EXEMPT

0

SUMMARY OF DEBTS AND PROPER  
(From the statements of the debtor in Schedules A and B)

SCHEDULE	DEBTS	TOTAL
A-1/a,b	Wages, contributions.....	0
A-1/c	Deposits of money.....	0
A-1/d(1)	Taxes owing United States.....	0
A-1/d(2)	Taxes owing States.....	0
A-1/d(3)	Taxes owing other taxing authorities.....	8,636
A-2	Secured claims.....	0
A-3	Unsecured Claims.....	36,000

SCHEDULE A TOTAL 44,636

PROPERTY		
B-1	Real property (total value).....	942,600
B-2/a	Cash on hand.....	2,059
B-2/b	Deposits.....	506,458
B-2/c	Household goods.....	0
B-2/d	Books, pictures, and collections.....	0
B-2/e	Wearing apparel and personal possessions.....	0
B-2/f	Automobiles and other vehicles.....	36,800
B-2/g	Boats, motors, and accessories.....	0
B-2/h	Livestock and other animals.....	0
B-2/i	Farming supplies and implements.....	0
B-2/j	Office equipment and supplies.....	6,125
B-2/k	Machinery, equipment and supplies used in business	0
B-2/l	Inventory.....	0
B-2/m	Other tangible personal property.....	0
B-2/n	Patents and other general intangibles.....	0
B-2/o	Bonds and other instruments.....	0
B-2/p	Other liquidated debts.....	29,648
B-2/q	Contingent and unliquidated claims.....	0
B-2/r	Interests in insurance policies.....	0
B-2/s	Annuities.....	0
B-2/t	Interest in corporations and unincorporated companies	0
B-2/u	Interests in partnerships.....	0
B-2/v	Equitable and future interests, rights and powers	0
B-3/a	Property assigned for benefit of creditors...	0
B-3/b	Property not otherwise schedules.....	1,713,296

SCHEDULE B TOTAL 3,236,986

B-4 Amount of Property claimed as exempt \$0

UNSWORN DECLARATION UNDER PENALTY OF PERJURY

I, LIDA G. HENSLEY, secretary of Universal Life Church, a California non-profit corporation, declare under penalty of perjury that I have read the foregoing schedules, consisting of 10 sheets, and that they are true and correct to the best of my knowledge, information and belief.

Dated: 1-19-90

*Lida G. Hensley*  
 \_\_\_\_\_  
 LIDA G. HENSLEY, Secretary of  
 UNIVERSAL LIFE CHURCH, Debtor

UNIVERSAL LIFE CHURCH, INC.  
Supplemental Information for Statement of Debts  
Chapter 11 Filed November 30, 1989

A-1 CREDITORS HAVING PRIORITY (page 12)

1. Do you owe any taxes to the United States?

The IRS has issued a Statutory Notice of Deficiency for income taxes as follows:

FYE 04/30/78	\$ 52,911.00
FYE 04/30/79	129,467.00
FYE 04/30/80	355,759.00

These amounts would be increased by interest and penalties to a total liability for the three years of approximately \$1,880,000 at the time of the Chapter 11 filing. We do not agree with the IRS's computation of the tax liability, and are litigating our position. We believe that our tax liability for these three years is zero.

The IRS has assessed unemployment taxes (Form 940) as follows:

Calendar 1984	\$5,112.91
Calendar 1985	5,198.19
Calendar 1986	3,597.81
Calendar 1987	4,121.04

These amounts, plus interest and penalties, totalled approximately \$34,000 at the time of the Chapter 11 filing. As an exempt church, we are not subject to unemployment taxes, and believe that our liability is zero.

Also, the IRS has assessed payroll taxes (Form 941, both FICA and income tax withholding) as follows:

Calendar 1986	\$19,904.00
Calendar 1987	22,798.68

The approximate total of the tax, plus interest and penalty, is \$78,000. We have filed and paid the correct payroll taxes, and believe that our remaining liability is zero.

