



July 29, 2015

Washoe IV Information Packet

- Rose Vista Partners (2006) – 25%
- Steam Boat Partners (2006) – 25%
- Galena Ranch Partners (2006) – 25%
- Redfield Heights Partners (2006) – 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 Washoe IV land in May 2005 for a purchase price of \$1,180,000. In 2006, Western formed 4 underlying partnerships, each with a 25% undivided interest in the property. Western raised \$7,375,950 when it sold the land to investors, or \$6,195,950 (525%) more than it paid for the land. An outside appraisal obtained in July 2015 valued the property at \$350,000. This valuation is consistent with an appraisal obtained in 2013 valuing the property at \$375,000. This is all outlined in the chart below.

Western transferred \$5,704,958 of the excess proceeds to itself at the initial funding. In February 2016, Western sold 1.33 acres to the State of Nevada, and used the proceeds to pay down an initial purchase note.

	Western Land Purchase Price	Amount Raised From Investors	Excess Proceeds Raised by Western	Excess Proceeds %	2015 Appraised Value
Rose Vista Partners	\$295,000	\$1,763,000	\$1,468,000	498%	\$87,500
Steam Boat Partners	\$295,000	\$1,815,890	\$1,520,890	516%	\$87,500
Galena Ranch Partners	\$295,000	\$1,870,470	\$1,575,470	534%	\$87,500
Redfield Heights Partners	\$295,000	\$1,926,590	\$1,631,590	553%	\$87,500
	\$1,180,000	\$7,375,950	\$6,195,950	525%	\$350,000

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 Washoe 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 \$6,195,950 in excess proceeds received by Western is estimated to have been spent as follows:

	Average % Paid	Estimated Amount Paid
Payments to Schooler	21%	\$1,325,398
Sales Commissions	15%	\$958,322
Payroll - Other	17%	\$1,081,698
Operating Expenses	21%	\$1,303,501
Western Investments in GPs	9%	\$562,421
Income Taxes	6%	\$348,256
Payments to Related Parties	6%	\$356,913
Payments to Escrow Companies	4%	\$259,440
	100%	\$6,195,950

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 WASHOE IV GPs

Listed below are the current and projected cash balances for the Washoe 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
Rose Vista Partners	\$56,817	\$13,521	(\$33,320)	\$37,018	N/A
Steam Boat Partners	\$67,364	\$14,174	(\$14,288)	\$67,250	N/A
Galena Ranch Partners	\$102,905	\$21,860	(\$15,163)	\$109,602	N/A
Redfield Heights Partners	\$88,112	\$13,392	(\$18,630)	\$82,874	N/A
	\$315,198	\$62,947	(\$81,401)	\$296,744	N/A

The receipts primarily 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. The underlying mortgage on the property was paid off in 2015. Attached as Exhibit "A" are actual and estimated receipts and disbursements for 2014, 2015 and 2016 for each GP. The 4 GPs that comprise Washoe IV are all projected to have sufficient cash to pay their operating expenses through 2016. No operational billings have been required for these GPs to date.

It is important to understand that, because of the co-tenancy structure for Washoe 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 Washoe IV is that this will not occur before the end of 2016. In the future, should sufficient capital not be available and sufficient capital is not raised through capital calls or operational billings, the Washoe IV property will be sold, subject to Court approval of the sale terms.

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 July 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 Washoe IV were paid off in 2015. A sale based on these assumptions would yield net proceeds of \$250,344 for the 4 GPs that comprise the Washoe IV property.

	Estimated Net Sale Proceeds	GP Notes Payable to Western	Outstanding Balance on Mortgages	Estimated Cash Proceeds to GPs from Sale
Rose Vista Partners	\$81,375	(\$30,921)	\$0	\$50,454
Steam Boat Partners	\$81,375	(\$17,588)	\$0	\$63,787
Galena Ranch Partners	\$81,375	(\$13,094)	\$0	\$68,281
Redfield Heights Partners	\$81,375	(\$13,553)	\$0	\$67,822
	\$325,500	(\$75,156)	\$0	\$250,344

Sincerely,



Thomas C. Hebrank, CPA, CIRA
Receiver

EXHIBIT “A”

Rose Vista

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	85,904	56,817	36,828
Receipts			
Partner Operational Contributions	-	-	-
2013 Cleared Deposits	260		
Miscellaneous Receipts	-	-	-
Partner Note Payments	11,844	8,898	4,623
Total Receipts	<u>12,104</u>	<u>8,898</u>	<u>4,623</u>
Disbursements			
Administrator Payroll	1,200	1,300 ¹	1,200
K-1 Preparation	740	2,101 ²	1,400
Property Taxes/Bond Payments	495	495	495
Insurance	188	188	188
Office Supplies	135	150	150
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	599	1,000 ³	1,000
Operational Loan Repayment	-	-	-
More Receivable Reno Vista	1,860		
Note Repayment to Western	35,975	23,654 ⁴	-
Total Disbursements	<u>41,192</u>	<u>28,887</u>	<u>4,433</u>
Ending Cash Balance	<u>56,817</u>	<u>36,828</u>	<u>37,017</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.

Steam Boat

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	84,741	67,364	66,625
Receipts			
Partner Operational Contributions	-	-	-
2013 Cleared Deposits	-	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	8,881	9,141	5,033
Total Receipts	8,881	9,141	5,033
Disbursements			
Administrator Payroll	1,200	1,300 ¹	1,200
K-1 Preparation	740	1,852 ²	1,400
Property Taxes/Bond Payments	495	495	495
Insurance	188	188	188
Office Supplies	107	125	125
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000 ³	1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	23,528	4,920 ⁴	-
Total Disbursements	26,257	9,880	4,408
Ending Cash Balance	67,364	66,625	67,250
Amount to be Billed			-

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Galena Ranch

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	116,000	102,905	105,867
Receipts			
Partner Operational Contributions	-	-	-
2013 Cleared Deposits	(540)		
Miscellaneous Receipts	-	-	-
Partner Note Payments	13,691	13,691	8,169
Total Receipts	13,151	13,691	8,169
Disbursements			
Administrator Payroll	1,300	1,300	¹ 1,200
K-1 Preparation	740	2,041	² 1,400
Property Taxes/Bond Payments	495	495	495
Insurance	188	188	188
Office Supplies	126	150	150
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	³ 1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	23,398	5,556	⁴ -
Total Disbursements	26,247	10,730	4,433
Ending Cash Balance	102,905	105,867	109,603
Amount to be Billed			-

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Redfield Heights

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	109,729	88,112	80,610
Receipts			
Partner Operational Contributions	-	-	-
2013 Cleared Deposits	875		
Miscellaneous Receipts	-	-	-
Partner Note Payments	8,916	6,696	6,696
Total Receipts	9,791	6,696	6,696
Disbursements			
Administrator Payroll	1,200	1,300 ¹	1,200
K-1 Preparation	740	2,155 ²	1,400
Property Taxes/Bond Payments	495	495	495
Insurance	188	188	188
Office Supplies	128	150	150
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000 ³	1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	28,658	8,909 ⁴	-
Total Disbursements	31,408	14,197	4,433
Ending Cash Balance	88,112	80,610	82,873
Amount to be Billed			-

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