

EXHIBIT “5”
(Liquidation Analysis)

**FIRST MAGNIUS FINANCIAL CORPORATION
LIQUIDATION ANALYSIS**

<u>Asset Class:</u>	<u>Book Value</u>	<u>12/31/2007 Estimated Fair Market Value (2)</u>	<u>Percent Reduction FMV to LV 0.0%</u>	<u>12/31/2007 Estimated Liquidation Value (3)</u>
<u>Assets Subject to Repurchase Agreements:</u>				
UBS Real Estate Securities, Inc. (1)	\$ 4,945,597	\$ -	0.0%	\$ -
Washington Mutual Bank - Syndicated Repurchase Line (1)				
-Permanent/Regular Loans	17,954,452	0	0%	0
-Construction Loans	16,431,225	0	0%	0
	<u>34,385,677</u>	<u>0</u>	<u>0%</u>	<u>0</u>
Washington Mutual Bank - Commercial Paper Conduit (1)				
-Permanent/Regular Loans (4)	22,677,228	0	0%	0
-Construction - Regular (4)	683,645	0	0%	0
	<u>23,360,873</u>	<u>0</u>	<u>0%</u>	<u>0</u>
Washington Mutual Bank - Flex Line (1)(4)	17,042,697	0	0%	0
Merrill Lynch Bank USA (1) (13)	18,417,212	880,000	0%	880,000
Countrywide Home Loans, Inc. (1)	3,019,606	0	0%	0
Total Assets Subject to Repurchase Agreements:	<u>101,171,663</u>	<u>880,000</u>	<u>0%</u>	<u>880,000</u>
<u>Assets Subject to Security Agreements:</u>				
Countrywide Warehouse Lending (1)	11,975,796	2,079,600	-32%	1,407,442
Total Assets Subject to Security Agreements:	<u>11,975,796</u>	<u>2,079,600</u>	<u>-32%</u>	<u>1,407,442</u>
Total Assets Subject to Repurchase/Security Agreements:	<u>\$ 113,147,459</u>	<u>\$ 2,959,600</u>	<u>-23%</u>	<u>\$ 2,287,442</u>

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	12/31/2007	Percent Reduction	12/31/2007	Estimated
	Book Value	FMV to LV	Estimated Fair Market Value (2)	Liquidation Value (3)
Assets Not Subject to Security Agreements:				
-Regular Notes - 1st trust deeds	16,840,211	-32%	11,196,975	7,578,095
-Regular Notes - 2nd trust deeds	13,828,289	-55%	4,008,124	1,823,480
-Regular Notes, REO, other	5,360,900	-44%	4,824,810	2,680,450
	36,029,400	-40%	20,029,909	12,082,026
-Cash On Hand (7)	5,663,974	0%	5,663,974	5,663,974
-Vacant Land (8)	930,000	0%	1,520,000	1,520,000
-Nonqualified Investment Trust	677,129	0%	677,129	677,129
-Accounts Receivable (9)	1,000,000	0%	600,000	200,000
-51% Interest in JV (9)	0	0%	0	0
-Loan Tracker & intellectual property (9)	0	0%	0	0
-Furniture and Fixtures (9)	0	0%	0	0
	8,271,103	-5%	8,461,103	8,061,103
	44,300,503	-29%	28,491,011	20,143,128
Total Assets Not Subject to Security Agreements:				
			(3,477,764)	(1,987,106)
Cost associated with liquidation			(854,730)	(604,294)
Liquidating Trustee Fees			27,118,117	19,839,171
Total				
	\$ 157,447,962	-27%	\$ 27,118,117	\$ 19,839,171

Creditors:

	Total Claim Per Class	Estimated Recovery - FMV	Percent Recovery	Estimated Recovery - LV	Percent Recovery
Unsecured Priority Claims: (5)					
Unpaid Administrative Claims	\$ 1,155,014	\$ 1,155,014	100%	\$ 1,155,014	100%
Priority Wage Claims	11,324,106	11,324,106	100%	11,324,106	100%
Un-cashed Payroll Checks	210,000	210,000	100%	210,000	100%
Employee Benefit Claims	903,063	903,063	100%	903,063	100%
Property Taxes Due Pima County	5,207	5,207	100%	5,207	100%
	13,597,390	13,597,390	100%	13,597,390	100%
Unsecured Non Priority Claims: (5)					
Wage Claims Greater Than \$10,000	998,677	224,631	22%	103,700	10%
Un-cashed Payroll Checks Greater Than \$10,000	90,000	20,244	22%	9,345	10%
Accounts and Notes Payable	21,735,729	4,888,986	22%	2,256,978	10%
Notes Payable to Officers (10)	2,700,000	607,307	22%	280,360	10%
First Magnus Capital, Inc (11)	10,000,000	2,249,285	22%	1,038,372	10%
First Magnus Capital, Inc	24,586,803	5,530,274	22%	2,553,025	10%
Unknown deficiency / other claims (12)			-		-
	60,111,209	13,520,727	22%	6,241,780	10%
Subordinated Unsecured Debts: (5)					
Thomas W. Sullivan, Sr. Revocable Trust	20,000,000	0	0%	0	0%
	\$ 93,708,599	\$ 27,118,117	29%	\$ 19,839,171	21%

