

**SETTLEMENT AGREEMENT**

**(Osborn III Partners, LLC)**

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(Osborn III Partners, LLC)

This Settlement Agreement ("Agreement") is entered into this 27th day of April, 2010, by and among (i) Osborn III Partners, 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 (collectively, "R.Zeleznak", and collectively with Borrower and Guarantors, the "Borrower Parties" and each a "Borrower Party"); (iv) Osborn III 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. 851106 to Borrower, which closed on or about August 14, 2006, was in the original principal amount of \$41,400,000 ("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, the "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 against each other, 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, 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 Loans” is defined in Recital C hereof.

“Affiliate Settlements” is defined in Section 5.e 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.e 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 of Trust” is defined in Section 3.c 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.

“Escrow Agent” shall mean Fidelity National Title (by and through the same office that issued the Trustee’s Sale Guarantee in connection with the Trustee’s Sale).

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

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

“Note Payees” is defined in Section 3.c hereof.

“Notes” is defined in Section 3.c hereof.

“Outside Date” is defined in Section 5.k 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 the date the Trustee’s Sale has been completed (by recordation of the trustee’s deed), provided 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 is completed as evidenced by the recording of the Trustee’s Sale deed.

“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 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.

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 hold the Trustee’s Sale and record the trustee’s deed. The Lender’s initial credit bid in connection with the Trustee’s Sale will not be less than the aggregate principal amounts of the Notes plus the costs to conduct the Trustee’s Sale (including, without limitation, recording, title, and trustee and attorneys fees and costs). Borrower Parties will cooperate and will take no action to hinder or delay the Trustee’s Sale. Upon the Trustee’s Sale, at

the request of Lenders, Borrower will execute, without recourse or warranty, and to the extent the same are assignable, such assignments of any 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. In consideration for agreeing to the terms of this Agreement, Loan LLC shall execute and deliver to Escrow Agent on or prior to the Effective Date, (i) two promissory notes, one in the amount of \$510,000 made payable to "Snell & Wilmer L.L.P.", and the other in the amount of \$365,000 made payable to Borrower, or a party designated by Borrower in writing prior to the Effective Date (the "OP Payee") (collectively, Snell & Wilmer L.L.P. and the OP Payee are referred to herein as the "Note Payees"), each of which shall be in the form of Exhibit C attached hereto, and each of which accrues simple interest on said amounts at the rates specified therein from the Effective Date until paid, and each of which is due and payable on a date which is fifteen years after the Effective Date or earlier as provided in the Notes or Deed of Trust (together, the "Notes"); and (ii) a deed of trust to the Property securing Loan LLC's payment of the Notes in the form of Exhibit D attached hereto ("Deed of Trust"). The Deed of Trust shall be recorded by Escrow Agent immediately following Lenders' recordation of the trustee's deed in connection with the Trustee's Sale, it being the Parties' intent that the Deed of Trust survives and constitutes a first priority lien against the Property following the Sale Completion Date, subject to any mechanics' or materialmens' liens or other liens or encumbrances that are not extinguished by the Trustee's Sale; provided, however, if Lenders are not the winning bidders at the Trustee's Sale, in lieu of recording the Deed of Trust, Lenders will cause the proceeds of such sale to be immediately applied to payment of the Notes and costs associated with the Trustee's Sale. The Note will be held in escrow by the Escrow Agent and, unless notice of the termination of this Agreement pursuant to Section 11.a is given to Escrow Agent, the Escrow Agent will release the Notes to the Note Payees on the Release Date. To the extent necessary, Lenders will cooperate with the Note Payees to confirm the Release Date, and cause Escrow Agent to release the Notes upon the Release Date. On or before the Effective Date, Lender Parties and Borrower Parties shall (in their reasonable discretion) agree upon the joint instruction letter to the Escrow Agent providing for the deposit with Escrow Agent of the Notes, the Deed of Trust and a release ("Release") of the Deed of Trust upon termination of this Agreement prior to the Release Date, and deposit the Notes, Deed of Trust and the Release with the Escrow Agent.

d. 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.



e. 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.

f. 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 the 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.

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

h. Lenders shall not transfer the Loan Documents or the Property prior to the Sale Completion Date and recordation of the Deed of Trust.

