Dear Investor or Interested Party,

I had hoped that we would get the confirmation of our bankruptcy plan finalized on Thursday, April 5th. Such was not the case. An objection to the plan was raised by Gloria Morrison's attorney. This being the case, the judge has rescheduled the hearing for Ms. Morrison's objections to the plan for this coming Friday, April 13. Unfortunately, this also prevented us from going forward on our planned mid-April distribution.

I have instructed our attorneys to go ahead and file a motion to allow us to make an interim distribution in the amount of 10% while the litigation matters continue with Ms. Morrison.

Despite this temporary setback, the month of March was a very important month in getting things done to wrap up the major parts of the remaining solvable items.

Recognizing that we are trying to wind down the Brasota operations, we had made a concerted effort in the last 90 days to liquidate the remaining loan portfolio. The single most significant event for the month was the sale of approximately $2.9 million in mortgages for 79.1% of face value. I think this was extremely beneficial and I would give Bob Davenport a tremendous amount of credit for the time spent in negotiating the sale of these portfolio items and the tremendous success that he was achieved. To give you some idea, there were 28 loans in this portfolio. Of those loans, eight were mobile homes - one of these homes had no land, one was in a second lien position and the other six were 20 years old or older manufactured homes. Nine loans were in junior lien positions -- that is there were first mortgages on the properties in front of our mortgage. There were two land loans -- one with no mineral rights and one on a vacant lot in Detroit, Michigan. Two of the loans had matured but not paid out. Two were paying under confirmed chapter 13 plans and two were under foreclosure. Of the 28 loans, only eight were current.

Additionally, in separate transactions Bob was able to successfully liquidate approximately $1 million of loans to local financial institutions at full face value. Additionally we were able to sell a loan in Myakka on a property where we would probably have had a time consuming workout with a property in a rapidly deteriorating real estate economy. Also, Bob was able to liquidate a land contract in Ft. Wayne, Indiana which had 17 years of amortization remaining.

At this point, the only loan assets that remain are nonperforming mortgages in workout scenarios or under active foreclosure with our attorneys.

As of the current point in time (April 8) we currently have slightly more than $28 million cash on hand -- I would anticipate distributing at least $13 million of this in the requested 10% distribution yet this month.

We also have $3.7 million a real estate owned. Of this amount approximately $2.3 million represents the corporate office in Bradenton; Eight Ashley Oaks remaining trailer lots in Tampa; the recently foreclosed commercial property on US 19 in Palmetto and single family residences in Palmetto and Myakka; and approximately 26 acres of undeveloped land in Rubonia. The remaining $1.4 million represents approximately 22 properties, mostly undeveloped lots and a few multi-family "fixer uppers". Since the office building only costs us the imputed cost of the lost interest on any sale of the property, we will in all probability remained in that office until final liquidation. The massive volume of records that would be required to be moved in a relocation would make any such move, especially for the short range, cost prohibitive.

We also had approximately $6.8 million in remaining developer loans. Collectibility of this has been questionable since day one and I should point out that this is what remains of approximately a $50 million portfolio of developer loans. I do think we should realize through collection or foreclosure in excess of $4 million from these assets.

Lastly, we have approximately $5 million in "all other assets". The bulk of this consists of the Hidden Hills property where we are obtaining the title through the operation of the bankruptcy court in the Hidden Hills Equestrian Center bankruptcy proceedings.

Naturally, in order to wrap things up completely we will need to finalize our litigation with Ms. Morrison, Broad and Cassel and achieve the distributions from the estate of William Morrison. I don't know what the final numbers will be on these, and even if I did, would hesitate to put them in a letter of general distribution.

Suffice it to say, that at this time, we have distributed a 40% return on invested capital; I anticipate an additional 10% being returned yet this month and am very comfortable that we will achieve a total return in the 65% range and possibly a 66% or 67% return.

Although I am disappointed with the inability to get the April distribution up to the 17 or 18% level, I assure you that my objective will be to get the deferred 10% distribution accomplished as quickly as possible and another major distribution (another 7 or 8%) as quickly as possible thereafter.

Although we are not finished yet, I would like to thank all the investors and creditors who have given us support during this proceeding. Litigation is never pleasant, and is generally unpredictable, both as to outcome and time frames. Over the course of the last two years, certainly we've been faced with having to make many decisions. Looking back, not every decision was correct, but by far away the incorrect decisions were few and far between and, none were costly. The correct decisions on the other hand were made at the right time and the strategic planning of how best to liquidate the various portions of the portfolio appears to have been done with a maximum impact to you, the Brasota creditors/ investors.

Best regards,
Brasota Mortgage Company. Inc.

Gerard A. McHale Jr.
Chapter 11 Bankruptcy Trustee