EXHIBIT 10

UNITED STATES BANKRUPTCY COURT
DISTRICT OF ARIZONA

In re:	
MORTGAGES LTD. CH: 11	2:08-bk-07465-RJH
1) EVIDENTIARY SETTLEMENT HEARING RE: UNIVERSITY & ASH	
2) DEBTOR'S MOTION TO APPROVE COMPROMISE/SETTLEMENT WITH CDIG	
3) DEBTOR'S MOTION TO APPROVE COMPROMISE/SETTLEMENT WITH CGSR LLC	
4) DEBTOR'S MOTION TO APPROVE COMPROMISE/SETTLEMENT WITH CS 11 MARICOPA LLC	
5) MOTION TO APPROVE DIP FINANCING RE: CENTERPOINT	

U.S. Bankruptcy Court
230 N. First Avenue, Ste. 101
Phoenix, AZ 85003-1706

November 25, 2008
2:13 p.m.

BEFORE THE HONORABLE RANDOLPH J. HAINES, Judge
(Designation of Record)

APPEARANCES:

For Mortgages Ltd.: Carolyn J. Johnsen
Bradley Stevens
Todd Tuggle
JENNINGS, STROUSS
& SALMON, P.L.C.
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APPEARANCES: (Continued)

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For The Lewis Trust:	S. Cary Forrester FORRESTER & WORTH, PLLC 3636 N. Central Ave., Ste. 700 Phoenix, AZ 85012
For Mahakian, et al:	Allen B. Bickart ALLEN B. BICKART PC 312 Clubhouse Dr. Prescott, AZ 86303
For Unofficial Investor Committee, Official Committee of Investors:	Keith Hendricks Cathy Reece FENNEMORE CRAIG 3003 N. Central Ave., Ste. 2600 Phoenix, AZ 85012-2913
For Eva Sperber-Porter:	Richard Thomas THOMAS SCHERN RICHARDSON 1640 S. Stapley Dr., Ste. 205 Mesa, AZ 85204
For University & Ash, L.L.C., Roosevelt Gateway, L.L.C., Roosevelt Gateway II, L.L.C.:	Dean Waldt Brian Schulman Rebecca Winthrop BALLARD SPAHR ANDEWS & INGERSOLL, LLP 2029 Century Park East, Ste. 800 Los Angeles, CA 90067
For William H. Parker Family Trust; Susan Hoffland; Timothy Hoffland; William B. Parker:	Lindsi Webber GALLAGHER & KENNEDY, PA 2575 E. Camelback Rd. Phoenix, AZ 85016
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APPEARANCES: (Continued)

For Jeffrey S. Kaufman; Kaufman Family Living Trust dated July 7, 1997; Marcy L. Kaufman; The Samuel W. Kaufman Living Trust:	Jeffrey Kaufman JEFFREY S. KAUFMAN, LTD. 5725 N. Scottsdale Rd., Ste. 190 Scottsdale, AZ 85250

Proceedings recorded by electronic sound technician, Sheri Fletcher; transcript produced by A/V Tronics, Inc.

(2:13 p.m.)

THE COURT: Well, I have some findings of fact and conclusions of law to make, but I won't hold you in suspense and go right to the bottom line. I'm going to approve this settlement as to University & Ash and deny it as to Roosevelt Gateway I and II.

First of all, let me note that I find no evidence that the debtor negotiated this deal or agreed to it with its own interests paramount, or indeed even that its own interests were even considered. There is simply no evidence to suggest that the debtor negotiated this deal with anything other than its investors' interests in mind.

Let me go to the authority issue. First of all, I agree that the authority must have been given in the agency agreement or subscription agreement, not at least alone in the loan documents, unless they are expressly incorporated in the agreements the debtor made with its investors. But I find that the authority existed at least with respect to most investors in agency paragraph 1(b)(7) and 1(b)(9). I also find it rather clearly in paragraph 5 of the investor subscription agreement that was culled from Exhibit 5. Pardon me, Exhibit A, paragraph 5.

Almost no discussion about, but it looks pretty clearly that it gives the authority to modify the loan terms and that the limitation on authority was only on the kinds of

loans in which Mortgages Ltd. could put the investor. That was the primary limitation on authority that was imposed there.

What if some investor did expressly withhold the authority to modify loan terms after they were made? I have to conclude that that, at most, could give rise to a right of rescission, a right to be bought out of that loan. I don't see how it possibly could have been in contemplation of the parties; that is, Mortgages Ltd. and the investor; that by one investor checking a box saying I don't give you that discretion, that investor understood that gave him a veto power as to Mortgages Ltd.'s ability to deal with its loans with respect to all of the other investors. And yet that's what the argument would have to -- seems to me that's what the argument would have to lead to that conclusion, that if Mortgages Ltd. just had one investor said I'm withholding that authority, both parties had to have understood that well, that means Mortgages can't deal with its own loans. And I simply don't think that was in the contemplation of either of the parties.

Indeed, it's kind of contrary to the very premise of some of the objectors that this was in fact a security under the Howey standards, because I believe most investors were investing in Mortgages' ability to manage these loans. And to suggest that in fact it was nothing more than an agency agreement like, for example, if you went out and hired TransAmerica to act as escrow agent to collect the loan

payments, that may not have been the security, but the parties here knew they were investing in Mortgages Ltd.'s ability.

And to suggest that one or a handful of investors could say you have no authority to exercise your ability because I withheld it even with respect to other investors, I just don't think that could have been the intent. It must have meant, as in fact the testimony was, in actual practice it gives rise to a right to be bought out. Which as I noted and I asked specifically for argument on this point, doesn't that merely give rise to a claim in the bankruptcy case by that investor, a claim that in effect they already have? Perhaps the issue of authority should have been addressed more up front, perhaps under the context of the knotty issue of whether it's a 365(c)(1) or 365(e)(2) issue. But that hasn't been done, and unless and until it is done I think the authority continues to exist in the debtor once it files.

