

April 13, 2010

Dear Sunwest Investors:

It is time for a general update to remind you of approaching deadlines and provide information concerning elections that are available to some of you. Not all of the information in this letter is applicable to all investors, so please read carefully to determine which parts apply to you and your investments.

I. Claims Process

The **claims bar date of April 30, 2010**, is fast approaching. **Everyone** who wishes to file a claim against Jon Harder, Darryl Fisher, Wally Gutzler, or against a Sunwest receivership entity or any of its current or former employees must do so by the deadline. All parties who believe they have experienced a loss have a right to file a claim. Except as to LLC and preferred members who exercise the Member Value Election (see below), the estate will make distributions to investors based upon the amount of their allowed claims, not based on the properties they invested in.

- If you need a proof of claim form, please visit the BMC Group website at <http://www.bmcgroup.com/restructuring/geninfo.aspx?ClientID=226>. You can fill out the form and submit it online. At this stage completing the form online is the best way to ensure that it is received by the deadline.
- Submit a separate proof of claim form for each investment or loan, and provide as much detail as you can about each claim.
- If you are mailing your form, send it to the BMC Group. **Forms must be received (not merely postmarked) by April 30**. The address is:
Sunwest Management, Inc.
c/o The BMC Group
P.O. Box 3020
Chanhassen, MN 55317-3020
- The Receiver's firm, The Grassmueck Group, has posted a "Frequently Asked Questions" document at <http://www.grassmueckgroup.com/sunwest.php>. If you need additional help completing your claims form, you may also call the Sunwest claims hotline at 1-866-674-6791.

The Receiver has begun to audit claims based on Sunwest records and the documents provided by claimants. If the Receiver has an objection to your claim, you will be notified and given an opportunity to prove your claim or to agree with the Receiver's position. The Receiver will not simply reject claims without notifying you and providing the opportunity to respond. The Receiver anticipates that his initial claims audit will be complete by the end of August 2010. He will then file an omnibus objection and proceed to finalize the determination of claims.

Until the claims process is substantially complete, we will not know with precision the number and amounts of allowed claims against the estate and will not be able to make any distributions of cash or equity (other than an initial estimated distribution of rollover equity to investors who make the Rollover Equity Election, which distribution will be adjusted once the claims process is complete). On the other hand, we have performed a careful review of Sunwest records and have arrived at what we believe to be a reasonably accurate estimate of the claims pool. This estimate includes claims from trade creditors, lenders, government taxing authorities, residents, employees, and investors. Investor claims include those anticipated from LLC and preferred members, unsecured note holders, TICs who still hold a property interest, and former TICs whose properties have been foreclosed or otherwise disposed of.

II. Estimated Investor Recoveries

Some of you have heard rumors of estimated investor recoveries. Please understand that all such estimates are based on two unknowns—estimated cash available for distribution and estimated claims—and are therefore subject to change. The amount of funds and rollover interest available for distribution from the sale transaction depends on the final price, closing costs, and transaction accounting; in addition there will be funds from third party settlements or litigation and from the sale of trustco properties. The CRO and Receiver have not yet made any public or definitive estimates of the recoveries that claimants are likely to receive. When the CRO and Receiver do make such estimates, please be aware that the percentage return is based on the amount of allowed MIMO claims, and not on the amount of investors' original investments, or some other standard.

III. Stalking Horse Sale, Plan of Reorganization, and Disclosure Statement

The CRO and Receiver filed an amended plan of reorganization and amended disclosure statement on April 12. Among other items, the plan describes the proposed stalking horse sale and auction and the rollover equity option that is available to investors. The plan also presents the different classes of claims and how the debtor proposes to treat each class. The disclosure statement provides additional information about the expected consequences and impacts of the plan, including a lengthy section on federal tax implications.

