

# EXHIBIT "D"



**REVOLVING OPPORTUNITY™  
LOAN PROGRAM PURCHASE AGREEMENT**

THIS REVOLVING OPPORTUNITY LOAN PROGRAM PURCHASE AGREEMENT is entered into as of the "Effective Date" set forth below, by and between MORTGAGES LTD., an Arizona corporation, whose address is 55 East Thomas Road, Phoenix, Arizona 85012 ("Company") and the INVESTOR ("Investor") whose name and address are as set forth at the end of this Agreement.

**Section 1. Recitals.**

1.1 **The Company.** Company is a mortgage banker licensed by the State of Arizona Banking Department.

1.2 **Business of the Company.** Company originates, makes, and funds loans ("Loans") to various persons, corporations, limited liability companies, partnerships, and other entities ("Borrowers") secured by deeds of trusts or mortgages on residential, commercial, and industrial real estate, the terms of which are defined in a set of documents appropriate to each individual Loan and which provide various rights and protections to both the owners of the Loans and the Borrowers (the "Loan Documents").

1.3 **Revolving Opportunity Loan Program** Company has established its Revolving Opportunity Program (sometimes the "Program") to provide investors with a favorable rate of return through the purchase of interests in Loans and, to a lesser extent, Loans selected by Company.

1.4 **The Investment** Company desires to sell and Investor desires to purchase an interest or interests in Loans or entire loans (together "Participations") up to an aggregate investment amount (the "Investor Commitment") as specifically set forth at the end of this Agreement, which shall be no less than \$1,000,000 (the "RevOp Minimum"), subject to the terms and conditions contained herein.

**Section 2. Selection of Participations.**

From time-to-time during the 12-month period immediately following the Effective Date (the "Program Term"), Company, in its sole and absolute discretion, may select Participations for purchase by Investor (the "Initial Investment") and additional Participations in the event of repayment ("Successor Investments"). In the event that more than one Initial Investment or Successor Investment (together "Investments") are outstanding at any one time, the aggregate amount of all such Investments shall not exceed the Investor Commitment.

**Section 3. Loan Purchases and Terms.**

3.1 **Investment Commitment Period.** Subject to the conditions herein set forth, Investor shall purchase, during the Program Term, Investments up to the amount of the Investor Commitment from time to time as requested by Company.

3.2 **Repayment of Investment.** Each Investment purchased by Investor shall be repaid to Investor through payments on the related Loan or Loans on or prior to the expiration of the RevOp Investment Term (as defined herein), subject to Company's obligation under Section 6.2.

3.3 **Reinvestment of Principal Payments.** Notwithstanding the provisions of Section 3.2, during the Program Term, Investor agrees that any principal payments on an Investment prior to the Repayment Date (as defined herein), including those resulting from scheduled amortization and whole or partial repayments of

the unpaid outstanding principal balance of the related Loan or Loans, shall remain available for reinvestment in Successor Investments until the Repayment Date. Company, in its sole discretion, may elect to reinvest such principal payments, or any portion thereof, in Successor Investments on behalf of Investor, but only for a term equal to the number of days remaining until the Repayment Date.

**Section 4. Payment of Purchase Money.**

4.1 **Notice to Fund Investment Commitment.** Company shall give notice (the "Payment Notice") to Investor requesting funds pursuant to the Investor Commitment at the address or to the telephone number, facsimile number, or e-mail address of Investor set forth below. The Payment Notice shall identify the amount of money (the "Purchase Money") Investor is to invest. In no event shall Company issue a Payment Notice to Investor for an amount more than the Investor Commitment. Within 10 business days of the Payment Notice, Investor shall deliver to Company the Purchase Money specified in the Payment Notice by cashier's check, certified check, or wire transfer. If the Investor Commitment exceeds the aggregate amount of all outstanding Investments at any time during the Program Term, Company shall have the right to issue one or more additional Payment Notices to Investor. Each Payment Notice and Investment purchased from the Purchase Money shall be subject to a separate Repayment Date, as defined in Section 4.3.

4.2 **Action following Receipt of Purchase Money from Investor.** Upon receipt ("Receipt") by Company of the Purchase Money, Company shall (a) pay or cause the payment of the RevOp Prepaid Interests (as defined below) to Investor; (b) prepare an assignment of beneficial interest of deed(s) of trust securing the related Loan or Loans, an endorsement of the promissory note(s), and, if applicable, assignments of other loan or security instruments for the related Loan or Loans (collectively, the "Loan Assignment Documents"); (c) cause to be recorded, at no expense to Investor, in the official records of the county in which the property securing the related Loan or Loans may be situated any of the Loan Assignment Documents required to be recorded, such as an assignment of the beneficial interest of the deed(s) of trust; and (d) prepare such "blank" assignment documents, directions for release and reconveyance, termination of UCC interests, and other assignment or release instruments as Company determines to be appropriate with respect to the related Loan or Loans (collectively, the "Reassignment and Release Documents").

4.3 **Repayment Date of Individual Investments.** The Repayment Date shall be 90 days from the Receipt, but such funds may be applied to Successor Investments subject to the payment of RevOp Prepaid Interest.

4.4 **RevOp Prepaid Interest.** Based on the amount of capital invested in the Revolving Opportunity Loan Program, the RevOp Prepaid Interest shall equal a specified percentage of the outstanding principal of the Investments according to the following table:

Capital Invested	RevOp Prepaid Interest
\$1,000,000 - \$2,999,000	0.417%
\$3,000,000 - \$5,999,000	0.500%
\$6,000,000 - \$9,999,000	0.666%
\$10,000,000 +	1.000%

**Section 5. Administration of Purchase Loans.**

5.1 **RevOp Investment Term.** The "RevOp Investment Term" shall be the time during which Investor's capital is invested in an Initial Investment or Successor Investment, which will be the shorter of (a) the number of days from the Receipt to the Repayment Date (the "Maximum RevOp Investment Term"), or (b) the number of days from the Receipt to earlier of the date on which (i) the Company redeems the Initial Investment, or (ii) the Initial Investment or Successor Investment has been paid in full, in each case including unpaid principal and RevOp Interest. Partial repayments or redemptions of an Initial Investments and/or Successor Investment shall result in multiple RevOp Investment Terms being applicable to portions of the Purchase Money.

