



Loan Status Report

Property Name:	ComVest Capital
Borrower:	ComVest Capital Satellite Partners, LLC
Guarantor:	Stephen Lemke
Guarantor Net Worth:	N/A
Loan Status:	Maturity & Interest Default
Unpaid Principal Balance ("UPB"):	\$4,125,000.00
Accrued Non-default Interest:	\$572,951.64 (as of 05/31/07)
Current Payoff Balance:	\$5,415,784.99 (as of 05/31/07)
Original Note Date:	01/17/06
Maturity Date:	01/15/07
Lien Position:	First
Loan-to-Value (2006 Hilco appraisal):	150.43%
Loan-to-Value (current financing offer):	120.35%

Compass Financial Partners LLC ("CFP") remains loan servicer with respect to the portfolio of loans acquired by affiliates of CFP from the chapter 11 estates of USA Commercial Mortgage Company ("USACM") and its debtor affiliates.

On May 18, 2007, certain lenders calling themselves the "Lenders Protection Group" (the "LPG") and its attorney, Alan Smith, unilaterally informed Direct Lenders and Borrowers of its belief that CFP was no longer the loan servicer with respect to the portfolio of loans formerly serviced by USACM. On May 25, 2007, CFP filed an emergency motion for a determination that CFP remained the loan servicer with respect to the USACM portfolio and that LPG's attempted termination of CFP was not effective.

On May 31, 2007, Judge Riegle issued an order from the bench that, pending further order of the Court in connection with consideration of CFP's emergency motion, CFP remains loan servicer and is authorized to continue to act on behalf of the Direct Lenders and negotiate with Borrowers.

Notwithstanding the above, CFP has been working hard to collect the maximum value possible from each loan it now services from the former USACM portfolio. CFP will provide updates to the Direct Lenders on the status of their loans and the actions being taken by the Borrowers and CFP to get the loans repaid. The following is the most recent report issued by CFP on this loan.

Loan Information

The loan was originated in 1/17/06 to in order to finance the purchase, renovation and conversion of a 36-unit garden-style apartment complex into a condominium project in Satellite Beach, FL. The units range in size from 850 – 890 square feet among three 2-story buildings, located 3 blocks from the Atlantic Ocean. Satellite Beach is located between Atlantic Ocean and the Indian River Lagoon, close to Cape Canaveral, Cocoa Beach & Melbourne Beach. It is approximately 1 hour from Orlando, Florida. It is believed that USACM used an appraisal from Tuttle-Arfield-Wagner on 12/28/05 to come up with a loan-to-value of 63% upon origination of this loan. CFP does not have a copy of that appraisal.

Current Situation

CFP has recently ordered an appraisal of the property and is awaiting its completion. Due to the downturn in the Florida condominium market in recent time the present valuation of the collateral will most likely not be sufficient to fully satisfy the debt obligation. The Borrower is presently marketing the entire property for sale for \$5.04MM, an asking price that falls short of a full payoff. Until recently, the Borrower attempted to sell units in multiple blocks but was unsuccessful in finding any buyers of just a portions of the property.



The Borrower has thus far been unresponsive to all communications from CFP. Accordingly, CFP has begun the preliminary steps towards initiating a foreclosure action against the Borrower and the property. If CFP is forced to go through with the foreclosure proceedings it would result in costs and delays borne by the Direct Lenders. As with any foreclosure situation, it is possible the Borrower could file for Chapter 11 bankruptcy protection to provide an opportunity to reorganize the project. CFP would be unable to pursue collection efforts during a bankruptcy and would instead pursue its claims on the project in bankruptcy court. This also would result in costs and delays borne by the Direct Lenders.