



August 25, 2015

Dayton IV Information Packet

- Eagle View Partners (2008) – 25%
- Falcon Heights Partners (2008) – 25%
- Night Hawk Partners (2009) – 25%
- Osprey Partners (2010) – 25%

Dear Investor:

This information packet is being provided to you pursuant to an order of the District Court in the pending case between the Securities and Exchange Commission ("SEC"), Louis Schooler, and First Financial Planning Corporation d/b/a Western Financial Planning Corporation ("Western"). The relevant order, which is dated March 4, 2015, and is entitled Order Keeping General Partnerships Under Receivership ("Order"), is available at the Receiver's website, www.ethreadvisors.com (use the SEC Case Docs tab). You are encouraged to review the order carefully.

This packet is intended to provide you with information about the District Court case, the Receiver's findings, and the financial condition of your General Partnership ("GP"). Specifically, the Order instructs the Receiver to provide you with the following information:

I. SEC ALLEGATIONS

The following is a summary of the allegations made by the SEC in the case:

On September 4, 2012, the SEC filed a complaint against Louis Schooler and Western, alleging they committed fraud and failed to register securities in violation of the federal securities laws.

A. Fraud Allegations

The SEC alleges Mr. Schooler orchestrated an offering fraud that involved buying raw, undeveloped land and using his company, Western, to sell the land to investors for far more than it was worth, without properly disclosing its true value. The SEC alleges Mr. Schooler marked up the land and sold it to investors at a price that was several times higher than what he paid for it (in some cases, 500% higher or more) without disclosing to investors the price he paid.

The SEC also alleges Mr. Schooler led investors to believe they received a good price for the land Western offered. His sales force allegedly used real estate "comps" that appeared to show that similar land was worth even more than what investors were paying for Western's land.

However, the SEC alleges the "comps" were not truly comparable because they often included entitlements, zoning, water rights, and other features that Western's land did not have.

In addition to misrepresenting the value of the land to investors, the SEC alleges Mr. Schooler concealed the fact the land Western offered to investors was often subject to mortgages Western had taken out to pay for the land. The SEC also alleges Mr. Schooler did not disclose the land was not owned outright nor the risk that the seller could foreclose upon the property if Western ceased making mortgage payments.

B. Registration Violations

The SEC alleges Western sold its land to investors through GPs that it structured, organized, and managed from inception through the time of an eventual land sale. Investors, many of whom were allegedly unsophisticated in business affairs, purchased units in a GP, and the GP purchased land from Western. The SEC alleges the GP units are securities because investors were completely dependent on Schooler and Western to manage their investment. Because Schooler and Western failed to register their securities offerings with the SEC, the SEC alleges they violated the securities registration provisions. On April 25, 2014, the District Court decided that the GP units sold to investors are securities.

II. RECEIVER'S FINDINGS

A. Original Purchase Prices of GP Properties, Funds Raised By Western, and Appraised Values of GP Properties

Western bought the Dayton IV land in December 2005 for an adjusted purchase price (after Western and a related Schooler entity retained 2 parcels) of \$2,130,944. In 2008 - 2010, Western formed 4 underlying partnerships, each with a 25% undivided interest in the property. Western raised \$23,207,000 when it sold the land to investors, or \$21,076,056 (989%) more than it paid for the land. An outside appraisal obtained in August 2015 valued the property at \$220,000. An appraisal obtained by the Receiver in 2013 valued the property at \$160,000. This is all outlined in the chart below.

Western transferred \$19,398,146 of the excess proceeds to itself after the initial funding. In addition, Western and another related Schooler entity retained 2 of the original 4 Dayton IV parcels for itself. The cost of the 2 parcels removed prior to the formation of the Dayton IV GPs have been adjusted for in the Western purchase price below.

	Western Land Purchase Price	Amount Raised From Investors	Excess Proceeds Raised by Western	Excess Proceeds %	2015 Appraised Value
Eagle View Partners	\$532,736	\$5,547,100	\$5,014,364	941%	\$55,000
Falcon Heights Partners	\$532,736	\$5,713,500	\$5,180,764	972%	\$55,000
Night Hawk Partners	\$532,736	\$5,884,900	\$5,352,164	1,005%	\$55,000
Osprey Partners	\$532,736	\$6,061,500	\$5,528,764	1,038%	\$55,000
	\$2,130,944	\$23,207,000	\$21,076,056	989%	\$220,000

B. How the Difference Between the Original Purchase Prices and the Money Raised Was Spent by Western

Western did not keep separate accounts for the funds it obtained from each GP. All funds it obtained from the GPs for selling land went to the same primary bank account. Therefore, there is no way to know exactly how the funds Western obtained for selling the Dayton IV land were used, as opposed to funds obtained from selling other land. However, the Receiver did an analysis of how funds were spent by Western for the time period 2005 - 2012. Based upon average amounts spent during that period by category, the \$21,076,056 in excess proceeds received by Western is estimated to have been spent as follows:

	Average % Paid	Estimated Amount Paid
Payments to Schooler	21%	\$4,508,454
Sales Commissions	15%	\$3,259,815
Payroll - Other	17%	\$3,679,490
Operating Expenses	21%	\$4,433,971
Western Investments in GPs	9%	\$1,913,124
Income Taxes	6%	\$1,184,622
Payments to Related Parties	6%	\$1,214,071
Payments to Escrow Companies	4%	\$882,508
	100%	\$21,076,056

Additional information on the Receiver's findings concerning the financial affairs of Western and the GPs can be found on the Receiver's website, www.ethreadvisors.com (use the SEC Case Docs tab), including Part One and Part Two of the Receiver's Forensic Accounting Report.

