

**IT IS HEREBY ADJUDGED  
and DECREED this is SO  
ORDERED.**

The party obtaining this order is responsible for  
noticing it pursuant to Local Rule 9022-1.

**Dated: August 26, 2010**



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**RANDOLPH J. HAINES  
U.S. Bankruptcy Judge**

Attorneys for ML Manager LLC

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 MOTION TO SELL  
REAL PROPERTY FREE AND CLEAR OF  
LIENS, CLAIMS, ENCUMBRANCES, AND  
INTERESTS**

**Real Property located at 802 East Missouri  
Avenue, Phoenix, Arizona**

**Hearing Date: August 26, 2010  
Hearing Time: 3:30 p.m.**

16 ML Manager LLC ("ML Manager") filed a Motion ("Motion") (Docket No. 2867)  
17 requesting that the Court enter an order authorizing ML Manager as the manager for ZDC  
18 II Loan LLC and the agent for certain non-transferring pass-through investors, to sell the  
19 66 partially developed lots located at 802 East Missouri Avenue, Phoenix, Arizona (the  
20 "Property") for the price and on the terms set forth in the Agreement of Sale and Purchase  
21 and Escrow Instructions ("Sale Agreement") which was attached to the Motion as Exhibit  
22 A. Among other things, the Sale Agreement provides for the sale of the Property for  
23 approximately \$2,112,000 to WESCAP Investments, Inc. ("Purchaser"). A notice to  
24 creditors, interested parties and the non-transferring pass-through investors of the Motion  
25 and the hearing date was served. A Response to ML Manager's Motion to Approve Sale  
26 of Real Property (ZDC II Loan) (Docket No. 2881) ("Objection") was filed by Queen

1 Creek XVIII, LLC and Pueblo Sereno Mobile Home Park LLC (collectively, the  
2 “Objecting Parties”). The hearing was held on the Motion on August 26, 2010 at 3:30 a.m.  
3 in Phoenix.

4 Upon consideration of the Motion and statements and arguments of counsel at the  
5 hearing; it appears to the Court and the Court finds that:

6 (a) This Court has jurisdiction over the issues presented in the Motion and the  
7 Motion and the Court’s hearing thereon were duly and properly noticed;

8 (b) The purchase price offered constitutes fair consideration for the Property;

9 (c) The Purchaser is a good faith purchaser;

10 (d) The investors in ZDC II Loan LLC and the applicable MP Funds have  
11 agreed by the applicable dollar vote to the sale terms;

12 (e) The ML Manager LLC is authorized to enter into the Sale Agreement, to  
13 sell the Property pursuant to the terms of the Sale Agreement, to proceed with this sale  
14 and to execute all necessary documents to implement the sale;

15 (f) The liens, claims, encumbrances and interests shall attach to the proceeds of  
16 the sale and the Property shall be transferred free and clear of all liens, claims,  
17 encumbrances and interests of any kind;

18 (g) The decision to sell and enter into the Sale Agreement is supported by the  
19 best exercise of business judgment of ML Manager and is consistent with ML Manager’s  
20 fiduciary duties and responsibilities.

21 IT IS THEREFORE ORDERED THAT:

22 (1) The Motion is granted and approved as set forth in this Order and the  
23 Objection and any and all other responses or objections are overruled.

24 (2) ML Manager, as the Manager of ZDC II Loan LLC and as agent for the  
25 non-transferring pass-through investors, has authority and is directed to enter into the Sale  
26 Agreement, to consummate the sale, to sell the Property pursuant to the terms of the Sale

1 Agreement, and to execute any and all documents needed to consummate the sale.

2 (3) The sale and transfer of the Property to the Purchaser shall be free and clear  
3 of all liens, claims, encumbrances and interests of any kind with such liens claims,  
4 encumbrances and interests to attach to the proceeds.

5 (4) ML Manager is authorized to pay out of the sale proceeds all costs of sale,  
6 including real property taxes, assessments, broker's fees, title insurance or other closing  
7 costs and to pay out of the ZDC II Loan LLC proceeds any liens or encumbrances on the  
8 Property owed to the current exit lender pursuant to the Loan Agreement, and to create  
9 and use any Permitted Reserves pursuant to the Loan Agreement.

10 (5) The Purchaser is a good faith purchaser for fair consideration of the  
11 Property.

12 (6) The net sale proceeds attributable to the ownership percentage for the ZDC  
13 II Loan LLC shall be transferred at closing to the ML Manager as the Manager for the  
14 ZDC II Loan LLC and used and distributed pursuant its agreements, the Interborrower  
15 Agreement and the Confirmation Order. The net sale proceeds attributable to the  
16 ownership percentage for the non-transferring pass-through investors shall be transferred  
17 to ML Manager as their agent and shall be used and distributed pursuant to the applicable  
18 agency agreements and the Confirmation Order.

19 (7) The 14-day stay of an order for the sale of property under Bankruptcy Rule  
20 6004(h) is hereby waived and shall not be applied to this Order.

21 (8) Pursuant to Section 1146(a) of the Bankruptcy Code and Section 10.5 of the  
22 confirmed Plan of Reorganization, all mortgage recording tax, stamp tax, real estate  
23 transfer tax, speculative builder, transaction privilege or other similar tax imposed by  
24 federal, state or local law are hereby waived.

25 DATED AND ORDERED AS STATED ABOVE.

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