#### 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") (collectively, 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 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. **Delivery of Notes and Deed of Trust.** On or before the Effective Date, Loan LLC shall have delivered to Escrow Agent, as agent for Borrower and Note Payees, the executed Notes and Deed of Trust described in Section 3.c hereof.

c. **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;

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

e. **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 and execute on behalf of Loan LLC and the Pass Through Investors all documents necessary to conduct and consummate the Trustee's sale, 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");

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

g. **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.

h. **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;

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

j. **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

k. **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 as of the Effective Date.

10. Default. The following shall constitute a default ("Default") 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.j hereof relating to Financial Disclosures.

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

d. Lenders' failure to make the payments when due under the Notes shall constitute a breach of this Agreement, entitling Note Payees to exercise their remedies as set forth in Section 11 below.

e. 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 Release 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 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, in addition to whatever rights and remedies Note Payees may have under the Notes and Deed of Trust, Borrower shall be entitled to exercise any and all rights and remedies provided by law, including, but not limited to, proceeding against Lenders 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. 83<sup>rd</sup> 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.


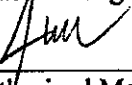


h. **Additional Documents.** The Parties agree to cooperate to execute and deliver such additional documents as are reasonably necessary to implement this Agreement.

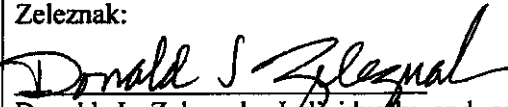

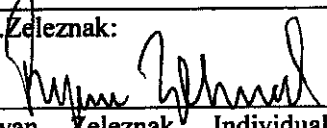
i. **Representation by Counsel.** Each Party acknowledges that it has had the opportunity to review this Agreement and all supporting documentation with legal counsel of its own choosing.

[SIGNATURE PAGES FOLLOW]



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

<p><b>Lenders and Agent:</b></p> <p>Osborn III Loan LLC, an Arizona limited liability company</p> <p>By: ML Manager, LLC, its Manager</p> <p>By:  Authorized Manager</p> <p>ML Manager, LLC, for itself and as Agent for the Pass Through Investors</p> <p>By:  Authorized Manager</p>	<p><b>Vento:</b></p> <p> Jonathon J. Vento, individually and as Trust Creator and Trustee of the Vento Family Trust dated April 25, 2003.</p> <p> 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><b>Borrower:</b></p> <p>Osborn III Partners, LLC, an Arizona limited liability company</p> <p><b>By:</b> Osborn Condominiums, LLC, an Arizona limited liability company <b>Its:</b> Sole Member</p> <p><b>By:</b> Osborn Lofts Investors, LLC, an Arizona limited liability company <b>Its:</b> Sole Member</p> <p><b>By:</b> Vento Investments, LLC, an Arizona limited liability company <b>Its:</b> Manager</p> <p><b>By:</b> Jonathon Vento <b>Its:</b> Authorized Member</p> <p><b>By:</b> Zeltor, LLC, a Nevada limited liability company <b>Its:</b> Manager</p> <p><b>By:</b> Donald J. Zeleznak <b>Its:</b> Manager</p>	<p><b>Zeleznak:</b></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><b>R. Zeleznak:</b></p> <p> Ryan Zeleznak, Individually and as managing member of RJZ Associates, LLC</p>

**Exhibit "A"**

**Promissory Note in the principal amount of \$41,400,000.00 (the "Note"), dated August 14, 2006, and executed by Osborn III Partners, LLC, an Arizona limited liability company, as Maker, in connection with Loan No. 851106 obtained through Mortgages Ltd., an Arizona corporation**

**Deed of Trust, Assignment of Rents and Security Agreement (the "Deed of Trust"), dated August 14, 2006, executed by Osborn III Partners, 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. 2006-1116307, in the official records of Maricopa County**

**Assignment of Rights (the "Assignment of Rights"), dated June 15, 2006, executed by Osborn III Partners, 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. 2006-1116308 in the records of Maricopa County, Arizona**

**UCC Financing Statement recorded August 22, 2006 as Instrument No. 2006-1116311 in the records of Maricopa, County, Arizona**

**UCC Financing Statement filed August 29, 2006 as Filing No. 200614345269 in the office of the Arizona Secretary of State**

**Environmental Certification and Indemnity Agreement, dated August 14, 2006, executed by Osborn III Partners, LLC, an Arizona limited liability company, as Indemnitor**

**Deposit Account Security Agreement, dated August 14, 2006, executed by Osborn III Partners, LLC, an Arizona limited liability company, as Debtor, and Mortgages Ltd., an Arizona corporation, as Secured Party**

