

**Quarterly Report to the Court  
As of March 31, 2002  
Robb Evans, Receiver of TLC Investments & Trade Co., et al.**

This is the sixth quarterly report to the Court. The purpose of this report is to:

- Provide a current summary of major issues confronted by the Receivership Estate.
- Update the Court regarding the status of various issues addressed in previous reports.
- Request confirmation or approval of the Receiver's activities to date.

This report does not constitute an audit of the financial condition of the Receivership, is intended only for the information of the Court and should not be relied upon for other purposes.

**Status of Real Property Assets**

During the period from October 5, 2000 (commencement of Receivership) through March 31, 2002, sixty-eight properties had been sold and escrows closed. These properties originally cost \$14,224,716, had capital additions totaling \$1,661,275 and were sold for an aggregate gross price of \$19,112,542. After paying direct expenses of sale, extinguishing liens against the properties and other costs, the net selling price of \$18,032,368 resulted in a profit of \$2,146,377.

Additionally, there were thirteen properties in escrow as of March 31, 2002. These properties originally cost \$9,841,254, had capital additions totaling \$2,401,577, and it is anticipated they will produce net sale proceeds of approximately \$11,452,000 with a loss of approximately \$790,000. Poorly planned capital improvements and ill-conceived purchase decisions on three of these properties during the pre-receivership period have resulted in such an expected loss. But for these three properties, a potential gain of approximately \$1,326,000 will be recognized.

The properties that have been sold or put in escrow so far are primarily those with the least problems and whose fair market value is most easily achieved. The fact that most of their sales price exceeds costs should not be taken as an indication that similar results will be possible with future sales.

A status report of the major properties is under Tab 1.

**Update Regarding Issues Previously Addressed**

**Intangible Assets**

Since April 2001, demand has been made on 151 sales agents requesting return of commissions and bonuses paid to them. After an initial period during which demand letters were sent extensive settlement discussions took place with many agents. On July 25, 2001 seven lawsuits against 76 agents or entities were filed. On November 28, 2001 and December 27, 2001, another three lawsuits against 25 agents or entities were filed.

As a result, twenty-one agents have paid an agreed upon amount in full. Approximately \$440,000 has been received and approximately \$276,000 is expected pursuant to thirteen additional settlement agreements. These figures only include consummated settlements or settlements where an agreement in principle has been reached. These numbers also include actual and estimated recoveries from some agents who were also investors and who have resolved all or a portion of the Receiver's demand by agreeing to the application of funds otherwise due to be paid to them on their allowed claims to repay commissions and bonuses. The total dollar value of actual and prospective recoveries pursuant to these payments and agreements is approximately \$716,000.

**Sienna Financial Ltd.**

As previously reported, On July 27, 2001, a complaint was filed in the Central District of California against James F. Garro, Paul Chovanec, David Price, Terry Provence and others for fraud and conversion. The complaint alleges that Chovanec and Price assisted Garro in transferring misappropriated investor funds through their bank accounts and that Provence received misappropriated investor funds.

During a court authorized mediation session on March 6, 2002, a settlement was reached. The settlement details are in the process of final documentation, subject to approval of this Court in a future application.

**Marina Coves on the Colorado River**

In the last Quarterly Report filed on February 1, 2002, as of December 31, 2001 Marina Coves issues were discussed. On February 4, 2002, a Supplement to the Quarterly Report to the Court ("First Supplement") was filed covering new developments. Both Reports discussed construction defects and the possibility of their adverse impact on the project development budget and the projected formal marketing launch date this summer. Budget approval was requested for

replacement of the sewer system of up to \$500,000, additional costs associated with delays of approximately \$200,000 and funds to complete the remaining improvements of approximately \$300,000.

On March 6, 2002, a Second Supplement to the Quarterly Report ("Second Supplement") was filed. In the Second Supplement, it was reported that the administrative approval process was progressing rapidly, evidenced by the notice from the Mohave County Planning and Zoning ("P&Z") department that the final plat submission had been placed on the agenda of the Board of Supervisors ("BOS") meeting scheduled April 1, 2002.

