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10 Counsel for the Rev Op Group

11 **IN THE UNITED STATES BANKRUPTCY COURT**
12 **FOR THE DISTRICT OF ARIZONA**

13 In re:
14 MORTGAGES LTD.,
15 Debtor.

In Proceedings Under Chapter 11

Case No. 2:08-bk-07465-RJH

NOTICE OF FILING
SUMMARY/REPLY OF REV OP
GROUP

Hearing Date: October 8, 2009
Hearing Time: 11:00 a.m.

17 **NOTICE IS HEREBY GIVEN** that Rev Op Group hereby files its
18 Summary/Reply attached hereto as Exhibit "1" in support of their Emergency Motion for
19 Entry of Order: (I) Clarifying Chapter 11 Plan, Confirmation Order, and Other Matters
20 Relevant to Transfer Decision of Pass-Through Investors; and (II) Extending the Transfer
21 Decision Deadline dated September 14, 2009 [DE #2168].

22 DATED this 8th day of October, 2009.

23 BRYAN CAVE LLP

24 By /s/ RJM, #013334

25 Robert J. Miller
26 Bryce A. Suzuki
27 Two North Central Avenue, Suite 2200
28 Phoenix, AZ 85004-4406
Counsel for the Rev Op Group

1 COPY of the foregoing served via
2 email this 8th day of October, 2009,
3 upon:

4 Cathy Reece
5 Fennemore Craig, P.C.
6 3003 North Central Avenue, Suite 2600
7 Phoenix, Arizona 85012-2913
8 Counsel for the ML Manager, LLC
9 creece@fclaw.com

10 Larry Watson
11 Office of the United States Trustee
12 230 N. First Avenue, Suite 204
13 Phoenix, Arizona 85003
14 larry.watson@usdoj.gov

15 William S. Jenkins
16 Myers & Jenkins
17 3003 N Central Ave Ste 1900
18 Phoenix, Arizona 85012
19 Counsel For The Liquidating Trustee
20 wsj@mjlegal.Com

21 S. Cary Forrester
22 Forrester & Worth PLLC
23 3636 North Central Avenue
24 Suite 700
25 Phoenix, Arizona 85012-1927
26 scf@fwlawaz.com

27 Richard M. Lorenzen
28 Brown & Bain
29 2901 North Central Avenue
30 Phoenix, Arizona 85012-2788
31 lorenzen@brownbain.com

32 _____
33 /s/ Sally Erwin

EXHIBIT “1”

MORTGAGES LIMITED
SUMMARY OF CLARIFICATION ISSUES

<u>Requested Clarification</u>	<u>Status</u>
<p>1. The status of the contracts that the ML Manager contends it holds against the Rev Ops.</p>	<p>Partially resolved. ML Manager contends it has been assigned <u>only</u> the agency agreements and subscription agreements of the Rev Ops, but will not be providing copies thereof until next week. ML Manager contends it is assignee of additional/different contracts than those filed by the Rev Ops with the Court. [DE #2219]</p> <p>Rev Op position: There are a number of unresolved factual and legal issues based on this clarification, not all of which are ripe for determination or necessarily resolvable other than through an adversary proceeding including, without limitation: (i) whether the Debtor actually had binding contracts with each of the Rev Ops; (ii) whether the ML Manager may be assigned a contract that previously expired and/or was terminated prior to such alleged assignment; (iii) whether such contracts are terminable by the Rev Ops; and (iii) whether the ML Manager may “cherry pick” among the various contracts, which may or may not be integrated with other contracts. <u>See</u> Exhibit A attached hereto.</p>
<p>2. How the ML Manager came to hold these alleged contractual rights against the Rev Ops.</p>	<p>Resolved. <u>See</u> Exhibit 3 to ML Manager’s Response, which is the assignment document.</p> <p>Rev Op position: Same as response to Issue No. 1 above. The Plan is silent as to whether any cure obligations remain under the allegedly assigned contracts. The Rev Ops dispute that labeling these transfers as “assignments” means the contracts are not subject to assumption/assignment analysis under the Bankruptcy Code. The Rev Ops dispute that the Plan language stating certain unidentified agreements “shall not be deemed Executory Contracts” (Plan, Art. VIII) (itself an undefined term) means the Court decided as part of plan confirmation that the yet-to-be-identified contracts between the Debtor and the Rev Ops are not executory contracts subject to section 365 analysis. The Rev Ops are reserving a setoff right (defense) in case the ML Manager attempts to “gouge” the Non-Transferring Investors for expenses in violation of Paragraph U of the Confirmation Order. These issues may be moot if the Court enforces Paragraph U of the Confirmation Order.</p>

<p>3. Whether the ML Manager’s alleged right to assess expenses under allegedly assigned contracts is subject to the setoff rights of the Non-Transferring Investors under <u>In re De Laurentis Enter. Group, Inc.</u>, 963 F.2d 1269 (9th Cir. 1992).</p>	<p>Unresolved. The ML Manager’s brief fails to address <u>De Laurentis</u>, but contends no setoff right exists.</p> <p>Rev Op position: The Rev Ops are reserving this issue as a setoff right (defense) in case the ML Manager attempts to “gouge” the Non-Transferring Investors for expenses in violation of Paragraph U of the Confirmation Order. This issue may be moot if the Court enforces Paragraph U of the Confirmation Order.</p>
<p>4 Whether the ML Manager has the right to enforce the contractual provisions in any of the allegedly assigned agreements against Non-Transferring Investors, such as expenses or any other terms/provisions of the Exit Financing.</p>	<p>Unresolved.</p> <p>Rev Op position: Paragraph U of the Confirmation Order controls the ML Manager’s ability to impose any kind of expenses on the Non-Transferring Investors, and it is strictly limited to assessing “their proportionate share of costs and expenses of serving [sic] and collecting the ML Loans in a fair and nondiscriminatory manner . . .” Confirmation Order, ¶U. Other than those expenses, which exclude substantially all of the expenses and terms/provisions of the Exit Financing, the ML Manager has no right to impose expenses on the Non-Transferring Investors. Section 4.13 of the Plan, as modified by Paragraph U of the Confirmation Order, overrides all of the contractual provisions that the ML Manager may hold as assignee. <u>See also</u> Paragraph X of the confirmation Order.</p>
<p>5. Whether the ML Manager has the right to impose the 10% disposition fee and 70% “holdback” under the Exit Financing on Non-Transferring Investors.</p>	<p>Unresolved.</p> <p>Rev Op position: Same as response to Issue No. 4 above.</p>
<p>6. Whether the ML Manager has the authority to settle, compromise, or sell the notes of Non-Transferring Investors without their consent.</p>	<p>Unresolved.</p> <p>Rev Op position: ML Manager’s position that the yet-to-be-provided contracts give the ML Manager “sole discretion” to make all of these decisions without the consent of a Non-Transferring Investor assumes, <u>inter alia</u>, that the ML Manager holds enforceable contracts, that the contracts provide such rights, and that the contracts have not been terminated and/or are not terminable. Clearly, those issues were not decided in the Plan. Plus, the ML Manager is in an irreconcilable conflict.</p>

<p>7. Whether the ML Manager has the authority to pledge the notes of Non-Transferring Investors.</p>	<p>Resolved. The ML Manager has acknowledged it has no authority to pledge the notes of Non-Transferring Investors to any third party without the consent of the Non-Transferring Investors.</p>
<p>8. Whether the ML Manager has the authority to foreclose on the collateral underlying the notes of the Non-Transferring Investors and/or sell the underlying collateral without the consent of the Non-Transferring Investors.</p>	<p>Unresolved. Rev Op position: Same as response to Issue No. 6 above.</p>
<p>9. Inter-Borrower Agreement issues.</p>	<p>Partially resolved. Rev Op position: ML Manager should agree that any material changes to the Inter-Borrower Agreement require approval by the Court. Contrary to ML Manager’s suggestion, the initial Inter-Borrower Agreement was not approved by the Rev Ops and is vastly different than the document the Rev Ops tendered to the OIC as part of plan negotiations. <u>See</u> Exhibit B.</p>
<p>10. Accounting and Oral Plan Modifications.</p>	<p>Resolved. ML Manager has agreed to provide a commercially reasonable accounting. ML Manager has confirmed that all oral modifications to the Plan are embodied in the Confirmation Order.</p>

EXHIBIT "A"

■ April 15, 2008

Mr. Louis Murphey
P.O. Box 2499
Benson, AZ 85602

RE: MU06: Revolving Opportunity™ Program

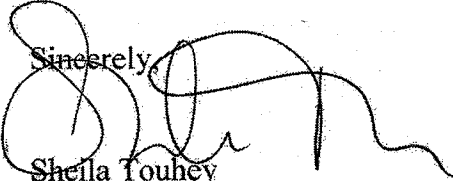
Dear Mr. Louis Murphey:

According to our records, you currently have \$6,000,000.00 invested in the Revolving Opportunity™ program with a contract expiration date of September 20, 2008. Recently, Mortgages Ltd. made the business decision to dissolve the Revolving Opportunity™ program. We would like to encourage you to take advantage of one of our other great products at this time, as we will not be renewing existing contracts upon expiration.

As alternatives to the Revolving Opportunity™ product, Mortgages Ltd. Securities, L.L.C. continues to offer individual Annual Opportunity® investments and balanced income Opportunity Funds®. Please contact me at 602-443-3888 for additional information regarding these products.

Please realize the terms of your existing Revolving Opportunity™ contract are not transferable to our other programs, and Mortgages Ltd. is willing to make certain concessions to stabilize your yields as we phase out this program. Please review the options on the following page concerning your existing contract and sign and return the attached acknowledgement.

Sincerely,


Sheila Touhey
Managing Director

The above information should not be considered as a formal offer, solicitation or acceptance of the subscription. Such offer will be made only by means of the Private Offering Memorandum, and only to individuals who meet the investor suitability, accreditation and sophistication requirements. The Issuer may, in its absolute discretion, reject or accept any subscription for interests in whole or in part.

These investments contain risks which an investor must evaluate, understand and be willing to bear. Prospective investors should read the entire Private Offering Memorandum and consult with appropriate professionals before deciding whether to invest.

Securities offered through Mortgages Ltd. Securities, LLC, member FINRA.

REVEXPR04102008.00(FLEX-050)



■ MU06: Revolving Opportunity™ Program

Your Revolving Opportunity™ contract will expire on September 20, 2008. Upon expiration of the contract, prepaid interest will no longer be available and the terms of the contract will no longer exist. Should you choose to take advantage of one of our other products prior to that expiration, the following opportunities are available to you:

- I am interested in transferring my Revolving Opportunity™ investment into Mortgages Ltd. Opportunity Fund MP17, L.L.C. with a current buy-in rate of 11.75%. This investment also provides the additional opportunity to compound monthly interest. I understand this terminates my Revolving Opportunity™ contract on the effective date of the transfer.

- I am interested in converting my Revolving Opportunity™ investment to an Annual Opportunity® investment. I understand that this option allows me to receive full note rate for the life of the loan, and that liquidity is based upon payoff of the loan. Additionally, I understand this terminates my Revolving Opportunity™ contract upon receipt of this form.

I acknowledge that I have read and understand the opportunities that are being offered to me regarding the upcoming expiration of my Revolving Opportunity™ contract.

INVESTOR: Louis B. Murphey, an unmarried man

Louis B. Murphey

Date

MU06

The above information should not be considered as a formal offer, solicitation or acceptance of the subscription. Such offer will be made only by means of the Private Offering Memorandum, and only to individuals who meet the investor suitability, accreditation and sophistication requirements. The Issuer may, in its absolute discretion, reject or accept any subscription for interests in whole or in part.

These investments contain risks which an investor must evaluate, understand and be willing to bear. Prospective investors should read the entire Private Offering Memorandum and consult with appropriate professionals before deciding whether to invest.

Securities offered through Mortgages Ltd. Securities, LLC, member FINRA.

REVEXPR04102008.00(FLEX-050)



55 East Thomas Road
Phoenix, Arizona 85012

P: 602.413.3898
F: 602.287.3076

www.mtgld.com

■ March 25, 2008

Mr. Louis Murphey
P.O. Box 2499
Benson, AZ 85602

Dear Mr. Murphey:

As part of our continuous effort to adhere to the highest standards of servicing and protecting your investment, we have enclosed a newly revised Investor Subscription Agreement for each of your accounts.

