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2 **Cochran Law Firm, P.C.**
3 **2929 E. Camelback Rd.**
4 **Suite 118**
5 **Phoenix, Arizona 85016**
6 **(602) 952-5300**
7 **State Bar No. 004539**

8 **Attorney for Blackeye Capital, L.L.C.**

9 **UNITED STATES BANKRUPTCY COURT**
10 **DISTRICT OF ARIZONA, PHOENIX DIVISION**

11 **In re:**) **Chapter 11 Proceeding**
12)
13 **MORTGAGES, LTD.,**) **No. 2:08-bk-07465-RJH**
14)
15 **Debtor.**) **RESPONSE TO MOTION TO SELL**
16) **REAL PROPERTY FREE AND**
17) **CLEAR OF LIENS, CLAIMS,**
18) **ENCUMBRANCES AND**
19) **INTERESTS**
20)
21) **Real Property located in Maricopa**
22) **County at Hohokam Freeway and**
23) **Belleview Street, Phoenix, Arizona**
24)
25) **Hearing Date: May 27, 2010**
26) **Hearing Time: 10:00 a.m.**
27)
28)

18 Blackeye Capital, L.L.C., a prospective bidder on the property, hereby files this Response
19 to the Motion To Sell Real Property and submits a bid to purchase the real property upon the
20 terms and conditions outlined in this Response. A copy of the purchase contract is attached
21 hereto as Exhibit A.

22 ML Manager, acting as authorized manager of CITLO Loan LLC ("CITLO"), purports to
23 own approximately 86.798% of the real property which is the subject of this motion, and the
24 balance of approximately 13.202% is owned by four pass-through investors who did not transfer
25 their interests into the CITLO agreement. Therefore, the property is owned as
26 tenants-in-common. 11 U.S.C. §363(h) provides the grounds under which the Court may order
27 the sale of a co-tenant's interest in property without their consent or approval. Blackeye Capital
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1 is informed and believes that a number of the co-tenants on this property do not consent to the
2 sale of their interests by ML Manager or by the Court. The standards for a 363 sale are set forth
3 in 363(h) which provides that “notwithstanding subsection (f) of this section, the trustee may sell
4 both the estate’s interest under subsection (b) or (c) of this section, and the interest of any
5 co-owner in property in which the debtor had, at the time of the commencement of this case, an
6 interest as a tenant-in-common, joint tenant, or tenant by the entirety, only if – (1) partition in
7 kind of such property among the estate and such co-owners is impracticable; (2) sale of the
8 estate’s undivided interest in such property would realize significantly less for the estate than sale
9 of such property free of the interests of such co-owners; (3) the benefit to the estate of a sale of
10 such property free of the interests of co-owners outweighs the detriment, if any, to such
11 co-owners; ...”

12 Blackeye Capital proposes that it will purchase the 86.798% undivided interest owned by
13 CITLO for a purchase price of \$1,500,000, which purchase price is in excess of the pro-rata share
14 of the proceeds from the proposed sale that would be available to CITLO. The sale as proposed
15 by ML Manager (CITLO) is for a sale price of \$1,700,000 for the entire interest. Based upon the
16 86.798% interest, CITLO’s portion of those proceeds would be approximately \$1,475,566.
17 Blackeye Capital proposes, as an alternative, that it would purchase the entire property for a
18 purchase price of \$1,725,000 (therefore establishing that the Court should not rubber-stamp ML
19 Manager’s proposal, but follow the procedures of 11 U.S.C. §363 to have a bid process, which
20 would be in the best interests of the creditors, the estate and, in particular, the co-owners’
21 interests, if the Court is to allow the sale of the co-owners’ interests). Alternatively, as outlined
22 above, Blackeye Capital is willing to, and has proposed that it would purchase, for \$1,500,000,
23 the 86.798% undivided interest owned by CITLO, which proceeds of sale are in excess of the pro
24 rata share that CITLO would receive from its proposed sale as noticed to the Court.

25 This proposal is to purchase just the undivided interest owned by CITLO, and then the
26 buyer, Blackeye Capital (or its nominee) would independently work with its other co-owners of

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1 the property (the other 13.202% interest). Such a proposal is in the best interests of this estate
2 and the creditors, and relieves the moving party, ML Manager, from the burden of establishing
3 the elements it must meet to sell co-owners' property over their objections, and further,
4 eliminates the need for this Court to delve into the disputed agency authority that ML Manager
5 asserts it has to sell this property over the objections of the co-owners pursuant to various agency
6 agreements, and for which the co-owners are currently in litigation with ML Manager regarding
7 the extent and scope of this authority.

8 This offer presents a simple solution to the Court to simply allow CITLO, which wishes
9 to sell its interest, to do so and to receive an amount equal to or in excess of what it would have
10 received from the proposal to sell the co-owners interests.

11 By this proposal, the Court does not need to address whether it is impracticable to
12 partition this property [it is respectfully submitted that, based upon the co-ownership of 86.798%
13 and 13.202%, this property, which is largely vacant land, could effectively and practicably be
14 partitioned], and clearly this offer completely eliminates ML Manager's ability to establish the
15 second prong of 363(h)(2), that the sale of the estate's undivided interest in such property would
16 realize significantly less for the estate than the sale of such property free of the interests of such
17 co-owners. In this instance, Blackeye Capital and/or nominee, the prospective buyer, is willing
18 to purchase the interests of CITLO, the co-owner, for slightly in excess of, or at par with what it
19 would receive by a forced sale of the co-tenants' interest. The Court, under any circumstance,
20 should not allow such an unjust result in forcing the sale of a person's property against their
21 wishes when an alternative is readily available as the statutes so provide.

22 For the foregoing reasons, it is respectfully requested that the Court deny the request for
23 ML Manager/CITLO to sell the property as outlined in its motion free and clear of encumbrances
24 and sell the entire interest, and approve the offer of Blackeye Capital, L.L.C. for CITLO to sell
25 just its undivided interest or, alternatively, open up the process to bids where a higher and better
26 bid can be achieved for both the estate and the co-tenants' interests if the Court were to elect to
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1 move forward to approve the sale as requested by ML Manager.

2 RESPECTIVELY submitted this 25th day of May, 2010.

3 COCHRAN LAW FIRM, P.C.

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By: JLC 004539
Jerry L. Cochran
2929 E. Camelback Rd., Suite 118
Phoenix, AZ 85016
Attorneys for
Metropolitan Lofts, L.L.C.

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9 Copy mailed this 25th day of
May, 2010 to:

10 U.S. Trustee
Office of the U.S. Trustee
11 230 North First Ave.
Suite 204
12 Phoenix, AZ 85003

13 Cathy L. Reece
Keith L. Hendricks
14 Fennemore Craig PC
3003 N. Central Avenue, Suite 2600
15 Phoenix, AZ 85012
Attorneys for ML Manager LLC

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17 By email to all parties listed on the ECF
List

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19 Ben L. Ganados

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EXHIBIT A

**AGREEMENT OF PURCHASE AND SALE
AND MUTUAL ESCROW INSTRUCTIONS**

This Agreement of Purchase and Sale and Mutual Escrow Instructions (“Agreement”) is dated as of the ___ day of _____, 2010, (the “Effective Date”) and is entered into by and between **CITLO Loan, LLC** (“Seller”), and **Blackeye Capital, L.L.C.** and/or assigns, an Arizona limited liability company (“Buyer”). The Effective Date set forth above is the date of the last execution hereof by the parties hereto.

RECITALS

A. Seller is the 86.798% tenants-in-common owners of those certain parcels of real property located in Maricopa County, Arizona which is legally described in Exhibit “A” attached hereto together with all hereditaments and appurtenances (if any) pertaining thereto (the “Property”), which consists of approximately 5.74 acres more or less and 42 apartment units known as the Belleview Apartments (the “Land”) and Seller’s rights to Seller’s Property Materials.

B. Buyer desires to purchase the Property from Seller and Seller is agreeable to sell said Property to Buyer.

C. Through foreclosure proceedings involving a loan (the “Loan”) made by Mortgages, Ltd. and other proceedings described below, Seller, along with its co-tenants as described on Exhibit B, obtained title to the Land.

