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7	Counsel for the Rev Op Investors			
8	IN THE UNITED STATES BANKRUPTCY COURT			
9	FOR THE DISTRICT OF ARIZONA			
10	In re:	In Proceedings Under Chapter 11		
11	MORTGAGES LTD.,	Case No. 2:08-bk-07465-RJH		
12	Debtor.	CONDITIONAL OBJECTION AND		
13		RESERVATION OF RIGHTS REGARDING ML MANAGER LLC'S		
14		MOTION TO APPROVE NEW		
15		FINANCING		
16		Hearing Date: May 31, 2011 Hearing Time: 11:00 a.m.		
17		Troubing Times Trios with		
18	AJ Chandler 25 Acres, L.L.C., Bear Tooth Mountain Holdings, L.L.P., Brett M			
19	McFadden, Cornerstone Realty and Development, Inc., Cornerstone Realty and Development			
20	Inc. Defined Benefit Plan and Trust, Evertson Oil Company, Inc., James C. Schneck Rev. Trust			
21	LLJ Investments, LLC, Louis B. Murphey, Michael Johnson Investments II, L.L.C., Morley			
22	Rosenfield, M.D. P.C. Restated Profit Sharing Plan, Pueblo Sereno Mobile Home Park, L.L.C			
23	Queen Creek XVIII, L.L.C., The Lonnie Joel Krueger Family Trust, William L. Hawkins Famil			
24	L.L.P., and/or the successors or assigns of the foregoing (collectively, the "Rev Op Investors"			
25	hereby file this Conditional Objection and Reservation of Rights in response to ML Manage			
26	LLC's Motion to Approve New Financing for the Payoff of the Unpaid Balance, Includin			
27	Principal and Interest, Owed on the Exit Financing [DE #3214] dated May 13, 2011 (th			
28	"Refinance Motion").			

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In further support hereof, the Rev Op Investors respectfully submit as follows:

- 1. The Rev Op Investors are not opposed to an early payoff of the Exit Financing to avoid the payment of a penalty in the amount of \$450,000. The Rev Op Investors have concerns, however, that the terms of the refinancing have not been disclosed to investors, and desire to avoid any misunderstandings that could lead to litigation in the future.
- 2. Although ML Manager states in the Refinance Motion that a term sheet will be provided "as soon as it is available," none has been disclosed to date. All investors should be given the details of the proposed refinancing well in advance of approval by this Court. In this regard, ML Manager should continue the hearing on the Refinance Motion to a date after ML Manger has disclosed the details of the proposed financing but prior to the June 15, 2011 penalty date.
- 3. The Rev Op Investors also are concerned by the rhetoric in the Refinancing Motion regarding the effect of "Paragraph U of the Confirmation Order," which ML Manager contends "requires non-transferring pass-through investors to pay their fair share of the costs and expenses."
- 4. This issue is currently on appeal to the United States District Court for the District of Arizona. Any approval of the proposed refinancing should not disturb any issues on appeal. To the extent ML Manager contends the refinancing moots or otherwise affects any issues currently on appeal, the Rev Op Investors object to, and will be forced to appeal from, any order approving the refinancing, resulting in yet another appeal in this case, with all of the associated time and expense.
- 5. ML Manager also should make clear exactly how "the terms of the Interborrower Agreement will remain the same." If amendment to the Interborrower Agreement is necessary (as it would seem) to account for a new lender and new loan documents, such amendments should be drafted and disclosed. The Rev Op Investors may have no objection to the proposed changes, provided such changes do not prejudice their rights or their arguments on appeal. To the extent such amendments negatively impact the Rev Op Investors, however, the Rev Op Investors object to the Refinancing Motion.

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6.	Finally, depending on the extent of the changes contemplated under Refinancing
Motion, ML	Manager's proposal may constitute an impermissible plan modification under
Section 1127	of the Bankruptcy Code. The Rev Op Investors reserve all rights with respect to
these issues	

7. In sum, all parties need more detailed information before the Refinancing Motion may be approved. The Rev Op Investors submit that past approval of proposed actions without full documentation has led to undesirable results throughout this case. While the savings that may be realized through the proposed refinancing are desirable, ML Manager should be required to provide all of the details regarding its intended course of action before moving forward. Indeed, attorneys' fees spent fighting about these issues later could negate the ostensible savings otherwise realizable from a refinancing.

WHEREFORE, the Rev Op Investors: (i) object to the Refinance Motion absent full disclosure of the terms of the proposed refinancing, and/or to the extent that the proposed refinancing requires adverse changes to the Plan or otherwise negatively affects the Rev Op Investors' rights, as set forth above, (ii) reserve all applicable rights; and (iii) respectfully request that the Court enter an order on the Refinance Motion consistent with this Conditional Objection and Reservation of Rights.

DATED this 27th day of May, 2011.

BRYAN CAVE LLP

By /s/BAS, #022721
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Two North Central Avenue, Suite 2200
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Counsel for the Rev Op Investors

	1	COPY of the foregoing served via email this 27 th day of May, 2011 upon:
	2	
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	7	Counsel for ML Manager LLC
	8	/s/ Sally Erwin
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