The P&Z department had taken the position that the Receivership must post an assurance bond covering the cost of reconstruction of the water and sewer system prior to the BOS meeting on April 1, 2002 or the final plat submission would be removed from the agenda. This was one of the time sensitive issues which led the Receiver to file the Second Supplement. Posting of the assurance bond was considered inappropriate without approval of the reports mentioned. As a result of ongoing negotiations with personnel in the P&Z department, a temporary waiver of the bonding requirement was obtained. On April 1, 2002, the BOS conditionally approved the Final Plat of The Coves on The Colorado River, Tract 4173 ("Final Plat"). Although we are obtaining the various signatures on the Final Plat, the Final Plat cannot be recorded until the assurance bond has been posted. Recordation on the Final Plat remains a condition precedent to the filing of a Public Report with the Arizona Department of Real Estate ("DRE"). Approval of the Public Report within thirty days after submission to the DRE is anticipated.

The time schedule for development of Marina Coves remains critical. I respectfully request that the Court approve the revised budget outlined in the Quarterly Report, the posting of an assurance bond and reconstruction of the defective water and sewer system. Further delays in the development process will threaten the ability to start formally marketing the 99 lots in Phase A during the summer of 2002.

### **The Norco Property**

In the Second Supplement it was reported that a Letter of Intent was signed with a developer regarding sale of the property. The developer was asked to initiate documentation. The contract was to provide the flexibility to close the sale of the property concurrently with the completion of the remaining estate issues. If the contract had materialized, the Receiver would have had the ability to close the sale for \$3,500,000, no sooner than in the first quarter of year 2003, provided the buyer was able to remove contract contingencies within the first 90 days of the contract execution. On March 8, 2002, the Receiver was approached by the City of Norco ("the City") with a cash offer of \$3,700,000 for the property with the intended use as an equestrian and sports park. An escrow was established, the City provided a non-refundable deposit of \$370,000, and has commenced feasibility studies. We advised the developer that we would not be pursuing their proposal while the City offer was pending.

An application to the Court that discussed that offer and a competing higher offer by the Jurupa Community Services District was filed on May 13th.

### **Properties in Atlanta, Georgia**

#### **Century Lofts Project, 505 Whitehall Street S.W.**

A fire at the Century Lofts Condominium project in Atlanta, Georgia, and issues raised by that fire have been previously reported.

During this reporting period engineers have reviewed the areas affected by the fire, finding the concrete roof sub structure intact and advised corrective measures for the elevator and parapet wall.

The insurance company has agreed on a settlement amount that will cover the current estimate to reconstruct the roof and fourth floor elevated living area. Despite a record wet winter, the roof is 90% complete and the contractor is currently working with the manufacturer to obtain the required warranty. The elevated living area and decks have also been reconstructed and await inspection. The fourth floor contractor has successfully been able to move forward with the construction of the units during the roof replacement process and these units are now 70% to 80% complete. This will allow the marketing efforts on these six units to be started soon.

Negotiations with the insurance company continue regarding restoration of the units damaged by water during the fire suppression. The water extraction company initially retained by the insurance company removed a portion of the walls as well as most of the cabinets of the 24 impacted units. This process was required to minimize mold and to allow the walls to dry before reconstruction work. The initial findings were evaluated by the Insurance adjuster's consultant on November 14, 2001 and are in the process of being reevaluated, now that the roof is secured to a point that there should be no further water intrusion.

#### **Toby Sexton Tire Building, 470 & 488 Glenn Street**

As previously reported contract negotiations on this property are in the final phase. The negotiations have been delayed due to lender requirements concerning environmental issues and resultant insurance requirements. We are awaiting the resolution of remaining environmental and insurance issues and the subsequent contract draft.

## **Holly Street Apartments, 370 Holly/1600 Carlisle**

In earlier reports, the goal was outlined to stabilize occupancy rates at or above 75% at this project to optimize the prospects for sale at other than a distressed price. However, while pursuing two unsolicited offers to purchase the property "As Is", I elected to defer certain repairs for vacant units. Unfortunately, the potential buyers withdrew. We then refocused efforts to reduce the 35% to 40% vacancy rate. The first step was to cause the remaining unoccupied units to be made ready to rent.

We accepted bids and selected two contractors to work simultaneously on the property to fix up unoccupied units with the goal of having all units available for rent by May 30th. Concurrently, my colleagues have been vigorous in oversight of the local property management company to ensure that an aggressive advertising campaign continues, which includes newspapers, the local multiple listing service and the city's Section 8 subsidized housing department. This campaign has resulted in a substantial increase in the list of applications for rental units, which are currently being processed to coincide with the completion of the fixed up units.

When occupancy is stabilized, a listing broker will be selected and the property aggressively marketed.

## **Properties in Birmingham, Alabama**

In the December 31, 2001 Quarterly Report, the real estate portfolio of single-family residences and several duplexes was discussed. The portfolio containing 140 units is divided into three segments, each requiring different disposition strategies.

