

EXHIBIT

A



Robert J. Miller
 Direct: 602-364-7043
 rjmill@bryancave.com

November 17, 2009

VIA E-MAIL AND U.S. MAIL

Keith Hendricks, Esq.
 Fennemore Craig, P.C.
 3003 North Central Avenue, Suite 2600
 Phoenix, Arizona 85012-2913

Re: Mortgages Ltd. ("ML")

Dear Keith:

As you know, this firm represents the Rev Op Group in the ML chapter 11 proceeding. The firm also now represents Sternberg Enterprises Profit Sharing Plan (the "Sternberg Plan") in this proceeding. This letter addresses a couple of critical issues pertaining to my firm's clients and your client, the ML Manager, LLC (the "Manager").

First, I address herein "authority issues." By that phrase, I mean all issues related to the alleged authority of the Manager make any decisions, or take any kind of action, on behalf of my firm's clients and their ownership interests in ML notes and deeds of trust.

With respect to authority issues, the Manager's representatives, including its board members, surely must know by now that the Manager lacks the authority to make decisions, or take any kind of action, on behalf of all of my clients relative to the ML notes. We assume the Manager's representatives and its counsel only recently reviewed the actual contracts between my clients and ML. So, for example, we assume the Manager's board and Mark Winkleman only recently learned – perhaps as late as when we filed our reconsideration motion and the related declaration of Louis B. Murphey – that neither ML nor the Manager, as alleged assignee, has *any authority*, let alone "sole authority," to make decisions on behalf of Mr. Murphey relative to his notes and deeds of trust. We further assume that you and your client representatives now have had an opportunity to review all of the documents you delivered to my

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November 17, 2009
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office weeks ago, so you know that the Manager does not have "sole authority" to make decisions for at least several of my clients.¹

In short, the Manager's current position of record in this chapter 11 case that my clients are somehow bound to a blank form agency agreement allegedly granting it "sole authority," when the actual documents establish that ML had limited to no authority whatsoever with respect to many, if not all, of my clients, is baseless. We are not attempting to engage in a debate on this issue, especially since we believe it is beyond dispute. Our threshold point on these authority issues is that we want to make sure that you advise the Manager, every board member, and Mr. Winkleman of our position on these issues.

Furthermore, we understand that the Manager may be attempting to, among other things: (i) enter into settlements with borrowers on the ML notes where my clients have an ownership interest; (ii) foreclose on deeds of trust in which my clients own an interest; (iii) pursue legal action on behalf of the noteholders; and/or (iv) sell REO property in which my clients have an interest. Please make sure the Manager's representatives, including its board members and Mr. Winkleman know that my clients do not consent to the Manager taking any such actions on their behalf. On this point, I have heard that the Manager is considering the use of "negative notice" letters to obtain indications of non-opposition by investors. For the record, my clients object to the use of any such mechanism. Any such letters should be directed to me, as counsel for my clients.

In summary, my clients hereby demand that the Manager confirm in writing, *by close of business this coming Thursday*, that: (i) the Manager lacks "sole authority" to make decisions relative to the ML notes in which my clients own an interest; and (ii) the Manager's representatives will not represent to any third party that it has "sole authority" to make decisions relative to these notes. To the extent the Manager refuses to provide this written confirmation, please make sure the Manager's board and Mr. Winkleman understand that my clients believe it would be a material misrepresentation of fact for the Manager and any of its board members or other agents to represent to any third party (e.g. any title company, ML borrower's representative, the exit financier (Universal-SCP 1, L.P.)) that the Manager has "sole authority" to make decisions or otherwise bind all of my clients. My clients reserve the right to pursue legal action against any entity or person who represents to any third party that the Manager has such authority.

A final comment on these authority issues: Despite arguments to the contrary advanced by the Manager and its counsel, my clients are not raising the authority issues to have "veto power" with respect to decisions relative to the notes and deeds of trust at issue. As you may or may not know, since you did not attend the October 5 meeting, we are willing to consider reasonable solutions to this

¹ I am setting aside for now the fact that ML apparently sent letters terminating its contracts with all Rev Op investors. Obviously, the legal argument there is that all contracts were terminated; therefore, neither ML nor the Manager, as alleged assignee, had any authority thereafter to make decisions on behalf of my clients. We reserve our rights on this and all other arguments regarding the enforceability of any contracts assigned by ML to the Manager. Whether the Manager lacks authority with respect to all of my clients or just one of them, because the contracts were terminated prepetition or for any other reason, is irrelevant as a practical matter. The simple fact of the matter is that the Manager does not have the unfettered authority to deal with the ML notes without the consent of third parties.

Keith Hendricks, Esq.

November 17, 2009

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decision-making situation. What my clients are not willing to do, however, is simply allow the Manager to make these decisions without the input or consent of my clients, or to have the Manager's representatives continue representing to the Court or third parties that it has the authority to make these decisions without the input or consent of my clients.

Lastly, Sheldon Sternberg has repeatedly asked the ML Manager's representatives for copies of all documents between ML and the Sternberg Plan, and all such documents which purportedly were assigned by ML to the Manager. (Please make sure to check for amendments as Mr. Sternberg recalls there may have been an amendment to an agency agreement.) For some reason, those documents have not been provided to date. Please provide copies of all such documents within five business days hereof.

Sincerely,



Robert J. Miller
FOR THE FIRM

cc: J. Lawrence McCormley, Esq.

EXHIBIT

B



Robert J. Miller
Direct: 602-364-7043
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Received KLH
DEC 14 2009
Action _____

December 11, 2009

VIA E-MAIL AND U.S. MAIL

Keith Hendricks, Esq.
Fennemore Craig, P.C.
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012-2913

Re: *Mortgages Ltd. ("ML"); Notice of Termination & Demand for Accounting*

Dear Keith:

As you know, this firm represents Bear Tooth Mountain Holdings, LLP ("Bear Tooth"), Pueblo Sereno Mobile Home Park L.L.C. ("Pueblo"), and Morley Rosenfield, M.D. P.C. Restated Profit Sharing Plan (the "Morley Plan"), who each own undivided interests in notes at issue in ML's chapter 11 proceeding (collectively, the "Noteholders").

On October 26, 2009, you delivered to my office various contracts and other documents between ML and my entire client group, including the Noteholders. Your client, the ML Manager LLC (the "ML Manager"), contends it has "sole discretion" to make all decisions on behalf of my clients, including the Noteholders, relative to the ML notes. In the documents you had delivered to my office, you included agency agreements for Bear Tooth and the Morley Plan – not Pueblo Sereno.

The Noteholders' position continues to be that the ML Manager has no authority to make decisions on behalf of any of my clients, including the Noteholders. As you know, however, the ML Manager has a sale motion pending before the Court involving the 50th Street and Chandler property (the "Property"). The Noteholders have filed a response to the sale motion and a hearing is set for December 15, 2009. While we are hopeful a consensual resolution is possible to this situation, the ML Manager is hereby notified as follows:

The Noteholders hereby notify the ML Manager that, to the extent the ML Manager is assignee of any agency agreement binding on any of the Noteholders (which is disputed by the Noteholders), any and all such agreements are hereby terminated effective immediately. Without limiting the generality of the preceding sentence, the Bear Tooth and the Morley Plan agency agreements you provided to my office

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December 11, 2009
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contain the following provision: "Beneficiary may terminate this Agreement after it becomes the owner of the Trust Property by written notice to Agent and payment of the fees, costs and expenses incurred by Agent as provided herein . . ." To the extent these agreements are binding on Bear Tooth or the Morley Plan, which is a disputed issue, this termination notice is also being delivered pursuant to the foregoing provision. See Agency Agreement, §3(b).

