

SETTLEMENT AGREEMENT

(Portales Place Property, LLC)

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This Settlement Agreement ("Agreement") is entered into this 27th day of April, 2010, by and among (i) Portales Place Property, LLC, an Arizona limited liability company ("Borrower"); (ii) Jonathon J. Vento, Lori Vento, and Jonathon J. Vento and Lori D. Vento, Trust Creators and Trustees of the Vento Family Trust dated April 25, 2003 (collectively, "Vento"); Donald J. Zeleznak, Shirley Zeleznak, and Donald J. Zeleznak and Shirley A. Zeleznak, Trustees of the Zeleznak Revocable Trust dated December 6, 2001 and amended February 6, 2004 (collectively, "D.Zeleznak" and together with Vento, the "Guarantors"); (iii) Ryan Zeleznak and RJZ Associates, LLC, an Arizona limited liability company ("R.Zeleznak" and collectively with Borrower and Guarantors, the "Borrower Parties" and each a "Borrower Party"); (iv) PPP Loan LLC, an Arizona limited liability company ("Loan LLC") and the Pass Through Investors (defined below) (collectively, the "Lenders"); and (v) ML Manager LLC, an Arizona limited liability company, as Manager of Loan LLC and as agent for the Pass Through Investors ("ML Manager"). For convenience, the Lenders and ML Manager are sometimes collectively referred to herein as the "Lender Parties" and each a "Lender Party." Collectively, Borrower, Guarantors, R.Zeleznak, Lenders and ML Manager are referred to herein as "Parties," and each, a "Party."

R E C I T A L S

A. Loan No. 852606 to Borrower, which closed on or about August 21, 2006, was in the original principal amount of \$32,000,000 ("Loan") and was evidenced by, among other things, the loan documents set forth on Exhibit A attached hereto. Guarantors executed an Environmental Indemnity and each also executed a separate Loan Guaranty (collectively, "Loan Guarantees").

B. As of the date hereof, Lenders contend that the outstanding amounts of principal and interest on the Loan are as set forth on Exhibit B. Lenders further contend that there are other costs and expenses that have been and will be incurred in enforcing Lenders' rights in amounts not yet determined.

C. By letter dated July 8, 2008, counsel for ML notified Borrower and Guarantors that Borrower was in default under the Loan and demanded payment of all amounts due thereunder. Certain disputes ("Disputes") have arisen between the Parties with respect to the Loan and other loans made by ML to Borrower's Affiliates and guaranteed by some or all of the Guarantors ("Affiliate Loans"). As a result of such Disputes, Borrower and Guarantors have asserted certain material offsets, defenses and/or claims, including, without limitation, that the Loan, the Affiliate Loans, and Lenders' conduct with respect thereto, were all part of an unseverable series of interrelated transactions and conduct, in connection with their respective purported obligations relating to the Loan, the Loan Guarantees, the Affiliate Loans and the Affiliate Guarantees.

D. As required under the terms of the Plan (defined below), Borrower, Borrower's Affiliates, Guarantors and ML Manager have engaged in mediation to attempt to resolve the Disputes. This Agreement reflects the agreement reached during that mediation.

E. Guarantors have represented to Lenders that their financial condition is such that they are unable to make any material payment on any obligations they may have under the Loan Guarantees.

F. Fact-intensive and expensive litigation between Lenders, Borrower and Guarantors would be required to resolve the Disputes. It is, in part, because of this potential litigation and its attendant costs and uncertainties that the Parties are willing to enter into this Agreement to resolve the Disputes and settle all claims and liabilities among them on the terms and under the conditions set forth herein.

A G R E E M E N T

Now therefore, for and in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower Parties and Lender Parties do hereby agree as follows:

1. Recitals Incorporated. The Parties agree that the foregoing Recitals are true and correct and are incorporated herein by this reference.

2. Definitions: For the purposes of this Agreement, the following terms shall have the meanings set forth herein:

"Affiliate" shall mean, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person or is a director, officer, member or manager of such Person or of an Affiliate of such Person.

"Affiliate Guarantees" means the guarantees and indemnities executed by some or all of the Guarantors in favor of ML in connection with the Affiliate Loans.

"Affiliate Settlements" is defined in Section 5.f hereof.

"Affiliate Loans" is defined in Recital C hereof.

"Agreement" is defined in the first paragraph of this Agreement.

