

Monthly Operating Report

CASE NAME:	RE Loans, LLC
CASE NUMBER:	11-35865-bjh-11
JUDGE:	Houser

ACCRUAL BASIS

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF TEXAS

DIVISION 6

MONTHLY OPERATING REPORT

MONTH ENDING: March 31, 2012

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (ACCRUAL BASIS-1 THROUGH ACCRUAL BASIS-7) AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY): IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:

ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

Farley Dakan
PRINTED NAME OF RESPONSIBLE PARTY

Managing Director Mackinac Partners
TITLE

DATE

PREPARER:

ORIGINAL SIGNATURE OF PREPARER

Kathleen Haley
PRINTED NAME OF PREPARER

TITLE

DATE

Monthly Operating Report

ACCRUAL BASIS

CASE NAME:	RE Loans, LLC
CASE NUMBER:	11-35865-bjh-11
JUDGE:	Houser

UNITED STATES BANKRUPTCY COURT

NORTHERN
DISTRICT OF
TEXAS

DIVISION 6

MONTHLY OPERATING REPORT

MONTH ENDING: March 31, 2012

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Managing Director Mackinac Partners

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PREPARER:

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Kathleen Haley

PRINTED NAME OF PREPARER

TITLE

DATE

4/18/12

Monthly Operating Report

CASE NAME: RE Loans, LLC
CASE NUMBER: 11-35865-bjh-11
JUDGE: Houser

ACCRUAL BASIS

UNITED STATES BANKRUPTCY COURT

**NORTHERN
DISTRICT OF
TEXAS**

DIVISION 6

MONTHLY OPERATING REPORT

MONTH ENDING: March 31, 2012

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I
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Monthly Operating Report

CASE NAME:	RE Loans, LLC
CASE NUMBER:	11-35865-bjh-11

ACCRUAL BASIS-1

COMPARATIVE BALANCE SHEET

ASSETS	SCHEDULE AMOUNT	3/31/12	4/30/12	5/31/12
1. UNRESTRICTED CASH	\$8,113	\$141,519		
2. RESTRICTED CASH		\$335,681		
3. TOTAL CASH	\$8,113	\$477,200	\$0	\$0
4. ACCOUNTS RECEIVABLE (NET)*	\$88,047,517	\$39,279,687		
5. INVENTORY				
6. NOTES RECEIVABLE*	\$546,111,350	\$553,232,975		
7. PREPAID EXPENSES	\$500,000	\$615,354		
8. OTHER (ATTACH LIST)				
9. TOTAL CURRENT ASSETS	\$634,666,979	\$593,605,217	\$0	\$0
10. PROPERTY, PLANT & EQUIPMENT**	\$48,938,200	\$48,938,200		
11. LESS: ACCUMULATED DEPRECIATION / DEPLETION				
12. NET PROPERTY, PLANT & EQUIPMENT	\$48,938,200	\$48,938,200	\$0	\$0
13. DUE FROM INSIDERS	\$21,034,445	\$23,123,825	\$0	\$0
14. OTHER ASSETS - NET OF AMORTIZATION (ATTACH LIST)				
15. OTHER (ATTACH LIST)	(\$31,104,350)	(\$32,526,864)	\$0	\$0
16. TOTAL ASSETS	\$673,535,274	\$633,140,377	\$0	\$0
POSTPETITION LIABILITIES				
17. ACCOUNTS PAYABLE		\$12,140		
18. TAXES PAYABLE		\$928,511		
19. NOTES PAYABLE		\$7,626,344		
20. PROFESSIONAL FEES		\$3,153,545		
21. SECURED DEBT				
22. OTHER (ATTACH LIST)		\$67,046	\$0	\$0
23. TOTAL POSTPETITION LIABILITIES		\$11,787,586	\$0	\$0
PREPETITION LIABILITIES				
24. SECURED DEBT	\$73,612,922	\$66,500,278		
25. PRIORITY DEBT	\$797,468,215	\$832,053,004		
26. UNSECURED DEBT				
27. OTHER (ATTACH LIST)	\$32,896,272	\$33,351,452	\$0	\$0
28. TOTAL PREPETITION LIABILITIES	\$903,977,409	\$931,904,734	\$0	\$0
29. TOTAL LIABILITIES	\$903,977,409	\$943,692,320	\$0	\$0
EQUITY				
30. PREPETITION OWNERS' EQUITY	(\$230,442,135)	(\$230,442,135)	(\$230,442,135)	(\$230,442,135)
31. POSTPETITION CUMULATIVE PROFIT OR (LOSS)		(\$80,109,808)	(\$80,109,808)	(\$80,109,808)
32. DIRECT CHARGES TO EQUITY (ATTACH EXPLANATION)				
33. TOTAL EQUITY	(\$230,442,135)	(\$310,551,943)	(\$310,551,943)	(\$310,551,943)
34. TOTAL LIABILITIES & OWNERS' EQUITY	\$673,535,274	\$633,140,377	(\$310,551,943)	(\$310,551,943)