**Control Agreement, dated August 14, 2006, executed by Osborn III Partners, 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 14, 2006, executed by Osborn III Partners, LLC, an Arizona limited liability company, as Debtor, and Mortgages Ltd., an Arizona corporation, as Secured Party**

**Control Agreement, dated August 14, 2006, executed by Osborn III Partners, 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 14, 2006, executed by Jonathon Vento and Lori Vento, husband and wife, as Guarantor, Osborn III Partners, LLC, an Arizona limited liability company, as Debtor, and Mortgages Ltd., an Arizona corporation, as Creditor

Loan Guaranty, dated August 14, 2006, executed by Donald Zeleznak and Shirley Zeleznak, husband and wife, as Guarantor, Osborn III Partners, LLC, an Arizona limited liability company, as Debtor, and Mortgages Ltd., an Arizona corporation, as Creditor.

Loan Guaranty, dated August 14, 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, Osborn III Partners, LLC, an Arizona limited liability company, as Debtor, and Mortgages Ltd., an Arizona corporation, as Creditor.

Loan Guaranty, dated August 14, 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, Osborn III Partners, LLC, an Arizona limited liability company, as Debtor, and Mortgages Ltd., an Arizona corporation, as Creditor.

Exhibit "B"

Principal with Past Due Interest

**Loan No. 851106**

**Borrower Name: Osborn III Partners, L.L.C.**

**Good Through: 04/23/2010 Days Outstanding: 697**

**Paid To Date: 05/17/2008**

Principal Balance	\$40,288,601.50
Interest @ Default Rate (27.00%) 05/17/2008 through 04/23/2010	<u>\$21,060,866.43</u>

**TOTAL \$61,349,467.93**

**EXHIBIT C**  
**NOTES**

PROMISSORY NOTE  
(Ten Wine Lofts)

Phoenix, Arizona  
\_\_\_\_\_, 2010

\$ \_\_\_\_\_

This Promissory Note is made by the Maker to the Holder pursuant to that certain Settlement Agreement (Osborn III Partners, LLC) dated as of \_\_\_\_\_, 2010 (the "Settlement Agreement"), by and among the Borrower Parties and Lender Parties described therein. Pursuant to the Settlement Agreement, the Maker is required to deliver this Note and certain other Notes to the "Borrower" (as defined in the Settlement Agreement), or the Borrower's designee. The Holder named herein is the Borrower's designee with respect to this Note.

1. FUNDAMENTAL PROVISIONS.

The following terms will be used as defined terms in this Promissory Note (as it may be amended, modified, extended and renewed from time to time, the "Note"):

Payee and Holder: \_\_\_\_\_

Maker: Osborn III Loan LLC, an Arizona limited liability company ("Loan LLC"), and ML Manager LLC, not personally but as agent for the Pass Through Investors listed on Exhibit A to this Note ("Pass Through Investors").

Principal Amount: \$ \_\_\_\_\_

Interest Rate: Five percent (5%) per annum until the third (3<sup>rd</sup>) anniversary of the Effective Date (as defined in the Settlement Agreement), and thereafter nine percent (9%) per annum.

Maturity Date: The earlier of (i) fifteen years after the Effective Date (as defined in the Settlement Agreement) or (ii) the closing of any sale of, or a financing secured by, the real property ("Real Property") described in the Loan Documents (as defined in the Settlement Agreement). Notwithstanding the foregoing, if Maker is not the winning bidder at the Trustee's Sale (as defined in the Settlement Agreement), this Note shall automatically mature at the conclusion of such sale.

2. PROMISE TO PAY.

For value received, Maker promises to pay to the order of Holder, on or before the Maturity Date, by payment tendered to Holder at such place as the Holder hereof may from time to time designate in writing, the Principal Amount and all accrued but unpaid interest.

3. INTEREST; PAYMENTS.

(a) Simple interest shall accrue from the Effective Date of the Settlement Agreement on the unpaid principal balance of this Note at the Interest Rate.

- (b) On the Maturity Date, Maker shall pay to Holder all accrued but unpaid interest on the principal outstanding under this Note.
- (c) All payments of principal and interest due hereunder shall be made without any deduction or set off.
- (d) Interest shall be calculated on a 365-day year with respect to the unpaid balance of the Principal Amount and, in all cases, for the actual number of days in the period for which interest is charged..

