

# EXHIBIT

# A

**LOAN APPLICATION**

**Loan Number: 860206**

**July 18, 2007**

**Loan Amount: \$4,550,000.00**

**"Applicant"**  
(individually and collectively)

**Name: GP Properties Carefree Cave Creek, L.L.C., an Arizona limited liability company**

**Address: P. O. Box 15195**

**City, State, Zip: Phoenix, AZ 85060**

**Tax ID or SSN: 86-1028572**

**"Property"**

**Legal Description: See Attached Exhibit "A"**

**Assessors Parcel Number: 216-32-008J**

**Property Address: NWC Carefree HWY & Tom Darlington Carefree, AZ**

**"Lender"**

**Scott M. Coles or Christopher J. Olson, CPA, Trustees of the Mortgages Ltd. 401(k) Plan**

Applicant hereby applies for a loan (the "Loan") in the principal amount of \$4,550,000.00 through Scott M. Coles or Christopher J. Olson, CPA, Trustees of the Mortgages Ltd. 401(k) Plan, ("Lender") subject to the terms and conditions set forth herein.

**1. LOAN DOCUMENTS**

- a. "Loan Documents" collectively refers to all documents executed by Borrower in connection with this Loan, including the Promissory Note, Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, Servicing Agent Agreement, the advance documents and other related documents.
- b. To the extent that the provisions of this Application do not conflict with the other Loan Documents, this Application shall become part of the "Loan Documents," survive the Loan closing and remain binding upon Applicant.
- c. Lender shall have the right to insert the correct legal description of the Property into the Loan Documents, if shown to be incorrect upon examination of the preliminary title report.
- d. Lender may insert Loan closing dates, beginning interest dates, prepayment premium dates, and otherwise complete blanks in the Loan Documents in a manner not inconsistent with the terms of this Application.
- e. Applicant will be provided with a Fee Schedule which itemizes the various fees and charges Lender may assess under the Loan Documents. Applicant shall be subject to and liable for all applicable fees set forth in the Fee Schedule. The Fee Schedule may be revised by Lender at any time without prior notice to Applicant.
- f. Applicant shall use Lender's form of Loan Documents to evidence and secure the Loan, which forms shall include, among other things, a due on sale clause.
- g. All Loan Document forms are available for Applicant to review.



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**2. FUNDAMENTAL LOAN TERMS**

Term	<b>12 Months</b>
Promissory Note Rate	<b>12.25%</b>
Default Interest Rate	<b>27%</b>
Type of Payment	<b>Interest Only</b>
Monthly Interest Only Payment	<b>\$46,447.92</b>
Maturity Date	<b>July 19, 2008</b>
Principal Balance Due at Maturity	<b>\$4,550,000.00</b>
Prepayment Premium Period	<b>Through July 19, 2007</b>
Annual Percentage Rate	<b>15.08%</b>

Interest shall be computed on a 30-day month, 360-day year

**3. FEES, COST, AND DEPOSITS**

Applicant shall pay to or deposit with Lender the following fees, costs, and deposits:

- a. A fee, paid in advance, of **\$35,490.00** for the property inspection and/or loan commitment. Such fees are non-refundable. All prepaid loan commitment fees will be credited towards the Discount at closing.
- b. A Discount of **\$88,000.00** is included in the gross loan amount above.
- c. A Loan Origination Fee of **\$0.00**.
- d. Other fees related to this Loan include, but are not limited to, the following:

Processing Fee:	<b>\$8,000.00</b>
Appraisal Cost:	<b>\$0.00</b>
ALTA Title Insurance Fees:	<b>\$4,740.00</b>
Escrow Fees:	<b>\$200.00</b>
Tax Service Fee:	<b>\$964.00</b>
Servicing Setup Fee:	<b>\$1,500.00</b>
Recording Fees:	<b>\$100.00</b>
Property Inspection Fee:	<b>\$2,500.00</b>
Construction Administration Fee:	<b>\$0.00</b>
Courier Fee:	<b>\$100.00</b>
Prepayment Buydown Fee:	<b>\$0.00</b>
Rev Op Fee:	<b>\$16,000.00</b>

- e. Any additional fees are itemized on Fee Schedule..