* As of September 30, 2010, management has not adjusted or analyzed the allowance for loan losses or real estate held for sale. The absence of any adjustment is not consistent with accounting standards generally accepted in the United States of America.

** Original schedule listed asset at the unpaid principal balance at time property became REO. There had been subsequent payments on some of the assets. Additionally, there was an allowance for real estate owned that has not been analyzed or adjusted since September 30, 2010.

*** During January 2012, a retainer balance of \$25,000 that was paid prepetition was discovered. This resulted in an increase to prepaids and a decrease to due from insiders

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CASE NAME:	RE Loans, LLC
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ACCRUAL BASIS-1A

MONTH: 3/31/2012

COMPARATIVE BALANCE SHEET Supplemental Information

OTHER ASSETS		3/31/12	4/30/12	5/31/12
Investment in RE Futures		(\$2,606,435)		
Investment in Capital Salvage		(\$30,800,429)		
Investment in RE Reno		\$880,000		
TOTAL		(\$32,526,864)	\$0	\$0

Due from insiders		3/31/12	4/30/12	5/31/12
Postpetition				
Capital Salvage		\$379,716		
RE Futures		\$174,180		
Prepetition				
B-4 Partners LLC		\$22,459,348		
Capital Salvage		\$110,581		
TOTAL		\$23,123,825	\$0	\$0

OTHER Postpetition Liabilities		3/31/12	4/30/12	5/31/12
Accrued interest on DIP loan		\$67,046		
TOTAL		\$67,046	\$0	\$0

OTHER Prepetitioned Liabilities		3/31/12	4/30/12	5/31/12
Loan servicing fees payable		\$10,218,249		
Portfolio management fees payable		\$22,635,099		
Accrued interest on LOC		\$498,104		
TOTAL		\$33,351,452	\$0	\$0

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CASE NAME:	RE Loans, LLC
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ACCRUAL BASIS-2

INCOME STATEMENT

	3/31/2012	4/30/2012	5/31/2012	MONTH
REVENUES				
1. GROSS REVENUES	\$1,250			
2. LESS: RETURNS & DISCOUNTS				
3. NET REVENUE	\$1,250	\$0	\$0	\$0
COST OF GOODS SOLD				
4. MATERIAL				
5. DIRECT LABOR				
6. DIRECT OVERHEAD				
7. TOTAL COST OF GOODS SOLD	\$0	\$0	\$0	\$0
8. GROSS PROFIT	\$1,250	\$0	\$0	\$0
OPERATING EXPENSES				
9. OFFICER / INSIDER COMPENSATION				
10. SELLING & MARKETING				
11. GENERAL & ADMINISTRATIVE	381,626.54			
12. RENT & LEASE	\$3,500			
13. OTHER - LOSS ON SALE OF LOAN	\$21,197,969			
14. TOTAL OPERATING EXPENSES	\$21,583,096	\$0	\$0	\$0
15. INCOME BEFORE NON-OPERATING INCOME & EXPENSE	(\$21,581,846)	\$0	\$0	\$0
OTHER INCOME & EXPENSES				
16. NON-OPERATING INCOME (ATT. LIST)				
17. NON-OPERATING EXPENSE (ATT. LIST)				
18. INTEREST EXPENSE	\$5,898,173			
19. DEPRECIATION / DEPLETION				
20. AMORTIZATION				
21. OTHER (ATTACH LIST)				
22. NET OTHER INCOME & EXPENSES	\$5,898,173	\$0	\$0	\$0
REORGANIZATION EXPENSES				
23. PROFESSIONAL FEES	1,496,149.37			
24. U.S. TRUSTEE FEES				
25. OTHER (ATTACH LIST)				
26. TOTAL REORGANIZATION EXPENSES	\$1,496,149	\$0	\$0	\$0
27. INCOME TAX				
28. NET PROFIT (LOSS)	(\$28,976,168)	\$0	\$0	\$0