"Bankruptcy Action" shall mean, with respect to a Party, (a) the filing by such Party of a voluntary petition under the Bankruptcy Code or any other federal or state bankruptcy or insolvency law; (b) the filing of an involuntary petition against such Party under the Bankruptcy Code or any other federal or state bankruptcy or insolvency law, in which such Party colludes with or otherwise assists the Person who filed such involuntary

petition, or causes to be solicited petitioning creditors for such involuntary petition; (c) the filing of an answer by such Party consenting to or otherwise acquiescing in or joining in any involuntary petition filed against it under the Bankruptcy Code or any other federal or state bankruptcy or insolvency law; (d) consenting to, acquiescing in, or joining in an application for the appointment of a custodian, receiver, trustee or examiner for such Party, or any portion of its Property; or (e) making an assignment for the benefit of creditors.

“Bankruptcy Case” is defined in Section 5.d hereof.

“Bankruptcy Code” shall mean Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.*, as the same may be amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors’ rights or any other federal or state bankruptcy or insolvency law.

“Borrower” is defined in the first paragraph of this Agreement.

“Borrower Parties” is defined in the first paragraph of this Agreement.

“Business Day” shall mean any day other than a Saturday, Sunday or any other day on which national banks in Phoenix, Arizona are not open for business.

“Conditions Precedent” is defined in Section 5 hereof.

“Confirmation Order” is defined in the definition of “Plan” below.

“Control” shall mean possession, directly or indirectly, of the power to direct or cause the direction of management, policies or activities of a Person, whether through ownership of voting securities, by contract or otherwise. “Controlled” and “Controlling” shall have correlative meanings.

“D.Zeleznak” is defined in the first paragraph of this Agreement.

“Deed-in-Lieu” is defined in Section 3.a.4 hereof.

“Default” is defined in Section 10 hereof.

“Disputes” is defined in Recital C hereof.

“Effective Date” means a date selected by Lenders by notice in writing to Borrower Parties which is not more than ten (10) Business Days after all of the Conditions Precedent have occurred.

“Environmental Laws” means any and all present or future federal, state or local laws, common law, statutes, codes, ordinances, rules, regulations, decrees, permits, policies, guidance documents or other requirements (i) relating to health, safety or the environment, (ii) governing, regulating or pertaining to the generation, treatment, storage,

handling, transportation, use, release, discharge or disposal of any Hazardous Substance, or (iii) relating to industrial hygiene or environmental conditions, including, without limitation, soil, groundwater and indoor and ambient air conditions.

“Environmental Regulations” means, without limitation, (i) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§ 9601 *et seq.*); (ii) the Resource Conservation Recovery Act of 1976; (iii) the Clean Water Act; (iv) the Clean Air Act; and (v) the applicable provisions of the Arizona Environmental Quality Act, Arizona Revised Statutes Sections 49-101, *et seq.*, all as now or hereafter amended, supplemented or replaced from time to time.

“Exit Financing Loan” is defined in Section 5.b hereof.

“Governmental Authority” shall mean any court, board, agency, commission, office or other authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise), whether now or hereafter in existence.

“Guarantors” is defined in the first paragraph of this Agreement.

“Hazardous Substance” means any substance or material defined in or governed by any Environmental Regulation as a dangerous, toxic or hazardous pollutant, contaminant, chemical, waste, material or substance, and also expressly includes urea-formaldehyde, polychlorinated biphenyls, dioxin, radon, asbestos, asbestos-containing materials, nuclear fuel or waste, radioactive materials, explosives, carcinogens and petroleum products, including, but not limited to, crude oil or any fraction thereof, natural gas, natural gas liquids, gasoline and synthetic gas, or any other waste, material, substance, pollutant or contaminant which would subject the owner or operator of the Property to any obligations, damages, penalties or liabilities under any applicable Environmental Regulation.

“Investors” shall have the same meaning as set forth in the Plan.

“Lenders” is defined in the first paragraph of this Agreement.

“Loan” is defined in Recital A hereof.

“Loan Documents” means all documents, instruments, agreements, promissory notes, indemnities, guarantees, affidavits and certificates executed by any Borrower Party, and delivered in connection with the Loan prior to the date of this Agreement, including, without limitation, those documents set forth on Exhibit A hereto and incorporated herein by this reference, and any Loan Guarantees.

“Loan Guarantees” is defined in Recital A hereof.