Until they are approved by the court, neither the plan nor the disclosure statement is an official document that can be relied upon for information about the plan or estimated recoveries. The debtor has proposed the following schedule to the court:

April 12	Amended Plan and Disclosure Statement filed
May 10	Deadline for competing bids (subject to cancellation after April 26 if there are no likely bidders)
May 11	Deadline for Objections to Sale
May 17	Auction
May 18	Hearing on Sale; Deadline for Objections to Disclosure Statement
May 25	Hearing on Disclosure Statement
July 6	Deadline for Member Value Election and Rollover Equity Election

July 13
July 15

Plan Confirmation Hearing
Closing of Sale

IV. §363(h) Adversary Proceedings Against TICs in Holdco/Sale Properties

General Information. Due to the proposed stalking horse sale and auction process, we are now defining “Holdco” as properties that are part of the proposed transaction. A list of those properties accompanies this letter. On April 12, the debtor filed motions for summary judgment in the adversary proceedings against TICs in the sale properties. TICs subject to these motions will receive legal notice this week, either through counsel (if they have made a formal appearance in the case) or through the mail. On April 16, the debtor will file a request with the court to approve settlement documents in connection with the adversary proceedings. When court approval is obtained, the debtor will mail settlement offers to TICs in the sale properties. The settlement documents will include tax information and will explain alternatives available to TICs in the affected properties. These alternatives will include the option to contribute TIC interests to a limited liability company in a potentially non-taxable transaction, or to sell TIC interests directly to the purchaser as part of an effort to complete a section 1031 deferred exchange. TICs who wish to make such a contribution or sale will be able to settle the adversary proceedings accordingly. TICs who do not wish to make such a contribution or direct sale, and who do not object to the lawsuits, will not have to take any action. The settlement materials will explain these options and the required responses, if any, in more detail. Responses to the summary judgment motions will be due by May 3, 2010.

Uncertainty of Tax Consequences. The estate is making every effort to enable investors with tax issues to transfer their properties without experiencing negative tax consequences. However, the estate cannot guarantee that these strategies will work. Investors should read the tax information provided with the forthcoming settlement offers with care, and should consult their own tax advisors before reaching any decisions or making any elections.

Adversary Proceedings Against TICs in Crown Pointe. Some of the TICs in Crown Pointe are attempting to coordinate withdrawal of the property from the estate in exchange for release of claims. Until such an agreement or other decision about disposition is reached, however, Crown Pointe is on the sale list; therefore the information provided in this section IV applies. If you have questions about Crown Pointe, please contact Tom Wettlaufer at (503) 485-8596.

V. §363(h) Adversary Proceedings Against TICs in Non-Holdco/Sale Properties

Adversary Proceedings Against TICs in Cooper Villa. The debtor recently filed an adversary proceeding against TICs in this Divestco property, which is subject to a separate purchase and sale agreement. Sunwest personnel will be contacting TICs in this property directly. If you have questions, please call Jeff Schumacher at (503) 485-4593 or Tom Wettlaufer at (503) 485-8596.

Adversary Proceedings against TICs in Other Non-Holdco/Sale Properties. With the exception of Cooper Villa, the debtor is not yet taking any action in the adversary proceedings against TICs in properties that are not subject to the Holdco sale transaction. This group includes bare land,

commercial and apartment properties, and three senior living facilities (Peachtree Village (NM), Desert Springs, and Willow Creek). TICs in these properties do not have to file a response or take any action in connection with their respective adversary cases at this time.

VI. Bare Land Election

The deadline for making the Bare Land Election is currently set for April 30, 2010. On April 7, 2010, the Receiver and CRO filed a motion requesting the court to approve the terms of the Bare Land Election. Hearing on this motion is set for April 16, 2010. We will notify TICs in bare land properties as soon as the final terms of the election are known. We will also notify TICs if it becomes necessary to further extend the deadline for making the Bare Land Election. TICs will not have to make the election without first having an opportunity to review the terms.

