

Dennis M. Murphy, CPA, CIRA
Permanent Receiver: Emvest
630 N. Rosemead Blvd., Suite 100
Pasadena, CA 91107
phone: (626) 794-0288
fax: (626) 794-7298
email: ed@emvest.info
website: <http://emvest.info>

Case Reference:
U.S. Securities & Exchange Commission (SEC) v.
Emvest Mortgage Fund, LLC, Emvest, Inc., and
Milon Lyle Brock
United States District Court
Southern District of California
Case No.: 04cv2295-DMS(LSP)
Receiver Appointed: 12/03/04

Dear Emvest Investor:

January 11, 2008

1. Court Authorized "Discounted Cash-Out" Option:

Although there are currently two plans by which certain Fund Members can reduce their equity in the Fund (i.e. hardship withdrawal, and swapping equity for ownership of a particular note), certain Members have requested the ability to simply cash-out their equity now at a discount. The Receiver has just received Court approval for a new plan by which certain Members can cash-out their equity at a reasonable discount (thus accommodating their needs) while still ensuring that those who remain in the Fund will not be any worse off (and could possibly end up better off) for staying.

To determine a discount rate that is reasonable, the Receiver did a detailed portfolio analysis with respect to future expectations of loan performance; he believes that the Court approved plan satisfies the two requirements of allowing certain Members to cash out at a reasonable discount while not hurting those Members who remain. This plan is also consistent with the goal of liquidating the Fund by 12/31/08.

2. Terms of the Discounted Cash-Out Option:

Here are the terms of the Court approved discounted cash-out plan:

- a. The amount of one million dollars has been allocated for discounted cash-outs for a limited time of the earlier of until March 31, 2008 or when the \$1 million has been disbursed.
- b. Members shall be able to cash-out at 70% of the value of their current equity, as shown in the most recent Financial Statements at the time of the cash-out. (As of 11/30/07, Members' equity was at 92.86% of their original investment. Hence, for example, a Member who had initially invested \$10,000 would currently cash-out at 70% of 92.86% of \$10,000, which would result in a cash-out amount of \$6,500 as of 11/30/07.)
- c. Withdrawals shall be done on a first come first served basis, up to the total \$1 million cap.
- d. No partial withdrawals shall be permitted. Each Member shall be required to cash out completely and to sign a release (a copy of which is enclosed).
- e. The Receiver is allowed, at his option, to stop the program on or before March 31, 2008 and/or before the entire \$1 million has been disbursed if it appears that the remaining Members shall be hurt.

3. How to Request Cash-Out Under This Plan:

- a. Execute the enclosed Release Form and mail it back in the enclosed envelope. (It is not necessary to send it by Certified Mail, but you may do that if you want a receipt that your letter was received.) You may also send the release back by fax or by email if you prefer.
- b. Since requests shall be processed on a first come first served basis, the date of the postmark, the date of the fax, and the date of the email shall be used.

Lastly, we wanted to let you know that your Income Tax K-1 forms should be sent out by the middle of February.

Sincerely,

Dennis M. Murphy
Permanent Receiver