



January 16, 2008

To: **The Holders of Beneficial Interests in the Cornman Toltec Loan (the "Cornman Loan")**

RE: **Request for Consent to Discounted Payoff of the Cornman Loan**

Compass Financial Partners LLC (together with its licensed subservicer affiliates, "Compass") has negotiated a settlement with the borrower of the Cornman Loan (the "Borrower"), and requests that the holders of beneficial interests (the "Direct Lenders") consent to a discounted payoff of the Cornman Loan as set forth below. Pursuant to this proposal, if the Borrower fulfills its commitments on or before 2/29/2008, Compass and the Direct Lenders will receive a lump sum cash payment of \$6,750,000.00 in satisfaction of all obligations due and owing under the Cornman Loan. This represents a recovery of 76.56% of the full legal balance of \$8,817,032.80 due and owing from the Borrower as of 2/29/08.

WHY CONSENT: Compass strongly recommends the Direct Lenders consent to this proposal. The proposed payoff represents the result of a lengthy negotiation process with the Borrower that, Compass firmly believes, represents **the absolute highest and best recovery possible** on the Cornman Loan. Based on Compass's extensive due diligence, market research, the current value of collateral, the costs and delay that would be associated with an alternative resolution, and the overall deteriorating condition of the real estate market, Compass believes this proposal presents **the absolute best opportunity** for maximum recovery on the Cornman Loan.

The Cornman Loan has been in default since June 30, 2006. Compass was compelled to initiate foreclosure upon the collateral securing the Cornman Loan (the "Property") in light of the Borrower's and guarantor's unwillingness and inability to meet their contractual obligations. However, Compass believes that the amount realized from a foreclosure sale of the Property would yield far less than the current offer from the Borrower. This is based upon Compass's receipt of several broker price opinions from experts in the local market, as well as an updated appraisal in November 2007 which indicated an "as is" value of approximately \$4.72 million, *well below* the negotiated discounted payoff amount of \$6.75 million or the approximate \$8.8 million due and owing under the Cornman Loan documents.

Given the circumstances, Compass is pleased to present the current proposal, pursuant to which the Borrower will pay a lump sum cash payment of \$6.75 million in full satisfaction of the Cornman Loan. Compass believes that an alternative resolution would require unnecessary expenses and delay to be borne by the Direct Lenders that would dramatically reduce the overall recovery on the Cornman Loan.

As set forth in the Loan Status Report previously distributed to the Direct Lenders, Compass has initiated foreclosure under Arizona law. Under Arizona law, Compass first must obtain a decree of foreclosure and thereafter schedule a foreclosure sale, which would not likely occur until after the 2/29/2008 deadline at the earliest. The settlement with the Borrower preserves Compass's ability to continue to pursue a decree of foreclosure until the Borrower fulfills its commitments under the proposed settlement.



WHAT “DO NOT CONSENT” WILL MEAN: Unless Compass receives the consent of each of the Direct Lenders to the Borrower’s proposal, this transaction with the Borrower cannot be approved. Absent such consent, an Event of Default will remain uncured under the Cornman Loan documents, and Compass will be compelled to move forward with the foreclosure process in order to satisfy amounts due and owing under the Cornman Loan.

In the event Compass is compelled to move forward with foreclosure, Compass anticipates that the Direct Lenders’ recovery will be delayed in excess of twelve months, given the Borrower’s stated intention of commencing a chapter 11 bankruptcy case and contesting the foreclosure. The Direct Lenders would incur substantial costs and delays in connection with protecting their interests in the Borrower’s chapter 11 case and seeking to lift the automatic stay. Assuming the automatic stay is successfully lifted, the Borrower could challenge the foreclosure in state court, which would lead to further costs and delays and the additional risks associated with potential lender liability counter-claims. Even if Compass is successful in proceeding to foreclosure, the Direct Lenders would incur additional costs and delays associated with conducting the foreclosure sale, marketing, maintaining, and re-selling the Property. Each Direct Lender’s pro rata share of such costs and professional fees would be immediately due and payable to Compass in accordance with the terms of the governing Loan Servicing Agreements.

Given the current appraised value of the Property, the Direct Lenders would bear the absolute risk that any post-foreclosure sales price (less the aforementioned expenses) would be substantially less than the Borrower’s current proposal. Compass therefore reiterates its belief that the proposed discounted payoff presents the maximum possible recovery for Direct Lenders in the most time efficient manner, and therefore urges you to consent.

SERVICING FEES: In accordance with the Preliminary Injunction and Order entered by the U.S. District Court for the District of Nevada on November 6, 2007 (the “Preliminary Injunction Order”), Compass will receive 100% reimbursement of its actual and necessary servicer advances and payment of its post-closing servicing fees (accrued after February 16, 2007) in the aggregate amount of \$195,219.96, as itemized below.

