

Name of Investment Adviser:

Spirit of America Management Corp.

Address: (Number and Street)

477 Jericho Turnpike

(City)

Syosset

(State)

NY

(Zip Code)

11791

Area Code:

Telephone Number:

516-390-5572

This part of Form ADV gives information about the investment adviser and its business for the use of clients.

The information has not been approved or verified by any governmental authority.

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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**Part II - Page 2**

Applicant:  
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**801-54782**

Date:  
**02/22/2010**

**1. A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service.  
(See instruction below.)

Applicant:

<input checked="" type="checkbox"/> (1) Provides investment supervisory services.....	100 %
<input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services.....	%
<input type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above.....	%
<input type="checkbox"/> (4) Issues periodicals about securities by subscription.....	%
<input type="checkbox"/> (5) Issues special reports about securities not included in any service described above.....	%
<input type="checkbox"/> (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities.....	%
<input type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities.....	%
<input type="checkbox"/> (8) Provides a timing service.....	%
<input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above.....	%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

	Yes	No
B. Does applicant call any of the services it checked above financial planning or some similar term?.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>

C. Applicant offers investment advisory services for: (check all that apply)

<input checked="" type="checkbox"/> (1) A percentage of assets under management	<input type="checkbox"/> (4) Subscription fees
<input type="checkbox"/> (2) Hourly charges	<input type="checkbox"/> (5) Commissions
<input type="checkbox"/> (3) Fixed fees (not including subscription fees)	<input type="checkbox"/> (6) Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of Clients** — Applicant generally provides investment advice to: (check those that apply)

<input type="checkbox"/> A. Individuals	<input type="checkbox"/> E. Trusts, estates, or charitable organizations
<input type="checkbox"/> B. Banks or thrift institutions	<input type="checkbox"/> F. Corporations or business entities other than those listed above
<input checked="" type="checkbox"/> C. Investment companies	<input type="checkbox"/> G. Other (describe on Schedule F)
<input type="checkbox"/> D. Pension and profit sharing plans	

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**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |   |
|--|---|
| <p>A. Equity Securities</p> <p><input checked="" type="checkbox"/> (1) exchange-listed securities</p> <p><input checked="" type="checkbox"/> (2) Securities traded over-the-counter</p> <p><input type="checkbox"/> (3) foreign issuers</p> <p><input type="checkbox"/> B. Warrants</p> <p><input checked="" type="checkbox"/> C. Corporate debt securities<br/>(other than commercial paper)</p> <p><input type="checkbox"/> D. Commercial paper</p> <p><input type="checkbox"/> E. Certificates of deposit</p> <p><input checked="" type="checkbox"/> F. Municipal securities</p> <p>G. Investment company securities</p> <p><input type="checkbox"/> (1) variable life insurance</p> <p><input type="checkbox"/> (2) variable annuities</p> <p><input checked="" type="checkbox"/> (3) mutual fund shares</p> | <p><input checked="" type="checkbox"/> H. United States government securities</p> <p>I. Options contracts on:</p> <p><input checked="" type="checkbox"/> (1) securities</p> <p><input type="checkbox"/> (2) commodities</p> <p>J. Futures contracts on:</p> <p><input type="checkbox"/> (1) tangibles</p> <p><input type="checkbox"/> (2) intangibles</p> <p>K. Interests in partnerships investing in:</p> <p><input checked="" type="checkbox"/> (1) real estate</p> <p><input type="checkbox"/> (2) oil and gas interests</p> <p><input type="checkbox"/> (3) other (explain on Schedule F)</p> <p><input type="checkbox"/> L. Other (explain on Schedule F)</p> |
|--|---|

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Charting               | (4) <input checked="" type="checkbox"/> Cyclical           |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services  |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input type="checkbox"/> Other (explain on Schedule F)  |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input checked="" type="checkbox"/> Short sales  |   |

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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... Yes No  
[X] [ ]

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- [ ] A. Applicant is actively engaged in a business other than giving investment advice.
- [ ] B. Applicant sells products or services other than investment advice to clients.
- [X] C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- [ ] A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- [ ] B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.

