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5	Attorneys for PDG Los Arcos, LLC		
6	6 NETHE UNITED STATES DANKDURTON COURT		
7	IN THE UNITED STATES BANKRUPTCY COURT		
8	FOR THE DISTRICT OF ARIZONA		
9	In re) Chapter 11	
10	Mortgages, Ltd.,) Case No. 2:08-bk-07465-RJH	
11	Debtor.)) Objection to Sale of Real Property	
12) Known as PDG Los Arcos	
13	 Borrower PDG Los Arcos, LLC, objects to ML Manager's motion to sell the real property located at Miller and McDowell Roads in Scottsdale, Arizona. PDG Los Arcos is a prior owner of the real property at issue. PDG entered into a construction loan agreement with Mortgages, Ltd. for \$26 million to develop the Los Arcos site. Mortgages Ltd. knew the value of this development project was in its fully-assembled and developed condition. Before making the loan, Mortgages, Ltd. obtained its own appraisal valuing the site at \$15 million—approximately \$11 million less than what it agreed to loan PDG Los 		
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20	Arcos. Notwithstanding the appraisal, Mortgages, Ltd. agreed to fund the project because of the		
21	 ² significant upside it would bring when fully developed. ² Mortgages, Ltd. only funded \$23.9 million of the required \$26 million. The remaining \$2.1 ³ million was set aside to purchase the key parcels from the City of Scottsdale that were the 		
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24 25	In lynchpin to this entire development. Before PDG could complete any deal with the City of		
25	Scottsdale, Mortgages, Ltd.'s former CEO committed suicide and the company went into		
C	Case 2:08-bk-07465-RJH Doc 3266 Filed 07/15/11 Entered 07/15/11 16:37:21 Desc Main Document Page 1 of 3		

bankruptcy. Mortgages, Ltd. then unequivocally told borrowers and investors that it was not
 funding any more loans. PDG was left without funds to purchase the key parcels needed to
 develop this site and thereby repay the investors what they loaned Mortgages, Ltd. The entire deal
 fell through.

ML Manager, as successor to Mortgages, Ltd., foreclosed on the Los Arcos property and
obtained title to it through a trustee sale. ML Manager now seeks court approval to sell the Los
Arcos property for \$6.4 million to Mark-Taylor Capital, LLC.

8 Selling the Los Arcos property to Mark-Taylor Capital at such a low price exacerbates the 9 harm already suffered by the investors. Compounding this fire-sale liquidation, ML Manager's 10 suit against the guarantors needlessly increases the attorney fees charged by ML Manager's 11 lawyers and thereby reduces any amounts the investors may recover.

PDG Los Arcos objects to the sale because it furthers the harm the investors have suffered.
Dated this 15th day of July 2011.

14 15 /s/ Michael C. Blair Michael C. Blair Baird, Williams & Greer, LLP 16 6225 N. 24th Street, Suite 125 Phoenix, Arizona 85016 17 Attorneys for PDG Los Arcos, LLC 18 19 20 21 22 Original efiled this 15th day of July 23 2011, via ECF filing system, Copy delivered to parties via ECF 24 filing system this same day: 25 2 Entered 07/15/11 16:37:21 Filed 07/15/11 Oase 2:08-bk-07465-RJH Doc 3266 Desc

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