III. CURRENT FINANCIAL STATUS OF DAYTON IV GPs

Listed below are the current and projected cash balances for the Dayton IV GPs.

	Cash as of 1/1/2015	Est 2015 & 2016 Receipts	Est 2015 & 2016 Expenses	Estimated Cash as of 12/31/2016	Percentage of Operational Bills Paid Since 2013
Eagle View Partners	\$225,758	\$138,755	(\$236,120)	\$128,393	N/A
Falcon Heights Partners	\$213,126	\$100,446	(\$215,245)	\$98,327	N/A
Night Hawk Partners	\$260,493	\$74,140	(\$174,964)	\$159,669	N/A
Osprey Partners	\$288,363	\$67,640	(\$150,520)	\$205,483	N/A
	\$987,740	\$380,981	(\$776,849)	\$591,872	N/A

The receipts consist solely of investor note payments made by investors who financed a portion of their investments. Expenses consist primarily of administrators, tax preparation, property taxes, insurance, and most significantly, investor loan payments due to Western for financed investments. The Western loan payments are then used by Western to pay the underlying mortgage on the property. Attached as Exhibit "A" are actual and estimated receipts and disbursements for 2014, 2015 and 2016 for each GP. The Dayton IV GPs are projected to have sufficient cash to pay operating expenses through 2016.

It is important to understand that, because of the co-tenancy structure for Dayton IV, in which each of the four GPs own a percentage of the same land, the financial status of each GP can potentially affect the other GPs. If, for example, one GP in the group becomes unable to pay its operating expenses such as property taxes, the other GPs may be adversely effected by the late charges and/or penalties incurred for the land as a whole. Our current projection for Dayton IV is that this will not occur before the end of 2016.

IV. ESTIMATED CURRENT VALUE OF INVESTMENT

Listed below is the estimated cash proceeds that would be received from a sale of the property, based on its August 2015 appraised value. The estimated net sale proceeds are based on the existing 2015 appraised value (less cost of sale). GP notes payable are amounts due to Western for investors who financed a portion of their investment. The underlying mortgages on Dayton IV are also listed below. A sale based on these assumptions would yield negative net proceeds of (\$1,516,179) for the 4 GPs that comprise the Dayton IV property.

This property is extremely "underwater" in that the outstanding balances owed on mortgages and in investor notes payable to Western greatly exceed the estimated net sales proceeds of the property. The Receiver had recommended that the Dayton IV property be surrendered to the lender, and then attempt to preserve the current cash balances for the

investors. There appears to be a minimal chance of recovery of investor contributions on this investment (\$23,207,000 raised from investors versus a current appraised value of \$220,000).

The Court has directed the Receiver to ballot the investors as to whether they wish to retain or surrender the Dayton IV property. If less than a majority of the votes cast wish to retain the property, the Receiver will surrender the property to the lender, and attempt to preserve the existing cash. Should a majority of votes cast wish to retain the property, the Receiver will continue to pay expenses in the normal course of business. A capital call should not be required prior to the end of 2016.

	Estimated Net Sale Proceeds	GP Notes Payable to Western	Outstanding Balance on Mortgages	Estimated Cash Proceeds to GPs from Sale
Eagle View Partners	\$51,150	(\$300,038)	(\$169,703)	(\$418,591)
Falcon Heights Partners	\$51,150	(\$272,131)	(\$169,703)	(\$390,684)
Night Hawk Partners	\$51,150	(\$240,367)	(\$169,703)	(\$358,920)
Osprey Partners	\$51,150	(\$229,431)	(\$169,703)	(\$347,984)
	\$204,600	(\$1,041,967)	(\$678,812)	(\$1,516,179)

Sincerely,



Thomas C. Hebrank, CPA, CIRA
Receiver

EXHIBIT “A”

Eagle View

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	266,560	225,758	178,039
Receipts			
2013 Cleared Deposits	(540)		-
Miscellaneous Receipts	-	-	-
Partner Note Payments	74,077	71,491	67,264
Total Receipts	<u>73,537</u>	<u>71,491</u>	<u>67,264</u>
Disbursements			
Administrator Payroll	1,300	1,300	¹ 1,200
K-1 Preparation	1,150	4,885	² 2,800
Property Taxes/Bond Payments	1,301	591	591
Insurance	356	410	410
Office Supplies	496	500	500
Appraisal	-	-	-
State and Local Entity Filings	450	1,125	1,125
Income Taxes	800	800	800
Miscellaneous	-	1,113	³ 1,000
Note Payable to Western	108,486	108,486	⁴ 108,486
Total Disbursements	<u>114,339</u>	<u>119,209</u>	<u>116,911</u>
Ending Cash Balance	<u>225,758</u>	<u>178,039</u>	<u>128,392</u>
Amount to be Billed			-

¹ In April 2015, the GPs will pay a small upfront fee to Lincoln property, but will see comparable costs thereafter.