C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

- |   |   |
|---|---|
| [X] (1) broker-dealer   | [ ] (7) accounting firm                                       |
| [X] (2) investment company  | [ ] (8) law firm  |
| [ ] (3) other investment adviser  | [ ] (9) insurance company or agency                           |
| [ ] (4) financial planning firm   | [ ] (10) pension consultant                                   |
| [ ] (5) commodity pool operator, commodity trading adviser or futures commission merchant | [ ] (11) real estate broker or dealer                         |
| [ ] (6) banking or thrift institution   | [ ] (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?..... Yes No  
[ ] [X]

(If yes, describe on Schedule F the partnerships and what they invest in.)

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**9. Participation or Interest in client Transactions.** (check those that apply)

Applicant or a related person:

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? ..... ☐ Yes ☒ No

(If yes, describe on Schedule F.)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned to each.

Registrant is an investment adviser to an open-ended diversified investment company. The account is reviewed continuously by designated portfolio managers. See Schedule F, Item 6 for a list of portfolio managers and the account assigned to each.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Registrant furnishes various reports to its mutual fund client on a periodic basis with regard to, among other things, yield and quality of portfolio investments.

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**12. Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- |   |                                     |                          |
|---|-------------------------------------|--------------------------|
| (1) securities to be bought or sold?.....               | Yes                                 | No                       |
|   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold?..... | Yes                                 | No                       |
|   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used?.....                   | Yes                                 | No                       |
|   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid?.....                         | Yes                                 | No                       |
|   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients?.....
- |  |                                     |                          |
|--|-------------------------------------|--------------------------|
|  | Yes                                 | No                       |
|  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) Or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness Of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?.....
- |  |                                     |                          |
|--|-------------------------------------|--------------------------|
|  | Yes                                 | No                       |
|  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
- B. directly or indirectly compensates any person for client referrals?.....
- |  |                          |                                     |
|--|--------------------------|-------------------------------------|
|  | Yes                      | No                                  |
|  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering with the Securities and Exchange Commission); or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet?.....
- |  |                          |                                     |
|--|--------------------------|-------------------------------------|
|  | Yes                      | No                                  |
|  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

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**Schedule F of**  
**Form ADV**

Applicant:  
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Corporation

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**Continuation Sheet for Form ADV Part II**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

Spirit of America Management Corporation

IRS Empl. Ident. No.:

**Item 1. A.**

Pursuant to an investment advisory agreement with an affiliated, open-ended management investment company, Spirit of America Investment Fund, Inc., Registrant is the investment adviser of the Real Estate Income and Growth Fund, the Large Cap Value Fund, the High Yield Tax Free Bond Fund and the Income Fund (each a "Fund," and collectively, the "Funds"). Registrant invests each Fund's assets in accordance with each Fund's investment objectives, policies and limitations; manages each Fund's business affairs; and supervises each Fund's day-to-day operations.

As compensation for its advisory services, the advisory agreement provides for Registrant to receive the following management fees:

	Annual Rate
Real Estate Income and Growth Fund	0.97%
Large Cap Value Fund	0.97%
High Yield Tax Fee Bond Fund	0.60%
Income Fund	0.60%

Fees are calculated at the annual rate of the respective Fund's average daily net assets. Fees are accrued daily and paid monthly. From time to time, Registrant may waive receipt of its management fees and/or voluntarily assume certain expenses of the Funds.

**Item 5.**

Registrant requires that persons rendering advice on its behalf have the following qualifications: good character; a college degree in finance, securities analysis, and/or accounting; and/or three to five years of experience in portfolio management, securities research and/or trading.

**Item 6.**

David Lerner – Owner, President, and CEO, 05/1997 – present.

Born: 1936.

Education: M.B.A., City University of New York, 1961; B.A., City University of New York, 1958.

Business Experience:

President, Director, Chief Executive Officer, David Lerner Associates, Inc., 1976 – present.

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

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President, Chairman, Spirit of America Investment Fund, Inc., 05/1997 – present.

Alan Chodosh – Treasurer, 6/2003 – present

Born: 1954

Education: B.S. in Accounting, St. John's University, 1974; Certified Public Accountant, 1977.

Business Experience:

Chief Financial Officer, David Lerner Associates, Inc., 06/1997 to present.

Joseph Pickard – Chief Compliance Officer, 08/2007 to present.

Born: 1960

Education: J.D., Brooklyn Law School, 1985; B.A. in Political Science, Franklin & Marshall College, 1982.

Business Experience:

General Counsel, David Lerner Associates, Inc., 07/2002 – present.

General Counsel to Interested Directors of Spirit of America Investment Fund, Inc., 07/2002 - present.

Chief Compliance Officer, Spirit of America Investment Fund, Inc., 07/2007 – present.

