

Presenting:

**Madison, Mirisch, Zarandi & Fox #1
An Arizona Limited Partnership**

**For the Purpose of Purchasing:
3727 East 5TH Street
Tucson, Arizona 85716**

**A 45-Unit Apartment Complex in
Tucson, Arizona**



Total Capitalization: \$ 700,000.00

**Sponsored by:
Madison, Mirisch, Zarandi & Fox #1, L.P.
1158 26th Street, #579
Santa Monica, CA 90403**

DISCLOSURE

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INTRODUCTION

Madison, Mirisch, Zarandi & Fox #1, L.P. (MMZF), a real estate investment limited partnership, is focused on identifying investment opportunities that may be undervalued in markets that may be growing rapidly. *Please refer to page 14 for additional information on MMZF.*

MMZF is acquiring a 45-unit apartment community on a 2 acre lot in central Tucson, AZ with what MMZF believes is a premium investment potential. This property is located 2.82 miles from the University of Arizona in one of Tucson's desirable residential sub-markets.

This property is now being offered to prospective investors through a limited partnership structure.

This limited partnership may appeal to an investor seeking:

- No property management duties or responsibilities;
- An income producing investment;
- Projected but not assured or guaranteed returns on investor equity of over 70% by 2008 under certain operating and property sale assumptions that may not actualize;
- A desirable property location; and
- A professionally managed real estate investment.

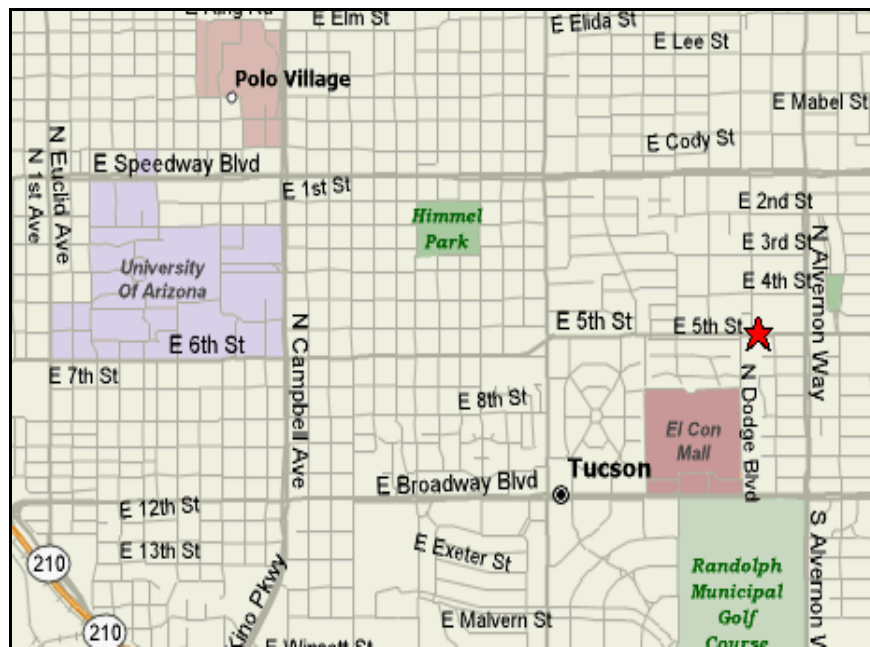
This exclusive real estate investment opportunity as described in the following pages should be viewed by experienced investors only.