² It should be noted that the 2014 K-1 preparation was due in 2014, but not paid until 2015 because the Court had not yet authorized that payment. We anticipate that expense will be due and payable in the applicable year on a go-forward basis (i.e. billed in 2015 and paid in 2015). Therefore, the K-1 Preparation expenses include 2014 and 2015 fees.

³ This amount is included for budgetary reasons but is not expensed if not used.

⁴ This payment reflects the amount due from the partnership to Western for those Investors that financed their investment.

Falcon Heights

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	262,267	213,126	154,909
Receipts			
2013 Cleared Deposits	2,103		-
Miscellaneous Receipts	-	-	-
Partner Note Payments	57,366	50,223	50,223
Total Receipts	59,470	50,223	50,223
Disbursements			
Administrator Payroll	1,300	1,300	¹ 1,200
K-1 Preparation	1,190	4,229	² 2,800
Property Taxes/Bond Payments	1,301	591	591
Insurance	344	410	410
Office Supplies	468	500	500
Appraisal	-	-	-
State and Local Entity Filings	450	1,125	1,125
Income Taxes	800	800	800
Miscellaneous	12	1,106	³ 1,000
Note Payable to Western	102,746	98,380	⁴ 98,380
Total Disbursements	108,610	108,440	106,805
Ending Cash Balance	213,126	154,909	98,327
Amount to be Billed			-

¹ In April 2015, the GPs will pay a small upfront fee to Lincoln property, but will see comparable costs thereafter.

² It should be noted that the 2014 K-1 preparation was due in 2014, but not paid until 2015 because the Court had not yet authorized that payment. We anticipate that expense will be due and payable in the applicable year on a go-forward basis (i.e. billed in 2015 and paid in 2015). Therefore, the K-1 Preparation expenses include 2014 and 2015 fees.

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⁴ This payment reflects the amount due from the partnership to Western for those Investors that financed their investment.

Night Hawk

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	306,567	260,493	209,151
Receipts			
2013 Cleared Deposits	-	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	37,916	37,070	37,070
Total Receipts	37,916	37,070	37,070
Disbursements			
Administrator Payroll	1,300	1,300	1,200
K-1 Preparation	1,200	4,560 ¹	2,800
Property Taxes/Bond Payments	1,301	591	591
Insurance	356	410	410
Office Supplies	457	500	500
Appraisal	-	-	-
State and Local Entity Filings	450	1,125	1,125
Income Taxes	800	800	800
Miscellaneous	-	1,000 ²	1,000
Note Payable to Western	78,126	78,126 ⁴	78,126
Total Disbursements	83,990	88,412	86,552
Ending Cash Balance	260,493	209,151	159,669
Amount to be Billed			-

¹ In April 2015, the GPs will pay a small upfront fee to Lincoln property, but will see comparable costs thereafter.

² It should be noted that the 2014 K-1 preparation was due in 2014, but not paid until 2015 because the Court had not yet authorized that payment. We anticipate that expense will be due and payable in the applicable year on a go-forward basis (i.e. billed in 2015 and paid in 2015). Therefore, the K-1 Preparation expenses include 2014 and 2015 fees.

³ This amount is included for budgetary reasons but is not expensed if not used.

⁴ This payment reflects the amount due from the partnership to Western for those Investors that financed their investment.

Osprey

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	324,677	288,363	246,204
Receipts			
2013 Cleared Deposits	-	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	35,660	33,820	33,820
Total Receipts	35,660	33,820	33,820
Disbursements			
Administrator Payroll	1,300	1,300	¹ 1,200
K-1 Preparation	1,240	4,138	² 2,800
Property Taxes/Bond Payments	1,301	591	591
Insurance	356	410	410
Office Supplies	412	500	500
Appraisal	-	-	-
State and Local Entity Filings	450	1,125	1,125
Income Taxes	800	800	800
Miscellaneous	-	1,000	³ 1,000
Note Payable to Western	66,116	66,116	⁴ 66,116
Total Disbursements	71,974	75,979	74,541
Ending Cash Balance	288,363	246,204	205,483
Amount to be Billed		-	-

¹ In April 2015, the GPs will pay a small upfront fee to Lincoln property, but will see comparable costs thereafter.

² It should be noted that the 2014 K-1 preparation was due in 2014, but not paid until 2015 because the Court had not yet authorized that payment. We anticipate that expense will be due and payable in the applicable year on a go-forward basis (i.e. billed in 2015 and paid in 2015). Therefore, the K-1 Preparation expenses include 2014 and 2015 fees.

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