

DTDF is pleased to report on a positive development. On April 1st, 2008 Judge Riegler approved a settlement agreement reached between USA Capital Diversified Trust Deed Fund (“DTDF”) and USACM Trust (“USACM”) regarding the following items:

1. USACM's right to recover from DTDF approximately \$5m in prepaid interest and principal.
2. The Allowed Amount of the DTDF's general unsecured claim against USACM.
3. DTDF and USACM's allocated amount of litigation expenses incurred by USACM and DTDF prior to an agreement between DTDF and USACM to pursue joint litigation.
4. DTDF's payment of approximately \$1.2m in post-petition management fees to USA Realty.
5. DTDF's payment of approximately \$200k in post-petition servicing fees.
6. DTDF's payment of approximately \$1.7m for professional fees and cost incurred by the debtors' professionals during the chapter 11 cases (i.e. Ray Quinney & Nebeker, Mesirov, Schwartzer & McPherson).
7. The Allocation of any payments received pursuant to the USAIP \$58m Promissory Note and the Assignment of Collateral Pledged by USAIP for the 10-90, Inc. Loan and the USAIP Security Agreement.

In summary, DTDF's litigation (excluding loan collections) and USACM's litigation (excluding preference actions) will be viewed as one collective recovery source with Diamond McCarthy pursuing the claims for both USACM and DTDF. When claim recoveries are received, 50% of the first \$20m in gross litigation recoveries will be paid to DTDF, and thereafter 35% of the gross litigation recoveries will be paid to DTDF. The litigation recovery costs (Diamond McCarthy, supporting experts if needed, document request/productions, etc.) will be paid out of USACM's share of recoveries with the exception of FTI Consulting, Snell and Wilmer and Orrick Herrington and Sutcliffe (“Orrick”) fees incurred to support DTDF litigation efforts. In addition to DTDF receiving gross litigation recoveries DTDF doesn't have to pay USACM for any past professional fees or recovery costs including the cost of imaging documents that DTDF previously agreed to pay.

In addition:

- DTDF and USACM settled upon the amount of \$128m as the amount of DTDF's claim in USACM's estate,
- DTDF will receive \$2m of the \$5m of DTDF's prepaid interest and principal held in escrow,
- any payments received pursuant to the USAIP \$58m Promissory Note will be split 50/50 to DTDF and USACM , and
- DTDF agrees not to contest the amounts previously paid for post-petition management, servicing, and professional fees.

The DTDF professionals and the Board are pleased with the settlement reached with USACM. Pursuing the litigation claims jointly allows DTDF to share in USACM claim recoveries from litigation targets that DTDF may not have pursued and vice versa for USACM. The settlement also allows DTDF to pursue its litigation targets for a small fraction of the cost of professional fees. Having an agreement with USACM eliminates future controversy regarding the allocation of claim recoveries and allows DTDF to receive proceeds from USACM litigation recoveries on a real time basis rather than waiting for USACM to make a distribution to its creditors. Finally, the settlement will serve to reduce DTDF's ongoing attorney's fees as Orrick's role will be greatly reduced.