D. Seller was formed pursuant to the Official Committee of Investors First Amended Plan of Reorganization dated March 12, 2009 in the Chapter 11 Proceedings in In re: Mortgages Ltd., Case No. 2:08-bk-07465-RJH which was confirmed by the Bankruptcy Court (the “Court”) on May 20, 2009 (the “Approved Plan”), to which persons holding fractional interests (“Fractional Interests”) in the Loan made by Mortgages Ltd., an Arizona corporation [now known as ML Servicing Company (“ML”)] could elect to assign and transfer such Fractional Interests to consolidate such Fractional Interests to the extent possible in a single entity.

C. Seller holds an 86.798% interest and the other “Owners” listed on Exhibit B as owners of the Land together hold a 13.202% interest for a collective one hundred percent (100A%) interest in the Land. Buyer is purchasing only the 86.798% interest in the Land owned by Seller and shall deal or negotiate, if at all, with the other Owners thereafter.

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follow:

1. Recitals True and Correct. The parties acknowledge that the Recitals are true and correct and that they are bargaining in reliance upon the truth and accuracy of the same. The contents of the Recitals are hereby incorporated by this reference as representations, warranties and agreements by and between the parties.

2. Agreement to Purchase and Sell. Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, subject to the terms and conditions of this Agreement, all of Seller's 86.798% right, title and interest in the Land consisting of approximately 5.74 acres located in Phoenix, Arizona, together with all of Seller's right, title and interest in and to (i) all buildings, structures and improvements located thereon; (ii) all appurtenances, hereditaments, easements, rights-of-way, reversions, remainders, development rights, well rights, water rights, and air rights; (iii) all oil, gas and mineral rights not previously reserved; (iv) land lying in the bid of any highway, street, road or avenue, opened or proposed, in front of or abutting or adjoining such tract or piece of land; (v) pre-paid impact fees and other development fees; (vi) all leases, subleases, licenses and other occupancy agreements affecting the Land and improvements thereon, including any guaranties of agreements (collectively the "Leases"); (vii) all service agreements for the Land and improvements thereon (the "Service Agreements"); and (ix) any other rights, privileges and benefits appurtenant to or used in connection with the beneficial use and enjoyment of such Land (collectively the "Property"). The Property includes 42 apartment units (the Belleview Estates Apartments) and approximately 2.6 acres of vacant land located adjacent to the apartment units. This Agreement shall establish an escrow (the "Escrow") with the escrow agent identified in Paragraph 9 ("Escrow Holder"), and shall constitute joint escrow instructions by Buyer and Seller to Escrow Holder. For purposes of this Agreement, the "Opening of Escrow" shall be deemed to have occurred on the date that this Agreement, executed by Buyer and Seller, is delivered to and accepted by Escrow Holder, which date shall be inserted by Escrow Holder as part of its signature at the end of this Agreement.

3. Purchase Price. The total "Purchase Price" for the Property is ONE MILLION FIVE HUNDRED THOUSAND FOUR HUNDRED AND NO/100 DOLLARS (\$1,500,000.00).

3.1 Deposit. Upon the Opening of Escrow, Buyer shall deposit in Escrow, as a sign of good faith, the sum of a Fifty Thousand Dollars (\$50,000.00) in cash or certified funds (the "Deposit"). The Deposit shall be non-refundable to the Buyer for any reason except for Seller's default pursuant to Section 3.1 hereunder or Buyer's disapproval of title pursuant to Section 4.2 hereof.

3.2 Disposition of Deposit. The Deposit is fully applicable to the Purchase Price at the Close of Escrow (as defined below). If Seller defaults in its duties under this Agreement, the Deposit shall be refunded to Buyer. After the expiration of the Feasibility Review Period, Buyer and Seller agree that the Deposit shall be non-refundable, except under Seller's default and failure to perform or except as specifically set forth in this Agreement.

Seller's Initials

Buyer's Initials

3.3 Purchase Price Balance and Terms. At Close of Escrow, Buyer shall pay the sum of ONE MILLION FOUR HUNDRED FIFTY THOUSAND AND NO/100 (\$1,450,000.00) DOLLARS (subject to adjustment pursuant to Paragraph 14 below) in cash to the Seller, less any Deposit(s) previously paid, such funds to be wired funds or, if by cashier's check, such funds must be deposited in sufficient time to clear Escrow Holder's account prior to the scheduled Closing.

4. Feasibility Review Period. For a period expiring at 5 p.m. MST on the date that is twenty (20) days after the Opening of Escrow (the "Feasibility Review Period"), Buyer shall have the right to review the title to the Property pursuant to Section 4.2 below.

4.1 Buyer acknowledges that its principals have knowledge of the Property as having been previously involved with the Property, and shall accept the Property in its current physical condition "as is" without warranty, except for the specific warranties made by Seller which apply for the time period that Seller has owned the Property. Seller agrees to provide, within five (5) days of Opening of Escrow, Seller's Property Materials which include, but are not limited to, any and all appraisals, surveys, soils reports and environmental reports in the possession of the Seller or its predecessor-in-interest, Mortgages Ltd.

4.2 Title Report. As a part of said Feasibility Review Period, Escrow Holder shall deliver to Buyer within ten (10) days of the Opening of Escrow, a Preliminary Title Report for the Property leading to the issuance to Buyer at Closing of an ALTA (Form 1992) extended coverage owner's policy of title insurance for the Property in the amount of the Purchase Price, together with legible copies of all exceptions and requirements referred to therein (collectively, the "Preliminary Title Report"). The condition of title shown therein shall be subject to Buyer's written approval or disapproval (to be given or withheld in Buyer's sole and absolute discretion) during the Feasibility Review Period as supplemented by Paragraph 13.2.

4.3 Survey. Seller shall provide to Buyer, as part of the Property Materials, any survey in Seller's possession.

4.4 Environmental Assessment. Seller shall provide to Buyer a copy of any and all environmental reports or assessments in its possession within the Property Materials. Buyer may obtain such other reports, investigation or certifications regarding the existing reports as it deems necessary or advisable during the Feasibility Review Period.

5 Contingencies.

5.1 Notwithstanding any provision to the contrary contained herein, the obligations of Seller to sell the Property to Buyer, and the obligations of Buyer to purchase the Property from Seller, are contingent upon the satisfaction of each of the following contingencies (collectively, the "Contingencies").

(i) Seller's lender under the Exit Financing Loan dated June 11, 2009 has the right to compete to acquire the REO Property from the Seller under Section 6.11(a) of the Exit Financing Loan Agreement. Seller's lender must have failed to exercise or must have waived the right to compete (the "Lender Approval");

(ii) The members of Seller ("Members") must have approved the sale of the Property for the Purchase Price specified herein as required by Section 5.4(h) of the Operating Agreement of Seller (the "Members Approval"); and

(iii) Seller must have obtained the approval of the Court by final order with respect to the sale to Buyer for which no stay order pending appeal has been ordered, which

order is sufficient for the Title Insurer (described below) to issue the Title Policy (described below).

5.2 Seller will attempt to satisfy the Contingencies by taking such action as it deems appropriate; provided, however, Seller shall not be in default hereunder if any of the Contingencies is not satisfied. Seller shall not be obligated to satisfy the Contingencies.

5.3 If all of the Contingencies have been satisfied prior to the end of the period commencing on the Effective Date and ending thirty (30) days after the Effective Date (the "Contingency Period"), then Seller shall notify Buyer of such satisfaction (the "Contingency Satisfaction Notice"), and this Agreement shall continue in full force and effect. If the Contingencies have not been satisfied prior to the end of the Contingency Period, then Seller shall notify Buyer that the Contingencies have not been satisfied, whereupon this Agreement shall terminate, and Seller and Buyer shall have no further obligations hereunder, except as expressly provide herein.

6. Close of Escrow. Escrow is to close on the later of June 25, 2010 or five (5) days after the Seller has satisfied the contingencies set forth in Section 5 above, and shall be deemed to have occurred upon Escrow Agent's recordation of the Deed described in Paragraph 13.1 ("Close of Escrow or Closing"), however, that if said Closing date falls on a Saturday, Sunday or holiday, the time limit herein set out is hereby extended through the next full business day and provided further that the Escrow Holder is authorized to take any administrative steps necessary to implement the closing of this Escrow subsequent to said Closing date unless otherwise instructed in writing by a party hereto.

