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8 **UNITED STATES DISTRICT COURT**
9 **SOUTHERN DISTRICT OF CALIFORNIA**
10

11 UNITED STATES SECURITIES AND
12 EXCHANGE COMMISSION,

13 Plaintiff,

14 v.

15 EMVEST MORTGAGE FUND, LLC;
16 EMVEST, INC.; and MILON LYLE
17 BROCK,

18 Defendants.

CASE NO.: 04CV2295-DMS (LSP)

JUDGE: Hon. Dana M. Sabraw

**RECEIVER'S SEVENTH REPORT
AND PETITION FOR
INSTRUCTIONS**

CTRM: 10

DATE: November 17, 2006

TIME: 1:30 p.m.

Disc. Cut-off: November 10, 2005

Motion Cut-off: November 10, 2005

Trial Date: January 3, 2006

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23 **Receiver's Seventh Verified Report and Petition for Instructions;**

24 **Prepared by Dennis Murphy, Permanent Receiver,**

25 **For the Period from 7/22/06 to 10/18/06**

26
27 This "Receiver's Seventh Verified Report and Petition for Instructions" is filed
28 on behalf of Emvest Mortgage Fund, LLC ("the Fund") in compliance with reporting
requirements for Receivers under Civil Rule 66.1 (Receivers). This Seventh Report

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1 covers the period from 7/22/06 to 10/18/06.

2 In addition to providing a status report, this report shall focus on possible “exit
3 strategies” (e.g. liquidation) for the Fund. A request for instructions is also included.

4 **1. Summary of Operations of Receiver:**

5 The Fund’s business operations continue in a stable manner, accurate and
6 timely financial reports are routinely prepared, solid financial controls are in place,
7 information is posted on the Fund’s web site for all to see, and the Receiver continues
8 to run the business on a daily basis. The trial has concluded, the disgorgement has
9 been paid, and the Receiver’s focus is on running the Fund in a profitable and
10 transparent manner until instructed by the Court to do otherwise.

11 Here is a summary of operations related matters:

12 **1.1 Continued Monthly Distributions to Members:** The Court Order filed
13 on 3/2/05 allowed the Receiver, at his discretion, to “resume making monthly
14 distributions to the investors of up to 6% annually, as long as justified by the Fund’s
15 revenue”. The Receiver resumed making regular monthly distributions in March 2005
16 at an annual rate of 6%, and this policy continues.

17 **1.2 Emergency Partial Refunds to Members:** The Receiver received
18 permission under the Court Order filed on 3/2/05 to “make distributions to investors
19 based on a showing of extreme hardship or emergency, not to exceed 20% of those
20 investors’ original capital”. Subsequently, the Court gave permission to the Receiver
21 in extreme cases to refund up to 75% of an investor’s original capital. The Receiver
22 continues, as appropriate, to make hardship disbursements to Members, and the
23 process continues to work as intended.

24 **1.3 Extreme Hardship Distributions to Small Investors:** In response to
25 the Receiver’s request for providing additional help to small investors (of not more
26 than \$15,000) facing extreme hardship, the Court Order filed 8/6/06 gave the Receiver
27 additional authority. The Receiver was given the authority to disburse up to the Book
28 Value of an investor’s equity (as shown on the Recap of Members Equity report as of

1 the end of the previous month), and in exchange, that investor would withdraw from
2 the Fund and execute a release. Since receiving authorization, the Receiver has
3 provided this extreme hardship relief to 21 investors; hence, this process is working as
4 intended.

5 **2. Financial Statements:**

6 Monthly financial statements which conform to Generally Accepted
7 Accounting Principles ("GAAP") continue to be prepared on a timely basis, and
8 continue to be posted regularly on the Fund's web site (<http://emvest.info>). In
9 addition, these financial statements are included with the Receiver's periodic reports
10 sent to investors. Attached hereto as Exhibit #1 are Financial Statements as of 9/30/06
11 for the Fund, including a Balance Sheet, Income Statement, and Statement of
12 Investors' Equity.

13 **2.1 Income Statement:** For the first nine months of 2006, the Fund had Net
14 Income of \$2,404,355 (which includes Net Other Income of \$1,313,562 related to the
15 court ordered payment from Defendant Brock with interest). Even without the \$1.3
16 million of Net Other Income, the Net Ordinary Income of \$1,090,793 for the first nine
17 months of 2006 was the highest Net Ordinary Income for any nine month period.
18 (Furthermore, it is still projected that Net Ordinary Income for all of 2006 shall be
19 higher than any previous year.)

20 Since this is an accrual (rather than cash based) Income Statement, the net
21 income also includes expenses for 100% of the fees billed by the Receiver and his
22 attorney although they were not actually paid. The accrued unpaid fees are shown as
23 Current Liabilities on the Balance Sheet.

24 **2.2 Statement of Members Equity:** A summary chart from 2002 to the
25 present is provided which shows that Members' Equity for current Members continues
26 to improve. The Book Value of a \$10,000 investment has grown from a low of
27 \$8,695 at the end of 2004 to \$9,788 at September 30, 2006; this is the highest book
28 value since the inception of the Fund.

1 **2.3 Profile of Loan Portfolio:** Here is an overview of the current loan
2 portfolio:

- 3 - total dollar amount of portfolio is about \$15.8 million
- 4 - overall average loan interest rate is 12.6%
- 5 - 94% of loans (by dollar amount) are performing and 6% are non-
6 performing
- 7 - 99% of performing loans (by dollar amount) are in California
- 8 - 62% of performing loans (by dollar amount) are secured by 1st Trust
9 Deeds
- 10 - 70% of performing loans (by dollar amount) are on single family
11 residences (SFR)

12 **3. Exit Strategies for the Fund:**

13 In its Order Re Receiver's Sixth Report, the Court asked the Receiver to
14 provide a proposal regarding the liquidation of the Fund. The following discussion
15 first provides a frame of reference by discussing how the original Prospectus and
16 Operating Agreement addressed the issue of liquidation and termination. Then, two
17 possible liquidation scenarios are proposed for consideration.

18 **3.1 Termination and Dissolution as Per the Prospectus and Operating**
19 **Agreement:** The termination and dissolution of the Fund are described in the Fund's
20 original Prospectus (dated 6/2/04) and its companion Operating Agreement (see
21 attached Exhibit #2 for copies of the Prospectus cover page and Pages 2, 12, and 13;
22 also attached from the Operating Agreement are Pages 1, 14, and 15). The Prospectus
23 and the Operating Agreement are consistent with each other, with the Operating
24 Agreement typically providing more detail.

25 It is seen from the Prospectus [Page 12] and the Operating Agreement [Page 1]
26 that the Fund's dissolution date was nominally set at 12/31/08, but that the Manager
27 had the unilateral authority to waive or to extend that date. The Prospectus states
28 [Page 13] that "upon dissolution, the assets of the Company may be sold at prices

1 deemed reasonable by the Manager, whether in cash, securities, or other property”.
2 Upon termination and dissolution of the Fund, the asset distribution process is
3 described in the Operating Agreement [Page 14]; in overview, first debts and
4 liabilities would be paid or provided for, reserves would be established if appropriate,
5 and then distributions would be made to the Fund’s investors. Hence, great latitude
6 was given to the Manager to determine the appropriate exit strategy and its timing.

7 **3.2 Sale of Portfolio Now:** One obvious exit strategy would be to liquidate
8 the entire portfolio over a very short period of time, to terminate the Fund, and then to
9 disburse net proceeds (after payment of all obligations) to the investors. This could be
10 implemented by the following methodology:

11 a. Conduct an auction through the Court, with the usual bidding and overbid
12 procedures. A “due diligence” package would be provided by the Receiver to
13 interested parties, an earnest money deposit (say 10%) would be required with each
14 bid, and the loan portfolio would be sold without warranty.

15 b. To increase the pool of possible buyers, the portfolio could be segmented into
16 smaller portfolios (such as California loans, single family loans, first Trust Deeds,
17 second Trust Deeds).

