

July 31, 2007

Dear Investor or Interested Party,

Another lawsuit has been resolved. We continued mediation with Broad and Cassel ("B&C") and managed to settle our disputes with B&C regarding its fees and their prior representation. As part of the settlement, it will return \$199,000 in fees of the \$325,489.24 it already received to the estate. It will also waive the additional remaining fees which it sought in the beginning of the case. The motion to approve this settlement will be filed shortly with the bankruptcy court.

We have had success in our continued claims objection process. We successfully objected to the tax claims of the Florida Department of Revenue in the total amount of \$898,078.26 and have accordingly managed to reduce the liability to the estate.

I am also pleased that we continue to make progress with our other troubled assets. We are now in possession of the Hidden Hills/Team Awesome property and will be actively soliciting bids. We have moved litigation further along in our other foreclosure actions, including the Brivik foreclosure, or continue to negotiate a settlement with others (including William Manfull).

The settlements with Malcolm Edwards, Alfred Colavito, Carolyn Burroughs (formerly known as Carolyn Thibodeau), Mosalene and Jeffrey Hottman have been approved by the bankruptcy court and we have received the settled upon sums from Mr. Edwards, Mr. Colavito, Mrs. Burroughs and anticipate the funds shortly for the Hottmans.

We continue to defend the appeal of the confirmation of the joint plan.

Our continued liquidation process is on-going. We successfully sold certain real property and we have continued to co-operate with the personal representative of the William Morrison estate to effectuate an orderly liquidation of those probate assets.

Until next month, enjoy the last month of summer.

Best Regards,

Brasota Mortgage Company,

Gerard A. McHale, Jr.

Chapter 11 Bankruptcy Trustee