Notice is further given that the Noteholders hereby demand that the ML Manager provide them with an accounting for any and all fees, costs, and expenses that the ML Manager contends are due and payable pursuant to section 3(b) of the agency agreement. Notice is further given that, since you have confirmed in writing to me that the ML Manager believes it is entitled to withhold or offset amounts which otherwise would be due to the Noteholders from the sale of the Property under paragraph U of the confirmation order, the Noteholders hereby demand an accounting of all such withholdings or offsets claimed by the ML Manager.

Lastly, as you know, I have already asked you and your client to inform my clients how much money your client is seeking to charge them in connection with the closing of the sale of the Property. Obviously, a key purpose of this letter is to make a formal demand for an accounting. Pending receipt of this information, we do not think it makes sense to go forward with the hearing on Tuesday, so the Noteholders are formally requesting that the initial hearing on the motion be continued until three business days after the ML Manager provides the accountings as requested herein. Please advise.

Sincerely,



Robert J. Miller
FOR THE FIRM

RJM:se

EXHIBIT

C

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7 Counsel for Bear Tooth Mountain
8 Holdings, LLP, Pueblo Sereno Mobile
9 Home Park L.L.C., and Morley Rosenfield,
M.D. P.C. Restated Profit Sharing Plan

10 **IN THE UNITED STATES BANKRUPTCY COURT**
11 **FOR THE DISTRICT OF ARIZONA**

| | |
|--------------------|----------------------------------|
| 12 In re: | In Proceedings Under Chapter 11 |
| 13 MORTGAGES LTD., | Case No. 2:08-bk-07465-RJH |
| 14 | |
| 15 Debtor. | RESPONSE TO ML MANAGER'S |
| 16 | MOTION TO APPROVE SALE OF |
| 17 | REAL PROPERTY |
| 18 | Hearing Date: 12/15/09 |
| | Hearing Time: 9:00 a.m. |

19 Bear Tooth Mountain Holdings, LLP (“**Bear Tooth**”), Pueblo Sereno Mobile
20 Home Park L.L.C. (“**Pueblo**”), and Morley Rosenfield, M.D. P.C. Restated Profit
21 Sharing Plan (“**MR Plan**”) hereby file this Response to the ML Manager’s Motion To Sell
22 Real Property Free And Clear Of Liens, Claims, Encumbrances, And Interests dated
23 November 23, 2009 (the “**Sale Motion**”). In support of this Response, Bear Tooth,
24 Pueblo, and the MR Plan submit as follows:

25 1. While it is unclear from the Sale Motion, the ML Manager appears to be
26 stating that AZCL Loan LLC and six pass-through investors co-own the approximately
27 35 acres of real property located at 50th Street and Chandler Boulevard, Phoenix,
28

1 Arizona.¹ If the ML Manager's number is correct, then Bear Tooth, Pueblo, and the MR
2 Plan are three of the six pass-through investors referenced in the Sale Motion.

3 2. Bear Tooth, Pueblo, and the MR Plan obviously disagree with the ML
4 Manager's characterizations of the actions taken by the Rev Op Group to protect their
5 legitimate interests in this chapter 11 proceeding. They further disagree that section 363
6 of the Bankruptcy Code has any application here, since there no longer is a trustee or
7 debtor in possession, nor is there any property of the estate since a chapter 11 plan was
8 confirmed by the Court in June 2009.

9 3. The Rev Op Group has already made a fairly thorough record of the defects
10 in the ML Manager's argument that it has "sole discretion" to make decisions for pass-
11 through investors who did not transfer their interests to the applicable Loan LLCs.
12 Without attaching any particular agency agreement, the ML Manager points to section
13 3(b) of an unidentified agency agreement in support of its position that it has the
14 "authority and ability to engage a broker, enter into a sale agreement, and to sell the
15 foreclosed real estate on behalf of the principals." Sale Motion, p.3.

16 4. As noted above, Bear Tooth, Pueblo, and the MR Plan dispute that the ML
17 Manager has the discretion to make any decisions on their behalf. Bear Tooth has
18 attached a copy of the agency agreement that the ML Manager recently delivered to its
19 counsel. See Exhibit A. Section 3(b) of this agency agreement specifically provides that
20 "Beneficiary may terminate this Agreement after it becomes the owner of the Trust
21 Property by written notice to Agent and payment of the fees, costs and expenses incurred
22 by Agent as provided herein." The MR Plan agreement contains an identical provision in
23 section 3(b). The ML Manager has not provided Pueblo with an agency agreement that
24 has been signed by a representative of Pueblo. Bear Tooth, Pueblo, and the MR Plan

25
26 ¹ The Sale Motion states that the ML Manager "scheduled a deed of trust sale and
27 foreclosed on the real property earlier in November 2009 . . .", which presumably means
28 the foreclosure process was complete; and AZCL Loan LLC and the six pass-through
investors are now co-owners of this property.

1 reserve all of their rights on these authority issues including, without limitation, the right
2 to terminate such agreements under section 3(b) of the agency agreement (if applicable).

3 5. The Sale Motion states that, if the ML Manager has to prove it has
4 authority as to any objecting pass-through investors, "then the ML Manager will do so at
5 the hearing." Sale Motion, p.3. Bear Tooth, Pueblo, and the MR Plan do not believe it is
6 necessary or appropriate to have a judicial determination of this issue at this time. To the
7 extent it is necessary and appropriate to have these issues decided, however, Bear Tooth,
8 Pueblo, and the MR Plan are entitled to due process and object to having these issues
9 addressed at the initial hearing on the Sale Motion.

10 6. Subject to the foregoing reservation of rights, Bear Tooth, Pueblo, and the
11 MR Plan do not oppose the Sale Motion so long as: (i) the Court grants the Sale Motion
12 pursuant to a form of order agreed upon among the parties, which should address the
13 reservation of rights addressed herein; (ii) the ML Manager receives the approval of the
14 majority of investors in the applicable Loan LLC entitled to approve this transaction; and
15 (iii) Bear Tooth, Pueblo, and the MR Plan receive their allocated share of net proceeds
16 directly from escrow upon closing and an accounting regarding same;² and (iv) the Court
17 retains jurisdiction to resolve any disputes that may arise in connection with this specific
18 transaction and the distribution of funds from escrow.

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24 _____
25 ² The ML Manager's motion references closing costs and commissions that will
26 need to be paid out of the gross proceeds. Presumably, there are also attorneys' fees and
27 other normal and customary costs. If the ML Manager believes there are any other
28 "deducts" that Bear Tooth, Pueblo, or the MR Plan need to bear in connection with this
transaction, then the ML Manager should provide notice thereof so they may be
considered prior to the hearing on the Sale Motion.

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DATED this 8th day of December, 2009.

BRYAN CAVE LLP

By /s/ RJM, #013334

Robert J. Miller
Bryce A. Suzuki
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Counsel for Bear Tooth Mountain
Holdings, LLP, Pueblo Sereno Mobile
Home Park L.L.C., and Morley Rosenfield,
M.D. P.C. Restated Profit Sharing Plan

COPY of the foregoing served this
8th day of December, 2009:

Via Email:

Cathy Reece, Esq.
Fennemore Craig, P.C.
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012-2913
Counsel for the ML Manager, LLC
creece@fclaw.com

Larry Watson
Office of the United States Trustee
230 N. First Avenue, Suite 204
Phoenix, Arizona 85003
larry.watson@usdoj.gov

/s/ Sally Erwin

EXHIBIT "A"

MASTER AGENCY AGREEMENT

Effective: December 16, 2004

"Beneficiary": Bear Tooth Mountain Holdings Limited Partnership, an Arizona limited liability partnership

"Agent": Mortgages Ltd., an Arizona corporation.

In consideration of the reciprocal promises contained herein, Beneficiary and Agent (collectively, the "Parties") hereby agree to the following.