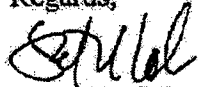
To protect your investment, we need the ability to act in your best interest by avoiding, to the best of our ability, any interruption in the income stream, or loss of principal that would result from inaction. For those loans that become at risk of not performing per the terms of the loan documents, we need the ability to act. As servicing agent we need your discretion to modify loan documents or enter into agreements with borrowers.

It is extremely important for you to give us the discretion to act in your best interest to protect your investment. Please authorize or grant discretion wherever asked as we truly believe this is in your best interest.

I encourage you to sign and return the revised Investor Subscription Agreement(s) by April 2nd. For your convenience, and to expedite the return, a pre-paid return envelope is enclosed.

Please call me if you have any questions.

Regards,


Scott M. Coles
President / CEO

Receipt of Hand Delivery

June 20, 2008

To: Mortgages Limited
4455 East Camelback Road
Phoenix, Arizona 85018

From: William L. Hawkins

RE: **Notification of Termination of Mortgages Ltd. Servicing Agreement between Mortgages Limited and various entities represented by William L. Hawkins.**

The signature below confirms that the "Letters of Termination" were hand delivered by William L. Hawkins receipt of which is hereby acknowledged June 20, 2008, 11:15 am, Phoenix time.



Signature

LARA MARSH

Print Name

6/20/08

Date

11:15

Time

AJ CHANDLER 25 ACRES, L.L.C.

7317 East Greenway Road
Scottsdale, Arizona 85260
Telephone: (480) 344-7200

June 20, 2008

Laura Martini
Mortgages, Ltd.
4455 E. Camelback Rd.
Phoenix, Arizona 85018

RE: AJ CHANDLER 25 ACRES, L.L.C.
LENDER CODE: HA46

Dear Ms. Martini:

You are hereby advised that we are terminating the Mortgages, Ltd. Agency Agreements, including, but not limited to, Mortgages, Ltd. signature authority, account servicing and power of attorney, with AJ Chandler 25 Acres, L.L.C., an Arizona limited liability company ("AJ Chandler 25 Acres"), for the loans shown on Exhibit "A" attached hereto.

Accordingly, we are immediately forwarding notice to the Borrowers, notifying Borrowers of the revocation and instructing the Borrowers to remit our percentage of future payments as directed by us. Copies of our letters to the Borrowers are attached as Exhibit "B." Also, we intend to record Notices of Cancellation with the relevant County Recorder.

Any consideration owing to Mortgages, Ltd. will be paid by AJ Chandler 25 Acres as necessary.

Sincerely,

AJ CHANDLER 25 ACRES, L.L.C., an Arizona
limited liability company

By:



William L. Hawkins

Its: Manager

WLH/CJO
Enclosures
18820-2601 ltr AJ Chandler 25 with cjo

EXHIBIT "A"

Loans

[See Attachment]

	<u>Loan</u>	<u>Borrower</u>	<u>Maturity Date</u>	<u>Next Due</u>	<u>Net Rate</u>	<u>Balance</u>
Select	852406	44th & Camelback Property, L.L.C. Mr. Jonathon Vento	3/14/2009	6/30/2008	12.00 %	\$266,373.30
Select	852606	Portales Place Property, L.L.C. Mr. Jonathon Vento	2/22/2009	6/22/2008	12.00 %	\$500,000.00
Select	857306	ABCDW, L.L.C. Mr. Brandon D. Wolfswinkel	3/15/2010	7/1/2008	12.00 %	\$500,000.00
Select	857906	Rodeo Ranch Estates, L.L.C. Mr. Duane Cozart	10/19/2008	5/1/2008	12.00 %	\$0.00
Select	858606	Central & Monroe, L.L.C. Mr. Jonathon Vento	11/16/2008	7/1/2008	12.00 %	\$500,000.00
Select	858905	University & Ash, L.L.C. Mr. Charlie LaMar	6/11/2010	6/11/2008	12.00 %	\$500,000.00
Select	859305	PDG LOS ARCOS, L.L.C. Mr. Rick Sodja	12/22/2008	7/1/2008	12.00 %	\$500,000.00
Select	860606	McKinley Lofts, L.L.C. Mr. Michael J. Peloquin	7/26/2008	7/1/2008	12.00 %	\$500,000.00
Select	860706	Metropolitan Lofts, L.L.C. Mr. Michael J. Peloquin	7/26/2008	7/1/2008	12.00 %	\$500,000.00
Select	861105	CGSR, L.L.C. Mr. Chuck Sorensen	9/28/2008	7/1/2008	12.00 %	\$502,519.08
1 2						
	<u>Loan</u>	<u>Borrower</u>	<u>Maturity Date</u>	<u>Next Due</u>	<u>Net Rate</u>	<u>Balance</u>
Select	861206	ABCDW, L.L.C. Mr. Brandon D. Wolfswinkel	4/25/2010	7/1/2008	12.00 %	\$497,480.92
Select	861706	70th Street Property, L.L.C. Mr. Jonathon Vento	11/28/2008	6/1/2008	12.00 %	\$476,963.58
1 2						

EXHIBIT "B"

Notice to Borrowers

[See Attachment]

AJ CHANDLER 25 ACRES, L.L.C.

7317 East Greenway Road
Scottsdale, Arizona 85260
Telephone: (480) 344-7200

June 20, 2008

Jonathon Vento
44th & Camelback Property, LLC
9500 E. Ironwood Square Dr. #201
Scottsdale, Arizona 85258

RE: NOTICE TO BORROWER
MORTGAGES, LTD. LOAN #852406 (THE "LOAN")

Dear Borrower:

AJ Chandler 25 Acres, L.L.C., an Arizona limited liability company ("AJ Chandler 25"), holds an undivided five and two hundred ninety-three one-thousandths percent (5.293%) ownership in the above-captioned Loan, Note and Deed of Trust.

Concurrent with this letter, we have terminated the Agency Agreement and account services relationship with Mortgages, Ltd. We are making arrangements to set up alternative account servicing with a title company. We will be following-up with you shortly with our instructions for you to make all future payments of AJ Chandler 25's portion of the Loan directly to the account servicer. In the meantime, if you wish to contact me, please call at either (480) 344-7200 or (602) 432-1923.

Sincerely,

AJ CHANDLER 25 ACRES, L.L.C., an Arizona
limited liability company

By: _____
William L. Hawkins
Its: Manager

WLHvcjo
cc: Mortgages, Ltd.
18820-2601 Notice 44th & Camelback (AJ25) wjh cjo

EXHIBIT "B"

From: Miller, Robert

Sent: Sunday, May 10, 2009 7:43 PM

To: 'REECE, CATHY'; ROBINSON, ROBERT

Cc: 'emcdonough@alvarezandmarsal.com'; Suzuki, Bryce A.; 'bill@pentadholdings.com'; 'Louis Murphey'; 'j.baldino@msn.com'; 'scf@fwlawaz.com'; 'HENDRICKS, KEITH'

Subject: Revised ML Inter-Borrower Agreement

Here is the revised document. I spent a lot of time conforming the definitions between this document and the plan. For example, the parties were defined as "Borrowers" under the agreement, but the borrowers under the ML Notes are defined in the plan as "Borrowers." There also was no reason to repeat, in my view, many of the details re: the Exit Financing. All of that will get locked down through the loan documents and the confirmation order. Major analytical gaps remaining, I think, are how the document works in the area of repayment of the Exit Financing, a true up mechanism because many of the allocation decisions may be viewed differently well down the road with the benefit of hindsight. There are probably others.

I'd suggest a call to discuss. It is also critical in my view that E. McDonough wade through the document to make sure he eventually concludes the way we think it works is the same way he thinks the deal should work.

Thanks.

Bob

10/7/2009

INTER-BORROWER AGREEMENT

This Agreement (the "Agreement") is made and entered into as of _____, 2009, by and between: (i) the ML Liquidating Trust established under the ML Liquidating Trust Agreement dated _____, 2009 (the "Liquidating Trust"); (ii) the ML Manager, LLC, an Arizona limited liability company ("ML Manager"); and (iii) each of the Loan LLCs (defined herein) who have executed this Agreement below. Unless otherwise defined herein, all capitalized terms in this Agreement shall have the meaning ascribed to such terms under this Agreement. The Liquidating Trust, the ML Manager and the Loan LLCs hereinafter may be collectively referred to as the "Parties." For fair and present consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

RECITALS

A. Mortgages Ltd. ("Debtor") was the debtor in a Chapter 11 proceeding initiated as Case No. 2:08-bk-07465-RJH, in the United States Bankruptcy Court for the District of Arizona ("Bankruptcy Court"). The Bankruptcy Court confirmed a Chapter 11 plan in the Debtor's case ("Plan") pursuant to its confirmation order dated _____, 2009 (the "Confirmation Order").

B. Under the Plan, each Loan LLCs executing this Agreement is: (i) authorized to own and hold, through transfers approved by the Plan, the fractional interests in the ML Loans and ML Loan Documents described in Exhibit A attached hereto; and (ii) a member of ML Manager, which is the sole manager of each of the Loan LLCs.

C. The Plan contemplates Exit Financing by a lender ("Lender") to consummate the Plan through a multiple advance loan in an aggregate amount of up to \$20,000,000 (the "Loan") to: (i) pay certain Allowed Claims in accordance with the terms of the Plan; (ii) pay for certain expenses of the Liquidating Trustee in accordance with the terms of the Plan, the Trust Agreement, and this Agreement; and (iii) pay for certain expenses of the ML Manager in accordance with the terms of the Plan, the operating agreement of the ML Manager, and this Agreement; and (iii) pay certain expenses of each of the Loan LLCs as provided in the Plan, the applicable operating agreement of each Loan LLC, and this Agreement.

D. The Parties have entered into the Loan with Lender, and have executed and delivered the Loan Documents to Lender. Notwithstanding any term of provision to the contrary in this Agreement, each of the Parties is, and shall remain, jointly and severally liable to Lender for repayment of any and all amounts borrowed, and any other obligations arising, under the Loan.

E. This Agreement is the Inter-Borrower Agreement contemplated under the Plan. Pursuant to this Agreement, the Parties are agreeing to (among other things) the manner in which: (i) advances will be requested and made under the Loan; and (ii) all

obligations due to Lender under the Loan will be allocated among, and paid by, the various Parties.

E. The Bankruptcy Court has approved this Agreement, and each of the Borrowers is, and shall be bound, by the terms of this Agreement upon execution of this Agreement by all of the Parties hereto.

OPERATIVE PROVISIONS

1. Incorporation of Recitals. All of the foregoing Recitals are incorporated into these Operative Provisions without any difference or distinction between the two (2) segments of this Agreement.

2. Definitions. The following capitalized terms shall have the meanings set forth below.

2.1 “Advance” means any advance of funds made by Lender under the Loan.

2.2 “Advance Request” means any request for an Advance under the Loan.

2.3 “Agency Agreement” means any agency or other written agreement between the Debtor and the holder of any fractional interest of a ML Loan, which provides for (among other things) the collection and servicing of such ML Loan by Debtor for such holder(s).

2.4 “Allocated Loan Amount” means the total principal advanced, and interest accrued, under the Loan at any particular point in time, as allocated by the Liquidating Trustee and the ML Manager, to the Liquidating Trust, the ML Manager, and each of the Loan LLCs in accordance with the terms of Agreement.

2.5 “Allocated Loan Payments” means any payment by the Liquidating Trust, ML Manager, and any Loan LLC for interest and principal on their Allocated Loan Amount.

2.6 “Allocated Loan Balance” means the difference between the Allowed Loan Amount of the Liquidating Trust, the ML Manager, and each of the Loan LLCs, respectively, at any point in time less all Allocated Loan Payments made by each such entity at the time the Allocated Loan Balance is being determined in accordance with the terms of this Agreement.

2.7 “Borrower” means the borrowers under the ML Notes as defined under Paragraph 2.13 of the Plan.

2.8 “Borrower Causes of Actions” means the Causes of Action and Avoidance Actions transferred to the Loan LLCs on the Effective Date pursuant to the Plan.

2.9 "Claims Required to be Paid" means Allowed Claims under Class 1 (Priority Non-Tax Claims), Class 2 (Secured Tax Claims), Class 3 (Stratera Claims), Class 4 (Artemis Secured Claim), Class 5 (Arizona Bank Secured Claim); and Allowed Administrative Claims and Priority Tax Claims.