VII. Rollover Equity Election

The plan of reorganization provides for a Rollover Equity Election to enable investors to receive all or a portion of plan distributions (depending on the subscription level) in the form of equity in the new rollover limited liability company. TICs with interests in the sale properties and in SWP Holdings will be able to exercise the Rollover Equity Election as part of an effort to complete a non-taxable transaction (subject to risks and uncertainties as described in the tax section of the Disclosure Statement and in the forthcoming settlement materials). Trustco and Divestco TICs will be able to acquire interests in the rollover entity if they so desire; however, other than Divestco TICs who have contributed their interests to SWP Holdings, the transaction is likely to be taxable. Information about exercising the Rollover Equity Election will be mailed to investors in the future, along with a Notice of Election form that they must return to the CRO and Receiver. The deadline for making this election is likely to be July 6, 2010.

VIII. LLC Election and Member Value Election

Properties Not Sold At Auction. Under the Plan of Distribution, LLC and preferred members who hold member (not TIC) interests in properties that are NOT being sold as part of the stalking horse sale transaction¹ have the right to retain their member interests in lieu of receiving an allowed claim in the estate (“LLC Election”). Detailed description of the LLC Election is provided in the Distribution Plan, section VI.B.2.c. (You may find a copy of the Distribution Plan at <http://www.sunwestmanagement.com/articles/100209-1.pdf>.) The deadline for making the LLC Election is April 30, 2010. If you need a Notice of Election form, please see section I above in connection with the claims process. Notice of Election forms are available at the same location as Proof of Claims forms, and the same timing and return instructions apply.

Please note that TIC interests, even though they are typically held in the form of an LLC, are not eligible for the LLC Election.

Properties Sold At Auction. Preferred and LLC members with interests in the Holdco sale properties may elect to receive cash based on the value of their property interest in lieu of filing a

¹ Though not included in the stalking horse sale and auction, these properties may be included in other sales.

claim in the estate (Member Value Election). Information about exercising the Member Value Election will be mailed to investors in the future, along with a Notice of Election form that they must return to the CRO and Receiver. The deadline for making this election is likely to be July 6, 2010.

IX. Non-Mingled Property Election

The Distribution Plan provides for the possibility that some properties might be withdrawn from the receivership estate under certain limited circumstances. Investors have already received, or will soon receive, a separate letter and notice relating to this election. The timeline for exercising the Non-Mingled Property Election is as follows:

April 1	Receiver and CRO filed Emergency Motion to Establish Bar Date and Procedures
April 12	Notice of Bar Date sent to all investors
May 3	Deadline to file Non-Mingled Property Election
May 10	Deadline for Receiver's and CRO's objections to elections on Holdco properties
June 1	Claimants' response to Receiver's objections due
June 11	Receiver's reply due

Hearings set thereafter

X. Review of Important Deadlines

For the sake of convenience, various deadlines important to investors are presented below. The documents referred to must be filed by the dates shown at the right.

Proof of Claim Form	April 30, 2010
Bare Land Election	April 30, 2010
LLC Election (non-Holdco props)	April 30, 2010
TIC Election	Not available ²
Response to summary judgment motions in adversary proceedings	May 3, 2010
Non-Mingled Property Election	May 3, 2010
Rollover Equity Election	July 6, 2010
Member Value Election (Holdco props)	July 6, 2010

It is probably the case that no communication shorter than the Disclosure Statement itself can answer all the questions that investors are asking. Those of you waiting for information about the adversary proceedings, the Bare Land Election, the Rollover Equity Election, and the Member Value Election will receive additional information to assist you in making decisions and

² The TIC Election related to the retention of bare legal title and was only available through a Stand-Alone Plan, i.e., in Holdco properties that were not sold in a stalking horse sale and auction. Since all Holdco properties are being sold in a stalking horse sale and auction, the TIC Election is no longer available.

understanding the proposed plan of reorganization. In the meantime, if you have questions about the claims process, please call the Receiver's Sunwest claims hotline at 1-866-674-6791. If you have questions about investor elections or the plan of reorganization, please contact Maren Cohn at mcohn@hamstreet.net. You may also direct inquiries to the TIC Committee through its counsel, Merrilee MacLean, at mmaclean@karrtuttle.com.

