

February 29, 2008

Dear Investor or Interested Party,

During the month of February, we were able to substantially settle our open matters with Gloria Morrison, with the one last little piece with the Morrison probate left unresolved. We intend to conclude this matter in March.

This is of great significance in that it was really the last potential litigation area that we were facing. After this settlement, (with the exception of another minor litigation matter that we anticipate will be resolved in the first half of March) the estate is now reduced to real estate to be liquidated and one note receivable.

Once completely finalized, under the terms of the proposed settlement with Miss Morrison, the estate of William Morrison (of which the bankruptcy estate is the only major creditor) and the bankruptcy estate directly, is estimated to receive approximately \$2 million in assets. The Bankruptcy Court will still have to approve this settlement. The transfer of those assets to the bankruptcy estate and the Morrison estate should occur quite rapidly and the transfer should hopefully be completed within 60 days.

You might recall that recently the estate also reached a settlement with William Manfull. Under the terms of that settlement the estate received a note for \$2.385 million. Of that amount, \$2.15 million is currently outstanding and should be paid in full by the end of 2008.

Even after the recent distribution, the estate has \$2.6 million on hand.

At this time there are two major unknowns facing the estate. One - how long it will take to liquidate the real estate that is currently held? Two, over what time frames this might be achieved?

The last major pieces of real estate are the Hidden Hills ranch in Parrish, the Huxsted property in Rubonia, the two Brivik houses in the Longboat Key area, the office building in Bradenton, the commercial strip mall in Ellenton and seventeen smaller properties with an aggregate Value of approximately \$2 million. Given the state of the economy in general and the real estate market in particular, I see no major advantages in conducting a fire sale of the real estate at this time. Certainly our desire is to monetize (convert to cash) these properties in an expeditious manner, but certainly without any sacrifices in real value. A number of these properties do have potential problems such as environmental issues or zoning issues and in certain instances if any offers received which are close to attractive, we certainly will consider them.

We do continue to weigh the alternatives and certainly weigh the cost of continued administration against perceived upside or downside in the property values. I can assure you, whatever actions are taken, will be taken for the benefit of the investor/creditor group.

I do want to thank you all for your patience in what has been a trying matter. I'm certain many feel that this has taken an unusually long time to "sort out". I assure you, that given the litany of problems, the volume of creditors and uniqueness of the case, the entire matter has proceeded at what, in this industry, would be considered an extremely rapid pace.

Best regards,  
Brasota Mortgage Company  
*Gerard A. McHale, Jr.*

Gerard A. McHale, Jr.  
Chapter 11 Bankruptcy Trustee.