



# Newsletter

US Loan Servicing ♦ 9670 W Tropicana Ave. Suite 100; Las Vegas, NV 89147 ♦ Phone: (702) 362-1234 ♦ Fax: (702) 362-1010 ♦ www.usls.biz

## Purpose

Welcome to our first newsletter. This letter is another attempt to provide a better channel of communication. As your loan servicer, we want to make sure that you are informed about your loan(s).

We have a "News and Events" section on our website, [www.usls.biz](http://www.usls.biz), that was created for this purpose; however, we would like to present a more personal and informative view on your investments. The launching of this newsletter is so that we can accomplish this and bridge any perceived communication gaps.

To further this personal communication we will be holding an **Investor / town hall meeting** at USLS. What this means is that we will have two meetings per day, 10am and 2pm, over two separate days: Monday September 24th, 2007 and Wednesday September 26th, 2007. This meeting will cover a broad range of topics including extensions, foreclosure and bankruptcy. **RSVP** is a must as we do not normally host so many clients.

We believe that everyone should

be informed about their loans and their current status. We encourage all investors to utilize our website and the tools that it contains. The "News and Events" section lists definitive information that we have received. The "Lender" section provides more detailed information on your account. From there you have access to your account overview, portfolio, and history. If you are not set up to view your accounts online please contact a US Loan Servicing Representative at (702)362-1234 to assist you with this set up.

***"As the servicer of these loans, we work for you."***

For those investors who do not have internet access, we will be sending out monthly newsletters to all investors, we are accessible via phone Monday through Friday from 8:30 AM to 4:00 PM, and we will notify investors of any important or time sensitive information like Extension Agreements through the mail.

## Mailing Address

US Loan Servicing  
PO Box 81827  
Las Vegas NV 89180

## Our History

Established in 1977, US Loan Servicing provides a full servicing center, responding to the various individual needs of our clients.

Having established an outstanding reputation and high degree of trust in our ability to manage and service mortgage loans over the past twenty five years, we were asked by the Mortgage Lending Division to take over the servicing of the Private Capital Portfolio.

We have put in place the necessary skills and expertise to provide sound methods, industry knowledge and the latest technology for the customer.

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# Private Capital Loan Updates

We aspire to have concise and current information at your fingertips. The following loans will be listed by their assigned Private Capital Loan Number. That number is color coordinated to the graphical representation of Private Capital's Portfolio which is shown at the center of this page. Please contact us if you are unable to locate your particular loan (s).

**PC05-101 Nevada Management – Bankruptcy -** This property was placed in Foreclosure on March 1, 2007. On the day of the foreclosure sale, July 6, 2007 the foreclosure company informed us that at 9:36 AM title to this property transferred to Bellevue Holdings who then declared bankruptcy at 10:22 AM. We turned this over to our Bankruptcy council. There is a status hearing scheduled for October 3, 2007. We will update you on this after we receive a response from the hearing.

**PC05-102 Real Estate Financial – REO -** This property went to foreclosure sale on July 26, 2007 and reverted back to the investors.

**PC05-103 Acropolis – Bankruptcy-** This property was placed in Foreclosure on November 22, 2006. A forbearance agreement was reached in April 2007 to prevent the Borrower from declaring Bankruptcy and allow for payments to commence to the investors. Foreclosure date was moved to July 27, 2007. On July 6, 2007 the foreclosure company informed us that at 9:36 AM title for this property was transferred to Bellevue Holdings who then declared bankruptcy at 10:22 AM. We turned this over to our Bankruptcy council. There is a status hearing scheduled for October 3, 2007. We will update you on this after we receive a response from the hearing.

**PC05-106A Cornerstone Principles, Inc.– Foreclosure -** Loan was sent to Foreclosure on June 12, 2007. The sale date has been scheduled for October 12, 2007.

**PC05-109 Omni Properties Group, LLC – Extension Current -** Loan was extended for three months, interest only payments are due on the twenty-eighth (28th) of each month and the loan matures on October 28, 2007.

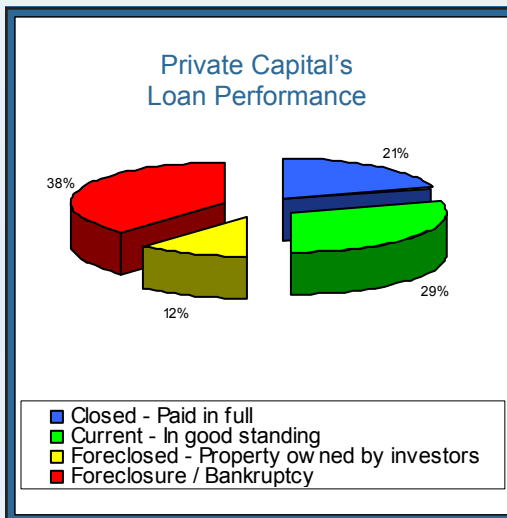
**PC05-116 Development Funding – Extension Current -** Loan was extended on July 11, 2007 and will mature on October 30, 2007. Interest only payments

are to be made monthly on the thirtieth(30th).