Currently, the portfolio is 137 homes, and the following is the status of each segment:

### **1) Houses That Can Be Sold to Retail Buyers**

The first segment, including 92 homes of which tenants presently occupy 50, is being primarily liquidated through two methods of marketing. The first is direct sales to current tenants. All potential buyers can take advantage of a custom-made Community Reinvestment Act mortgage-financing program of the AmSouth Bank made available at our request. The total count of homes in this sector has increased by 3 since December 31, 2001, due to mortgage foreclosures. Thus far, one loan has been approved with one approval pending. Ten additional applications have been processed, but these all require some improvement in the credit factors of the applicants. It is the bank's view that some of these applicants will qualify for approval within 3 months to one-year time frame. Finally, the bank is about to commence processing 13 new applications we recently submitted. Since this program began, a total of 26 applicants have been delivered to the AmSouth Bank. As mentioned in previous reports, given the nature of properties and tenants involved, the bank has a real challenge. The application process to qualify tenants is necessarily time consuming and slow. Therefore, the degree of liquidation success through this strategy is difficult to forecast at this stage. In any event, AmSouth is to be commended for their efforts in this regard.

The second method is to offer the vacant homes in this group at their appraised price to non-tenant new applicants who would qualify under the AmSouth mortgage approval guidelines. Direct marketing of these empty houses will be accomplished through newspaper advertisements and possibly multiple listing services, enabling access for sales by other brokers.

The remaining homes in this segment, not sold to current tenants or new non-tenant applicants, will be transferred to the second segment.

### **2) Houses That Should Be Sold In Bulk or Wholesale Lots**

The second segment includes 43 homes, of which 10 are rented. All homes in this group will be cleaned up, appraised, and offered to the market directly on "As Is" basis. Newspaper advertisements have been placed and initial investor responses are encouraging. To motivate the buyers, attractive discounts, within the Court's approved guidelines of the appraised value, will be offered.

For the homes still remaining unsold after the direct marketing effort, it is the Receiver's plan to liquidate via auction. The Receiver has contacted the auction houses and discussed possibilities, and the ultimate solution through auction market appears feasible.

### **3) Houses Condemned or Virtually Destroyed**

Remaining in this segment were two houses and one vacant lot. Since last report, one house has been sold, and the second is tentatively scheduled to close on April 17, 2002. The last remaining piece, the vacant lot, will be quickly sold or given away.

## **Properties in Houston, Texas**

As previously reported, the impact of the Enron Corporation bankruptcy and the aftermath of September 11th continues to have an adverse effect on the Houston real estate market in general and specifically on downtown commercial properties. In the residential market, realtors report that the increase in interest rates, minimal or zero employment growth and consumer uncertainty concerning job status have made it more difficult to sell property at fair market value. In the commercial market, realtors report that the lenders have become more conservative, tightening the criteria and

qualifications required to approve loans. The expected trend towards firmer negotiations on price and terms is occurring and we have seen evidence of this trend in recent negotiations. Investors and their agents are emphasizing the need to negotiate offsets for repairs due to the tighter lending policies, higher interest rates and increased competition for tenants. The resulting financial reality is that there is less income available for normal operational expenses and debt service once investors assume ownership of investment properties.

The Dakota Woods apartments is one of the portfolio's larger properties in terms of market value and it is currently in escrow and is scheduled to close on April 22, 2002, pending Court approval.

The other remaining larger properties in terms of market value are Whitney Place and 15 and 21 Chenevert. We continue to work closely with listing agents to approach state and local agencies, non-profit organizations and the Community Reinvestment Act departments of local banks to make every attempt to market the Whitney Place property. An aggressive marketing campaign to offer this property to the multi-family market has been implemented. This strategy is in its beginning stage of implementation and while initial response from the multi-family market has been encouraging, it is still too early to project the final results. Interest continues to be minimal at the current listing price for the property, which is located on the fringe of the downtown commercial area. Realtors report that the development of loft projects just east of downtown has created a less expensive alternative for developers, who may have been candidates for the Chenevert property.

The Receiver continues to monitor the downtown commercial market for indications of an economic recovery, which would enhance the prospect of a sale of this unique property.

#### **Investor Distributions**

On March 11, 2002 this Court approved a stipulated order to make a distribution of between \$4 and \$6 million to the undisputed investor claims. A distribution of \$5 million was completed by March 31, 2002. To date, \$16 million has been distributed to investors. An additional distribution of \$5 to \$7 million is planned in June 2002.

