

# **EXHIBIT**

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

14 In re  
15 MORTGAGES LTD.,  
16 Debtor.

Chapter 11

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

**STIPULATED ORDER APPROVING THE  
RELEASE OF MONEY FROM CHATEAUX  
SALE ESCROW**

**Real Property known as Chateaux on Central,  
Phoenix, AZ**

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20 Kevin T. O'Halloran ("Liquidating Trustee"), as Trustee of the ML Liquidating  
21 Trust ("Liquidating Trust"), the sole shareholder of ML Servicing Co., Inc. ("ML  
22 Servicing"), and the ML Manager LLC as Manager of the MP Funds, and as agent for  
23 certain Pass-Through Investors who held interests in the property at issue, and for itself  
24 (collectively, "ML Manager") (ML Manager, the Liquidating Trustee, the Liquidating  
25 Trust, and ML Servicing are collectively, the "ML Parties") filed a Joint Motion  
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1 (“Motion”) (Docket No. 2619) requesting that the Court enter an order authorizing the  
2 Liquidating Trustee, on behalf of the Liquidating Trust and ML Servicing Co., and the  
3 ML Manager to sell the real property located in Phoenix, Arizona at the corner of Central  
4 Avenue and Palm Lane, commonly known as Chateaux on Central (the “Property”), free  
5 and clear of all liens. This Motion was granted and an Order approving the Sale was  
6 entered by the Court (the “Sale Order”) (Docket No. 2676). Pursuant to the Sale Order,  
7 the Liquidating Trustee and ML Manager were required at closing to escrow the sum of  
8 \$3,414,586.20 (the “Escrow”) for the benefit of Gold Creek, Inc. (“Gold Creek”) and the  
9 other mechanics and materialmen lien holders of record (collectively, the “Mechanics  
10 Lien Claimants”), with their mechanics and materialmen liens (if any) to attach to the  
11 escrowed proceeds. The Sale Order further provided that the Escrow was to be deposited  
12 with First American Title Insurance Company (the “Escrow Agent”) in an interest bearing  
13 account for the benefit of the ML Parties, Gold Creek and the other Mechanics Lien  
14 Claimants, and be disbursed only pursuant to further Order of the Court.

15 The ML Parties and Gold Creek have now reached and entered into a Settlement  
16 Agreement and Release (“Settlement Agreement”) to resolve all of Gold Creek’s and the  
17 Mechanics Lien Claimants claims against the ML Parties, and to provide for the  
18 distribution of the Escrow as follows: (i) \$1,523,000 of the amount in the Escrow will  
19 continue to be held by the Escrow Agent for the sole benefit of Gold Creek and the  
20 Mechanics Lien Claimants, and \$77,000 will be held for the sole benefit of Gold Creek’s  
21 counsel, (collectively, the “Mechanic Lien Escrow”). Any claims by the ML Parties to  
22 the Mechanic Lien Escrow shall be released except for those contract and lien claims  
23 purchased by the Liquidating Trustee as described in Paragraph 7 of the Settlement  
24 Agreement, and to secure Gold Creek’s Indemnity Obligations to the ML Parties as  
25 described in Paragraph 6 of the Settlement Agreement, (ii) other than the Mechanic Lien  
26 Escrow, the remaining amount in the Escrow, including all interest earned on the amount

1 on deposit in the Escrow through the day prior to the disbursement, (the “ML Escrow  
2 Portion”), shall be immediately released and disbursed to the ML Parties per their joint  
3 direction to the Escrow Agent, free and clear of the Gold Creek lien and the Mechanics  
4 Lien Claimants liens, (iii) any valid liens of Gold Creek and the other Mechanics Lien  
5 Claimants shall attach solely to the Mechanic Lien Escrow, and all other claims by Gold  
6 Creek and the Mechanics Lien Claimants shall be released and discharged, (iv) upon  
7 delivery to the Escrow Agent of a fully executed Release of Mechanic’s and  
8 Materialmen’s Lien (“Lien Release”) and instruction letter by Gold Creek, the Escrow  
9 Agent shall immediately disburse to Gold Creek from the Mechanic Lien Escrow the sum  
10 of \$509,225.30, (v) upon delivery to the Escrow Agent of a fully executed Lien Release  
11 by the Liquidating Trustee relating to the Assigned Subcontracts acquired by the  
12 Liquidating Trustee, the Escrow Agent shall immediately disburse to the Liquidating  
13 Trustee from the Mechanic Lien Escrow the sum of \$42,725.38; (vi) the Escrow Agent  
14 shall immediately disburse to counsel for Gold Creek from the Mechanic Lien Escrow the  
15 sum of \$77,000.00 as and for the attorneys’ fees owing by Gold Creek; (vii) upon delivery  
16 to the Escrow Agent of a fully executed Lien Release from any Mechanics Lien Claimant,  
17 the Escrow Agent shall immediately disburse to such Mechanics Lien Claimant from the  
18 Mechanic Lien Escrow the amount stated in said Lien Release, and concurrently with such  
19 disbursement, the Escrow Agent shall immediately disburse to Gold Creek from the  
20 Mechanic Lien Escrow the difference between the Mechanics Lien Holdback calculated  
21 with respect to such Mechanics Lien Claimant as described in the Settlement Agreement  
22 and the payment made to the releasing Mechanics Lien Claimant; and (viii) at such time  
23 as fully executed Lien Releases have been delivered to the Escrow Agent respecting all  
24 Mechanics Lien Claimants, the Escrow Agent shall immediately disburse to Gold Creek  
25 all remaining monies in the Mechanic Lien Escrow.