2.10 "Disposition Incentive Payment(s)" means the incentive payments as defined under the Exit Financing approved by the Bankruptcy Court pursuant to the Confirmation Order.

2.11 "Extension Fee" means any extension fee due to the Lender under the Exit Financing approved by the Bankruptcy Court pursuant to the Confirmation Order.

2.12 "Initial Advance" means the Advance under the Loan required to satisfy all of the obligations required on the Effective Date of the Plan.

2.13 "Liquidating Trust" shall mean the trust defined in Paragraph 2.45 of the Plan.

2.14 "Liquidating Trust Agreement" means the trust agreement defined in Paragraph 2.47 of the Plan.

2.15 "Liquidating Trust Beneficiary" means any beneficiary of the Liquidating Trust.

2.16 "Liquidating Trust Expenses" means any and all expenses incurred by the Liquidating Trust in administering the Liquidating Trust, including, without limitation: (i) any and all costs of administering the Liquidating Trust and Trust Board, including legal, accounting and consultant costs, salaries and other employee costs, insurance costs for liability insurance and property insurance on the REO Property owned by the Liquidating Trust; property taxes, repairs and maintenance costs with respect to the REO Property, net costs of operating Servicer; and any other costs incurred in administering the tangible property owned by the Liquidating Trust, (ii) any and all costs incurred by the Liquidating Trust in investigating and prosecuting potential Causes of Action and Avoidance Actions owned by the Liquidating Trust, (iii) Servicer charges incurred in providing litigation support services to the Liquidating Trust and counsel employed by the Liquidating Trust, and (iv) any and all expenses incurred to defend any Loan LLC or any member of a Loan LLC in litigation threatened or commenced by any Borrower under the ML Loans.

2.17 "Liquidating Trustee" means Kevin O'Halloran or any properly appointed successor trustee serving under the Liquidating Trust Agreement.

2.18 "Liquidating Trustee Deed of Trust" means the Deed of Trust, Assignment of Rents and Security Agreement executed and delivered by the Liquidating Trustee, not individually but solely as Liquidating Trustee of the Liquidating Trust, in favor of Lender creating a lien in all Non-Loan Assets owned by the Liquidating Trustee.

2.19 "Loan" means the Exit Financing approved by the Bankruptcy Court pursuant to the Confirmation Order.

2.20 "Loan Documents" means the following documents to be entered into with the Lender by the Parties: the Loan Agreement, the Multiple Advance Promissory Note, the Collateral Assignment by the Loan LLCs of their interest in each ML Note and the ML Deed of Trust securing the ML Notes, a Collateral Assignment of Causes of Action and ML Charges owned by the Loan LLCs, the Liquidating Trustee Deed of Trust, the Collateral Assignment by the Liquidating Trust of the Causes of Action including Avoidance Actions which belong to the Liquidating Trustee and all other instruments, documents and agreements executed in connection herewith, referred to herein, or contemplated hereby.

2.21 "Loan LLC Members" means any member of a Loan LLC.

2.22 "Loan LLC Separate Expenses" means any expenses incurred by a Loan LLC other than Servicing Expenses, Allocated Loan Expenses and allocated portions of the Allowed Claims, which includes, without limitation, payment of real property taxes and insurance; repair and maintenance expenses on REO Property; fees of asset managers and consultants engaged for the Loan LLC, foreclosure costs on REO Property, any cost incurred by a Loan LLC investigating or prosecuting a Cause of Action or Avoidance Action. Loan LLC Separate Expenses do not include any costs to defend members of the Loan LLCs in litigation claims threatened or asserted by any Borrower against members of a Loan LLC, which expenses are Liquidated Trust Expenses.

2.23 "Maximum Loan Balance" means the maximum amount of the Loan which may be outstanding during the term of the Loan as specified in the Loan Agreement.

2.24 "ML Charges" means interest spread, fees, extension fees, default interest and other interest, fees and charges arising out of or related to the ML Loans or ML Loan Documents, the servicing rights or Agency Agreements, or operating agreements of any of the MP Funds.

2.25 "ML Note(s)" means the notes defined in Paragraph 2.54 of the Plan, which will be transferred to separate Loan LLCs on the Effective Date pursuant to the Plan.

2.26 "ML Deed of Trust(s)" means the deeds of trust and other security documents securing the ML Notes as defined under Paragraph 2.50 of the Plan, which will be transferred to the various Loan LLCs on the Effective Date pursuant to the Plan.

2.27 "ML Loan Documents" means all documents defined in Paragraph 2.51 of the Plan.

2.28 "Net Distributable Proceeds" means: (i) the gross sale price from a sale of a ML Note, REO Property, or any real or tangible personal property owned by the

Liquidating Trust less: (a) any and all expenses, including, without limitation, commissions, legal fees, title costs, appraisal fees and other fees and expenses, incurred in connection with such sale or preparing the property for sale; (b) any and all encumbrances or liens on the property which are required to be paid off as part of the sale or which are assumed by the buyer and deducted from the sales price; (c) any other items which under the sales agreement are to be deducted from or netted against the gross sales price, including, without limitation, pro rations, security deposits, reserves to be held by the buyer, title company or other third party for repairs or to provide a fund for damages in the event of any misrepresentations; and (d) the principal amount of any promissory note, deferred payment amount or other evidence of indebtedness accepted by the seller in connection with the sale until such amounts are actually received by seller; (ii) all recoveries by the Loan LLCs or the Liquidating Trust on their respective Causes of Action, including Avoidance Actions through settlement or judgment collection (excluding interest on such judgment amount paid at the same time) less: (1) all out-of-pocket costs incurred or accrued in pursuit of such Causes of Action including, without limitation, all attorneys fees (regular or contingent), court costs, expert witness fees, accountant's fees, costs of appeal; (2) reasonable reserves as determined by the ML Manager or Liquidating Trustee, as applicable, for anticipated futures costs and expenses until released from such reserves; and (3) any Repayment Incentive Fees which are payable within the next sixty days after receipt of such funds.

2.29 "Non-Electing Noteholders" shall mean those holders of fractional interests in ML Notes who have not elected to transfer their fractional interests in their ML Notes to any Loan LLC, as provided in the Plan.

2.30 "Origination Fee" means the origination fee defined in the Exit Financing approved by the Bankruptcy Court pursuant to the Confirmation Order.

2.31 "Professional Fees" means the professional fees as defined under Paragraph 2.73 of the Plan.

2.32 "REO Property" means any real property to which the Liquidating Trust has title or to which a Loan LLC receives title by reason of a judicial or non-judicial foreclosure of a ML Deed of Trust, a deed-in-lieu of foreclosure under a ML Deed of Trust, or payment in kind on an ML Note consisting of real or personal property.

2.33 "Repayment Incentive Fee" means the repayment incentive fee defined under the Exit Financing approved by the Bankruptcy Court pursuant to the Confirmation Order.

2.34 "Reserve(s)" shall mean any amount the ML Manager determines in an exercise of proper business judgment that must be temporarily withheld from amounts otherwise available for distribution to members of any Loan LLC, to ensure that the Loan LLC will be in a position to pay its Allocable Loan Share or otherwise cover expenses contemplated under the Plan or this Agreement.

2.35 "Servicer" shall mean ML Servicing Co., Inc (formerly Mortgages, Ltd) or any other entity engaged to service the ML Loans.

2.36 "Servicing Expenses" means the actual expenses incurred to service the ML Loans from and after the Effective Date, including all normal and customary services that apply to loan servicing arrangements, including but not limited to collecting payments, fees and other charges from Borrowers, maintaining accounting records, sending notices to Borrowers, paying taxes and insurance from impounds; confirming insurance coverage; making distributions of principal and interest, providing custody services to hold the ML Notes and ML Loan Documents as agent for the benefit of the holders of the interests in the ML Notes, providing accountings and year end tax statements to holders of the ML Notes, answering inquiries from holders of the ML Notes or from Borrowers with respect to the ML Loans, and other services reasonable requested by the ML Manager to be provided to the holders of the ML Notes less any such expenses paid by the Non-Electing Noteholders.

2.37 "Subsequent Advance" means the any Advance under the Loan other than the Initial Advance.

3. Advances Under The Loan.

3.1 General. All Advances under the Loan will be made pursuant to an Advance Request jointly signed by the Liquidating Trustee, on behalf of the Liquidating Trust, and the ML Manager, on its own behalf and on behalf of each of the Loan LLCs. In each Advance Request, the Liquidating Trustee and ML Manager will document the proposed use of loan proceeds for such Advance Request, whether any Party will receive any loan proceeds and, if so, how much of the loan proceeds will be received by which Party addressed in the Advance Request.

3.2 The Initial Advance On The Loan. The Initial Advance will be in an amount necessary to pay all of the Claims Required to be Paid as of the Effective Date of the Plan. The Advance Request for the Initial Advance will contain a certification by the ML Manager and the Liquidating Trustee confirming that the Claims Required to be Paid pursuant to the Initial Advance must be paid on the Effective Date with funds received through the Initial Advance.

3.3 Advances For The Benefit Of The Liquidating Trust. Advance Requests under the Loan for the benefit of the Liquidating Trust may only be made for the purpose of paying Claims Required to be Paid and the Liquidating Trustee Costs and Expenses, and all such Advance Requests will be allocated to the Allocated Loan Balance of the Liquidating Trust.

3.4 Advances For The Benefit Of The Loan LLCs. Advance Requests under the Loan for the benefit of any Loan LLC may only be made for the purpose of paying expenses contemplated under this Agreement, but specifically including any Loan LLC Specific Expenses, and all such funds advanced and accrued interest thereon will be

allocated to the Allocated Loan Balances of each of the Loan LLCs in accordance with Paragraph 4 of this Agreement.

3.5 Advance Limitations For Loan LLCs. Any Advance Request seeking a Subsequent Advance for funds to be paid to any Loan LLC must contain a certification by the ML Manager and the Liquidating Trustee confirming that such Loan LLC has the ability to eventually repay that portion of the Subsequent Advance. Absent such certification, no Loan LLC will be entitled to receive funds through a Subsequent Advance on the Loan. Notwithstanding any other term or provision of this Agreement, no Advance Request shall be authorized or allowed, nor shall any Advance under the Loan be authorized or allowed, to provide any Loan LLC with funds to pay any Loan LLC Separate Expenses.

4. Allocations; Liability For Advances And Expenses.

4.1 Initial Advance Allocations. Promptly after the Effective Date, the Liquidating Trustee and the ML Manager shall jointly determine the Allocated Loan Amounts for each of the Parties as a result of the Initial Advance (the "Initial Allocation"), so there is a fair allocation of all Effective Date payments required under the Plan. The allocation determination made pursuant to this paragraph will be in writing and jointly executed by the Liquidating Trustee and the ML Manager. Upon completion thereof, the Initial Allocation will be filed with the Bankruptcy Court. To avoid any doubt, as part of the Initial Allocation, the Liquidating Trustee and the ML Manager shall allocate all Claims Required to be Paid, including Allowed Professional Fees, among the Parties, so there is a fair allocation of all such expenses among the Parties.

4.2 Subsequent Advance Allocations. Promptly after every Subsequent Advance is made pursuant to this Agreement, the Liquidating Trustee and the ML Manager shall redetermine the Allocated Loan Balance for each of the Parties, so there continues to be a fair allocation of all expenses and other items addressed in every Subsequent Advance. Any allocation made pursuant to this paragraph will be available for review upon written request by any beneficiary of the Liquidating Trust or any member of a Loan LLC. **[Does there need to be a true up at some point in time?]**

4.3 Interest Allocation. Interest accrued and accruing on the Loan will be allocated on a prorated basis between the Liquidating Trust and each of the Loan LLCs based on their respective Allocated Loan Balances in effect during the terms of this Agreement, and as the Allocated Loan Balances change during the term of this Agreement the Liquidating Trustee and the ML Manager will reallocate the interest accruing on the Loan on a pro basis between the Liquidating Trust and each of the Loan LLCs.

4.4 Disposition Incentive Payment Allocation. Any Disposition Incentive Payment made to Lender will be allocated to the Liquidating Trust or the appropriate Loan LLCs, as the case may be, that generated the Net Distributable Proceeds causing the payment of the Disposition Incentive Payment to be due and payable to Lender.