All fees will be deducted from gross Loan proceeds at time of closing or paid directly by Applicant.

If Lender is prepared to fund the Loan, and closing does not occur as a result of Applicant's acts, or failure to comply with the terms of this Application, Applicant shall pay to Lender all sums due under the Application, including, but not limited to those set forth in Section 3. (a). above.

**4. LOAN FUNDING**

- a. The "Loan Funding Date" is the date upon which Lender allocates and designates sums sufficient to fund the Loan. The "Commitment Termination Date" is the date upon which Lender's Loan commitment expires. The Loan Funding Date will generally be the Commitment Termination Date; however, the Loan Funding Date may occur before or after the Commitment Termination Date. Lender may, at its sole discretion, delay the date upon which the Loan is partially or fully funded an additional 3 business days, and any such delay in funding shall not be construed as an extension of the original Commitment Termination Date.



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b. Interest will be charged on that portion of the Loan Principal which has been committed, beginning, at Lender's discretion, on the Loan Funding Date or the Commitment Termination Date (in the event that the Loan closing was delayed for any reason other than one caused by Lender) continuing until the Loan has been paid in full. Beginning on the Loan Funding Date or the Commitment Termination Date, as the case may be, interest will accrue and be paid at the rate of 12.25% per annum.

c. The funding and closing of the Loan is subject to and contingent upon Lender's receipt of the following, which must be acceptable to Lender in its sole and absolute discretion:

- (1) The title report;
- (2) Applicant's credit report;
- (3) Financial data review;
- (4) Applicant's evidence of insurance;
- (5) Any other items which Lender may reasonably require; and
- (6) Lender's physical inspection of the Property .

The foregoing items are subject to Lender's approval in Lender's sole discretion prior to or at closing and as a condition to closing.

**5. COMMITMENT TERMINATION**

a. The Loan commitment shall expire automatically on **July 31, 2007** (the "Commitment Termination Date") and no further notice of commitment termination need be given by Lender. Upon termination of any commitment, Lender's obligations and liabilities hereunder shall immediately terminate. Lender shall have performed its services and earned the fees provided for herein upon execution of either the fee agreement for the Loan commitment or the Loan commitment letter by the Applicant (or Applicant's agent) and Lender.

b. Lender shall have the right to physically inspect the Property and any other related collateral on or before **July 16, 2007**, the Commitment Termination Date. If the Property or other collateral is not approved, Applicant may be entitled to a refund of the commitment fee, less expenses, and Lender's commitment to Applicant shall terminate.

c. In the event that: (1) title to the Property is defective and not curable or left uncured; (2) Applicant fails or refuses to comply with the terms, requirements, and conditions of this Application, or (3) Applicant cancels or refuses to accept said financing described herein, then Lender shall be relieved of all its obligations hereunder and consequential liability to Applicant, and Applicant shall pay to Lender the Discount, along with all other costs of Lender as provided herein.

**6. IMPOUNDS**

a. Lender may require and create, at its discretion, a reserve account for real estate taxes, special assessments, homeowners assessments, fire insurance premiums, or other necessary assessments or charges (collectively, "Impounds"). If required by Lender, 1/12th of the Annual Impound Amount will be collected with Applicant's monthly payment and placed in a special account each month (the "Impound Account"). In addition, at Loan Closing, Lender may require the Impound Account to be funded by Applicant in an amount sufficient to pay the next due Impound amount less the amount that will be collected with Applicant's regularly monthly payments. Lender, at its sole discretion, may require and create an additional 2 months of Impounds. Interest earned on the Impound Account, if any, shall accrue to Lender.

b. If the purpose of this loan is for acquisition or refinance of the Property, then the *net loan proceeds* may be placed in a Payment Impound Account or escrow or released to Applicant, at the option of Lender.



