

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

5 ML Manager, as successor to Mortgages, Ltd., foreclosed on the Los Arcos property and
6 obtained title to it through a trustee sale. ML Manager now seeks court approval to sell the Los
7 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.

12 PDG Los Arcos objects to the sale because it furthers the harm the investors have suffered.

13 Dated this 15th day of July 2011.

14
15 /s/ Michael C. Blair
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/s/ Sean Wilson