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**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA**

In re:
SPECIALTY TRUST, INC., et al.

Chapter 11

**Jointly Administered under
Case No. 10-51432-GWZ**

- Affects this Debtor
- Affects all Debtors
- Affects Specialty Acquisition Corp.
- Affects SAC II
- Affects SAC D-1, LLC

Case Nos.
10-51432
10-51437
10-51440
10-51441

**NOTICE OF BUDGET FOR THE
PERIOD APRIL 25, 2011 THROUGH
JULY 2, 2011**

**TO THE HONORABLE GREGG W. ZIVE, THE OFFICE OF THE UNITED STATES
TRUSTEE, AND OTHER PARTIES ENTITLED TO NOTICE:**

Specialty Trust, Inc. (“Specialty Trust”) and its debtor and debtor in possession affiliates (the “Debtors” or the “Company”), hereby file this *Notice of Budget for the Period April 25, 2011 Through July 2, 2011* (“Notice”). In connection with this Notice, the Debtors respectfully state as follows:

1. On December 15, 2010, the Court entered its *Final Order (1) Authorizing Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 363(c), and 364(c) and (d); (2) Authorizing the Use of Cash Collateral, (3) Granting Security Interests and Superpriority Claims, (4) Modifying*

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1 *the Automatic Stay, and (5) Granting Related Relief* (the “DIP Financing Order”) (Dkt. # 573),
2 pursuant to which the Court (i) authorized the Debtors to incur up to \$3,500,000 of postpetition
3 indebtedness from Northlight Real Estate Group, LLC (“Northlight”) pursuant to that certain
4 *Debtor-in-Possession Term Credit and Security Agreement dated as of December 17, 2010* (the
5 “DIP Credit Agreement”) on the terms set forth in the DIP Financing Order and DIP Credit
6 Agreement; (ii) authorized the Debtors to use the cash collateral of Northlight and U.S. Bank
7 pursuant to the budget attached as Exhibit 2 to the DIP Financing Order (the “Budget”); (iii) granted
8 security interests and superpriority claims to Northlight and adequate protection liens to the Debtors’
9 prepetition noteholders; and (iv) granting related relief. The Budget attached to the DIP Financing
10 Order set forth the cash receipts and expenditures of the estates for the period December 13, 2010
11 through April 30, 2011.

12 2. On December 17, 2010, Northlight funded \$3,500,000 pursuant to the DIP Credit
13 Agreement and DIP Financing Order.

14 3. On February 2, 2011, the Debtors filed their *Motion for Entry of Order Authorizing*
15 *(A) Amendments to the Budget, and (B) Modification of Terms of Loans to C.I.S. & S, LLC* (the
16 “Budget Modification Motion”) (Dkt. # 656), pursuant to which the Debtors sought certain
17 amendments to the Budget, including (i) authorization to use the proceeds of the sale of fractional
18 interests in the Nadador project to fund Nadador operations; (ii) authorization to use cash collateral
19 of U.S. Bank to pay further maintenance expenses of Nadador to the extent that the fractional unit
20 sales did not generate sufficient proceeds to cover such expenses; (iii) to use cash collateral of U.S.
21 Bank to pay deferred directors fees up to the amount of \$30,000; and (iv) to modify terms of the
22 Company’s loan to C.I.S. & S, LLC to extend maturity and restructure payments thereunder.

23 4. On March 31, 2011, the Court entered its *Order Authorizing (A) Amendments to the*
24 *Budget; and (B) Modifications to Terms of Loans to C.I.S. & S, LLC* (the “Budget Modification
25 Order”), pursuant to which certain modifications to the Budget were approved and other related
26 relief was ordered.

27 5. On March 25, 2011, the Debtors filed their *Chapter 11 Plan of Reorganization*
28 *Proposed by the Debtors (Dated March 25, 2011)* (Dkt. # 718), and Disclosure Statement

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1 Describing *Chapter 11 Plan of Reorganization Proposed by the Debtors (Dated March 25, 2011)*
2 (Dkt. # 717). The Official Committee of Equity Holders (the "Committee") also filed a plan and
3 disclosure statement on March 25, 2011.

4 6. On April 27, 2011, the Debtors and the Committee filed their *Motion by Specialty*
5 *Trust, Inc., Specialty Acquisition Corp., SAC II and SAC D-1, LLC (Collectively, the "Debtors") and*
6 *the Official Committee of Equity Security Holders for Conditional Approval of Joint Disclosure*
7 *Statement Describing First Amended Chapter 11 Plan of Reorganization Proposed by the Debtors*
8 *and Chapter 11 Plan of Reorganization Proposed by the Official Committee of Equity Security*
9 *Holders*, pursuant to which the Debtors and the Committee seek conditional approval of a joint
10 disclosure statement describing proposed amended plans of reorganization. A hearing on the joint
11 disclosure statement and plans has been set for June 3, 2011.

12 7. As of April 25, 2011, the Debtors have a starting cash balance of \$1,699,001, most of
13 which constitutes the remaining balance of the proceeds of the Northlight DIP Financing funded in
14 December. The Debtors require the use of the remaining proceeds of the DIP Financing for the next
15 two months while they seek to confirm and consummate a chapter 11 plan of reorganization.
16 Accordingly, attached hereto is the budget for the period April 25, 2011 through July 2, 2011, which
17 budget has been approved by Northlight and US Bank.


18 8. The Debtors will not use cash in which Deutsche Bank asserts an interest.