1. APPOINTMENT AND AUTHORITY OF AGENT

Beneficiary hereby appoints Mortgages Ltd. to act as Beneficiary's Agent with regard to the Loans. Beneficiary authorizes Agent to perform any and all of the following tasks on Beneficiary's behalf at Agent's sole discretion.

a. Account Servicing. In order to facilitate Agent's management of Beneficiary's investment in the Loans, Agent may:

(1) Request from Beneficiary, Beneficiary's percentage ratio of any delayed fundings or Equity-Flex™ Advances to Trustor under the Loan Documents, which funds Beneficiary shall deliver to Agent within 3 business days to be held or disbursed by Agent pursuant to the Loan Documents. In the event Beneficiary fails to transmit such funds to Agent within the time period set forth, Agent may, at its option, do the following:

(a) Divide Beneficiary's total funding by the face amount of the Loan to determine Beneficiary's current percentage ratio and transfer to a new investor the difference between the Beneficiary's assigned percentage rate and Beneficiary's current percentage ratio; or

(b) Liquidate Beneficiary's Investment in the Loan and transfer all of Beneficiary's assigned percentage ratio in the Loan to a new beneficiary.

(2) Receive and hold the original Promissory Notes, Deeds of Trust and all other documents executed by the Trustor in connection with the Loans (collectively, the "Loan Documents");

(3) Service and administer the Loans in any manner provided by the Loan Documents;

(4) Receive and process any and all Loan payments from Trustors or other payers ("Trustor payment") as follows:

(a) Upon receipt of a Trustor payment, deposit that payment in an account held by Agent, and transmit or deposit the appropriate check to Beneficiary.

(b) At Agent's discretion, Agent may delay disbursing funds to Beneficiary from payments received by Trustor until Trustor's funds are collected by Agent's depository institution.

(c) If a Trustor payment is returned for any reason by the drawee financial institution, Agent may send a notice to Trustor requesting payment of the past due amount at the default interest rate.

(5) Assess, receive and process all fees and charges set forth in the Loan Documents including, but not limited to, administrative fees, notice fees and late charges;

(6) Apply any sums received by Agent to the fees, costs and expenses incurred or assessed by Agent before applying to the balance of the Loan account. These fees, costs and expenses include, but are not limited to, notice fees, service fees, administrative fees, inspection fees, appraisal fees, expert fees, attorneys' fees, litigation costs, force placed insurance premiums, late charges and guarantor collection expenses (as described herein);



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(7) Receive and retain deposits under the Loan Documents as impounds for the payment of the following:

- (a) Future payments due;
- (b) Taxes and assessments;
- (c) Construction;
- (d) Insurance premiums;
- (e) Extension fees;
- (f) Administration fees; and
- (g) Any other expenditure required under the Loan Documents.

Any impound account may be held in the name of Mortgages Ltd. and the Trustor for the benefit of Beneficiary, and Agent may apply and/or disburse any such deposits in accordance with the Loan Documents;

(8) Evaluate, effectuate and process an assumption of the Loans, and assess and receive an assumption fee and/or an interest increase, as provided in A.R.S. § 33-806.01 or any successor statute; and

(9) Execute, file and record any and all documents which, at Agent's discretion, are necessary to facilitate Loan servicing, including, but not limited to, deeds of release and reconveyance (full and partial); indorsements and assignments of Loan Documents; corrections, amendments, modifications and extensions of Loan Documents; disclaimers; financing statements; assumptions and various certifications.

(10) Upon Beneficiary's request, hold funds from the full or partial payoff of the loans in Agent's Trust account pending Beneficiary's written direction as to use of such funds.

b. **Collection.** In order to protect Beneficiary's interests in the Loans, Agent may:

(1) Correspond directly with Trustors at any time on any matter regarding the Loan Documents including, but not limited to, sending notices of delinquency and default, and demands for payment and compliance.

(2) Incur all fees, costs and expenses deemed necessary by Agent to protect Beneficiary's interests under the Loan Documents.

(3) Incur all fees, costs and expenses deemed necessary by Agent to protect the property securing the Loans (the "Trust Property"), including, but not limited to, insurance premiums, receiver fees, property manager fees, maintenance expenses and security expenses.

(4) Negotiate, accept and/or process partial payments of amounts due and owing under the Loan Documents;

(5) Send Beneficiary a request to deposit sufficient funds for delinquent real estate taxes and insurance premiums (including force placed insurance) relating to the Trust Property;

(6) Obtain force placed insurance on any portion of the Trust Property in the event the Trustor fails to maintain insurance as required by the Loan Documents;

(7) Execute, file and record any and all documents Agent deems necessary to protect Beneficiary's interests and/or pursue Beneficiary's remedies upon default, including, but not limited to, a statement of breach or non-performance, a substitution of trustee, a notice of election to foreclose, an affidavit of non-military service, a notice of proposed disposition of collateral and various verifications;

(8) In the event of default and at Agent's discretion, commence foreclosure of the Trust Property, initiate a trustee's sale and/or institute any proceeding necessary to collect the sums due under the Loan Documents or to enforce any provision therein (including, but not limited to, pursuing an action against any borrower or guarantor of the Loans; pursuing injunctive relief, the appointment of a receiver, provisional remedies and a deficiency judgment; pursuing claims in bankruptcy court; pursuing an appeal; collecting rents; and taking possession or operating the Trust Property;

(9) Negotiate and enter into extensions, modifications and/or forbearances of the Loan Document provisions;

(10) Negotiate and facilitate the sale of Beneficiary's interests in the Loan Documents by communicating with potential purchasers and their agents and by providing information regarding the Loans to third parties, such as, but not limited to, copies of the Loan Documents and Loan accounting information;



(11) Retain attorneys, trustees and other agents necessary to collect the sums due under the Loan Documents, to protect the Trust Property and/or to proceed with foreclosure of the Trust Property, initiate a trustee's sale and/or institute, defend, appear or otherwise participate in any proceeding (legal, administrative or otherwise) that Agent deems necessary;

(12) Incur and pay such costs, expenses and fees as Agent deems appropriate in undertaking and pursuing enforcement of the Loan Documents and/or collection of amounts owed thereunder, including, but not limited to, attorneys' fees, receiver fees, trustee fees, expert fees and any fees, costs and expenses incurred in an effort to collect against guarantors of the Loans; and

(13) Request and receive payments from Beneficiary as advances in order to pay such fees, costs and expenses incurred by Agent in accordance with this Agreement and/or the Loan Documents.

c. **Compensation.** As compensation for the services provided by Agent, Agent may:

(1) Retain any and all fees and charges assessed under the Loan Documents and collected by Agent, including, but not limited to, late charges, maturity late charges, administrative fees, prepayment penalties or premiums, notice fees and services;

(2) Deduct from payments received by Beneficiary an interest participation or minimum service charge equal to the amount set forth in the Direction to Purchase for each Loan to be paid from each monthly payment until paid in full;

(3) Collect and retain any interest on the principal balance of the Loans which is over and above the normal rate set forth in the Promissory Note (the "Note Rate"), including, but not limited to, the Default Interest provided for in the Loan Documents; however, any and all interest, including, but not limited to, Default Interest, collected on any advances (excluding Equity-Flex Advances) made by Beneficiary shall be payable to Beneficiary;

(4) Collect and retain any interest that accrues on any impound accounts;

(5) Collect and retain any assumption fees and charges; and

(6) Collect and retain any extension fees and forbearance fees.

d. **Sale of Interest.** In the event Beneficiary owns less than 100% interest in any loan being serviced by Mortgages Ltd., Agent, in its sole discretion, may liquidate Beneficiary's interest. Upon payment to Beneficiary, Agent will, upon direction of Beneficiary, use its best efforts to reinvest any funds received by Beneficiary in a new Loan.