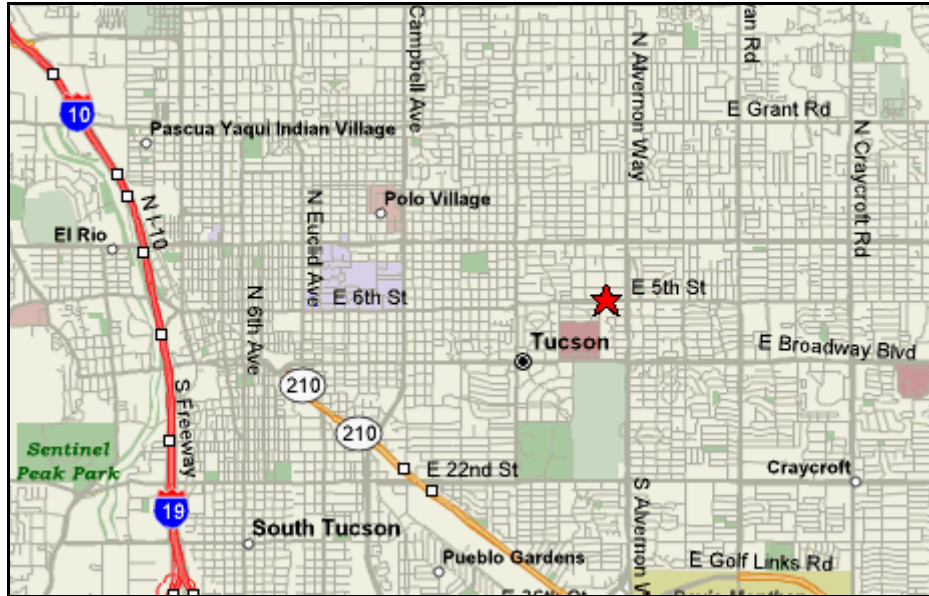
EXCLUSIVE LOCATION

Through MMZF investors will participate in owning a quality, high potential apartment community in central Tucson, AZ with a potential for substantial profit.

MMZF believes this real estate investment opportunity will benefit from: (1) desirability of location, via it's proximity to the university; (2) a highly sought-after community lifestyle; (3) a health and wealth-conscious local government; (4) and an exceptionally desirable rental submarket. The local market is one of high demand resulting from a severe shortage of quality housing for students of the local colleges and residents of the downtown Tucson area.



The property location is identified by the red star. As shown, this location provides easy access to the university, local shopping centers and multiple community parks.



In addition, it is centrally located to downtown Tucson and provides easy access to major freeways.

Community of Tucson

The Tucson metropolitan area is home to over 884,000 people with a civilian labor force of roughly 404,000. The median age of a Tucson resident is 35.7 and the average earnings per worker are \$32,300. The metropolitan Tucson area population will continue to rise at a relatively steady rate of 2.6% over the next five years. The area population is expected to reach one million residents in 2007.

With more than 1200 companies employing 50,000 people in the high-tech industries of Southern Arizona, Tucson has become a leader in the new knowledge-based economy. The City of Tucson, Pima County, the State of Arizona, and the private sector have all made commitments to create a growing, healthy economy with high-tech industries as its foundation.

Advanced technology companies like Raytheon Missile Systems, Texas Instruments, IBM, Microsoft, America Online, Universal Avionics, Slim-Fast Foods, Sunquest Information Systems, and Bombardier have already made Tucson home for their business. The University of Arizona is home to over 50,000 full and part-time students.

Tucson's economic strength lies in its people and its resources. A young, highly skilled and well trained force contributes to a productive and competitive business climate. Its central location provides easy access to the west coast, Mexico, and other regional growth markets. A sophisticated transportation network provides excellent railway, highway, and airway connections to major cities throughout the nation. Available energy

and water sources further enhance the environment, where emerging business can grow and prosper. Arizona came in 4th in forecasted job growth through 2007 and 8th in the increase in the average value of a home purchase. According to the cost of living index, both Phoenix and Tucson ranked 2nd in the U.S.

Besides being a rewarding place to work, Tucsonans enjoy a low-key lifestyle. The pace is naturally relaxed, the weather is mild, casual dress is the rule, the cost of living is low, and the natural and cultural attractions are plentiful.



PROPERTY DESCRIPTION

3727 East 5th Street is a unique 45-unit apartment community consisting of three separate buildings on an approximately 2 acre lot. The property has an impressive, yet charming street presence and an inviting central courtyard with a pool design. The units are ideal for a student or young adult and the building is well suited for establishing a collegial feel to the property. In addition to the main building there are two additional single family residences available as rental units and sufficient parking areas.