5.2 **RevOp Interest Rate.** The RevOp Interest Rate shall be based on the amount of capital invested in the Revolving Opportunity Loan Program according to the following table:

Capital Invested	RevOp Interest Rate Per Annum
\$1,000,000 - \$2,999,000	10.25%
\$3,000,000 - \$5,999,000	10.50%
\$6,000,000 - \$9,999,000	11.00%
\$10,000,000 +	12.00%

5.3 **Payment of RevOp Interest.** From the Receipt until the expiration of each applicable RevOp Investment Term, Investor shall be entitled to receive monthly interest calculated at the RevOp Interest Rate upon the unpaid principal balance of the Investment (the "RevOp Interest") associated with such RevOp Investment Term. Any interest payable or paid upon the related Loan or Loans in excess of the RevOp Interest shall be retained by Company.

5.4 **Repayment of Investments.** Upon expiration of the Maximum RevOp Investment Term, Investor shall be entitled to receive any unpaid amount of any outstanding Investments plus accrued RevOp Interest pursuant to Section 3.2 or Section 6.2.

**Section 6. Repurchase of Investments.**

6.1 **Repayment of Investments.** In the event any Investment (including RevOp Interest) has been fully paid upon the expiration of the maximum RevOp Investment Term (as a result of payments on the related Loan or Loans), then no further payments to Investor shall be due and Company shall be entitled to file the Reassignment and Release Documents as provided below.

6.2 **Mandatory Repurchase of Investments.** In the event any Investment (including RevOp Interest) has not been fully repaid to Investor upon expiration of the Maximum RevOp Investment Term, Company shall (a) cause the repurchase of or repurchase the Investment from Investor at a price equal to its unpaid principal balance (after crediting all principal payments previously received by Investor thereon) and (b) cause to be paid or pay any accrued and unpaid RevOp Interest at the time the next regularly scheduled payment on the related Loan or Loans.

6.3 **Optional Redemption of Investments.** Notwithstanding the foregoing, Company may, in its sole discretion, redeem an Investment from Investor at any time prior to expiration of the RevOp Investment Term without payment of premium or penalty by tendering to Investor (a) a repurchase price equal to the unpaid principal balance of the Investment (after crediting all principal payments previously received thereon by Investor) and (b) any accrued and unpaid RevOp Interest at the time the next regularly scheduled payment on the related Loan or Loans.

**Section 7. Company to Service Loans.**

7.1 **Company to Originate and Service Loans.** Company shall underwrite, originate or acquire, and service the Loan or Loans related to the Investments and collect and disburse Loan payments.

7.2 **Filing of Reassignment and Release Documents.** Company shall hold the Reassignment and Release Documents with respect to an Investment until the expiration of each applicable RevOp Investment Term. Upon expiration of the RevOp Investment Term, (a) if an Investment and RevOp Interest has been repaid as a result of payment on the related Loan or Loans, or repurchased from Investor by or on behalf of the Company as set forth herein, then Company is authorized to complete and record (with respect to such documents as should be recorded) the Reassignment and Release Documents; and (b) if an Investment and RevOp Interest thereon has not been repaid to Investor nor repurchased from Investor by or on behalf of Company as provided in this Agreement, then Company shall deliver to Investor the Reassignment and Release Documents.

7.3 **Disbursement of Payments.** During the RevOp Investment Term, Company shall be authorized to receive all payments of principal and interest with respect to any Loan or Loans related to Investments, to reinvest the principal pursuant to Section 3.3 or disburse the principal to Investor, to disburse the RevOp Interest to Investor, and to disburse the balance of any interest in excess of the RevOp Interest to Company.

**Section 8. Representations and Warranties.**

8.1 **Representations and Warranties of Company.** Company represents and warrants to Investor as follows:

- (a) All recitals and representations set forth in this Agreement are true and correct.
- (b) Company is a corporation formed under the laws of the state of Arizona and is duly organized, validly existing, and in good standing under the laws of such state.
- (c) Company has the corporate power and authority to conduct its business as now being conducted.
- (d) The liens, security interests, and assignments created by the Loan Assignment Documents will result in valid, effective, and enforceable liens, security interests, and assignments.
- (e) Until all Investments have been paid in full and all of Company's obligations hereunder have been fully discharged, Company shall maintain in full force and effect all agreements, rights, and licenses necessary to conduct its business.

8.2 **Representations and Warranties of Investor.** Investor represents and warrants to Company as follows:

- (a) All recitals and representations set forth in this Agreement are true and correct.
- (b) In the event Investor is a corporation, partnership, limited liability company, plan, trust, or other entity, Investor is duly organized, validly existing, and in good standing under the laws of the state of its organization and has full power and authority to carry on its business as now being conducted. In the event Investor is an individual, Investor is either unmarried, or if married, Investor is acting on behalf of Investor's marital community unless Investor is dealing in Investor's sole and separate property and such status is specifically identified on the signature page hereto.
- (c) Acknowledges that Investor has received the Private Offering Memorandum dated June 20, 2006 (the "Memorandum") and is familiar with and understands it, including the section captioned "Risk Factors."
- (d) Acknowledges that Investor is fully familiar with the Program and with Company and its business, affairs, operating policies, and prospects and has had access to any and all material information, including all documents, records, and books pertaining to Company, that Investor deems necessary or appropriate to enable Investor to make an investment decision to participate in the Program and purchase Participations.
- (e) Acknowledges that the Investor has been encouraged to rely upon the advice of Investor's legal counsel, accountants, and other financial advisors with respect to the participation in the Program and the purchase of Participations.
- (f) Represents and warrants that Investor, in determining to participate in the Program and purchase Participations, has relied solely upon this Agreement, the Memorandum, and the advice of Investor's legal counsel, accountants, and other financial advisors and has been offered the opportunity to ask such questions and inspect such documents concerning the Company and its business and affairs and the Program as

Investor has requested so as to understand more fully the Program and the nature of the investment and to verify the accuracy of the information supplied.

(g) Represents and warrants that Investor has full power to execute, deliver, and perform this Agreement and that this Agreement is a legal and binding obligation of, and is enforceable against, Investor in accordance with its terms.

(h) Represents and warrants that Investor is an "accredited investor" as defined in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act") and satisfies one of the standards set forth in the Memorandum under the section captioned under "Who May Invest."