6.1 DELIVERIES BY SELLER AT CLOSE OF ESCROW. Seller hereby covenants and agrees to deliver or cause to be delivered to Escrow Holder, either on or before the Close of Escrow, the following instruments and documents, the delivery of which shall be a condition to the Close of Escrow:

- A. Special Warranty Deed. Seller shall provide Buyer with a Special Warranty Deed providing that Seller (Grantor) covenants with Buyer (Grantee) that Grantor will forever defend Grantee as against all acts of the Grantors, but that no other covenants or warranties, express or implied, are given by this Special Warranty Deed in the form of Exhibit D.
- B. Proof of Authority. Such proof of Seller's authority and authorization to enter into this Agreement and the transactions contemplated hereby, and such proof of the power and authority of the individuals executing and/or delivering any instruments, documents or certificates on behalf of Seller to act for and bind Seller as may be reasonably required by the Title Company;
- C. Non-Foreign Affidavit. Seller shall provide Escrow Agent with an affidavit stating, under penalties of perjury, that Seller is not a "foreign person";
- D. Affidavit of Value in the form required by A.R.S. §11-1133;

- E. Blanket assignment and Bill of Sale for personal property, if any, and appurtenant rights as defined in Section 15, in the form attached hereto as Exhibit E;
- F. Assignment and Assumption Agreement in the form of Exhibit F;
- G. Other Instruments. Any and all other documents or instruments as may be mutually agreed upon between Buyer and Seller or as are necessary to close Escrow.

6.2 DELIVERIES BY BUYER AT CLOSE OF ESCROW. Either on or before the Close of Escrow, Buyer hereby consents and agrees that it shall deliver or cause to be delivered to Escrow Holder, the delivery of which shall be a condition of Close of Escrow, the following:

- A. The balance of the Purchase Price to be paid pursuant to Paragraph 3.3 at the Close of Escrow, (plus or minus credits, proration and adjustments as provided in this Agreement);
- B. Affidavit of Value in the form required by A.R.S. §11-1133;
- C. Proof of Authority. Such proof of Buyer's authority and authorization to enter into this Agreement and the transactions contemplated hereby, and such proof of the power and authority of the individuals executing and/or delivering any instruments, documents or certificates on behalf of Buyer to act for and bind Buyer as may be reasonably required by the Title Company;
- D. Assignment and Assumption Agreement in the form of Exhibit F;
- G. Any other documents or instruments described herein as may be mutually agreed upon between Buyer and Seller necessary to close Escrow or requested by the title company.

7. LIQUIDATED DAMAGES. BUYER ACKNOWLEDGES THAT, AS SET FORTH IN SECTION 31, IN THE EVENT OF A DEFAULT BY BUYER, SELLER MAY RETAIN THE ENTIRE DEPOSIT AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AS SET FORTH IN SECTION 31 OF THIS AGREEMENT.

Seller's Initials

Buyer's Initials

8. Buyer's Conditions to Close. Buyer's obligation hereunder to close the Escrow and purchase the Property shall be expressly conditioned upon the satisfaction of the following conditions (the "Buyer's Conditions to Close"). Any approval to be given by Buyer shall be given, or not given, in the sole and absolute discretion of Buyer. The Buyer's Conditions to

Close provided herein may be waived by Buyer giving notice thereof in writing to the Seller and Escrow Holder.

8.1 Title. The title insurer for Escrow Holder being unconditionally and irrevocably committed to issue the Title Policy in the "Approved Title Condition" (both as defined below).

8.2 Feasibility Review. On or before expiration of the Feasibility Review Period, Buyer shall have approved, in its sole and absolute discretion, the Feasibility Review.

8.3 Sellers' Performance. Seller shall have performed or tendered performance of all of its obligations hereunder prior to or at the Close of Escrow.

8.4 Representations and Warranties. Each of the Seller's Representations and Warranties set forth herein shall be true and accurate as of the Close of Escrow.

8.5 If any of the Buyer's Conditions to Close is not satisfied to Buyer's satisfaction on or before expiration of the Feasibility Review Period, then Buyer may either (i) elect in writing to waive the unsatisfied condition and proceed with the Close of Escrow, or (ii) terminate this Agreement, and in the event of such termination the Deposit shall immediately be returned to Buyer. If such conditions are not satisfied thereafter, except as caused by Seller's breach of this Agreement, then Buyer's sole remedy shall be to (i) elect in writing to waive the unsatisfied condition and proceed with the Close of Escrow, or (ii) terminate this Agreement and Seller shall retain the Deposit. Notwithstanding the foregoing, if the failure of any Buyer's Conditions to Close is caused by a default by either party, the non-defaulting party shall have the right to exercise its available default remedies as provided in this Agreement.

9. Notices. All notices, requests, demands and other communications given or required to be given hereunder shall be in writing and personally delivered or sent by United States registered mail, return receipt requested, or sent by nationally recognized courier service such as Federal Express. The parties may deliver to each other notice by electronically transmitted facsimile copies ("FAX") provided that such FAX notice is followed within twenty four (24) hours by any type of notice otherwise provided for in this Paragraph. Any notice shall be duly addressed to the parties as follows:

To Buyer: Blackeye Capital, L.L.C.
P.O. Box 15195
Phoenix, AZ 85060

With a copy to: Jerry L. Cochran
Cochran Law Firm, PC
2929 E. Camelback Road
Suite 118
Phoenix, AZ 85016
Fax: (602) 952-7010

To Seller: Mark Winkleman
CITLO Loan, LLC

c/o ML Manager LLC
14050 N. 83rd Avenue #180
Peoria, AZ 85381
Fax: 623-234-9575

With a Copy to: Mark A. Nesvig
Fennemore Craig, P.C.
3003 N. Central Avenue
Suite 2600
Phoenix, AZ 85012
Fax: (602) 916-5672

To Escrow Holder: Chicago Title Insurance Company
DeWayne Huffman
Esplanade Commercial Office
Sr. Commercial Escrow Manager
2555 East Camelback Road, Suite 500
Phoenix, AZ 85016
Direct Fax: (602) 667-1187

Delivery of any notice or other communications hereunder shall be deemed made on the date of actual delivery thereof to the address of the addressee, if personally delivered, and on the date indicated in the return receipt or courier's record as the date of delivery or as the date of first attempted delivery, if sent by mail or courier service. Any notice sent by FAX shall be deemed to be received as of the receipt of such FAX by a party, provided that such FAX notice is followed within twenty four (24) hours by any type of notice otherwise provided for in this Paragraph. Any FAX notice received after 5:00 p.m. (recipient's time) shall be deemed delivered the next business day. Any party may change its address for purposes of this Paragraph by giving notice to the other party and to Escrow Holder as herein provided.

10. Seller's Representations and Warranties. Seller hereby warrants and represents that the facts set forth in this Paragraph and elsewhere in this Agreement (The "Representations and Warranties") are true and correct as of the date hereof and shall be true and correct as of the Close of Escrow. The Seller makes the following Representations and Warranties.

10.1 Authority to Sell. Seller is the owner of marketable fee simple title to the Property subject to existing liens and encumbrances as described in the Preliminary Title Report. Entering into this Agreement and completing the contemplated transactions will not violate any agreements to which Seller is a party or any laws to which Seller is subject, including Seller's constituent documents. This Agreement and the contemplated transactions have been duly authorized and approved by Seller (and Seller's constituent Members) and this Agreement constitutes the valid and binding agreement of Seller, enforceable in accordance with its terms. Seller is not prohibited from consummating this transaction by the terms of its governing documents or any judicial or governmental judgment, order or decree.

10.2 Hazardous Substances. To the best of Seller's actual knowledge but without any investigation other than a review of Seller's internal files related to the Property, except as disclosed in any Phase I Report or other reports or soils studies, if any, provided to

Buyer in the Seller's Property Materials or as shown in any report obtained by Buyer, there are no Hazardous Substances, or storage tanks containing Hazardous Substances, in, on, under, or about the Property. There are no pending or threatened litigation, proceedings or investigations before or by any administrative or governmental agency in which any person or entity alleges the presence, release, threat of release, placement on or in the Property, or the generation, transportation, storage, treatment or disposal at the Property of any Hazardous Substance. For purposes of this Agreement, the term "Hazardous Substance" means any matter which has been determined by any regulation, order or rule, or any proposed regulations, order or rule, promulgated by any governmental agency of appropriate jurisdiction, to constitute a hazardous waste, pollutant, toxic substance, or hazardous substance or petroleum product under any federal, state, or local statute, law, rule, regulation, ordinance or enactment of any governmental authority.

10.3 Pending Disputes. To the best of Seller's knowledge there are no pending disputes or threatened disputes concerning the Property or the obligations or rights of the Seller in and to the Property.

