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FOR THE DISTRICT OF ARIZONA

10 In re  
11 MORTGAGES LTD.,  
12  
13 Debtor.

In Proceedings Under Chapter 11

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

**STIPULATION TO APPROVE  
SETTLEMENT BETWEEN ML  
MANAGER AND STERNBERG PROFIT  
SHARING PLAN**

16  
17 Sternberg Profit Sharing Plan, by and through its Trustee, Sheldon Sternberg  
18 (“Sternberg”) filed a Motion for Clarification of Order for Distribution of Proceeds  
19 (Docket 3073) (the “Sternberg Motion”). The Sternberg Motion sought clarification  
20 with regard to the Court’s rulings and its effect on the allocation of costs and  
21 expenses to Sternberg. ML Manager LLC, (“ML Manager”) and Sternberg have  
22 reached a settlement with respect to the allocation of costs and expenses to Sternberg  
23 and the relationship between Sternberg and ML Manager. Sternberg and ML  
24 Manager hereby stipulate to the entry of an Order an order approving the settlement  
25 between them. A copy of the settlement is attached as Exhibit “A”.

26 The proposed settlement represents a compromise of the claims of both sides

1 reached after months of negotiations. ML Manager believes that this settlement is in the  
2 aid of the implementation of the Plan of Reorganization, in the best interest of all of the  
3 investors ML Manager represents, including all of the Loan LLC's and all pass-through  
4 investors. and is a valid exercise of its business judgment.

5 The settlement arises out of the unique circumstance and relationship between  
6 Sternberg and ML Manager in its capacity as the agent for pass-through investors.  
7 Sternberg has an interest in three loans. Sternberg has a 0.9524% interest in the Citrus  
8 278 LLC loan, (b) a 1.3598% interest in the Foothills Plaza IV LLC loan and (c) a  
9 2.4244% interest in the Northern 120 LLC loan ("Collectively the "Sternberg Loans").<sup>1</sup>  
10 As the Court will recall from prior briefing, Sternberg's agreements with Mortgages Ltd.  
11 were individually negotiated and included unique provisions not included in, or applicable  
12 to any other investor. Specifically, Sternberg entered into a "Master Agency" agreement  
13 with Mortgages Ltd., but negotiated an "amendment" to that agreement that, among other  
14 things, gave Sternberg the right to terminate its agency relationship with Mortgages Ltd.  
15 by providing notice.

16 Pursuant to the Plan of Reorganization approved by this Court, Mortgages Ltd.'s  
17 rights under the various agency agreements, including its rights with regard to Sternberg,  
18 were assigned to ML Manager. Effective February 7, 2010, Sternberg terminated its  
19 agency relationship with ML Manager. Since that time, there has been a dispute between  
20 ML Manager and Sternberg regarding the efficacy, effect and operation of that  
21 termination. ML Manager and Sternberg have now agreed to the attached settlement as a  
22 compromise of the accounting and part of the co-ownership issues of that dispute.

23 The settlement essentially provides that: (1) The parties recognize the efficacy of  
24 the termination of Sternberg's agency relationship with ML Manager effective February 7,  
25 2010; (2) Sternberg agrees to pay its full share of all "general costs" and "loan specific

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26 <sup>1</sup> The borrowers in all three of the Sternberg Loans have filed for bankruptcy.

1 costs” related to the Sternberg Loans that were incurred prior to February 7, 2010, which  
2 the parties have agreed is \$18,952.94; (3) Sternberg shall have no obligation to pay  
3 “general costs” after the effective date of the termination; (4) Sternberg shall pay a  
4 negotiated amount of “loan specific costs” associated with the Sternberg Loans incurred  
5 from the termination date until the present; (5) Sternberg and ML Manager shall agree, if  
6 possible, on Sternberg’s share of “loan specific costs” going forward and will arbitrate any  
7 dispute if an agreement cannot be reached; (6) If the calculation of any of the “general  
8 costs” or “loan specific costs” is altered as a result of any of the pending appeals, or the  
9 receipt of reimbursements from the liquidating trust, Sternberg will be entitled to an  
10 adjustment in the amount it paid or owes; (7) ML Manager shall not act as Sternberg’s  
11 agent, but Sternberg and ML Manager will cooperate as provided for in the Settlement  
12 Agreement with regard to the Trustee Sale procedure and Guarantee litigation for the  
13 Sternberg Loans.<sup>2</sup>

14 WHEREFORE, ML Manager and Sternberg stipulate that the Court should enter an  
15 order authorizing and approving the settlement described herein and attached hereto as  
16 Exhibit A.

17 DATED this 17<sup>th</sup> day of March, 2011.

18 STERNBERG PROFIT SHARING PLAN FENNEMORE CRAIG, P.C.

19  
20 By /s/ Sheldon Sternberg  
21 Sheldon Sternberg  
22 Trustee for the Sternberg Profit  
Sharing Plan

By /s/ Keith L. Hendricks  
Cathy L. Reece  
Keith L. Hendricks  
Joshua T. Greer  
Counsel for ML Manager LLC

23 CERTIFICATE OF SERVICE:  
24

25 <sup>2</sup> Exhibit A provides the exact terms and conditions of the parties’ agreements and controls their respective  
26 obligations. This pleading is not intended to alter, expand, or amend the parties’ obligations set forth in Exhibit A in  
any respect.

1 I hereby certify that on March 22,  
2 2011, I electronically transmitted  
3 the attached document to the  
4 Clerk's Office using the CM/ECF  
5 system for filing and transmittal of  
6 a Notice of Electronic Filing to the  
7 CM/ECF registrants.

8 COPY of the foregoing emailed this  
9 22<sup>nd</sup> day of March, 2011 to the following:

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