

April 8, 2008

Dear Investor or Interested Party,

During the month of March and the first week of April, we were able to settle our last open matter with Gloria Morrison, the Morrison probate estate and Tyglo, Mrs. Morrison's company. This represents the conclusion of the last major litigation remaining although we do have smaller open litigation items.

We have filed with the court our motion to approve this settlement and the court has given us a hearing date of May 13, at 10:30 am. We hope the settlement will be approved.

After this Court approves the settlement, we hope to conclude matters with the Morrison probate estate and liquidate the assets upon transfer from Mr. Ronald Witt, the personal representative. Due to the fluctuations in the market, we do not know with absolute certainty how much the estate will net after liquidation but the settlement is fair and will spare the estate the legal expenses of litigation. A very rough estimate of the value of the settlement would be \$1,500,000.

We continue our efforts to sell our real estate owned portfolio. Due to recent publicity in the local newspaper, we were able to contract for sale one of our larger items in our portfolio. The "Brivik property" – located at 3501 Bayou Sound in Longboat Key - is under contract for \$1,520,500 with a two percent brokerage commission. We have also sought bankruptcy court approval for this sale.

As previously mentioned in my last newsletter, the state of the real estate market and the economy in general prevents me at this time from conducting a "bulk sale" of the entire portfolio or even considering an auction of the individual pieces of real estate. We continue to weigh our options and evaluate the costs of administration versus the potential upside or downside in real estate values. As noted from our recent Bayou Sound sale, we are open to accepting offers which we perceive as attractive, without sacrificing value to the estate.

Best regards,
Brasota Mortgage Company

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