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CASE NAME:	RE Loans, LLC
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ACCRUAL BASIS-3

CASH RECEIPTS AND DISBURSEMENTS	3/31/2012	4/30/2012	5/31/2012	QUARTER TOTAL
1. CASH - BEGINNING OF MONTH	\$21,822	\$141,519	\$141,519	\$21,822
RECEIPTS FROM OPERATIONS				
2. CASH SALES interest income	\$1,250			\$1,250
COLLECTION OF ACCOUNTS RECEIVABLE				
3. PREPETITION				
4. POSTPETITION				
5. TOTAL OPERATING RECEIPTS	\$1,250	\$0	\$0	\$1,250
NON - OPERATING RECEIPTS				
6. LOANS & ADVANCES (ATTACH LIST)	1,640,775	-	-	1,640,775
7. SALE OF ASSETS	\$2,725,561			2,725,561
8. OTHER (ATTACH LIST)				
9. TOTAL NON-OPERATING RECEIPTS	\$4,366,336	\$0	\$0	\$4,366,336
10. TOTAL RECEIPTS	\$4,367,586	\$0	\$0	\$4,367,586
11. TOTAL CASH AVAILABLE	\$4,389,408	\$141,519	\$141,519	\$4,389,408
OPERATING DISBURSEMENTS				
12. NET PAYROLL	\$21,800			\$21,800
13. PAYROLL TAXES PAID	\$1,668			\$1,668
14. SALES, USE & OTHER TAXES PAID				\$0
15. SECURED / RENTAL / LEASES	\$3,500			\$3,500
16. UTILITIES	\$3,214			\$3,214
17. INSURANCE	\$12,741			\$12,741
18. INVENTORY PURCHASES				\$0
19. VEHICLE EXPENSES				\$0
20. TRAVEL				\$0
21. ENTERTAINMENT				\$0
22. REPAIRS & MAINTENANCE	\$540			\$540
23. SUPPLIES	\$811			\$811
24. ADVERTISING				\$0
25. OTHER (ATTACH LIST)	3,037,197	-	-	3,037,197
26. TOTAL OPERATING DISBURSEMENTS	\$3,081,470	\$0	\$0	\$3,081,470
REORGANIZATION EXPENSES				
27. PROFESSIONAL FEES	1,166,420			1,166,420
28. U.S. TRUSTEE FEES				\$0
29. OTHER (ATTACH LIST)				\$0
30. TOTAL REORGANIZATION EXPENSES	\$1,166,420	\$0	\$0	\$1,166,420
31. TOTAL DISBURSEMENTS	\$4,247,889	\$0	\$0	\$4,247,889
32. NET CASH FLOW	\$119,697	\$0	\$0	\$119,697
33. CASH - END OF MONTH	\$141,519	\$141,519	\$141,519	\$141,519

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CASE NAME:	RE Loans, LLC
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ACCRUAL BASIS-3A