2. ACCOMMODATION.

Agent provides its services as an accommodation only, and shall incur no responsibility or liability to any person, including, but not limited to, Trustor and Beneficiary, for nonfeasance or malfeasance, misfeasance and nonfeasance.

3. ASSIGNMENT, RESIGNATION AND TERMINATION.

a. Agent shall have the right to assign the collection account or resign as Agent at any time, provided that Agent notifies Beneficiary of such assignment or resignation in writing.

(1) In the event Agent assigns the collection account, Agent will deliver all Loan Documents, directions and account records to assignee, at which time Agent will have no further duties or liabilities hereunder.

(2) In the event Agent resigns, Beneficiary shall have the right to designate a new collection agent and Agent shall deliver to Beneficiary all Loan Documents, directions and account records to Beneficiary or the newly designated collection agent, at which time Agent will have no further duties or liabilities hereunder.

b. In the event that the ownership of the Trust Property becomes vested in the Beneficiary, either in whole or in part, by trustee sale, judicial foreclosure or otherwise, Agent may enter into a real estate broker's agreement on Beneficiary's behalf for the sale of the Trust Property, enter into a management and/or maintenance agreements for management or maintenance of the Trust Property, if applicable, may acquire insurance for the Trust Property,



and may take such other actions and enter into such other agreements for the protection and sale of the Trust Property, all as Agent deems appropriate. Beneficiary may terminate this Agreement after it becomes the owner of the Trust Property by written notice to Agent and payment of the fees, costs and expenses incurred by Agent as provided herein.

c. Upon Agent's assignment or resignation, or termination of this Agreement, Beneficiary shall immediately reimburse Agent for any and all fees, costs and expenses incurred hereunder and pay Agent all compensation due. After such reimbursement and payment, Beneficiary shall have no further duties, except indemnification of Agent.

4. INDEMNITY

a. Beneficiary shall immediately indemnify and hold Agent harmless against any and all liabilities incurred by Agent in performing under the terms of this Agreement or otherwise arising, directly or indirectly, from the Loans or Loan Documents, including, but not limited to, all attorneys' fees, insurance premiums, expenses, costs, damages and expenses.

b. In the event that Agent requests that Beneficiary pay any amount owed hereunder, Beneficiary shall remit that amount to Agent within 5-business days of Agent's request.

5. BENEFICIARY'S OBLIGATIONS

a. **Execution of Documents.** As previously set forth herein, Agent is authorized to execute any and all documents Agent deems necessary to facilitate loan servicing or collection. However, in the event that it is necessary, Beneficiary shall execute any and all documents Agent deems necessary to facilitate loan servicing or collection, including, but not limited to, deeds of release and reconveyance (full and partial), indorsements and assignments. If Agent requests Beneficiary execute such a document, then Beneficiary shall execute and deliver that document to Agent within 5 business days of Agent's request.

b. **Failure to Execute Documents.** In the event that Beneficiary fails to execute one of the documents described in paragraph 5.a. above, Agent shall be authorized to execute that document. In the event that Agent is prevented from executing a document due to circumstances beyond Agent's control, then Agent shall be entitled to seek indemnification from Beneficiary for any liabilities Agent may incur as a result.

c. **Assignment.** Beneficiary shall have the right to assign its rights in this Agreement as to any Loan covered by this Agreement at any time upon immediate notification to Agent in writing of any assignment of Beneficiary's rights. Upon assignment, Beneficiary shall immediately reimburse Agent for any and all fees, costs and expenses incurred hereunder and pay Agent all compensation due. After such reimbursement and payment, Beneficiary shall have no further duties, except indemnification of Agent.

d. **Breach.** In the event that Beneficiary breaches this Agreement, by failing to perform or by interfering with the Agent's ability to perform under this Agreement, then Beneficiary shall pay Agent, within 30 days of written notice of breach, administrative fees, attorneys fees, costs, closeout fees and any other fees or charges owed to Agent as compensation hereunder, along with any additional damages incurred by Agent, whether actual, incidental or consequential.

6. CONFIDENTIALITY

a. For the purposes of this Agency Agreement, the term "Confidential Information" as used herein shall include any and all written and verbal information provided by Agent to Beneficiary in connection with the Loans, whether marked or designated as confidential or not, including without limitation any information regarding Agent's underwriting criteria or procedures. Except with respect to Agent's underwriting criteria and procedures, which shall in all events constitute Confidential Information hereunder, the definition of Confidential Information shall not include any information which: (i) is or becomes generally known to third parties through no fault of Beneficiary; or (ii) is already known to Beneficiary prior to its receipt from Agent as shown by prior written records; or (iii) becomes known to Beneficiary by disclosure from a third party who has a lawful right to disclose the information.



b. Beneficiary acknowledges that the Confidential Information is proprietary and valuable to Agent and that any disclosure or unauthorized use thereof may cause irreparable harm and loss to Agent.

c. In consideration of the disclosure to Beneficiary of the Confidential Information and of the services to be performed by Agent on behalf of Beneficiary hereunder, Beneficiary agrees to receive and to treat the Confidential Information on a confidential and restricted basis and to undertake the following additional obligations with respect thereto:

- (i) To use the Confidential Information only in connection with the Loans.
- (ii) Not to duplicate, in whole or in part, any Confidential Information.
- (iii) Not to disclose Confidential Information to any entity, individual, corporation, partnership, sole proprietorship, customer or client, without the prior express written consent of Agent.
- (iv) To return all Confidential Information to Agent upon request therefor and to destroy any additional notes or records made from such Confidential Information.
- (v) Not to give testimony against Agent in any legal proceeding to which Agent is a party, unless compelled to do so by competent legal authority.

d. The standard of care to be utilized by Beneficiary in the performance of its obligations set forth herein shall be the standard of care utilized by Beneficiary in treating Beneficiary's own information that it does not wish disclosed, except that Agent's underwriting criteria and procedures shall be kept absolutely confidential and privileged regardless of whether such knowledge was previously known to Beneficiary or has been or is in the future disclosed to Consultant by third parties.

e. The restrictions set forth in this Section 6 shall be binding upon Beneficiary, its employees, agents, officers, directors and any others to whom any Confidential Information may be disclosed as part of or in connection with the Loan transactions. Beneficiary shall be responsible for any actions of its employees, agents, officers, directors or others to whom it has provided such information with respect to such information.

f. The restrictions and obligations of this Section 6 shall survive any expiration, termination or cancellation of this Agent Agreement and shall continue to bind Beneficiary, its successors and assigns.

g. Beneficiary agrees and acknowledges that the rights conveyed in this Section 6 are of a unique and special nature and that Agent will not have an adequate remedy at law in the event of failure of Beneficiary or anyone acting on Beneficiary's behalf or for whom Beneficiary acted to abide by the terms and conditions set forth herein, nor will money damages adequately compensate for such injury. It is, therefore, agreed between the parties that Agent, in the event of a breach by Beneficiary of its agreements contained in this Section 6, shall have the right, among other rights, to obtain an injunction or decree of specific performance to restrain Beneficiary or anyone acting on Beneficiary's behalf or for whom Beneficiary is acting from continuing such breach, in addition to damages sustained as a result of such breach. Nothing herein contained shall in any way limit or exclude any and all other rights granted by law or equity to either party.

