

STATUS REPORT—IN RE ASSET RESOLUTION LLC

This post is intended to supplement information available to Direct Lenders, but is primarily of concern to the Trust with respect to unsecured claims.

A dispute has been pending for years among direct lenders and Compass Partners, Silar Advisors, and Asset Resolution, LLC concerning the right to service loans originally serviced by USACM. The litigation is pending in the United States District Court for the District of Nevada under Case No. 2:07-cv-00892-RCJ-GWF.

After the district court entered certain rulings, Asset Resolution LLC filed a Chapter 11 bankruptcy case in the United States Bankruptcy Court for the Southern District of New York, and directed bankruptcy petitions by 14 entities that owned either interests in property after foreclosure or the proceeds of collateral. Those bankruptcy cases were transferred and the reference was withdrawn to the District Court. The lead bankruptcy case is bk-s-09-3289-RCJ.

The district court decided to convert the Asset Resolution LLC case to Chapter 7. The United States Trustee appointed William A. Leonard as the interim Chapter 7 trustee. Mr. Leonard has retained counsel:

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Separately, Judge Jones determined that Compass Partners/Silar/Asset Resolution could be terminated as servicer by Direct Lenders. He further ordered that 51 percent of the Lenders could select a new servicer and directed Jann Chubb to oversee the voting process. Copies of the Court's orders referenced in this report are available from this website.

In connection with the bankruptcy filing by Asset Resolution LLC, Direct Lenders have received forms from the bankruptcy court explaining that the bankruptcy case has been filed and setting a deadline for the filing of proofs of claim. The Trust will not be filing a proof of claim in the Asset Resolution LLC bankruptcy case with respect to damages allegedly suffered by Direct Lenders. It is up to you to decide whether to file a proof of claim, but do not rely on the Trust to file anything on your behalf.