18 c. The Receiver has held preliminary discussions with various parties in the
19 industry to try to gauge possible buyer interest; based upon the portfolio’s profile and
20 the softening of the real estate market, the Receiver estimates that the portfolio would
21 probably sell with a discount of from 20% to 30% from its face value. In other words,
22 the Fund’s investors would lose from 20% to 30% of their investment from this type
23 of sale.

24 **3.3 Orderly Liquidation of Portfolio Over Time:** Another exit strategy
25 alternative would be an orderly liquidation of the portfolio over time. This is how it
26 could be implemented:

27 a. Set a target of 12/31/08 (i.e. the original Fund termination date) for
28 liquidating all loans and terminating the Fund.

1 b. No new loans would be made, and as each individual loan was paid off,
2 prorated funds would be disbursed to investors on a monthly basis. For months when
3 no loans were paid off, the regular 6% monthly payments would be made.

4 c. The Receiver would continually seek to sell off loans at face value or at a
5 small discount to expedite the liquidation process.

6 d. A cash reserve would be established to provide for such contingencies as
7 curing foreclosures where the Fund is in a junior position; this reserve would start at,
8 say, \$500,000 and would be reduced as loans were paid off.

9 e. The Receiver would continue to manage the Fund, but he would move to a
10 fixed Fund management fee of \$12,500 per month (which is less than roughly one-
11 twelfth of one percent of the Fund's current loan portfolio) for the duration of his
12 tenure. Included in that fee would be the day to day management, preparation of
13 monthly financial reports, posting documents on the web site, and disbursing monthly
14 payments. The Receiver would prepare the Fund's tax returns and 1099's for a fixed
15 fee of \$5,000 each year. Excluded from the management fee would be non-operations
16 activities such as court appearances and claims litigation.

17 f. On about 9/1/08, an evaluation would be made of the remaining portfolio. If
18 appropriate, the remaining portfolio would be sold at a discount (using the
19 methodology described in Section 3.2 above); thus, the Fund would still be terminated
20 by 12/31/08.

21 g. The Fund's regular interest income over the two years (2007 and 2008)
22 should cover both the 6% monthly payments and the \$12,500 monthly management
23 fee.

24 h. Based on the Fund's historical loan payoff patterns, about 4% of the Fund's
25 loan portfolio is paid off each month (i.e. about \$600,000 per month has been paid
26 off). The Fund's average loan amount is approximately \$300,000, so this payoff rate
27 equates to roughly two loans paid off every month. For planning purposes, payoff
28 rate scenarios of \$300,000 and \$600,000 per month are presented. Assuming, for

1 planning purposes, that the current portfolio is rounded off to \$15 million, then the
2 loan payoff rate could vary from \$300,000 per month (i.e. 2% of the \$15 million) to
3 \$600,000 per month (i.e. 4% of the \$15 million). These two scenarios are presented
4 to evaluate costs and benefits as follows:

5 1. Payoff Rate of \$300,000 per Month:

- 6 - assume \$15 million portfolio on 12/1/06
- 7 - at \$300,000 payoff per month, about half of portfolio would be paid off by
8 12/08
- 9 - at sale of \$7.5 million portfolio at 70% of face, discount is \$2.25 million
- 10 - at sale of \$7.5 million portfolio at 80% of face, discount is \$1.5 million
- 11 - discount may be less since portfolio would be smaller and more seasoned
- 12 - hence, investors would lose from 10% to 15% of their investment.

13 2. Payoff Rate of \$600,000 per Month:

- 14 - assume \$15 million portfolio on 12/1/06
- 15 - at \$600,000 payoff per month, all of portfolio would be paid off by 12/08
- 16 - hence, investors would not lose any of their investment.

17 In summary, the alternative of selling the portfolio now at a discount would
18 speed the termination process, but investors could lose about 30% of their
19 investments. The alternative of an orderly liquidation by 12/31/08 would take longer
20 but would still meet the original termination date of 12/31/08; it could return
21 somewhere from 85% to 100% of their investments.

22 **4. Summary Claims Procedure:**

23 This Court has asked that the Receiver propose a Summary Claims Procedure in
24 order expeditiously to consider all claims from investors and third parties to the Estate
25 assets. Several Ninth Circuit decisions have embraced the use of a Summary Claims
26 Procedure. (See SEC v. Hardy, 803 F.2d 1034 (9th Cir. 1986); SEC v. Capital
27 Consultants, LLC, 397 F.3d 733 (9th Cir. 2004).)

1 In SEC v. Hardy, the Ninth Circuit noted that:

2 A district's power to supervise an equity receivership and to determine
3 the appropriate action to be taken in the administration of the
4 receivership is extremely broad..... The basis for broad deference to the
5 district court's supervisory role in equity receiverships arises out of the
6 fact that most receiverships involve multiple parties and complex
7 transactions.

8 (SEC v. Hardy, 803 F.2d at 1037.)

9 The Court then added the following:

10 We have repeatedly held, however, that the use of summary proceedings
11 to determine appropriate relief in equity receiverships, as opposed to
12 plenary proceedings under the Federal Rules, is within the jurisdictional
13 authority of a district court..... Such procedures 'avoid formalities that
14 would slow down the resolution of disputes. This promotes judicial
15 efficiency and reduces litigation costs to the receivership.'

16 (Id. at 1040.)

17 The Receiver proposes a summary claims procedure similar to that
18 utilized in SEC v. Hardy. Specifically, the Receiver will create a claims form
19 which will give each investor, and any other third party, the right to submit a
20 claim against the Estate. The form will be made available on the Receiver's
21 website for the Estate, will be emailed to all investors and third parties for
22 which the Receiver has email addresses, and will be mailed to all other
23 investors and third parties about whom the Receiver has knowledge.

24 The claim form will require identifying information, a description of the
25 claim, and the requirement that each claimant submit whatever documentation
26 exists to support the claim. The Receiver proposes that the exact form be the
27 subject of discussion and negotiation among the parties. A draft Emvest
28 Receivership Claim Form is attached as Exhibit #3.

1 The Receiver will publicize a bar date by which all claims will need to be
2 delivered to the Receiver. The Receiver will categorize the claims as 1)
3 secured, 2) unsecured, and 3) investor. The Receiver will then have a limited
4 period of time (perhaps 30 days) to accept, reject or resolve such claims. For
5 those claims that are accepted, the Receiver will identify such claims to be paid
6 from a distribution of the Estate's assets, whenever that occurs. For those
7 claims that are resolved through agreement, the Receiver will identify such
8 claims to be paid from a distribution of the Estate's assets, whenever that
9 occurs.

10 With reference to rejected claims, the Receiver will notify the rejected
11 claimant of the Receiver's decision. For those claimants who disagree with the
12 Receiver's decision, those claimants can file a request with the Court asking
13 that the rejected claim be adjudicated by the Court. The Court will set aside a
14 day or two (or as many consecutive days as necessary) to permit the
15 adjudication of all such claims. Such adjudication will be in the form of a
16 mini-trial on the claim.

17 To the extent that a creditor/investor filed a late claim, and to the extent
18 that the late claim is deemed rejected by the Receiver, the claimant would have
19 the right to file a request with the Court to file a late claim. If the Court
20 permits such filing, then the claimant will submit his or her claim to the
21 Receiver for consideration.

22 Upon the determination of all submitted claims, the Receiver shall notify
23 the Court of the results of the Summary Claims Procedure and indicate, as part
24 of the Receiver's final report, the exact amounts to be received by the accepted
25 claimants.

26 **5. Request for Instructions:**

27 **5.1 Requests for Information from United Mortgage Service (UMS):** As part of
28 preparing for the liquidation of the Fund's portfolio, the Receiver has attempted to

1 start compiling files which could be presented to parties as they perform their “due
2 diligence” activities. One of the items for each loan would be a historical schedule of
3 all payments made on that loan, since the borrower’s payment history is an important
4 variable in determining the value of a loan to a purchaser and the creditworthiness of
5 the borrower.