Building one is a single-story brick structure with a common area rear yard. There are seven units total. The unit mix consists of (3) studios; (2) one bed/one bath; (1) two bed/two bath; and (1) three bed/two bath with a private swimming pool, private yard, and barbeque.

Building two and three, both two-stories, face each other with a gated swimming pool and a courtyard in between. There is an office, maintenance room, and laundry room located at the ground level of these two buildings. There are 38-units total. The unit mix consists of (20) two bed/one bath; (14) one bed/one bath; (2) two bed/two bath; and (2) studios.

There are a total of 37 parking spaces in the front and covered parking spaces in the back of the buildings.

The property has a charming street presence and an inviting central courtyard including a spacious pool. The units are ideal for a student, graduate student or young professional adult.



ADDITIONAL PROPERTY PICTURES



ACQUISITION SCENARIO

The total funds required for this project, including purchase price, closing costs, renovation and reserves is \$1,729,000. As specified in Schedule 1 below, the source of these funds will be an institutional loan of \$1,029,000 and investor equity of \$700,000. Schedule 2 provides a current income statement for the property.

Schedule 1:

FORECASTED CASH REQUIREMENTS TO ACQUIRE PROPERTY ANTICIPATED CLOSING DATE OCTOBER 13, 2005

Purchase Price	\$1,650,000.00
Less: Financing	<u>\$1,029,000.00</u>
Down Payment	\$621,000.00
Loan Fees	\$10,000.00
Escrow Fees	\$1,500.00
Organization Costs	\$5,000.00
Less: Security Deposits & Credits from Seller	-\$5,400.00
Unit Rehabilitation	\$50,000.00
Allowance for Building Renovation	\$5,000.00
Working Capital Reserve	\$12,900.00
Total Cash Required	\$700,000.00

For a complete description and explanation of all underlying projection assumptions and risks, please refer to the formal Subscription Agreement.

Schedule 2:

**CURRENT INCOME STATEMENT
As of August 24, 2005**

<u>Income</u>	<u>Monthly</u>	<u>Annually</u>
Gross Annual Rents	\$19,395	\$232,740
Laundry	\$175	\$2,100
Misc	\$90	\$1,080
Total Gross Income	\$19,660	\$235,920
Operating Expenses		
Insurance	\$600	\$7,200
Property Taxes	\$810	\$9,720
Electricity	\$400	\$4,800
Gas	\$2,000	\$24,000
Building Repairs and Maintenance	\$500	\$6,000
Lawn and Garden	\$200	\$2,400
Water	\$1,000	\$12,000
Waste Removal	\$150	\$1,800
Reserves	\$250	\$3,000
On site Management	\$1,070	\$12,840
Off site Management	\$1,071	\$12,852
Total Operating Expenses	\$8,051	\$96,612
Net Operating Income	\$11,609	\$139,308
Total Debt Service	(\$6,090)	(\$73,080)
Operating Cash Flow	\$5,519	\$66,228
Annual Cash Flow as a % on Investment of: \$700,000		9.5%

THIS IS AN ESTIMATE BASED ON SELLER'S REPRESENTATION AND, AS WITH ALL ESTIMATES, THE INVESTOR MUST BE AWARE THAT THERE CAN BE NO ASSURANCE THAT THIS ESTIMATE WILL PROVE TO BE ACCURATE OR EVEN MATERIALLY CORRECT.

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BUSINESS PLAN:
REPOSITION ASSET & INCREASE CASH FLOW

Upon acquisition, the general partners will move quickly to eliminate unnecessary management expenses, remodel and upgrade vacant units and make minor repairs to the building. MMZF may be able to increase gross income at 5% per year through its efforts while decreasing expenses by 5% in year one and maintaining a modest 2.5% increases in following years.

Our value maximizing program will be implemented in the following ways:

- 1) Elimination of current property management firm. Evaluate most cost effective management process and implement;
- 2) Gradually increase income through normal attrition in conjunction with MMZF's management program. As specified in Schedule 3 & 4 below, our projections show a 36 month time frame to reach a possible maximum operating upside potential. The day to day operational aspects will be professionally managed by our internal resources;
- 3) Actively implement a plan to upgrade key aesthetic and physical characteristics of the building that will appeal to our target tenant market; and
- 4) Launch a marketing strategy to capture the college student style tenants.

