

FINANCIAL

SPECIAL SITUATION FINANCING
FOR COMMERCIAL REAL ESTATE℠

October 13, 2009

Mr. John Smith
1234 Forest Avenue
Forest Hills, NY 11375

re: W Financial Fund, LP – 3rd Quarter 2009 Update and Statement

Dear John,

We are pleased to enclose your 3rd Quarter 2009 statement. If you have elected to receive interest distributions, your check is also enclosed. W Financial has just completed its 75th consecutive month delivering an average net annual compound return of 10.84% from inception through September 30, 2009.

Gradually during the past quarter we have begun seeing an increase in transaction volume as some banks have begun in earnest to sell defaulted loans they have been holding on their books, in some cases at a discount. Seasoned real estate investors, who have been sitting on the sidelines waiting for the right moment to jump back in the game, have started stepping up to the plate to buy these assets. W Financial is an important source of financing for such acquisitions, and we have been filtering and vetting dozens of transactions each week. Of course, only a small percentage of these are compelling enough to result in us making an offer to make a loan, but without a doubt, the pace has picked up since the end of the summer. For a long time people in the business have expected that deals would eventually start to be made, and now we are finally seeing a number of these deals starting to happen.

For example, on September 17th, W closed a $1,400,000 first mortgage bridge loan to facilitate the acquisition of a defaulted note along with the fee ownership interest in a fully occupied and cash-flowing 32-unit apartment building in Passaic, New Jersey. While the previous owners had done a lackluster job of managing the property, the new owners intend to make various improvements (hallways, kitchens, bathrooms, etc), and, as a result, be able to increase rents. Within a year the borrower intends to refinance W Financial's bridge loan with conventional bank financing which, even today, is widely available for cash-flowing apartment buildings such as this one, once the new owners have finished sprucing up the property. As is typical in many W Financial loan scenarios, the borrower needed to close quickly, implement a business plan to add value, and then refinance the property conventionally.

We are near to closing a $2,500,000 transaction in Staten Island involving a long term net-lease on a brand new 18,000 square foot CVS drugstore. Our closing is contingent upon the issuance of the Certificate of Occupancy, which is expected to occur within a matter of days. It is worth noting that we have completed our due diligence on the deal and have issued a firm commitment (which has been accepted by the borrower). Upon acceptance of a commitment letter the borrower typically pays a 1% commitment fee, as was the case here. If for any reason the borrower fails to deliver the C of O and the commitment expires, then W Financial will retain the $25,000 commitment fee. However, we realistically expect that by the time many of you are reading this letter, we will have closed this excellent loan. Expect more on this one in the 4th Quarter 2009 Update.

As transaction volume starts to increase, we continue to expect that the fourth quarter of 2009 and 2010-11 will present the Fund with a larger than usual number of opportunities from which to choose. Our loan portfolio continues to perform well with all loans being paid according to schedule. **$100,000 invested at our July 2003 launch had increased to $187,246 as of September 30, 2009.**

For those investors whose funds were in Special Escrow during any portion of the third quarter, a copy of your bank statement is also included.

Please use our latest subscription agreement for any add-on investments that you may wish to make. We expect to be able to admit new investments to the Fund as of November 1. Contact Karen Klinke Mannoia (k@winter1.com) or (212) 684-2283 x112 for the forms or with any questions you may have on how to complete them.

We would also like to congratulate Karen on her ninth year anniversary with us. She originally joined W Financial affiliate Winter & Company in September 2000. From the very beginning Karen was involved in servicing the individual private loans that we were making in the years before the launch of the fund, and also interacting with our early pre-fund investors, many of whom are now in the Fund. Over time Karen's emphasis has shifted away from Winter & Company, and she now works full time on W Financial business helping to create term sheets for new loans, coordinating third party due diligence for prospective loans, servicing our loan portfolio and interfacing with financial advisors, investors, custodians, our accountants, auditor and bookkeeper. She always "watches our back", and we appreciate the energy and commitment that she brings to her job.

As always, please feel free to call Gregg Winter at (212) 684-2283 x111, David Heiden at x114, or Marc Bailin at x108 with any questions that you may have. Alternatively, you can email us directly at gregg@w-financial.com, david@w-financial.com and marc@w-financial.com.

Very truly yours,

W FINANCIAL FUND, LP
By: W Financial GP, LLC, Manager

By: Gregg Winter, Member

By: David Heiden, Member

By: Marc Bailin, Member