And indeed in that regard I think the agency argument really proves too much. Under common law, certainly for powers of attorney, but I think most agency of powers would terminate upon at least the filing of bankruptcy by the agency, by the agent. Maybe upon insolvency even without a bankruptcy. But if that were the case, then no debtor in possession could ever exercise agency authority. And in fact no debtor in possession whose job it is to be an agent could be a debtor in possession. And if that were the case, I would think we would either find

them excluded from being able to file a Chapter 11 and qualify as a debtor in possession, or at least there would have been substantial case law on why such entities cannot function as debtor in possession.

Those are my reasons why I believe the authority exists -- existed and continues to exist in the debtor in possession. I do agree, of course, it has to be exercised with the interest of investors and creditors primarily in mind, because there is also that fiduciary duty.

As to the business judgment standard, first of all, I find that this deal in effect is a hope certificate. But maybe all the counsel here don't realize that that's a technical term of art. It's one of those you do not find in the bankruptcy code, but is well known to bankruptcy lawyers. What is a hope certificate? That's what a debtor in possession offers his secured creditors as to how they're going to get paid under the debtor's plan, only we kind of got to reverse roles here. For that analogy to apply here we have to say if University & Ash were in bankruptcy, sort of the ordinary circumstance, it's the debtor in bankruptcy, not the lender.

If University & Ash were the debtor here and University & Ash proposed a plan for its secured creditor, Citibank, you've got a deed of trust on my land and here's how I'm going to pay you. First of all, nothing for four years. Then after that, if I can develop it, you will get some

payment. That's what a hope certificate is. And I certainly believe it would not be confirmed, at least over the objection of the lender. The term hope certificate is intended to be a pejorative. So if that were the issue before me, could this deal be approved under a University & Ash plan of reorganization? I think the answer clearly is no. So why isn't that dispositive here? It's because this is not just a proposal to settle University & Ash's secured debt. It is also settlement of substantial litigation.

I do believe and find that neither Mortgages Ltd. nor its pass-thru investors or pool investors would be able to foreclose against this property in the foreseeable future given the substantial litigation exposure arising from Mortgages' failure to fund. And even if they did, I believe their recovery could very well be zero after taking into account the kind of damages University & Ash could prove as a setoff.

What the settlement is about is is it a reasonable settlement to avoid that litigation. And I conclude that it is reasonable to settle that potential litigation while preserving a very substantial portion of the debt and the security interest, but entirely avoiding that litigation risk, even though to a relatively small extent the security interest could be subordinated without either the investors' consent or a ruling by an arbitrator.

I do think it's fair, the deal terms that allow for

equity investor to come in or subordination for a significant, more than $100,000 mezzanine loan or construction loan, with the consent feature that is built into the plan. And I do think that any arbitrator or arbitrators would find if you're being asked to walk away from your security interest with yet another hope certificate, no arbitrator would approve that as being commercially reasonable.

So in other words, it's only going to be if you have a very realistic and concrete plan on the table that you're asked to subordinate is an arbitrator going to find its commercially reasonable. And in light of that and the avoidance of the litigation risk, I think that is well within the zone of reasonableness under the case law interpreting when settlements can be approved in bankruptcy.

However, that same litigation threat does not exist as to Roosevelt I and II. I do not find any evidence of such a litigation risk as to Roosevelt I and II. As I understand it, those loans were fully funded. I question whether Roosevelt I and II would even have standing to raise in some litigation attempting to preclude foreclosure the fact that the University & Ash loan was not funded. Consequently, I find no litigation threat as to Roosevelt I and II. And because of that, and because the term is even more of a hope certificate as to them, I don't think this settlement can be approved as to the debtor's asset in Roosevelt I and II or the investors in

Roosevelt I and II.

I do recognize that, from the perspective of the -- let me call them the University & Ash principals -- this is a business deal. And the business deal relies on, to some extent, all three parcels. And I do understand their position at least that they wouldn't do the deal for University & Ash unless Roosevelt I and II were included in it. And that may be the case. They may, when I'm done here today, say well, he didn't approve the deal we had, we're walking. And that may be. But as to whether I can approve it as to Roosevelt I and II, I don't think I can because I don't see the litigation risk there. Moreover, I don't understand that there is any imminent Fry's deal as to Roosevelt I and II that would require any such settlement to be done now. In other words, no need for a settlement as to Roosevelt I and II being done prior to a plan of reorganization in this case.

And in fact, I even question whether, in any sense, University & Ash doesn't get the full benefit of its bargain, both the original bargain and the settlement part, because simply because I approve the settlement only as to University & Ash does not preclude this deal from being done as to Roosevelt I and II. And since the Roosevelt I and II loans were fully funded, those entities got their original benefit of the bargain.

They borrowed money and they acquired land with it,

and they've still got the land and they have other options. They can pay off the deed of trust, they can refinance, or they can renegotiate the terms of their loans with the debtor. And simply because the settlement today is not approved as to them, and Frys isn't walking away as to them, I don't see any reason why those further negotiations can't go on. But whatever deal has to be made, has to be fair in light of the investors in Roosevelt I and II. And when you take out the litigation risk and all you have left is a hope certificate, I don't think it's fair it could be approved.

And that's why I come to my conclusion that if it can be done, the settlement is approved as to University & Ash and not as to Roosevelt I and II. And that's my ruling and concludes this hearing.

(End of Portion Designated for Transcription)

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter.

Dated: December 8, 2008

Erin Goold

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