“Loan LLC” is defined in the first paragraph of this Agreement.

“Members” is defined in Section 4.b hereof.

“ML” means ML Servicing Co., Inc., an Arizona corporation, formerly known as Mortgages Ltd.

“ML Court Approval” is defined in Section 5.d hereof.

“ML Manager” is defined in the first paragraph of this Agreement.

“Outside Date” is defined in Section 5.j hereof.

“Parties” and “Party” are defined in the first paragraph of this Agreement.

“Pass Through Investors” shall mean those Investors that hold, as of the date of this Agreement, an interest in the Loan outside of the Loan LLC.

“Person” shall mean any individual, corporation, partnership, joint venture, limited liability company, estate, trust, and any fiduciary acting in such capacity on behalf of any of the foregoing.

“Plan” means The Official Committee of Investors’ First Amended Plan of Reorganization Dated March 12, 2009, as modified by the Order confirming the Plan entered on May 20, 2009 by the United States Bankruptcy Court for the District of Arizona (“Confirmation Order”) in the Bankruptcy Case.

“Property” is defined in Section 3.a.1 hereof.

“R.Zeleznak” is defined in the first paragraph of this Agreement.

“Release Date” shall mean the date that is ninety-one (91) days from (i) the date the Trustee’s Sale has been completed (by recordation of the trustee’s deed) or (ii) the date that a Deed-in-Lieu provided by Borrower to Lenders is recorded, provided in either event that no Bankruptcy Action has occurred with respect to any Borrower Party prior to such date.

“Released Parties” is defined in Section 4.b hereof.

“Sale Completion Date” shall mean the date on which the Trustee’s Sale or Deed-in-Lieu is completed as evidenced by the recording of Trustee’s Sale deed or Borrower deed under a Deed-in-Lieu.

“Settlement” is defined in Section 3 hereof.

“Trustee’s Sale” is defined in Section 3.a.4 hereof.

“Vento” is defined in the first paragraph of this Agreement.

3. Settlement. The Parties agree to the following as full and complete settlement and compromise ("Settlement") of the Disputes:

a. During the period between execution of this Agreement and the Effective Date:

1. Borrower will turn over possession and control of the real and personal property ("Property") securing the Loan as described in the Loan Documents to ML Manager, acting on behalf of the Lenders, to allow Lenders to secure and protect the Property, with any amounts paid by Lenders to do so to be added to the amount of Borrower's and Guarantors' outstanding obligations under the Loan.

2. Borrower Parties will cooperate with ML Manager by (i) providing access to all records, including accounting and tax records, relating to the Property and any lien claims upon the Property; (ii) delivering the originals of all plans, specifications, architect's contracts, construction contracts, other contracts, plats, condominium declaration, home owners association documents, leases, surveys, title and insurance policies, environmental reports, appraisals, and other written documents which relate to or affect the Property or its proposed operations; (iii) allowing Lenders to make copies of any such records at Lenders' expense; and (iv) providing documents and information about the history of the Loan and the Loan's negotiation and documentation and with respect to the various Persons and professionals involved in negotiating and documenting the Loan from inception to assist Lenders in determining whether Persons, other than Borrower and Guarantors, have liability to Lenders in connection with the making of the Loan.

3. Lenders may setoff any moneys held in any impound accounts under the Loan Documents against the obligations of Borrower under the Loan Documents.

4. Subject to Section 3.b hereof, Lenders shall initiate the process necessary to schedule and conduct a trustee's sale of the Property ("Trustee's Sale") on a date of Lenders' choosing, but will not complete the Trustee's Sale until after the Effective Date. In lieu of holding a Trustee's Sale, Lenders may request that Borrower convey the Property to Lenders or their designee by deed-in-lieu ("Deed-in-Lieu") at any time on or after the Effective Date under documents satisfactory to Lenders which shall not impose any new or additional liability on Borrower or Guarantors.