2. Do you owe taxes to any state?

The State of California Franchise Tax Board has issued, and affirmed, Proposed Assessments as follows:

FYE 04/30/78	\$12,487.41
FYE 04/30/79	27,538.02
FYE 04/30/80	75,539.22

After increase by interest and penalties, the total was approximately \$389,000 at the time of the Chapter 11 filing. The Franchise Tax Board assessment is based on the IRS Statutory Notices of Deficiency for those years. We believe our state income tax liability is zero.

STATEMENT OF ASSETS - REAL PROPERTY

<u>PROPERTY OWNED BY UNIVERSAL LIFE CHURCH, INC.</u>				<u>FAIR MARKET VALUE</u>	
601 Third Street	Modesto	Church	}	100,000	
602 Second Street	Modesto	Church strg.			
607 Third Street	Modesto	1 BR 1 BA			Rental
1637 Imperial Ave.	Modesto	2 BR 1 BA	36,000	Rental	
2621 W. Hatch Road	Modesto	2 BR 1 BA	36,000	Rental	
709 Inyo Avenue	Modesto	2 BR 1 BA	36,000	Rental	
712 Lassen Avenue	Modesto	2 BR 1 BA	20,000	Rental	
2632 Riverdale Ave.	Modesto	2 BR 1 BA	47,000	Rental	
2633 Parkdale Drive	Modesto	2 BR 1 BA	47,000	Rental	
1504 Oregon Drive	Modesto	2 BR 1 BA	28,000	Rental	
1021 Boulder Avenue	Modesto	2 BR 1 BA	26,000	Rental	
2214 Kenneth Street	Modesto	2 BR 1 BA	36,000	Rental	
1727 Clayton	Modesto	2 BR 1 BA	68,000	Rental	
2617 Riverdale Avenue	Modesto	2 BR 1 BA	47,000	Rental	
2613 Riverdale Avenue	Modesto	2 BR 1 BA	47,000	Rental	
2609 Parkdale Drive	Modesto	2 BR 1 BA	47,000	Rental	
2629 Parkdale Drive	Modesto	2 BR 1 BA	47,000	Rental	
2624 Riverdale Avenue	Modesto	2 BR 1 BA	47,000	Rental	
1424 Rosemore Ave., Lot 1	Modesto	Vacant lot	9,000		
Rosemore prcl. #2324, Lot 2	Modesto	Vacant lot	9,000		
2406 Riverdale Avenue	Modesto	Vacant lot	9,000		
2407 Riverdale Avenue	Modesto	Vacant lot	9,000		
2410 Riverdale Avenue	Modesto	Vacant lot	9,000		
Hatch Rd., Blk 9386 Lot 21	Modesto	Vacant lot	9,000		
Hatch Rd., Blk 9386 Lot 22	Modesto	Vacant lot	9,000		



<u>PROPERTY OWNED BY UNIVERSAL LIFE CHURCH, INC.</u>				<u>FAIR MARKET VALUE</u>
Hatch Rd., Blk 9386 Lot 24	Modesto	Vacant lot		9,000
Hatch Rd., Blk 9386 Lot 25	Modesto	Vacant lot		9,000
Hatch Rd., Blk 9386 Lot 26	Modesto	Vacant lot		9,000
Parkdale Dr., Blk 9407 Lot 4	Modesto	Vacant lot		9,000
Parkdale Dr., Blk 9407 Lot 3	Modesto	Vacant lot		9,000
Parkdale Dr., Blk 9407 Lot 2	Modesto	Vacant lot		9,000
Parkdale Dr., Blk 9384 Lot B	Modesto	Vacant lot		9,000
Block 5, Lot 3	Castillo CO	Vacant lot		800
Block 48, Lot 7	Castillo CO	Vacant lot		800
5 Acres	Levi Co. FL	Vacant lot		6,000
2636 Riverdale Avenue	Modesto	Adverse Pos.	47,000	Rental
2644 Riverdale Avenue	Modesto	Adverse Pos.	47,000	Rental
2612 Riverdale Avenue	Modesto	In Escrow		
2620 Riverdale Avenue	Modesto	In Escrow		
312 Crockett	Modesto	Contract of Sale		
1549 Lassen	Modesto	Contract of Sale		
2653 Parkdale	Modesto	Contract of Sale		
2230 Kenneth	Modesto	Contract of Sale		