

August 2008

Report to Direct Lenders – Placer County Land Speculators, LLC – 1ST Lien

Dear Direct Lenders:

This letter is written to the holders of the Placer 1 Loan. A copy is being sent to the holders of the Placer 2 Loan for information purposes only.

This letter supplements the USACM Liquidating Trust's prior reports, all of which are available on the Trust's website at: <http://usacmcucc.bmcgroup.com>.

The Borrower continues not to make payments on the Placer 1 or 2 Loans. Here is the current balance of the Placer 1 Loan:

Placer 1 Loan	As of 7/31/2008
Principal	\$ 31,500,000.00
Regular Interest	\$ 12,887,379.45
Default Interest	\$ 7,752,624.86
Late Fees on Interest	\$ 644,368.97
Late Fees on Principal	\$1,575,000.00
Other Fees	
Total	\$ 54,359,373.28

Status of Foreclosure Sale

As a number of Placer 1 Lenders have either purported to terminate their consent to the foreclosure or object to the foreclosure, the Trust has directed that the foreclosure sale be continued to August 22, 2008.

Receivership

By the end of August, the Trust will file an action asking a court to either appoint a receiver with authority to direct foreclosure of the lien securing the Placer 1 Loan, or to take other steps to protect the Placer 1 Lenders. The receiver would naturally remain in control if the property is acquired via foreclosure.

The receivership order would protect against actions against the Property or its owners. The receivership case would be brought with each Placer 1 Lender identified as a party,¹ and each Lender receiving notice in the receivership case. The proposal to retain a receiver would be public, with information circulated to all the Lenders. The Trust will ask that the court order the receiver not make any recommendation without prior consultation with the Placer 1 Lenders, and with approval of at least 50% of the unpaid loan balance, absent a true emergency. The receivership court, not any individual Lender or group of Lenders, and not the Trust as servicing agent, would approve the receiver's appointment, compensation, any recommendations of the receiver with respect to borrowing to pay carrying costs, and ultimately, the sale of the Property.

There are four proposed receiver candidates:

- The Beverly Group, Inc. – Beverly N. McFarland
- Elli M.A. Mills
- John C. Paxton
- Mark Kagan, Esq.

For more information on the receiver candidates, their resumes, proposals and fees please go to either: <http://usacmcucc.bmcgroup.com> and click under Placer Vineyards or www.groups.google.com/group/placervineyards.² Please note that the USACM Trust does not recommend or advocate any of the receiver candidates, but is only acting as an agent to solicit the Lender recommendations and provide them to the judge who will ultimately appoint the receiver.

Please fill in the enclosed ballot to express your preferences among the candidates and return the ballot as instructed by August 25, 2008.

We will continue to provide you with monthly reports and welcome your periodic attention to the website for interim developments.

For More Information. As always, if you have any questions about your statement or about the Loans, please feel free to contact the Trust at the following contact information:

¹ The Placer 2 Lenders will also be parties as they have a junior lien on the Property.

² You will need to create a username and password to access the site.

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