

Brasota Mortgage Company, Inc., Case No. 8:05-bk-06215, United States Bankruptcy Court, Middle District of Florida, Tampa Division, Chapter 11

Funding Management Corporation, Case No. 8:05-bk-06218, United States Bankruptcy Court, Middle District of Florida, Tampa Division, Chapter 11

Dated Monday, April 11, 2005.

On Friday, April 8, 2005, hearings were held before the Honorable K. Rodney May, U.S. Bankruptcy Judge in Tampa, Florida. Below is a summary of those proceedings:

- The Motion to Convert the Case to a Case Under Chapter 7 filed by certain creditors was withdrawn.
- The Court granted joint administration of the bankruptcy cases of Brasota Mortgage Company, Inc. and Funding Management Corporation. All further court filings will be filed in Case No. 8:05-bk-06215, except for Proofs of Claim which should be filed in the individual case the debt pertains to.
- The Court ordered that Debtors' bank accounts must be frozen on April 11, 2005. The Court will further address the issue of the bank accounts at a hearing on **Tuesday, April 12, 2005 at 3:00 p.m.**
- The Court continued the hearing on the Court Appointed Receiver's Emergency Motion Confirming the Release of Funds from Construction Escrow Accounts to **Tuesday, April 12, 2005 at 3:00 p.m.** in order to receive and review more information on the issue.
- The Court granted the Court Appointed Receiver's Emergency Motion for Authority for the Payment of Prepetition Wages.
- The Court deferred the Court Appointed Receiver's Emergency Motion for Authority to Pay Affiliate Officer Salaries until **Tuesday, April 12, 2005 at 3:00 p.m.** in order to receive and review more information on the issue.
- The Court granted the Court Appointed Receiver's Emergency Motion for Authority to Execute Satisfactions of Mortgage as a temporary mechanism to maintain the status quo for the Debtor. The Court further ordered the funds to be placed in a separate interest bearing escrow account. The Order is granted only to the extent the satisfaction deals with a transaction that is paid in full or the release price is delineated. Any partial payments must be brought before the Court for approval.
- The Court granted the Receiver's Emergency Motion to Continue Critical Business Functions. The Court imposed the doctrine of necessity. No payment to professionals is to be made without court order, pending the appointment of a

Chapter 11 Trustee. Only such expenses necessary for the preservation of the estate are to be made pending appointment of a Chapter 11 Trustee by the U.S. Trustee's office.

- The Court granted the Motion for Appointment of a Chapter 11 Trustee filed by certain individual creditors. The Court is satisfied that this case has the aspects of a ponzi scheme. There was gross mismanagement and now there is no senior management, therefore a Chapter 11 Trustee is needed.

If you have questions concerning your personal legal issues or legal issues specific to your company, you must consult with your own attorney. Broad and Cassel, the Bankruptcy Clerk's Office, the U.S. Trustee, and the Judge's chambers are prohibited by law from giving legal advice concerning your claim.

For further information in the bankruptcy case, please continue to check for updates to this web site (www.brasota.com).