#### **Administrative Expenses**

Under Tab 2 are the financial reports for the period of January 1, 2002 through March 31, 2002. The Court is respectfully requested to approve these reports, including fees and expenses of the Receiver.

#### **Requests of the Court**

The Court is respectfully requested to:

1. Approve this Report and confirm the actions of the Receiver described herein.
2. Authorize or confirm all expenses of the Receivership from January 1, 2002 through March 31, 2002, including fees and expenses of the Receiver detailed under Tab 2.
3. Approve the Fifth Quarterly Report filed February 1, 2002, confirm the actions and authorize the expenses described therein.
4. Approve budget changes for the Marina Coves project described in the Fifth Quarterly Report and supplements thereto.

Respectfully submitted,

<signed>

Robb Evans

Receiver

**Robb Evans, Receiver of TLC Investments & Trade Co., et al.**  
**Status of Major Properties**  
**As of March 31, 2002**

#	Property Address	SFR, Multi, Comm'l, Land, Lots	City	State	Property Status as of 03/31/02												
1	The Coves Project Phase 1	Land	Mohave Valley	AZ	Construction of the enlarged lake is complete and the lakebed is filled. All 99 lots in Phase A will have lake frontage. Construction is underway for the four model houses on arm 5. A listing agreement has been entered into with a local broker to market and sell the lots. The repair of recently discovered pre-receivership construction defects will delay the recordation of the final plat. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$4,549,680.73.												
2	235 S Flower	Comm'l	Brea	CA	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Status</td> <td style="text-align: right;"><b>Sold</b></td> </tr> <tr> <td>Carrying Cost as of 10/4/00</td> <td style="text-align: right;">546,007.98</td> </tr> <tr> <td>Acquisition &amp; Capital Additions from 10/5/00 to 3/31/02</td> <td style="text-align: right;">4,900.00</td> </tr> <tr> <td>Sales Price</td> <td style="text-align: right;">495,000.00</td> </tr> <tr> <td>Average Appraisal Value</td> <td style="text-align: right;">422,500.00</td> </tr> <tr> <td>Sale as a % of Appraisal</td> <td style="text-align: right;">117.16%</td> </tr> </table>	Status	<b>Sold</b>	Carrying Cost as of 10/4/00	546,007.98	Acquisition & Capital Additions from 10/5/00 to 3/31/02	4,900.00	Sales Price	495,000.00	Average Appraisal Value	422,500.00	Sale as a % of Appraisal	117.16%
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3	212 S Orange Ave	Multi	Brea	CA	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Status</td> <td style="text-align: right;"><b>Sold</b></td> </tr> <tr> <td>Carrying Cost as of 10/4/00</td> <td style="text-align: right;">1,864,984.00</td> </tr> <tr> <td>Acquisition &amp; Capital Additions from 10/5/00 to 3/31/02</td> <td style="text-align: right;">8,000.00</td> </tr> <tr> <td>Sales Price</td> <td style="text-align: right;">1,850,000.00</td> </tr> <tr> <td>Average Appraisal Value</td> <td style="text-align: right;">1,580,000.00</td> </tr> <tr> <td>Sale as a % of Appraisal</td> <td style="text-align: right;">117.09%</td> </tr> </table>	Status	<b>Sold</b>	Carrying Cost as of 10/4/00	1,864,984.00	Acquisition & Capital Additions from 10/5/00 to 3/31/02	8,000.00	Sales Price	1,850,000.00	Average Appraisal Value	1,580,000.00	Sale as a % of Appraisal	117.09%
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4	7500 Hamner Ave	Land	Norco	CA	(Silverlakes) 28 acres of horse ranch property with 1 house and several out buildings. Not listed; We have met with government entities and three developers to evaluate the support for and interest in the property as a residential development. We are now in a contract with the City of Norco to sell the property for use as a park and recreation facility. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$140,074.95.												

