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For Immediate Release

**DESERT CAPITAL REIT, INC.
ANNOUNCES THIRD QUARTER 2006 RESULTS**

HENDERSON, Nev., (December 1, 2006) --- Desert Capital REIT, Inc. today announced that its net income for the third quarter of 2006 totaled \$3.6 million or \$0.26 per share, as compared to net income of \$1.3 million or \$0.25 per share reported for the third quarter of 2005. For the nine months ended September 30, 2006, net income totaled \$10.1 million or \$0.78 per share, as compared to \$2.9 million or \$0.78 per share for the same period in 2005.

Total revenues for the quarter ended September 30, 2006, totaled \$7.5 million, as compared to \$4.1 million for the same period in 2005. Interest income for the third quarter was \$5.4 million, as compared to \$1.3 million reported for the same period in 2005. Included in revenues were non-interest income, primarily from fees on loans brokered to third parties, of \$2.1 million for the quarter ended September 30, 2006, as compared to \$2.8 million for the same period in 2005.

For the nine months ended September 30, 2006, total revenues amounted to \$20.4 million, compared to \$9.7 million for the same period on 2005. Total revenues for the nine months ended September 30, 2006, were made up of interest income of \$12.5 million and non-interest income of \$7.9 million, compared to interest income of \$2.7 million and non-interest income of \$7.0 million for the same period in 2005.

At September 30, 2006, the net balance in the mortgage investment portfolio was \$138 million, as compared to \$134 million at June 30, 2006. The average balance of the loan and investment portfolio during the third quarter was \$137 million and the average yield on these assets for the quarter was 13.5% compared to an average yield of 13.5% for the second quarter of 2006.

(more)

“We continue to show solid performance with a strong third quarter showing, which marks the 10th straight quarter of positive growth,” commented Todd B. Parriott, CEO and Chairman of the Board of Directors of Desert Capital REIT, Inc. “We predicted the slowdown in housing last year and began repositioning our portfolio to reduce exposure to residential development in favor of commercial. This move has paid off for Desert Capital, even though our markets have not been as negatively impacted by the change in housing as certain other areas of the country. We look for our markets to remain healthy for the foreseeable future and anticipate increased growth opportunities through acquisitions and organic growth.”

Portfolio Activity

During the third quarter of 2006, DCR funded all or a portion of 15 loans totaling \$13.3 million. Of the new loans, 14 were acquisition and development loans totaling \$12.3 million and 1 was a construction loan totaling \$1 million.

At September 30, 2006, DCR's loan portfolio contained 121 loans with a net outstanding principal balance of \$138 million, and a weighted average current interest rate of 13.5%.

Dividend

Desert Capital REIT declared dividends of \$0.30 per share for the third quarter of 2006.

About Desert Capital REIT, Inc.

Desert Capital REIT, Inc., is a Henderson, Nev.-based real estate investment trust that invests in loans to owners and developers of real estate properties. Formed in December 2003, Desert Capital's portfolio of mortgage loans consists of acquisition and development, construction, commercial property and residential loans. For more information, please call (800) 419-2855 or visit www.desertcapitalreit.com.

About Consolidated Mortgage, LLC

With nearly 30 years of continuous real estate investment success, Consolidated Mortgage, LLC is one of the largest private trust deed investment firms in Nevada, with over \$450 million currently under management. The company is located at 1291 Galleria Drive, Suite 220, Henderson, NV 89104. For information, please call (702) 739-9090 or visit www.consolidatedmortgage.com.

Safe Harbor Statement

Statements included herein that state the company's or management's intentions, hopes, beliefs, expectations or predictions of the future are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995 which by their nature, involve known and unknown risks and uncertainties. The company's actual results, performance or achievements could differ materially from those expressed or implied by such statements.