(i) Represents and warrants that the Participations being acquired will be acquired for Investor's own account without a view to public distribution or resale and that Investor has no contract, undertaking, agreement, or arrangement to sell or otherwise transfer or dispose of any Participations or any portion thereof to any other person.

(j) Represents and warrants that Investor (i) can bear the economic risk of the purchase of Participations, including the loss of Investor's investment and (ii) has such knowledge and experience in business and financial matters, including the analysis of or participation in private offerings and real estate investments, as to be capable of evaluating the merits and risks of the participation in the Program and an investment in Participations.

(k) Represents and warrants, if subject to the Employee Retirement Income Security Act ("ERISA"), that Investor is aware of and has taken into consideration the diversification requirements of Section 404(a)(3) of ERISA in determining to purchase Participations and that Investor has concluded that the purchase of Participations is prudent.

(l) Understands that Investor may be required to provide current financial and other information to the Company to enable it to determine whether Investor is qualified to purchase Participations.

(m) Understands that the Participations will not be registered under the Securities Act or the securities laws of any state or other jurisdiction and therefore will be subject to substantial restrictions on transfer.

(n) Agrees that Investor will not sell or otherwise transfer or dispose of any Participations or any portion thereof unless such Participations are registered under the Securities Act and any applicable state securities laws or Investor obtains an opinion of counsel that it is satisfactory to Company that such Participations may be sold in reliance on an exemption from such registration requirements.

(o) Understands that (i) Company has no obligation or intention to register any Participations for resale or transfer under the Securities Act or any state securities laws or to take any action (including the filing of reports or the publication of information as required by Rule 144 under the Securities Act) that would make available any exemption from the registration requirements of any such laws, and (ii) Investor therefore may be precluded from selling or otherwise transferring or disposing of any Participations or any portion thereof for an indefinite period of time or at any particular time.

(p) Represents and warrants that neither Company, Mortgages Ltd. Securities, L.L.C. ("MLS"), an affiliate of Company, nor anyone purportedly acting on behalf of either of them has made any representations or warranties respecting the Program or the business, affairs, financial condition, plans, or prospects of the Company except those contained in the Memorandum nor has Investor relied on any representations or warranties in the belief that they were made on behalf of any of the foregoing, nor has Investor relied on the absence of any such representations or warranties in reaching the decision to participate in the Program or purchase Participations.

(q) Represents and warrants that (i) if an individual, Investor is at least 21 years of age; (ii) Investor satisfies the suitability standards set forth in the Memorandum; (iii) Investor has adequate means of providing for Investor's current needs and contingencies; (iv) Investor has no need for liquidity in Investor's investments; (v) Investor maintains the Investor's business or residence at the address shown below; (vi) all investments in and commitments to non-liquid investments are, and after the purchase of Participations will be, reasonable in relation to Investor's net worth and current needs; and (vii) any financial information that is provided by Investor at the request of the Company, does or will accurately reflect Investor's financial sophistication and condition with respect to which Investor does not anticipate any material adverse change.

(r) Understands that no federal or state agency, including the Securities and Exchange Commission or the securities commission or authorities of any state, has approved or disapproved the Participations, passed upon or endorsed the merits of the offering of participation, or made any finding or determination as to the fairness of the Participations for public investment.

(s) Understands that the Participations are being offered and sold in reliance on specific exemptions from the registration requirements of federal and state laws and that Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgements, and understandings set forth herein in order to determine the suitability of Investor to acquire Participations.

(t) Represents, warrants, and agrees that, if Investor is acquiring Participations in a fiduciary capacity (i) the above representations, warranties, agreements, acknowledgements, and understandings shall be deemed to have been made on behalf of the person or persons for whose benefit such Participations are being acquired, (ii) the name of such person or persons is indicated below under the subscriber's name, and (iii) such further information as Company deems appropriate shall be furnished regarding such person or persons.

(u) Represents and warrants that the information set forth herein regarding Investor is true and complete and agrees that the Company may rely on the truth and accuracy of the information for purposes of assuring that Company may rely on the exemptions from the registration requirements of the Securities Act afforded by Section 4(2) of the Securities Act and Regulation D under the Securities Act and of any applicable state statutes or regulations, and further agrees that the Company may present such information to such persons as it deems appropriate if called upon to verify the information provided or to establish the availability of an exemption from registration under Section 4(2) of the Securities Act, Regulation D, or any state securities statutes or regulations or if the contents are relevant to any issue in any action, suit, or proceeding to which Company, MLS, or any agent of any of them is a party or by which any of them may be bound.

(v) Understands and acknowledges that the Participations and the Loans are subject to a number of important risks and uncertainties as set forth under the section captioned "Risk Factors" in the Memorandum, including significant competition; the risks generally incident to the development, ownership operation, and rental of real property; changes in national and local economic and market conditions; changes in the investment climate for real estate investments; the availability and cost of mortgage funds; the obligations to meet fixed and maturing obligations, if any; the availability and cost of necessary utilities and services; changes in real estate tax rates and other operating expenses; changes in governmental rules, fiscal policies, zoning, environmental controls, and other land use regulations; and acts of God, which may result in uninsured losses; conditions in the real estate market; the availability and cost of real estate loans; and other factors beyond the control of Company. Investor further understands and acknowledges that Participations will also be subject to the risks associated with the development of real estate, including the cost of construction, the time it takes to complete such construction, worker strikes and other labor difficulties, energy shortages, material and labor shortages, inflation, adverse weather conditions, subcontractor defaults and delays, changes in federal, state, or local laws, ordinances, or regulations, and other unknown contingencies.

(w) Understands and acknowledges that the future operating results of Company are impossible to predict and that no representations or warranties of any kind are made by Company, or MLS or any of their affiliates with respect to the prospects of Company or the rate of return on the Participations.

**Section 9. Default.**

**9.1 Default by Company.** The occurrence of any of the following events or conditions shall constitute an "Event of Default" by Company under this Agreement:

(a) The failure by Company to fulfill its obligations under Section 6.2 within 10 days after written notice from Investor;

(b) Any representation, warranty, or statement by Company contained in this agreement shall have been materially false when made or furnished;

(c) The filing by Company of any proceeding under the federal bankruptcy laws or any other similar statute now or hereafter in effect; the entry of an order for relief under such laws with respect to Company; or the appointment of a receiver, trustee, custodian, or conservator of all or any part of the assets of Company;

(d) The insolvency of Company; the execution by Company of an assignment for the benefit of creditors; or a material adverse change in the financial condition of Company;

(e) The admission in writing by Company that it is unable to pay its debts as they mature or that it is generally not paying its debts as they mature; or

(f) The liquidation, termination, or dissolution of Company if Investor is not reasonably reassured of timely performance hereunder.