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c. If the purpose of the Loan includes completion of construction or improvements on the Property, then any funds for improvements will be held in a trust account in a federally insured bank, savings and loan association or other financial institution. Should Lender elect to use an interest-bearing account, interest shall accrue to Applicant. Applicant shall sign a Construction Loan Agreement using Lender's standard form. A construction loan administration fee of \$0.00 payable at closing will be charged. Applicant shall deposit the additional sum of \$0.00 (or such other sum as necessary when added to the closing funds), in said trust account, to be used for the express purpose of providing additional funds for labor and materials for completion of improvements, according to the construction budget approved by Lender.

**7. PREPAYMENT**

Applicant has the privilege of prepaying all or a portion of the unpaid Loan Principal ("Prepayment") at any time, provided that:

- a. All sums due under the Promissory Note are current and there is no then-existing default under any of the Loan Documents;
- b. Prepayment is made on a monthly payment due date;
- c. Payment is made of a prepayment premium equal to 5% of the Principal balance of the Note before reduction, if Prepayment is made before July 19, 2007;
- d. Prepayment sums are made in multiples of \$100.00; and
- e. At the time of making a Prepayment, Applicant advises Servicing Agent in writing that Applicant is making a Prepayment.

Any payment of Principal only is considered a Prepayment. Lender will use all of Applicant's Prepayments to reduce the amount of Principal that Applicant owes under the Promissory Note. If Applicant makes a partial Prepayment, there may be a change in the amount of Applicant's monthly payment.

Monthly payments received by Applicant in advance will not be posted to Applicant's account greater than 14 calendar days prior to the prepayment due date.

**8. DEFAULT**


a. If a regular payment is not received by Lender or its designated collection agent ("Servicing Agent") on or before the fifth calendar day after the due date, a late charge of 35% of the monthly Principal and Interest or Interest Only payment will be due and charged to Applicant. In addition, the Servicing Agent will charge \$125.00 for each notice sent regarding late payments, nonpayment of taxes, assessments, insurance or any other matters that affect the Property which secures the Loan. Servicing Agent will charge \$25.00 for each notice sent regarding returned checks, plus any actual charges assessed by the financial institution of the Servicing Agent as a result of each returned check. In the event the loan is not paid in full by the maturity date, Applicant acknowledges that a charge will be assessed in the amount of 3% of the remaining principal balance of the Loan on the next day following the maturity date and on the same day each month thereafter until such final payment is received by the Lender.

b. If Applicant is in default, then Lender may accelerate the maturity date of the Loan and declare that all sums owing under the Loan Documents are immediately due and payable, without notice.

c. Prior to or after an event of default under the Loan Documents, circumstances may arise making it necessary for Lender or Servicing Agent, to perform administrative services under the Loan (as determined in the sole and exclusive discretion of Servicing Agent) relating to the orderly administration of the Loan or the Property. Applicant shall pay Servicing Agent, for any and all costs and expenses, including, *inter alia*, a reasonable loan administration fee. Applicant shall also pay interest on all cost and expenses incurred by Servicing Agent.

d. If an event of default occurs under the Loan Documents, Applicant shall pay all costs of enforcement, collection and preparation therefor, whether or not any action or proceeding is commenced in any court and, if commenced, during all appeals. These costs include reasonable attorneys' fees, appraisal fees, inspection fees, expert witness fees and foreclosure processing fees, costs and interest thereon. Applicant, at the option of Lender, shall appear in and defend any action or proceeding purporting to affect the Property or the rights or powers of Lender and to pay all costs and expenses of Lender, including cost of evidence of title and attorneys' fees in any such action or proceeding in which Lender may appear or be named, with interest thereon at the Loan's Default Interest Rate from the date incurred or expended until paid in full.



