

July 20, 2008

Dear Investor or Interested Party,

In the midst of this summer, the question that we hear most from everyone is when and whether there will be next distribution. As I have consistently maintained, there will be another distribution but, as previously explained, the timing and the amount is largely dependent on the local real estate market. Unfortunately, the local real estate market and the economy are both depressed and these tough times make it difficult to sell all the estate's entire portfolio.

We have been diligently trying to solicit "bulk offers" for Brasota's entire portfolio and are reviewing our options with the Committee regarding our strategies. We are still in the process of weighing our options and evaluating the costs of administration versus the potential upside or downside in real estate values. The Gloria Morrison and William Morrison probate settlement is in the process of being concluded. We are also winding our way through the few remaining litigation items.

I assure you that you will hear as soon as a decision is made regarding the timing and amount of the next distribution.

Until the next newsletter, please have a wonderful summer.

Best regards,
Brasota Mortgage Company

Gerard A. McHale Jr.

Gerard A. McHale, Jr.
Chapter 11 Trustee