**9.2 Default by Investor.** The occurrence of any of the following events or conditions shall constitute an "Event of Default" by the Investor under this Agreement:

(a) The failure by Investor to timely pay the Purchase Money;

(b) The failure by Investor to timely execute and return to Company the Loan Assignment Documents, the Reassignment and Release Documents, or such other instruments or documents as reasonably requested by Company, in accordance with the terms of this Agreement within 10 business days after written notice thereof by Company to Investor;

(c) Any representation, warranty, or statement by Investor contained in this agreement shall have been materially false when made or furnished;

(d) The filing by Investor of any proceeding under the federal bankruptcy laws or any other similar statute now or hereafter in effect; the entry of an order for relief under such laws with respect to Investor; or the appointment of a receiver, trustee, custodian, or conservator of all or any part of the assets of Investor;

(e) The insolvency of Investor; the execution by Investor of an assignment for the benefit of creditors; or a material adverse change in the financial condition of Investor;

(f) The admission in writing by Investor that it is unable to pay its debts as they mature or that it is generally not paying its debts as they mature; or

(g) The liquidation, termination, or dissolution of Investor if Company is not reasonably reassured of timely performance hereunder.

**9.3 Remedies of Investor.** Upon the occurrence of any Event of Default caused by Company (and at any time thereafter while such Event of Default is continuing), Investor may do one or more of the following:



(a) Proceed to protect and enforce its rights and remedies under this Agreement, the Loan Documents and the Reassignment and Release Documents; and

(b) Avail itself of any other right, remedy, or relief to which Investor may be legally or equitably entitled, all of which remedies shall be non-exclusive and cumulative and the exercise by Investor of any one such remedy shall not preclude the exercise by Investor of further or additional remedies.

9.4 **Remedies of Company.** Upon the occurrence of any Event of Default caused by Investor (and at any time thereafter while such Event of Default is continuing), Company may do one or more of the following:

(a) Proceed to protect and enforce its rights and remedies under this Agreement, the Loan Assignment Documents, and the Reassignment and Release Documents;

(b) Demand and receive repayment from Investor of the Placement Fee;

(c) Refuse to allow Investor any further participation in the Revolving Opportunity Program and/or any other investment program offered by Company; and

(d) Avail itself of any other right, remedy, or relief to which Company may be legally or equitably entitled, including without limitation damages or injunctive relief, all of which remedies shall be non-exclusive and cumulative and the exercise by Company of any one such remedy shall not preclude the exercise by Company of further or additional remedies.

#### **Section 10. Action Upon Agreement.**

10.1 **Beneficiaries of Agreement.** This Agreement is made for the sole protection and benefit of the parties hereto, and no other person or organization shall have any rights hereunder.

10.2 **Entire Agreement.** This Agreement, together with the Loan Assignment Documents and the Reassignment and Release Documents, contain the entire agreement between the parties with regard to the subject matter hereof. There are no representations, promises, warranties, understandings, or agreements, expressed or implied, oral or otherwise, in relation thereto, except those expressly referred to or set forth herein. Each party acknowledges that the execution and delivery of this Agreement is its free and voluntary act and deed, and that said execution and delivery have not been induced by, nor done in reliance upon, any representations, promises, warranties, understandings, or agreements made by the other party, its agents, officers, employees, or representatives.

10.3 **Agreements in Writing.** No promise, representation, warranty, or agreement made subsequent to the execution and delivery of this Agreement by either party hereto, and no revocation, partial or otherwise, or change, amendment, or addition to or alteration or modification of this Agreement shall be valid unless the same shall be in writing signed by all parties hereto.

10.4 **Independent Parties.** Investor and Company each have separate and independent rights and obligations under this Agreement. Nothing contained herein shall be construed as creating, forming, or constituting any partnership, joint venture, merger, or similar relationship between Company and Investor for any purpose or in any respect.

#### **Section 11. Adoption of the Agreements.**

11.1 **Power of Attorney.** By executing this Agreement, Investor accepts and agrees to be bound by the Agency Agreement, the Loan Assignment Documents, and the Reassignment and Release Documents. Investor further hereby irrevocably constitutes and appoints the Company, with full power of substitution, as Investor's true and lawful attorney and agent, with full power and authority in the Investor's name, place, and stead, to make, execute, swear to, acknowledge, deliver, file, and record the following:

(a) The Agency Agreement, the Loan Assignment Documents, and the Reassignment and Documents, and any amendments thereto;

(b) All certificates, instruments, documents, and other papers and amendments thereto that may from time to time be required under the laws of the United States of America, the state of Arizona, any other state or jurisdiction, or required by any political subdivision or agency of any of the foregoing or otherwise, or which Company deems appropriate or necessary to carry on the objects and intent of this Agreement and to administer the Revolving Opportunity Loan Program as contemplated by this Agreement;

This power of attorney granted hereby shall be deemed to be a power coupled with an interest, shall survive the death, legal incapacity bankruptcy, merger, sale, dissolution, termination, or other fundamental change of Investor, and shall survive the delivery of an assignment by Investor of all or any portion of Investor's Investments.

11.2 **Execution of Documents by Investor.** Notwithstanding Section 11.1, to the extent requested by Company upon 10 business days notice, Investor shall execute (and cause signature to be acknowledged before a notary, when appropriate) and deliver to Company any Loan Assignment Documents, Reassignment and Release Documents (but only upon the repayment in full of the related Investment), and such other documents, certificates, and other papers as Company reasonably deems necessary or appropriate to administer the Revolving Opportunity Loan Program as contemplated by this Agreement.

## **Section 12. General.**

12.1 **Cooperation.** Each party shall reasonably cooperate with the other party, including without limitation the execution or delivery upon request of such other or additional instruments or documents as reasonably necessary or appropriate to accomplish the purposes of this Agreement.

12.2 **Notices.** All notices required or permitted to be given hereunder shall be in writing, and shall become effective 72 hours after such are deposited in the United States mail, certified or registered, postage prepaid, addressed as shown above or to such other address as such party may from time-to-time designate in writing.