Sincerely,

Clyde A. Hamstreet
Chief Restructuring Officer

Michael Grassmueck
Receiver

Sunwest HoldCo 149 Facilities

#	Facility Name	City	State
1	Absaroka	Cody	WY
2	Alpine Court	Eugene	OR
3	Alpine Springs	Eugene	OR
4	Apple Ridge	Denver	CO
5	Autumn Glen	Indianapolis	IN
6	Autumn Park	Indianapolis	IN
7	Azalea Gardens	Oxford	MS
8	Big Sky	Butte	MT
9	Brentmoor	Minot	ND
10	Briarwood	Springfield	OR
11	Brookside	Buford	GA
12	Buckingham Estates	Glastonbury	CT
13	Cambridge Place	Great Falls	MT
14	Canterbury Court	Harlington	TX
15	Canterbury Gardens	Harlington	TX
16	Canyonview Estates	Amarillo	TX
17	Carriage Inn	Portland	TX
18	Cedar Ridge	Broken Arrow	OK
19	Century Fields	Lebanon	OR
20	Champlin Shores	Champlin	MN
21	Chandler Place	Rock Hill	SC
22	Cehalem Springs	Newberg	OR
23	Chesterley Court	Yakima	WA
24	Chesterley Meadows	Yakima	WA
25	Chestnut Lane	Gresham	OR
26	Chris Ridge	Phoenix	AZ
27	Churchill	Mooreville	NC
28	Cliff View	Saint George	UT
29	Cordova Estates	Cordova	TN
30	Cottage Village	Lubbock	TX
31	Cottages, The	Albuquerque	NM
32	Cougar Springs	Redmond	OR
33	Court at Clifton Park/Beacon Pointe/Willow Trace	Clifton Park	NY
34	Court at Greece/Crimson Ridge Gardens/Harvest Glen	Greece	NY
35	Court at Orchard Park/Quaker's Landing	Orchard Park	NY
36	Courtyard Gardens	Lawrenceville	GA
37	Crown Pointe	Corona	CA
38	Culpepper Place	Paducah	KY
39	Dry Creek	Ellensburg	WA
40	Eagle Cove	Eagle Pointe	OR
41	Eagle Meadows	College Place	WA
42	Eden Estates	Bedford	TX
43	Eldorado Heights	Klamath Falls	OR
44	Emerald Estates	Baltimore	MD
45	Emerald Pointe	Cedar City	UT
46	Englewood Heights	Yakima	WA
47	Fishers Landing	Vancouver	WA
48	Flint River	Macon	GA
49	Fox River	Appleton	WI
50	Georgian Place	Newnan	GA
51	Glendale Place	Murray	KY
52	Golden Eagle Plaza	Great Falls	MT
53	Grayson View-Selinsgrove	Selinsgrove	PA

