



March 7, 2008

To: **The Holders of Beneficial Interests in the Harbor Georgetown Loan (the "Harbor Georgetown Loan")**

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

Compass Financial Partners LLC (together with its licensed subservicer affiliates, "Compass") has negotiated a settlement with the borrower of the Harbor Georgetown Loan (the "Borrower"), and requests that the holders of beneficial interests (the "Direct Lenders") consent to a discounted payoff of the Harbor Georgetown Loan as set forth below. Pursuant to this proposal, if the Borrower fulfills its commitments, on or before June 30, 2008, Compass and the Direct Lenders will receive a lump sum cash payment of \$7,750,000.00 in satisfaction of all obligations due and owing under the Harbor Georgetown Loan. This represents a recovery of 50.99% of the full legal balance of \$15,197,713.80 due and owing from the Borrower as of June 30, 2008.

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 Harbor Georgetown 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 Harbor Georgetown Loan.

The Harbor Georgetown Loan has been in default since February 1, 2006. Compass was compelled to retain Michigan counsel to initiate the foreclosure process upon the collateral securing the Harbor Georgetown Loan (the "Property") in light of the Borrower's and guarantor's 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 which indicated an "as is" value *well below* the negotiated discounted payoff amount of \$7.75 million or the approximate \$15,197,713.80 due and owing under the Harbor Georgetown 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 \$7.75 million in satisfaction of the Harbor Georgetown 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 Harbor Georgetown Loan.

As set forth above, Compass has initiated foreclosure under Michigan law. Under Michigan law, Compass first must obtain a decree of foreclosure and thereafter schedule a foreclosure sale. 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 Harbor Georgetown Loan documents, and Compass will be compelled to move forward with the foreclosure process in order to satisfy amounts due and owing under the Harbor Georgetown Loan.

In the event Compass is compelled to move forward with foreclosure, Compass anticipates that the Direct Lenders' recovery will be potentially delayed in excess of twelve months due to the length of the foreclosure process and the likelihood that the Borrower will commence a chapter 11 bankruptcy case. The Direct Lenders would incur substantial costs and delays in connection with protecting their interests in a 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 counterclaims. 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 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 Order, Compass is entitled to receive 100% reimbursement of its actual and necessary servicer advances and payment of its servicing fees accrued after February 16, 2007. Pursuant to this proposal, all accrued servicing fees will be deducted on a lender-by-lender basis based upon the applicable servicing fee % set forth in each Direct Lender's loan servicing agreement ("LSA"). Servicing fee percentages vary from 1% to 3% based upon the particular LSA. Compass will also be reimbursed for its actual and necessary servicer advances incurred on behalf of the Direct Lenders in accordance with the terms of the LSA, as set forth below.

The majority of LSAs 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 under the Harbor Georgetown 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 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 50.99% of total amounts due and owing, as follows:

- Direct Lenders would receive \$6,207,802.84, representing 50.99% of the total amounts due and owing the Direct Lenders through June 30, 2008, less servicing fees and servicer advances.
- Compass will receive \$1,542,197.16, representing 50.99% of the total Compass Fees due and owing under the Harbor Georgetown Loan through 6/30/08.



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' collective receipt of \$7,750,000.00 in satisfaction of all obligations due and owing under the Harbor Georgetown Loan, Compass will close the proposed settlement 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 June 30, 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 6/30/08)	Proposed Discounted Payoff	
Unpaid Principal Balance =	\$8,800,000.00	Principal to be Paid =	\$4,487,517.06
Non-Default Interest =	\$3,373,472.38	Non-Default Interest to be Paid =	\$1,720,285.78
		TOTAL =	\$6,207,802.84
TOTAL =	\$12,173,472.38 (100%)		(50.99%)
		Less Servicing Fees/Advances	(\$281,886.44)
			\$5,925,916.40
		TOTAL PROPOSED RECOVERY OF PRINCIPAL	83.0%¹

Compass			
Total Compass Fees	(as of 6/30/08)	Proposed Discounted Payoff	
Default Interest =	\$2,223,779.84	Default Interest =	\$1,134,005.68 ²
Late Fees =	\$712,461.58	Late Fees =	\$363,316.31
Extension Fee =	\$88,000.00	Extension Fee =	\$44,875.17
		TOTAL =	\$1,542,197.16
TOTAL =	\$3,024,241.42 (100%)		(50.99%)

¹ Includes interest already received aggregating to \$1,374,195.93.

² 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.



Servicer Advances through 6/30/08 & Servicing Fees	
Servicing Fees	\$281,886.44
Total Advances Incurred	\$0.00 ³
TOTAL	\$281,886.44

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, Thursday, March 20, 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 Monday, March 17, 2008 at 2:00 p.m. Eastern Time. Direct Lenders in this Loan may participate by calling (800) 954-0599. Direct Lenders are advised to have their Participant IDs and Legal Vesting names when they dial in. 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 As of the date of this Request for Consent, Compass has yet to receive an invoice from Michigan counsel. Compass reserves the right to adjust the figures set forth herein to account for future servicing advances.