5	7556 Hammer Ave. (see #4, 7500 Hammer)	Land	Corona	CA	(A-Bar Ranch) 98 acres of horse ranch property with 1 house and several out buildings. Not listed; We have met with government entities and three developers to evaluate the support for and interest in the property as a residential development. We are now in a contract with the City of Norco to sell the property for use as a park and recreation facility.												
6	736 N. State St. Plaza	Comm'l	Hemet	CA	<table> <tr> <td>Status</td> <td><b>Sold</b></td> </tr> <tr> <td>Carrying Cost as of 10/4/00</td> <td>470,245.69</td> </tr> <tr> <td>Acquisition &amp; Capital Additions from 10/5/00 to 3/31/02</td> <td>6,000.00</td> </tr> <tr> <td>Sales Price</td> <td>550,000.00</td> </tr> <tr> <td>Average Appraisal Value</td> <td>487,500.00</td> </tr> <tr> <td>Sale as a % of Appraisal</td> <td>112.82%</td> </tr> </table>	Status	<b>Sold</b>	Carrying Cost as of 10/4/00	470,245.69	Acquisition & Capital Additions from 10/5/00 to 3/31/02	6,000.00	Sales Price	550,000.00	Average Appraisal Value	487,500.00	Sale as a % of Appraisal	112.82%
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7	302 Vista de la Playa	SFR	La Jolla	CA	<table> <tr> <td>Status</td> <td><b>Sold</b></td> </tr> <tr> <td>Carrying Cost as of 10/4/00</td> <td>-</td> </tr> <tr> <td>Acquisition &amp; Capital Additions from 10/5/00 to 3/31/02</td> <td>-</td> </tr> <tr> <td>Sales Price</td> <td>5,550,000.00</td> </tr> <tr> <td>Average Appraisal Value</td> <td>6,100,000.00</td> </tr> <tr> <td>Sale as a % of Appraisal</td> <td>90.98%</td> </tr> </table>	Status	<b>Sold</b>	Carrying Cost as of 10/4/00	-	Acquisition & Capital Additions from 10/5/00 to 3/31/02	-	Sales Price	5,550,000.00	Average Appraisal Value	6,100,000.00	Sale as a % of Appraisal	90.98%
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8	10541 Monte Vista (Corral) - See #9 Holt Blvd.	Comm'l	Montclair	CA	Used as an outdoor storage facility for recreational vehicles. Adjacent to and marketed with #9.												
9	4939-49 Holt Blvd	Comm'l	Montclair	CA	<p>A retail strip center with 6 units at 80% occupancy. Anchor credit tenant recently agreed to change from month-to-month to long term tenancy. A fire that occurred to adjacent property had delayed decision to select a listing broker. Before selecting a listing broker, we accepted an unsolicited offer. Buyer now obtaining financing.</p> <p>Acquisition &amp; Capital Additions from 10/05/00 to 3/31/02 is \$4,500.00.</p>												
10	9240-60 Harness (Spring Valley)	SFR/Land	San Diego	CA	<p>Three of four houses occupied and rented plus 7 acres of vacant land. Fair market value has been evaluated and confirmed, and further supported by two appraisals indicating the same value. Under contract with no contingencies and waiting for Court Approval.</p> <p>Acquisition &amp; Capital Additions from 10/05/00 to 3/31/02 is \$8,000.00.</p>												

11	3276 El Cajon Blvd.	Comm'l	San Diego	CA	Vacant retail gas station. Phase 1 Environmental Survey appears satisfactory. Now under contract with deposit non refundable. Settlement and sale to complete concurrently in July. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$26,104.68.
12	510 Turfwood Lane	SFR	Solana Beach	CA	Status <b>Sold</b> Carrying Cost as of 10/4/00 261,046.00 Acquisition & Capital Additions from 10/5/00 to 3/31/02 - Sales Price 267,500.00 Average Appraisal Value 265,000.00 Sale as a % of Appraisal 100.94%
13	1245 Jasmine Circle	SFR	Weston	FL	Status <b>Sold</b> Carrying Cost as of 10/4/00 316,014.10 Acquisition & Capital Additions from 10/5/00 to 3/31/02 - Sales Price 310,000.00 Average Appraisal Value 312,500.00 Sale as a % of Appraisal 99.20%
14	370 Holly & 1600 Carlisle	Multi	Atlanta	GA	95 unit apartment in difficult area. We are completing repair of vacant units and improving marketing. Interviewing brokers. Two recent offers to purchase were cancelled. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$66,839.00.
15	470 & 488 Glen St	Comm'l/Loft	Atlanta	GA	Currently vacant 100,000 SF warehouse bldg. on 3.6 acres. Three MAI appraisals and Phase 1 Environmental Survey, with a No Action letter, are completed. A Letter of Intent is converting to a Sale Contract. If the pending sale fails to close the Receiver will list the property as a retail or commercial loft development project. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$175,547.09.
16	Century Lofts 505 Whitehall St SW (Remaining Units)	Loft	Atlanta	GA	31 units of which 8 units are sold. The remaining 23 units are listed with Coldwell Banker. Insured damage from a roof fire in November is now being repaired, although sales will be delayed. Fourth floor build-out is proceeding. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$1,481,997.88.