4. PREPAYMENT.

Maker may prepay the outstanding principal balance of this Note, in whole or in part, at any time prior to the Maturity Date without the payment of any premium or penalty.

5. LAWFUL MONEY.

Principal and interest are payable in lawful money of the United States of America.

6. APPLICATION OF PAYMENTS.

Unless otherwise agreed to, in writing, or otherwise required by applicable law, payments will be applied first to accrued, unpaid interest, then to principal, and any remaining amount to any unpaid collection costs, late charges and other charges, provided, however, upon delinquency or other default, Payee reserves the right to apply payments among principal, interest, late charges, collection costs and other charges at its discretion.

7. SECURITY.

This Note is secured by the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing by Maker in favor of Holder and certain other holders of other notes of Maker (the "Deed of Trust").

8. EVENT OF DEFAULT.

The occurrence of any of the following shall be an "Event of Default" hereunder:

- (a) The failure of Maker to pay any amounts when due under this Note;
- (b) If Maker shall take any action to prevent the Deed of Trust from being recorded against the Real Property immediately following the recording of the Trustee's Deed after the Sale Completion Date in accordance with the joint instructions of Maker and Holder given on or before the Effective Date of the Settlement Agreement;
- (c) The failure of Maker to cause the Trustee's Sale to occur by the date required in the Settlement Agreement unless such failure is due to any of the following (unless Maker causes such action to occur): (i) a Bankruptcy Action of a Borrower Party or a lien claimant or other person claiming an interest in the Real Property, (ii) an order of a state or federal court precluding the sale on any basis, or (iii) the refusal of the Title Company to issue an owner's policy to the purchaser under the sale based upon a failure of the Pass Through Investors to sign the substitution of Trustee, the statement of breach or any notices required to be executed by the beneficiary under a deed of trust in connection with a foreclosure.;



- (d) The occurrence of an event of default under any other promissory note secured by the Deed of Trust;
- (e) The occurrence of an "Accelerating Transfer" as defined in the Deed of Trust; or
- (f) The occurrence of a default by Maker under the Deed of Trust which is not cured within thirty days after written notice of the default is given to Maker by Holder.

9. REMEDIES.

Upon the occurrence of an Event of Default, then at the option of the Holder hereof, the entire balance of principal together with all accrued interest thereon, and all other amounts payable by Maker to Holder shall, without demand or notice, immediately become due and payable. Upon the occurrence of an Event of Default, including failure to pay upon final maturity, Holder, at its option, may also, if permitted under applicable law, add (i) all other amounts due under the Deed of Trust and (ii) any judgment for the Principal Amount, interest and other amounts and such sum will bear interest therefrom until paid at the annual rate of 10% per annum, subject to the limitations contained in Paragraph 14 hereof. No delay or omission on the part of the Holder hereof in exercising any right under this Note or under the Deed of Trust shall operate as a waiver of such right.

10. WAIVER.

Maker hereby waives diligence, demand for payment, presentment for payment, protest, notice of nonpayment, notice of protest, notice of dishonor, and all other notices or demands of any kind and expressly agrees that, without in any way affecting the liability of Maker, the holder hereof may extend any maturity date or accept additional security, release any person or entity liable, and release any security or guaranty.

11. CHANGE, DISCHARGE, TERMINATION, OR WAIVER.

No provision of this Note may be changed, discharged, terminated, or waived except in a writing signed by the party against whom enforcement of the change, discharge, termination, or waiver is sought. No failure on the part of the holder hereof to exercise and no delay by the holder hereof in exercising any right or remedy under this Note or under the law shall operate as a waiver thereof.

12. ATTORNEYS' FEES.

If this Note is not paid when due or if any Event of Default occurs, Maker promises to pay all costs of enforcement and collection and preparation therefor, including but not limited to, reasonable attorneys' fees, whether or not any action or proceeding is brought to enforce the provisions hereof (including, without limitation, all such costs incurred in connection with any bankruptcy, receivership, or other court proceedings (whether at the trial or appellate level)).

13. SEVERABILITY.

If any provision of this Note is unenforceable, the enforceability of the other provisions shall not be affected and they shall remain in full force and effect.

14. INTEREST RATE LIMITATION.

Holder and Maker agree that none of the terms and provisions contained herein or in the Deed of Trust shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the

laws of the State of Arizona. In such event, if any holder of this Note shall collect monies which are deemed to constitute interest which would otherwise increase the effective interest rate on this Note to a rate in excess of the maximum rate permitted to be charged by the laws of the State of Arizona, all such sums deemed to constitute interest in excess of such maximum rate shall, at the option of the holder, be credited to the payment of other amounts payable hereunder or under the Deed of Trust or returned to Maker.