5. Lender Parties shall use their best efforts to obtain the ML Court Approval.

b. Within sixty (60) days after the Effective Date, Lenders shall either hold the Trustee's Sale and record the trustee's deed, or require Borrower to provide the Deed-in-Lieu. Borrower Parties will cooperate and take no action to hinder or delay the Trustee's Sale. Upon the Trustee's Sale or in the event of a Deed-in-Lieu, at the request of Lenders, Borrower Parties will execute, without recourse or warranty, and to the extent

the same are assignable, such assignments of any of Borrower Parties' rights under any architects contracts, plans and specification, construction contracts, other contracts, leases, title and insurance policies, trade names and trade marks and other contracts and documents as Lenders may request. Borrower Parties hereby agree and acknowledge that Borrower has no equity in the Property in excess of the amounts outstanding under the Loan, there is no reasonable possibility of a reorganization and there is no way to provide Lenders with adequate protection. Borrower Parties further agree that they will not oppose any motion by Lenders, in any bankruptcy proceeding commenced by or against Borrower, to modify the automatic stay to allow Lenders to proceed against the Property.

c. On the Release Date but effective as of the Effective Date, the Release of Borrower Parties as set forth in Section 4.a hereof shall become effective.

d. On the Effective Date, Borrower shall be deemed to have withdrawn with prejudice the proof of claim (as amended) it filed in the Bankruptcy Case.

e. On the Effective Date, Borrower shall be deemed to have forever waived any claim on the cash bond filed by ML with the Arizona Department of Financial Institutions, and to have stipulated to an order that the bond may be released to the appropriate party or parties as determined by Lenders and upon request of ML Manager, the Borrower will file a written waiver, prepared by ML Manager and provided to Borrower, with the Arizona Department of Financial Institutions to evidence such absolute waiver of such claim.

f. The Borrower Parties shall have no liability on account of any property taxes owed on the Property or secured thereby.

g. Lenders shall not transfer the Loan Documents or the Property prior to the Trustee's Sale or the date on which Borrower provides the Deed-in-Lieu to Lenders.

4. Releases.

a. On the Release Date, Lender Parties hereby release and forever discharge Borrower Parties from any and all liabilities, claims, causes of action, damages, losses or expenses, whether known or unknown, which Lender Parties may now have or be entitled to bring, whether accrued or not, against Borrower Parties arising out of or related in any way to (i) the Loan; (ii) the Loan Guarantees; (iii) the Loan Documents; or (iv) any actions of Borrower Parties in connection with the Loan.

b. On the Effective Date, Borrower Parties hereby release and forever discharge Lender Parties, and their respective members and predecessors and the members of their members (collectively, the "Members") and with the Lender Parties, the "Released Parties") from any and all liabilities, claims, causes of action, damages, losses

or expenses, whether known or unknown, which they may now have or be entitled to bring, whether accrued or not, against the Released Parties arising out of or related in any way to (i) the Loan; (ii) the Loan Guarantees; (iii) the Loan Documents; or (iv) any actions of the Released Parties in connection with the Loan. For the sake of clarity, the term "Released Parties" as defined herein does not include any of ML's former attorneys, accountants or other professionals.

5. Conditions Precedent to Effective Date of this Agreement. The following are conditions precedent ("Conditions Precedent") to (i) Lender Parties' obligations to perform under this Agreement; and (ii) the Effective Date:

a. Executed Agreement. This Agreement shall be fully executed and delivered by the Parties by April 27, 2010;

b. Exit Lender Consent. The lender under the exit financing loan dated June 11, 2009 to which Loan LLC is a party (the "Exit Financing Loan") has consented to the release of the Loan Guaranties to the extent required by Section 2.5 of the Exit Financing Loan;

c. Member Approval. The Members shall have approved the Settlement as required by Section 5.4(k) of Loan LLC's operating agreement;

d. Bankruptcy Court Approval. Lender Parties shall have obtained a satisfactory approval from the Bankruptcy Court in In re: Mortgages Ltd., Case No. 2:08-bk-07465-RJH ("Bankruptcy Case") (a) approving the Settlement and entry into this Agreement by Loan LLC and ML Manager acting as agent for the Pass Through Investors and (b) authorizing ML Manager to conduct the Trustee's Sale or accept a Deed-in-Lieu and execute on behalf of Loan LLC and the Pass Through Investors all documents necessary to conduct and consummate the Trustee's Sale or Deed-in-Lieu, through (i) a final non-appealable order or (ii) in the event an appeal has been filed, no stay pending such appeal has been ordered ("ML Court Approval");

e. No Bankruptcy Action. No Bankruptcy Action shall have occurred with respect to any of the Borrower Parties;

f. Affiliate Loans. Lenders' Affiliates have entered into four (4) separate similar settlement agreements ("Affiliate Settlements") with Borrower's Affiliates and Guarantors with respect to separate Affiliate Loans. ML Court Approval of each of those agreements is a condition to the effectiveness of this Agreement.