William Mason – Portfolio Manager (Income Fund), 01/2009 – present.

Born: 1958.

Education: Four years at St. Francis College, Brooklyn College.

Business Experience:

Executive Vice President of Fixed Income Trading, David Lerner Associates, Inc., 06/1998 – present.

Managing Director, Spirit of American Family of Funds, 01/2008 – present.

Portfolio Manager (High Yield Tax Free Bond Fund and Large Cap Value Fund), Spirit of America Management Corporation, 2008 – 06/2009.

Raymond Mathis – Portfolio Manager (Real Estate Income and Growth Fund), 2007 – present.

Born: 1969.

Education: M.B.A., University of New Orleans, 1998.

Business Experience:

Registered Representative, David Lerner Associates, Inc., 03/2008 – present.

Securities Analyst, Standard & Poor's, 2001 – 2007.

Alpana Sen – Portfolio Manager (Large Cap Value Fund), 06/2009 – present.

Born: 1969

Education: M.B.A. (Finance), Pace University, 1997.

Business Experience:

Portfolio Manager, Spirit of America Investment Fund, Inc. 09/2008 – 06/2009.

Registered Representative, David Lerner Associates, Inc., 10/2008 – present.

Vice President, Quantitative Strategies Group, Morgan Stanley Investment Management, 09/1997 – 09/2008.



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Douglas Revello – Portfolio Manager (High Yield Tax Free Bond Fund), 05/2009 – present.  
Born: 1965  
Education: M.B.A., Dowling College, 1998.  
Senior Vice President, David Lerner Associates, Inc., 2007 – present.  
Municipal Bond Underwriter, David Lerner Associates, Inc., 10/1988 – 1999; 04/2001 – present.

**Item 7. C.**

Mr. David Lerner is President, Director and Chief Executive Officer, of David Lerner Associates, Inc., a registered broker-dealer. In addition, Mr. Lerner is President and Chairman of the Board of Directors of Spirit of America Investment Fund, Inc.

Mr. Joseph Pickard is the General Counsel of David Lerner Associates, Inc., and General Counsel to Interested Directors of Spirit of America Investment Fund, Inc. In addition, Mr. Pickard is the Chief Compliance Officer of Spirit of America Investment Fund, Inc.

Mr. William Mason is the Executive Vice President of Fixed Income Trading for David Lerner Associates, Inc.

**Item 8. C.**

Registrant's Owner, President and CEO, David Lerner, is President and Chairman of the Board of Directors of Spirit of America Investment Funds, Inc., Registrant's only client. Registrant and Spirit of America Investment Funds, Inc. are parties to an investment management agreement. See Item 1 above. In addition, David Lerner Associates, Inc., an affiliate of Registrant and a registered broker-dealer, acts as distributor and principal underwriter for Spirit of America Investment Funds, Inc.

**Item 9.**

Registrant's portfolio managers make decisions to recommend, purchase, sell or hold securities for Spirit of America Investment Fund, Inc., based on the specific investment objectives, guidelines and restrictions of each Fund. Certain of the Funds have similar investment objectives, guidelines and restrictions, and the Registrant may direct transactions on behalf of a number of Funds at or about the same time. Registrant's portfolio managers may make recommendations and take action with respect to a particular Fund that may be the same as or may differ from the recommendations made or the timing or nature of action taken with respect to other Funds. Registrant has adopted policies regarding the allocation of securities recommendations and other investment opportunities among the various Funds with a view toward making such allocations on a fair and equitable basis over time.

David Lerner Associates, Inc., an affiliate of Registrant, may take positions in securities of the type in which Registrant's client, Spirit of America Investment Fund, Inc., is eligible to invest and Registrant may recommend securities transactions to Spirit of America Investment Fund, Inc. in the same type of securities which David Lerner Associates, Inc. or its customers invest. However, David Lerner Associates, Inc. does not execute portfolio transactions for Spirit of America Investment Fund, Inc., on an agency basis for compensation, or which would be deemed to be principal transactions.