6 Numerous requests have been made to UMS to provide such a historical
7 schedule of payments made for each of the Fund’s loans that they service. They have
8 refused to provide this information, as recently as in the attached letter dated 10/18/06
9 (see Exhibit #4). For purposes of comparison, the other loan servicing firm used by
10 the Receiver (i.e. FCI) provides that information on-line at no extra charge as part of
11 their overall service (see Exhibit #5 for a sample report).

12 Twice each month, UMS provides a hard-copy summary report (see Exhibit #6
13 for a sample) which aggregates the activity for that period for all of the Fund’s loans
14 serviced by them. Hence, to prepare a loan payment history for a particular loan, the
15 Receiver would have to manually copy data from each of the historical summary
16 reports; this would obviously result in an otherwise unnecessary expense to the Fund,
17 especially since the loan servicing software used by UMS can easily produce the
18 reports that the Receiver has requested.

19 Hence, the Receiver asks for instructions from the Court on how to proceed
20 with UMS to obtain these reports.

21 Dated: October 20, 2006

GREENBERG & BASS
A Registered Limited
Liability Partnership

22
23
24 By: 
25 JAMES R. FELTON
26 Attorneys for Receiver,
27 Dennis Murphy
28

VERIFICATION OF DENNIS M. MURPHY

I, Dennis M. Murphy, declare as follows:

I am the Court appointed Permanent Receiver in this matter. I have read the Seventh Report of Receiver to be filed concurrently with this Verification and know the contents thereof. The information contained therein is true and correct of my own personal knowledge.

I declare under penalty of perjury pursuant to the laws of the State of California that the foregoing is true and correct.

Executed this 20th day of October, 2006 at Pasadena, CA.



DENNIS M. MURPHY

EXHIBIT 1

**EMVEST MORTGAGE FUND LLC
(A LIMITED LIABILITY COMPANY)
BALANCE SHEET
September 30, 2006**

ASSETS

| | | |
|-----------------------------------|----|-----------------------------|
| Current Assets | | |
| Cash in Bank | \$ | 266,412 |
| Due from United Mortgage Service | | 13,028 |
| Due from Emvest, Inc. | | 12,100 |
| Accrued Interest Receivable | | <u>395,071</u> |
| Total Current Assets | | \$ 686,611 |
| Loan Portfolio | | |
| Mortgage Loans held | \$ | 15,803,823 |
| Less Loan Origination Fees | | (247,876) |
| Loans in Process & Advanced Costs | | 129,199 |
| Allowance for Foreclosed Assets | | <u>(246,404)</u> |
| | | \$ 15,438,742 |
| Other Assets | | |
| Bond - Certificate of Deposit | \$ | <u>10,000</u> |
| Total Other Assets | | \$ 10,000 |
| Total Assets | | <u>\$ 16,135,353</u> |

LIABILITIES AND EQUITY

| | | |
|--|----|-----------------------------|
| Current Liabilities | | |
| Accrued Expenses - Attorney for Receiver | \$ | 32,267 |
| Accrued Expenses - Receiver | | <u>139,422</u> |
| Total Current Liabilities | | \$ 171,689 |
| Total Members' Equity | | <u>15,963,664</u> |
| Total Liabilities and Members' Equity | | <u>\$ 16,135,353</u> |

**EMVEST MORTGAGE FUND LLC
(A LIMITED LIABILITY COMPANY)
INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006**

| | | |
|--|----|-------------------------|
| Revenue | | |
| Interest Income | \$ | 1,361,286 |
| Loan Origination Fees | | <u>173,836</u> |
| Total Revenue | \$ | <u>1,535,122</u> |
| Operating Expenses | | |
| Accounting - Receiver | \$ | 36,883 |
| Attorney Expenses - Receiver | | 59,809 |
| Bad Debt Expense | | 103,482 |
| Business Operations - Receiver | | 51,732 |
| Court Appearances - Receiver | | 10,465 |
| Dues & Subscriptions | | 500 |
| Fee Application - Receiver | | 5,221 |
| Filing Fees | | 20 |
| Inspection | | 240 |
| Licenses, Fees & Permits | | 570 |
| Litigation Response - Receiver | | 82,193 |
| Loan Documentation | | 13,475 |
| Loan Servicing - Receiver | | 4,930 |
| Loan Servicing Fees - UMS | | 35,203 |
| Loan Servicing - FCI | | 3,635 |
| Miscellaneous | | 1,360 |
| Office Expense (Copies, Postage, etc.) | | 12,050 |
| Set-up | | 1,395 |
| Taxes | | 6,800 |
| Tax Issues - Receiver | | 12,822 |
| Telephone | | <u>1,544</u> |
| Total Operating Expenses | \$ | <u>444,329</u> |
| Net Ordinary Income | | <u>1,090,793</u> |
| Other Income/(Expense) | | |
| Other Income | | 1,320,504 |
| Other Expense | | <u>(6,942)</u> |
| Net Other Income/(Expense) | | <u>1,313,562</u> |
| Net Income | \$ | <u><u>2,404,355</u></u> |

EMVEST MORTGAGE FUND LLC
(A LIMITED LIABILITY COMPANY)
RECAP OF MEMBERS EQUITY
FOR THE TIME PERIOD 01/01/02 THROUGH 09/30/06

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>Y-T-D 2006</u> | <u>Totals</u> |
|---|---------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| Members' Equity at Beginning of Year | 0- | \$ 3,774,359 | \$ 10,646,176 | \$ 15,269,624 | \$ 15,003,527 | |
| Capital Contributions | \$ 4,215,807 | 8,080,495 | 8,014,408 | - | - | \$ 20,310,710 |
| Net Income | 97,702 | 520,460 | 721,953 | 1,147,862 | 2,404,355 | 4,892,332 |
| Distributions to Members | (124,574) | (908,462) | (1,570,242) | (857,856) | (749,797) | (4,210,931) |
| Withdrawals to Members | (182,734) | (426,570) | (2,140,175) | (556,103) | (695,142) | (4,000,724) |
| Rounding | | | | | | |
| Syndication Costs | <u>(231,842)</u> | <u>(394,106)</u> | <u>(402,496)</u> | - | 721 | <u>(1,027,723)</u> |
| Members' Equity at End of Year | <u>\$ 3,774,359</u> | <u>\$ 10,646,176</u> | <u>\$ 15,269,624</u> | <u>\$ 15,003,527</u> | <u>\$ 15,963,664</u> | <u>\$ 15,963,664</u> |
| Book Value of \$10,000 Investment | \$ 9,359 | \$ 9,109 | \$ 8,695 | \$ 8,817 | \$ 9,788 | |

Emvest Mortgage Fund, LLC
Trust Deed Reconciliation
September 30, 2006

| | |
|---|---------------------------------------|
| Balance Per Unified Mortgage Statement | \$ 3,115,763.42 |
| Balance Per F.C.I. Statement | <u>12,818,716.55</u> |
| Total Per Statements | 15,934,479.97 |
| E31223/Grambling | <u>(130,753.70)</u> |
| Corrected Balance Per Statements | <u><u>\$ 15,803,726.27</u></u> |
| | |
| Balance Per Books @ 09/30/06 | 15,803,822.59 |
| | |
| Deposits in Transit | |
| 09/29/06 Barnes | (96.32) |
| | |
| Balance Per Books | <u><u>\$ 15,803,726.27</u></u> |