19 Dated: May 3, 2011

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Exhibit A

Budget

Specialty Trust, Inc DIP Operating Budget	Week Beginning	25-Apr	2-May	9-May	16-May	23-May	30-May	6-Jun	13-Jun
SPECIALTY TRUST, INC.	Beginning Accrued	\$ 1,699,001	\$ 1,209,750	\$ 1,345,230	\$ 1,181,210	\$ 1,160,210	\$ 1,133,755	\$ 1,139,738	\$ 1,139,738
Beginning Cash Balance without BK Professional Fee Payments									
Interest Revenue			41,767				41,767		
Principal Repayments on Mortgage Loans Held for Investment			1,483				1,483		
Sale of Real Estate Owned			100,000						
Other Cash Receipts									
Total Cash Receipts		\$ -	\$ 143,250	\$ -	\$ -	\$ -	\$ 43,250	\$ -	\$ -
Cash Disbursements									
Payroll, Servicing Dept.		1,100		1,100			1,100		1,100
Management Fees paid to Specialty Financial				125,000 (2)					125,000 (2)
Traditional Legal									
Accounting and Tax Services									
Real Estate & Related Professionals			7,769 (4)	37,920 (1)	21,000 (1)	26,455 (4)			
Other REO & Foreclosure Expense		39,657 (4)							
Investment in Real Estate Owned and Loan fundings		175,000 (3)							
Financing Provided for Sale of REO									
Directors Fees									
DIP Interest Reserve									
DIP Lender Commitment Fee									
Interest on DIP Facility									
Professional Fee's through 1/31/2011		225,994							
US Trustee Fees		12,500							
Interest Expense		35,000					36,167		
Ending Cash Balance without BK Professional Fee Payments		\$ 1,209,750	\$ 1,345,230	\$ 1,181,210	\$ 1,160,210	\$ 1,133,755	\$ 1,139,738	\$ 1,139,738	\$ 1,013,638
Accruing Bankruptcy Related Expenses			April Accruals				May Accruals		
Pachulski, Stang, Ziehl & Jones	348,536	(69,589)	150,000				85,000		
Downey Brand	95,977	(28,426)	50,000				30,000		
Imperial Capital	267,979	(127,979)	55,000				55,000		
Imperial Capital - DIP Financing Fee									
McDonald Carano & Wilson	114,103		50,000				50,000		
FTI	290,529		50,000				50,000		
Traditional Legal	28,855		21,500				21,500		
Moss Adams	74,916								
Grant Lyon, Chief Restructuring Officer	40,000		40,000						
Deferred Management Fees	334,485			68,000					68,000
Total Accruing Professional Fees	\$ 1,595,379	\$ (225,994)	\$ 416,500	\$ 68,000	\$ -	\$ -	\$ 377,000	\$ -	\$ 68,000
Notes:									
(1) Due diligence (related to Northlight exit financing)									
(2) Reduced cash pay management fee.									
(3) Nadador funding by Specialty Trust. Nadador has been funding operations from sales proceeds. To the extent there are sales of units at Nadador, funding from Specialty Trust may not be necessary.									
(4) Known REO expenses and estimated Sedona expenses.									
Note: The cash balances include funds that are held in pledged asset accounts and may not be available for disbursement without the consent of the secured lenders or the Court.									

Specialty Trust, Inc		20-Jun		27-Jun	
DIP Operating Budget		Week Beginning		27-Jun	
SPECIALTY TRUST, INC.		Professional Fee Payment \$ 1,013,638		\$ 985,015	
Beginning Cash Balance without BK Professional Fee Payment		\$ 1,013,638		\$ 985,015	
Interest Revenue				41,767	
Principal Repayments on Mortgage Loans Held for Investment				1,483	
Sale of Real Estate Owned					
Other Cash Receipts					
Total Cash Receipts		\$ -		\$ 43,250	
Cash Disbursements					
Payroll, Servicing Dept.				1,100	
Management Fees paid to Specialty Financial					
Traditional Legal					
Accounting and Tax Services					
Real Estate & Related Professionals					
Other REO & Foreclosure Expense		28,623	(4)		
Investment in Real Estate Owned and Loan fundings					
Financing Provided for Sale of REO					
Directors Fees					
DIP Interest Reserve					
DIP Lender Commitment Fee					
Interest on DIP Facility					
Professional Fee's through 1/31/2011					
US Trustee Fees					
Interest Expense				35,000	
Ending Cash Balance without BK Professional Fee Payments		\$ 985,015		\$ 982,165	
Accruing Bankruptcy Related Expenses					Ending Accrued
Pachulski, Slang, Ziehl & Jones				75,000	568,347
Downey Brand				25,000	144,125
Imperial Capital				1,455,000	1,705,000
Imperial Capital - DIP Financing Fee					
McDonald Carrano & Wilson				100,000	314,103
FTI				50,000	440,529
Traditional Legal				21,500	93,355
Moss Adams					
Grant Lyon, Chief Restructuring Officer				40,000	160,000
Deferred Management Fees					470,485
Total Accruing Professional Fees		\$ -		\$ 1,766,500	\$ - \$ 3,916,544
Notes:					
(1) Due diligence (related to Northlight exit financing)					
(2) Reduced cash pay management fee.					
(3) Nadador funding by Specialty Trust. Nadador has been funding operations from sales proceeds. To the extent there are sales of units at Nadador, funding from Specialty Trust may not be necessary.					
(4) Known REO expenses and estimated Sedona expenses.					
Note: The cash balances include funds that are held in pledged asset accounts and may not be available for disbursement without the consent of the secured lenders or the Court.					