As mentioned above, Mr. William Mason is the portfolio manager for the Income Fund of Spirit of America Investment Fund, Inc. and is employed by David Lerner Associates, Inc. to manage customer

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trading, underwriting, institutional sales and dealer sales covering products such as, municipal bonds, treasuries, CMOs, corporate bonds and unit investment trusts. In addition, Mr. Mason manages David Lerner Associates, Inc.'s proprietary fixed-income trading accounts. As such, conflicts of interest may arise because Mr. Mason has day-to-day management responsibilities for a Fund of Spirit of America Investment Fund, Inc., David Lerner Associates, Inc.'s proprietary accounts, and DLA customer accounts. Registrant and David Lerner Associates, Inc. have adopted policies regarding the allocation of securities recommendations and other investment opportunities among Spirit of America Investment Fund, Inc., David Lerner Associates, Inc.'s proprietary accounts, and David Lerner Associates, Inc.'s customers.

Whether and to what extent a Fund (and/or DLA or DLA customer) participates in an allocation is based on a number of considerations, including, among others, their respective investment objective, policies and restrictions, their availability of cash balances, tax considerations, the limited quantity of an investment opportunity and whether the Fund (and/or DLA or DLA customer) already has sufficient holdings of similar securities. Based on these considerations, each Fund (and DLA or DLA customer) is generally given the opportunity to participate in potential investments which fall within its investment objective, policies and restrictions on a pro-rata basis, based upon the percentage of the initial customer order to the total of all orders. However, each of the Funds is managed on an independent basis and the composition of Funds with similar investment objectives and policies, and the purchase and sale transactions entered into on their behalf, may not be identical in most circumstances.

David Lerner Associates, Inc., operates as a self-clearing securities broker-dealer, and acts as the distributor and principal underwriter of Spirit of America Investment Fund, Inc. David Lerner Associates, Inc., as distributor, receives fees paid by Spirit of America Investment Fund, Inc. to finance the distribution of Fund shares in accordance with SEC Rule 12b-1.

#### Code of Ethics

Registrant has adopted a Code of Ethics, which permits but restricts the investing activities of Registrant's officers, directors and personnel, in an effort to prevent deceptive, manipulative or fraudulent activities in connection with securities held or to be held by Registrant's client. Registrant's only client, the Spirit of America Investment Fund, Inc., is also required to adopt a code of ethics. Registrant provides a copy of its Code of Ethics to the Spirit of America Investment Fund, Inc. on an annual basis and as amended from time to time.

#### **Item 12.**

Registrant has discretion to invest each Funds' assets in accordance with each Funds' investment objectives, policies and limitations. Registrant also has the responsibility for allocating brokerage orders and may direct orders to any broker, including to David Lerner Associates, Inc. It is Registrant's general policy to seek to execute securities transactions in such a manner that the total cost or proceeds in each transaction is the most favorable, taking into account such factors as the price (including the applicable brokerage commission or spread), size and order, the difficulty of execution and the full range and quality of a broker-dealer's services. In the purchase and sale of over-the-counter securities, it is Registrant's policy to use the primary market makers except when a better price can be obtained by using a broker. The brokers selected for trades are regularly evaluated and monitored for performance and execution quality by Registrant. While Registrant generally seeks reasonably competitive spreads or

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commissions, payments of the lowest spread or commission are not necessarily consistent with obtaining the best net results. Accordingly, Spirit of America Investment Fund, Inc. may not necessarily be paying the lowest spread or commission available. Registrant may, consistent with the policy of obtaining the best net results, conduct brokerage transactions through David Lerner Associates, Inc. solely on an agency basis for no compensation. The allocation of orders among brokers and the commission rates paid will be reviewed periodically by Registrant.

**Item 13.**

Registrant is authorized to direct portfolio transactions to broker-dealers who provide research and other services in connection with the execution of orders. The use of broker-dealers who supply supplemental research and analysis and other services may result in the payment of higher commissions than those available from other brokers and dealers who provide only the execution of portfolio transactions. To the extent that research services of value are provided by broker-dealers with or through whom Registrant places Fund portfolio transactions, Registrant may be relieved of expenses which it might otherwise bear.

**Business Continuity Plan Disclosure**

Registrant has developed business continuity plans to address the possibility of a significant business disruption. Plans are reviewed, updated and exercised on a regular basis. Should an event occur that hinders Registrant's ability to conduct normal business operations, Registrant has secured remote locations to resume critical business operations within a reasonable period of time. Should business functions be interrupted by the loss of primary business facilities, associates and "work" would be relocated to an alternate site. In the event of a systems loss, application would be redirected to our recovery location, which could be an alternate facility or a remote recovery service provider. The hierarchical structure of Registrant's recovery plans includes the ability to address incidents that are facility, city, state or regional in nature.