



September 29, 2015

Yuma 1 Property Information Packet

- Gila View Partners (2006)
- Painted Desert Partners (2006)
- Snow Bird Partners (2006)

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 Yuma 1 land for a purchase price of \$380,000 in March 2005. In 2006, Western formed 3 underlying partnerships, each with a 33.3% undivided interest in the property. Western raised \$4,545,215 when it sold the land to investors, or \$4,165,215 (1096%) more than it paid for the land. Western transferred \$3,245,062 of the excess proceeds to itself after the initial fundings.

The Yuma 1 GPs did not have sufficient funds to cover the cost of an appraisal. In these situations, the Court directed the Receiver to obtain broker opinions of value or listing agreements to provide an estimate of value. The Receiver contacted several local brokers, but only one was willing to provide a valuation. This broker provided a total estimated value of the property of \$153,000 in September 2015. This valuation is lower than an appraisal obtained by the Receiver in 2013 which valued the property at \$265,000.

	Western Land Purchase Price	Amount Raised From Investors	Excess Proceeds Raised by Western	Excess Proceeds %	2015 Valuation
Gila View Partners	\$126,667	\$1,470,500	\$1,343,833	1061%	\$51,000
Painted Desert Partners	\$126,667	\$1,514,615	\$1,387,948	1096%	\$51,000
Snow Bird Partners	\$126,666	\$1,560,100	\$1,433,434	1132%	\$51,000
	\$380,000	\$4,545,215	\$4,165,215	1096%	\$153,000

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 Yuma 1 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 \$4,165,215 in estimated excess proceeds (as described above) received by Western is estimated to have been spent as follows:

	Average % Paid	Estimated Amount Paid
Payments to Schooler	21%	\$890,996
Sales Commissions	15%	\$644,230
Payroll - Other	17%	\$727,170
Operating Expenses	21%	\$876,276
Western Investments in GPs	9%	\$378,087
Income Taxes	6%	\$234,114
Payments to Related Parties	6%	\$239,934
Payments to Escrow Companies	4%	\$174,408
	100%	\$4,165,215

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 YUMA 1 PROPERTY GPs

Listed below are the current and projected cash balances for the Yuma 1 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
Gila View Partners	\$5,029	\$37,922	(\$63,394)	(\$20,443)	N/A
Painted Desert Partners	\$1,537	\$32,029	(\$40,666)	(\$7,100)	N/A
Snow Bird Partners	\$18,396	\$18,030	(\$70,323)	(\$33,897)	N/A
	\$24,962	\$87,981	(\$174,383)	(\$61,440)	N/A

Receipts consist primarily of partner note payments made by investors who financed a portion of their investments. Expenses consist primarily of administrative costs, tax preparation, property tax payments, insurance, and most significantly, investor 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. The 3 GPs that comprise Yuma 1 are all projected to not have sufficient cash to pay their operating expenses through 2015 - 2016.

All of the GPs in these properties are projected to run out of money this year, and not be able to pay items such as administrative costs, property tax payments, and other operating expenses. Accordingly, a capital call will be sent out shortly to all of the investors in the Yuma 1 Property GPs to fund these projected deficiencies. If sufficient capital is not raised through the capital call, the Yuma 1 Properties will be sold, subject to Court approval of the sale terms. It is important to understand that, because of the co-tenancy structure for Yuma 1, in which each of the 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 becomes unable to pay its operating expenses such as property taxes, the other GP 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 of the GPs does not raise sufficient funds in this capital call, investors in the other GPs will be given the opportunity to cover the shortfall in capital needed to pay expenses. Investors can also voluntarily contribute additional capital to fund a deficiency, 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 September 2015 valuation. The estimated net sale proceeds are based on the existing 2015 valuation (less cost of sale). GP notes payable are amounts due to Western for investors who financed a portion of their investments. The underlying mortgage on the property has now been paid off. A sale based on these assumptions would yield net proceeds of \$90,286 for the three GPs that comprise the Yuma 1 property.

	Estimated Net Sale Proceeds	GP Notes Payable to Western	Outstanding Balance on Mortgages	Estimated Cash Proceeds to GPs from Sale
Gila View Partners	\$47,430	(\$15,800)	\$0	\$31,630
Painted Desert Partners	\$47,430	(\$23,591)	\$0	\$23,839
Snow Bird Partners	\$47,430	(\$12,613)	\$0	\$34,817
	\$142,290	(\$52,004)	\$0	\$90,286

Sincerely,

A handwritten signature in blue ink that reads "Thomas C Hebrank". The signature is fluid and cursive, with the first name "Thomas" being the most prominent.

Thomas C. Hebrank, CPA, CIRA
Receiver

EXHIBIT “A”

Gila View

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	18,865	5,029	(7,800)
Receipts			
Partner Operational Contributions	-	494	-
2013 Cleared Deposits	1,192	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	19,757	18,714	18,714
Total Receipts	20,949	19,208	18,714
Disbursements			
Administrator Payroll	1,300	1,300	¹ 1,200
K-1 Preparation	740	1,982	² 1,400
Property Taxes/Bond Payments	1,948	1,743	1,743
Insurance	150	200	200
Office Supplies	113	125	125
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	³ 1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	30,534	25,688	⁴ 25,688
Total Disbursements	34,785	32,038	31,356
Ending Cash Balance	5,029	(7,800)	(20,442)
Amount to be Billed			20,442

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.

Painted Desert

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	16,795	1,537	(1,321)
Receipts			
Partner Operational Contributions	-	3,621	-
2013 Cleared Deposits	1,244	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	14,040	14,204	14,204
Total Receipts	15,284	17,825	14,204
Disbursements			
Administrator Payroll	1,200	1,300 ¹	1,200
K-1 Preparation	740	2,000 ²	1,400
Property Taxes/Bond Payments	1,948	1,743	1,743
Insurance	200	250	250
Office Supplies	130	150	150
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000 ³	1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	26,324	14,240 ⁴	14,240
Total Disbursements	30,542	20,683	19,983
Ending Cash Balance	1,537	(1,321)	(7,100)
Amount to be Billed			7,100

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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.

Snow Bird

2014/2015/2016 Operational Summary and Estimated Operational Expenses

	Actual 2014	Actual / Projected 2015	Projected 2016
Beginning Cash Balance	36,977	18,396	(8,039)
Receipts			
Partner Operational Contributions	-	-	-
2013 Cleared Deposits	-	-	-
Miscellaneous Receipts	-	-	-
Partner Note Payments	14,793	9,015	9,015
Total Receipts	<u>14,793</u>	<u>9,015</u>	<u>9,015</u>
Disbursements			
Administrator Payroll	1,200	1,300	¹ 1,200
K-1 Preparation	740	1,896	² 1,400
Property Taxes/Bond Payments	1,948	1,743	1,743
Insurance	200	224	224
Office Supplies	109	109	130
Appraisal	-	-	-
State and Local Entity Filings	-	-	-
Income Taxes	-	-	-
Miscellaneous	-	1,000	³ 1,000
Operational Loan Repayment	-	-	-
Note Repayment to Western	29,177	29,177	⁴ 29,177
Total Disbursements	<u>33,374</u>	<u>35,449</u>	<u>34,874</u>
Ending Cash Balance	<u>18,396</u>	<u>(8,039)</u>	<u>(33,898)</u>
Amount to be Billed			33,898

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