16A	Century Lofts 505 Whitehall St SW (Sold Units)	Loft	Atlanta	GA	Status Carrying Cost as of 10/4/00 886,087.85 Acquisition & Capital Additions from 10/5/00 to 3/31/02 - Sales Price 849,000.00 Average Appraisal Value 900,000.00 Sale as a % of Appraisal 94.33%	<b>Sold</b>
17	1908 Judd Hillside	SFR	Honolulu	HI	5,500 SF residence. Rent option contract failed to close and tenant forfeited earnest money deposit. Property relisted for sale. No recent offers.	
18	715 S Kihei Rd #128	SFR	Kihei	HI	Status Carrying Cost as of 10/4/00 33,437.50 Acquisition & Capital Additions from 10/5/00 to 3/31/02 580.78 Sales Price 65,000.00 Average Appraisal Value 58,500.00 Sale as a % of Appraisal 111.11%	<b>Sold</b>
19	715 S Kihei Rd	Land Lease	Kihei	HI	Status Carrying Cost as of 10/4/00 402,965.30 Acquisition & Capital Additions from 10/5/00 to 3/31/02 14,300.00 Sales Price 1,187,867.00 Average Appraisal Value 1,263,965.00 Sale as a % of Appraisal 93.98%	<b>Sold</b>
20	4420 Makena Rd.	SFR	Makena	HI	1 acre on the ocean. Listed with Coldwell Banker. Property is in escrow again after previous buyer cancelled after the September 11 attack. Closing appears certain. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$500.00.	
21	4323 Bowser	Multi	Dallas	TX	5 unit apt. bldg. Currently rented @ 100% occupancy. Listed for sale with Century 21.	
22	57 Cherrywood Ct	SFR	Houston	TX	12,000 sq. ft. home on a lake. Listed with three different national brokers for two years @ \$595M to \$750M with no offers. Recently countered unsolicited offer of \$400,000. Currently investigating firms capable of conduct a nation-wide auction while pursuing offer. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$42,664.29.	

23	10100 E. Freeway	Comm'l	Houston	TX	A 17,000 sq. ft. office bldg. that is currently 70% occupied. Anticipated increase of occupancy to 100% has been setback by unexpected termination of leases. To improve occupancy prospects, rehab has been completed on anchor tenant/owner-user suite of approximately 3,200 SF. Previously, listed only for lease with Office Buildings of Houston. We have reached agreement with Office Buildings of Houston to immediately assume management, list, and market the property for sale when pending appraisals are complete. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$2,500.00.												
24	3000 Bering Dr.	Comm'l	Houston	TX	<table> <thead> <tr> <th>Status</th> <th>Sold</th> </tr> </thead> <tbody> <tr> <td>Carrying Cost as of 10/4/00</td> <td>1,199,638.45</td> </tr> <tr> <td>Acquisition &amp; Capital Additions from 10/5/00 to 3/31/02</td> <td>50,860.32</td> </tr> <tr> <td>Sales Price</td> <td>1,475,000.00</td> </tr> <tr> <td>Average Appraisal Value</td> <td>960,000.00</td> </tr> <tr> <td>Sale as a % of Appraisal</td> <td>153.65%</td> </tr> </tbody> </table>	Status	Sold	Carrying Cost as of 10/4/00	1,199,638.45	Acquisition & Capital Additions from 10/5/00 to 3/31/02	50,860.32	Sales Price	1,475,000.00	Average Appraisal Value	960,000.00	Sale as a % of Appraisal	153.65%
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Carrying Cost as of 10/4/00	1,622,312.79																
Acquisition & Capital Additions from 10/5/00 to 3/31/02	13,750.00																
Sales Price	1,550,000.00																
Average Appraisal Value	1,340,000.00																
Sale as a % of Appraisal	115.67%																
26	5414 Elm St	Multi	Houston	TX	91 unit apt. bldg. that is 100% occupied. Listed with Hendricks and Partners. Under contract. Closing appears certain. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$31,367.63.												
27	Whitney Place Lots 37,39,40&41	Multi	Houston	TX	70 individual single family homes that are currently 15% leased. Listed with Marcus & Millichap. Increasing efforts to develop interest among government agencies and non-profit entities. Recent offer from VOA has cancelled. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$536,720.94.												