12.3 **Governing Law and Venue.** This Agreement shall be governed by and construed according to the laws of the state of Arizona. Investor agrees that any controversies relating to this Agreement will be determined in federal or state court sitting in the city of Phoenix, waives the defense of inconvenient forum, and waives any right to jury trial.

12.4 **Binding Agreement.** This Agreement shall be binding upon the parties hereto and may not be assigned by either party.

12.5 **Headings.** The headings or captions of sections in this Agreement are for convenience and reference only and in no way define, limit, or describe the scope or intent of this Agreement or the provisions of such sections.

IN WITNESS WHEREOF, the parties have executed this Agreement with respect to the Investor Commitment amount of \$600,000.00 as of the Effective Date of July 7, 2007. This agreement expires 12/31/2007.

**MORTGAGES LTD., an Arizona corporation**

**Cornerstone Realty & Development, Inc., an  
Arizona corporation**

By: \_\_\_\_\_

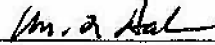


Scott M. Coles

Its: Chairman and Chief Executive officer

Address: 55 East Thomas Road  
Phoenix, Arizona 85012

By: \_\_\_\_\_



William L. Hawkins

Its: President

Address: 7317 E. Greenway Rd.  
Scottsdale, AZ 85260

Phone: (480) 816-6006

E-mail: [scott@pentadholdings.com](mailto:scott@pentadholdings.com)

# EXHIBIT "E"



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the unpaid outstanding principal balance of the related Loan or Loans, shall remain available for reinvestment in Successor Investments until the Repayment Date. Company, in its sole discretion, may elect to reinvest such principal payments, or any portion thereof, in Successor Investments on behalf of Investor, but only for a term equal to the number of days remaining until the Repayment Date.

**Section 4. Payment of Purchase Money.**

4.1 **Notice to Fund Investment Commitment.** Company shall give notice (the "Payment Notice") to Investor requesting funds pursuant to the Investor Commitment at the address or to the telephone number, facsimile number, or e-mail address of Investor set forth below. The Payment Notice shall identify the amount of money (the "Purchase Money") Investor is to invest. In no event shall Company issue a Payment Notice to Investor for an amount more than the Investor Commitment. Within 10 business days of the Payment Notice, Investor shall deliver to Company the Purchase Money specified in the Payment Notice by cashier's check, certified check, or wire transfer. If the Investor Commitment exceeds the aggregate amount of all outstanding Investments at any time during the Program Term, Company shall have the right to issue one or more additional Payment Notices to Investor. Each Payment Notice and Investment purchased from the Purchase Money shall be subject to a separate Repayment Date, as defined in Section 4.3.

4.2 **Action following Receipt of Purchase Money from Investor.** Upon receipt ("Receipt") by Company of the Purchase Money, Company shall (a) pay or cause the payment of the RevOp Prepaid Interests (as defined below) to Investor; (b) prepare an assignment of beneficial interest of deed(s) of trust securing the related Loan or Loans, an endorsement of the promissory note(s), and, if applicable, assignments of other loan or security instruments for the related Loan or Loans (collectively, the "Loan Assignment Documents"); (c) cause to be recorded, at no expense to Investor, in the official records of the county in which the property securing the related Loan or Loans may be situated any of the Loan Assignment Documents required to be recorded, such as an assignment of the beneficial interest of the deed(s) of trust; and (d) prepare such "blank" assignment documents, directions for release and reconveyance, termination of UCC interests, and other assignment or release instruments as Company determines to be appropriate with respect to the related Loan or Loans (collectively, the "Reassignment and Release Documents").

4.3 **Repayment Date of Individual Investments.** The Repayment Date shall be 90 days from the Receipt, but such funds may be applied to Successor Investments subject to the payment of RevOp Prepaid Interest.

4.4 **RevOp Prepaid Interest.** Based on the amount of capital invested in the Revolving Opportunity Loan Program, the RevOp Prepaid Interest shall equal a specified percentage of the outstanding principal of the Investments according to the following table:

Capital Invested	RevOp Prepaid Interest
\$500,000 - \$2,499,000	0.500%
\$3,000,000 - \$4,999,000	0.625%
\$5,000,000 - \$7,499,000	0.750%
\$7,500,000 +	1.000%

**Section 5. Administration of Purchase Loans.**

5.1 **RevOp Investment Term.** The "RevOp Investment Term" shall be the time during which Investor's capital is invested in an Initial Investment or Successor Investment, which will be the shorter of (a) the number of days from the Receipt to the Repayment Date (the "Maximum RevOp Investment Term"), or (b) the number of days from the Receipt to earlier of the date on which (i) the Company redeems the Initial Investment, or (ii) the Initial Investment or Successor Investment has been paid in full, in each case including unpaid principal and RevOp Interest. Partial repayments or redemptions of an Initial Investments and/or Successor Investment shall result in multiple RevOp Investment Terms being applicable to portions of the Purchase Money.

5.2 **RevOp Interest Rate.** The RevOp Interest Rate shall be based on the amount of capital invested in the Revolving Opportunity Loan Program according to the following table:

Capital Invested	RevOp Interest Rate Per Annum
\$500,000 - \$2,499,000	10.00%
\$3,000,000 - \$4,999,000	10.50%
\$5,000,000 - \$7,499,000	11.00%
\$7,500,000 +	12.00%

5.3 **Payment of RevOp Interest.** From the Receipt until the expiration of each applicable RevOp Investment Term, Investor shall be entitled to receive monthly interest calculated at the RevOp Interest Rate upon the unpaid principal balance of the Investment (the "RevOp Interest") associated with such RevOp Investment Term. Any interest payable or paid upon the related Loan or Loans in excess of the RevOp Interest shall be retained by Company.

5.4 **Repayment of Investments.** Upon expiration of the Maximum RevOp Investment Term, Investor shall be entitled to receive any unpaid amount of any outstanding Investments plus accrued RevOp Interest pursuant to Section 3.2 or Section 6.2.

#### **Section 6. Repurchase of Investments.**

6.1 **Repayment of Investments.** In the event any Investment (including RevOp Interest) has been fully paid upon the expiration of the maximum RevOp Investment Term (as a result of payments on the related Loan or Loans), then no further payments to Investor shall be due and Company shall be entitled to file the Reassignment and Release Documents as provided below.