15. NUMBER AND GENDER.

In this Note the singular shall include the plural and the masculine shall include the feminine and neuter gender, and vice versa.

16. HEADINGS.

Headings at the beginning of each numbered section of this Note are intended solely for convenience and are not part of this Note.

17. BINDING EFFECT.

This Note will be binding upon, and inure to the benefit of, the holder hereof, Maker, and their respective successors and assigns. Maker may not delegate its obligations under this Note.

18. TIME OF THE ESSENCE.

Time is of the essence with regard to each provision of this Note as to which time is a factor.

19. CHOICE OF LAW.

This Note shall be governed by and construed in accordance with the laws of the State of Arizona without giving effect to conflict of laws principles.

20. NONRECOURSE.

Notwithstanding any provision of this Note to the contrary (but without in any manner releasing, impairing or otherwise affecting this Note or availing itself of any of its other rights and remedies under this Note upon the occurrence of an Event of Default hereunder or under the Deed of Trust), none of the entities or persons constituting the Maker and or their members, managers, beneficiaries and trustees shall have any personal liability for the repayment of this Note or any of the obligations under this Note and the Deed of Trust and the Payee and Holder will look solely to the collateral securing this Note under the Deed of Trust for repayment of this Note and the obligations under the Note and Deed of Trust; provided, however, if Maker is not the winning bidder at the Trustee's Sale, then Maker will be personally liable for repayment of this Note.

21. OTHER DEFINED TERMS. Capitalized terms used but not defined in this Note shall have the meanings set forth in the Settlement Agreement.

[SIGNATURE PAGE FOLLOWS]

OSBORN III LOAN LLC, an Arizona limited liability company

By: ML Manager LLC, an Arizona limited liability company, Its Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ML MANAGER LLC, an Arizona limited liability company, not individually, but solely as agent for the Pass Through Investors listed on Exhibit A attached hereto

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A  
PASS THROUGH INVESTORS

**EXHIBIT D  
DEED OF TRUST**

WHEN RECORDED MAIL TO

Snell & Wilmer L.L.P.  
One Arizona Center  
400 East Van Buren  
Phoenix, Arizona 85004-2202  
Attention: Nicholas J. Wood, Esq.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING  
(Ten Wine Lofts)

TRUSTOR'S ORGANIZATIONAL IDENTIFICATION NO.: \_\_\_\_\_

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made this \_\_\_\_ day of \_\_\_\_\_, 2010, among Osborn III Loan LLC, an Arizona limited liability company ("Loan LLC") and ML Manager LLC, an Arizona limited liability company, not individually but solely as authorized Agent for the Pass Through Investors ("Pass Through Investors") listed on Schedule 1 attached hereto (collectively, the "Trustor"), whose address is 14050 N. 83<sup>rd</sup> Avenue, Suite 180, Peoria, Arizona 85381, Attention: Mark Winkleman, Fidelity National Title Insurance Company ("Trustee"), whose address is \_\_\_\_\_, and Snell & Wilmer L.L.P., whose address is 400 East Van Buren, 19<sup>th</sup> Floor, Phoenix, Arizona 85004, and [Osborn III Partners LLC], whose address is \_\_\_\_\_ (collectively, "Beneficiary").

This Deed of Trust is made pursuant to the terms of that certain Settlement Agreement dated April \_\_, 2010 (the "Settlement Agreement"), by and among the Trustor, the Beneficiary and certain other parties.

TRUSTOR, in consideration of certain financial accommodations provided by Beneficiary to Trustor, in connection with which Trustor shall receive substantial benefits, and the trust herein created, irrevocably grants and conveys to Trustee, in trust, WITH POWER OF SALE, for the benefit of Beneficiary, the real property ("Real Property") located in the County of Maricopa, State of Arizona, as described on Exhibit A hereto and incorporated herein by reference;

TOGETHER with all the improvements now or hereafter erected on the Real Property, and all easements, rights, appurtenances and rents (subject however to the rights and authorities given herein to Beneficiary to collect and apply such rents), all of which shall be deemed to be and remain a part of the estate encumbered by this Deed of Trust; and all of the foregoing, together with said property are hereinafter referred to as the "Property"; and