28	15 N. Chenevert	Comm'l/Loft	Houston	TX	Vacant 85,000 sq. ft. loft bldg. downtown. Listed with Grubb & Ellis. We have received a third appraisal to confirm the economic damage to the Houston real estate economy because of the September 11 attack and the Enron corporate bankruptcy. We are evaluating the marketing strategy. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$218,827.05.												
29	21 Chenevert	Comm'l/Loft	Houston	TX	Vacant lot adjacent to the warehouse bldg. at 15 N. Chenevert-see # 28 above for description. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$69,957.55												
30	1331 - 1339 S Flores	Comm'l	San Antonio	TX	2 adjacent bldgs., totaling 85,000 sq. ft. near downtown, with 80,000 sq. ft. vacant. Buildings are in a very raw state. A listing agreement has been entered into with a local firm. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$39,155.00.												
31	Lake Livingston	SFR & Land	San Jacinto	TX	18 acres of lakefront property with 2 homes that are currently rented. Property manager is seeking easement correction and solution to water supply to complete a 16 lot subdivision. Progress is slow. Current value about 50% to 60% lower until subdivision is ready. Listing deferred. Acquisition & Capital Additions from 10/05/00 to 3/31/02 is \$16,847.00												
32	1809-17 Douglas Ave	Multi	Racine	WI	31 unit apt. bldg. that is currently 50% leased, but experiencing delinquency. Property needs extensive repairs and could not be sold for present appraised value. Receiver's staff recently traveled to Racine to meet with contractors to finalize bid prices and contracts.												
33	1625 East G St. (55 units)	Multi	Ontario	CA	<table> <tr> <td>Status</td> <td><b>Sold</b></td> </tr> <tr> <td>Carrying Cost as of 10/4/00</td> <td>3,944,942.20</td> </tr> <tr> <td>Acquisition &amp; Capital Additions from 10/5/00 to 3/31/02</td> <td>14,754.85</td> </tr> <tr> <td>Sales Price</td> <td>4,930,000.00</td> </tr> <tr> <td>Average Appraisal Value</td> <td>4,250,000.00</td> </tr> <tr> <td>Sale as a % of Appraisal</td> <td>116.00%</td> </tr> </table>	Status	<b>Sold</b>	Carrying Cost as of 10/4/00	3,944,942.20	Acquisition & Capital Additions from 10/5/00 to 3/31/02	14,754.85	Sales Price	4,930,000.00	Average Appraisal Value	4,250,000.00	Sale as a % of Appraisal	116.00%
Status	<b>Sold</b>																
Carrying Cost as of 10/4/00	3,944,942.20																
Acquisition & Capital Additions from 10/5/00 to 3/31/02	14,754.85																
Sales Price	4,930,000.00																
Average Appraisal Value	4,250,000.00																
Sale as a % of Appraisal	116.00%																

34	129-177 Palm Ave.	Multi	Imperial Beach	CA	Status Carrying Cost as of 10/4/00 Acquisition & Capital Additions from 10/5/00 to 3/31/02 Sales Price Average Appraisal Value Sale as a % of Appraisal	<b>Sold</b> 1,823,525.86 20,000.00 2,400,000.00 2,225,000.00 107.87%
35	21880 Golden Canyon	SFR	Diamond Bar	CA	Status Carrying Cost as of 10/4/00 Acquisition & Capital Additions from 10/5/00 to 3/31/02 Sales Price Average Appraisal Value Sale as a % of Appraisal	<b>Sold</b> - - 1,385,000.00 1,300,000.00 106.54%
.	.	.	.	.	<b>Totals for Major Properties</b> Carrying Cost as of 10/4/00 Acquisition & Capital Additions from 10/5/00 to 3/31/02 Sales Price Average Appraisal Value Sale as a % of Appraisal	13,371,207.72 7,544,429.74 22,864,367.00 21,464,965.00 106.52%

TAB 2

**Robb Evans, Receiver of TLC Investments & Trade Co., et al.**  
**Summary of Income**  
**October 31, 2000 (Inception of Permanent Receivership) through March 31, 2002**

	October 31, 2000 to December 31, 2001	January 1, 2002 to March 31, 2002	Total
Proceeds from Sales of Properties	13,955,707.35	2,904,786.52	16,860,493.87
Rental Income	3,492,803.66	527,764.99	4,020,568.65
Proceeds from Sales of Horses and Horse Races	2,024,044.88	-	2,024,044.88
Receipts of Assets Surrendered by Ernest Cossey Under the Court Judgement	1,475,000.00	-	1,475,000.00
Additional Income from Sales of Ernest Cossey Assets	57,761.40	-	57,761.40
Commission Repayments from Agents	206,878.14	229,036.70	435,914.84
Interest Income:			
Mortgage Notes	196,902.21	37,959.74	234,861.95
Bank Deposits	80,234.49	13,382.15	93,616.64