10.4 No Liens or Encumbrances Not of Record. To the best of Sellers knowledge there are no liens or encumbrances not of record concerning the Property or the obligations or rights of the Seller in and to the Property.

10.5 No Conflict with Activities of Seller. Neither the execution and delivery of this Agreement nor the completion of the transactions contemplated by this Agreement will conflict in any material respect with, or result in a material breach under or violation of any: (a) provision of Seller's governing documents, if any, (b) agreement or instrument by which Seller is bound, or (c) applicable law, rule, regulation, judgment, order or decree of any Governmental Authority or court having jurisdiction over Seller or the Property.

10.6 Condemnation/Destruction. There are no condemnation proceedings pertaining to the Property, and to the best of Seller's knowledge no such condemnation proceedings are threatened or contemplated. In the event that there is any condemnation or destruction of the Property prior to the Closing of the Escrow, or if any condemnation is threatened or contemplated prior to the Closing of the Escrow, Buyer shall have the right to terminate this Agreement (in which event the Deposit and all other amounts deposited by Buyer and all interest therein shall be promptly refunded to Buyer), or, in its sole and absolute election Buyer shall have the right to consummate this transaction (in which events all condemnation or insurance proceeds shall be delivered or assigned to Buyer by the Seller at the Close of Escrow).

10.7 Compliance with Law. The Seller has not received notice of any violation or any applicable federal, state or local stature, law, regulation, ordinance or code (including, without limitation, any applicable building, zoning, environmental protection or other law or code), bearing on the construction, operation, ownership use or sale of all or part of the Property, and to the best knowledge of the Seller, there are no such violations.

10.8 Due Organization. The Seller hereunder is a limited liability company duly organized and validly existing under the laws of the State of Arizona and is duly authorized to transact business in the State of Arizona.

10.9 Foreign Person. Seller is not a "foreign person" or "disregarded entity" as those terms are defined under Internal Revenue Code Section 1445 and Regulations. At the Close of Escrow, Seller shall deliver to Buyer a non-foreign affidavit certifying the foregoing.

10.10 No Bankruptcy. There are no attachments, executions, assignments for the benefit of creditors, receiverships, conservatorships, or voluntary or involuntary proceedings in bankruptcy or pursuant to any other laws for relief of debtors contemplated or filed by Seller, pending against Seller, or affecting or involving the Property.

10.11 No Mechanics' Liens. There are no mechanics' or materialmen's liens perfected against the Property, and there is no work in progress or recently undertaken with respect to the Property that would give rise to any such liens. Seller shall cause to be released and discharged promptly, and shall indemnify, defend and hold Buyer harmless for, from and against, any such liens filed against the Property prior to or after the Close of Escrow in violation of this warranty. Notwithstanding any contrary provision hereof, Seller's obligations under this paragraph shall not extend to mechanics' or materialmen's liens resulting from the acts of Buyer, its agents or designees.

No Warranties. Except for the warranties set forth above or in any Closing document delivered by Seller pursuant to this Agreement, Buyer agrees that the Property shall be purchased in an "as-is" and "as-shown" condition, with all faults, and with no representation or warranty of any type or nature being made by Seller. Except for Seller's express warranties in this Paragraph 9, Buyer acknowledges and agrees that it is purchasing the Property solely upon the basis of its own investigation and not on the basis of any representation, express or implied, written or oral, made by Seller or its agents, partners, co-venturers, or employees. Without limiting the generality of the foregoing, Seller makes no representation or warranty concerning the sufficiency of the Property for Buyer's purposes, the square footage or acreage contained within the Property, the sufficiency or completeness of any plans for the Property, environmental condition, soils condition, the approval by any federal, state, or local governmental agency of the plans, plats, zoning, or other development items relating to the Property, or any improvements on the Property. Neither Seller nor Broker makes any representations or warranties, express or implied, regarding the water rights or the quality or quantity of water supply with regard to the Property. Buyer shall make such inquiries as Buyer deems prudent during the Feasibility Review Period. Any engineering data, environmental, soils, financial or other data, reports, or information that Seller furnishes to the Buyer pursuant to Paragraph 4 or otherwise regarding the Property are delivered without Representation or Warranty, except that copies delivered are true and correct copies of the items delivered. Except to the extent of any breach of warranty made in this Paragraph 9 or any other provision of this Agreement or in the Special Warranty Deed or any other document to be provided at Close of Escrow, Seller shall have no responsibility, liability or obligation with respect to the Property subsequent to the Close of Escrow.

Actual Knowledge. For purposes hereof, "Seller's knowledge" or words of similar import, means and shall be limited to the actual (as distinguished from implied, imputed or constructive) knowledge of Mark Winkleman. Buyer acknowledges that the individuals named above are named solely for the purpose of defining and narrowing the scope of Seller's knowledge and not for the purpose of imposing any liability on or creating any duties running from such individuals to Buyer. Buyer covenants that it will bring no action of any kind against such individual or any other member, partner or manager of Seller (without prejudice to Buyer's

right to make such claims against Seller as are provided herein). Buyer acknowledges that Seller has acquired the Property recently through a trustee's sale and, except for the Property Materials in Seller's possession, Seller has little knowledge of the past history of the Property.

11. Buyer's Representations and Warranties.

11.1 Buyer hereby represents and warrants that as of the date hereof and at the date of Closing (subject to its right to assign or nominate a substitute Buyer as provided in Paragraph 22) it is and shall be an Arizona limited liability company duly organized and existing pursuant to the laws of the State of Arizona; and all persons signing this agreement and/or any documents and instruments in connection herewith have full power and authority to do so. All necessary limited liability limited partnership action has been taken to duly authorize the execution and delivery of this Agreement and all documents and instruments contemplated by this Agreement, and the performance or the covenants and obligations to be performed and carried out by Buyer hereunder.

11.2 Buyer is a sophisticated and knowledgeable real estate developer or commercial property investor who is familiar with the special characteristics of the Property and has ready access to any legal and financial advice which may be necessary to meet Buyer's obligations hereunder.

11.3 Buyer acknowledges that consummation of this transaction shall constitute its acknowledgement that has independently inspected and investigated the Property and has made and entered into this Agreement based upon such inspection and investigation and its own examination of the condition of the Property (including the presence or absence of any radioactive, hazardous, petroleum-based, or toxic substances), and Seller is hereby released from all responsibility regarding the valuation or condition of the Property. Buyer agrees to accept the Property in its present condition "AS IS," subject only to the specific warranties, if any, set forth in Paragraph 9 of this Agreement.

12. Indemnification. The parties agree to and hereby do indemnify, defend and hold each other harmless against any and all losses, expenses, costs, damages, claims, obligations, or liabilities which may arise out of the incorrectness or misleading nature of any of the Representations and Warranties of Buyer or of the Seller set forth herein for a period of one year from the Close of Escrow.

13. Title.

a. Form of Special Warranty Deed. Title to the Property shall be conveyed to Buyer by Seller at the Closing by Special Warranty Deed in the form attached hereto as Exhibit D.

b. Approved Title Condition. The condition of title to the Property as reflected in the Preliminary Title Report delivered pursuant to Paragraph 4.2 shall be subject to Buyer's approval or disapproval, in its sole and absolute discretion, during the Feasibility Review Period. On or before the Close of Escrow, Seller shall remove all deeds of trust, mortgages, UCC financing statements, and other monetary encumbrances to the title to the Property, except

