



May 19, 2005

Mr. Suneet Singal
President & CEO
Mortgage XL Corporation
3130 Crow Canyon Place, Suite 160
San Ramon, CA 94583

Re: Valuation Estimate of Wildflower Project

Dear Suneet,

Paradigm Global Capital Ltd. was engaged by a lender to the Wildflower Resort Company (“Wildflower”) to conduct due diligence and feasibility analysis of the real estate project. We conducted that work in the period from September to January, 2005 and a summary of the reports we prepared is included for your information.

We reviewed the market absorption report and conducted independent analysis to determine the validity of the income and expense assumptions in the Wildflower proformas. We reviewed the land lease and the collateral documents which were to form part of the security offered by Wildflower in support of the loan. We came to the conclusion that the estimated value indicated by the land lease and project entitlements should be assessed with three methods to account for the likely exit options, as follows:

Discounted Cash Flow (Development Value Estimate)

Based on the projections provided by Wildflower, the Wildflower Project yields an estimate of value based upon the development of the Wildflower project to be in the range of **\$251.9 million to \$263.1 million** based on the discounted cash flow methodology:

	Value Range (millions)
Hotel, Spa, Golf	\$126.6 - \$131.1
Villas	\$41.8 - \$43.2
Tax Revenue	\$55.3 - \$56.7
Land	\$28.2 - \$32.0
Total	\$251.9 - \$263.1

It was necessary to utilize appropriate discount rates and reversionary capitalization rates for each component of the Project as they each have their own market characteristics and risk level. These were determined based on the market and risk level for each component as well as market data for comparable properties. Discount rates ranged from 10% to 12.5% and reversionary capitalization rates ranged from 10.0% to 10.5%.

In addition to these components it was also necessary to value the Tax Increment Financing (“TIF”) Revenue and the Hotel/Motel Tax Revenue as these are revenues generated by the Project from tax incentives provided by the City. This revenue yields a value in the range of \$55.3 million to \$56.7 million based on discount rates ranging from 9%-10%. This revenue expires in 2019 and as such has no reversionary value.

A value for the lands being serviced but not yet developed also has to be determined since costs will be expended for these lands. These lands approximate 185 acres and will be the future site of the Equestrian Center and Polo Club, Boutique Hotel and Festival Entertainment Village. These lands yield a value in the range of \$ 28 million to \$32 million based on recent market values of \$150,000 - \$200,000 per acre.

Residual Land Value (Based upon Sale of Development Rights)

The estimate of value of the Wildflower land lease, based upon residual value of the discounted cash flow projection of the Wildflower project yields a value in the range of \$54.0 million to \$60.0 million, at a discount rate of 15.0%. The residual value is based on the net revenues of the Intercontinental Hotel/convention center, Jack Nicklaus and Sergio Garcia golf courses, 50 villas on fractional sales and the sale of the development rights for the Festival Entertainment Center, Equestrian Center, 200 Villas, Boutique Hotel and Third Hotel.

Comparable Land (Replacement) Value

The estimate of value of the Wildflower land lease, based upon the uses variety of uses for the project and the comparable land sales values that would be required to provide for similar development rights and timing, is \$50.0 Million. The comparable values used are for unserviced land with entitlements approved and permits for development available.

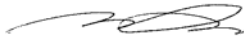
	Value (millions)
Hotel, Golf, Spa, Convention	\$10.0
Villas	\$20.0
Additional Hotels	\$ 8.0
Festival Entertainment	\$12.0
Total	\$50.0

The \$50.0 million value is equivalent to a land value of \$50,000.00 per acre and based upon the allocation of value to all the land.

It should be noted that the above estimates of value are not cumulative, rather are estimates of value of the Wildflower land lease based upon three different exit options.

We are pleased to provide this information on the estimate of value of land lease for Wildflower Resort Company and are available to answer any questions that you or your clients may have. Do not hesitate to contact me if you require any clarification.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Tom Stevens', is positioned above the typed name.

Tom Stevens
Director
Paradigm Global Capital Ltd.