7. GENERAL PROVISIONS

a. This Agreement is binding on the Parties and their agents, representatives, successors, assigns, beneficiaries and trustees.

b. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Arizona. The Parties hereby submit to the jurisdiction of any Arizona State or Federal Court sitting in the City of Phoenix in any action or proceeding arising out of or relating to this Agreement. The Parties hereby waive the defense of an Inconvenient forum.



c. The Parties hereby waive the right to a jury trial on any and all contested matters arising from this Agreement.

d. This Agreement sets forth the entire agreement and understanding of the Parties and is to be read in consistency and accordance with the other Loan Documents.

e. This Agreement replaces and supersedes any and all prior agency agreements between Beneficiary and Mortgages Ltd. including, but not limited to, the Supplemental Collection Instructions and Agent Authorizations and the Beneficiary's Supplemental Agreement with Collection Agent (collectively, "Prior Agency Agreements"). As to all existing Loans, any and all Prior Agency Agreements are hereby null and void, and the terms of this Agreement govern the relationship of the Parties.

f. This Agreement may be amended, modified, superseded, canceled, renewed or extended and the terms or covenants hereof may be waived only by a written instrument executed by Agent and Beneficiary. Agent's failure, at any time, to require performance of any provision of this Agreement shall in no manner affect the right of Agent or Beneficiary at a later time to enforce the same. No waiver by Agent of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver by Agent of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.

g. If any term or other provision of this Agreement or any other Loan Document is declared invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect.

h. This Agreement may be executed by the Parties in counterparts. The executed signature pages may then be attached together constituting an original copy of the Agreement. Copies of executed signature pages obtained via facsimile shall be effective and binding on the Parties.

i. If there is any arbitration or litigation by or among the parties to enforce or interpret any provisions of this Agency Agreement or any rights arising hereunder, the unsuccessful party in such arbitration or litigation, as determined by the arbitrator or the court, shall pay to the successful party, as determined by the arbitrator or the court, all costs and expenses, including without limitation attorneys' fees and costs, incurred by the successful party, such costs and expenses to be determined by the arbitrator or court sitting without a jury.

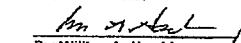
This Agreement is effective on the date set forth on the first page.


BENEFICIARY:

Bear Tooth Mountain Holdings Limited Partnership, an Arizona limited liability partnership

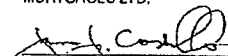
By: William L. Hawkins and Orrie N. Hawkins, Trustees of the William and Orrie Hawkins Family Trust U/T/A dated July 27, 1998

Its: General Partner


By: William L. Hawkins
Its: Trustee


By: Orrie N. Hawkins
Its: Trustee

AGENT:
MORTGAGES LTD.


James J. Cordello, Executive Vice President



© 2004 Mortgages Ltd.

MLM0086

EXHIBIT

D



Robert J. Miller
Direct 602-364-7043
rjmiller@bryancave.com

November 20, 2009

VIA E-MAIL AND U.S. MAIL

Keith Hendricks, Esq.
Fennemore Craig, P.C.
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012-2913

Re: Mortgages Ltd.

Dear Keith:

We are unsurprised that your response is long on threats and short on substance. Bullying ahead is the obvious approach that the ML Manager board chairman and your firm has committed to taking in this matter. We think your position has about as much merit as your recent sanctions motion -- none.

The bottom line is that your client has been formally warned to cease from this conduct. If your client, apparently on your recommendation, refuses to cease from that conduct and -- equally important -- refuses to consider reasonable solutions to certain of these problems (like the foreclosure consent we discussed), that is certainly your choice. My clients reserve all of their rights and claims against everyone involved in this situation.

P.S. I am not authorized to accept service on unfilled litigation. I'll not ask you the same question for obvious reasons.

Sincerely,

Robert J. Miller
FOR THE FIRM

RJM:se

Received K L H

NOV 23 2009

Action _____

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EXHIBIT

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1 Robert J. Miller, Esq. (#013334)
2 Bryce A. Suzuki, Esq. (#022721)
3 **BRYAN CAVE LLP**
4 Two North Central Avenue, Suite 2200
5 Phoenix, Arizona 85004-4406
6 Telephone: (602) 364-7000
7 Facsimile: (602) 364-7070
8 Internet: rjmiller@bryancave.com
9 bryce.suzuki@bryancave.com

10 Counsel for the Hawkins Entities

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

13 In re:

14 RIVERFRONT COMMONS, L.L.C., an
15 Arizona limited liability company,

16 Debtor.

17 MORTGAGES, LTD., an Arizona
18 corporation,

19 Plaintiff,

20 v.

21 RIVERFRONT COMMONS, LLC, an
22 Arizona limited liability company;
23 COTTONWOOD PARKING, INC., an
24 Arizona "S" corporation; GLM
25 ENTERPRISES, L.L.C., an Arizona
26 limited liability company; and GLEN
27 and LAURA MORRISON, husband and
28 wife,

Defendants.

In Proceedings Under Chapter 11

Case No. 2:09-bk-00122-RTBP

Adv. No. 2:08-ap-00906-RTBP

**LIMITED OBJECTION TO MOTION
FOR SUBSTITUTION OF PARTY
PLAINTIFFS**

Date of Hearing: Not Set Yet

Time of Hearing: Not Set Yet

This Limited Objection is filed by the William L. Hawkins Family LLP and Queen
Creek XVIII, LLC (collectively, the "Hawkins Entities"), in opposition to the ML

663818.1/

1 Manager's Motion For Substitution Of Party Plaintiffs dated February 26, 2010 (the
2 "Substitution Motion"). This Limited Objection is more fully supported by the
3 declaration of William Hawkins filed contemporaneously herewith. In support of this
4 Limited Objection, the Hawkins Entities submit as follows:

5 1. The ML Manager contends it is the successor to the interests of Mortgages
6 Ltd. ("ML"), as alleged agent of a number of investors. The Hawkins Entities own
7 undivided interests in the notes at issue in this adversary proceeding.

8 2. The ML Manager has known for many months that the Hawkins Entities
9 dispute the ML Manager is their agent in any capacity. Mr. Hawkins is the designated
10 representative of the Hawkins Entities. In his declaration, Mr. Hawkins explains why the
11 Hawkins Entities dispute the agency allegation of the ML Manager.

12 3. While the Hawkins Entities do not believe the Substitution Motion should
13 be denied in its entirety, the Hawkins Entities do oppose the entry of any order
14 determining that the ML Manager is the "authorized agent" of the Hawkins Entities. *See*
15 Proposed Order of ML Manager.

16 4. Furthermore, the Hawkins Entities are informed and believe that various of
17 the other investors in the note at issue in this adversary proceeding would dispute the
18 "authorized agent" allegation if the ML Manager had provided notice of the Substitution
19 Motion to all parties listed on Exhibit A to the Substitution Motion. The ML Manager
20 apparently did not provide notice of the substitution motion to any of the parties on
21 Exhibit A. (The Hawkins Entities only received informal notice through counsel for
22 Riverfront Commons, LLC.)

23 **WHEREFORE**, the Hawkins Entities respectfully request that the Court enter an
24 order:

25 A. Denying the Substitution Motion as it relates to the Hawkins Entities;

26 B. Allowing the Hawkins Entities to intervene in this adversary proceeding
27 pursuant to Rule 7024 of the Federal Rules of Bankruptcy Procedure;

28

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PHOENIX, ARIZONA 85004-4406
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1 C. Determining that the ML Manager is not the authorized agent of the
2 Hawkins Entities; and

3 D. Granting the Hawkins Entities any other and further relief as is just and
4 proper under the circumstances presented herein.