6.2 **Mandatory Repurchase of Investments.** In the event any Investment (including RevOp Interest) has not been fully repaid to Investor upon expiration of the Maximum RevOp Investment Term, Company shall (a) cause the repurchase of or repurchase the Investment from Investor at a price equal to its unpaid principal balance (after crediting all principal payments previously received by Investor thereon) and (b) cause to be paid or pay any accrued and unpaid RevOp Interest at the time the next regularly scheduled payment on the related Loan or Loans.

6.3 **Optional Redemption of Investments.** Notwithstanding the foregoing, Company may, in its sole discretion, redeem an Investment from Investor at any time prior to expiration of the RevOp Investment Term without payment of premium or penalty by tendering to Investor (a) a repurchase price equal to the unpaid principal balance of the Investment (after crediting all principal payments previously received thereon by Investor) and (b) any accrued and unpaid RevOp Interest at the time the next regularly scheduled payment on the related Loan or Loans.

#### **Section 7. Company to Service Loans.**

7.1 **Company to Originate and Service Loans.** Company shall underwrite, originate or acquire, and service the Loan or Loans related to the Investments and collect and disburse Loan payments.

7.2 **Filing of Reassignment and Release Documents.** Company shall hold the Reassignment and Release Documents with respect to an Investment until the expiration of each applicable RevOp Investment Term. Upon expiration of the RevOp Investment Term, (a) if an Investment and RevOp Interest has been repaid as a result of payment on the related Loan or Loans, or repurchased from Investor by or on behalf of the Company as set forth herein, then Company is authorized to complete and record (with respect to such documents as should be recorded) the Reassignment and Release Documents; and (b) if an Investment and RevOp Interest thereon has not been repaid to Investor nor repurchased from Investor by or on behalf of Company as provided in this Agreement, then Company shall deliver to Investor the Reassignment and Release Documents.

7.3 **Disbursement of Payments.** During the RevOp Investment Term, Company shall be authorized to receive all payments of principal and interest with respect to any Loan or Loans related to Investments, to reinvest the principal pursuant to Section 3.3 or disburse the principal to Investor, to disburse the RevOp Interest to Investor, and to disburse the balance of any interest in excess of the RevOp Interest to Company.

**Section 8. Representations and Warranties.**

8.1 **Representations and Warranties of Company.** Company represents and warrants to Investor as follows:

- (a) All recitals and representations set forth in this Agreement are true and correct.
- (b) Company is a corporation formed under the laws of the state of Arizona and is duly organized, validly existing, and in good standing under the laws of such state.
- (c) Company has the corporate power and authority to conduct its business as now being conducted.
- (d) The liens, security interests, and assignments created by the Loan Assignment Documents will result in valid, effective, and enforceable liens, security interests, and assignments.
- (e) Until all Investments have been paid in full and all of Company's obligations hereunder have been fully discharged, Company shall maintain in full force and effect all agreements, rights, and licenses necessary to conduct its business.

8.2 **Representations and Warranties of Investor.** Investor represents and warrants to Company as follows:

- (a) All recitals and representations set forth in this Agreement are true and correct.
- (b) In the event Investor is a corporation, partnership, limited liability company, plan, trust, or other entity, Investor is duly organized, validly existing, and in good standing under the laws of the state of its organization and has full power and authority to carry on its business as now being conducted. In the event Investor is an individual, Investor is either unmarried, or if married, Investor is acting on behalf of Investor's marital community unless Investor is dealing in Investor's sole and separate property and such status is specifically identified on the signature page hereto.
- (c) Acknowledges that Investor has received the Private Offering Memorandum dated June 20, 2006 (the "Memorandum") and is familiar with and understands it, including the section captioned "Risk Factors."
- (d) Acknowledges that Investor is fully familiar with the Program and with Company and its business, affairs, operating policies, and prospects and has had access to any and all material information, including all documents, records, and books pertaining to Company, that Investor deems necessary or appropriate to enable Investor to make an investment decision to participate in the Program and purchase Participations.
- (e) Acknowledges that the Investor has been encouraged to rely upon the advice of Investor's legal counsel, accountants, and other financial advisors with respect to the participation in the Program and the purchase of Participations.
- (f) Represents and warrants that Investor, in determining to participate in the Program and purchase Participations, has relied solely upon this Agreement, the Memorandum, and the advice of Investor's legal counsel, accountants, and other financial advisors and has been offered the opportunity to ask such questions and inspect such documents concerning the Company and its business and affairs and the Program as



Investor has requested so as to understand more fully the Program and the nature of the investment and to verify the accuracy of the information supplied.

(g) Represents and warrants that Investor has full power to execute, deliver, and perform this Agreement and that this Agreement is a legal and binding obligation of, and is enforceable against, Investor in accordance with its terms.

(h) Represents and warrants that Investor is an "accredited investor" as defined in Rule 501(a) under the Securities Act of 1933, as amended (the "Securities Act") and satisfies one of the standards set forth in the Memorandum under the section captioned under "Who May Invest."

(i) Represents and warrants that the Participations being acquired will be acquired for Investor's own account without a view to public distribution or resale and that Investor has no contract, undertaking, agreement, or arrangement to sell or otherwise transfer or dispose of any Participations or any portion thereof to any other person.

(j) Represents and warrants that Investor (i) can bear the economic risk of the purchase of Participations, including the loss of Investor's investment and (ii) has such knowledge and experience in business and financial matters, including the analysis of or participation in private offerings and real estate investments, as to be capable of evaluating the merits and risks of the participation in the Program and an investment in Participations.

(k) Represents and warrants, if subject to the Employee Retirement Income Security Act ("ERISA"), that Investor is aware of and has taken into consideration the diversification requirements of Section 404(a)(3) of ERISA in determining to purchase Participations and that Investor has concluded that the purchase of Participations is prudent.

(l) Understands that Investor may be required to provide current financial and other information to the Company to enable it to determine whether Investor is qualified to purchase Participations.

(m) Understands that the Participations will not be registered under the Securities Act or the securities laws of any state or other jurisdiction and therefore will be subject to substantial restrictions on transfer.

(n) Agrees that Investor will not sell or otherwise transfer or dispose of any Participations or any portion thereof unless such Participations are registered under the Securities Act and any applicable state securities laws or Investor obtains an opinion of counsel that it is satisfactory to Company that such Participations may be sold in reliance on an exemption from such registration requirements.