g. Delivery of Documents. Borrower shall have provided to Lenders (i) a copy of its Articles of Organization certified by the Arizona Corporation Commission; and (ii) a copy of Borrower's operating agreement certified by Borrower's manager or members as being true and correct;

h. **No Default.** None of the Borrower Parties shall be in Default under this Agreement;

i. **Financial Disclosures.** Guarantors shall have furnished to ML Manager within ten (10) days after the execution of this Agreement, their financial statements and shall certify to the Lenders in writing ("Certification"), with the intent that the Lenders rely thereon, that such financial statements are true and correct in all material respects as of the date of the execution of this Agreement. Guarantors shall have also furnished to ML Manager their tax returns at the same time and promptly thereafter such other financial data requested by ML Manager for its review on behalf of the Lenders, and by any independent accountant employed by Lenders, and ML Manager shall be satisfied in its sole and absolute discretion with the financial condition of the Guarantors; and

j. **Outside Date.** All of the foregoing Conditions Precedent must be met by July 31, 2010 (the "Outside Date").

6. **Borrower Representations and Warranties.** Borrower represents and warrants to Lender Parties as follows:

a. Borrower is a duly formed and validly existing Arizona limited liability company and is in good standing under the laws of the State of Arizona.

b. Borrower has taken all necessary actions to approve and authorize the execution, delivery, performance of and entry into this Agreement; the person(s) signing on behalf of Borrower are duly authorized to do so; and Borrower's obligations hereunder are valid, binding and enforceable, subject to applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

c. Borrower's execution, delivery and performance of its obligations under this Agreement will not violate or conflict with (i) any of Borrower's organization documents; (ii) any agreement to which Borrower is a party or by which its Property is bound; or (iii) any law, rule, regulation, judgment or court order binding on or affecting Borrower or its Property.

d. Except as disclosed to Lenders in writing prior to the execution of this Agreement, Borrower has received no notice from any Governmental Authority or other Person that there is any violation of Environmental Laws on the Property and Borrower has no knowledge that any Hazardous Substances are located in or upon the Property.

e. Borrower's representations and warranties shall be true and correct at all times until the Release Date.

7. Guarantor and R.Zeleznak Representations and Warranties. Each of Vento, D.Zeleznak and R.Zeleznak, for themselves only, represent and warrant to Lender Parties as follows:

a. Each of them is of sound mind and has the legal capacity to execute, deliver and perform their respective obligations under this Agreement.

b. Any Guarantor which is a trust is a duly formed and validly existing trust whose trustees are those individuals executing this Agreement below as trustees, and such trustees are duly authorized by their respective trust agreements to execute, deliver and perform their obligations under this Agreement on behalf of such trust.

c. Each of them have each executed and delivered this Agreement, and the obligations of each of them hereunder are valid, binding and enforceable, subject to applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

d. The execution, delivery and performance of obligations under this Agreement by each Guarantor which is a trustee will not violate or conflict with (i) the trust agreement under which such trustee acts, (ii) any agreement to which trustee or his or her respective trust is a party or by which the trust's property is bound, or (iii) any law, rule, regulation, judgment or court order binding on or affecting the trustee, their respective trusts or the property of such trust.

e. Except as disclosed to Lender Parties in writing prior to the execution of this Agreement, neither Guarantor nor R.Zeleznak has received notice from any Governmental Authority or other Person that there is any violation of Environmental Laws on the Property and Guarantors and R.Zeleznak have no knowledge that any Hazardous Substances are located in or upon the Property.

f. Their representations and warranties shall be true and correct at all times until the Release Date.

8. Loan LLC's Representations and Warranties. Loan LLC represents and warrants to Borrower Parties as follows:

a. Loan LLC is a duly formed and validly existing Arizona limited liability company and is in good standing under the laws of the State of Arizona.

b. If all of the Conditions Precedent set forth in Section 5 of this Agreement have occurred, then:

(i) Loan LLC will have taken all necessary actions to approve and authorize its execution, delivery, performance of and entry into this Agreement; the person(s) signing on behalf of Loan LLC will have been duly authorized to do so; and

Loan LLC's obligations hereunder will be valid, binding and enforceable, subject to applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(ii) Loan LLC's execution, delivery and performance of its obligations under this Agreement will not violate or conflict with (x) any of Loan LLC's organization documents; (y) any agreement to which Loan LLC is a party or by which it is bound; or (z) any law, rule, regulation, judgment or court order binding on or affecting Loan LLC.