26           Upon consideration of the Stipulated Order filed by the ML Parties and Gold

1 Creek, notice of which was sent to all Mechanics Lien Claimants, the Court hereby finds  
2 as follows:

3 (a) This Stipulated Order was properly lodged with the Court and properly  
4 noticed to all parties in interest, including the Mechanics Lien Claimants, and the Court  
5 has jurisdiction over the issues presented;

6 (b) The Court has jurisdiction to enter this Stipulated Order and authorize the  
7 release of the ML Escrow Portion to the ML Parties, and to confirm that all of the claims  
8 and liens held by Gold Creek and the Mechanics Lien Claimants are released from the ML  
9 Escrow Portion and any valid lien held by Gold Creek and the Mechanics Lien Claimants  
10 shall solely attach to the Mechanic Lien Escrow.

11 (c) Gold Creek and the other Mechanics Liens Claimants shall resolve, in good  
12 faith, through agreement, stipulation or binding arbitration/litigation their respective lien  
13 rights to the proceeds in the Mechanics Lien Escrow, at which time, the proceeds in the  
14 Mechanic Lien Escrow may be disbursed in accordance with the terms of this Order.

15 IT IS THEREFORE ORDERED THAT:

16 (1) The Escrow shall be disbursed or continue to be held as set forth by the  
17 terms of this Order.

18 (2) \$1,523,000 of the amount in the Escrow will continue to be held by the  
19 Escrow Agent for the sole benefit of Gold Creek and the Mechanics Lien Claimants, and  
20 \$77,000 will be held for payment of attorneys owed to Gold Creek's counsel,  
21 (collectively, the "Mechanic Lien Escrow"). Any claims by the ML Parties to the  
22 Mechanic Lien Escrow are hereby be released and discharged except for those contract  
23 and lien claims purchased by the Liquidating Trustee and to secure Gold Creek's  
24 Indemnity Obligations to the ML Parties ("Indemnity Obligations") as set forth in the  
25 Settlement Agreement

26 (3) The Escrow Agent shall immediately disburse to the ML Parties per their

1 joint direction the ML Escrow Portion, free and clear of the Gold Creek lien and the  
2 Mechanics Lien Claimants liens, and all claims against the ML Parties by Gold Creek and  
3 the Mechanics Lien Claimants arising out of the Chateaux Project are released and  
4 discharged.

5 (4) Any valid liens of Gold Creek and the Mechanics Lien Claimants shall  
6 attach solely to the Mechanic Lien Escrow, and all other claims by Gold Creek and the  
7 Mechanics Lien Claimants shall be released and discharged.

8 (5) Upon delivery to the Escrow Agent of a fully executed Release of  
9 Mechanic's and Materialmen's Lien and instruction letter by Gold Creek, the Escrow  
10 Agent shall immediately disburse to Gold Creek from the Mechanic Lien Escrow the sum  
11 of \$509,225.30.

12 (6) Upon delivery to the Escrow Agent of a fully executed Lien Release by the  
13 Liquidating Trustee relating to the Assigned Subcontracts acquired by the Liquidating  
14 Trustee, the Escrow Agent shall immediately disburse to the Liquidating Trustee from the  
15 Mechanic Lien Escrow the sum of \$42,725.38.

16 (7) The Escrow Agent shall immediately disburse to counsel for Gold Creek  
17 from the Mechanic Lien Escrow the sum of \$77,000.00 in payment of the attorneys' fees  
18 owed by Gold Creek to its counsel.

19 (8) Upon delivery to the Escrow Agent of a fully executed Lien Release from  
20 any Mechanics Lien Claimant, the Escrow Agent shall immediately disburse to such  
21 Mechanics Lien Claimant from the Mechanic Lien Escrow the amount stated in said Lien  
22 Release, and concurrently with such disbursement, the Escrow Agent shall immediately  
23 disburse to Gold Creek from the Mechanic Lien Escrow the difference between the  
24 Mechanics Lien Holdback calculated with respect to such Mechanics Lien Claimant and  
25 the payment made to the releasing Mechanics Lien Claimant.

26 (9) At such time as fully executed Lien Releases have been delivered to the

1 Escrow Agent respecting all Mechanics Lien Claimants, the Escrow Agent shall  
2 immediately disburse to Gold Creek all remaining monies in the Mechanic Lien Escrow.

3 (10) The Court reserves jurisdiction to resolve any and all disputes relating to: (i)  
4 the determination of the validity or amount of the Mechanics Lien Claimants lien rights or  
5 claims, (ii) Gold Creek's and the Mechanics Lien Claimants rights in and to the Mechanic  
6 Lien Escrow, (iii) the Indemnity Obligations under the Settlement Agreement, and (iv) the  
7 meaning, effect or enforcement of the Settlement Agreement.

8 (11) Pursuant to Section 1146(a) of the Bankruptcy Code and the confirmed Plan  
9 of Reorganization, all mortgage recording tax stamp tax, real estate transfer tax,  
10 speculative builder, transaction privilege or other similar taxes imposed by federal, state  
11 or local law are hereby waived and discharged.

12 DATED AND ORDERED AS STATED ABOVE.

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