MONTH: 3/31/2012

Loan receipts	3/31/2012	4/30/2012	5/31/2012
Mortgage loan borrowers	157,512		
LOC advances	1,482,182		
Refund of expenses paid	-		
Payment on operating expenses advanced	1,081		
TOTAL	1,640,775	-	-
OPERATING DISBURSEMENTS OTHER			
Security	-	-	
Postage	1,340		
Bank Fees	929		
Storage	81		
Cleaning	500		
Accounting	21,302		
Legal	44,662		
Marketing	-		
IT	5,537		
Property taxes	167,457		
LLC taxes			
Real Estate consulting fees			
Property management fees			
License and permits			
Payroll processing fees	124		
Payments on LOC	2,725,561		
Payments made on behalf of Cap Salvage	52,428		
Payments made on behalf of RE Futures	17,276		
TOTAL	3,037,197	-	-

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ACCRUAL BASIS-4

ACCOUNTS RECEIVABLE AGING	SCHEDULE AMOUNT	3/31/12	4/30/12	5/31/12
1. 0-30				
2. 31-60				
3. 61-90				
4. 91+		\$ 83,091,687		
5. TOTAL ACCOUNTS RECEIVABLE	\$0	\$83,091,687	\$0	\$0
6. AMOUNT CONSIDERED UNCOLLECTIBLE ***		\$43,812,000		
7. ACCOUNTS RECEIVABLE (NET)	\$0	\$39,279,687	\$0	\$0

AGING OF POSTPETITION TAXES AND PAYABLES		MONTH: 3/31/2012			
TAXES PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1. FEDERAL					
2. STATE					
3. LOCAL					
4. OTHER - Real Property	61,250	-	242,725	624,536	928,511
5. TOTAL TAXES PAYABLE	\$61,250	\$0	\$242,725	\$624,536	\$928,511
6. ACCOUNTS PAYABLE	\$0				\$0

STATUS OF POSTPETITION TAXES		MONTH: 3/31/2012			
FEDERAL	BEGINNING TAX LIABILITY*	AMOUNT WITHHELD AND/OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY	
1. WITHHOLDING**					
2. FICA-EMPLOYEE**					
3. FICA-EMPLOYER**					
4. UNEMPLOYMENT					
5. INCOME					
6. OTHER (ATTACH LIST)					
7. TOTAL FEDERAL TAXES	\$0	\$0	\$0	\$0	
STATE AND LOCAL					
8. WITHHOLDING					
9. SALES					
10. EXCISE					
11. UNEMPLOYMENT					
12. REAL PROPERTY	\$ 891,411	\$ 204,557	\$167,457	\$ 928,511	
13. PERSONAL PROPERTY					
14. OTHER (ATTACH LIST)					
15. TOTAL STATE & LOCAL	\$891,411	\$204,557	\$167,457	\$928,511	
16. TOTAL TAXES	\$891,411	\$204,557	\$167,457	\$928,511	

* The beginning tax liability should represent the liability from the prior month or, if this is the first operating report, the amount should be zero.

** Attach photocopies of IRS Form 6123 or your FTD coupon and payment receipt to verify payment or deposit.

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ACCRUAL BASIS-4A
MONTH: 3/31/2012

