

Q: Have there been any recent payoff's of Diversified Fund Loans?

A. Yes. The Fiesta McNaughton loan was paid in full on January 12, 2007. DTDF, which held 100% of the Fiesta McNaughton loan, received a total of \$7,786,615 of outstanding principal and interest. Before a distribution can be made to investors, however, the costs of the bankruptcy must be paid, and the Diversified Fund needs to establish a reasonable cash reserve in order to fund post-effective date operations and recovery litigation.