4.5 Servicing Expense Allocation. The Servicing Expenses due and payable to Lender after the Effective Date will be fairly allocated among each of the Loan LLCs by the ML Manager, taking into account which ML Notes require more or less services of Servicer; provided, however, that after a Loan LLC has foreclosed on its real property collateral, such Loan LLC allocation of Servicing Expenses will be limited to the actual cost of year-end accounting, tax statement preparation, and any services necessary for distributions its Loan LLC Members.

4.6 Other Specific Allocations. The Origination Fees due and payable to Lender will be allocated on a pro rata basis between the Liquidating Trust and each of the Loan LLCs based upon their respective Allocated Loan Balances as determined pursuant to the Initial Allocation. Any Extension Fee and Repayment Incentive Payment due and payable to Lender will be allocated on a pro rata basis between the Liquidating Trust and each of the Loan LLCs based on their respective Allocated Loan Balances in effect at the time such Extension Fees and Repayment Incentive Payments are paid by the Parties.

5. Over/Underpayments. If any Party pays an amount in excess of its Allocated Loan Balance to Lender for any reason (the "Overpaying Party" and the "Overpayment Amount," respectively), then the Liquidating Trustee and the ML Manager shall allocate the Overpayment Amount among the other Parties (the "Underpaying Parties") on a pro rata basis based upon the relative Allocated Loan Balances of the Underpaying Parties (the "Overpayment Allocated Balance"), which amount will increase the amount of the Allocated Loan Balances of each of the Underpaying Parties. The Underpaying Parties shall be obligated to pay their portion of the Overpayment Allocated Balance, plus interest at the rate accruing on the Loan, to the Overpaying Party as soon as the Underpaying Parties have funds available for distribution to their Loan LLC Members.

6. Distributions To Liquidating Trust Beneficiaries And Loan LLC Members. As and when sufficient Net Disposition Proceeds are available after paying Lender's Disposition Incentive Fee so that: (i) the Liquidating Trust has funds available to distribute to the Liquidating Trust; or (ii) the ML Manager has funds available to distribute to the Loan LLC, then such funds shall be used to: (i) first – pay any Overpayment Allocated Balance owed to any other Party; and (ii) second – pay the Allocated Loan Balance of the Party; (iii) third -- establish a Reserve; and (iv) fourth -- make distributions to the Liquidating Trust Beneficiaries or the Loan LLC Members, as appropriate.

7. Inability Of Any Loan LLC to Pay Its Allocated Expenses. In the event that one or more Loan LLCs is not able, in the exercise of reasonable business judgment by the ML Manager, to recover from its ML Notes and ML Charges sufficient funds to repay its obligations to other Loan LLCs for any reason, then the ML Manager shall reallocate such amounts which cannot be repaid to the other Loan LLCs on a pro rata basis based upon the then existing Allocated Loan Balances of the other Loan LLCs.

8. Non-Electing Noteholder Issues. The Parties will cooperate with one another, and use their commercially reasonable best efforts, to ensure that all Non-Electing Noteholders are required to pay their fair share of all expenses addressed under this Agreement, other than any Advances, accrued interest and other expenses related to the Loan. Any expenses addressed in this Agreement which are paid by the Non-Electing Noteholders will reduce the amount of such expenses which would otherwise be allocated to any Party under this Agreement. If any expense previously allocated to a Party under this Agreement is subsequently paid by a Non-Electing Noteholder, then such Party will be entitled to an appropriate reallocation of such expenses, the amount of which will be agreed upon by the Liquidating Trustee and the ML Manager.

9. ML Charges. All ML Charges accrued and received by ML Manager from and after the Effective Date will be owned by the particular Loan LLC that owns the ML Loan which generated such ML Charges; provided, however, that the ML Manager will have the right to collect the ML Charges on behalf of the owner and use such funds to: (i) pay the Servicing Expenses to the Servicer, (ii) pay all or any portion of the Allocated Loan Balance of the Loan LLCs; provided, however that any ML Charges so used will be repaid by the Loan LLCs as soon as such Loan LLCs have funds available for distribution to their Loan LLC Members. **[Let's discuss. I don't understand why this provision is set up this way.]**

10. Representations and Warranties. Each of the Parties represent and warranties for itself as follows.

10.1 The execution and delivery of the this Agreement and the Loan Documents by such Party and the consummation of all the transactions contemplated hereby create legal, valid and binding obligations of such Party subject to bankruptcy or other similar laws affecting creditor's rights generally and to general principles of equity.

10.2 Such Party is not required pursuant to any law, regulation or contractual or other obligation, to obtain the consent, approval or authorization of any person or entity, including any governmental authority, to validly enter into, execute and deliver this Agreement and the Loan Documents and perform the acts and obligations required or contemplated thereby.

10.3 Such Party has been duly organized and is validly existing under the law of the jurisdiction of its organization. Such Party has the full power and authority to own the Collateral owned by it and conduct its business as now being conducted and to enter into and consummate the transactions contemplated by this Agreement.

11. Covenants. Each of the Parties covenants as follows.

11.1 Each Party shall at all times preserve and keep in full force and effect its existence as a Delaware trust in the case of the Liquidating Trust and as a limited liability company in the case of the Loan LLCs, and shall not allow or permit the

dissolution and winding up of such Party prior to the final settlement of the Loan, and all amounts and obligations addressed in this Agreement.

11.2 Each Party shall comply with the requirements of all applicable laws, rules, regulations and orders of any governmental unit, the noncompliance with which would materially adversely affect the business, properties, assets, operations or condition (financial or otherwise) of such Party.

11.3 Each Party shall comply with all of the covenants and other requirements of it under the Loan and Loan Documents.

12. Default.

12.1 In the event of a default by the Liquidating Trust of any obligation thereof under this Agreement, the ML Manager may take such action as it may deem appropriate with the consent of its Board of Managers to cause the Liquidating Trust to comply with the terms of this Agreement.

12.2 In the event of a default by the ML Manager of any obligation thereof under this Agreement, the Liquidating Trust, with the consent of the Trust Board, may take such action as it deems appropriate to cause the ML Manager to comply with the terms of this Agreement.

12.3 In the event of a default by any Loan LLC of any obligation thereof under this Agreement, the Liquidating Trust, with the consent of the Trust Board, or the ML Manager, with the consent of the Board of Managers, may take such action as they deem appropriate to cause the defaulting Loan LLC to comply with the terms of this Agreement.

13. Jurisdiction; Venue; Service of Process.

13.1 The Parties hereby irrevocably submit to the jurisdiction of any Arizona or United States Federal court sitting in Arizona over any action or proceeding arising out of or relating to this Agreement and the Loan Documents, and each Party hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Arizona or Federal court. Each Party irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to such Party's the address specified herein. Each Party entity agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each Party further waives any objection to venue in such Arizona on the basis of forum non convenience. Each Party further agrees that any action or proceeding brought against the other shall be brought only in Arizona or United States Federal court sitting in Maricopa County. Nothing contained herein shall affect the right of a Party to serve legal process in any other manner permitted by law.

14. Miscellaneous.

14.1 Loan Documents Part of the Agreement. The Loan Documents shall be deemed to incorporated into this Agreement. In the event of a conflict between this Agreement and the Loan Documents, the provisions of this Agreement shall control as between the parties to this Agreement. In the event of a conflict between this Agreement and the Plan, the provisions of this Agreement shall control as between the parties to this Agreement.

14.2 No Other Parties to Benefit. This Agreement is made for the sole benefit of parties hereto and their successors and assigns, and no other person or entity is intended to or shall have any rights or benefits hereunder, whether as third party beneficiary or otherwise. It is the express intention of the parties hereto that there shall be no third party beneficiaries of this Agreement.

14.3 Notices. All notices provided for herein shall be hand-delivered or sent by certified or registered mail, return receipt requested, addressed to all parties hereto at the address designated for each party below or at such other address as the party who is to receive such notice may designate in writing:

Kevin O'Halloran, not individually but as
Trustee of the ML Liquidating Trust under
Liquidating Trust Agreement dated
_____, 2009

Each Loan LLC and ML Manager
c/o ML Manager, LLC

Notice shall be deemed completed upon: (i) such hand delivery or (ii) two (2) days after the deposit of same in a letter box or other means provided for the posting of mail, addressed to the party and with the proper amount of postage affixed thereto. Except as otherwise herein provided, actual receipt of notice shall not be required to effect notice hereunder.

14.4 Governing Law; Construction. This Agreement and the rights and duties of the parties hereunder will be governed by and construed, enforced and performed in accordance with the law of the State of Arizona, without giving effect to principles of conflicts of laws that would require the application of laws of another jurisdiction. The Bankruptcy Court shall have the exclusive jurisdiction over this Agreement and that any disputes arising out of or related in any manner to this Agreement shall be properly brought only before the Bankruptcy Court. If and to the extent that the Debtor's bankruptcy case is closed or dismissed or the Bankruptcy Court abstains from or otherwise declines jurisdiction, then the courts of the State of Arizona and the United States District Court, Arizona (located in Phoenix, Arizona) shall have exclusive jurisdiction over this Agreement and any such disputes. Each party to this Agreement irrevocably waives any and all right to trial by jury in any proceeding arising

out of or relating to this Agreement. This Agreement is intended to express the mutual intent of the parties hereto and thereto, and irrespective of the party preparing any document, no rule of strict construction shall be applied against any party. All words used herein shall refer to the appropriate number or gender, regardless of the number or gender stated.

14.5 Modification and Waiver. No provision of this Agreement shall be amended, waived or modified except by an instrument in writing signed by all of the parties hereto.

14.6 Survival. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery of any of this Agreement until each Party's obligations under this Agreement have been fulfilled and the Liquidating Trust and each of the Loan LLCs are dissolved in accordance with non-bankruptcy law.

14.7 Headings. All sections and descriptive headings of sections in this Agreement are inserted for convenience only, and shall not affect the construction or interpretation hereof.

14.8 Severability; Integration; Time of the Essence. Inapplicability or unenforceability of any provision of this Agreement shall not limit or impair the operation or validity of any other provision of this Agreement. This Agreement supersedes all prior agreements and constitute the entire agreement between the parties with respect to the subject matter hereof.

14.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be an original, but all of which shall together constitute one and the same instrument.

14.10 Assignability. No Party entity shall assign this Agreement or any part of any payment to be made hereunder without the consent of the Liquidating Trustee and the ML Manager, which consent may be given or withheld in their sole and absolute discretion.

14.11 No Joint Venture. It is expressly understood and agreed by each Party that by becoming joint borrowers under the Loan or entering into this Agreement, the Parties do not become or partners or joint ventures with each other. It is the express intention of the Parties hereto that for all purposes the relationship between the Parties be deemed to be that of joint borrowers under the Loan. In this regard, the Parties acknowledge that it is not now, nor has it ever been, their intent to be partners or joint venturers as a result of the Loan or this Agreement.

14.12 Costs and Expenses. Should any proceedings or litigation be commenced between any of the parties hereto concerning any dispute arising under this Agreement, or the rights and duties of the parties hereto, the prevailing party in such proceeding or litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for the prevailing party's attorneys' fees and costs.