current years real property taxes, and notwithstanding any contrary provision hereof, any such deeds of trust, mortgages, UCC financing statements, and other monetary encumbrances shall not be part of the "Approved Title Condition" or "Permitted Exceptions" hereunder. During the Feasibility Review Period, Buyer and Escrow Holder shall resolve the condition of title to the Property and the exceptions to title affecting the Property as reflected in the Preliminary Title Report (and any amendment(s) thereto issued by Escrow Holder prior to expiration of the Feasibility Review Period), as well as the form and content of any endorsements to Buyer's Title Policy that are desired by Buyer. The legal description of the Property reflected in the last amendment to the Preliminary Title Report issued prior to expiration of the Feasibility Review Period, the exceptions to title reflected in Schedule B of the last amendment to the Preliminary Title Report issued by Escrow Holder prior to expiration of the Feasibility Review Period, and the form of all endorsements which Escrow Holder has committed to issue as of the expiration of the Feasibility Review Period, are hereinafter collectively referred to as the "Approved Title Condition". As used herein, the term "Title Policy" shall mean the ALTA (Form 1992) extended coverage owner's policy of title insurance to be issued to Buyer at the Closing pursuant to the Approved Title Condition, which policy shall be in the amount of the Purchase Price. If Buyer and Escrow Holder are unable to resolve the Approved Title Condition prior to expiration of the Feasibility Review Period, then Buyer shall be entitled, as its sole remedy therefor, to terminate this Agreement and receive a refund of the Deposit as provided in Paragraph 4. If Buyer fails to terminate this Agreement as provided in Paragraph 4, then Buyer shall be deemed to have approved the Approved Title Condition as reflected in the last amendment to the Preliminary Title Report issued by Escrow Holder prior to expiration of the Feasibility Review Period. The exceptions reflected in Schedule B of the last amendment to the Preliminary Title Report issued by Escrow Holder prior to expiration of the Feasibility Review Period are referred to herein as the "Permitted Exceptions." The Approved Title Condition shall be subject to Seller's approval prior to expiration of the Feasibility Review Period (which approval shall not be unreasonably withheld or delayed), to the extent it (a) imposes any requirements on Seller (other than those relating to the organization and authority of Seller or those requiring the release of deeds of trust, mortgages, UCC financing statements, and other monetary encumbrances which Seller is required to remove pursuant to the terms of this Agreement) and/or (b) reflects a legal description of the Property that is different from that attached hereto as Exhibit A.

c. Monetary Encumbrances. All deeds of trust, mortgages, UCC financing statements, and other monetary encumbrances on the Property (except non-delinquent taxes, special taxes and assessments) are hereby disapproved and Buyer is not required to further disapprove any of the same, whether or not presently shown on the Preliminary Title Report. If Seller fails to pay or satisfy the same concurrently with the Close of Escrow, Escrow Holder is hereby instructed to pay or satisfy the same out of the proceeds made available from Buyer's deposit of the Purchase Price.

d. Title Policy. At the Close of Escrow, Seller shall pay the standard coverage portion of the premium charged for the Title Policy and Buyer shall pay the extended coverage portion of the premium charged for the Title Policy as well as the cost of any endorsements included in the Title Policy.

e. Title Vesting. Final vesting of title shall be determined by Buyer prior to Close of Escrow.

14. Escrow.

a. Opening of the Escrow and Escrow Instructions. The conveyance of title to the Property to Buyer shall be consummated through the Escrow established with Escrow Holder at the address shown above in the "Notices" paragraph of this Agreement (the Escrow number being that indicated by Escrow Holder as part of its signature at the end of this Agreement). Upon receipt of the executed Agreement by Escrow Holder, Escrow Holder shall sign this Agreement on the last page hereof (and fill in the blank on such page with the assigned Escrow number) and circulate the same to Buyer and Seller. The Seller and Buyer agree to deliver a fully executed Agreement, or counterparts, to Escrow Holder within three (3) days of the execution of this Agreement. This Agreement shall be considered as Escrow instructions, which may be supplemented with such further instructions, as Escrow Holder shall require to clarify the duties and responsibilities of the Escrow Holder. If the Escrow Holder shall require further reasonable and customary Escrow instructions, Escrow Holder shall promptly prepare such Escrow instructions on its usual form in a manner which incorporates the terms of this Agreement and which is consistent with the terms of this Agreement and such supplemental Escrow Instructions shall be controlled by the terms of this Agreement. All reasonable and customary supplemental Escrow instructions required by Escrow Holder shall be signed by Buyer and Seller within three (3) business days after delivery of such Escrow instructions to Buyer and Seller by the Escrow Holder and may be executed in counterparts.

b. Escrow Costs. Buyer and Seller shall equally share all Escrow Holder's fees. Seller shall pay all documentary transfer taxes, and the cost of recording the Deed. The cost of the Title Policy shall be allocated between the parties as provided in Paragraph 13.4.

c. Deposit of Funds and Documents. The parties shall deposit in Escrow at least twenty-four (24) hours in advance of the Closing thereof all funds and all documents, including the Special Warranty Deed, required to complete the transaction contemplated by this Agreement.

d. Proration of Taxes. All property taxes, special taxes and assessments shall be prorated as of the Close of Escrow based upon the latest available tax bills for the Property. Buyer shall be solely responsible for all taxes, special taxes and assessments, which appear on a supplemental tax bill for the Property by reason of the Close of Escrow. All prorations shall be based on a thirty (30) day month and a three hundred and sixty (360) day year. Seller shall be solely responsible for all supplemental taxes prior to the Close of Escrow.

e. Payment of Cancellation Fees. If the Escrow fails to close by reason of the default or failure to perform by a party of any of its obligations hereunder, the defaulting party shall pay the Escrow Holder's fee and cancellation charges. If the Escrow fails to close for any reason other than Buyer's or Seller's default or failure to perform any obligation hereunder, Buyer and Seller shall bear one-half (½) of the Escrow Holder's fee and cancellation charges.

f. Interest-Bearing Accounts. Escrow Holder is hereby instructed to deposit all funds, which are deposited into the Escrow by the parties in interest-bearing accounts insured by the Federal Deposit Insurance Corporation until any of such funds are distributed to

the parties. Interest earned on any deposited funds shall be the property of the party entitled to such funds pursuant to the terms of this Agreement.

g. Designation as Reporting Person. Escrow Holder is hereby designated by Seller and Buyer as the "Reporting Person" for purposes of filing those reports which may be required by the Internal Revenue Code and any regulations promulgated thereunder regarding sales of real property. Escrow Holder, by opening Escrow, accepts such designation and agrees to complete and file any required reports. Seller and Buyer agree to cooperate with Escrow Holder and provide such information as may be required by law in order for Escrow Holder to timely and accurately file such reports.

h. Close of Escrow. The Escrow shall close within the time frame as set forth in Paragraph 5 hereinabove.

15. Appurtenant Rights. Transfer of title to the Property to Buyer shall include the transfer to Buyer, if any, of all plans, engineering surveys, reports, maps, permits, growth allocations, development rights represented by subdivision maps and any other development approval, appurtenant easements and rights-of-way, water and water rights, minerals and mineral rights, and sewer and utility rights connected with the Property, if any, to the extent that Seller owns such interests (the "Appurtenant Rights"). Conditioned upon the Close of Escrow, this Paragraph constitutes an assignment of all the respective Appurtenant Rights as of the Close of Escrow. If requested by Buyer, Seller shall execute and deposit in Escrow, prior to the applicable Close of Escrow, an assignment or Bill of Sale of all of the Seller's interest in and to specified Appurtenant Rights, which shall be effective as of the Close of Escrow.

16. No Agreements Binding on the Property. During the pendency of the Escrow, Seller shall not enter into, modify or terminate any agreement which shall be binding upon or which shall inure to the benefit of the Property or the owner thereof without obtaining the prior written consent of Buyer.

17. Possession. Possession to the Property shall be delivered to Buyer at the Closing of the Escrow.

18. Broker's Commission. If, and only if, the Closing hereunder occurs, Seller agrees to pay a commission to Hendricks & Partners, in an amount and on the terms set forth in a separate agreement. Except for the foregoing, each party represents and warrants to the other that such party has not dealt with any broker or finder in connection with the transaction contemplated in this Agreement. Except for the foregoing, each party shall indemnify, defend and hold harmless the other party against and from any and all claims, commissions, or other compensation, damages, liabilities and expenses (including, without limitation, reasonable attorney fees and disbursements) arising out of any and all claims made by any other broker or finder with whom the indemnified party has dealt, or has allegedly employed, in violation of the warranty contained in this Section.

19. Entire Agreement Amendments. This Agreement, together with any related documents expressly referred to in this Agreement, constitutes the entire understanding between the parties and supersedes any and all other prior agreements, whether written or oral, regarding the Property or any right or duty of any party, including but not limited to any letter of intent.

Each party acknowledges and represents that it is relying on no representations by the other party other than those expressly set forth in this Agreement. Neither this Agreement nor the Escrow instructions described herein may be amended or modified except by a writing signed by both parties hereto which specifies that it is an amendment to this Agreement or to said Escrow instructions.

20. Survival. Each of the covenants, agreements, warranties and representation, if any, herein shall survive the Closing of the Escrow and transfer of title to the Property to Buyer. However, any action or claim for a breach of warranty under this Agreement must be brought within two years of Close of Escrow or such claim or action is barred.