5 DATED this 5th day of March, 2010.

6 BRYAN CAVE LLP

7
8
9 By /s/ RJM #013334

10 Robert J. Miller
11 Bryce A. Suzuki
12 Two North Central Avenue, Suite 2200
13 Phoenix, AZ 85004-4406
14 Counsel for the Hawkins Entities

15
16 COPY of the foregoing served this
17 5th day of March, 2010:

18 Via Email:

19 Sean P. O'Brien
20 Gust Rosenfeld P.L.C.
21 201 E. Washington St.
22 Suite 800
23 Phoenix, Arizona 85004-2327
24 Counsel for Plaintiffs
25 spobrien@gustlaw.com

26 Mark W. Roth
27 Polsinelli Shughart, PC
28 3636 N. Central Ave.
Suite 1200
Phoenix, AZ 85012
mroth@polsinelli.com
Counsel for Riverfront Commons, LLC

663818.1/

3

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1 James F. Polese
2 George U. Winney
3 Gammage & Burnham
4 Two N. Central Ave.
5 18th Floor
6 Phoenix, AZ 85004
7 jpolese@gblaw.com
8 Counsel for Defendants
9 Cottonwood Parking, Inc.
10 GLM Enterprises, L.L.C.
11 and Glen and Laura Morrison
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EXHIBIT

F

1 William A. Miller (AZ Bar. No. 011622)
2 WILLIAM A. MILLER, PLLC
3 8170 N. 86th Place, Suite 208
4 Scottsdale, Arizona 85258
5 Telephone: (480) 948-3095
6 Facsimile: (480) 948-3137
7 Email: bmill@williamamillerpllc.com

8 Attorney for Creditor Queen Creek XVIII, L.L.C.

9 IN UNITED STATES BANKRUPTCY COURT
10 DISTRICT OF ARIZONA

11 In re:

12 MK CUSTOM RESIDENTIAL
13 CONSTRUCTION, L.L.C.,

14 Debtor.

15 ML MANAGER, LLC, as Agent for
16 Various Beneficiaries,

17 Movant,

18 v.

19 MK CUSTOM RESIDENTIAL
20 CONSTRUCTION, L.L.C.,

21 Respondent.

22 Case No. 2:09-bk-31909-EWH

23 Chapter 11

24 **JOINDER IN DEBTOR'S
25 RESPONSE TO MOTION FOR
26 RELIEF FROM THE AUTOMATIC
27 STAY FILED BY ML MANAGER,
28 LLC**

19 Creditor Queen Creek XVIII, L.L.C. ("Queen Creek"), hereby opposes the
20 Motion for Relief from the Automatic Stay filed by ML Manager, LLC ("Movant"), for
21 all of the reasons set forth in the Debtor's Response to that motion. Accordingly, Queen
22 Creek, which holds a second promissory note and deed of trust on the property that is
23 the subject of Movant's motion and which would suffer serious economic harm if the
24 motion were granted, joins in Debtor's Response.

25 RESPECTFULLY SUBMITTED this 18th day of February, 2010.

26 /s/ William A. Miller
27 William A. Miller
28 Attorney for Queen Creek XVIII, L.L.C.

Queen Creek XVIII, LLC, Joinder in Response to
Motion for Relief from Automatic Stay

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Original of the foregoing filed with:

United States Bankruptcy Court
District of Arizona
230 N. First Ave., Suite 101
Phoenix, Arizona 85003

Copy mailed or e-mailed on
February 18, 2010, to:

U.S. Trustee
Office of the U.S. Trustee
230 N. First Ave., Suite 204
Phoenix, Arizona 85003

Sean P. O'Brien, Esq.
Gust Rosenfeld, PLC
201 E. Washington St., Suite 800
Phoenix, Arizona 85004-2327
Attorney for ML Manager, LLC

Jerry L. Cochran, Esq.
Cochran Law Firm, P.C.
2929 E. Camelback Rd., Suite 118
Phoenix, Arizona 85016
Attorney for Debtor

All parties listed in Master Mailing Matrix

By /s/ William A. Miller

EXHIBIT

G



Robert J. Miller
Direct: (602) 364-7043
rjmiller@bryancave.com

January 31, 2011

VIA E-MAIL AND US MAIL

ML Manager LLC & ML Board of Directors
c/o Keith L. Hendricks, Esq.
Fennemore Craig
3003 N. Central Ave. Suite 2600
Phoenix, AZ 85012-2913

Re: Mortgages Ltd.

Dear Keith:

This letter is directed to ML Manager LLC and its board members. I write herein to respond to your letter of January 14, 2011, and also to address a number of critical issues set forth below.

Your January 14 letter, which I assume was authorized by the board, is the latest example of the unfounded, overreaching tactics of ML Manager. The demand upon this firm's clients (collectively, the "Rev Op Investors") to pay ML Manager's attorneys' fees and purported damages for a situation of ML Manager's own making truly adds insult to the multi-million dollar injury the Rev Op Investors are being forced to suffer and is basically the "last straw" in what is turning into a continuous stream of wrongful conduct by your client and its board, all of whom (as noted below) have a fiduciary duty to the Rev Op Investors.

In your letter, ML Manager alleges that the Rev Op Investors have breached their obligations under the "Agency Agreement." The alleged breaches consist of the Rev Op Investors' defending themselves in litigation commenced by ML Manager, filing objections in bankruptcy court in response to bar-date notices filed by ML Manager, and filing other pleadings and appeals of certain bankruptcy court orders.

As you know, one of the appeals seeks to reverse the order declaring the Rev Op Investors to be subject to the Agency Agreement. That appeal remains pending, and accordingly, as a threshold matter, the Rev Op Investors continue to dispute that they are subject to the Agency Agreement and reserve all rights with respect to the issues on appeal. At a minimum, ML Manager's demand for payment based on an alleged breach of the Agency Agreement is premature.

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Keith L. Hendricks, Esq.
January 31, 2011
Page 2

Aside from the pending challenge to ML Manager's asserted agency authority, the Rev Op Investors dispute, as a matter of fact and law, that their exercise of legal rights constitutes a failure to perform or interference with ML Manager's ability to perform under the Agency Agreement. Simply stated, the litigation is not the kind of wrongful interference proscribed under the Agency Agreement.

As a matter of contract law, ML Manager's proffered interpretation of Section 5.d of the Agency Agreement is simply wrong, and it is inappropriate for you and your client to continue to push this issue against parties to whom it owes a fiduciary duty. The same is true with the board members making these decisions.

Section 7.j of the Agency Agreement is a fee-shifting provision for "litigation by or among the parties to enforce or interpret any provisions of this [Agency] Agreement or any rights arising hereunder." The Agency Agreement thus contemplates that fees incurred in litigation over the agreement itself will be governed by Section 7.j, not by a sweeping interpretation of the very limited breach provision. *See Employer's Liability Assurance Corp. v. Lunt*, 82 Ariz. 320, 328, 313 P.2d 393, 399 (1957) (contracts should be interpreted in a manner that gives full meaning and effect to all provisions rather than leaving part of a contract meaningless or illusory); *Central Arizona Water Conservation Dist. v. United States*, 32 F. Supp. 2d 1117, 1128 (D. Ariz. 1998) (similar).

The attempt by the board members and you to overreach the limited language of Section 1 of the Agency Agreement was one of the principal catalysts for the disputes that gave rise to litigation, which ML Manager commenced through an improper order to show cause. It was not a "breach" of the Agency Agreement to defend against ML Manager's declaratory judgment action in good faith or to file good-faith objections to motions proposing actions that could divest the Rev Op Investors of their valuable ownership interests.

Indeed, Judge Haines himself has stated on the record that ML Manager's asserted agency authority is "subject to very significant legal dispute." Likewise, Mark Winkleman has testified under oath that he has no reason to believe the litigation decisions of the Rev Op Investors were taken in bad faith. Certainly, there can be no contention that the court filings and appeals of the Rev Op Group lack a good-faith legal or factual basis.

Based on all the foregoing, the Rev Op Investors dispute that they have breached the Agency Agreement, even if it is found to be binding on them through a final non-appealable order.

Breaches of Fiduciary Duty.

It is beyond dispute ML Manager and each and every one of its board members have a fiduciary duty to each and every one of this firm's clients. Mr. Winkleman, as you know, has so testified under oath before the Bankruptcy Court.