  
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9. **ADDITIONAL LOAN TERMS**

Applicant, by signing below, acknowledges the following additional Loan terms:

- a. **Scott M. Coles or Christopher J. Olson, CPA, Trustees of the Mortgages Ltd. 401(k) Plan** is acting as Lender to provide or arrange the financing, described herein;
- b. **Mortgages Ltd., an Arizona corporation** will act as **Servicing Agent** after the Loan closes;
- c. Lender shall have the right to assign the Loan;
- d. Lender is hereby authorized to secure credit information on Applicant;
- e. Lender shall have the right to release information related to the Loan ("Promotional Information"), including, without limitation, photographs of the secured property, characteristics of the secured property, Loan characteristics, financing terms and aspects of underwriting, for advertising, marketing and other promotional purposes, such as commercials, advertising fliers, trade articles, Internet releases and public presentations. Lender shall not be held liable to Applicant for the release of Promotional Information;
- f. Applicant shall furnish Lender with a current financial statement and all filed Federal and State income tax returns for Applicant and any Loan Guarantors of the Loan, in accordance to the terms and conditions set forth in the Loan Documents;
- g. Applicant shall furnish evidence of fire and other hazard insurance in accordance to the terms and conditions set forth in the Loan Documents;
- h. In the event that the Loan's principal exceeds \$250,000.00, then Applicant shall pay for and furnish Lender with a copy of an MAI or equivalently certified appraisal in accordance to the terms and conditions set forth in the Loan Documents;
- i. Lender, at its sole and absolute discretion, may require Applicant to post a bond of any nature and in any amount Lender deems necessary for its protection. Additionally, Lender shall approve and receive proof of any and all performance and/or completion bond coverage and be named as Additional Insured on such Bonding, to be determined at Lender's sole and absolute discretion;
- j. Applicant acknowledges receipt of this Loan Application;
- k. In the event the Loan fails to close by close of business on 07/19/2007, Applicant agrees to: (a) release Lender from any and all responsibility and liability arising from the terms and conditions of any escrow related to the Loan; and (b) indemnify, defend, protect and hold Lender harmless for, from and against any and all costs and liabilities resulting from the failure of the escrow to close by such date, including any damages resulting from the undersigned's inability to satisfy business operations and obligations; and
- l. Applicant hereby waives Applicant's right to a jury trial on any and all contested matters arising from this Application or any other Loan Document.

10. **WARRANTY**

Applicant, by signing below, represents and warrants the following:

- a. That the loan being applied from and the property described herein is **solely for commercial purposes and is not used for personal, family or household purposes**
- b. Applicant has clear and marketable title to the Property;



  
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c. Applicant represents and warrants to Lender that Applicant does not reside (and does not intend to reside) in any building, structure or improvement located (or to be constructed) on the Property, and Applicant has not placed or allowed to be placed (and will not place or allowed to be placed) on the Property any of Applicant's personal belongings or furniture, and none of Applicant's family members reside in or occupy (or intend to reside in or occupy) any building, structure or improvement located (or to be constructed) on the Property; and

d. That Applicant, whether owner, part owner, partner, agent, representative or corporate officer, warrants, represents and certifies that he/she is fully authorized to sign this Application and hereby guaranties payment of all sums and the performance of all provisions and conditions of this Application and the Loan and will comply or cause compliance with all the terms of the Loan. If Applicant is a corporation, limited liability company, partnership or other business entity, then Lender may require Applicant to provide Lender with a copy of the resolution or other appropriate document authorizing the Loan.

**SEE ATTACHED SIGNATURE PAGE**



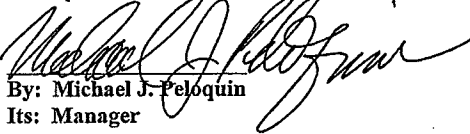
  
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LOAN APPLICATION SIGNATURE PAGE

ACCEPTED AND APPROVED ON JULY 18, 2007

Applicant:

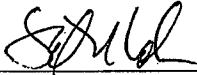
GP Properties Carefree Cave Creek, L.L.C., an Arizona limited liability company



By: Michael J. Pelouin  
Its: Manager

Lender:

Scott M. Coles or Christopher J. Olson, CPA, Trustees of the Mortgages Ltd. 401(k) Plan



Scott M. Coles, Trustee