Sunwest HoldCo 149 Facilities

#	Facility Name	City	State
54	Hawthorne Inn at Greenville	Greenville	SC
55	Hawthorne Inn at Hilton Head	Hilton Head	SC
56	Heartland Park	Seward	NE
57	Heritage Place	Tahlequah	OK
58	Heritage, The	Bridgeport	WV
59	Hermiston Terrace	Hermiston	OR
60	Heron Pointe	Monmouth	OR
61	Heron Pointe Cottages	Monmouth	OR
62	Hillside	McMinnville	OR
63	Holiday Lane Estates	North Richland Hills	TX
64	Lake Pointe	Hartwell	GA
65	Lake Springs	Buford	GA
66	Lake Springs Cottages	Buford	GA
67	Lakeside	Stayton	OR
68	Lakeside Cottages	Stayton	OR
69	Lassen House	Red Bluff	CA
70	Laurel Gardens	Florence	SC
71	LaVilla	Roswell	NM
72	Legacy Crossing	Franklin	TN
73	Legacy Gardens	Madison	WI
74	Lexington Gardens	West Columbia	SC
75	Magnolia Gardens	Muskogee	OK
76	Manchester House	Oklahoma City	OK
77	Manor House	Roseburg	OR
78	Maplewood	Bridgeport	WV
79	Meadowlark	Yreka	CA
80	Medallion	Dallas	TX
81	Minnetonka	Minnetonka	MN
82	Monroe House	Sterling	VA
83	Montclair Park	Poulsbo	WA
84	Moses Lake	Moses Lake	WA
85	Mountain Laurel	Glastonbury	CT
86	Mountain View-Ashland	Ashland	OR
87	Necanicum Village	Seaside	OR
88	Northpark Place	Sioux City	IA
89	Northridge	Kearney	NE
90	Oak Tree Village	St. Peters	MO
91	Oakridge	Stevens Point	WI
92	Oaks, The	Wayne	NE
93	Orchard Glen	Orchard Park	NY
94	Orchard Park	Clearlake	CA
95	Osprey Court	McMinnville	OR
96	Oswego Springs	Portland	OR
97	Palm Meadows Court	Hilton Head	SC

Sunwest HoldCo 149 Facilities

#	Facility Name	City	State
98	Palm Meadows Village	Hilton Head	SC
99	Palms, The	Roseville	CA
100	Paradise Valley	Phoenix	AZ
101	Park Avenue Estates	Lexington	NE
102	Park Place-OR	Portland	OR
103	Parkway Village	Spokane	WA
104	Peachtree-GA	Commerce	GA
105	Peridot	Prescott	AZ
106	Plaza at Sun Mountain	Las Vegas	NV
107	Plaza on the River	Kerrville	TX
108	Quail Hollow	Richland	WA
109	Remington House	Kingsport	TN
110	River Road	Keizer	OR
111	River Valley Landing	Tualatin	OR
112	Rose Terrace	Memphis	TN
113	Rose Valley	Scappose	OR
114	Rose Valley Cottages	Scappose	OR
115	Rosemont at Clearlake	Houston	TX
116	Sandia Springs	Rio Rancho	NM
117	Sellwood Landing	Portland	OR
118	Sequoia Springs	Fortuna	CA
119	Sequoia Springs Cottages	Fortuna	CA
120	Spring Arbor	Rock Hill	SC
121	Spring Creek Gardens	Plano	TX
122	Spring Estates	Kenmore	WA
123	Spring Meadows Cottages	Grants Pass	OR
124	Spring Meadows RET	Grants Pass	OR
125	Spring Mountain	Marietta	GA
126	Spring Pointe	Grants Pass	OR
127	Spring Village	Grants Pass	OR
128	Statesman Club	Oklahoma City	OK
129	Stone Mountain	Stone Mountain	GA
130	Stonebridge	Vancouver	WA
131	Sugarland Ridge	Sheridan	WY
132	Sunrise Creek	Montrose	CO
133	Sunshine Village	Phoenix	AZ
134	Sweetwater Springs	Lithia Springs	GA
135	Terrace at Bluegrass	Hendersonville	TN
136	Terrace at Jasper	Jasper	AL
137	Terrace at Riverstone	Canton	GA
138	Terrace at Woodstock	Woodstock	GA
139	Villa Del Rey	Roswell	NM
140	Village at Greece/Crimson Ridge Meadows	Greece	NY
141	Waterford in Bellevue	Nashville	TN
142	West Park Place	West Allis	WI
143	Westbrook Gardens	Purcell	OK
144	Willow Ridge	Mc Cook	NE
145	Willows at Sherman	Sherman	TX
146	Windfield Village	Wilsonville	OR
147	Woodside Village	Springfield	OR
148	Woodstock Estates	Woodstock	GA
149	Wyndmoor	Terre Haute	IN