NOTES RECEIVABLE LISTING		NOTES RECEIVABLE	ACCRUED INTEREST	
1.	CANYON CLUB INC.	\$ 61,146,348	\$ 15,278,211	
2.	RANCHO LAS FLORES	\$ 55,241,524	\$ 12,131,947	
3.	VANTAGE LOFTS, LLC	\$ 37,510,943	\$ 8,990,294	
4.	HARMONY HOLDINGS LLC	\$ 35,065,580	\$ 13,327,229	
5.	LAKEVIEW HOMES AT THE	\$ 26,578,302	\$ 2,867,464	
6.	2718 SANTA ROSA LLC	\$ 23,500,000	\$ 6,868,438	
7.	2718 Santa Rosa	\$ 23,438,885	\$ 6,550,144	
8.	MOSES POINTE, LLC	\$ 18,499,087	\$ 4,573,582	
9.	WEYRICH DEVELOPMENT	\$ 6,500,000	\$ -	
10.	WOODBIDGE AT PORTOLA	\$ 9,195,180	\$ 1,556,883	
11.	J.C. REEVES CORPORATION	\$ 6,776,495	\$ 1,700,228	
12.	WEYRICH DEVELOPMENT	\$ 5,367,742	\$ 1,624,110	
13.	CIRCLE H RANCH, LLC	\$ 5,669,446	\$ 191,509	
14.	ARLIN GEOPHYSICAL	\$ 5,616,478	\$ 1,852,053	
15.	LAS COLINAS OF	\$ 5,091,710	\$ 1,246,077	
16.	PEND OREILLE BONNER	\$ 277,904	\$ 17,283	
17.	S. C. Club, LP	\$ 1,489	\$ 125	
18.	Pacific Inv Advisors	\$ 700,000	\$ -	
19.	All-American Bottled Water	\$ 23,739,666	\$ -	
20.	BRAVO MARSHALL	\$ 16,166,967	\$ 3,120,552	
21.	ZOHOURI (Solaris & Worthington)	\$ 21,888,726	\$ 298,947	
22.	OTAY RANCH JC R-4 LLC	\$ 20,257,863	\$ -	
24.	PERDIDO (CAP SALVAGE REO)	\$ 6,214,926	\$ 896,614	
26.	ADAMS CANYON RANCH	\$ 40,026,027	\$ -	
27.	PINNACLE DEVELOPMENT (Georgetown property)	\$ 90,647,953	\$ -	
28.	WEYRICH DEVELOPMENT	\$ 8,113,732	\$ -	
29.				
30.				
35.				
36.	TOTAL NOTES RECEIVABLE	\$ 553,232,975	\$ 83,091,687	
37.	AMOUNT CONSIDERED UNCOLLECTIBLE ***		\$ 43,812,000.00	
38.	ACCOUNTS RECEIVABLE (NET)	\$0	\$39,279,687	\$0

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ACCRUAL BASIS-5

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

MONTH: 3/31/2012

BANK RECONCILIATIONS				
	Account #1	Account #2	Account #3	
A. BANK:	Wells Fargo	Wells Fargo	Wells Fargo	TOTAL
B. ACCOUNT NUMBER:	1605107700	1605113026*	1605109673*	
C. PURPOSE (TYPE):	Checking	Checking - Circle H Ranch	Savings - Lakeview	
1. BALANCE PER BANK STATEMENT	\$565,246	\$215,926	\$119,754	\$900,926
2. ADD: TOTAL DEPOSITS NOT CREDITED	\$0			\$0
3. SUBTRACT: OUTSTANDING CHECKS	\$423,727			\$423,727
4. OTHER RECONCILING ITEMS				\$0
5. MONTH END BALANCE PER BOOKS	\$141,519	\$215,926	\$119,754	\$477,199
6. NUMBER OF LAST CHECK WRITTEN	40445			

INVESTMENT ACCOUNTS				
	DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7.				
8.				
9.				
10.				
11. TOTAL INVESTMENTS			\$0	\$0

CASH	
12. CURRENCY ON HAND	\$0
13. TOTAL CASH - END OF MONTH	\$477,199

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ACCRUAL BASIS-5

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

MONTH: 3/31/2012

BANK RECONCILIATIONS				
	Account #4	Account #5	Account #6	
A. BANK:	Wells Fargo	Wells Fargo	Wells Fargo	TOTAL
B. ACCOUNT NUMBER:	4123513798	4123513806	1605112828	
C. PURPOSE (TYPE):	payroll	tax	DIP Checking	
1. BALANCE PER BANK STATEMENT	\$0	\$0	\$0	\$0
2. ADD: TOTAL DEPOSITS NOT CREDITED				\$0
3. SUBTRACT: OUTSTANDING CHECKS				\$0
4. OTHER RECONCILING ITEMS				\$0
5. MONTH END BALANCE PER BOOKS	\$0	\$0	\$0	\$0
6. NUMBER OF LAST CHECK WRITTEN				

INVESTMENT ACCOUNTS				
	DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7.				
8.				
9.				
10.				
11. TOTAL INVESTMENTS			\$0	\$0

CASH	
12. CURRENCY ON HAND	\$0
13. SUBTOTAL CASH - END OF MONTH OF SHEET	\$0

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CASE NAME:	RE Loans, LLC
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ACCRUAL BASIS-6

