

Dear Investor or Interested Party,

We have received numerous inquiries regarding whether another distribution will be anticipated within the year. Well, as previously explained, we are at the end stages of the case, with remaining assets in litigation and real estate owned to liquidate. Litigation takes time to wind down and the market has not been ideal for the sale of real estate. On the other hand, we have been successful in all of our recent efforts in this case. Accordingly, I am *hopeful* of being able to make a small distribution of no more than five percent (5%) by the end of the year. My ability to make this distribution is, to some extent, dependent upon our collections and the progress of our litigation. I promise to keep you all posted about whether I can definitively make a distribution soon.

As to the other remaining matters in the case, we are making progress. The Bankruptcy Court held a hearing on September 26, 2007 at 1:30 p.m. to approve the settlement with William Manfull and Jana Votour. There were no objections filed and an order will be entered shortly approving the settlement. As part of the settlement, Mr. Manfull will pay \$2.7 million to the bankruptcy estate. Mr. Manfull has sent his attorney \$315,000 in cash to be held in escrow until the order approving the settlement becomes final and the balance has been memorialized by a one-year note, collateralized by ALL of his assets. This note carries an 8% interest rate and requires monthly payments of \$100,000.

We have moved litigation further along in our other foreclosure actions, including the Brivik and DeVito foreclosures. The DeVito property, located at 2443 U.S. Highway 301 North, Ellenton, Florida 34222, was re-scheduled for foreclosure sale at the Bankruptcy Court in Tampa, Florida on October 22, 2007 at 1:30 p.m. Two of the three Brivik properties, both waterfront single-family homes (3501 Bayou Sound, Longboat Key, Florida 34228 and 580 Yardarm Lane, Longboat Key, Florida 34228), are also set for foreclosure sale at the Bankruptcy Court at the same date and time. Other smaller litigation matters have also been resolved.

Amended complaints have been filed against Gloria Morrison, Tyglo and Lisa Morrison. Mediation with Gloria Morrison is still anticipated in early December.

I would like to take this opportunity to thank my special litigation counsel, Abel Band, which has successfully moved the bulk of our foreclosure litigation for all its hard work. It has completed its services for the estate and had the bankruptcy court approve its final fee application at the September 26, 2007 hearing. The collections which they achieved were well in excess of their fees which in turn were well below the typical "contingency fees" that usually are associated with this type of work.

As always, our continued liquidation process is on-going. We continue to liquidate real property and to co-operate with the personal representative of the William Morrison estate to effectuate an orderly liquidation of those probate assets.

Best Regards,

Brasota Mortgage Company

Gerard A. McHale, Jr.

Chapter 11 Bankruptcy Trustee