Bridge Loan	68,269.71	-	68,269.71
Hardship Loans	24,483.90	12,883.53	24,483.90
Other	1,601.03	-	1,601.03
	<hr/>	<hr/>	<hr/>
Total Interest Income	371,491.34	64,225.42	435,716.76
Receipts of Cash from Tom G. Cloud and Cloud & Associates	371,675.30	-	371,675.30
Under the Court Judgement			
Revenues Resulting from Activities that Occurred in Pre-Receivership Period	299,197.27	-	299,197.27
Proceeds from Sale of Dogs and Dog Races	118,816.99	12,871.63	131,688.62
Receipts of cash from Ernest Cossey	21,836.08	-	21,836.08
Under the Court Judgement			
Proceeds from Disposition of Auto, Furniture & Equipment	13,288.47	-	13,288.47
Proceeds from Granting of Easements	13,200.00	-	13,200.00
Receipts of cash from Gary Williams	4,601.40	1,758.24	6,359.64
Under the Court Judgement			
Miscellaneous Income	28,423.35	288.75	28,712.10
	<hr/>	<hr/>	<hr/>
<b>Total Income</b>	<b>22,454,725.63</b>	<b>3,740,732.25</b>	<b>26,195,457.88</b>

Robb Evans, Receiver of TLC Investments & Trade Co., et al.

### Summary of Expenses

October 31, 2000 (Inception of Permanent Receivership) through March 31, 2002

	October 31, 2000 to December 31, 2001	January 1, 2002 to March 31, 2002	Total
<b>Business Operating Expenses</b>			
Property Expenses			
Repairs & Maintenance	1,566,832.91	194,650.87	1,761,483.78
Property Taxes	1,150,575.20	71,422.07	1,221,997.27
Utilities	619,342.10	85,361.25	704,703.35
Engineering & Architecture	623,494.74	1,500.00	624,994.74
Insurance	511,345.31	60,929.78	572,275.09
Management Fees	445,193.49	61,737.66	506,931.15
Security, Alarm & Protection	268,296.67	6,509.14	274,805.81

Appraisal & Survey	254,226.16	18,155.00	272,381.16
Legal Fees	132,941.93	23,822.59	156,764.52
Development Expenditures	34,579.54	-	34,579.54
Miscellaneous	883,726.25	87,403.41	971,129.66
Total Property Expenses	6,490,554.30	611,491.77	7,102,046.07
Field Office Operating Expenses	1,154,459.64	290,932.59	1,445,392.23
Racehorse Expenses	261,119.53	-	261,119.53
Dog Expenses	16,082.35	5,002.46	21,084.81
Total Business Operating Expenses	7,922,215.82	907,426.82	8,829,642.64
<b>Receivership Administrative Expenses</b>			
Receiver's Fees & Expenses			
Receiver's Fees	135,300.00	11,055.00	146,355.00
Out of Pocket Expenses	4,400.35	-	4,400.35
Total Receiver's Fees & Expenses	139,700.35	11,055.00	150,755.35
Staff Expenses			
Accounting & Support / Financial Reconstruction	557,027.63	82,318.11	639,345.74
Project Coordinators / Portfolio Management	379,212.14	60,195.00	439,407.14
Out of Pocket Expenses	78,707.52	21,303.68	100,011.20
Employer Tax	51,662.34	4,826.54	56,488.88
Total Staff Expenses	1,066,609.63	168,643.33	1,235,252.96
Other Receivership Administrative Expenses			
Legal Fees & Costs	634,907.92	177,373.35	812,281.27
Copying & Records Reproduction	71,897.24	8,357.81	80,255.05
Interest Expense	19,420.99	-	19,420.99
Miscellaneous Expenses	111,170.23	18,880.34	130,050.57
Total Other Receivership Administrative Expenses	837,396.38	204,611.50	1,042,007.88
Total Receivership Administrative Expenses	2,043,706.36	384,309.83	2,428,016.19

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<b>Total Expenses Previously Approved</b>	<b>9,965,922.18</b>		
<b>Total Cash Expenses to be Approved</b>		<b>1,291,736.65</b>	
<b>Total Expenses for the Period from October 31, 2000 through March 31, 2002</b>			<b>11,257,658.83</b>

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