21. Assignment; Binding Effect. Subject to the remaining provisions of this paragraph, this Agreement shall be binding upon, and inure to the benefit of, the parties hereto, their successor and assigns, heirs and personal representatives. Prior to the Close of Escrow Buyer may, without the consent of Seller, assign this Agreement or nominate a substitute Buyer hereunder, provided that (i) such assignee or nominee is a Blackeye Capital, Affiliate (as hereinafter defined), and (ii) the assignee or nominee has assumed each and all of Buyer's obligations hereunder in a writing delivered to Seller and Escrow Holder. Any assignment to or nomination of other than a Blackeye Capital Affiliate shall require the prior written consent of Seller, which consent shall not be unreasonably withheld or delayed. As used herein, the term "Blackeye Capital Affiliate" shall mean a limited liability company, limited liability limited partnership, limited partnership, general partnership or corporation in which Buyer, an affiliate of Buyer, and/or Buyer's principals hold, either directly or indirectly, a controlling interest in the ownership and/or management thereof. No other assignment may be made except with the express written consent of Seller. Buyer acknowledges that it is purchasing the Property for its own account and shall not list or market the Property during the Escrow Period.

22. Time of the Essence. Time is of the essence herein.

23. Attorneys' Fees. In any action between Buyer and Seller seeking enforcement or the interpretation of any other terms and provisions of this Agreement and subject to the "Liquidated Damages" paragraph of this Agreement, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable cost and expenses, not limited to taxable cost, reasonable attorneys' fees and reasonable fees of expert witnesses.

24. Real Estate License Disclosure. Intentionally Omitted.

25. Arizona Law. This Agreement shall be interpreted pursuant to the laws of the State of Arizona.

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

27. Facsimile. In the event Buyer and Seller utilize "facsimile" transmitted signed documents (by Panafax, telefax, etc.) Buyer and Seller hereby accept, and instruct the Escrow Holder to rely upon such documents as if they bore original signature. Buyer and Seller hereby acknowledge and agree to provide to Escrow Holder, within 72 hours of such transmission, such documents bearing the original signatures. Buyer and Seller further acknowledge and agree that

documents necessary for recording with non-original (facsimile) signatures will not be accepted for recording by the Maricopa County Recorder, thus delaying the Close of Escrow, and all documents to be recorded must contain original signatures and proper notarization and be delivered to Escrow Holder at least twenty-four (24) hours prior to the Close of Escrow.

28. Authority. Each person executing this Agreement represents and warrants that he has proper authority to bind the party on whose behalf he signs.

29. Cancellation. Buyer agrees to promptly cancel Escrow during the Feasibility Review Period if Buyer determines that the Property is not suitable for its needs at any time during the Feasibility Review Period.

30. Effectiveness. This Agreement shall be effective when Buyer and Seller have executed the Agreement in counterpart and delivered their counterpart signatures to Escrow Holder.

31. Default by Buyer. If, prior to Closing, Buyer shall materially default in any of the terms of this Agreement, Seller shall, as its sole remedy (except that Seller may waive such default and close the Escrow if Buyer also agrees to close), be entitled to retain the Deposit previously released to it and obtain any Deposit then held in Escrow as liquidated damages to Seller for such breach by Buyer, Buyer and Seller agreeing that the amount of damages for such breach by Buyer is difficult to determine at this time and that the aforesaid sum is a reasonable estimation of the amount of liquidated damages for such breach under the circumstances existing at the time this Agreement is entered into and is not a penalty. Notwithstanding any other provision of the Agreement to the contrary (and except for Buyer's failure to tender any cash required to close this transaction in time to facilitate a timely Closing), Buyer shall have five (5) business days following written notice from Seller to cure an alleged default under this Agreement before Seller shall be entitled to cancel this Agreement and, if the Feasibility Review Period has passed, retain Buyer's Deposit. Notwithstanding anything to the contrary in this paragraph, the indemnity obligations of Buyer under this Agreement shall be independent of and shall not be modified, abrogated, or otherwise affected by the limitation of Buyer's liability as set forth in this paragraph and shall survive termination of this Agreement.

32. Default by Seller. Seller shall not be deemed to be in default or breach of any representation, warranty or covenant of Seller hereunder unless Buyer first delivers to Seller and Escrow Agent a written notice of default specifying the nature of the default, and then only if Seller fails to cure such default within two (2) days thereafter. If, after the expiration of such two (2) day period, Seller is deemed to be in default or breach of any representation, warranty or covenant hereunder, then Buyer may: (i) terminate this Agreement by written notice to Seller and Escrow Agent, in which event the Deposit shall be refunded to Buyer; (ii) waive such default and consummate the transaction contemplated hereby in accordance with the terms hereof; or (iii) institute all proceedings necessary to specifically enforce the terms of this Agreement and cause title to Property to be conveyed to Buyer, it being understood and agreed that the Property is unique and that the right of specific performance is a just and equitable remedy under the circumstances. Buyer hereby waives and covenants not to assert any right to seek or obtain monetary damages resulting from Seller's pre-closing breach; provided that if specific performance is not available as a remedy to Buyer, Buyer may pursue an action against Seller to recover the actual out-of-pocket damages, including costs incurred in completing its feasibility

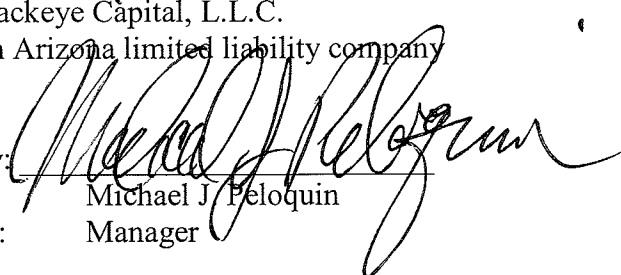
review. Buyer waives and covenants not to assert any right to seek or obtain other damages (including, but not limited to, incidental or consequential damages and in no event lost profits or punitive damages) resulting from Seller's pre-closing breach, except as specifically provided in this paragraph. Furthermore, as an express condition precedent to Buyer's right to seek a decree of specific performance in a court of competent jurisdiction with respect to Seller's obligation to close Escrow, the suit must be brought within 120 days of the default or otherwise waived and Buyer shall be required to first tender to Seller full performance of its obligations required under this Agreement in connection with the Closing; provided, however, that in lieu of depositing the Closing funds into Escrow, Buyer may deposit a letter from an institutional lender, land banker or Buyer's treasury department confirming either that upon performance by Seller under this Agreement, such funds will be deposited into Escrow, or that Seller has such funds available in Seller's account. Notwithstanding anything to the contrary in this paragraph, the indemnity obligations of Seller under this Agreement shall be independent of and shall not be modified, abrogated, or otherwise affected by the limitation of Seller's liability as set forth in this paragraph.

33. Distribution of Seller's Proceeds. Seller shall advise Escrow Holder by separate written instruction executed by all Sellers as to the proration and distribution of Seller's proceeds.

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

BUYER:

Blackeye Capital, L.L.C.
An Arizona limited liability company

By: 
Michael J. Peloquin
Its: Manager

SELLER:

CITLO Loan, LLC
An Arizona limited liability company

By: ML Manager, LLC
An Arizona limited liability company
Its: Manager and as Agent for the Owners
Listed on Exhibit B attached

By: _____

Printed Name: _____

Its: _____

Document Acknowledgement:

The Escrow Holder does hereby (i) agree to act as Escrow Holder hereunder, to perform its obligations as set forth herein, and to be bound by the provisions hereof applicable to Escrow Holder, and (ii) acknowledge receipt of a fully executed copy of the foregoing Agreement, (iii) declare that the Opening of Escrow has occurred this _____ day of _____, 2010, and (iv) confirm that it has assigned to this transaction its Escrow No. _____.

