

October 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 September are the same, except that interest, default interest and late fees continue to accrue. For your information, the Note balances are as follows:

	Placer 1	Placer 2
Principal	\$31,500,000.00	\$6,500,000.00
Interest	\$8,449,234.57	\$2,221,895.97
Default Interest	\$5,089,737.92	\$557,701.35
Late Fees	<u>\$323,536.22</u>	<u>\$87,878.93</u>
Total	\$45,362,508.71	\$9,367,476.25

On Wednesday, September 26, 2006, the Trust, through the Trustee along with counsel, conducted two conference calls with direct lenders in the Placer 1 and 2 loans. We advised the lenders that the Trust as servicer intended to negotiate with the Borrower through Lisa M. Poulin, Trustee of USA Investment Partners, LLC (“USAIP”), as the majority member of the Borrower, for a bankruptcy filing by the Borrower and sale of the collateral at an auction. The most recent information available to the Trust was summarized in the call and suggests that the market value of the collateral may not exceed the principal and accrued (non-default) interest on the Placer 1 loan.

We are negotiating with Ms. Poulin and her counsel – Gerald Gordon of Gordon & Silver. They advise that Robert Russell, a minority member in Borrower and the manager of the limited liability company, is neither prepared to cause the Borrower to file a bankruptcy case nor to cede control to Ms. Poulin. We have explained to Ms. Poulin that we will be seeking the appointment of a receiver for the Borrower in order to obtain an orderly sale of the collateral in the event she is unable to resolve the impasse with Mr. Russell and take control of the Borrower.

We have also explained to Ms. Poulin and her counsel the concern that to the extent her fees and those of her lawyer are paid from the collateral (there is no other material source

of payment), then those fees must be carefully controlled with a budget and hard caps. They have promised us a proposal in that regard.

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: Monday, October 08, 2007.

USACM Liquidating Trust

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