| Emvest Mortgage Fund | | | | | | |
|------------------------------|-------------------|----------------------|---------|--------------|-----------|-------------------|
| Schedule of Accrued Interest | | | | | | |
| 09/30/06 | | | | | | |
| Unified Loan # | Name | Balance at 09/30/06 | Rate | Last Payment | # of Days | Interest Due |
| E0209B | Smith | 357,270.06 | 8.000% | 09/18/06 | 12 | 939.67 |
| E20846 | Olive | 134,000.00 | 16.000% | | N/A | 59,973.26 |
| E31224 | Gary Gramling | 120,324.61 | 13.000% | 05/23/05 | 495 | 21,213.39 |
| E40524 | Miller | 347,342.33 | 12.500% | 08/31/06 | 30 | 3,568.59 |
| E41261 | Kim | 1,080,000.00 | 13.000% | 04/15/06 | 166 | 64,622.47 |
| E50312 | Fisher | 378,123.55 | 12.000% | 09/18/06 | 12 | 1,491.76 |
| E50314 | Brown | 381,738.46 | 12.500% | 05/15/06 | 138 | 18,041.06 |
| PNL0528 | Barnes | 16,769.06 | 11.790% | 08/31/06 | 30 | 162.50 |
| PNL1090 | Rimple | 56,284.04 | 10.250% | 09/18/06 | 12 | 189.67 |
| PNL1260 | Sumner | 18,878.10 | 12.750% | 11/01/04 | 698 | 4,602.89 |
| PNL3191 | Williams | 30,064.73 | 12.550% | 09/18/06 | 12 | 124.05 |
| PNL3528 | Norwood | 16,367.76 | 14.375% | 09/18/06 | 12 | 77.35 |
| PNL7529 | Flaskamp | 17,201.07 | 12.875% | 09/18/06 | 12 | 72.81 |
| PNL8239 | Morales | 30,742.27 | 13.875% | 09/18/06 | 12 | 140.24 |
| Sub Totals | | 2,985,106.04 | | | | 175,219.72 |
| FCI Loan # | Name | Balance at 09/30/06 | Rate | Last Payment | # of Days | Interest Due |
| GOOD-001 | Riviere | 58,877.56 | 12.000% | 09/06/06 | 24 | 464.57 |
| WG-01 | Sanchez | 434,318.27 | 12.000% | 08/03/06 | 58 | 8,281.79 |
| ALG/115 | Lerman | 296,605.16 | 12.250% | 09/20/06 | 10 | 995.46 |
| GOOD-004 | McQuire | 455,000.00 | 12.000% | 07/01/06 | 91 | 13,612.60 |
| PNL8840 | Thorsen | 51,185.94 | 11.250% | 04/01/05 | 547 | 8,629.74 |
| ALG/117 | Munee | 635,292.50 | 12.000% | 08/28/06 | 33 | 6,892.49 |
| FCI/1 | Thomas | 540,000.00 | 14.500% | 08/01/06 | 60 | 12,871.23 |
| ALG/118 | Stevens | 347,163.69 | 12.250% | 09/06/06 | 24 | 2,796.33 |
| FCI/2 | Baez | 280,000.00 | 15.000% | 08/03/06 | 58 | 6,673.97 |
| FCI/3 | Int'l Executive | 320,000.00 | 11.950% | 08/19/06 | 42 | 4,400.22 |
| ALG/120 | Roberts | 149,800.08 | 13.250% | 08/23/06 | 38 | 2,066.42 |
| FCI/5 | Seng | 548,000.00 | 13.000% | 08/29/06 | 32 | 6,245.70 |
| ALG/122 | Sellers | 288,917.31 | 12.000% | 04/13/06 | 170 | 16,147.71 |
| FCI/6 | Morley | 122,000.00 | 13.000% | 08/07/06 | 54 | 2,346.41 |
| FCI/10 | Carriage Trade | 60,000.00 | 15.000% | 07/17/06 | 75 | 1,849.32 |
| FCI/9 | Sims | 565,000.00 | 13.000% | 08/24/06 | 98 | 19,720.82 |
| FCI/10 | Baez | 180,000.00 | 13.000% | 09/08/06 | 22 | 1,410.41 |
| FCI/12 | Colbert/Murray | 374,389.20 | 11.500% | 09/15/06 | 15 | 1,769.37 |
| FCI/8 | Praise Tabernacle | 160,000.00 | 12.950% | 08/24/06 | 37 | 2,100.38 |
| FCI/13 | Middell | 448,000.00 | 11.500% | 06/15/06 | 107 | 15,103.12 |
| ALG/123 | Zohn | 224,804.93 | 12.000% | 09/06/06 | 24 | 1,773.80 |
| FCI/14 | Weerasuriya | 252,926.28 | 14.990% | 09/05/06 | 25 | 2,596.83 |
| FCI/17 | Martinez | 584,681.76 | 12.250% | 09/14/06 | 16 | 3,139.66 |
| FCI/18 | Greene | 229,823.10 | 13.000% | 09/29/06 | 1 | 81.85 |
| FCI/19 | Mendoza | 981,500.00 | 12.500% | 08/24/06 | 37 | 12,436.82 |
| FCI/20 | Mendoza | 348,500.00 | 12.500% | 08/24/06 | 37 | 4,415.92 |
| ALG/125 | Daschenese | 68,000.00 | 12.000% | 07/31/06 | 61 | 1,363.73 |
| FCI/22 | Wilkens | 165,000.00 | 15.000% | 08/14/06 | 47 | 3,186.99 |
| FCI/15 | Cunnigham | 669,500.00 | 13.000% | 07/16/06 | 76 | 18,122.36 |
| FCI/26 | Byington | 650,000.00 | 13.500% | 07/31/06 | 61 | 14,865.07 |
| ALG/124 | Haywood | 249,844.25 | 12.000% | 09/20/06 | 10 | 821.41 |
| ALG/127 | Grotjahn | 475,000.00 | 12.000% | 08/18/06 | 43 | 6,715.07 |
| FCI/24 | Laurel Canyon | 275,000.00 | 12.000% | 08/24/06 | 37 | 3,345.21 |
| FCI/25 | Tashchyan | 369,708.52 | 12.000% | 09/22/06 | 8 | 972.38 |
| FCI/27 | Nelson | 310,500.00 | 12.500% | 08/24/06 | 37 | 3,934.42 |
| FCI/28 | Hatherley | 420,000.00 | 12.000% | 08/14/06 | 47 | 6,489.86 |
| FCI/29 | Hernandez | 230,000.00 | 14.000% | 09/14/06 | 16 | 1,411.51 |
| Sub Totals | | 12,819,338.55 | | | | 219,850.94 |
| Grand Totals | | 15,804,444.59 | | | | 395,070.67 |

EXHIBIT 2

\$30,995,000

EMVEST MORTGAGE FUND LLC

**12% Participating Shares of
Limited Liability Company Interest**

\$1,000 Per Share

PROSPECTUS

FOR CALIFORNIA RESIDENTS ONLY

June 2, 2004

17

Regulation Foreclosure and other procedural aspects of promissory notes secured by deeds of trust are regulated by California law. (See "Regulation.")

12% Per Annum
Priority Return. . . . Shareholders are entitled on a cumulative but non-compounding basis to a 12% per annum priority return on their unreturned original invested capital (the "Priority Operating Return Distribution"), which distributions are to be made on a monthly basis, in arrears.

Distributions from
Operations After
Priority Return Once all Priority Operating Return Distributions have been made, distributions from operations shall generally be made 50 % to the Company's Shareholders and 50% to the Manager, provided, however, that no such distributions from operations may be made to except to the extent that all accrued (with partial years pro-rated) Priority Operating Return Distributions have been paid. (See "Description of the Securities -- Distributions.")

Liquidation
Distributions to
Shareholders and
Manager. Upon dissolution of the Company, all distributions will be made first to the Shareholders until they have received aggregate distributions (crediting all previously made distributions) equal to the sum of all their investments in the Company and all distributions due (the "Priority Liquidation Distributions"). Once all Priority Liquidation Distributions have been made, distributions upon liquidation will be made 50% to the Shareholders and 50% to the Manager. (See "Description of the Securities — Distributions.")

Compensation to
the Manager The Manager will be paid annually on January 15th of each year a Management Fee equal to one-half of 1% of the book value of the Company's assets on the last day of the prior year. (See "Management — Compensation to the Manager.") In addition, after all accrued Priority Operating Return Distributions have been paid to the Shareholders, the Manager is entitled to share equally with Shareholders (i.e., 50%/50% split) in distributions from operations, and upon liquidation, after all Priority Liquidation Distributions have been paid to Shareholders, the manager is entitled to share equally with Shareholders (i.e., 50%/50% split) in distributions upon liquidation. (See "Description of the Securities — Distributions")

Distributions to Shareholders

For a description of the provisions of the Operating Agreement relating to distributions to Shareholders, see "Description of the Securities — Distributions."