14.13 Exhibits. All Exhibits attached to this Agreement are fully incorporated herein and are made part of the covenants of this Agreement whether or not the Exhibits are executed by any or all of the parties.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Loan LLCs:
_____, LLC
_____, LLC
_____, LLC
each an Arizona limited liability company

By: ML Manager, LLC, an Arizona corporation, its Manager

By: _____
Its: _____

ML Manager, LLC, an Arizona limited liability company

By: _____
Its: Authorized Manager

Kevin O'Halloran, not individually but as Trustee of the ML Liquidating Trust under Liquidating Trust Agreement dated _____, 2009

INTER-BORROWER AGREEMENT

This Agreement (the "Agreement") is made and entered into as of _____, 2009, by and ~~Kevin O'Halloran, not individually but solely as trustee ("Liquidating Trustee") of~~ between: (i) the ML Liquidating Trust established under the ML Liquidating Trust Agreement dated _____, 2009 ("the "Liquidating Trust Agreement") executed and delivered by Mortgages, Ltd., as debtor ("Debtor") in the Chapter 11 Case described below;; (ii) the ML Manager, LLC, an Arizona limited liability company ("ML Manager");; and (iii) each of the Loan LLCs (defined herein) who have executed this Agreement below (collectively the "Borrower"). Unless otherwise defined herein, all capitalized terms in this Agreement shall have the meaning ascribed to such terms under this Agreement. The Liquidating Trust, the ML Manager and the Loan LLCs hereinafter may be collectively referred to as the "Parties." For fair and present consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

RECITALS

RECITALS

A. ~~Debtor was the debtor in a Chapter 11 Proceeding ("Chapter 11 Case") entitled In re: Mortgages Ltd., Debtor, Case No. 2:08-bk-07465-RJH ("Bankruptcy Court") and pursuant to a plan of reorganization ("Plan") which was approved by the Bankruptcy Court by Confirmation Order and became effective on _____, 2009 ("Effective Date"), the Debtor was (i) reorganized with the Liquidating Trustee as the sole shareholder; (ii) renamed as ML Servicing Co., Inc.; (iii) required to execute and deliver the Liquidating Trust Agreement; and (iv) transfer certain Non-Loan Assets to the Trustee to be held and administered in accordance with the terms of Liquidating Trust [or in the alternative specify which assets shall continue to be held by Debtor for the benefit of the Trust and which respect to which the Liquidating Trustee will cause the Debtor to execute this Agreement agreeing to encumber such assets in favor of the Lender].~~ Mortgages Ltd. ("Debtor") was the debtor in a Chapter 11 proceeding initiated as Case No. 2:08-bk-07465-RJH, in the United States Bankruptcy Court for the District of Arizona ("Bankruptcy Court"). The Bankruptcy Court confirmed a Chapter 11 plan in the Debtor's case ("Plan") pursuant to its confirmation order dated _____, 2009 (the "Confirmation Order").

B. ~~Under the Plan, the each Loan LLCs which execute executing this Agreement were is: (i) authorized to be formed to own and hold, through transfers, approved by the Plan and from the Pass-Through Investors electing to transfer their fractional interests, of, the fractional interests in the ML Loans and ML Loan Documents described in Exhibit A attached hereto; and to become the members (ii) a member of ML Manager, which is the sole manager of each of the Loan LLCs.~~

C. ~~In order to implement the Plan, a loan is required in the~~ The Plan contemplates Exit Financing by a lender ("Lender") to consummate the Plan through a multiple advance loan in an aggregate amount of up to \$20,000,000 (the "Loan") to: (i)

pay for Claims Required to be Paid under the Plan and the Bankruptcy Code in order to effectuate the Plan and to certain Allowed Claims in accordance with the terms of the Plan; (ii) pay for operating certain expenses and costs of the Liquidating Trustee in selling or pursuing the Non-Loan Assets and to pay accordance with the terms of the Plan, the Trust Agreement, and this Agreement; and (iii) pay for certain expenses of the Loan LLCs and the ML Manager in servicing the ML Loans held by the Loan LLCs. Borrower has requested _____, as lender ("Lender") to make a multiple advance loan (the "Loan") to Borrower in the maximum aggregate amount of up to \$ _____,000.00, the proceeds of which shall be utilized by Borrower for the purposes so specified; and ML Manager in accordance with the terms of the Plan, the operating agreement of the ML Manager, and this Agreement; and (iii) pay certain expenses of each of the Loan LLCs as provided in the Plan, the applicable operating agreement of each Loan LLC, and this Agreement.

D. Since each of the entities constituting the Borrower are The Parties have entered into the Loan with Lender, and have executed and delivered the Loan Documents to Lender. Notwithstanding any term of provision to the contrary in this Agreement, each of the Parties is, and shall remain, jointly and severally liable to the Lender for repayment of the Loan and each of the entities will borrow differing amounts under the Loan at different times and repay their share of the Loan from different sources, the parties to this Agreement wish to enter into this Agreement to establish how monies are to be borrowed and repaid under the Loan so that each of the parties which is a Borrower is at the completion of the realization on its particular assets only paying its Allocated Loan Share. Lender for repayment of any and all amounts borrowed, and any other obligations arising, under the Loan.

E. This Agreement is the Inter-Borrower Agreement contemplated under the Plan. Pursuant to this Agreement, the Parties are agreeing to (among other things) the manner in which: (i) advances will be requested and made under the Loan; and (ii) all obligations due to Lender under the Loan will be allocated among, and paid by, the various Parties.

E. The Bankruptcy Court has approved this Agreement, and each of the Borrowers is, and shall be bound, by the terms of this Agreement upon execution of this Agreement by all of the Parties hereto.

Now, Therefore, the parties agree as follows:

OPERATIVE PROVISIONS

1. Incorporation of Recitals. All of the foregoing Recitals are incorporated into these Operative Provisions without any difference or distinction between the two (2) segments of this Agreement.

2. 1. Definitions. The following Terms capitalized terms shall have the meanings set forth below, with any capitalized terms used but not defined herein to have the meanings set forth in the Plan.

2.1 “Advance” means any advance of funds made by Lender under the Loan.

2.2 “Advance Request” means any request for an Advance under the Loan.

2.3 “Agency Agreements” means the existing Servicing Agent Agreements, however denominated; “Agency Agreement” means any agency or other written agreement between the Debtor and the holders of fractional interests in the ML Loans for the servicing of such ML Loans holder of any fractional interest of a ML Loan, which provides for (among other things) the collection and servicing of such ML Loan by Debtor for such holder(s).

“Allocated Loan Share” at any point in time means the ratio of the amount of the aggregate borrowings under the Loan allocated to the Liquidating Trustee and to the Loan LLC Group minus any funds provided by the Liquidating Trustee or the Loan LLC Group to pay principal, interest, or fees under the Loan to the then total borrowing under the Loan. To the extent that the Non-Conveying ML Note Holders can be required under the Agency Agreements or otherwise to pay a share of the Loan or costs funded by the Loan proceeds and such amounts are actually collected the amount thereof shall be deducted from the Allocated Loan Share of the Loan LLC Group.

“Borrowers” shall mean the Liquidating Trustee, the ML Manager and each of the Loan LLCs, jointly and severally.

2.4 “Allocated Loan Amount” means the total principal advanced, and interest accrued, under the Loan at any particular point in time, as allocated by the Liquidating Trustee and the ML Manager, to the Liquidating Trust, the ML Manager, and each of the Loan LLCs in accordance with the terms of Agreement.

2.5 “Allocated Loan Payments” means any payment by the Liquidating Trust, ML Manager, and any Loan LLC for interest and principal on their Allocated Loan Amount.

2.6 “Allocated Loan Balance” means the difference between the Allowed Loan Amount of the Liquidating Trust, the ML Manager, and each of the Loan LLCs, respectively, at any point in time less all Allocated Loan Payments made by each such entity at the time the Allocated Loan Balance is being determined in accordance with the terms of this Agreement.

2.7 “Borrower” means the borrowers under the ML Notes as defined under Paragraph 2.13 of the Plan.

2.8 “Borrower Causes of Actions” shall mean those” means the Causes of Action and avoidance actions which relate to the ML Note and are Avoidance Actions transferred to the Loan LLCs under on the Effective Date pursuant to the Plan.

2.9

~~2.10 "Causes of Action" means all rights, claims, torts, liens, liabilities, obligations, actions, causes of action, avoiding powers, proceedings, debts, contracts, judgments, offsets, damages and demands whatsoever in law or equity, whether known or unknown, contingent or otherwise, that the Debtor and its Bankruptcy Estate may have against any Person, including but not limited to any state or federal cause of action or claim against any such Person and avoidance actions excluding the Borrower Causes of Action.~~

~~2.11 "Claims Required to be Paid" will include (a) Administrative Claims, (b) Stratera Claims, (c) Professional Fees less any amount allocated to the Loan LLCs by agreement of the Trust Board and the Board of Managers of ML Manager, (d) the amount required to pay on, or off, as required the Arizona Bank Secured Claims and Artemis Secured Claims and (e) Priority Tax Claims and Non-~~means Allowed Claims under Class 1 (Priority Non-Tax Claims), Class 2 (Secured Tax Claims), Class 3 (Stratera Claims), Class 4 (Artemis Secured Claim), Class 5 (Arizona Bank Secured Claim); and Allowed Administrative Claims and Priority Tax Claims.

2.12

~~"Confirmation Order" means the order of the Bankruptcy Court confirming the Plan in accordance with the Bankruptcy Code.~~

~~"Debtor" means Mortgages, Ltd. whose name was changed upon implementation of the Plan to ML Servicing Co., Inc.~~

~~"Draw Request" means a request for an advance of Loan proceeds under the Loan executed by ML Manager and the Liquidating Trustee and delivered to the Lender.~~

~~"Disposition Incentive Payment" means ten percent (10%) of the Net Distributable Proceeds received by: (i) the Loan LLCs upon repayment in full of a ML Loan owned by them, the sale of the entire interest by a Loan LLC in a Loan owned by it or the sale of REO Property acquired by a Loan LLC upon foreclosure of a ML Loan and a recovery on Borrower Causes of Action; and (ii) the Liquidating Trustee from the sale of Non-Loan Assets, including settlement payments or judgment collections relating to Causes of Action which are part of the Non-Loan Assets.~~

~~"Effective Date" means the effective date of the Plan.~~

~~"Extension Fee" means an amount equal to five percent (5%) of the permitted Maximum Loan Balance as defined in the Loan.~~

~~"Lender" shall mean _____, the lender under the Loan.~~

~~"Liquidating Trust"~~

2.13 "Disposition Incentive Payment(s)" means the incentive payments as defined under the Exit Financing approved by the Bankruptcy Court pursuant to the Confirmation Order.

2.14 “Extension Fee” means any extension fee due to the Lender under the Exit Financing approved by the Bankruptcy Court pursuant to the Confirmation Order.

2.15 “Initial Advance” means the Advance under the Loan required to satisfy all of the obligations required on the Effective Date of the Plan.

2.16 “Liquidating Trust” shall mean the trust formed and existing under the defined in Paragraph 2.45 of the Plan.

2.17 “Liquidating Trust Agreement.

“Liquidating Trust Agreement” means the Liquidating Trust Agreement dated _____, 2009 executed and delivered by the Debtor as required by the Plan.” means the trust agreement defined in Paragraph 2.47 of the Plan.

2.18 “Liquidating Trust Beneficiary” means any beneficiary of the Liquidating Trust.

2.19 “Liquidating Trust Expenses” means any and all expenses incurred by the Liquidating Trust in administering the Liquidating Trust, including, without limitation: (i) any and all costs of administering the Liquidating Trust and Trust Board, including legal, accounting and consultant costs, salaries and other employee costs, insurance costs for liability insurance and property insurance on the REO Property owned by the Liquidating Trust; property taxes, repairs and maintenance costs with respect to the REO Property, net costs of operating Servicer; and any other costs incurred in administering the tangible property owned by the Liquidating Trust, (ii) any and all costs incurred by the Liquidating Trust in investigating and prosecuting potential Causes of Action and Avoidance Actions owned by the Liquidating Trust, (iii) Servicer charges incurred in providing litigation support services to the Liquidating Trust and counsel employed by the Liquidating Trust, and (iv) any and all expenses incurred to defend any Loan LLC or any member of a Loan LLC in litigation threatened or commenced by any Borrower under the ML Loans.

2.20 “Liquidating Trustee” means Kevin O'Halloran or any properly appointed successor trustee serving under the Liquidating Trust Agreement.

2.21 “Liquidating Trustee Deed of Trust” shall mean” means the Deed of Trust, Assignment of Rents and Security Agreement executed and delivered by the Liquidating Trustee, not individually but solely as Liquidating Trustee of the Liquidating Trust, in favor of Lender creating a lien or security interest in all Non-Loan Assets owned by the Trustee, including the Causes of Action owned by the Liquidating Trust Trustee.

2.22 “Loan” means the Exit Financing Loan in the maximum principal amount of \$ _____,000 approved by the Bankruptcy Court pursuant to the Confirmation Order.

2.23

~~"Loan Costs" means amounts paid to Lender for Origination Fees, Extension Fees, Disposition Incentive Payments, and Repayment Incentive Fees.~~

2.24 ~~"Loan Documents"~~ means the following documents to be entered into with the Lender by the ~~Borrowers~~Parties: the Loan Agreement, the Multiple Advance Promissory Note, the ~~separate~~ Collateral Assignment by the Loan LLCs of their interest in each ML Note and the ML Deed of Trust securing the ML Notes, a Collateral Assignment of ~~Borrower~~ Causes of Action and ML Charges owned by the Loan LLCs, the Liquidating Trustee Deed of Trust, the Collateral Assignment by the Liquidating Trust of the Causes of Action including Avoidance Actions which belong to the Liquidating Trustee and all other instruments, documents and agreements executed in connection herewith, referred to herein, or contemplated hereby.