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Notes to Liquidation Analysis:

- (1) Represents the Debtor's book value of its equity interest in the respective line of credit / repurchase agreement and has been derived from the books and records of the company as of approximately December 31, 2007 by taking the difference between the note amounts receivable and the amount due to each lender. The estimated recovery to the estate is expected to be zero in most cases based on the results of sales and dispositions reported to the Debtor by the various lenders. Estimates reported in this analysis are not intended to waive any rights against the various lenders. Estimates do not include surcharge recoveries for the preservation and disposition of the various lender's loans. The nature of the transactions and the validity of the liens and claims, as well as amounts, are still subject to review and challenge by the Debtor, the Committee, and the Trusts.
- (2) Estimated fair market value has been derived by determining the company's equity in the notes assuming these notes are sold into the secondary markets to either institutional buyers or private investors with transaction dates occurring over the next 6-12 months and final closing occurring within 45 days thereafter. Included in the estimate of fair market value are both equity in the notes and any cash collateral that existed as of the petition date in the Debtor's over/(under) account with each particular lender less reductions for estimated accrued but unpaid interest on the line of credit / repurchase agreements, real estate taxes and insurance premiums received by the debtor but not paid to the respective parties.
- (3) Estimated liquidation value is Debtor's estimate of net proceeds to be received assuming all assets are sold within the next 60 days and finalized no more than 30 days thereafter. The discount between fair market value and liquidation value reflects current market conditions, composition and condition of debtor's assets, time limitations imposed by the liquidation and the higher returns required by the type of investors able to purchase the assets within the shortened time frame. Also relevant to the value received is the quality of the underlying loan documentation which will likely be impaired due to the Debtor's likely inability to complete full loan packages in a shortened period of time with limited resources.
- (4) Per terms of a proposed settlement agreement, Washington Mutual will "take back" the notes pursuant to their repurchase agreement at par and release any claim on any notes.
- (5) Claim amounts have been derived from the Debtor's Schedules of Liabilities as filed with the Court. The amount and validity of the Debtor's claims as set forth on the Debtor's Schedules have not been verified nor allowed by the Court and remain subject to review and objection by the Debtor, the Committee, and the Trusts. This Liquidation Analysis assumes pari passu treatment of all Unsecured Non Priority Claims, except for subordinated claims as set forth herein, though final treatment of such claims is subject to objection by the Debtor, the Committee, and the Trusts and such claims may be disallowed, reduced, subordinated, or recharacterized.
- (6) Reflects the current sale amount from Summit Capital of \$5,393,850 for REO and construction loans. REO and Construction loans each have a book value of \$6,855,900 and \$7,956,757, respectively.
- (7) Reflects the current unencumbered cash available to the Debtor. This amount includes the \$5,393,850 received in the note sale to Summit Investment Management, LLC. In addition, the debtor maintains a separate DIP account referred to as the "DIP Holding Cash Account". The balance in the DIP Holding Cash Account at December 31, 2007 was \$7,435,141. Various creditors have claimed a security interest or some other form of interest in this cash. The total amount of claims is unknown at this time. To the extent such claims are not substantiated, the unencumbered cash will be available to creditors.
- (8) Sale of vacant land expected to close January 14, 2008.
- (9) The value is unknown at this time.
- (10) Notes Payable to Officers represents amounts funded to Debtor prior to the petition date pursuant to repurchase agreements by two officers of the Debtor. Subsequent to the filing date, the mortgage notes underlying the repurchase agreements were sold by the Debtor to third parties with the proceeds going to the Debtor with the consent of the officers. Accordingly, the Notes Payable to Officers has been classified unsecured claims payable by the Debtor.
- (11) Note payable from the Debtor to First Magnus Capital, Inc. that was funded to the Debtor in August 2007 prior to the filing of the bankruptcy. The Debtor's Schedule F - Creditors Holding Unsecured Nonpriority Claims will be amended to reflect this liability. Estimate does not take into account claims (if any) against First Magnus Capital, Inc by the estate.
- (12) There are potential contract rejection claims, secured creditor / repo lender deficiency claims and other unknown claims that may arise in this matter that cannot be estimated at this time.
- (13) The estimated recovery represents a claim by Merrill Lynch to funds in the DIP Holding Account. The debtor expects this claim to be disallowed.