Limits of Liability

Shareholders. The Company has been structured so that the liability of the Shareholders will be limited to their respective capital contributions to the Company, and the Shareholders will not have any personal liability for the acts or obligations of the Company (other than the potential loss of their capital contributions to the Company). California law permits limited liability companies to restrict the liability of the Shareholders such that the Shareholders will not have any liability for the acts or obligations of the Company. To the extent that unlawful distributions are for any reason made to the Shareholders, the Shareholders may be liable upon the demand of unpaid creditors of the Company to return to the Company distributions previously made to them by the Company.

Manager. California law permits limited liability companies to restrict the liability of their managers such that the Manager will not have any liability for the acts or obligations of the Company. Further, the Company's Operating Agreement provides that: (i) the Manager will not have liability in most instances to the Company for tort or contract liability resulting from acts or omissions to act on behalf of the Company, except as may result from the willful misconduct of the Manager; and (ii) the Manager will be indemnified by the Company to the extent permitted by applicable law. (See "Risk Factors — Limitation of Manager's Liability.")

Limited Transferability of Shares

Under the Operating Agreement, Shares cannot be sold, transferred, pledged, or assigned without approval by the Manager. No person may become a substituted Shareholder without such approval. The Manager may grant, condition, or deny its approval(s) in its discretion, but will not unreasonably withhold its approval. Furthermore, even if the Manager's consent is obtained, Shares may not be transferred to any person or entity that is not a "bona fide California resident" (as that term is defined below, see "Distribution of Securities — Suitability") for a period of nine (9) months after the last sale of securities under this Offering. Finally, it is unlawful to consummate a sale or transfer of the Shares, or any interest therein, or to receive any consideration therefor, without the prior written consent of the Commissioner of Corporations of the State of California, except as permitted in the Commissioner's Rules. (See "Distribution of Securities — Limitations on Transfer" and "Risk Factors — Limitations on Transferability.")

Dissolution

Unless waived by the Manager, the Company will be dissolved on December 31, 2008. The Company will also be dissolved by the occurrence of any event which under the laws of the State of California causes the dissolution of a limited liability company or as

provided in the Operating Agreement, as follows: (i) the election to dissolve by the holders of a majority of the Shares; (ii) the Manager's election to dissolve and wind up the affairs of the Company; or (iii) the sale (but not exchange, deferred or otherwise) of all or substantially all of the assets of the Company. In the event of the dissolution and winding up of the Company, the Manager or another person or entity designated by the Manager will be appointed the liquidating agent for the winding up of the affairs of the Company and the liquidation and distribution of the assets of the Company. Upon dissolution, Shareholders must look solely to the assets of the Company for the return of their capital contributions. If the property of the Company remaining after payment or discharge of the debts and liabilities of the Company is insufficient to return such sums, Shareholders will have no recourse against the Manager or any other Shareholder. Upon dissolution, the assets of the Company may be sold at prices deemed reasonable by the Manager, whether in cash, securities, or other property.

Amendment

Amendments to the Company's Operating Agreement may only be adopted and are only effective if they receive the affirmative vote of Shareholders owning in excess of 50% of the Shares as a class; provided, however, that in each case such amendment may not alter the interest of any Shareholder in profits, losses, and cash distributions of the Company without such Shareholder's prior written consent, except in connection with the issuance of additional Shares or other equity interests in the Company issued in exchange for capital contributions of the Company.

DESCRIPTION OF SECURITIES

Distributions

12 % Per Annum Priority Return Distributions to Shareholders. Shareholders are entitled on a cumulative but non-compounding basis, payable monthly in arrears, to a 12% per annum priority return on their original invested capital, as reduced by cumulative Priority Operating Return Distributions to the Shareholders. No distributions may be made to Manager except to the extent that all accrued (with partial years pro-rated) Priority Operating Return Distributions have been paid (see "Description of the Securities --Distributions-- --Distributions from Operations After Priority Return" below).

Distributions from Operations After Priority Return. Once all Priority Operating Return Distributions have been made, distributions from operations shall generally be made 50 % to the Company's Shareholders and 50% to the Manager, provided, however, that no such distributions from operations may be made to except to the extent that all accrued (with partial years pro-rated) Priority Operating Return Distributions have been paid (as discussed below). (See "Description of the Securities - Distributions.")

Liquid Distributions to Shareholders and Managers. Upon dissolution of the Company, all distributions will be made first to the Shareholders until they have received aggregate distributions (crediting all previously made Distributions) equal to the sum of all Priority Operating Return Distributions due and their investments in the

OPERATING AGREEMENT
OF
EMVEST MORTGAGE FUND LLC

THIS OPERATING AGREEMENT (this "Agreement") is entered into as of the ____ day of _____, 200____, by and among the Shareholders executing this Agreement hereinbelow (collectively, the "Shareholders," each of whom is a "Member" of this limited liability company) and Emvest Incorporated, a California corporation (the "Manager"), in its capacity as manager of Emvest Mortgage Fund LLC, a California limited liability company.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Shareholders and the Manager agree as follows:

ARTICLE 1
BASIC PROVISIONS

1.1 Formation. A limited liability company (the "Company") has heretofore been formed pursuant to Title 2.5 of the California Corporations Code (the "Act"). The name of the Company is "Emvest Mortgage Fund LLC." Pursuant to this Agreement the shareholders are admitted as Members of the Company under the terms and conditions hereof. This Agreement supersedes in its entirety any and all prior operating agreements of the Company.

1.2 Business. The business of the Company shall be to engage in any lawful activity, including, without limitation, the acquisition and disposition of promissory notes secured by real property (all of such assets from time to time owned by the Company collectively, the "Loan Portfolio"), in each case to the extent deemed appropriate by and at the sole discretion of the Manager.

1.3 Principal Place of Business. The principal place of business and Registered Office of the Company shall be located at 591 Camino de la Reina, Suite 103, San Diego, California 92108, or at such other place within the State of California as the Manager of the Company may from time to time designate. The Company may maintain such additional offices as the Manager may determine.

1.4 Term. Unless waived by the Manager, the existence of the Company shall terminate on December 31, 2008. If such date of termination is waived by the Manager, the term of the Company shall expire on the date designated by the Manager or, if designated by the Manager, shall be perpetual, subject to termination under the provisions of this Agreement.

1.5 Certain Defined Terms. The following terms have the following meanings:

- a. **Affiliate.** "Affiliate" shall have the meaning ascribed to it in Rule 405

unless it is determined subsequently that such method or convention is not permissible under Code Section 706(d). In accordance with the provisions of Section 706(d) of the Code and the Treasury Regulations promulgated thereunder, the Manager may, at the Manager's option, at the time a Shareholder is admitted, close the Company books (as though the Company's fiscal year had ended) or make pro rata allocations of loss, income, and expense deductions to a new Shareholder for that portion of the Company's fiscal year in which a Shareholder became a Shareholder.

5.9 Application. The provisions in these Allocations Procedures and Protocols shall be applied in accordance with Section 704 of the Code and the Treasury Regulations thereunder. These Allocations Procedures and Protocols shall be applied as if all distributions and allocations were made at the end of the Company's taxable year.

ARTICLE 6 TERMINATION AND DISSOLUTION OF THE COMPANY

6.1 Events of Dissolution. The Company shall be dissolved upon the earlier to occur of the following "Events of Dissolution": (i) holders of a majority in interest of the Shares vote in favor of termination and dissolution of the Company; (ii) the Manager elects to dissolve the Company; or (iii) substantially all of the assets of the Company are sold or otherwise transferred (excluding pursuant to an exchange, deferred or otherwise) and the Company ceases business operations. Notwithstanding the dissolution of the Company, the business of the Company and the affairs of the Shareholders, as such, shall continue to be governed by this Agreement until the winding up of the Company is completed.