2.25 ~~"Loan LLC Members"~~ means any member of a Loan LLC formed under the Plan and "Loan LLCs" mean collectively all of the Loan LLCs from under the Plan.

2.26

2.27 "Loan LLC Group" means the Loan LLCs and the ML Manager.

2.28 ~~"Loan LLC Separate Costs"~~Expenses means ~~costs and any expenses which may be incurred by a Loan LLC other than Servicing Costs Expenses, Allocated Loan Costs Expenses and allocated portions of the Professional Fees, which the Loan LLC costs and expenses may includeAllowed Claims, which includes, without limitation, payment of real property taxes and insurance; repair and maintenance expenses on REO owned by a Loan LLC,Property; fees of asset managers and consultants engaged for the Loan LLC, foreclosure costs on REO Property, ~~costs and expenses incurred by the Loan LLC in conducting investigations of potential Causes of Action and avoidance actions owned by the Loan LLC and prosecuting actions against potential defendants at the trial level, in bankruptcy court proceeding and on appeal and costs incurred in achieving settlements and attempting to collect upon any judgments obtained, and litigation costs with a borrower under an ML Note owned by the Loan LLC other than defending claims made by such borrowers against individual members of a Loan LLC, and all other costs and expenses not specifically agreed to be paid from Loan Proceeds.~~any cost incurred by a Loan LLC investigating or prosecuting a Cause of Action or Avoidance Action. Loan LLC Separate Expenses do not include any costs to defend members of the Loan LLCs in litigation claims threatened or asserted by any Borrower against members of a Loan LLC, which expenses are Liquidated Trust Expenses.~~

~~"Liquidating Trustee Costs and Expenses" means the sum of (i) the costs and expenses to administer the Liquidating Trust and Trust Board, including legal, accounting and consultant costs, employee costs, salaries, insurance costs for liability insurance and property insurance on the REO Property owned by the Liquidating Trust; property taxes, repairs and maintenance costs with respect to the REO Property, costs of operating the ML Servicing Co., Inc. minus any income generated by that entity; and all other costs incurred in administering the tangible property owned by the liquidating Trust, (ii) all~~

~~costs and expenses incurred by the Liquidating Trust in conducting investigations of potential Causes of Action and avoidance actions owned by the Liquidating Trust and prosecuting actions against potential defendants at the trial level, in bankruptcy court proceeding and on appeal and costs incurred in achieving settlements and attempting to collect upon any judgments obtained, (iii) Servicer charges incurred in providing litigation support services to the Liquidating Trust and counsel employed by the Liquidating Trust, and (iv) litigation costs and expenses to defend the Loan LLCs and members of Loan LLCs who are sued by borrowers under the ML Loans for damages for failure to fund commitments or other breaches of commitments to such borrowers.~~

2.29 "Maximum Loan Balance" means the maximum amount of the Loan which ~~can~~may be outstanding during the term of the Loan as specified in the Loan Agreement.

2.30 "ML Charges" means interest spread, fees, extension fees, default interest and other interest, fees and charges arising out of or related to the ML Loans or ML Loan Documents ~~or the servicing rights or Agency Agreements or Operating Agreements of the MP Funds which had formerly been collected by the Debtor but which are transferred to the Loan LLCs under the Plan,~~ or operating agreements of any of the MP Funds.

2.31 "ML Note(s)" means the promissory notes or fractional interests ~~in the promissory notes evidencing loans from the Debtor to third party Borrowers, which are secured by the ML Deeds of Trust and ML Loan Documents and~~ notes defined in Paragraph 2.54 of the Plan, which will be transferred to separate Loan LLCs on the Effective Date pursuant to the Plan.

2.32 "ML Deed of Trust(s)" means the deeds of trust and other security documents securing the ML Notes ~~granted by third party Borrowers to the Debtor, which ML Deeds of Trusts~~ defined under Paragraph 2.50 of the Plan, which will be transferred to the respective ~~separate~~various Loan LLCs on the Effective Date pursuant to the Plan.

2.33 "ML Loan Documents" means all ~~loan documents that evidence or secure the ML Loans, including the ML Notes and ML Deeds of Trust, and all related correspondence and other books and records regarding the ML Loans.~~ documents defined in Paragraph 2.51 of the Plan.

2.34 "Net Disposition Distributable Proceeds" means: (i) the gross sale price from a sale of a ML Note, REO Property, or any real or tangible personal property owned by the Liquidating Trust less ~~in the case of such sale:~~ any and all expenses, including, without limitation, commissions, legal fees, title costs, appraisal fees and other fees and ~~cost~~expenses, incurred in connection with such sale or preparing the property for sale; (b) any and all encumbrances or liens on the property ~~sold~~ which are required to be paid off as part of the sale or which are assumed by the buyer and deducted from the sales price; (c) any other items which under the sales agreement are to be deducted from or netted against the gross sales price, including, without limitation, pro

rations, security deposits, reserves to be held by the buyer, title company or other third party for repairs or to provide a fund for damages in the event of any misrepresentations; and (d) the face principal amount of any promissory note, deferred payment amount or other evidence of indebtedness accepted by the seller in connection with the sale until such amounts are actually received by seller; (ii) ~~amounts recovered~~ all recoveries by the Loan LLCs ~~on or the Liquidating Trust on their respective~~ Causes of Action, including avoidance actions relating to the ML Notes transferred to the Loan LLCs by the Plan by settlement or judgment collection (Loan LLC Recoveries) and amounts received by the Liquidating Trust from recoveries (Liquidating Trust Recoveries) by Avoidance Actions through settlement or judgment collection (excluding interest on such judgment amount paid at the same time) ~~on Causes of Action including avoidance actions owned by the Liquidating Trustee less in the case of Loan LLC Recoveries and Liquidating Trust Recoveries all out of pocket costs and expenses, less: (1) all out-of-pocket costs incurred or accrued, in the aggregate of pursuing all in pursuit of such Causes of Action including avoidance actions owned by them then being pursued at the time such recovery is obtained and, without limitation, all attorneys fees (regular or contingent), court costs, expert witness fees, accountant's fees, costs of appeal, costs incurred in collecting a judgment, costs and fees incurred in any bankruptcy of a defendant in any such Cause of Action or avoidance actions, and in the case of (ii) above a deduction for; (2) reasonable reserves as determined by the ML Manager under (i) above and the Liquidating Trustee and ML Manager under (ii) above, to be held to pay, as applicable, for anticipated futures costs and expenses until released from such reserves; and (e)3) any Repayment Incentive Fees which are payable within the next sixty days after receipt of such funds.~~

2.35 ~~"Non-Conveying ML Note Holders"~~ "Non-Electing Noteholders" shall mean those holders of fractional interests in ML Notes who have not elected ~~not to transfer their fractional interest in the interests in their ML Notes and ML to any Loan Documents to the newly formed Loan LLC under the Plan which was set up to hold the fractional interests in such holders ML Notes. LLC, as provided in the Plan.~~

~~"Non-Loan Assets" means and includes all assets that are not used to make those payments that are due on the Effective Date of the Plan, and that are not transferred to one of the ML Manager LLC or the Loan LLCs on the Effective Date of the Plan. Non-Loan Assets shall specifically include all of the Debtor's interest in real property; avoidance and third party claims; Causes of Action and avoidance actions; tangible assets, including, without limitation, computers, intellectual property, furniture, fixtures and equipment; and employee and related business contracts and customer lists, excluding existing servicing rights or agency agreements, related to the ML Loans, and excluding the Debtor's rights, if any, to interest spread, fees, extension fees, default interest and other interest, fees and charges arising out of or related to the ML Loans or the servicing rights or agency agreements.~~

~~"Origination Fee" means two million dollars (\$2,000,000.00) payable to the Lender.~~

~~"Plan" means the plan of reorganization which was approved by the United States Bankruptcy Court in a Chapter 11 Proceeding entitled In re: Mortgages Ltd., Debtor, Case No. 2:08-bk-07465-RJH by Confirmation Order and became effective on _____, 2009 wherein the Debtor was (i) reorganized with the Liquidating Trustee as the sole shareholder; (ii) renamed as ML Servicing Co., Inc.; (iii) required to execute and deliver the Liquidating Trust Agreement; and (iv) transfer certain Non-Loan Assets to the Trustee to be held and administered in accordance with the terms of Liquidating Trust [or in the alternative specify which assets shall continue to be held by Debtor for the benefit of the Trust and which respect to which the Liquidating Trustee will cause the Debtor to execute this Agreement agreeing to encumber such assets in favor of the Lender].~~

~~"Professional Fees" are the Professional Fees as defined in the Plan which have been approved by the court which fees shall be allocated between the Liquidating Trustee and the Loan LLCs based upon agreement of the Trust Board of the Liquidating Trustee and the Board of Managers of the ML Manager.~~

2.36 "Origination Fee" means the origination fee defined in the Exit Financing approved by the Bankruptcy Court pursuant to the Confirmation Order.

2.37 "Professional Fees" means the professional fees as defined under Paragraph 2.73 of the Plan.

~~2.38 "REO Property"~~"REO Property" means any real property to which the Liquidating Trust presently has title or to which a Loan LLC receives title by reason of a judicial or non-judicial foreclosure of a ML Deed of Trust, a deed-in-lieu of foreclosure under a ML Deed of Trust, or payment in kind on an ML Note ~~in kind~~ consisting of real or personal property.

2.39

~~"Repayment Incentive Fee" means a fee payable to Lender equal when due to (i) three percent (3%) of the then permitted Maximum Loan Balance if no Event of Default then exists and (ii) five percent (5%) of the then permitted Maximum Loan Balance if an uncured Event of Default then exists.~~

2.40 "Repayment Incentive Fee" means the repayment incentive fee defined under the Exit Financing approved by the Bankruptcy Court pursuant to the Confirmation Order.

~~2.41 "Reserves" "Reserve(s)" shall mean amounts determined in the discretion of any amount the ML Manager to be determined in an exercise of proper business judgment that must be temporarily withheld from amounts otherwise available for distribution to members of any Loan LLC, to ensure that the Loan LLC will be in a position to pay its Allocable Loan Share when the Loan LLCs and the Liquidating Trust have finally realized on their respective assets or otherwise cover expenses contemplated under the Plan or this Agreement.~~

2.42 "Servicer" shall mean ML Servicing Co., Inc (formerly Mortgages, Ltd) or any other entity engaged to service the ML Loans.

2.43 "Servicing Costs"Expenses" means the actual costs of engaging a ~~servicer~~expenses incurred to service the ML Loans ~~to provide the~~from and after the Effective Date, including all normal and customary services that are normally by ~~apply to~~ loan ~~servicers~~servicing arrangements, including but not limited to collecting payments, fees and other charges from ~~borrowers~~Borrowers, maintaining accounting records ~~with respect to the ML Loans~~, sending notices to ~~borrowers~~Borrowers, paying taxes and insurance from impounds; confirming insurance coverage; making distributions of principal and interest to holders of interest in the ML Notes, providing custody services to hold the ML Notes and ML Loan Documents as agent for the benefit of the holders of the interests in the ML Notes, providing accountings and year end tax statements to holders of the ML Notes, answering inquiries from holders of the ML Notes or from ~~borrowers~~Borrowers with respect to the ML Loans, and other services reasonable requested by the ML Manager to be provided to the holders of the ML Notes ~~but excluding from Servicing Costs those amounts charged to and collected from the Non-Conveying ML Note Holders for servicing under the Agency Agreements. less any such expenses paid by the Non-Electing Noteholders.~~

~~2. Basic Inter-Borrower Terms Between Liquidating Trustee and the Loan LLC Group.~~

~~2.1 The Borrowers will enter into the Loan with the Lender and will execute and deliver the Loan Documents and pledge and encumber the Collateral as required by the Loan Documents to secure the Loan. The Borrowers hereby approve the form of the Loan Documents.~~

~~2.2 All Advances under the Loan will be initiated by a Draw Request signed by each of the Liquidating Trustee and the ML Manager on behalf of the Loan LLCs.~~

~~2.3 Each Loan Advance will be specifically allocated between the Liquidating Trustee and Loan LLC Group at the time advanced based upon the purpose for which the money is drawn. The funds allocated to each will be deposited in accounts held by the Liquidating Trustee and the ML Manager on behalf of the Loan LLC Group. Advances under the Loan may be made to the Liquidating Trustee solely~~

2.44 "Subsequent Advance" means the any Advance under the Loan other than the Initial Advance.