It is the partnership's intent to distribute dividends at the general partner's discretion to limited partners based on their participation on a quarterly basis after a 6 month holding period of the asset. This dividend is anticipated to be approximately 4-10% on an annualized basis.

Schedule 3:

**FORECASTED CASH FLOW OVER 3 YEARS
October 13, 2005 to October 13, 2008**

	Year 1 12 months	Year 2 12 months	Year 3 12 months	Total 36 months
Effective Gross Income	\$235,920	\$247,716	\$260,102	\$743,738
Operating Expenses				
Taxes	\$9,720	\$10,012	\$10,312	\$30,044
Other	\$86,892	\$82,547	\$84,611	\$254,050
Total Operating Expenses	\$96,612	\$92,559	\$94,923	\$284,094
Operating Expense %	41%	37%	36%	38%
Net Operating Income	\$139,308	\$155,157	\$165,179	\$459,644
Total Debt Service	(\$73,080)	(\$73,080)	(\$73,080)	(\$219,240)
Operating Cash Flow	\$66,228	\$82,077	\$92,099	\$240,404
Cash Flow as % of Investment	9.46%	11.73%	13.16%	34.34%

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Schedule 4:

**FORECASTED SALE OF PROPERTY IN 36 MONTHS
October 2008**

Forecasted Selling Price		\$2,249,871
Less:	Loan Balances	(\$987,845)
	Selling Expenses	(\$148,469)
Net Cash Received from Sale		\$1,113,557
Less:	Original Invested Capital	(\$700,000)
	Security Deposits	(\$10,000)
	General Partnership Fee (10%)	(\$111,356)
Net Cash Profit from Sale Available for Distribution		\$292,201
Previously Distributed Operating Cash Flow to Partners		\$240,404
Total Net Profit On Original Invested Capital		\$532,605
Total Profit on \$700,000 in 36 months		76.09%
Total Proceeds to Partners after Sale		
	Original Investment	\$700,000
	Net Cash Profit from Sale	\$292,201
	Distributed Cash Flow	\$240,404
	Total Funds Distributed	\$1,232,605
Average Annual Return on Investment		25.36%

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MMZF GENERAL PARTNERS

The creation of this limited partnership offers a unique investment to each limited partner. The participation of each of the partners below in this investment in effect saves the partnership thousands of dollars each year in various expenses and brings a fresh perspective on the most optimal way to create value through creative marketing and repositioning strategies for the asset, which provides each limited partner a higher rate of return on their initial investment.

J.T. FOX aka SUNLEER HOLDINGS, L.L.C. is an eight year trial lawyer specializing in business, personal injury, unlawful detainer, criminal defense, family law and construction defect litigation. He has also spent the last eight years investing in and managing numerous income properties, and has completed a number of real estate transactions. He has rented apartments to over twenty-five tenants during this period of time, as well as managed four different income properties. His income property experiences include but are not limited to the following: obtainment and refinancing of residential and commercial loans, managing income properties, as well as having completely remodeled six apartments. His knowledge in this area is gained from his experiences in dealing with numerous financial institutions, the City of Los Angeles Section 8 Housing Program, the City of Los Angeles Environmental Department, the City of Los Angeles Department of Building and Safety, the City of Santa Monica Department of Building and Safety, the City of Los Angeles Rent Control Board, the City of Santa Monica Rent Control Board, the City of Los Angeles Police Department, the City of Santa Monica City Council and the City of Los Angeles City Council. He has also been involved in negotiating commercial rental deals on behalf of his business clients, as well as having put together different real estate partnerships and private placements.

J.T. is also politically active and has participated in many different political campaigns. J.T. has served on various boards for different city politicians, and currently sits on Eric Garcetti's Finance Campaign Committee Board. He has also raised campaign monies for politicians such as: Gil Garcetti (Former District Attorney for the County of Los Angeles), and Eric Garcetti (Current Los Angeles City Councilman). He has positive experiences with different city leaders and organizations including but not limited to: the Los Angeles Police Department – the Police Commission, the City of Los Angeles Department of Transportation and the Los Angeles County Sheriff. He has also recently been asked to serve on the Neighborhood Council for Southern Hollywood.