Keith L. Hendricks, Esq.
January 31, 2011
Page 3

As you also know, the Rev Op Investors have made many overtures to you and your client representatives attempting to reach a consensual resolution of all outstanding issues. Those overtures were rejected out of hand by your client representatives. These last recent events which have transpired, including (without limitation) the baseless demand letter discussed above, have left this firm's clients with no choice other than to draw this line in the sand: ML Manager, its board members, all of its control persons (including Mr. Winkleman) have repeatedly breached their fiduciary duties to the Rev Op Investors and this conduct has to stop now. These breaches include (without limitation):

- Obtaining an improper order to show cause and an emergency hearing thereon in the declaratory judgment action. The Bankruptcy Court found that the order to show cause was improper and quashed it on motion by the Rev Op Investors.
- Obtaining a writ of garnishment to surcharge all of the loan proceeds of the "Newman Loan" from a single Rev Op Investor. ML Manager thereby attempted to make that Rev Op Investor – Morley Rosenfield, a retired senior citizen with a substantial portion of his net worth invested in Mortgages Ltd. – jointly and severally liable for a non-final attorneys' fees award against all of the Rev Op Investors. ML Manager later abandoned this improper approach and moved to quash its own writ of garnishment, but not before the Rev Op Investors incurred significant legal expense preparing to oppose the ill-conceived writ.
- Allocating the loan-specific expenses, such as the Stratera DIP financing, as "General Costs" to all investors, including the Rev Op Investors. This move was (and is) a transparent and improper attempt essentially to surcharge the Rev Op Investors for financing and other expenses that are the direct responsibility of the Centerpoint investors.
- The board's inappropriate and slanderous attack on Bill Hawkins in the boardroom which included barring him from participating in ML Board affairs. This, of course, has left the ML board without a Rev Op investor representative to this very day and has the entire non-Rev Op board members in an irreconcilable conflict of interest on all decisions and subsequent attacks on the Rev Op Group.
- ML Manager's assertion of \$336,000 in alleged "setoff" rights for fees and expenses allegedly incurred in, or as a result of, litigation that ML Manager voluntarily commenced against the Rev Op Investors.

In short, ML Manager and its board have essentially sought at every turn to quash reasonable dissent and dialogue, never engaged in any meaningful efforts to negotiate a mutually agreeable global resolution of the Rev Op Investors' concerns, and has taken an autocratic approach with respect to

Keith L. Hendricks, Esq.

January 31, 2011

Page 4

nearly every issue the Rev Op Investors have raised since plan confirmation, all in direct contradiction to their fiduciary duty owed to the Rev Op Investors.

ML Manager's fiduciary duties also bear directly on the disbursement of loan proceeds, which we are informed ML Manager intends to make shortly. As a fiduciary to the Rev Op Investors, ML Manager has an obligation to safeguard and protect the assets of the Rev Op Investors, including their ownership of loan proceeds being held by ML Manager. The decision to disburse funds in which the Rev Op Investors have ownership interests must be guided by the fiduciary obligations of ML Manager and the ML Board, and to the extent ML Manager and the ML Board choose to distribute such funds to third parties based on non-final court orders that are currently on appeal, adequate interest-bearing reserves must be made to pay the Rev Op Investors in the event they prevail on appeal.

A final substantive point: Having dealt with your client representatives and its various lawyers for over a year on these various disputes, I am pretty sure part of your retort will be that the ML Manager cannot be held liable for anything it has done pursuant to a court order issued by the Bankruptcy Court, especially in light of the fact that the Rev Op Investors have not obtained a stay nor have they posted a bond to stay the effectiveness of these various orders.

Here is why that argument is misplaced and, indeed, exposes your client and its control persons to even more liability for damage to my firm's clients. First of all, the ML Board, Mr. Winkleman, and you are fully aware of the fact that at least two of my firm's clients, Mr. Hawkins (through his entities) and Mr. Louis Murphey, have essentially their entire personal resources tied up in Mortgages Ltd., and do not have the resources to post a bond. With full knowledge of these facts, ML Manager and your firm have crafted deliberate strategies of seeking court orders, have refused to consent to stays or reserves to prevent damages to the Rev Op Investors who have no ability to obtain a stay, and have crafted the very orders that ML Manager and the ML Board want to rely upon to damage the Rev Op Investors.

But at the end of the day, if ML Manager, its board and other control persons, and your firm, are proven to have been wrong with respect to any, let alone all, of these positions taken against the parties to whom they owe a fiduciary duty (our firm's clients), then their ability to defend against legal claims, including breach of fiduciary duty claims, and the massive damage caused by those positions taken, by pointing to orders which were sought but reversed will be totally ineffective. Likewise, ML Manager and its control persons have to know that its apparent strategy of liquidating all assets, distributing all funds, and attempting to leave the Rev Op Investors without a remedy if and when we prevail on these pending issues will have proven to be a dangerous strategy exposing all involved to legal liability.

Therefore, demand is hereby made that ML Manager and the ML Board cease and desist from breaching their fiduciary duties to the Rev Op Investors. In particular, the Rev Op Investors demand that ML Manager reserve and segregate in an interest-bearing account sufficient funds to disburse to

Keith L. Hendricks, Esq.

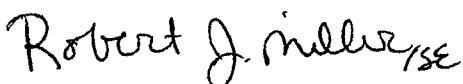
January 31, 2011

Page 5

the Rev Op Investors in the event the Rev Op Investors prevail with respect to any of their pending appeals, including without limitation the exit financing appeal (District Court Case No. 2:09-cv-2698-MHM), the agency authority appeal (District Court Case No. 2:10-cv-01819-MHM), and the recently filed allocation appeal (case no. pending). Should ML Manager refuse or fail to reserve and segregate such funds, ML Manager, its board members, and all other control persons are hereby placed on written notice that the Rev Op Investors reserve all of their rights and claims against such parties.

The Op Investors further reserve all rights with respect to all pending appeals and other legal proceedings. The acceptance by any of the Rev Op Investors of any portion of the loan proceeds upon distribution shall not constitute a waiver or admission of any kind and shall not be deemed to render moot or otherwise affect any pending appeal or legal proceeding.

Sincerely,

A handwritten signature in cursive script that reads "Robert J. Miller" followed by a small "se" at the end.

Robert J. Miller

RJM:se

cc: The Rev Op Investors
Bryce A. Suzuki, Esq.

EXHIBIT

H

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January 14, 2011

VIA EMAIL AND US MAIL

William L. Hawkins as Trustee of the
Cornerstone Realty and Development, Inc.
Defined Benefit Plan and Trust,
c/o Robert Miller and Bryce Suzuki
Bryan Cave LLP
Two North Central Ave., Suite 2200
Phoenix, AZ 85004

AJ Chandler 25 Acres, L.L.C.
c/o Robert Miller and Bryce Suzuki
Bryan Cave LLP
Two North Central Ave., Suite 2200
Phoenix, AZ 85004

Bear Tooth Mountain Holdings, L.L.P.
c/o Robert Miller and Bryce Suzuki
Bryan Cave LLP
Two North Central Ave., Suite 2200
Phoenix, AZ 85004

Brett M. McFadden
c/o Robert Miller and Bryce Suzuki
Bryan Cave LLP
Two North Central Ave., Suite 2200
Phoenix, AZ 85004

Cornerstone Realty and Development, Inc.
c/o Robert Miller and Bryce Suzuki
Bryan Cave LLP
Two North Central Ave., Suite 2200
Phoenix, AZ 85004

James C. Schneck, as Trustee of the James C.
Schneck Revocable Trust
c/o Robert Miller and Bryce Suzuki
Bryan Cave LLP
Two North Central Ave., Suite 2200
Phoenix, AZ 85004