DESERT CAPITAL REIT, INC.
Consolidated Balance Sheets

	September 30, 2006 <u>(Unaudited)</u>	December 31, 2005 <u></u>
ASSETS		
Mortgage investments - net	\$ 138,367,880	\$ 67,649,251
Loans held-for-sale	4,262,574	1,461,147
Goodwill	13,388,555	13,388,555
Building and equipment - net	8,171,541	8,029,250
Land	1,820,000	1,820,000
Cash and cash equivalents	3,323,218	4,459,289
Interest receivable	1,510,094	572,944
Deferred financing costs	1,017,865	-
Investment in equity affiliates	928,000	-
Other	151,575	145,356
	<u>172,941,302</u>	<u>97,525,792</u>
Total assets	\$ 172,941,302	\$ 97,525,792
LIABILITIES AND STOCKHOLDERS' EQUITY		
Notes payable	\$ 9,160,996	\$ 12,112,386
Junior subordinated notes	30,928,000	-
Dividends payable	1,435,060	880,633
Accounts payable and accrued expenses	1,538,628	1,708,444
	<u>43,062,684</u>	<u>14,701,463</u>
Total liabilities	43,062,684	14,701,463
Preferred stock, \$0.01 par value: 15,000,000 shares authorized, none outstanding	-	-
Common stock, \$0.01 par value: 100,000,000 shares authorized; 14,422,552 and 9,388,994 shares issued and outstanding on September 30, 2006 and December 31, 2005, respectively	144,226	93,890
Additional paid-in capital	131,584,600	83,005,684
Retained earnings	(1,850,208)	(275,245)
	<u>129,878,618</u>	<u>82,824,329</u>
Total stockholders' equity	129,878,618	82,824,329
Total liabilities and stockholders' equity	\$ 172,941,302	\$ 97,525,792

DESERT CAPITAL REIT, INC.
Consolidated Statements of Operations

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2006	2005	2006	2005
INTEREST INCOME:				
Mortgage investments	\$ 5,139,279	\$ 1,202,034	\$ 12,012,474	\$ 2,657,952
Other interest	235,576	59,520	552,515	100,745
Total interest income	5,374,855	1,261,554	12,564,989	2,758,697
INTEREST EXPENSE:				
Interest expense	963,772	289,428	1,650,748	651,009
Total interest expense	963,772	289,428	1,650,748	651,009
Net interest income	4,411,083	972,126	10,914,241	2,107,688
Provision for loan losses	75,452	13,739	201,201	41,345
Net interest income after provision for loan loss	4,335,631	958,387	10,713,040	2,066,343
NON-INTEREST INCOME:				
Loan brokerage fees	1,615,538	2,350,262	6,062,631	4,904,581
Service and other loan fees	339,565	385,439	1,352,636	1,197,617
Income from investment in subsidiary	-	-	-	748,519
Other	175,734	66,978	458,662	134,396
Total non-interest income	2,130,837	2,802,679	7,873,929	6,985,113
NON-INTEREST EXPENSE:				
Compensation	557,464	475,000	1,578,260	1,068,732
Management fees	1,199,717	816,764	3,509,225	1,782,764
Professional fees	373,135	378,501	1,248,099	1,007,425
Insurance	104,849	99,780	318,907	292,426
Depreciation	108,159	95,043	323,125	110,892
Other	392,822	234,947	1,338,751	519,925
Total non-interest expense	2,736,146	2,100,035	8,316,367	4,782,164
Net income before taxes	3,730,322	1,661,031	10,270,602	4,269,292
Income tax expense	95,310	89,662	155,524	451,677
Income before minority interest	3,635,012	1,571,369	10,115,078	3,817,615
Income allocated to minority interest	-	259,744	-	884,206
Net income	\$ 3,635,012	\$ 1,311,625	\$ 10,115,078	\$ 2,933,409

Earnings per share - basic	0.26	0.25	0.78	0.78
Earnings per share - diluted	0.26	0.25	0.78	0.78
Weighted average outstanding shares - basic	14,160,322	5,244,261	12,975,033	3,742,407
Weighted average outstanding shares - diluted	14,191,771	5,271,441	13,004,410	3,764,800

See accompanying notes to financial statements.