6.2 Distribution of Assets. Upon the occurrence of an Event of Dissolution of the Company, the Manager shall wind up all Company affairs and proceed to liquidate all Company assets as promptly as is consistent with obtaining their fair value, and shall apply and distribute the proceeds first, to pay the debts and liabilities of the Company and the expenses of liquidation, in the order of priority as provided by law, and set up any reserves which the Manager shall deem reasonably necessary to provide for any contingent or unforeseen liabilities or obligations of the Company, with any reserves so established to be paid over to an escrow agent, to be held in escrow for the purpose of paying such contingent or unforeseen liabilities or obligations, for so long as the Manager shall deem it necessary, and then, to the Shareholders pro rata until such time as the Company's aggregate distributions in respect of their Shares are equal to the sum of (a) the amount of their Capital Contributions, (b) their Priority Operating Distributions, and (c) Distributions from Operations After Priority Distributions, and finally thereafter, the remaining liquidation distributions shall be made 50% to the Shareholders pro rata and 50% to the Manager.

6.3 Termination. The Company shall be terminated when: (i) all property owned by the Company shall have been disposed of; and (ii) the net proceeds, if any, after satisfaction of liabilities to creditors, shall have been distributed among the Shareholders. If there are insufficient proceeds to satisfy all liabilities to creditors, the Company shall be terminated when all assets are disposed of The establishment of any reserves in

accordance with the terms and conditions herein specified shall not extend the Term of the Company.

6.4 Return of Capital Contribution. No Shareholder shall be entitled to a return of all or part of any Capital Contribution except as expressly provided in this Agreement.

ARTICLE 7 MISCELLANEOUS

7.1 Amendments to this Agreement. This Agreement may only be amended by a vote of the Shareholders owning in excess of fifty percent (50%) of Shares; provided, however, that such amendment shall not alter the interest of any Shareholder in the profits, losses, and cash distributions without such Shareholder's prior written consent, except upon the issuance of additional Shares or other equity interests in the Company issued in exchange for Capital Contributions.

7.2 Savings Clause. If any provision hereof is in contravention with any provision of the Company's Articles of Organization, the Articles of Organization shall control. If any provision hereof or of the Company's Articles of Organization violates any unwaivable provision of the Act, any such contrary and/or mandatory provisions of the Act shall be deemed to be controlling and to be incorporated herein (and/or in the Company's Articles of Organization, as applicable) by this reference.

7.3 Notices. Unless otherwise specified in writing, all notices, requests, demands or other communications which any of the parties to this Agreement may desire or be required to give hereunder, shall be in writing and shall be deemed duly given (i) when delivered by hand, or (ii) when three (3) business days have elapsed after its transmittal by registered or certified mail, postage prepaid, return receipt requested, or two (2) days have elapsed after its transmittal by nationally recognized air courier service. Notices shall be sent to the addresses set forth below, or another address as to which that party has given notice, in each case with a copy provided in the same manner and at the same time to the persons shown below: to the Shareholders, at the addresses set forth below their names on the execution page hereof; and to the Company, c/o Emvest Incorporated, 591 Camino de la Reina, Suite 103, San Diego, California 92108.

7.4 Governing Law. This Agreement is made in the State of California pursuant to the provisions of the Act and shall be governed, construed and interpreted in accordance with the laws of the State of California, without regard to its principles of conflict of laws.

7.5 Construction of Agreement. All captions contained in this Agreement are for convenience only and shall not be deemed part of this Agreement. All nouns, pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular and plural as the context may require. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one agreement. If any part of this Agreement, or the application thereof, is for any reason held invalid or unenforceable, it shall be deemed severable and the validity of the remainder of this

EXHIBIT 3

EMVEST RECEIVERSHIP CLAIM FORM

Instructions: This Claim Form must be signed under penalty of perjury by Claimant and sent to the Receiver's Office by **DECEMBER 31, 2006**. For more details on the Claims Procedures and other Receivership information, see the Receiver's website at <http://emvest.info>. You may also e-mail questions to at <http://emvest.info>.

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone: _____ E-Mail: _____

Amount of Claim – i.e. amount of capital actually invested excluding any interest or investment gain promised or accrued:

\$ _____

State the factual basis for your Claim (Please identify the stock you purchased, date and amount paid):

INTEREST OR INVESTMENT RETURNS

Have you received any payments/credits back from that investment? Yes _____ No _____

If yes, provide dates and amounts: _____

INTEREST AND ADDITIONAL CHARGES

Does your claim include interest or investment gain in addition to principal? Yes _____ No _____.

If yes, attached itemized statement. (Claims must be limited to capital actually invested)

SUPPORTING DOCUMENTS

Have you previously provided all documents which support your claim to the Receiver or the SEC?

Yes _____ No _____ If yes, please identify to whom and when: _____

If no, please attach copies to this Claim Form.

DATE-STAMPED COPY

To receive an acknowledgement that your claim has been received by the Receiver, enclose a self-addressed stamped envelope and an extra copy of the Claim Form.

SIGNATURE

I declare under penalty of perjury that this Claim Form is true and correct.

Claimant _____ Date _____

RETURN TO: DENNIS MURPHY, CPA, 630 N. Rosemead Blvd., Suite 100, Pasadena, CA 91107

EXHIBIT 4



San Diego Law Firm Since 1959

David R. Clark
Partner

drclark@higgslaw.com
D 619.593.4224

October 18, 2006

VIA FACSIMILE & U.S. MAIL

James R. Felton, Esq.
Greenberg & Bass, LLP
16000 Ventura Blvd., Suite 1000
Encino, CA 91436

RE: Securities and Exchange Commission v. Emvest Mortgage Fund, LLC, et. al.
Southern California District Court Case No. 04cv2295 DMS (LSP)

Dear Mr. Felton:

In response to Mr. Murphy's request for loan histories on the loans Unified Mortgage Service is still servicing for the Fund, we are pleased to provide you with the following information. There are only nine loans which are still active and being serviced by Unified Mortgage Service.

It is my understanding that all nine loans are current and performing as has been reported. Mr. Murphy therefore already has their respective histories and is fully up to date at the present time.

Nevertheless, we enclose a Lender Statement of Account prepared by Unified Mortgage Service setting forth the status of those nine loans as of October 16, 2006. The other loans set forth in that statement which are interlineated are loans which Mr. Murphy excluded from his request for information, because they were either paid, foreclosed or otherwise transferred to FCI. In addition, the Kim and Brown loans have also apparently been transferred to FCI for foreclosure.

Since the remaining nine loans are all current and fully performing, there is certainly no reason for the Receiver to inappropriately propose discounts or incentives to these borrowers, because it would jeopardize and reduce revenue otherwise to be received by the Fund. Mr. Murphy's limited role as the Receiver at the present time obligates him to maximize, not minimize the return on the Fund's investment portfolio.

Please let me know if you need any further information at the present time.

Very truly yours,

DAVID R. CLARK

of

HIGGS, FLETCHER & MACK LLP

Enclosure

cc: Michele Canty (via fax & mail)

774287.1

LENDER STATEMENT OF ACCOUNT

Unified Mortgage Service, Inc.
591 CAMINO DE LA REINA 910
SAN DIEGO CA 92108
(619) 298-4890

ACCOUNT NO: 8591
STATEMENT DATE: 10/16/2006
PAGE NUMBER: 1

INTEREST THIS PERIOD: \$7,380.39
INTEREST YEAR TO DATE: \$429,597.15

EMVEST MORTGAGE FUND LLC
591 CAMINO DE LA REINA #103
SAN DIEGO CA 92108

STATEMENT PERIOD
10/01/2006 To 10/16/2006

Please advise us immediately of any discrepancies in the transactions or investment activity on your statement of account or if you contemplate changing your address. When making inquiries by telephone or in writing please give your account number. We urge you to keep this statement with your investment records.