(iii) Loan LLC will have the authority to enter into this Agreement on behalf of its Members, and in doing so, to bind said Members to the terms hereof.

c. Loan LLC is the beneficiary under the deed of trust by Borrower encumbering the Property and securing the Loan.

d. Loan LLC's representations and warranties shall be true and correct as of the Effective Date.

9. ML Manager's Representations and Warranties. ML Manager represents and warrants to Borrower Parties as follows:

a. ML Manager is a duly formed and validly existing Arizona limited liability company and is in good standing under the laws of the State of Arizona.

b. If all of the Conditions Precedent set forth in Section 5 of this Agreement have occurred, then:

(i) ML Manager will have taken all necessary actions to approve and authorize its execution, delivery, performance of and entry into this Agreement; the person(s) signing on behalf of ML Manager will have been duly authorized to do so; and ML Manager's obligations hereunder will be valid, binding and enforceable.

(ii) ML Manager will have the authority to enter into this Agreement on behalf of Loan LLC and in doing so, to bind Loan LLC to the terms hereof.

(iii) ML Manager will have the authority to enter into this Agreement on behalf of all Lenders, and in doing so, to bind all Lenders to the terms hereof.

(iv) ML Manager's execution, delivery and performance of its obligations under this Agreement will not violate or conflict with (x) any of ML Manager's organization documents; (y) any agreement to which ML Manager is a party

or by which it is bound; or (z) any law, rule, regulation, judgment or court order binding on or affecting ML Manager.

c. ML Manager's representations and warranties shall be true and correct at all times until the Effective Date.

10. Default. The following shall constitute a default ("Default") by the specified Party under this Agreement:

a. If, between the Effective Date and the Release Date, there is any Bankruptcy Action with respect to any Borrower Party.

b. Any breach or default under any provision, covenant or representation under this Agreement by any Borrower Party, on or before the Release Date, including without limitation, a breach by any Guarantor of his Certification of his financial statements under Section 5.i hereof relating to Financial Disclosures.

c. Any breach or default under any provision, covenant or representation under this Agreement by any Lender Party.

d. The failure, for any reason, of the Conditions Precedent under Section 5 to occur shall not be a Default hereunder

11. Remedies.

a. In the event of any Default by any Borrower Party under this Agreement prior to the Sale Completion Date, Lenders shall have any and all rights and remedies provided in the Loan Documents or by law, all of which are expressly reserved by Lenders, and may (i) terminate this Agreement by two (2) Business Days written notice; (ii) retain possession of the Property as provided under Section 3.a.1 hereof; and (iii) conduct the Trustee's Sale, but upon such termination this Agreement shall otherwise no longer be binding on the Parties and neither Lender Parties, on one hand, nor Borrower Parties, on the other hand, shall have any further obligation or liability under this Agreement.

b. In the event of a Default by any of the Guarantors or R.Zeleznak after the Effective Date and prior to the Release Date, unless Lenders have elected to terminate this Agreement under Subsection 11.a above, this Agreement shall remain effective as to the Borrower but Lender Parties shall have no further obligation to the Guarantors and R.Zeleznak and there shall be no release of the Guarantors or R.Zeleznak under Section 4.1 hereof.

c. In the event a Lender Party breaches any provision, covenant or representation under this Agreement, Borrower Parties shall be entitled to exercise any

and all rights and remedies provided by law, including, but not limited to, proceeding against such Lender Party for breach of this Agreement.

12. Termination. ML Manager on behalf of the Lender Parties may elect by two (2) days written notice to Borrower Parties to terminate this Agreement if any Conditions Precedent under Section 5 of this Agreement shall fail to occur by the Outside Date.