J.T. will be responsible for overseeing all aspects of the partnership business, including banking, accounting, legal, bill payment, rent collection, unlawful detainer proceedings, day-to-day management of the income property investment.

J.T. will be contributing a minimum of 10% of the overall down payment needed to secure the purchase of the investment. He will also be personally guaranteeing the loan needed to secure the remainder of the financing needed to purchase said building, while also finalizing the purchase of said investment.

In consideration of the services that J.T. has and will be providing to the limited partnership he will be receiving a 3.25% equitable interest in the investment, in addition to the equity he is purchasing.

VICKY MIRISCH AKA MIRISCH INVESTMENTS, INC. is a licensed real estate agent in the State of California. Mrs. Mirisch has worked as a real estate consultant in the Southern California area for over two years. She currently represents Keller Williams Realty, a prestigious international real estate brokerage. Mrs. Mirisch has consistently been a top company producer with over 10 million in annual sales of single family homes, investment, and commercial real estate.

Mrs. Mirisch was a corporate marketing executive for the mortgage industry prior to her becoming a Realtor. She possesses over 12 years of advertising, promotional, and project management experience.

Mrs. Mirisch has played an active role in locating and negotiating the partnership's real estate investment. She will continue to seek out new investment properties and opportunities for the limited partnership.

In consideration of the services that Vicky Mirisch will be providing to the limited partnership, she will be receiving a 1.25% equitable interest in the investment, in addition to the equity she is purchasing.

REZA ZARANDI is a true entrepreneur who finds the asperse and obstacles in every idea, an opportunity to innovate and moil. As the great Thomas Edison once said, "Many of life's failures are experienced by people who did not realize how close they were to success when they gave up."...and "Opportunity is missed by most people because it is dressed in overalls and looks like work."

Mr. Zarandi believes a true entrepreneur assumes the risk and is dedicated and committed to the success of whatever that he or she undertakes.

Mr.Zarandi is currently the marketing general partner with Paulee automotive center in Los Angeles, CA. He is also the founder and president of Auto Green Inc, a new, nonpareil and environment friendly concept in auto rental business, currently under review by the Department of Transportation and Environmental protection agency, office of grants and debarment, pollution prevention program, CFDA # 66.708.

His innovative vision in marketing, sales and management experience comes from 15 years of owning successful business ventures, extensive global travel, working for such companies as: Porsche of North America, Principal Financial Group and the legendary entrepreneur, Allen Paulson whom was the founder and CEO of Gulf stream Aerospace Corporation. In addition to his experience, Mr. Zarandi has spent the last three years as a business plan writer and consultant with two utility patents pending in progress.

Reza has been involved with real estate investment properties since 1998. He currently owns income properties in: Las Vegas/Nevada, Klamath Falls/Oregon and Atlanta/Georgia.

He has a steady relationships with organizations including but not limited to: Beverly Hills Police Department, Beverly Hills Department of building and safety, Nevada Global Group (responsible for issuing business gambling licenses in Las Vegas), more than a dozen law firms, key and high ranking personals in automotive industries and numerous physicians and successful business owners in Los Angeles, Las Vegas and Atlanta. He has also raised money for such organization as: Doctors without borders participated actively in political and none political fund raisings and is an active member of Jatson Chumig welfare school of special children.

Mr. Zarandi will be responsible for overseeing and direct involvement in all aspects of the day-to-day management, rent collection, design, remodeling and development, advertising and innovating marketing/efficiency, security and general operation of the income property investment.

In consideration of the services that Reza has and will be providing to the limited partnership, he will be receiving a 2.75% equitable interest in the investment, in addition to the equity he is purchasing.

MADISON CAPITAL VENTURES, L.L.C.

Madison Capital Ventures, LLC (MCV) located in Los Angeles, CA, is a multi-faceted firm combining venture capital, investment banking, real estate and business services. MCV invests in promising business opportunities in the real estate market, and provides entrepreneurs access to outside capital from private and institutional investors.

