

PLACER VINEYARDS

On July 16, 2007, the Placer County Board of Supervisors approved the development plan for the project including the property owned by Placer County Land Speculators, LLC, which is the collateral for your loans. As a result of this approval, the entire project has the ability to continue its development plans. We attach an article from the Sacramento Bee that discusses the approval as well as the path for development.

The Trust as servicer had asked the Lenders to consent to the Trust's advance, as needed, for unpaid real estate taxes and assessments, in particular if demanded by Placer County prior to this development plan approval. No additional advances have been made since our last report.

The Trust as servicer also asked the Lenders to consent to the Trust's advance, as needed, for the property's share of costs incurred by the Placer Vineyards Owners Group, again particularly if demanded as part of the development plan approval. USA Investment Partners, LLC, the controlling member of the borrower, advanced \$100,000 to pay a portion of the outstanding bill of \$459,850, agreed that the borrower would pay the group \$50,000 quarterly to bring the obligation current and thereafter to pay its share of subsequent capital calls by the group. The Trust was not required to advance any of its funds for this purpose.

We now look forward to working with Lisa Poulin, trustee of USAIP, on how to get your Loans repaid.