13. Miscellaneous.

a. Entire Agreement. This Agreement constitutes and embodies the full and complete understanding and agreement of the Parties with respect to the subject matter hereof and supersedes all prior understandings or agreements, whether oral or in writing, with regard hereto.

b. Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. Pursuant to Paragraph V of the Confirmation Order, the Bankruptcy Court shall retain exclusive jurisdiction over any litigation arising out of or related to this Agreement.

c. Paragraph Headings. The paragraph headings used herein are for convenience and reference only, and are not intended to define, limit or describe the scope or intent of any provision of this Agreement.

d. Interpretation. When used in this Agreement, the terms "include" or "including" shall mean, without limitation, by reason of enumeration.

e. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the Parties and their separate and respective successors and assigns.

f. Notices. Any notices or other communications which any Party may be required, or may desire, to give, unless otherwise specified, shall be in writing and shall be (i) hand-delivered, effective upon receipt, (ii) sent by United States Express Mail or by private overnight courier, effective upon receipt, or (iii) served by certified mail, postage prepaid, return receipt requested and addressed to such Party at the address set forth below, or to such other address(es) or addressee(s) as the Party to be served with notice may have furnished in writing to the other Party, effective three (3) days after mailing.

If to Lenders:

ML Manager LLC
14050 N. 83rd Avenue, Suite 180
Peoria, Arizona 85381
Attention: Mr. Mark Winkleman

With a copy to:

Keith Hendricks, Esq.
Fennemore Craig, P.C.
3003 N. Central Ave., Suite 2600
Phoenix, Arizona 85012

If to Borrower Parties:

Ryan Zeleznak
9500 E. Ironwood Square, #118
Scottsdale, AZ 85258

With a copy to:

Donald F. Ennis, Esq.
Snell & Wilmer
One Arizona Center
400 E. Van Buren
Phoenix, Arizona 85004-2202



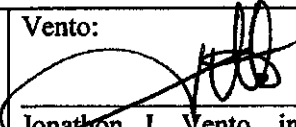
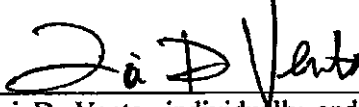
g. **Affiliate Loans.** No breach or termination of an Affiliate Settlement Agreement after the Effective Date shall affect the validity or enforceability of this Agreement.

h. **Additional Documents.** The Parties agree to cooperate to execute and deliver such additional documents as are reasonably necessary to implement this Agreement.

i. **Representation by Counsel.** Each Party acknowledges that it has had the opportunity to review this Agreement and all supporting documentation with legal counsel of its own choosing.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year set forth above.

<p>Lenders and Agent:</p> <p>PPP Loan LLC, an Arizona limited liability company</p> <p>By: ML Manager, LLC, its Manager</p> <p>By: <u></u> Authorized Manager</p> <p>ML Manager, LLC, for itself and as Agent for the Pass Through Investors</p> <p>By: <u></u> Authorized Manager</p>	<p>Vento:</p> <p><u></u> Jonathon J. Vento, individually and as Trust Creator and Trustee of the Vento Family Trust dated April 25, 2003.</p> <p><u></u> Lori D. Vento, individually and as Trust Creator and Trustee of the Vento Family Trust dated April 25, 2003.</p>
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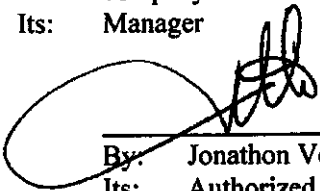
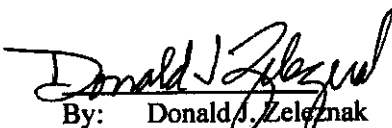
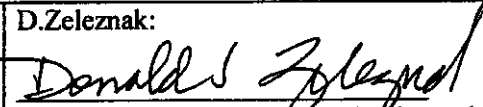
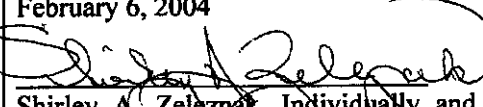
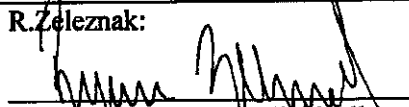
<p>Borrower:</p> <p>Portales Place Property, LLC, an Arizona limited liability company</p> <p>By: Portales Place Developers, LLC, an Arizona limited liability company Its: Sole Member</p> <p>By: Portales Lofts, LLC, an Arizona limited liability company Its: Sole Member</p> <p>By: Vento Investments, LLC, an Arizona limited liability company Its: Manager</p> <p> By: Jonathon Vento Its: Authorized Member</p> <p>By: Zeltor, LLC, a Nevada limited liability company Its: Manager</p> <p> By: Donald J. Zeleznak Its: Manager</p>	<p>D.Zeleznak:</p> <p> Donald J. Zeleznak, Individually and as Trustee of the Zeleznak Revocable Trust dated December 6, 2001 and amended February 6, 2004</p> <p> Shirley A. Zeleznak, Individually and as Trustee of the Zeleznak Revocable Trust dated December 6, 2001 and amended February 6, 2004</p>
	<p>R.Zeleznak:</p> <p> Ryan Zeleznak, Individually and as managing member of RJZ Associates, LLC</p>