Our real estate endeavors are maintained through direct ownership and joint ventures. The company currently manages a portfolio of twelve real estate projects including, income property renovation, land development and property management. These projects are located throughout Southern California and Arizona. As of July 2005, their current portfolio value exceeds \$8 million.

With a diversified network of private equity investors, MCV is uniquely positioned to take advantage of investment opportunities at all levels and has been working on projects led by an outstanding management teams.

MCV will be contributing a minimum of 3.2% of the overall down payment needed to secure the purchase of the investment. In consideration of the services that MCV has and will be providing to the limited partnership it will be receiving a 2.75% equitable interest in the investment, in addition to the equity it is purchasing.

MCV LLC General Partners

Ben Bloch, General Partner, MCV, LLC, has spent the last 8 years as a successful sales and marketing strategist for IBM while providing consulting services in this capacity to numerous start ups and mid sized firms. He has led both direct and indirect

sales efforts in the high technology and media and entertainment sectors while specializing in sales team management, business development and strategic partnerships. Throughout his tenure, Mr. Bloch has been recognized as a thought leader and a tireless promoter. He has been responsible for developing creative sales strategies, enrolling peer participation and leading his teams to success every year.

For MCV, Mr. Bloch has taken a leadership role in the area of investor relationship management and market strategy. His reputation for identifying projects and his subsequent passion for making them successful has enabled him to build an extensive network of investors and business partners that will participate in our "power team" to support our efforts. Mr. Bloch was responsible for successfully managing a residential apartment community in Santa Monica, CA that led to a substantial return on investment and has run point on property renovations.

Mr. Bloch brings invaluable management expertise to partnership in the areas of general operations, market strategy, promotions and property management.

Mr. Bloch received a JBA with a double major in Journalism and Psychology from the University of Wisconsin - Madison.

James Caulkins, General Partner, MCV, LLC, has been a technology consultant with IBM for over 6 years. During his tenure with IBM as an account executive, Mr. Caulkins is responsible for identifying, developing and managing new business ventures and partnerships in the life sciences and biotechnology sectors. Ultimately, his contributions have led to significant and profitable revenue growth to IBM's bottom line in rapidly growing industries.

Detail and execution oriented, Mr. Caulkins brings invaluable management expertise to the partnership in the areas of capital budgeting, cost control, revenue planning, market strategy, and property management.

Since the inception of MCV, Mr. Caulkins has led all operational and financial aspects of the evaluation of real estate investment opportunities. Given his experience and qualifications, Mr. Caulkins will oversee the day-to-day operations of selected properties and projects. He will be responsible for operational duties including personnel, marketing, cost control, purchasing and upkeep of building and equipment. Mr. Caulkins also will be responsible for maintaining relationships with investors and partners to future MCV projects.

Mr. Caulkins received a BBA in marketing and management from the University of Wisconsin - Madison.

Nicole Pisklo, General Partner, MCV, LLC, has over 12 years leadership experience within sales, business development and general management with top tier organizations such as IBM and AT&T. Her contributions have been recognized through numerous leadership awards and special assignments. These assignments have primarily consisted

of leading newly created business units and sales teams within these organizations from start up to full fledged operations multiple times.

An accomplished sales leader and marketer, her vision and expertise in business performance have driven notable enterprise growth in the technology, financial services and real estate sectors. Always looking for the next "new business venture" assignment to tackle, Ms. Pisklo's strengths are in the areas of strategic planning, establishing partnerships and alliances and market evaluation while achieving her primary goal of creating and delivering solutions to clients that are profitable. She brings a significant investor network and invaluable experience to the partnership.

Ms. Pisklo has been responsible for business development, strategic planning and investor network growth for MCV. She has also taken a leadership role in the launch of Madison Consulting, the business services arm of MCV, which was founded to provide consulting, business and financial advisory services to promising companies in need of expert advice.

Ms. Pisklo received her M.B.A. and B.S. in finance from the University of South Florida in Tampa.