

Dear Investor or Interested Party,

Although with the delay in the distribution we got off to a slow start in the month of April, the month may well finish even better than it began. During the first few days of May, the court approved our Bankruptcy Plan over minor objections from two creditors. This will allow us to make the distribution that had been postponed and on May 11 we will be making the distribution at a 15% level. Although I had initially planned to make a 10% distribution, with the approval of the plan, I feel totally comfortable at the 15% level. With this distribution, we will have distributed 55% of allowed unsecured claims.

Currently we have cash on hand of approximately \$28,500,000 of which \$19.5 million will be used for the May 11 distribution.

In recent months, I felt we could achieve a 65% total distribution and am still confident that we will be able to reach that level, even despite the general downturn in the real estate market. The final distributions, however, will be time dependent on events somewhat beyond our control.

Large remaining items that still need to be "wrapped up" would be as follows -

Sale of the Hidden Hills property -- this would be singularly the largest item remaining. We have made the property somewhat more attractive by buying the approximately 28 acres of more developable land closer to the highway frontage. This should enhance the value of a remaining approximately 190 acres. I think we all recognize that the current market conditions are not favorable for the sale of such large parcels. We do, however, have discussions ongoing with a potential bidder who may bid slightly less than the estimated market value so that at least we could explore what real interests are out there with an appetite for such property.

Foreclosure on the Brivik properties -- these are two single-family detached properties on Longboat Key, both valued in excess of \$1 million each. On the first loan, we're in a first position and have a principal balance of \$1,050,000. I do think we can come out close to "whole" on this property. The second loan is more complex. There's an outstanding principal balance of \$1.8 million. Additionally, this loan is behind a first mortgage from Whitney Bank which had an outstanding balance of slightly less than \$600,000. We have sought court approval to pay off this first position so as to clear the way for a foreclosure. We believe the house does have a value in excess of \$2 million and accordingly, while we may not come out "whole", we certainly will try to achieve that objective.

Corporate office building -- we did have an offer \$550,000 which I deemed to be too low. The building sits on 21,000 ft.<sup>2</sup> of land and is slightly less than 3000 ft.<sup>2</sup> "under air". Naturally, the location and zoning are superior. In addition, if at all possible, I would like to avoid having to move, given the volume of records and would be willing to "leaseback" the offices until they are no longer required in our operation. I know some investors seem to feel of this building may be worth \$1 million however with 3000 square-foot under air and only 21,000 ft.<sup>2</sup> of land, such numbers simply are not achievable.

McMullen Creek -- we also have approximately 26 acres remaining which we are actively marketing.

We have been making some progress in the sale of miscellaneous real estate owned. The objective here has been to get "market values" and avoid taking any real discounts as we wind down.

On the matters with Mrs. Morrison, we have been served a request for production of documents which we are in the process of fulfilling. Currently, we do feel that the judge will order that this proceeding go to mediation and look forward to that prospect. As to the probate of William Morrison, as of today, I am still acting as Curator but Mrs. Morrison has moved for the appointment of a personal representative.

The Broad and Cassel matter is moving along and that to should be mediation within the next 60 to 90 days. During the month, the judge did order that if there is to be a trial on the matter it will be held before a jury.

We still have remaining items with William Manfull and are in talks with him regarding resolution, without having to litigate matters.

Hopefully, we can continue to make progress so that each month we can see that we are a step closer to the ultimate resolution and disposition of the assets.

At this point, I would like to extend our thanks to Bob Davenport and Laura Jeffries. While Bob will continue to provide some services on a consulting basis, his engagement with Brasota finished as of April 30. Laura, will be with us through May 18, but has accepted employment with a law firm in Tampa. Much goes on behind the scenes and I can assure you that both Bob and Laura contributed greatly in making this engagement a success. We wish them well!

Best regards,  
Brasota Mortgage Company, Inc.

*Gerard A. McHale, Jr.*

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Chapter 11 Bankruptcy Trustee