

September 2007

Report to Direct Lenders – Placer County Land Speculators, LLC

Dear Direct Lenders:

This letter supplements the prior reports of the USACM Liquidating Trust as servicer of your Loans. No payments have been received from the borrower, so that the unpaid balances as of the end of July are the same, except that interest, default interest and late fees continue to accrue.

James Matthews, the real estate consultant hired by Lisa M. Poulin, Trustee of USA Investment Partners, LLC (“USAIP”), as the majority member of the Borrower, has been negotiating with interested parties over a potential purchase of the property.

Mr. Matthews reports that a letter offering to enter into a purchase contract for the collateral for the loans was received. The gross sales price indicated was less than the principal balance on the first loan.

Ms. Poulin on behalf of USAIP concedes that the borrower does not have any equity in the property over the first and second liens held by the USACM Trust as servicer. She does not have an ability to pay the first or second liens or the carrying costs of the property. She has ordered an appraisal that should be received within two weeks. She has a \$100,000 payment due to the ownership group under a settlement of the outstanding bill for the costs incurred by the property owners’ group, as well as billings from that group for new costs being incurred.

The Lenders have three options that we see:

- Authorize Ms. Poulin on behalf of Placer County Land Speculators, LLC as borrower to enter into the best contract available, subject to higher and better offers at an auction.
- Request that Ms. Poulin convey the property via deed in lieu of foreclosure to the direct lenders on the second lien.
- Initiate foreclosure on the first and second liens.

The second and third alternatives place the burden of paying the carrying costs on the property for a period of time. The Trust as servicer is not in a position to advance those costs, which we are attempting to detail in connection with the appraisal.

If the holders of the second lien take title to the property, the Trust as servicer must enforce the first lien via foreclosure.

The Trust would propose a conference call with the holders of the second lien on Wednesday, September 26, 2007 at 10:30 a.m. (PST); and with the holders of the first lien on Wednesday, September 26, 2007 at 11:30 a.m. (PST). The dial in number is 1.888.330.9549 and the passcode is 2985890#. We hope that you can participate.

By way of a brief report on other developments, the bankruptcy court entered an order for relief in the Joseph Milanowski bankruptcy case and Ford Elsaesser and his counsel have been working to locate and liquidate Mr. Milanowski's assets. There is not yet a deadline to file a proof of claim. The Trust will file a proof of claim for the lenders on account of Milanowski's guaranty of the Placer loans. The same is true with respect to the Thomas Hantges bankruptcy case where Michael Carmel is the trustee. The Trust has agreed to make a limited loan to each of the Milanowski and Hantges trustees so that they can do their job, with the loan to be repaid from the assets recovered. Both such advances are with the approval of the Bankruptcy Court.

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:

Dated: Thursday, September 13, 2007.

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