Louis B. Murphey
c/o Robert Miller and Bryce Suzuki
Bryan Cave LLP
Two North Central Ave., Suite 2200
Phoenix, AZ 85004

Morley Rosenfield, trustee of the Morley
Rosenfield, M.D. P.C. Restated Profit
Sharing Plan
c/o Robert Miller and Bryce Suzuki
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Pueblo Sereno Mobile Home Park, L.L.C.
c/o Robert Miller and Bryce Suzuki
Bryan Cave LLP
Two North Central Ave., Suite 2200
Phoenix, AZ 85004

Queen Creek XVIII L.L.C.
c/o Robert Miller and Bryce Suzuki
Bryan Cave LLP
Two North Central Ave., Suite 2200
Phoenix, AZ 85004

Evertson Oil Company, Inc.
c/o Robert Miller and Bryce Suzuki
Bryan Cave LLP
Two North Central Ave., Suite 2200
Phoenix, AZ 85004

Lonnie Joel Krueger, as Trustee of the Lonnie
Joel Krueger Family Trust
c/o Robert Miller and Bryce Suzuki
Bryan Cave LLP
Two North Central Ave., Suite 2200
Phoenix, AZ 85004

William L. Hawkins Family L.L.P.
c/o Robert Miller and Bryce Suzuki
Bryan Cave LLP
Two North Central Ave., Suite 2200
Phoenix, AZ 85004

Re: Notice of Breach

Dear Bob and Bryce:

The purpose of this letter is to once again provide notice to you and your clients described above that ML Manager considers your clients to be in breach of their obligations under the Agency Agreements as provided in, among other places, Paragraph 5(d). As you are aware that paragraph states in full:

d. **Breach.** If Participate breaches this Agreement by failing to perform or by interfering with Agent's ability to perform under this Agreement, then Participant shall pay Agent, within 30 days of written notice of breach, administrative fees, attorneys' fees, costs, closeout fees and any other fees or charges owed to Agent as compensation hereunder, along with any additional damages incurred by Agent, whether actual, incidental or consequential.

Agency Agreement at ¶5(d).

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Since October, 2009, your clients have breached the agency agreement by failing to perform and by interfering with ML Manager's ability to perform under this Agreement. Among other things, your clients have actively taken steps to thwart ML Manger's implementation of the Plan. Your clients have challenged ML Manager's ability to act in the name of your clients in the Bankruptcy Court and in numerous other courts wherein actions relating to the Plan of Reorganization have been pending, recorded or filed unauthorized assignment documents or lis pendens. Your clients have challenged and attempted to thwart settlement agreements, sale orders, marketing and sale of property, allocation of costs, and even distribution of proceeds. Your clients recently filed actions challenging the enforceability of the 1st position deed of trust on the MK Custom property. These actions have crossed the line of general concern expressed by many investors to the point that your clients are the primary, if not sole obstacle or opponent to ML Manager's efforts to manage the ML Loans under the Agency Agreements. Specifically, the following list provides some examples of the conduct of your clients that has interfered with ML Manager's ability to administer the Plan.

- Your clients filed a Limited Objection to ML Manager's Motion for Substitution of Party Plaintiffs in 2:08-ap-00906-RTBP before the Honorable Redfield T. Baum, arguing that ML Manager is not the agent of the Defendants.
- Defendants joined Debtor's response to ML Manager's motion to lift the automatic stay in 2:09-bk-31909-EWH, currently before Honorable Eileen W. Hollowell. The Debtor had argued that ML Manager did not represent the individual investors.
- Your clients objected to ML Manager's settlement agreement with the Grace Entities on the grounds that ML Manager did not act in the name of the Rev-Op Group. When these objections were overruled, your clients appealed the Bankruptcy Court's ruling to the District Court.
- Your clients objected to the ML Manger's sale of the City Lofts Property on the grounds that ML Manager did not act in the name of the Rev-Op Group. When these objections were overruled, your clients appealed the Bankruptcy Courts' ruling to the District Court.
- Your clients objected to ML Manager's sale of the Zacher/Missouri Property on the grounds that ML Manager did not act in the name of the Rev-Op Group. When these objections were overruled, your clients appealed the Bankruptcy Courts' ruling to the District Court.

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- After the Bankruptcy Court ruled unconditionally, that your clients were bound by the Agency Agreements, your clients appealed this ruling to the District Court. This appeal has complicated many sales as title insurers are hesitant to issue title insurance in light of the pending appeal.
- Your clients objected to and opposed ML Manager's authority to vote on plans of reorganization in various debtor's bankruptcies.
- Your clients improperly filed litigation challenging the position of the 1st deed of trust with regard to the MK Custom property.
- Some of your clients unilaterally purported to and recorded documents to transfer interests without complying with the requirements of the operative documents.
- Your clients have opposed and sought to avoid paying their fair share of the Exit Financing and other costs associated with the Plan of Reorganization.
- Your clients have repeatedly asserted objections and positions that have been rejected by the Court, but have required ML Manager to re-brief and re-argue the same issue over and over again increasing costs and expenses.
- Your clients caused titled companies to refuse to insure title to sale transactions that, at best delayed the closing of at least two projects, and have generally chilled and otherwise hindered ML Manager's ability to market and sale properties.

Your client's breaches of the Agency Agreement and interference with ML Manager's management of the loan portfolio have emboldened other borrowers who are using the confusion generated by the Defendant's actions to fight ML Manager's attempts to recover money from these borrowers.

Since October 2009, ML Manager has repeatedly informed you and your clients that it considers the actions taken by your clients to be in violation of the Agency Agreement and that it intended to recover the damages caused by your clients pursuant to the Agency Agreement. This information has been conveyed informally through conversation with you and your clients directly as well as formally in prior correspondence and litigation. Among other things, ML Manager filed a Declaratory Judgment Action to cure this delinquent conduct. ML Manager has also formally asserted what has been called the "Offset Claim." ML Manager has even provided specific amounts that it expects your clients to pay, and you have deposed Mr. Winkleman on these amounts. Moreover, there have been substantial correspondence, pleadings and other

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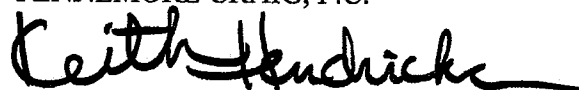
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documents created, sent and/or filed where ML Manager has asserted that your clients are subject to and bound by the Agency Agreements and that their actions were in violation of the Agency Agreements. As such, ML Manager believes that your clients have been repeatedly informed in writing that ML Manager considers your clients to be in breach of the Agency Agreements, liable for the costs, and ML Manager has demanded and expected the costs to be paid.

Despite all of the prior pleadings, correspondence, documents, and other writings, you recently argued in Court that ML Manager has never asserted in writing that there was a breach and that your clients are liable for the fees, costs and damages they caused, and a demand made to pay those costs. We disagree with this argument, but so there is no mistake, this letter constitutes one additional formal notice of your clients' breach and demand for payment of the Offset Claim as it has been asserted. Pursuant to the Agency Agreement, ML Manager intends to collect from your clients the damages caused by your clients' conduct. As of October 31, 2010, ML Manager has calculated these damages at approximately \$336,000. Pursuant to the Court's Order at the January 11, 2011 hearing, ML Manager intends to satisfy the pending judgment by withholding a proportional share of the Judgment from your clients' distributions, unless your clients would like to arrange some other form of payment. Moreover, ML Manager intends to withhold the balance of the Offset Claim and maintain that amount in a separate escrow. If your clients, would like to designate which loans they wish to have applied to the Offset Claim, please let me know by January 21, 2011.

Sincerely,

FENNEMORE CRAIG, P.C.



Keith L. Hendricks

KLH/lcs

2385005