(o) Understands that (i) Company has no obligation or intention to register any Participations for resale or transfer under the Securities Act or any state securities laws or to take any action (including the filing of reports or the publication of information as required by Rule 144 under the Securities Act) that would make available any exemption from the registration requirements of any such laws, and (ii) Investor therefore may be precluded from selling or otherwise transferring or disposing of any Participations or any portion thereof for an indefinite period of time or at any particular time.

(p) Represents and warrants that neither Company, Mortgages Ltd. Securities, L.L.C. ("MLS"), an affiliate of Company, nor anyone purportedly acting on behalf of either of them has made any representations or warranties respecting the Program or the business, affairs, financial condition, plans, or prospects of the Company except those contained in the Memorandum nor has Investor relied on any representations or warranties in the belief that they were made on behalf of any of the foregoing, nor has Investor relied on the absence of any such representations or warranties in reaching the decision to participate in the Program or purchase Participations.

(q) Represents and warrants that (i) if an individual, Investor is at least 21 years of age; (ii) Investor satisfies the suitability standards set forth in the Memorandum; (iii) Investor has adequate means of providing for Investor's current needs and contingencies; (iv) Investor has no need for liquidity in Investor's investments; (v) Investor maintains the Investor's business or residence at the address shown below; (vi) all investments in and commitments to non-liquid investments are, and after the purchase of Participations will be, reasonable in relation to Investor's net worth and current needs; and (vii) any financial information that is provided by Investor at the request of the Company, does or will accurately reflect Investor's financial sophistication and condition with respect to which Investor does not anticipate any material adverse change.

(r) Understands that no federal or state agency, including the Securities and Exchange Commission or the securities commission or authorities of any state, has approved or disapproved the Participations, passed upon or endorsed the merits of the offering of participation, or made any finding or determination as to the fairness of the Participations for public investment.

(s) Understands that the Participations are being offered and sold in reliance on specific exemptions from the registration requirements of federal and state laws and that Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgements, and understandings set forth herein in order to determine the suitability of Investor to acquire Participations.

(t) Represents, warrants, and agrees that, if Investor is acquiring Participations in a fiduciary capacity (i) the above representations, warranties, agreements, acknowledgements, and understandings shall be deemed to have been made on behalf of the person or persons for whose benefit such Participations are being acquired, (ii) the name of such person or persons is indicated below under the subscriber's name, and (iii) such further information as Company deems appropriate shall be furnished regarding such person or persons.

(u) Represents and warrants that the information set forth herein regarding Investor is true and complete and agrees that the Company may rely on the truth and accuracy of the information for purposes of assuring that Company may rely on the exemptions from the registration requirements of the Securities Act afforded by Section 4(2) of the Securities Act and Regulation D under the Securities Act and of any applicable state statutes or regulations, and further agrees that the Company may present such information to such persons as it deems appropriate if called upon to verify the information provided or to establish the availability of an exemption from registration under Section 4(2) of the Securities Act, Regulation D, or any state securities statutes or regulations or if the contents are relevant to any issue in any action, suit, or proceeding to which Company, MLS, or any agent of any of them is a party or by which any of them may be bound.

(v) Understands and acknowledges that the Participations and the Loans are subject to a number of important risks and uncertainties as set forth under the section captioned "Risk Factors" in the Memorandum, including significant competition; the risks generally incident to the development, ownership operation, and rental of real property; changes in national and local economic and market conditions; changes in the investment climate for real estate investments; the availability and cost of mortgage funds; the obligations to meet fixed and maturing obligations, if any; the availability and cost of necessary utilities and services; changes in real estate tax rates and other operating expenses; changes in governmental rules, fiscal policies, zoning, environmental controls, and other land use regulations; and acts of God, which may result in uninsured losses; conditions in the real estate market; the availability and cost of real estate loans; and other factors beyond the control of Company. Investor further understands and acknowledges that Participations will also be subject to the risks associated with the development of real estate, including the cost of construction, the time it takes to complete such construction, worker strikes and other labor difficulties, energy shortages, material and labor shortages, inflation, adverse weather conditions, subcontractor defaults and delays, changes in federal, state, or local laws, ordinances, or regulations, and other unknown contingencies.

(w) Understands and acknowledges that the future operating results of Company are impossible to predict and that no representations or warranties of any kind are made by Company, or MLS or any of their affiliates with respect to the prospects of Company or the rate of return on the Participations.

**Section 9. Default.**

**9.1 Default by Company.** The occurrence of any of the following events or conditions shall constitute an "Event of Default" by Company under this Agreement:

(a) The failure by Company to fulfill its obligations under Section 6.2 within 10 days after written notice from Investor;

(b) Any representation, warranty, or statement by Company contained in this agreement shall have been materially false when made or furnished;

(c) The filing by Company of any proceeding under the federal bankruptcy laws or any other similar statute now or hereafter in effect; the entry of an order for relief under such laws with respect to Company; or the appointment of a receiver, trustee, custodian, or conservator of all or any part of the assets of Company;

(d) The insolvency of Company; the execution by Company of an assignment for the benefit of creditors; or a material adverse change in the financial condition of Company;

(e) The admission in writing by Company that it is unable to pay its debts as they mature or that it is generally not paying its debts as they mature; or

(f) The liquidation, termination, or dissolution of Company if Investor is not reasonably reassured of timely performance hereunder.

**9.2 Default by Investor.** The occurrence of any of the following events or conditions shall constitute an "Event of Default" by the Investor under this Agreement:

(a) The failure by Investor to timely pay the Purchase Money;

(b) The failure by Investor to timely execute and return to Company the Loan Assignment Documents, the Reassignment and Release Documents, or such other instruments or documents as reasonably requested by Company, in accordance with the terms of this Agreement within 10 business days after written notice thereof by Company to Investor;

(c) Any representation, warranty, or statement by Investor contained in this agreement shall have been materially false when made or furnished;

(d) The filing by Investor of any proceeding under the federal bankruptcy laws or any other similar statute now or hereafter in effect; the entry of an order for relief under such laws with respect to Investor; or the appointment of a receiver, trustee, custodian, or conservator of all or any part of the assets of Investor;

(e) The insolvency of Investor; the execution by Investor of an assignment for the benefit of creditors; or a material adverse change in the financial condition of Investor;

(f) The admission in writing by Investor that it is unable to pay its debts as they mature or that it is generally not paying its debts as they mature; or

(g) The liquidation, termination, or dissolution of Investor if Company is not reasonably reassured of timely performance hereunder.

