



May 30, 2008

To: **The Holders of Beneficial Interests in the Fiesta Stoneridge Loan (the “Direct Lenders”)**

RE: **Request for Consent to Sale of the Fiesta Stoneridge Collateral**

Compass Financial Partners LLC (together with its licensed subservicers and affiliates, “Compass”) is the servicer of the loan made to Capital Land Investors, LLC, a California limited liability company (the “Borrower”), in the original principal amount of \$10,000,000.00 (the “Fiesta Stoneridge Loan”) wherein you hold a beneficial interest.

The Borrower defaulted on its obligations under the Fiesta Stoneridge Loan. Subsequently, on March 11, 2008, in accordance with the Preliminary Injunction Order entered on November 6, 2007 by the U.S. District Court in Nevada in *In re USA Commercial Mortgage Company*, Case No. BK-S-06-10725 LBR, Document 199, Compass foreclosed upon the collateral securing the Fiesta Stoneridge Loan (the “Stoneridge Property”) and took title to the Stoneridge Property in the name of Fiesta Stoneridge, LLC, on behalf of the holders of the Bid Interests (as defined in the Preliminary Injunction Order). Accordingly, all interest and late charges ceased accruing under the Fiesta Stoneridge Loan effective March 11, 2008. The successful foreclosure enabled Compass to immediately move to identify a potential purchaser of the Stoneridge Property.

Compass is pleased to report that, with the assistance of real estate brokers in the Southern California area, Compass has identified a third party, Avanti Properties Group (the “Purchaser”), who is interested in immediately acquiring the Stoneridge Property for cash consideration in the amount of **\$18,000,000.00**, subject to closing costs (the “Proposed Sale”).

**WHY CONSENT:** Compass strongly recommends that the Direct Lenders consent to the proposed Sale of the Stoneridge Property to the Purchaser. Based on Compass’s extensive due diligence and market research as to the current value of the Stoneridge Property, the overall deteriorating condition of the real estate market, and the risks and delay that would be associated with pursuing an alternative method of recovery, Compass believes this proposal presents the absolute best opportunity for maximum recovery for Direct Lenders in the Fiesta Stoneridge Loan in the most efficient manner possible.

The Stoneridge Property consists of 716 acres of land located in unincorporated Riverside County, California, on Ramona Expressway. Given the expense and risk that would be associated with developing, marketing, and managing the Stoneridge Property, and the perceived lack of appetite amongst the Direct Lenders to subject their investments to further delay or risks associated with the volatile real estate market, Compass recommends the Direct Lenders sell the Stoneridge Property on an “as-is” basis.

Compass highly recommends the Direct Lenders consent to the Proposed Sale to the Purchaser. Compass believes in its business judgment that the Purchaser’s offer of \$18,000,000.00 represents the highest and best offer the Direct Lenders are likely to receive for the Stoneridge Property, and represents an offer consistent with market value. Compass therefore reiterates its belief that the Proposed Sale presents the maximum possible recovery for Direct Lenders in the most time efficient manner, and therefore recommends that Direct Lenders consent.

**WHAT “DO NOT CONSENT” WILL MEAN:** Unless Compass receives the consent of fifty-one percent (51%) of the Direct Lenders to the Proposed Sale, the transaction with the Purchaser cannot be approved. Absent such consent, Compass will most likely lose the Proposed Sale with the



Purchaser, and be forced to re-market the Stoneridge Property. This would subject the Direct Lenders to market risks, additional liabilities, as well as carrying costs as set forth above. Furthermore, funds will need to be advanced to satisfy servicer advances and costs, as well as unpaid property taxes and penalties for the fiscal year 2007-2008 in the amount of approximately \$368,912.09. Compass does not believe re-marketing of the Stoneridge Property would yield a stronger or more efficient offer than the current proposal from the Purchaser. If the Proposed Sale is rejected, Compass would require the Direct Lenders to immediately advance their *pro rata* share of the carrying costs necessary to maintain and market the Stoneridge Property in accordance with the terms of their respective loan servicing agreement ("LSA") until such time as an alternate purchaser is identified.

**SERVICING FEES:** In accordance with the Preliminary Injunction Order entered by the District Court on November 6, 2007, Compass will receive 100% reimbursement of its actual and necessary servicer advances and costs and payment of its post-closing servicing fees (accrued after February 16, 2007), as itemized below. The 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 LSA. Servicing fee percentages vary from 1% to 3% based upon the particular LSA.<sup>1</sup> The remainder of Compass's fees (itemized below) will be placed into escrow in accordance with the Preliminary Injunction Order and remain in escrow until such time as a settlement is reached or the District Court rules otherwise.

<b>Servicer Advances &amp; Servicing Fees (through 09/30/08)</b>	
<b>Servicing Fees</b>	<b>\$437,787.46</b>
<b>Total Advances Incurred</b>	<b>\$186,007.65</b>
Approximate Legal Fees <sup>2</sup>	\$137,364.73
Foreclosure Trustee Fees	\$28,723.20
Property Insurance	\$6,154.00
Appraisal Cost	\$7,900.00
Phase I Environmental Report	\$5,865.72
<b>Reimbursements Received to Date</b>	<b>\$0.00</b>
<b>Interest on Advances</b>	<b>\$14,925.99</b>
<b>Total</b>	<b>\$638,721.10</b>

<b>Approximate Legal Balance as of Anticipated Closing Date (September 30, 2008)</b>	
Principal	\$10,000,000.00
Non-Default Interest	\$6,110,079.55
Default Interest	\$4,263,947.53
Late Charges	\$1,012,513.77
Servicer Advances & Costs	\$186,007.65
<b>Legal Balance</b>	<b>\$21,572,548.50</b>

<sup>1</sup> The average amount of servicing advances due and owing from a Direct Lender holding a \$50,000 participating interest in the Stoneridge Loan is \$1,004.67.

<sup>2</sup> Estimated amount. The exact amount of legal fees incurred in connection with the closing of the proposed Sale will not be known until after closing.



**HOW TO CONSENT:** To consent, you do not need to do anything. If you do not consent, you must submit your objection to Compass, through its Nevada-licensed subservicer, 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, June 6<sup>th</sup>, 2008**. Direct Lenders may contact Windemere by email directed to [info@compassloans.net](mailto: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 **Thursday, June 5<sup>th</sup>, 2008 at 2:00 p.m. Eastern Time**. Direct Lenders in the Fiesta Stoneridge Loan may participate by calling **(800) 926-6734**. Direct Lenders are encouraged to email their questions about this proposal in advance of the conference call to [info@compassloans.net](mailto:info@compassloans.net) so that they may be addressed either on or before the call.