



June 30, 2015

Santa Fe Property Information Packet

- Santa Fe View Partners (2008) – 33.33%
- Pueblo Partners (2009) – 33.33%
- Pecos Partners (2011) – 33.34%

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 Santa Fe land in February 2007 for a purchase price of \$1,500,000. In 2008 - 2011, Western formed 3 underlying partnerships, each with a 33.33% undivided interest in the property. Western raised \$8,307,700 when it sold the land to investors, or \$6,807,700 (454%) more than it paid for the land. Western transferred \$7,147,161 in excess proceeds to itself at the initial funding. In addition, Western took out a seller financing note for \$1,200,000 for which the GPs are making the note payments. An outside appraisal obtained in June 2015 valued the property at \$820,000. This is all outlined in the chart below.

	Western Land Purchase Price	Amount Raised From Investors	Excess Proceeds Raised by Western	Excess Proceeds %	2015 Appraised Value
Santa Fe View Partners	\$500,000	\$2,687,800	\$2,187,800	438%	\$273,333
Pueblo Partners	\$500,000	\$2,768,400	\$2,268,400	454%	\$273,333
Pecos Partners	\$500,000	\$2,851,500	\$2,351,500	470%	\$273,333
	\$1,500,000	\$8,307,700	\$6,807,700	454%	\$820,000

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 Santa Fe 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 \$6,807,700 in excess proceeds received by Western is estimated to have been spent as follows:

	Average % Paid	Estimated Amount Paid
Payments to Schooler	21%	\$1,456,259
Sales Commissions	15%	\$1,052,941
Payroll - Other	17%	\$1,188,499
Operating Expenses	21%	\$1,432,201
Western Investments in GPs	9%	\$617,951
Income Taxes	6%	\$382,640
Payments to Related Parties	6%	\$392,153
Payments to Escrow Companies	4%	\$285,056
	100%	\$6,807,700

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.ethreeadvisors.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 SANTA FE PROPERTY GPs

Listed below are the current and projected cash balances for the Santa Fe Property 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
Santa Fe View Partners	\$21,433	\$70,122	(\$127,445)	(\$35,890)	N/A
Pueblo Partners	\$52,045	\$36,324	(\$61,643)	\$26,726	N/A
Pecos Partners	\$78,545	\$11,370	(\$40,248)	\$49,667	N/A
	\$152,023	\$117,816	(\$229,336)	\$40,503	N/A

The receipts consist 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, loan payments due to Western for financed investments. Attached as Exhibit "A" are actual and estimated receipts and disbursements for 2014, 2015 and 2016 for each GP.

Santa Fe View Partners is the only Santa Fe Property GP that requires operational billings in order to fund ongoing operations. You will note that it is projected to have a cash deficit of (\$35,890). This will be the first operational billing or capital call for any of the GPs in this property.

It is important to understand that, because of the co-tenancy structure for Santa Fe Property, in which each of the three 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. Per the Court's order, if the investors in one or more of the Santa Fe Partners GPs do not raise sufficient funds in this capital call, investors in the remaining GPs will be given the opportunity to cover the shortfall in capital needed to pay expenses. Investors can also voluntarily contribute additional capital to the Santa Fe Property GPs, with a corresponding increase in their ownership interest.

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 June 2015 appraised value. The estimated net sale proceeds are based on the existing 2015 appraised value (less cost of sale). There are significant underlying GP notes payable as well as a substantial remaining mortgage on this property. Based on the current appraised value of the property, this property would be considered "underwater" – the net sales proceeds are less than the underlying liabilities on the property.

The Receiver recommended that the property be moved to an orderly sales process or be surrendered to the lender because it is considered underwater. The Court, however, is providing investors in this property the opportunity to raise funds through a capital call if they are ready and willing to do so in order to sustain this investment. Accordingly, a capital call will be sent out to the Santa Fe View Partners in order to raise sufficient capital to sustain operations through 2016. In addition, a ballot will be sent to all three GPs asking investors to vote on retaining or surrendering the investment. The Court has directed the Receiver to follow the majority vote of the investors, provided sufficient funds are raised through the capital call as well, if the majority vote is to retain the property.

	Estimated Net Sale Proceeds	GP Notes Payable to Western	Outstanding Balance on Mortgages	Estimated Cash Proceeds to GPs from Sale
Santa Fe View Partners	\$254,200	(\$113,988)	(\$214,794)	(\$74,582)
Pueblo Partners	\$254,200	(\$50,875)	(\$214,794)	(\$11,469)
Pecos Partners	\$254,200	(\$29,477)	(\$214,794)	\$9,929
	\$762,600	(\$194,340)	(\$644,382)	(\$76,122)

Sincerely,

A handwritten signature in blue ink that reads "Thomas C Hebrank". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Thomas C. Hebrank, CPA, CIRA
Receiver

EXHIBIT “A”

Santa Fe View & Santa Fe View LLC

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	70,721	21,433	(34,739)
Receipts			
Partner Operational Contributions	-	-	-
2013 Cleared Deposits	-	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	38,716	35,061	35,061
Total Receipts	38,716	35,061	35,061
Disbursements			
Administrator Payroll	1,300	1,300	¹ 1,200
K-1 Preparation	1,150	3,536	² 2,800
Property Taxes/Bond Payments	2,796	1,946	1,946
Insurance	234	250	250
Office Supplies	-	-	-
Appraisal	-	-	-
State and Local Entity Filings	325	1,125	1,125
Income Taxes	800	800	800
Miscellaneous	125	1,000	³ 1,000
Intercompany Transfer	-	-	-
Note Repayment to Western	81,275	81,275	⁴ 27,092
Total Disbursements	88,005	91,232	36,213
Ending Cash Balance	21,433	(34,739)	(35,892)
Amount to be Billed			35,892

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.

Pueblo & Pueblo LLC

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	102,150	52,045	18,263
Receipts			
Partner Operational Contributions	-	-	-
2013 Cleared Deposits	-	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	18,162	18,162	18,162
Total Receipts	18,162	18,162	18,162
Disbursements			
Administrator Payroll	1,300	1,300	¹ 1,200
K-1 Preparation	1,240	3,808	² 2,800
Property Taxes/Bond Payments	2,796	2,224	2,224
Insurance	234	250	250
Office Supplies	248	250	250
Appraisal		-	-
State and Local Entity Filings	325	1,175	1,175
Income Taxes	800	800	800
Miscellaneous	-	1,000	³ 1,000
Intercompany Transfer			-
Note Repayment to Western	61,323	41,137	⁴ -
Total Disbursements	68,266	51,944	9,699
Ending Cash Balance	52,045	18,263	26,725
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.

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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.

Pecos & Pecos LLC

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	129,447	78,545	53,025
Receipts			
Partner Operational Contributions	-	-	-
2013 Cleared Deposits	-	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	5,211	5,685	5,685
Total Receipts	<u>5,211</u>	<u>5,685</u>	<u>5,685</u>
Disbursements			
Administrator Payroll	1,300	1,300	¹ 1,200
K-1 Preparation	1,150	3,378	² 2,800
Property Taxes/Bond Payments	2,921	1,668	1,668
Insurance	234	250	250
Office Supplies	126	150	150
Appraisal		-	-
State and Local Entity Filings		1,175	1,175
Income Taxes	800	800	800
Miscellaneous	-	1,000	³ 1,000
Intercompany Transfer			-
Note Repayment to Western	49,582	21,484	⁴ -
Total Disbursements	<u>56,113</u>	<u>31,205</u>	<u>9,043</u>
Ending Cash Balance	<u>78,545</u>	<u>53,025</u>	<u>49,667</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.

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