TOGETHER with all of Trustor's right, title, and interest in the following described property (the "Personal Property") used in connection with or otherwise relating to the Real Property, whether now owned or hereafter acquired and located on the Property, together with all replacements and substitutions therefor and all cash and non-cash proceeds: (i) all types of property included within the term "equipment" as defined by the Uniform Commercial Code as adopted in the State of Arizona (the "UCC"), including machinery, furniture, appliances, trade fixtures, tools, and office and record keeping

equipment; (ii) all inventory, raw materials, work in process and materials or supplies used or consumed in the construction and operation of the Property; (iii) all permits, licenses, approvals, warranties, construction agreements, intellectual property, and general intangibles; (iv) any and all plans and specifications, designs, drawings and other matters prepared for any construction on any real property owned by or leased to Trustor or regarding any improvements to any of such real property; and (v) goodwill;

TO SECURE to Beneficiary the following (the "Obligations"): (i) the repayment of the obligations more particularly described in the following: (a) that certain Promissory Note dated of even date herewith, in the principal sum of not less than \$510,000 made by Trustor and payable to Snell & Wilmer L.L.P., with interest thereon, (b) that certain Promissory Note dated of even date herewith, in the principal sum of not less than \$365,000 made by Trustor and payable to Osborn III Partners, LLC (or its designee or assignee pursuant to the Settlement Agreement), with interest thereon (individually, a "Note", and collectively, the "Notes"); (ii) the repayment of all other sums which may be owed by Trustor to Beneficiary, or any of them, pursuant to any Note or this Deed of Trust; and (iii) the payment of all other sums, with interest thereon, advanced in accordance herewith to protect the security of this Deed of Trust.

COVENANTS. Trustor and Beneficiary covenant and agree as follows:

1. Payment of Principal and Interest. Trustor shall cause to be paid when due the principal and interest indebtedness evidenced by each Note, and all other amounts, as provided in the Notes.

2. Application of Payments. Unless applicable law provides otherwise, all payments received by any Beneficiary under its respective Note shall be applied as provided in such Note.

3. Impositions. Beneficiary understands that Trustor does not intend to pay, or cause to be paid, prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, (including, without limitation, nongovernmental levies or assessments such as maintenance charges, levies, or charges resulting from covenants, conditions and restrictions affecting the Property) that are assessed or imposed upon the Property or become due and payable and that create, may create, or appear to create a lien upon the Property (the above are sometimes referred to herein individually as an "Imposition" and collectively as "Impositions"), and Beneficiary may, at Beneficiary's sole election, but without any obligation so to do, advance any amounts required to pay any Impositions, which advances, if any, shall be secured hereby and shall be repayable to Beneficiary at the Maturity Date of the Notes together with interest thereon at the rate provided for in the Notes from the date of such advance.

4. Protection of Beneficiary's Security; Additional Security; Modifications of Obligations. If any action or proceeding is commenced which materially affects Beneficiary's interest in the Property, then Beneficiary, at Beneficiary's option, in Beneficiary's sole and absolute discretion, upon notice to Trustor, may make such appearances, disburse such sums, including reasonable attorneys' fees, and take such action as is necessary to protect Beneficiary's interest.

Any amounts disbursed by a Beneficiary pursuant to this paragraph 4, with interest thereon, at the interest rate provided for in the Notes held by such Beneficiary, shall become additional indebtedness of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, such amounts shall be payable upon the Maturity Date of the Notes. Nothing contained in this paragraph 4 shall require Beneficiary to incur any expense or take any action hereunder.

Any taking of additional security, execution of partial releases of the security, or any extension of the time of payment of, or modification of other terms of any of the Obligations shall not diminish the

force, effect or lien of this Deed of Trust, shall not alter the priority of the lien of this Deed of Trust, and shall not affect or impair the liability of any maker, guarantor, surety or endorser for the payment or performance of any of the Obligations. In the event Beneficiary at any time holds additional security for any of the Obligations, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before, concurrently with, or after a sale or realization is made hereunder.

5. Substitute Trustee. Beneficiary may, for any reason or cause, from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.

6. Inspection. Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property, provided that Beneficiary shall give Trustor notice prior to any such inspection specifying reasonable cause therefor related to Beneficiary's interest in the Property.

7. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary to the extent of the Obligations.