MONTH: 3/31/2012

PAYMENTS TO INSIDERS AND PROFESSIONALS

OF THE TOTAL DISBURSEMENTS SHOWN FOR THE MONTH, LIST THE AMOUNT PAID TO INSIDERS (AS DEFINED IN SECTION 101 (31) (A)-(F) OF THE U.S. BANKRUPTCY CODE) AND TO PROFESSIONALS. ALSO, FOR PAYMENTS TO INSIDERS, IDENTIFY THE TYPE OF COMPENSATION PAID (e.g. SALARY, BONUS, COMMISSIONS, INSURANCE, HOUSING ALLOWANCE, TRAVEL, CAR ALLOWANCE, ETC.). ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
1. Lend, Inc.	Operating expense reimbursement	\$24,321	\$176,292
2. Bray, LLC	Office Rent	\$3,500	\$21,000
3.			
4.			
5.			
6. TOTAL PAYMENTS TO INSIDERS		\$27,821	\$197,292

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID *
1. FTI Consulting ***			\$ 82,528	\$ 525,984	\$ 250,001
2. Akin Gump Strauss Hauer & Feld LLP ***			\$ 125,000	\$ 825,000	\$ 625,382
3. Stutman, Treister & Glatt ***	N/A	N/A	\$ 125,000	\$ 952,140	\$ 611,471
4. Gardere Wynne Sewell LLP ***	N/A	N/A	\$ 80,000	\$ 345,385	\$ 131,531
5. McDermott Will and Emory ***					\$ 17,379
6. K&L Gates ***	N/A	N/A	\$ 348,988	\$ 1,156,004	\$ 256,237
7. Hines Smith Carder ***			\$ 44,143	\$ 129,122	\$ 329,030
8. Mackinac Partners ***			\$ 360,761	\$ 1,611,394	\$ 932,516
9. TOTAL PAYMENTS TO PROFESSIONALS		\$0	\$1,166,420	\$5,545,029	\$3,153,545

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POSTPETITION
1. Wells Fargo Foothill			\$60,293,928
2.			
3.			
4.			
5.			
6. TOTAL	\$0	\$0	\$60,293,928

*** Includes actual amounts if invoices were submitted by specified professional groups. If no invoices were submitted, estimates are based on the DIP budget

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CASE NAME:	RE Loans, LLC
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ACCRUAL BASIS-7

MONTH: 3/31/2012

QUESTIONNAIRE

	YES	NO
1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?		X
2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT?		X
3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?	X	
4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?	X	
5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?	X	
6. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?		X
7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		X
8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?	X	
9. ARE ANY OTHER POSTPETITION TAXES PAST DUE?		X
10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?		X
11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?		X
12. ARE ANY WAGE PAYMENTS PAST DUE?		X

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

- #3 - The operating expenses for RE Loans, RE Futures and Capital Salvage are drawn from the RE Loans operating account, therefore operating expenses allocated to Capital Salvage and RE Futures are listed in the form of a receivable from related party
- #4 - There were payments on the Wells Fargo Line of Credit during March
- #5 - There is an interim DIP loan from Wells Fargo Capital Finance
- #8 - There are postpetition real property taxes due on various properties

INSURANCE

	YES	NO
1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT?	X	
2. ARE ALL PREMIUM PAYMENTS PAID CURRENT?	X	
3. PLEASE ITEMIZE POLICIES BELOW.		

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSTALLMENT PAYMENTS			
TYPE OF POLICY	CARRIER	PERIOD COVERED	PAYMENT AMOUNT & FREQUENCY
Commercial General Liability	Century Surety Co	6/12/11-6/12/12	\$ 4,867 Monthly
Property - Triple S. Ranch		12/2/11-12/2/12	\$ 10,980 Annual
Business Insurance	Hartford	2/1/12-2/29/12	\$ 518 Monthly
Medical insurance premiums	Health Net	1/1/12-1/31/12	\$ 7,356 Monthly

** General liability policy covers RE Loans, Capital Salvage and RE Futures. The monthly premium is the total monthly policy premium