INVESTMENT PORTFOLIO

| LOAN ACCOUNT | BORROWER NAME | PCN OWNED | NOTE RATE | MATURITY DATE | TERMS LEFT | NEXT PAYMENT | REGULAR PAYMENT | LOAN BALANCE |
|--------------------|----------------------------------|-------------------|-------------------|-----------------------|----------------|-----------------------|---------------------|-----------------------|
| E02098 | GERALD LEE SMITH | 100.00 | 8.000 | 01/01/2012 | 63 | 11/01/2006 | | |
| E02098 | OTIS WALKER, JR | 100.00 | 8.000 | 01/01/2004 | 24 | 10/13/2003 | 2,461.62 | 357,190.24 |
| E31222 | CARY CHAMBERLAIN | 100.00 | 13.000 | 02/23/2007 | 20 | 06/23/2006 | 1,786.67 | 134,000.00 |
| E34284 | ORIN BERNARD | 100.00 | 13.000 | 06/22/2006 | 16 | 06/22/2006 | 1,370.00 | 120,753.70 |
| E40828 | JIN, H. KIM | 100.00 | 12.500 | 08/15/2034 | 392 | 10/15/2006 | 1,856.25 | 480,284.64 |
| E41261 | N. & C. FISHER BY CHRISTIAN CHAO | 100.00 | 13.000 | 01/01/2007 | 3 | 05/13/2006 | 3,736.40 | 341,225.08 |
| E50312 | VINCE BROWN | 100.00 | 12.000 | 04/15/2035 | 342 | 10/01/2006 | 11,700.00 | 1,080,000.00 |
| E50914 | THOMAS KAMROTO | 100.00 | 12.000 | 04/15/2035 | 342 | 06/13/2006 | 3,900.73 | 378,123.55 |
| E50622 | GEORGE T. BARNES | 100.00 | 16.950 | 10/15/2026 | 240 | 11/15/2006 | 4,087.60 | 381,738.46 |
| PNL0528 | ANN MARIE RUMBLE | 100.00 | 11.790 | 02/08/2015 | 100 | 11/08/2006 | 692.76 | 45,000.00 |
| PNL1090 | GEORGE T. BARNES | 100.00 | 10.250 | 09/01/2023 | 203 | 12/01/2006 | 261.08 | 16,575.47 |
| PNL3528 | SUBAN WILLIAMS | 100.00 | 12.750 | 08/01/2008 | 148 | 02/01/2006 | 581.63 | 56,183.17 |
| PNL3528 | EDWARD WOODWARD | 100.00 | 12.550 | 10/11/2020 | 168 | 10/11/2006 | 306.40 | 60,870.20 |
| PNL7529 | RUTH PLASKAMP | 100.00 | 14.375 | 08/01/2023 | 199 | 11/01/2006 | 380.63 | 30,064.73 |
| PNL8239 | BRYSSELLE MORALES | 100.00 | 12.875 | 08/01/2018 | 142 | 11/01/2006 | 216.05 | 16,387.78 |
| | | 100.00 | 13.875 | 09/01/2018 | 143 | 11/01/2006 | 190.79 | 17,184.83 |
| (16) | Current Portfolio Yield: 12.3374 | | | | | | 364.25 | 30,742.27 |
| | | | | | | | 32,799.96 | 3,160,361.99 |

CHECK ACTIVITY

| NUMBER | DATE | AMOUNT | SERV FEES | DISTRIBUTION | | | | LOAN ACCOUNT |
|--------|------------|----------|-----------|--------------|-----------|---------|-------|--------------|
| | | | | INTEREST | PRINCIPAL | CHARGES | OTHER | |
| 6115 | 10/13/2006 | 3,443.95 | -285.45 | 3,618.15 | 117.29 | 0.00 | 0.00 | E40524 |
| 6115 | 10/13/2006 | 355.23 | 0.00 | 355.23 | 0.00 | 0.00 | 0.00 | E50622 |
| 6115 | 10/13/2006 | 176.46 | -14.33 | 184.55 | 6.24 | 0.00 | 0.00 | PNL7529 |
| 6115 | 10/13/2006 | 2,163.89 | -287.73 | 2,381.80 | 79.82 | 0.00 | 0.00 | E02098 |
| 6115 | 10/13/2006 | 534.73 | -46.90 | 480.76 | 97.27 | 0.00 | 0.00 | PNL1090 |
| 6115 | 10/13/2006 | 247.19 | -13.89 | 163.81 | 19.98 | 0.00 | 0.00 | PNL0528 |
| 6115 | 10/13/2006 | 202.41 | -13.64 | 186.07 | 19.98 | 0.00 | 0.00 | PNL3528 |
| | | 7,125.88 | -675.84 | 7,380.39 | 421.43 | 0.00 | 0.00 | |

EXHIBIT 5



[HOME](#)

[SEARCH](#)

[PORTFOLIO STATISTICS](#)

[LOAN STATUS](#)

[CONTACT US](#)

[SIGN OUT](#)

Loan Information & Payments History

Display As:

Table Chart

Filters:

Display All

Account: 399007256

Borrower: Amelie G. Riviere

Loan Information

| | |
|----------------------|--------------------|
| Original Loan Amount | \$60,000.00 |
| Current Loan Amount | \$58,805.68 |
| Note Rate | 12.00% |
| Loan Position | 2 |
| Trust Balance | \$0.00 |
| Accrued Late Charges | \$0.00 |
| Loan Charges | \$0.00 |
| Unpaid Interest | \$0.00 |

Important Dates

| | |
|------------------|-------------------|
| Paid To | 09/16/2006 |
| Next Payment Due | 10/16/2006 |
| Loan Maturity | 05/16/2025 |
| Loan Payoff | |
| Loan Origination | 05/16/2005 |

Payments

| | |
|----------------------|-----------------|
| Regular Loan Payment | \$660.66 |
| Grace Days | 15 |
| Minimum Late Charge | \$0.00 |
| Late Charge % | 5.00% |

Borrower Information

| | |
|--------------|--------------------------|
| Loan # | 399007256 |
| Borrower | Amelie G. Riviere |
| Type | SFR |
| Occupancy | Owner |
| Appr. Value | \$380,000.00 |
| Appr. Date | 04/29/2005 |
| Appr. Source | |
| APN | 153-402-59 |

| Back to Loans | Funding | Borrower P. | | | |
|-------------------------------|---------------|-------------|--------------|-------------------|------------------|
| Date Due | Date Received | Days Late | Payment Type | Total Payment | Principi Receive |
| 10/16/2005 | 11/15/2005 | 30 | RegPmt | \$693.69 | \$64.1 |
| 11/16/2005 | 12/13/2005 | 27 | RegPmt | \$693.69 | \$64.7 |
| 12/16/2005 | 01/11/2006 | 26 | RegPmt | \$693.69 | \$65.4 |
| 01/16/2006 | 02/09/2006 | 24 | RegPmt | \$693.69 | \$66.0 |
| 02/16/2006 | 03/13/2006 | 25 | RegPmt | \$693.00 | \$99.0 |
| 03/16/2006 | 04/10/2006 | 25 | RegPmt | \$693.69 | \$67.7 |
| 04/16/2006 | 04/28/2006 | 12 | RegPmt | \$660.66 | \$68.4 |
| 05/16/2006 | 05/30/2006 | 14 | RegPmt | \$660.66 | \$69.0 |
| 06/16/2006 | 07/07/2006 | 21 | RegPmt | \$693.69 | \$69.7 |
| 07/16/2006 | 07/26/2006 | 10 | RegPmt | \$660.66 | \$70.4 |
| 08/16/2006 | 08/30/2006 | 14 | RegPmt | \$660.66 | \$71.1 |
| 09/16/2006 | 09/25/2006 | 9 | RegPmt | \$660.66 | \$71.8 |
| | | | | \$8,158.44 | \$847.5 |

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EXHIBIT 6

LENDER STATEMENT OF ACCOUNT

Unified Mortgage Service, Inc.
 591 CAMINO DE LA REINA 910
 SAN DIEGO CA 92108
 (619) 298-4990

ACCOUNT NO: E591
 STATEMENT DATE: 09/29/2006
 PAGE NUMBER: 1

INTEREST THIS PERIOD: \$7,862.80
 INTEREST YEAR TO DATE: \$422,216.76

EMVEST MORTGAGE FUND LLC
 591 CAMINO DE LA REINA #103
 SAN DIEGO CA 92108

| |
|--------------------------|
| STATEMENT PERIOD |
| 09/01/2006 To 09/29/2006 |

Please advise us immediately of any discrepancies in the transactions or investment activity on your statement of account or if you contemplate changing your address. When making inquiries by telephone or in writing please give your account number. We urge you to keep this statement with your investment records.