8. Trustor Not Released; Forbearance by Beneficiary Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to Trustor or any successor in interest of Trustor shall not operate to release, in any manner, the liability of the original Trustor and Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against such successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor and Trustor's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

9. Successors and Assigns Bound. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Beneficiary and Trustor.

10. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing such notice by certified mail addressed to Trustor at the Trustor's address provided on the first page of this Deed of Trust, and (b) any notice to Beneficiary shall be given by certified mail to Beneficiary's address provided on the first page of this Deed of Trust or to such other address as Trustor or Beneficiary may designate by notice to other as provided herein. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given in the manner designated herein.

11. Governing Law. The laws applicable to this Deed of Trust shall be the laws of the State of Arizona. If any provision of this Deed of Trust is unenforceable, the enforceability of the other provisions shall not be affected, and they shall remain in full force and effect. As used herein, "costs," "expenses" and "attorneys' fees" include all sums to the extent not prohibited by applicable law or limited herein.

12. Transfer of the Property or a Beneficial Interest in Trustor. If an Accelerating Transfer (as defined below) shall occur, without the prior written consent of all the Beneficiaries, then any



Beneficiary may, at its option, require immediate payment in full of all sums evidenced by the Note made by Trustor to such Beneficiary. As used herein, "Accelerating Transfer" shall mean (a) all or any part of the Property or any of Trustor's interest in the Property is sold or transferred, (b) the closing of any sale of, or a financing secured by, the Property, or any of it, or (c) any new members are admitted into the Loan LLC and, in connection therewith, any other members of the Loan LLC or any Pass Through Investors receive any funds from the admittance of such new members

13. Acceleration; Remedies. Subject to paragraph 19 of this Deed of Trust, upon the occurrence of an Event of Default (as such term is defined in any Note), each Beneficiary may, at its option, declare all or any part of the Obligations owed to such Beneficiary immediately due and payable without any presentment, demand, protest or notice of any kind, and invoke the power of sale provided herein. Beneficiary shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph 13, including, but not limited to reasonable attorneys' fees.

If Beneficiary invokes the power of sale provided pursuant to this Deed of Trust, Beneficiary shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Beneficiary's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Beneficiary or Trustee shall mail copies of such notice in the manner prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Trustor, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone the sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Beneficiary or Beneficiary's designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property so sold without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable trustee's and attorneys' fees and costs of title evidence; (b) to all sums secured by this Deed of Trust; and (c) the excess, if any, to the person or persons legally entitled thereto.

14. Assignment of Rents; Appointment of Receiver; Beneficiary in Possession. As additional security hereunder, Trustor hereby assigns to Beneficiary the rents of the Property, provided that Trustor shall, prior to acceleration under paragraph 13 hereof or abandonment of the Property, have the right to collect and retain such rents as they become due and payable.

Upon acceleration under paragraph 13 hereof or abandonment of the Property, Beneficiary, by judicially appointed receiver, shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Beneficiary or the receiver shall be applied first to payment of the costs of management of the Property and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bond and reasonable attorneys' fees, and then to the sums secured by this Deed of Trust. Beneficiary and the receiver shall be liable to account only for those rents actually received.

15. Release. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall release this Deed of Trust. Trustor shall pay all costs of recordation of any such release. This Deed of Trust can not be released without the written consent of all the Beneficiaries named herein.

16. Time of Essence. Time is of the essence of each covenant of this Deed of Trust.

17. Grant of Security Interest. As further security for the payment and performance of the obligations secured hereby, Trustor grants to Beneficiary a lien on and security interest in and to all of the Personal Property, and this Deed of Trust constitutes a security agreement with Trustor, as the debtor, and Lender, as the secured party.

18. Fixture Filing. Upon its recording in the property records, this Deed of Trust shall be effective as a financing statement filed as a fixture filing.

19. Intercreditor Arrangements. By acceptance of this Deed of Trust, each Beneficiary hereby agrees as follows:

(a) Each Beneficiary shall hold a *pari passu* interest in this Deed of Trust and in the Property pursuant to this Deed of Trust.

(b) If an event of default shall occur under any Note or this Deed of Trust, the Beneficiary whose Note is in default shall give written notice to all other Beneficiaries. Thereafter, any of the Beneficiaries may cause a judicial or non-judicial sale of the Property to be conducted pursuant to this Deed of Trust, and/or exercise any other remedies permitted under this Deed of Trust.

