

# **EXHIBIT**

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IN THE UNITED STATES BANKRUPTCY COURT FOR  
THE DISTRICT OF ARIZONA

In re  
MORTGAGES LTD.,  
Debtor.

Chapter 11

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

**ORDER APPROVING THE MOTION  
TO APPROVE SETTLEMENTS WITH  
GRACE ENTITIES**

Pursuant to the authority provided in the Plan of Reorganization approved in this matter (Docket No. 1532) (the "Confirmed Plan"), and the Confirmation Order entered on May 20, 2009 (Docket No. 1755) (the "Confirmation Order"), ML Manager LLC, as Manager of C&M Loan LLC, Osborn III Loan LLC, PPP Loan LLC, 70 SP Loan LLC, 44 CP I Loan LLC, and 44 CP II Loan LLC (the "six Loan LLCs"), and as agent for the non-transferring pass-through investors who hold factional interests in the Grace Entities' Loans, (collectively, "ML Manager"), filed a Motion To Approve Settlements With Grace Entities ("Motion") (Docket No. 2743). The Motion requests that the Court enter an order approving the settlements and authorizing ML Manager to enter into and implement the settlements with the Grace Entities<sup>1</sup> borrowers as set forth in the Motion and the Settlement Agreements attached collectively as Exhibit A thereto, as modified by the First Amendments to the

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<sup>1</sup> The entities described herein as the "Grace Entities" are Central & Monroe, LLC; Osborn III Partners, LLC; Portales Place Property, LLC; 70<sup>th</sup> Street Property, LLC; and 44<sup>th</sup> & Camelback Property, LLC.

1 Settlement Agreements subsequently filed with the Court as Exhibit A to Docket No. 2816 (the  
2 “Settlements”). A Joinder to the Motion was filed by the Grace Entities (Docket No. 2762), an  
3 Objection was filed by the Rev Op Group (Docket No. 2761) (the “Objection”), and a  
4 Reservation of Rights and Response was filed by The William C. Lewis Trust (Docket No.  
5 2764) (the “Reservation”). The Rev Op Group also filed a Motion to Compel Production of  
6 Documents and Privilege Log Re: Grace Document Production (Docket No. 2805) (“Motion  
7 to Compel”).

8 On June 30, 2010, ML Manager, the Grace Entities and the Rev Op Group filed a Joint  
9 Pretrial Statement re Contested Matter: Approval of Grace Entities Settlement Agreement  
10 (Docket No. 2803) (the “Joint Pretrial Statement”).

11 The Court held an initial hearing on the Motion on May 27, 2010 (the “Initial  
12 Hearing”). The Court then held a subsequent evidentiary hearing on the Motion commencing  
13 July 7, 2010 at 10:00 a.m., at which it took evidence on in support of the Motion (the  
14 “Evidentiary Hearing”). ML Manager then filed a notice of Filing the Executed Copies of the  
15 First Amendment to Settlement for Osborn III Partners, LLC and First Amendment to  
16 Settlement Agreement for Central & Monroe LLC and the Notes and Deeds of Trust related  
17 thereto (Docket No. 2816) (the “Notice re Amendments”). The Court also heard oral  
18 arguments at a hearing on July 8, 2010 at 1:30 p.m. and at the conclusion of the hearing the  
19 Court made findings of fact and conclusions of law on the record which are incorporated in  
20 this Order.

21 Upon consideration of the Motion, the Joinder, the Objection, the Reservation, the  
22 Joint Pretrial Statement, other filings of record, the statements and arguments of counsel,  
23 and the evidence presented at the hearing, the Court finds and concludes as follows:

24 (a) This Court has jurisdiction to rule upon the issues presented in the Motion  
25 pursuant to Section 4.16 of the Confirmed Plan and Paragraph V of the Confirmation  
26 Order;

1 (b) The Court has jurisdiction to enter this Stipulated Order and authorize and  
2 approve the Settlements and the Motion;

3 (c) Pursuant to Section 4.16 of the Confirmed Plan and Paragraph V of the  
4 Confirmation Order, ML Manager has authority to enter into and implement the  
5 Settlements and is authorized to proceed with the Settlements and to execute all necessary  
6 documents to implement the Settlements which will bind the six Loan LLCs, the non-  
7 transferring pass-through investors who hold fractional interests in the Grace Entities'  
8 Loans (including the Rev Op Group), the Grace Entities and Grace Guarantors;

9 (d) ML Manager is authorized, among other things, to enter into the Settlements,  
10 give the releases provided for therein, conduct the Trustee's Sales and/or or accept deeds in  
11 lieu as provided for in the Settlements, enter into the notes and deeds of trust as provided  
12 for in the Settlements, and pay the settlement payments to the Grace Entities and/or their  
13 designees out of the first available sale or refinancing proceeds on Central & Monroe,  
14 LLC's property and Osborn III Partners, LLC's;

15 (e) The Settlements and ML Manager's decision to enter into the Settlements  
16 reflect a reasonable compromise of the complex issues involved, are in the best interests of  
17 the investors in the Grace Entities Loans, are supported by the best exercise of business  
18 judgment of ML Manager and are consistent with ML Manager's fiduciary duties and  
19 responsibilities.

20 **IT IS THEREFORE ORDERED THAT:**

- 21 (1) The Motion is granted and the Settlements are approved.  
22 (2) The Objection and the Reservation are overruled.  
23 (3) ML Manager is authorized pursuant to Section 4.16 of the Confirmed Plan  
24 and Paragraph V of the Confirmation Order to enter into the Settlements and to implement  
25 the terms set forth therein. The six Loan LLCs and the non-transferring pass-through  
26 investors who hold fractional interests in the Grace Entities' Loans (including the Rev Op

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Group) are bound by the terms of the Settlements.

(4) ML Manager is authorized, among other things, to give the releases provided for therein, conduct the Trustee's Sales and/or or accept deeds in lieu as provided for in the Settlements, enter into the notes and deeds of trust as provided for in the Settlements, and pay the settlement payments to the Grace Entities and/or their designees out of the first available sale or refinancing proceeds on Central & Monroe, LLC's property and Osborn III Partners, LLC's.

(5) The Motion to Compel has been rendered moot by the entry of this Order, therefore, any orders related thereto are hereby vacated.

ORDERED, SIGNED AND DATED AS STATED ABOVE.