The majority of Loan Servicing Agreements provide for the payment to Compass of accrued default interest, late charges, as well as a percentage servicing fee. While Compass believes it is entitled to priority payment of outstanding default interest, late charges, and other fees due and owing in the Cornman Loan (the “Compass Fees”), Compass is willing to accept a *pari passu* (or proportionate) recovery of its Compass Fees with amounts due and owing to the Direct Lenders from the Borrower if the Direct Lenders unanimously and unconditionally approve this proposal. Pursuant to this proposed distribution of the proceeds, the Direct Lenders and Compass would each receive 76.56% of total amounts due and owing, as follows:

- Direct Lenders would receive \$5,687,451.13, representing 76.56% of the total amounts due and owing the Direct Lenders through 2/29/2008, less \$214,244.72¹ representing servicing fees and reimbursement of actual and necessary servicer advances. A line-by-line

¹ Reflects 76.56% of pre-closing servicing fees and 100% of post-closing servicing fees. The reference to “closing” refers to the 2/16/07 closing date of the sale of USACM’s assets to Compass.



itemization of the total amounts due and owing Direct Lenders through 2/29/2008 is set forth below.

- Compass would receive \$1,026,958.32, representing 76.56% of the total Compass Fees due and owing in the Cornman Loan through 2/29/2008. A line-by-line itemization of the total Compass Fees due and owing through 2/29/2008 is set forth below.

In the event any Direct Lender objects to the payment of Compass Fees on a *pari passu* basis as set forth above, but there is no objection to the Direct Lenders' and Compass's collective receipt of \$6,750,000.00 in satisfaction of all obligations due and owing under the Cornman Loan, Compass will close the transaction with the Borrower, place the disputed portion of the proceeds into escrow in accordance with the Preliminary Injunction Order, and seek the full payment of its Compass Fees as a priority.

A line-by-line itemization of the total amounts due and owing the Direct Lenders and Compass through 2/29/2008, as well as the total recoveries for the Direct Lenders and Compass if the proposed *pari passu* settlement is consummated, are set forth below:

Direct Lenders			
Total Amounts Due and Owing By Borrower to Direct Lenders		(as of 2/29/2008)	Proposed Discounted Payoff
Unpaid Principal Balance =		\$6,375,000.00	Principal to be Paid = \$4,880,468.40
Non-Default Interest =		\$1,054,102.70	Non-Default Interest to be Paid = \$806,982.73
Servicer Advances		\$71,340.00	Servicer Advances = \$54,615.31
TOTAL =	\$7,500,442.70 (100%)		TOTAL = \$5,742,066.45 (76.56%)
			Less Servicing Fees/Advances (\$214,244.72)
			\$5,527,821.72
			TOTAL PROPOSED RECOVERY OF PRINCIPAL 101.7%²

Compass			
Total Compass Fees		(as of 2/29/2008)	Proposed Discounted Payoff
Servicing Fees pre-2/16/07=		\$24,850.66	Servicing Fees pre-2/16/07= \$19,024.76

² Includes interest already received aggregating to \$955,323.20.



Default Interest=	\$897,660.56	Default Interest=	\$687,216.31 ³
Late Charges=	\$418,929.55	Late Charges=	\$320,717.24
TOTAL=	\$1,341,440.77 (100%)	TOTAL=	\$1,026,958.32 (76.56%)

Servicer Advances & Post- 2/16/07 Servicing Fees	
Servicing Fees post-2/16/07	\$123,879.96
Total Advances Incurred	
Approximate Legal Fees	\$65,000.00
Appraisal	\$6,000.00
Conference Call Costs	\$300.00
Mail Delivery Costs	\$40.00
TOTAL	\$195,219.96

HOW TO CONSENT: To consent, you do not need to do anything. If you do not consent, you must submit such vote to Compass, through its Nevada-licensed servicer, Windemere Special Assets (“Windemere”), in writing by mail or email so that Compass is in receipt of such vote no later than 5:00 p.m. Eastern Time, **Friday, January 25th, 2008**. Direct Lenders may contact Windemere by email directed to info@compassloans.net or by calling (702) 242-0796 or (866) 535-0796.

CONFERENCE CALL: A conference call with the Direct Lenders to discuss this Request for Consent will be held on **Friday, January 25th, 2008 at 2:00 p.m. Eastern Time**. Direct Lenders in this Loan may participate by calling **(800) 759-0876**. We encourage Direct Lenders to email their questions about this loan in advance of the conference call to info@compassloans.net so that they may be addressed either on or before the call.

³ Amount reflects default interest due and owing to Compass and any Direct Lender who has not assigned its right to default interest to the servicer pursuant to its loan servicing agreement. Compass will distribute any default interest collected which is due and owing to such Direct Lenders in conjunction with the distribution of the other amounts due and owing the Direct Lenders.