INVESTMENT PORTFOLIO

| LOAN ACCOUNT | BORROWER NAME | PCT OWNED | NOTE RATE | MATURITY DATE | TERM LEFT | NEXT PAYMENT | REGULAR PAYMENT | LOAN BALANCE |
|--------------|----------------------------------|-----------|-----------|---------------|-----------|--------------|-----------------|--------------|
| E0209B | GERALD LEE SMITH | 100.00 | 8.000 | 01/01/2012 | 64 | 10/01/2006 | 2,461.62 | 357,270.06 |
| E20846 | OLIVE XXIII, LLC | 100.00 | 16.000 | 10/13/2004 | -23 | 10/13/2003 | 1,786.57 | 134,000.00 |
| E31223 | GARY GRAMLING | 100.00 | 13.000 | 02/23/2005 | -19 | 06/23/2005 | 1,170.00 | 130,753.70 |
| E31224 | GARY GRAMLING | 100.00 | 13.000 | 06/29/2005 | -15 | 06/23/2005 | 1,056.25 | 120,324.61 |
| E40524 | KIM MILLER/CL | 100.00 | 12.500 | 06/15/2034 | 333 | 10/15/2006 | 3,735.40 | 347,342.33 |
| E41261 | JIN H KIM | 100.00 | 13.000 | 01/01/2007 | 4 | 05/15/2006 | 11,700.00 | 1,080,000.00 |
| E50312 | J. & C. FISHER BY CHRISTIAN CHAO | 100.00 | 12.000 | 04/15/2035 | 343 | 10/01/2006 | 3,908.73 | 378,123.55 |
| E50314 | VINCE BROWN | 100.00 | 12.500 | 04/13/2035 | 343 | 06/15/2006 | 4,087.60 | 381,738.46 |
| PNL0528 | GEORGE T. BARNES | 100.00 | 11.790 | 02/08/2015 | 101 | 10/08/2006 | 261.08 | 16,672.74 |
| PNL1090 | ANN MARIE RIMPLE | 100.00 | 10.250 | 09/01/2023 | 204 | 11/01/2006 | 591.63 | 56,284.04 |
| PNL1260 | RUTH SUMNER | 100.00 | 12.750 | 09/01/2018 | 144 | 12/01/2004 | 206.48 | 18,878.10 |
| PNL3191 | SUSAN WILLIAMS | 100.00 | 12.550 | 10/11/2020 | 169 | 10/11/2006 | 380.65 | 30,064.73 |
| PNL3528 | EDWARD MORWOOD | 100.00 | 14.375 | 05/01/2023 | 200 | 10/01/2006 | 216.05 | 16,367.76 |
| PNL7529 | RUTH FLASKAMP | 100.00 | 12.875 | 08/01/2018 | 143 | 10/01/2006 | 190.79 | 17,201.07 |
| PNL8239 | GRISELLE MORALES | 100.00 | 13.875 | 09/01/2018 | 144 | 10/01/2006 | 364.25 | 30,742.27 |
| (15) | Current Portfolio Yield: 12.271% | | | | | | 32,107.20 | 3,115,763.42 |

CHECK ACTIVITY

| CHECK | | | DISTRIBUTION | | | | | LOAN ACCOUNT |
|--------|------------|----------|--------------|----------|-----------|---------|-------|--------------|
| NUMBER | DATE | AMOUNT | SERV FEES | INTEREST | PRINCIPAL | CHARGES | OTHER | |
| 45752 | 09/15/2006 | 2,163.83 | -297.79 | 2,382.33 | 79.29 | 0.00 | 0.00 | E0209B |
| 45752 | 09/15/2006 | 176.45 | -14.34 | 184.62 | 6.17 | 0.00 | 0.00 | PNL7529 |
| 45752 | 09/15/2006 | 355.54 | -25.11 | 315.11 | 65.54 | 0.00 | 0.00 | PNL3191 |
| 45752 | 09/15/2006 | 534.64 | -46.99 | 481.61 | 100.02 | 0.00 | 0.00 | PNL1090 |
| 45752 | 09/15/2006 | 338.62 | -25.63 | 355.56 | 8.69 | 0.00 | 0.00 | PNL8239 |
| 45752 | 09/15/2006 | 202.39 | -13.66 | 196.31 | 19.74 | 0.00 | 0.00 | PNL3528 |
| 45752 | 09/15/2006 | 3,593.52 | -315.21 | 3,782.50 | 126.23 | 0.00 | 0.00 | E50312 |
| 45939 | 09/29/2006 | 247.11 | -13.97 | 164.76 | 96.32 | 0.00 | 0.00 | PNL0528 |
| | | 7,612.10 | -752.70 | 7,862.80 | 502.00 | 0.00 | 0.00 | |

OUTSTANDING CHARGES AND ADVANCES

| CHARGE DATE | CHARGE DESCRIPTION | INT. RATE | LOAN ACCOUNT | ORIGINAL AMOUNT | AMOUNT OWED TO YOU | AMOUNT YOU OWE |
|-------------|---------------------------------------|-----------|--------------|-----------------|--------------------|----------------|
| 09/12/2003 | legal fees johnson-e20850 | 0.000 | E20846 | 3,000.00 | 3,000.00 | |
| 09/30/2003 | BALANCE DUE OF SHORT. NOT ADV BY V105 | 0.000 | E20846 | 273.05 | 273.05 | |
| 10/02/2003 | legal fees johnson-e20850 | 0.000 | E20846 | 3,000.00 | 3,000.00 | |
| 01/14/2004 | ADV TO SUNNEN-TS50112 | 0.000 | E20846 | 1,493.70 | 1,493.70 | |
| 01/19/2004 | legal fees sunnen-e20850 | 0.000 | E20846 | 6,700.70 | 6,700.70 | |
| 03/05/2004 | ADV TO SUNNEN-TS50112 | 0.000 | E20846 | 220.00 | 220.00 | |
| 03/25/2004 | addit legal fees-e20850 | 0.000 | E20846 | 10,000.00 | 10,000.00 | |
| 03/29/2004 | legal fees-e20850 | 0.000 | E20846 | 2,340.00 | 2,340.00 | |
| 03/31/2004 | ADV TO SR LIENS | 16.000 | E20846 | 43,359.37 | 60,693.61 | |

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 years and not a party to the within action. My business address is **16000 Ventura Boulevard, Suite 1000, Encino, California 91436.**

On October 20, 2006, I served the foregoing document described as **RECEIVER'S SEVENTH REPORT AND PETITION FOR INSTRUCTIONS** on the interested parties in this action.

- by placing the original and/or a true copy thereof enclosed in (a) sealed envelope(s), addressed as follows:

SEE ATTACHED SERVICE LIST

- BY REGULAR MAIL:** I deposited such envelope in the mail at 16000 Ventura Boulevard, Suite 1000, Encino, California. The envelope was mailed with postage thereon fully prepaid.

I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. It is deposited with the U.S. Postal Service on that same day in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one (1) day after date of deposit for mailing in affidavit.

- BY FACSIMILE MACHINE:** I transmitted a true copy of said document(s) by facsimile machine, and no error was reported. Said fax transmission(s) were directed as indicated on the service list.
- BY OVERNIGHT MAIL:** I deposited such documents at the Overnite Express or Federal Express Drop Box located at 16000 Ventura Boulevard, Suite 1000, Encino, California. The envelope was deposited with delivery fees thereon fully prepaid.
- BY PERSONAL SERVICE:** I caused such envelope(s) to be delivered by hand to the above addressee(s).

I declare that I am employed in the office of a member of the Bar of this Court, at whose direction the service was made. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on October 20, 2006, at Encino, California.


Margaret Tyndall

SERVICE LIST

**United States Securities and Exchange Commission
v. Emvest Mortgage Fund, et al.
Case No. 04CV2295-DMS(LSP)**

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