**9.3 Remedies of Investor.** Upon the occurrence of any Event of Default caused by Company (and at any time thereafter while such Event of Default is continuing), Investor may do one or more of the following:

(a) Proceed to protect and enforce its rights and remedies under this Agreement, the Loan Documents and the Reassignment and Release Documents; and

(b) Avail itself of any other right, remedy, or relief to which Investor may be legally or equitably entitled, all of which remedies shall be non-exclusive and cumulative and the exercise by Investor of any one such remedy shall not preclude the exercise by Investor of further or additional remedies.

9.4 **Remedies of Company.** Upon the occurrence of any Event of Default caused by Investor (and at any time thereafter while such Event of Default is continuing), Company may do one or more of the following:

(a) Proceed to protect and enforce its rights and remedies under this Agreement, the Loan Assignment Documents, and the Reassignment and Release Documents;

(b) Demand and receive repayment from Investor of the Placement Fee;

(c) Refuse to allow Investor any further participation in the Revolving Opportunity Program and/or any other investment program offered by Company; and

(d) Avail itself of any other right, remedy, or relief to which Company may be legally or equitably entitled, including without limitation damages or injunctive relief, all of which remedies shall be non-exclusive and cumulative and the exercise by Company of any one such remedy shall not preclude the exercise by Company of further or additional remedies.

#### **Section 10. Action Upon Agreement.**

10.1 **Beneficiaries of Agreement.** This Agreement is made for the sole protection and benefit of the parties hereto, and no other person or organization shall have any rights hereunder.

10.2 **Entire Agreement.** This Agreement, together with the Loan Assignment Documents and the Reassignment and Release Documents, contain the entire agreement between the parties with regard to the subject matter hereof. There are no representations, promises, warranties, understandings, or agreements, expressed or implied, oral or otherwise, in relation thereto, except those expressly referred to or set forth herein. Each party acknowledges that the execution and delivery of this Agreement is its free and voluntary act and deed, and that said execution and delivery have not been induced by, nor done in reliance upon, any representations, promises, warranties, understandings, or agreements made by the other party, its agents, officers, employees, or representatives.

10.3 **Agreements in Writing.** No promise, representation, warranty, or agreement made subsequent to the execution and delivery of this Agreement by either party hereto, and no revocation, partial or otherwise, or change, amendment, or addition to or alteration or modification of this Agreement shall be valid unless the same shall be in writing signed by all parties hereto.

10.4 **Independent Parties.** Investor and Company each have separate and independent rights and obligations under this Agreement. Nothing contained herein shall be construed as creating, forming, or constituting any partnership, joint venture, merger, or similar relationship between Company and Investor for any purpose or in any respect.

#### **Section 11. Adoption of the Agreements.**

11.1 **Power of Attorney.** By executing this Agreement, Investor accepts and agrees to be bound by the Agency Agreement, the Loan Assignment Documents, and the Reassignment and Release Documents. Investor further hereby irrevocably constitutes and appoints the Company, with full power of substitution, as Investor's true and lawful attorney and agent, with full power and authority in the Investor's name, place, and stead, to make, execute, swear to, acknowledge, deliver, file, and record the following:

(a) The Agency Agreement, the Loan Assignment Documents, and the Reassignment and Documents, and any amendments thereto;

(b) All certificates, instruments, documents, and other papers and amendments thereto that may from time to time be required under the laws of the United States of America, the state of Arizona, any other state or jurisdiction, or required by any political subdivision or agency of any of the foregoing or otherwise, or which Company deems appropriate or necessary to carry on the objects and intent of this Agreement and to administer the Revolving Opportunity Loan Program as contemplated by this Agreement;

This power of attorney granted hereby shall be deemed to be a power coupled with an interest, shall survive the death, legal incapacity bankruptcy, merger, sale, dissolution, termination, or other fundamental change of Investor, and shall survive the delivery of an assignment by Investor of all or any portion of Investor's Investments.

11.2 **Execution of Documents by Investor.** Notwithstanding Section 11.1, to the extent requested by Company upon 10 business days notice, Investor shall execute (and cause signature to be acknowledged before a notary, when appropriate) and deliver to Company any Loan Assignment Documents, Reassignment and Release Documents (but only upon the repayment in full of the related Investment), and such other documents, certificates, and other papers as Company reasonably deems necessary or appropriate to administer the Revolving Opportunity Loan Program as contemplated by this Agreement.

## **Section 12. General.**

12.1 **Cooperation.** Each party shall reasonably cooperate with the other party, including without limitation the execution or delivery upon request of such other or additional instruments or documents as reasonably necessary or appropriate to accomplish the purposes of this Agreement.

12.2 **Notices.** All notices required or permitted to be given hereunder shall be in writing, and shall become effective 72 hours after such are deposited in the United States mail, certified or registered, postage prepaid, addressed as shown above or to such other address as such party may from time-to-time designate in writing.

12.3 **Governing Law and Venue.** This Agreement shall be governed by and construed according to the laws of the state of Arizona. Investor agrees that any controversies relating to this Agreement will be determined in federal or state court sitting in the city of Phoenix, waives the defense of inconvenient forum, and waives any right to jury trial.

12.4 **Binding Agreement.** This Agreement shall be binding upon the parties hereto and may not be assigned by either party.

12.5 **Headings.** The headings or captions of sections in this Agreement are for convenience and reference only and in no way define, limit, or describe the scope or intent of this Agreement or the provisions of such sections.

IN WITNESS WHEREOF, the parties have executed this Agreement with respect to the Investor Commitment amount of \$300,000.00 as of the Effective Date of November 8, 2006.

**MORTGAGES LTD., an Arizona corporation**

By:   
\_\_\_\_\_

Scott M. Coles  
Its: Chairman and Chief Executive officer

Address: 55 East Thomas Road  
Phoenix, Arizona 85012

**INVESTOR**

Cornerstone Realty & Development, Inc. Defined Benefit Plan and Trust dated January 1, 2004, and any amendments thereto

By:   
\_\_\_\_\_

William L. Hawkins  
Its: Trustee

Address: 7317 E. Greenway Rd.  
Scottsdale, AZ 85260

Phone: (602) 549-5937

Fax: (480) 614-3581

E-mail: scott@pentadholdings.com