Chicago Title Insurance Company

By: _____
Its: _____

EXHIBIT "A"

Legal Description of Property

Exhibit B A
Legal Description

PARCEL 1: (APN: 12S-17-012D - Portion)

That part of Lots 1 and 2 of Section 6, Township 1 North, Range 4 East of the Gila and Salt River and Meridian, Maricopa County, Arizona, described as follows:

Beginning at the Southeast corner of said Lot 2;

Thence North 00 degrees 03 minutes 00 seconds West, a distance of 27.65 feet;

Thence North 89 degrees 26 minutes 00 seconds West, a distance of 198.85 feet;

Thence North 00 degrees 03 minutes 00 seconds West, a distance of 283.60 feet;

Thence North 88 degrees 55 minutes 30 seconds East, a distance of 198.85 feet;

Thence North 05 degrees 06 minutes 30 seconds East, a distance of 122.74 feet;

Thence North 89 degrees 43 minutes 00 seconds West, a distance of 226.02 feet

Thence South 00 degrees 03 minutes 00 seconds East, a distance of 202.76 feet;

Thence North 89 degrees 58 minutes 00 seconds West, a distance of 311.52 feet;

Thence South 00 degrees 32 minutes 30 seconds West, a distance of 233.09 feet;

Thence South 89 degrees 26 minutes 00 seconds East, a distance of 529.00 feet to the POINT OF BEGINNING;

EXCEPT the South 25.00 feet of that part of Lot 2 in the Northeast quarter of Section 6, Township 1 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, which lies East of and adjoining a line which bears North 00 degrees 32 minutes 30 seconds East of a point on the South line of Lot 2, which bears North 89 degrees 26 minutes 00 seconds West, (assumed bearing), a distance of 529.00 feet from the Southeast corner of said Lot 2; and

EXCEPT that part thereof, which lies East of a line which bears North 00 degrees 03 minutes 00 seconds West from a point of Lot 2, which bears North 89 degrees 26 minutes 00 seconds West, a distance of 198.85 feet from the Southeast corner of said Lot 2.

PARCEL 2: (APN: 12S-17-012D - Portion)

Beginning at a point 27.65 feet North of the Southeast corner of Lot 2 in the Northeast quarter of Section 6, Township 1 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

Thence in a Westerly direction, parallel to the South boundary of Lot 2 of said Section, 198.85 feet;

Thence in a Northerly direction, parallel to the East boundary of Lot 2 of said Section, 283.60 feet;
 Thence in an Easterly direction, 198.85 feet to the boundary East of Lot 2 of said Section;
 Thence in a Southerly direction 298.30 feet to the POINT OF BEGINNING;

EXCEPT from the above Parcels 1 and 2 the following described property as set forth in Final Order of Condemnation, CV No. 89-22438, recorded April 8, 1991 in Recording No. 91-0147734;

That portion of Lot 2 of Section 6, Township I North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, which lies Southeasterly of the line described below:

Commencing at the Northeast corner of said Section 6;

Thence North 89 degrees 48 minutes 27 seconds West, along the North line of said Section 6, a distance of 1122.22 feet;

Thence South 00 degrees 11 minutes 33 seconds West, 40.00 feet to the existing Southerly right-of-way line of McDowell Road;

Thence continuing South 00 degrees 11 minutes 33 seconds West, 272.00 feet;

Thence North 89 degrees 48 minutes 27 seconds West, 105.00 feet; thence South 00 degrees 11 minutes 33 seconds West, 218.30 feet to a point on the existing Northerly right-of-way line of Willett a Street;

Thence along said right-of-way line, South 87 degrees 34 minutes 05 seconds West, 250.78 feet;

Thence South 01 degrees 27 minutes 05 seconds West, 128.51 feet to a point on the existing Southerly right-of-way line of Willetta Street;

Thence along said right-of-way line, South 89 degrees 30 minutes 55 seconds East, 37.90 feet;

Thence South 38 degrees 08 minutes 55 seconds East, 23.43 feet to the TRUE POINT OF BEGINNING;

Thence South 13 degrees 13 minutes 05 seconds West, 630.22 feet;

Thence South 51 degrees 59 minutes 50 seconds West, 18.79 feet to a point of ending on the South line of the property described above.

PARCEL 3: (APN: 125-17-011B)

That part of Lots 1 and 2 of Section 6, Township 1 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows;

BEGINNING at the Southeast corner of said Lot 2;

Thence North 00 degrees 03 minutes 00 seconds West, a distance of 316.95 feet; thence North 05 degrees 06 minutes 30 seconds East, a distance of 122.74 feet;

Thence North 89 degrees 43 minutes 00 seconds West, a distance of 226.02 feet to the TRUE POINT OF BEGINNING;
 Thence West, 365.73 feet to the Northwest corner of the parcel herein described;
 Thence South 03 degrees 17 minutes 30 seconds West, a distance of 204.51 feet;
 Thence South 89 degrees 58 minutes 00 seconds East, a distance of 377.52 feet;
 Thence North 00 degrees 03 minutes 00 seconds West, a distance of 202.76 feet, more or less, to the TRUE POINT OF BEGINNING.

PARCEL 4:(APN: 125-17-011C)

That part of Lot 2, Section 6, Township I North, Range 4 East of the Gila and Salt River Base and Meridian, described as follows:
 COMMENCING at the Southeast corner of said Lot 2;
 Thence North 89 degrees 26 minutes 00 seconds West along the South line of said Lot, 529.00 feet to the TRUE POINT OF BEGINNING of the Tract of land herein described;
 Thence North 89 degrees 26 minutes 00 seconds West, along the South line of said Lot 2, a distance of 77 feet;
 Thence North 03 degrees 17 minutes 30 seconds East, a distance of 232.15 feet;
 Thence South 89 degrees 58 minutes 00 seconds East, a distance of 66.00 feet;
 Thence South 00 degrees 32 minutes 30 seconds West, a distance of 233.09 feet to the POINT OF BEGINNING.

PARCEL 5: (APN: 125-17-002B)

A tract of land in the South half of Lot 2 of Section 6, Township 1 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:
 BEGINNING at the Southeast corner of said Lot 2;
 Thence North 00 degrees 03 minutes 00 seconds West along the East line of said Lot 2, a distance of 439.24 feet to an iron pipe which is the POINT OF BEGINNING;
 Thence North 00 degrees 03 minutes 00 seconds West along the East line of said Lot 2, a distance of 220.76 feet to an iron pipe which is the Northeast corner of the parcel described herein;
 Thence North 89 degrees 26 minutes 00 seconds West, a distance of 567.45 feet to an iron pipe which is the Northwest corner of the parcel described herein;
 Thence running South 03 degrees 17 minutes 30 seconds West, a distance of 223.95 feet to an iron pipe which is the Southwest corner of the parcel described herein;
 Thence running South 89 degrees 43 minutes 00 seconds East, a distance of 580.71 feet to an iron pipe which is the Southeast corner of the Parcel described herein and the

POINT OF BEGINNING;

EXCEPT that portion of the property which lies between the Easterly line of said property and the line described below under the "Line Description."

LINE DESCRIPTION:

COMMENCING at the Northeast corner of said Section 6;
thence North 89 degrees 48 minutes 27 seconds West along the North line of said Section 6, a distance of 1122.22 feet;
Thence South 00 degrees 11 minutes 33 seconds West, 40.00 feet to the existing Southerly right of way line of McDowell Road;
Thence continuing South 00 degrees 11 minutes 33 seconds West 272.00 feet; thence North 89 degrees 48 minutes 27 seconds West, 105.00 feet;
Thence South 00 degrees 11 minutes 33 seconds West, 218.30 feet to the POINT OF BEGINNING on the existing Northerly right-of-way line of Willetta Street;
Thence along the said right of way line of Willetta Street;
Thence along said right-of-way line South 87 degrees 34 minutes 05 seconds West, 250.78 feet;
Thence South 01 degree 27 minutes 05 seconds West, 128.51 feet to a point on the existing Southerly right-of-way line of Willetta Street;
Thence along said right of way line South 89 degrees 30 minutes 55 seconds East, 37.90 feet;
Thence South 38 degrees 08 minutes 55 seconds East, 23.43 feet;
Thence South 13 degrees 13 minutes 05 seconds West, 630.22 feet to the POINT OF ENDING.