**PC05-117 Development Funding – Extension Current -** Loan matured on August 27, 2007. The borrower has informed US Loan Servicing that they are working on refinancing the property so that they can pay off this loan. If the borrower is unable to refinance the property, options are: extension or foreclosure per the original note agreement.

**PC05-119 Real Estate Financial – REO -**This property went to foreclosure sale on August 23, 2007 and reverted back to the investors.

**PC06-202 National Homes – REO -** This property went up for foreclosure sale on April 4, 2007 and reverted back to the investors.



**PC06-203 Bakersfield Taft – Extension** We have recently received the funds and signatures needed to execute a three (3) month extension with the existing terms of the original loan. Funds will be disbursed on September 10th, 2007.

**PC06-204 D & M Development - Foreclosure w/ Forbearance.** This loan is in foreclosure, however, a forbearance agreement has been reached. Payments were disbursed to the investors on August 24, 2007 and on September 5th, 2007.

**PC06-204A D & M Development – Extension -** We are attempting via email, mail and phone messages to communicate with the borrower on obtaining an agreement to execute an extension agreement or contract modification. If communication is not established we will be forced to initiate foreclosure.

**PC06-207 Forum Group Limited – Bankruptcy -** This property was placed into Foreclosure on March 23, 2007. On May 15, 2007 we received notification that the Forum Group declared bankruptcy. This has been referred to our bankruptcy attorney and is still going through the judicial system.

**PC06-208 Real Estate Financial & Invest. Group, LLC – REO -** This property was sent to foreclosure on February 27, 2007. The sale for this property was held on July 26, 2007 and reverted back to the investors.

Continued on Page 4

# Frequently Asked Questions:

## Why am I not getting paid?

If Investors are not getting paid it is because the borrower(s) are not fulfilling their obligations and making their payments. Once a payment is received and the funds clear, we disburse all payments to the investors.

## What is a forbearance agreement?

"A 'Forbearance Agreement' is any agreement by which the lender agrees not to take action against the borrower that it would otherwise have a legal right to take. The lender "forbears" from filing a foreclosure action, or suing on a note, or the like. This can be documented by a letter agreement, amendment to existing loan documents, or a document called a 'Forbearance Agreement'." (*Michael Best*)

With respect to the forbearance agreements that have been arranged with the private capital loans, it is used to pause the foreclosure in an attempt to allow them to repay the back interest or make past due payments. It does not cancel the foreclosure; it only freezes it for the time period stated in the agreement therein. If the borrower defaults on the forbearance agreement, the foreclosure will resume.

*We were asked by the Mortgage Lending Division to take over the servicing of the Private Capital Portfolio.*

## What happens after the foreclosure?

If the property is purchased at the foreclosure sale, you will be paid off in full with interest. If the property is not purchased at the foreclosure sale, you and the other investors will take title or ownership of the property once foreclosure fees have been paid. This is commonly referred to as Real Estate Owned (REO). Once this happens, the investors will have to agree to what the next course of action will be. Typically the property should be managed by someone with expertise in recovering your investment the best way possible.

## Can I cash out and get my money now?

The only way to cash out would be to find someone that would be willing to buy you out of your investment. You can visit our "Sell your Note?" web page at [www.usls.biz](http://www.usls.biz).

## How much do I pay US Loan Servicing?

We receive one half of one percent (00.5%) of your investment balance per year only if the borrower is making payments. Example, if you have a \$10,000.00 investment you pay \$4.17 to USLS per payment. If payments are not made by the borrower then you do not pay us.

## Can I access my account online?

Yes. In order to be set up for this we require a valid email address and a social security number or tax ID number. You must call a US Loan Servicing representative to activate this service. Once activated please follow these instructions:

1. Go to our website- [www.usls.biz](http://www.usls.biz).
2. Once on our home page, click onto "**lender access**".
3. Enter your user id: lender account number.
4. Enter your password: last four numbers of Social Security Number or Tax ID Number.

Please note that if you have more than one lender account, you will need to sign out completely from one account before accessing another.

## What are the most common types of bankruptcies encountered in commercial property?

**Chapter 7** of the Bankruptcy Code governs the process of liquidation under the bankruptcy laws of the United States. Chapter 7 is the most common form of bankruptcy in the United States.

**Chapter 11** is a chapter of the United States Bankruptcy Code, which permits reorganization under the bankruptcy laws of the United States.