3. Advances Under The Loan.

3.1 General. All Advances under the Loan will be made pursuant to an Advance Request jointly signed by the Liquidating Trustee, on behalf of the Liquidating Trust, and the ML Manager, on its own behalf and on behalf of each of the

Loan LLCs. In each Advance Request, the Liquidating Trustee and ML Manager will document the proposed use of loan proceeds for such Advance Request, whether any Party will receive any loan proceeds and, if so, how much of the loan proceeds will be received by which Party addressed in the Advance Request.

3.2 The Initial Advance On The Loan. The Initial Advance will be in an amount necessary to pay all of the Claims Required to be Paid as of the Effective Date of the Plan. The Advance Request for the Initial Advance will contain a certification by the ML Manager and the Liquidating Trustee confirming that the Claims Required to be Paid pursuant to the Initial Advance must be paid on the Effective Date with funds received through the Initial Advance.

3.3 Advances For The Benefit Of The Liquidating Trust. Advance Requests under the Loan for the benefit of the Liquidating Trust may only be made for the purpose of paying Claims Required to be Paid and Liquidating Trustee Costs and Expenses and such amounts advanced will be allocated to and become part of the Liquidating Trustee's Allocated Loan Share. Advances under the Loan may be made to the Loan LLC Group solely to pay for Servicing Costs and the Loan LLC Group's allocated portion of Professional Fees and Allocated Loan Costs, operating costs of the ML Manager and such amounts will be allocated to and become part of the Loan LLC Group's Allocated Loan Share. No amounts will be borrowed by the Loan Group to pay any Loan LLC Separate Costs. Origination Fees will be allocated between the Liquidating Trustee and Loan LLC Group at the time of the first advance based upon the amount of funds borrowed by each group on such date. Interest payments, Extension Fees, and Repayment Incentive Payments advanced under the Loan will be allocated between the Liquidating Trustee and the LLC Group in accordance with the then Allocated Loan Share at the time of such advance. Disposition Incentive Payments made to the Lender will be allocated to the Loan LLCs in accordance with the ratio of the principal amount of their ML Loans at the date the Debtor filed bankruptcy. To the extent that the Non-Conveying ML Note Holders can be required to pay and do pay their fair share of the Loan Costs and other costs funded with Loan proceeds under the Agency Agreements, the amount so paid shall reduce the amount to be allocated among the Loan LLCs for repayment purposes.

~~_____ 2.4 _____ The Liquidating Trustee and LLC Group will be responsible, as between themselves, to repay to the Lender its then Allocable Loan Share at each point in time.~~

~~_____ 2.5 _____ To the extent that either of the Liquidating Trustee or the LLC Group shall pay more than their Allocable Loan Share to Lender because of the requirements of the Loan Documents or otherwise, the overpayment ("Overpayment") shall be accounted for as a debt due to the Liquidating Trustee, or the LLC Group, making the Overpayment and shall bear interest until repaid at the rate of _____ percent per annum. To the extent that funds are available to the Liquidating Trustee or to a Loan LCC under the terms of the Loan Documents from Net Proceeds from Dispositions by such Liquidating Trustee or Loan LLC after deducting the Lender's~~

~~required percentage payment, the funds shall first be used to pay off such Liquidating Trustee or Loan LLC's share of the Overpayment owed based upon its Allocable Loan Share of any Overpayment at the time the Overpayment was made prior to making any distributions under the Liquidating Trust or to the members of the Loan LLC.~~

~~2.6 The ML Charges received by the ML Manager shall be accounted for as belonging to the Loan LLC which owns the ML Loan which generated the ML Charge but the ML Manager may collect the ML Charges and use such funds to pay for Servicing Costs to the Servicer, to repay the Loan LLC Group's Allocated Loan Share and the other Loan LLCs shall repay their portion of the ML Charges so used to the Loan LLC generating the ML Charges based upon the ratio of such other Loan LLCs Allocable Loan Share.~~

~~3. Basic Inter Borrower Terms Between the Loan LLCs.~~

~~3.1 Allocated Loan Costs and allocated portions of Professional Fees to be borne by the Loan LLCs will be allocated among them in the ratio of the principal amounts on the date of filing of the bankruptcy by the Debtor. Loan proceeds drawn by the Loan LLCs will only be used for the purposes specified under Section 2.3 above and will not be used for Loan LLC Separate Costs, the Liquidating Trustee Costs and Expenses, and all such Advance Requests will be allocated to the Allocated Loan Balance of the Liquidating Trust.~~

~~3.4 Advances For The Benefit Of The Loan LLCs. Advance Requests under the Loan for the benefit of any Loan LLC may only be made for the purpose of paying expenses contemplated under this Agreement, but specifically including any Loan LLC Specific Expenses, and all such funds advanced and accrued interest thereon will be allocated to the Allocated Loan Balances of each of the Loan LLCs in accordance with Paragraph 4 of this Agreement.~~

~~3.5 Advance Limitations For Loan LLCs. Any Advance Request seeking a Subsequent Advance for funds to be paid to any Loan LLC must contain a certification by the ML Manager and the Liquidating Trustee confirming that such Loan LLC has the ability to eventually repay that portion of the Subsequent Advance. Absent such certification, no Loan LLC will be entitled to receive funds through a Subsequent Advance on the Loan. Notwithstanding any other term or provision of this Agreement, no Advance Request shall be authorized or allowed, nor shall any Advance under the Loan be authorized or allowed, to provide any Loan LLC with funds to pay any Loan LLC Separate Expenses.~~

~~4. Allocations; Liability For Advances And Expenses.~~

~~4.1 Initial Advance Allocations. Promptly after the Effective Date, the Liquidating Trustee and the ML Manager shall jointly determine the Allocated Loan Amounts for each of the Parties as a result of the Initial Advance (the "Initial Allocation"), so there is a fair allocation of all Effective Date payments required under the Plan. The allocation determination made pursuant to this paragraph will be in writing and jointly executed by the Liquidating Trustee and the ML Manager. Upon completion~~

thereof, the Initial Allocation will be filed with the Bankruptcy Court. To avoid any doubt, as part of the Initial Allocation, the Liquidating Trustee and the ML Manager shall allocate all Claims Required to be Paid, including Allowed Professional Fees, among the Parties, so there is a fair allocation of all such expenses among the Parties.

4.2 Subsequent Advance Allocations. Promptly after every Subsequent Advance is made pursuant to this Agreement, the Liquidating Trustee and the ML Manager shall redetermine the Allocated Loan Balance for each of the Parties, so there continues to be a fair allocation of all expenses and other items addressed in every Subsequent Advance. Any allocation made pursuant to this paragraph will be available for review upon written request by any beneficiary of the Liquidating Trust or any member of a Loan LLC. [Does there need to be a true up at some point in time?]

4.3 Interest Allocation. Interest accrued and accruing on the Loan will be allocated on a prorated basis between the Liquidating Trust and each of the Loan LLCs based on their respective Allocated Loan Balances in effect during the terms of this Agreement, and as the Allocated Loan Balances change during the term of this Agreement the Liquidating Trustee and the ML Manager will reallocate the interest accruing on the Loan on a pro basis between the Liquidating Trust and each of the Loan LLCs.

4.4 Disposition Incentive Payment Allocation. Any Disposition Incentive Payment made to Lender will be allocated to the Liquidating Trust or the appropriate Loan LLCs, as the case may be, that generated the Net Distributable Proceeds causing the payment of the Disposition Incentive Payment to be due and payable to Lender.

4.5 ~~3.2~~ Servicing Costs will be allocated among the Loan LLCs by the ML Manager on a basis which it considers fair and reasonable. Servicing Expense Allocation. The Servicing Expenses due and payable to Lender after the Effective Date will be fairly allocated among each of the Loan LLCs by the ML Manager, taking into account which loans require more or less servicing services. A Loan LLC that has foreclosed upon a property and now has no ML Loan to service shall not be allocated any Servicing Costs from and after the date of foreclosure except for year end accounting and ML Notes require more or less services of Servicer; provided, however, that after a Loan LLC has foreclosed on its real property collateral, such Loan LLC allocation of Servicing Expenses will be limited to the actual cost of year-end accounting, tax statement preparation and any distributions on funds to the members, and any services necessary for distributions its Loan LLC Members.

4.6

4.7 ~~3.3~~ Any ML Charges shall be allocated to the Loan LLC which generates the ML Charges but may be used to pay Servicing Costs or to pay the Loan LLC Group's allocated Loan Share. To the extent used to pay Servicing Costs, they will be allocated for repayment among the other Loan LLCs on a basis that the ML Manager considers fair taking into account which ML Loans require more or less servicing

~~services and to the extent used to pay the Loan LLC Groups Allocated Loan Share, the amount will be allocated for repayment purposes among all of the Loan LLCs on the basis of their Allocated Loan Share on the payment date, and in each case repaid to the generating Loan LLC first prior to distributions to members of the other Loan LLCs when funds are available for distribution to members of each of the Loan LLCs obligated to make such repayment.~~

4.8

~~4.9 ————— 3.4 — Liability for repayment to one Loan LLC from the other Loan LLCs for any Net Proceeds from Dispositions paid to the Lender on a disposition by a Loan LLC, shall be allocated among all of the LLCs in the ratio of their Allocated Loan Share on date of the payment to the Lender. Each Loan LLC shall hold back a Reserve prior to distribution to its members of an amount estimated to be sufficient in the ML Manager's judgment to repay any repayment obligations of such Loan LLC to the other Loan LLCs when the liquidation of all Loan LLC assets is complete and a final settlement is made between the Loan LLCs.~~

4.10 Other Specific Allocations. The Origination Fees due and payable to Lender will be allocated on a pro rata basis between the Liquidating Trust and each of the Loan LLCs based upon their respective Allocated Loan Balances as determined pursuant to the Initial Allocation. Any Extension Fee and Repayment Incentive Payment due and payable to Lender will be allocated on a pro rata basis between the Liquidating Trust and each of the Loan LLCs based on their respective Allocated Loan Balances in effect at the time such Extension Fees and Repayment Incentive Payments are paid by the Parties.

5. Over/Underpayments. If any Party pays an amount in excess of its Allocated Loan Balance to Lender for any reason (the "Overpaying Party" and the "Overpayment Amount," respectively), then the Liquidating Trustee and the ML Manager shall allocate the Overpayment Amount among the other Parties (the "Underpaying Parties") on a pro rata basis based upon the relative Allocated Loan Balances of the Underpaying Parties (the "Overpayment Allocated Balance"), which amount will increase the amount of the Allocated Loan Balances of each of the Underpaying Parties. The Underpaying Parties shall be obligated to pay their portion of the Overpayment Allocated Balance, plus interest at the rate accruing on the Loan, to the Overpaying Party as soon as the Underpaying Parties have funds available for distribution to their Loan LLC Members.

6. Distributions To Liquidating Trust Beneficiaries And Loan LLC Members. As and when sufficient Net Disposition Proceeds are available after paying Lender's Disposition Incentive Fee so that: (i) the Liquidating Trust has funds available to distribute to the Liquidating Trust; or (ii) the ML Manager has funds available to distribute to the Loan LLC, then such funds shall be used to: (i) first – pay any Overpayment Allocated Balance owed to any other Party; and (ii) second – pay the Allocated Loan Balance of the Party; (iii) third -- establish a Reserve; and (iv) fourth --

make distributions to the Liquidating Trust Beneficiaries or the Loan LLC Members, as appropriate.

7. ~~3.5~~ Inability Of Any Loan LLC to Pay Its Allocated Expenses. In the event that one or more Loan LLCs are not able, in the exercise of reasonable business judgment of by the ML Manager, to recover from their ML Notes or and ML Charges sufficient funds to repay their obligations to other Loan LLCs for repayments of funds allocated to such other Loan LLCs but used to pay the Lender under Section 3.4 above or to repay their portion of the Allocated Loan Costs and Allocated Professional Fees under Section 3.1 above or to pay their allocated Servicing Costs under Section 3.2 above, any reason, then the ML Manager shall reallocate such amounts which cannot be repaid to the other Loan LLCs using the other Loan LLCs ratio of principal amounts on the date of filing of the bankruptcy by Debtor in the case of items in Sections 3.1 and 3.4 above and in the case of Section 3.2 above in a fashion that the ML Manager considers reasonable taking into account the servicing needs of each Loan LLCs as indicated in Section 3.2 above, on a pro rata basis based upon the then existing Allocated Loan Balances of the other Loan LLCs.