EXHIBIT "B"

Names of Owners of Land

CITLO Loan, LLC, an Arizona limited liability company, as to an undivided 86.798% interest

Penny Hardaway Investments, L.L.C., an Arizona limited liability company, as to an undivided 2.092% interest

Bear Tooth Mountain Holdings Limited Partnership, an Arizona limited partnership, as to an undivided 4.812% interest

Queen Creek XVIII, L.L.C., an Arizona limited liability company, as to an undivided 4.206% interest

Morley Rosenfield, Trustee of The Morley Rosenfield, M.D. P.C. Restated Profit Sharing Plan, as to an undivided 2.092% interest

EXHIBIT "C"

Property Materials

EXHIBIT "D"

Special Warranty Deed

When recorded mail to:

SPECIAL WARRANTY DEED

For the consideration of Ten Dollars and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, CITLO Loan, LLC, an Arizona limited liability company ("Grantor") does hereby convey to Blackeye Capital, L.L.C., an Arizona limited liability company ("Grantee") the following real property together with all of Seller's right, title and interest in (i) all buildings, structures and improvements located thereon; (ii) all appurtenances, hereditaments, easements, rights-of-way, reversions, remainders, development rights, well rights, water rights, and air rights; (iii) all oil, gas and mineral rights not previously reserved; (iv) land lying in the bed of any highway, street, road or avenue, opened or proposed, in front of or abutting or adjoining such tract or piece of land; and (v) any other rights, privileges and benefits appurtenant to or used in connection with the beneficial use and enjoyment of such property:

SEE EXHIBIT "A" ATTACHED HERETO AND INCORPORATED
HEREIN BY THIS REFERENCE.

SUBJECT TO all general and special real property taxes and other assessments, reservations in patents, water rights, claims or title to water and all easements, rights of way, covenants, conditions, restrictions, reservations, declarations, encumbrances, liens, obligations, liabilities and other matters as may appear of record, any and all conditions easements, encroachments, rights of way or restrictions which a physical inspection or accurate ALTA survey of the Property would reveal, any matters arising in connection with any action of the Grantee or its employees, contractors, agents or representatives, any other matter not caused by the act or authorization of Grantor and the applicable municipal, county, state or federal zoning and use regulations affecting the Property.

AND the Grantor hereby binds itself and its successors and assigns to warrant and defend the title in Grantee, its successors and assigns, as against all acts of the Grantor herein and no other, subject to the matters above set forth.

DATED this ____ day of _____, 2010.

CITLO Loan, LLC
An Arizona limited liability company

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

By: _____

Printed Name: _____

Its: _____

STATE OF ARIZONA)
)
County of Maricopa)

On _____, 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument as _____ of **ML Manager, LLC**, the Manager of CITLO Loan, LLC, and acknowledged that he executed same for and on behalf of **ML Manager, LLC** for the purposes set forth above.

Notary Public

My Commission Expires

EXHIBIT "E"

Blanket Assignment and Bill of Sale

THIS BLANKET ASSIGNMENT AND BILL OF SALE (the "Assignment") is given as of _____, 2010, by CITLO Loan, LLC, an Arizona limited liability company ("CITLO") ("Assignor") for the benefit of Blackeye Capital, L.L.C., an Arizona limited liability company, its successors and assigns ("Assignee").

RECITALS

A. Assignor and Assignee entered into that certain Agreement of Purchase and Sale and Mutual Escrow Instructions dated _____, 2010 (the "Agreement"), whereby Assignor agreed to sell and Assignee agreed to purchase that certain real property more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Property").

B. In conjunction with the foregoing transaction, Assignor desires to transfer and assign to Assignee, on the terms and conditions set forth below, all of Assignor's right, title and interest in all rights, materials and/or claims relating to the Property or the use, entitlement or development thereof, including, without limitation: (i) all permits, licenses, applications, approvals, and any other authorizations issued by governmental entities or quasi-governmental entities; (ii) all entitlements, subdivision agreements and other agreements relating to the development of the Property; (iii) all plats, plans, drawings, designs, engineering materials, studies, reports and other documents relating to any improvements to or serving the Property; (iv) all claims, awards, and any similar rights relating to and benefiting the Property; (v) all water and sewer taps and hookup connections relating to the Property; (vi) all development rights benefiting the Property; (vii) any and all rights to receive any payments, impact fee or other credits, reimbursements or refunds arising from any payments, dedications or any other actions taken by Assignor or any predecessor in title to the Property; (viii) all rights to receive a reimbursement, credit or refund from the applicable agency or entity of any deposits or fees paid in connection with the development of the Property, (ix) all pre-paid impact fees, school fees, and/or development fees of any kind previously paid by Seller or any predecessor in title to the Property, (x) all guarantees, warranties, indemnities, and covenants under any and all contracts and agreements with contractors, subcontractors, suppliers and other persons and entities providing labor, services or materials in connection with the design, construction and installation of any improvements to or serving the Property, and (xi) any and all other rights, privileges, and appurtenances owned by Assignor and in any way related to, or used in connection with the operation of the Property to the extent that they are assignable (collectively, the "Assigned Items").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as set forth below.

AGREEMENT

1. Incorporation of Recitals. The foregoing Recitals are incorporated herein by reference as agreements of Assignor and Assignee.
2. Assignment. Assignor hereby assigns and transfers unto Assignee, all of Assignor's right, title and interest in and to the Assigned Items without representation or warranty of any kind.
3. No Assumption of Obligations. Assignee does not assume any duties or obligations of Assignor to be performed, paid or complied with under or with respect to any of the Assigned Items arising prior to the date of this Assignment.
4. Binding Effect. This Assignment shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.
5. Counterparts. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original instrument and all of which combined shall constitute one and the same instrument.

IN WITNESS WHEREOF, Assignor has executed this Assignment as of the date set forth above.

ASSIGNOR:

CITLO Loan, LLC
An Arizona limited liability company

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

By: _____

Printed Name: _____

Its: _____

EXHIBIT "F"

Assignment and Assumption of Agreements

DATE: _____, 2010

ASSIGNOR: CITLO Loan, LLC

ASSIGNEE: Blackeye Capital, L.L.C.

RECITALS

WHEREAS, Assignor and Assignee have entered into that certain Agreement of Purchase and Sale and Mutual Escrow Instructions dated _____, 2010 (the "Purchase Agreement") wherein Assignor agreed to sell and Assignee agreed to buy certain real property and improvements thereon as more particularly described on Exhibit A attached hereto (the "Property"); and

WHEREAS, Assignee desires to assume and Assignor desires to assign to Assignee all of Assignor's right, title and interest in, to and under those certain leases currently existing on the Property, which leases are more particularly described on Exhibit B attached hereto and incorporated herein by this reference (the "Leases") and those agreements and contracts more particularly described on Exhibit C attached hereto (the "Service Agreements").

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignment. Assignor conveys and assigns to Assignee all of Assignor's right, title and interest in and to the Leases and all refundable security deposits and payments of rent made in advance thereunder, together with the right to receive any and all sums and proceeds arising out of said Leases from and after the date hereof, but reserving unto Assignor all uncollected rent attributable to the period prior to the Closing Date pursuant to the provisions of the Purchase Agreement. Assignor conveys and assigns to Assignee all of Assignor's right, title and interest in and to the Service Agreements arising after the date hereof.
2. Assumption. Assignee assumes and agrees to be bound by all of Assignor's liabilities and obligations pursuant to the Leases arising after the date hereof and agrees to perform and observe all of the covenants and conditions contained in the Leases from and after the date hereof. Assignee assumes and agrees to be bound by all of Assignor's liabilities and obligations pursuant to the Service Agreements from and after the date hereof.

3. Indemnification. Assignee covenants and agrees to indemnify and hold harmless Assignor for, from and against any actions, suits, proceedings or claims, and all costs and expenses including, without limitation, reasonable attorneys' fees, incurred in connection therewith, based upon or arising out of any breach or alleged breach of any of the Leases and Service Agreements or out of any other facts connected with the Leases and Service Agreements, occurring or alleged to have occurred from and after the date hereof. Assignor covenants and agrees to indemnify and hold harmless Assignee for, from and against any actions, suits, proceedings or claims, and all costs and expenses including, without limitation, reasonable attorneys' fees, incurred in connection therewith, based upon or arising out of any breach or alleged breach of any of the Leases and Service Agreements or out of any other facts connected with the Leases and Service Agreements, occurring or alleged to have occurred before the date hereof.

4. Binding Effect. This Assignment shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

5. Construction; Definitions. This Assignment shall be construed according to Arizona law. Capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the Purchase Agreement.

6. Counterparts. This Assignment may be executed in counterparts, which taken together shall constitute one original instrument.

DATED as of the day and year first above written.

ASSIGNOR:

CITLO Loan, LLC
 An Arizona limited liability company

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

By: _____

Printed Name: _____

Its: _____

ASSIGNEE:

Blackeye Capital, L.L.C.
An Arizona limited liability company

By: _____
Michael J. Peloquin
Its: Manager