(c) If a judicial or non-judicial sale of the Property, or any of it, does occur under this Deed of Trust, all proceeds from such sale that are to be paid to the Beneficiaries under this Deed of Trust shall be paid to each Beneficiary based upon such Beneficiary's "Pro-Rata Interest" at the time the sale occurs. As used herein, a Beneficiary's Pro-Rata Interest is a fraction, the numerator of which is the total amount of the Obligations owed to such Beneficiary, and the denominator of which is the total amount of all Obligations owed to all the Beneficiaries.

(d) Each Beneficiary agrees that it shall not amend or modify this Deed of Trust or such Beneficiary's Note, without the prior written consent of all the Beneficiaries, and no modifications or amendments to this Deed of Trust or any Note will be effective without the consent of all the Beneficiaries.

(e) No Beneficiary can assign its interest in this Deed of Trust or the Note held by such Beneficiary without the prior written consent of each of the Beneficiaries (not to be unreasonably withheld), and any assignment without such consent shall be *void ab initio*; provided, however, Osborn III Partners LLC may assign its interest in this Deed of Trust and the Note payable to Osborn III Partners LLC without consent from any other party.

(f) None of the Beneficiaries shall commence a judicial action against the Trustor for payment on such Beneficiary's Note.

(g) In the event that any Beneficiary intends to make a protective advance pursuant to paragraph 4 of this Deed of Trust, such Beneficiary shall give all the other Beneficiaries not less than five days' prior written notice before making such protective advance.

(h) Each of the Beneficiaries agrees to cooperate with one another in good faith to develop a plan to enforce their remedies under this Deed of Trust following the occurrence of an Event of Default, including, without limitation, development of a post-foreclosure plan. The Beneficiaries agree they shall take title to the Property as tenants in common in the event that the credit bid provided under this Deed of Trust is the winning bid in a non-judicial sale of the Property under this Deed of Trust.

20. Non-recourse. Notwithstanding any provision of the Note or this Deed of Trust to the contrary (but without in any manner releasing, impairing or otherwise affecting the Note or this Deed of Trust, or availing itself of any of its other rights and remedies under the Note or this Deed of Trust, upon the occurrence of an Event of Default under the Note or under this Deed of Trust), none of the entities or persons constituting the Trustor and or their members, managers, beneficiaries and trustees shall have any personal liability for the repayment of the Note or any of the obligations under the Note and this Deed of Trust and the Beneficiary will look solely to the Property pledged to secure the Note under the Deed of Trust for repayment of the Note and the obligations under the Note and this Deed of Trust; provided, however, if Trustor is not the winning bidder at the Trustee's Sale, then Trustor will be personally liable for repayment of the Note.

21. Governing Law. This Deed of Trust shall be governed by the laws of the State of Arizona, without giving effect to conflicts of laws rules.

THE COURTS OF ARIZONA, FEDERAL OR STATE, SHALL HAVE EXCLUSIVE JURISDICTION OF ALL LEGAL ACTIONS ARISING OUT OF THIS DEED OF TRUST. BY EXECUTING THIS DEED OF TRUST, THE UNDERSIGNED SUBMITS TO THE JURISDICTION OF THE FEDERAL AND STATE COURTS OF ARIZONA. THE UNDERSIGNED WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS (A) UNDER THIS DEED OF TRUST OR (B) ARISING FROM ANY RELATIONSHIP EXISTING IN CONNECTION WITH THIS DEED OF TRUST, AND THE UNDERSIGNED AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

[SIGNATURE PAGE FOLLOWS]

Dated as of the date first stated above.

OSBORN III LOAN LLC, an Arizona limited liability company

By: ML Manager LLC, an Arizona limited liability company, Its sole Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF ARIZONA            )  
  )ss.  
County of Maricopa         )

The foregoing instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_, 2010, by \_\_\_\_\_, the \_\_\_\_\_ of ML Manager LLC, an Arizona limited liability company, as sole Manager of Osborn III Partners LLC, an Arizona limited liability company on behalf of such limited liability company.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

ML MANAGER LLC, an Arizona limited liability company, as Authorized Agent for the Pass Through Investors listed on Schedule 1

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF ARIZONA            )  
  )ss.  
County of Maricopa         )

The foregoing instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_, 2010, by \_\_\_\_\_, the \_\_\_\_\_ of ML Manager LLC, an Arizona limited liability company, as Authorized Agent on behalf of the persons or entities listed as Pass Through Investors on Schedule 1.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

Schedule 1

List of Pass Through Investors

**EXHIBIT A**

**Legal Description**

**[See Attached]**