Exhibit "A"

Promissory Note in the principal amount of \$32,000,000.00 (the "Note"), dated August 21, 2006, and executed by Portales Place Property, LLC, an Arizona limited liability company, as Maker, in connection with Loan No. 852606 obtained through Mortgages Ltd., an Arizona corporation

Deed of Trust, Assignment of Rents and Security Agreement (the "Deed of Trust"), dated August 21, 2006, executed by Portales Place Property, LLC, an Arizona limited liability company, as Trustor, to Scott Martin Coles, a licensed real estate broker, as Trustee, and recorded on August 22, 2006, as Instrument No. 2006-1117716, in the official records of Maricopa County, Arizona

Assignment of Rights (the "Assignment of Rights"), dated August 21, 2006, executed by Portales Place Property, LLC, an Arizona limited liability company, as assignor, in favor of MORTGAGES LTD., an Arizona corporation, as assignee, and recorded August 22, 2006 as Instrument No. 2006-1117717 in the records of Maricopa County, Arizona

UCC Financing Statement recorded August 22, 2006 as Instrument No. 2006-1117718 in the records of Maricopa, County, Arizona

UCC Financing Statement filed August 29, 2006 as Filing No. 200614345270 in the office of the Arizona Secretary of State

Environmental Certification and Indemnity Agreement, dated August 21, 2006, executed by Portales Place Property, LLC, an Arizona limited liability company, as Indemnitor

Deposit Account Security Agreement, dated August 21, 2006, executed by Portales Place Property, LLC, an Arizona limited liability company, as Debtor, and Mortgages Ltd., an Arizona corporation, as Secured Party

Control Agreement, dated August 21, 2006, executed by Portales Place Property, LLC, an Arizona limited liability company, as Debtor, Mortgages Ltd., an Arizona corporation, as Secured Party and Irwin Union Bank, as Depository Bank

Deposit Account Security Agreement, dated August 21, 2006, executed by Portales Place Property, LLC, an Arizona limited liability company, as Debtor, and Mortgages Ltd., an Arizona corporation, as Secured Party

Control Agreement, dated August 21, 2006, executed by Portales Place Property, LLC, an Arizona limited liability company, as Debtor, Mortgages Ltd., an Arizona corporation, as Secured Party and Irwin Union Bank, as Depository Bank

Loan Guaranty, dated August 21, 2006, executed by Jonathon Vento and Lori Vento, husband and wife, as Guarantor, Portales Place Property, LLC, an Arizona limited liability company, as Debtor, and Mortgages Ltd., an Arizona corporation, as Creditor

Loan Guaranty, dated August 21, 2006, executed by Donald Zeleznak and Shirley Zeleznak, husband and wife, as Guarantor, Portales Place Property, LLC, an Arizona limited liability company, as Debtor, and Mortgages Ltd., an Arizona corporation, as Creditor

Loan Guaranty, dated August 21, 2006, executed by Jonathon J. Vento and Lori D. Vento, Trust Creators and Trustees of The Vento Family Trust dated April 25, 2003, as Guarantor, Portales Place Property, LLC, an Arizona limited liability company, as Debtor, and Mortgages Ltd., an Arizona corporation, as Creditor

Loan Guaranty, dated August 21, 2006, executed by Donald J. Zeleznak and Shirley A. Zeleznak, Trustees of the Zeleznak Revocable Trust dated December 6, 2001 and amended February 6, 2004, as Guarantor, Portales Place Property, LLC, an Arizona limited liability company, as Debtor, and Mortgages Ltd., an Arizona corporation, as Creditor

EXHIBIT B
OUTSTANDING PRINCIPAL AND INTEREST

Principal with Past Due Interest

Loan No. 852606

Borrower Name: Portales Place Property, L.L.C.

Good Through: 04/23/2010 Days Outstanding: 692

Paid To Date: 05/22/2008

Principal Balance	\$32,000,000.00
Interest @ Default Rate (27.00%) 05/22/2008 through 04/23/2010	<u>\$16,608,000.00</u>
TOTAL	\$48,608,000.00