Chapter 11 bankruptcy is available to any business whether organized as a corporation or sole proprietorship, or individual with unsecured debts of at least \$336,900.00 or secured debts of at least \$1,010,650.00, although it is most prominently used by corporate entities. (*Wikipedia*)

As an added note, it is illegal to contact an entity that has filed for bankruptcy. Any attempts to contact them may be perceived as harassment and used against you by the court.

## Sources:

Best, Michael. "Michael Best & Friedrich LLP." Using Forbearance Agreements. January 2006. . 8/22/2007 <<http://www.michaelbest.com/resources/publications/1791.pdf>>.

"Wikipedia, the Free Encyclopedia." Chapter 11 & Chapter 7. August 11, 2007. . 9/4/2007 <[http://en.wikipedia.org/wiki/Chapter\\_11](http://en.wikipedia.org/wiki/Chapter_11)>.

**PC06-210 National Homes Corporation – Bankruptcy** This property was placed in Foreclosure. On the day of the foreclosure sale, July 6, 2007, the foreclosure company informed us that at 9:36 AM title for this property was transferred to Bellevue Holdings who then declared bankruptcy at 10:22 AM. We turned this over to our Bankruptcy council. There is a status hearing scheduled for October 3, 2007. We will update you on this after we receive a response from the hearing.

**PC06-217 and PC06-217A The Fortius Fund, LLC – Foreclosure** - Property is in foreclosure due to the interest payment not being made after an extension agreement was executed by all parties. The borrower was unable to pay the extension fees and interest payments in their entirety. US Loan Servicing then offered that the extension fee balance be paid at a later date and that the borrower provide funds to make a full interest payment to the investors. The borrower agreed. The borrower was not able to make a complete interest payment by the due date per the note. The loan then proceeded into foreclosure for non-payment of funds to the investors per the original note agreement.

The borrower has informed US Loan Servicing that they are working on refinancing the property so that they can pay off this loan. The borrowers have stated that they would also like to work out a forbearance agreement that would postpone the foreclosure for 12 months, make up the back due interest at the non default rate over a 12 month period, investors to waive late charges and accelerated interest. If executed this would change the amounts due at payoff - by discounting the above fees owed to the investors at payoff.

**PC06-218 and PC06-218 A Arizona Capital Group, LLC - Current** - Loan originally became due in full on May 2, 2007. The first three (3) month extension successfully concluded on August 8, 2007. We are currently working on a second three (3) month extension which would place the maturity date to November 8, 2007. Interest payments will be made monthly as they were during the first extension. When Extension is executed by borrower we will notify investors.

**PC06-221 Development Funding – Extension Current** Loan matures on September 4, 2007.

**PC06-222 and PC06-222A Rubicon – Foreclosure** - The first and second have been sent to foreclosure. There are some alleged improprieties with respect to a fraudulent subordination agreement. Letters have been sent to all investors on this account explaining this transaction in detail. We are still continuing with

the foreclosure. The second (**222A**) has an estimated sale date of September 25, 2007 and the first (**222**) is scheduled for October 10, 2007.

**PC06-231 Real Estate Financial & Invest. Group, LLC Foreclosure** - The loan matured on June 9, 2007. There was no response from the borrower accordingly the file has been sent to foreclosure. A Notice of Default was recorded on June 26, 2007 and a tentative sale date has been set for October 16, 2007.

**PC06-238 Escalade Development Group Inc. - Extension Current** – An extension was granted on this loan. The new maturity date is January 24, 2008. Payment was received on August 24th, 2007 and payments were sent to investors within 48hrs.

**PC07-239 Cornerstone Principals, Inc. – Foreclosure** Property is in foreclosure due to the interest payment not being made on May 2007. We started foreclosure proceedings on July 2, 2007; the sale date is scheduled for October 23, 2007.

## A Word from our President

*Dear Investors:*

*Our goal in servicing these loans is to protect your investment(s). We were asked by the Mortgage Lending Division to service these loans after Private Capital was placed into receivership by the state. We are not affiliated with Private Capital nor any other entity. We are not the originators of these loans, we are the servicer.*

*As the servicer, we work for you. It is our responsibility to hold the borrower accountable for their commitments. If they do not meet their obligations, then we will do what is necessary to recapture your principal investment and any accrued interest due. If at all possible, we would prefer that all parties have a rewarding and lucrative conclusion; again, our loyalties are to you. With that being said, we will endeavor to protect your investment(s) with any and all instruments at our disposal.*

*Sincerely Yours,*

*Mark Grass*

**We appreciate any comments or suggestions, they are viewed as an opportunity to serve you better.  
Please send correspondence to: dan@usls.biz.**