8. Non-Electing Noteholder Issues. The Parties will cooperate with one another, and use their commercially reasonable best efforts, to ensure that all Non-Electing Noteholders are required to pay their fair share of all expenses addressed under this Agreement, other than any Advances, accrued interest and other expenses related to the Loan. Any expenses addressed in this Agreement which are paid by the Non-Electing Noteholders will reduce the amount of such expenses which would otherwise be allocated to any Party under this Agreement. If any expense previously allocated to a Party under this Agreement is subsequently paid by a Non-Electing Noteholder, then such Party will be entitled to an appropriate reallocation of such expenses, the amount of which will be agreed upon by the Liquidating Trustee and the ML Manager.

9. ML Charges. All ML Charges accrued and received by ML Manager from and after the Effective Date will be owned by the particular Loan LLC that owns the ML Loan which generated such ML Charges; provided, however, that the ML Manager will have the right to collect the ML Charges on behalf of the owner and use such funds to: (i) pay the Servicing Expenses to the Servicer, (ii) pay all or any portion of the Allocated Loan Balance of the Loan LLCs; provided, however that any ML Charges so used will be repaid by the Loan LLCs as soon as such Loan LLCs have funds available for distribution to their Loan LLC Members. **[Let's discuss. I don't understand why this provision is set up this way.]**

10. ~~4.~~ Representations and Warranties. Each entity which is a Borrower represents of the Parties represent and warranties for itself as follows.

10.1 ~~4.1~~ The execution and delivery of the this Agreement and the Loan Documents by such Borrower entityParty and the consummation of all the transactions contemplated hereby create legal, valid and binding obligations of such Borrower entityParty subject to bankruptcy or other similar laws affecting creditor's rights generally and to general principles of equity.

10.2 ~~4.2~~ ~~Such Borrower entity~~Party is not required pursuant to any law, regulation or contractual or other obligation, to obtain the consent, approval or authorization of any person or entity, including any governmental authority, to validly enter into, execute and deliver this Agreement and the Loan Documents and perform the acts and obligations required or contemplated thereby.

10.3 ~~4.3~~ ~~Each such Borrower entity~~Such Party has been duly organized and is validly existing under the law of the jurisdiction of its organization. ~~Such Borrower entity~~Party has the full power and authority to own the Collateral owned by it and conduct its business as now being conducted and to enter into and consummate the transactions contemplated by this Agreement.

11. ~~5.~~ Covenants. Each entity ~~which is a Borrower of the Parties~~ covenants ~~for itself~~ as follows.

12.

13. ~~5.1~~ ~~Such Borrower entity~~ shall expend the Loan proceeds for the purposes set forth in this Agreement.

13.1 ~~5.2~~ ~~Such Borrower entity~~Each Party shall at all times preserve and keep in full force and effect its existence as a Delaware trust in the case of the Liquidating Trust and as a limited liability company in the case of the Loan LLCs, and shall not allow or permit the dissolution and winding up of such ~~Borrower entity~~Party prior to the final settlement of ~~Allocated Loan Shares~~ are required by the Loan, and all amounts and obligations addressed in this Agreement.

13.2 ~~5.3~~ ~~Such Borrower entity~~Each Party shall comply with the requirements of all applicable laws, rules, regulations and orders of any ~~Governmental Authority,~~governmental unit, the noncompliance with which would materially adversely affect the business, properties, assets, operations or condition (financial or otherwise) of such ~~Borrower entity.~~Party.

13.3 ~~5.4~~ ~~Such Borrower entity~~Each Party shall comply with all of the covenants and other requirements of it under the Loan and Loan Documents.

14. Default.

14.1 ~~6.~~ ~~Default.~~ In the event of a default by a ~~Borrower entity~~the Liquidating Trust of any obligation thereof under this Agreement: ~~_____~~

~~6.1~~ In the case of a default by the Liquidating Trustee or Liquidating Trust, the ML Manager may take such action as it may deem appropriate with the consent of its Board of Managers to cause the Liquidating Trustee or Liquidating Trust to comply with the terms of this Agreement.

14.2

~~14.3~~ ~~6.2~~ In the case of a default by the Loan LLC Group or an individual Loan LLC, the Liquidating Trustee in the case of the Loan LLC Group and the ML Manager in the case of an individual Loan LLC

14.4 In the event of a default by the ML Manager of any obligation thereof under this Agreement, the Liquidating Trust, with the consent of the Trust Board, may take such action as it may deem appropriate with the consent of the Trust Board in the case of the Liquidating Trustee and the Board of Managers in the case of an individual Loan LLC.

14.5

~~14.6~~ ~~6.3~~ All costs and expenses of enforcing this Agreement upon default against the defaulting party shall be borne by and reimbursed to the other parties by the defaulting party. deems appropriate to cause the ML Manager to comply with the terms of this Agreement.

14.7 In the event of a default by any Loan LLC of any obligation thereof under this Agreement, the Liquidating Trust, with the consent of the Trust Board, or the ML Manager, with the consent of the Board of Managers, may take such action as they deem appropriate to cause the defaulting Loan LLC to comply with the terms of this Agreement.

15. ~~7.~~ Jurisdiction; Venue; Service of Process.

15.1 ~~Each Borrower entity~~The Parties hereby irrevocably ~~submit~~submit to the jurisdiction of any Arizona or United States Federal court sitting in Arizona over any action or proceeding arising out of or relating to this Agreement and the Loan Documents, and each ~~Borrower entity~~Party hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Arizona or Federal court. Each ~~Borrower entity~~Party irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to such ~~Borrower entity~~Party's ~~at Borrower's~~ the address specified herein. Each ~~Borrower~~Party entity agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each ~~Borrower entity~~Party further waives any objection to venue in such Arizona on the basis of forum non ~~conveniens~~convenience. Each ~~Borrower entity~~Party further agrees that any action or proceeding brought against the other shall be brought only in Arizona or United States Federal court sitting in Maricopa County. Nothing contained herein shall affect the right of a ~~Borrower entity~~Party to serve legal process in any other manner permitted by law.

16. ~~8.~~ Miscellaneous.

16.1 ~~8.1~~ Loan Documents Part of the Agreement. The Loan Documents shall be deemed to incorporated into this Agreement. In the event of a conflict between any of the provisions of this Agreement and any provision of any of the Loan Documents, the provisions of this Agreement shall control as between the

parties to this Agreement. In the event of a conflict between this Agreement and the Plan, the provisions of this Agreement shall control as between the parties to this Agreement.

16.2 ~~8.2~~ No Other Parties to Benefit. This Agreement is made for the sole benefit of Borrower parties hereto and their successors and assigns, and no other Person ~~person~~ or entity is intended to or shall have any rights or benefits hereunder, whether as third- party beneficiary or otherwise. It is the express intention of the parties hereto that there shall be no third party beneficiaries of this Agreement.

16.3 ~~8.3~~ Notices. All notices provided for herein shall be hand-delivered or sent by certified or registered mail, return receipt requested, addressed to all parties hereto at the address designated for each party below or at such other address as the party who is to receive such notice may designate in writing:

÷ Kevin O'Halloran, not individually but as
Trustee of the ML Liquidating Trust under
Liquidating Trust Agreement dated
_____, 2009

Each Loan LLC and ML Manager
c/o ML Manager, LLC

Notice shall be deemed completed upon: (i) such hand delivery or (ii) two (2) days after the deposit of same in a letter box or other means provided for the posting of mail, addressed to the party and with the proper amount of postage affixed thereto. Except as otherwise herein provided, actual receipt of notice shall not be required to effect notice hereunder.

16.4 ~~8.4~~ Governing Law; Construction. This Agreement is executed and delivered in the State of Arizona, and the substantive laws and the rights and duties of the parties hereunder will be governed by and construed, enforced and performed in accordance with the law of the State of Arizona, without giving effect to principles of conflicts of laws that would require the application of laws of another jurisdiction. The Bankruptcy Court shall have the exclusive jurisdiction over this Agreement and that any disputes arising out of or related in any manner to this Agreement shall be properly brought only before the Bankruptcy Court. If and to the extent that the Debtor's bankruptcy case is closed or dismissed or the Bankruptcy Court abstains from or otherwise declines jurisdiction, then the courts of the State of Arizona shall govern its interpretation and enforcement. This Agreement and the Loan Documents are and the United States District Court, Arizona (located in Phoenix, Arizona) shall have exclusive jurisdiction over this Agreement and any such disputes.

Each party to this Agreement irrevocably waives any and all right to trial by jury in any proceeding arising out of or relating to this Agreement. This Agreement is intended to express the mutual intent of the parties hereto and thereto, and irrespective of the party preparing any document, no rule of strict construction shall be applied against any party. All words used herein shall refer to the appropriate number or gender, regardless of the number or gender stated.

16.5 ————— 8.5 — Modification and Waiver. No provision of this Agreement shall be amended, waived or modified except by an instrument in writing signed by all of the parties hereto.

16.6 ————— 8.6 — Survival. All covenants, agreements, representations and warranties made herein shall survive the execution and delivery of any of this Agreement until all of Borrower each Party's obligations under the this Agreement and the Loan Documents have been paid in full. this Agreement have been fulfilled and the Liquidating Trust and each of the Loan LLCs are dissolved in accordance with non-bankruptcy law.

16.7 ————— 8.7 — Headings. All sections and descriptive headings of sections in this Agreement are inserted for convenience only, and shall not affect the construction or interpretation hereof.

16.8 ————— 8.8 — Severability; Integration; Time of the Essence. Inapplicability or unenforceability of any provision of this Agreement shall not limit or impair the operation or validity of any other provision of this Agreement. This Agreement supersedes all prior agreements and constitute the entire agreement between the parties with respect to the subject matter hereof. ~~Time is of the essence hereof.~~

16.9 ————— 8.9 — Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be an original, but all of which shall together constitute one and the same instrument.

16.10 ————— 8.10 — Assignability. No ~~Borrower~~ Party entity shall assign this Agreement or any part of any payment to be made hereunder without the consent of the Liquidating Trustee and the ML Manager, which consent may be given or withheld in their sole and absolute discretion.

16.11 ————— 8.11 — No Joint Venture. It is expressly understood and agreed by each ~~Borrower~~ Party that by becoming joint borrowers under the Loan that ~~such Borrower Entities~~ or entering into this Agreement, the Parties do not become or partners or joint ventures with each other. It is the express intention of the ~~parties~~ Parties hereto that for all purposes the relationship between ~~such Borrower entities~~ the Parties be deemed to be that of joint ~~debtors~~ borrowers under the Loan. In this regard, the ~~parties~~ Parties acknowledge that it is not now, nor has it ever been, their intent to be partners or joint venturers as a result of the Loan or this Agreement.

16.12 ~~8.12~~ Costs and Expenses. Should any proceedings or litigation be commenced between any of the parties hereto concerning the ~~terms of any dispute arising under~~ this Agreement, or the rights and duties of the parties hereto, the prevailing party in such proceeding or litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for the prevailing party's attorneys' fees and costs.

16.13 ~~8.13~~ Exhibits. All Exhibits attached to this Agreement are fully incorporated herein and are made part of the covenants of this Agreement whether or not the Exhibits are executed by any or all of the parties.

16.14

16.15 ~~8.14~~ Incorporation of Recitals. ~~The prefatory language and Recitals made and stated hereinabove are hereby incorporated by reference into, and made a part of, this Agreement.~~

[The remainder of this page is intentionally blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Loan LLCs:

_____, LLC
_____, LLC
_____, LLC

each an Arizona limited liability company

By: ML Manager, LLC, an Arizona corporation, its Manager

By: _____
Its: _____

ML Manager, LLC, an Arizona limited liability company

By: _____
Its: Authorized Manager

Kevin O'Halloran, not individually but as Trustee of the ML Liquidating Trust under Liquidating Trust Agreement dated _____, 2009