

FREQUENTLY ASKED QUESTIONS REGARDING
THE INITIAL INTERIM DISTRIBUTION BY
THE USACM LIQUIDATING TRUST

Why did the USACM Liquidating Trust send me a check?

The Trust made a \$20 million interim distribution to unsecured creditors. If you received a check from this distribution, it is because you have an allowed unsecured claim in the USA Commercial Mortgage (“USACM”) bankruptcy. Unsecured creditors are beneficiaries of the Trust.

How did the Trust calculate the amount of my check?

The distribution was calculated based on the total of allowed claims, disputed claims and unresolved claims. The total of these claims is approximately \$400 million. Every claim received the equivalent of the amount of the allowed claim, divided by the total claims (allowed, disputed and unresolved), times the amount of money being distributed (\$20 million). Your pro rata share from the initial distribution was equal to 4.92 percent of your allowed claim.

Will the Trust make further distributions to unsecured creditors?

The Trust expects to make at least one more distribution. The Trust does not know and will not guess or estimate the amount of future distributions. The estimate contained in the disclosure statement distributed to creditors during the Plan approval process estimated that approved unsecured claims would receive between 8 to 33 cents on the dollar. The nature of the process is such that the Trust can not predict when all the work being undertaken to recover monies for creditors will be completed, how much money will be recovered for creditors or the total cost to bring in those recoveries. The Trust continues to be involved in significant litigation in an effort to recover monies for creditors. It also needs to resolve the remaining disputed claims. Until both of those tasks are completed, the Trust will not be able to make the final distribution and be terminated.

Does the initial distribution affect my rights as a Direct Lender to be paid back the money I loaned?

No. Most of the USACM brokered loans were secured by real property. Any rights you have under a promissory note and related deed of trust and/or personal guaranty are unaffected by the Trust’s activities. Your rights under any particular loan, deed of trust, etc. is subject to the status of that loan, its borrower, guarantor, etc. The check you received deals with claims that are not otherwise related to still to be resolved loans. If collateral securing one of the loans you invested in is eventually liquidated, you should receive a portion of any funds paid back to direct lenders by that borrower. You should obtain information about your loan from your loan servicer (see below).

Why did the Trust reserve over half of the \$20 million distribution for unresolved claims?

The Trust is required to reserve for claims that it has yet to resolve. Thus, while the initial distribution totaled \$20,000,000, the Trust had to reserve over half of this amount because there are approximately \$220,000,000 worth of claims that are still unresolved. If a currently unresolved claim is eventually allowed, the Trust will make a distribution to the creditor from the reserve. If a currently unresolved claim is eventually disallowed, the funds reserved for that claim will be returned to the Trust to be included in the next distribution.

Why did the Trust send me a W-9 Form?

The terms of the Liquidating Trust Agreement require that the Trust report income and expenses in its tax filings. Creditors are deemed to have “contributed their claims to the Trust” and are therefore beneficiaries of the Trust. Thus, similar to a partnership, when the Trust files its tax returns it will send you a tax reporting letter to use in filing your own tax returns. The letter will show your allocable share of the Trust’s income and expenses. You will not be asked to pay your share of the expenses; it is for reporting purposes only.

I received several W-9 Forms. Do I have to return all of them?

Although the trust sent a W-9 Form out with each check, if you received multiple checks payable to the same entity or person, then you only need to return one completed W-9 Form. If you received multiple checks that are payable to different people or entities, you need to complete and return one W-9 Form for each entity or person that received a check.

If I still have questions about the distribution, who do I contact?

Please contact Marilyn Schoenike, Certified Legal Assistant, Lewis and Roca LLP. For efficiency, we ask that you use email whenever possible: mschoeni@LRLaw.com. If email is not convenient you can call Ms. Schoenike at (602) 262-5314.

Who can I contact to get information about the current status of the loan I invested in?

The Trust is servicing only the Placer I and II Loans. The Placer 1 Loan has been foreclosed on and Elli Mills as receiver is dealing with the property for the lenders. You can obtain information about the receivership from Mr. Mills at (775) 826-7800 or EMills@aol.com. As to the Placer II Loan, please contact Ms. Schoenike (see above). We are informed that most of the other USACM loans are being serviced by Servicing Oversight Solutions, LLC (SOS). SOS’s telephone number is (860) 269-3187. The contact person there is Kelly Chrostowsky at ext. 214.