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8 Attorneys for ML Manager LLC

9 IN THE UNITED STATES BANKRUPTCY COURT  
10 FOR THE DISTRICT OF ARIZONA

11 In re  
12 MORTGAGES LTD.,  
13 Debtor.

Chapter 11  
Case No. 2:08-bk-07465-RJH

**NOTICE OF LODGING SALE ORDER FOR  
MOTION TO SELL REAL PROPERTY**

**Real Property located at 1<sup>st</sup> Ave. and Maryland  
in Phoenix, Arizona known as Residences on  
Maryland**

17  
18 NOTICE IS HEREBY GIVEN THAT ML Manager has lodged an Order  
19 Approving Motion to Sell the above described property concerning the Motion to Sell  
20 Real Property (Docket No. 3335). A copy of the Order is attached as Exhibit A.

21 Dated: November 2, 2011.

22 FENNEMORE CRAIG, P.C.

23 By /s/ Cathy L. Reece  
24 Cathy L. Reece  
25 Attorneys for ML Manager LLC  
26

1 Copy served by email November 2, 2011 on:

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Chapter 11  
Case No. 2:08-bk-07465-RJH

14 **ORDER APPROVING MOTION TO SELL  
REAL PROPERTY**

15 **Real Property located at 1<sup>st</sup> Ave. and Maryland  
in Phoenix, Arizona known as Residences on  
16 Maryland**

17 **Hearing Date: November 1, 2011  
Hearing Time: 3:00 p.m.**

18  
19 ML Manager LLC (“ML Manager”) filed a Motion (“Motion”) (Docket No. 3335)  
20 requesting that the Court enter an order authorizing ML Manager as the manager for ZDC  
21 III Loan LLC and the agent for certain non-transferring pass-through investors, to sell the  
22 property located at 1<sup>st</sup> Ave. and Maryland Ave., in Phoenix, Arizona known as Residences  
23 on Maryland which is more specifically described in the Sale Agreement (the “Property”)   
24 for the price and on the terms set forth in the Agreement of Sale and Purchase (“Sale  
25 Agreement”). Among other things, the Sale Agreement provides for the sale of the  
26 Property for approximately \$2.16 million to All Saints’ Episcopal Church (“Purchaser”).

1 A notice to creditors, interested parties and the non-transferring pass-through investors of  
2 the Motion and the hearing date was served. An Objection (Docket No. 3343) was filed by  
3 members of the Rev-Op Group Investors (the "Rev-Op Group Objection"). The hearing  
4 was held on the Motion on November 1, 2011 at 3:00 p.m. in Phoenix and the Court at the  
5 conclusion of the hearing made findings of fact and conclusions of law on the record.

6 Upon consideration of the Motion and statements and arguments of counsel at the  
7 hearing; it appears to the Court and the Court finds that:

8 (a) This Court has jurisdiction over the issues presented in the Motion, and the  
9 Motion and the Court's hearing thereon were duly and properly noticed;

10 (b) The purchase price offered constitutes fair consideration for the Property;

11 (c) The investors in ZDC III Loan LLC and the applicable MP Funds have  
12 agreed by the applicable dollar vote to the sale terms;

13 (d) The ML Manager LLC is authorized to enter into the Sale Agreement, to  
14 sell the Property pursuant to the terms of the Sale Agreement, to proceed with this sale  
15 and to execute all necessary documents to implement the sale;

16 (e) The decision to sell and enter into the Sale Agreement is supported by the  
17 best exercise of business judgment of ML Manager which is consistent with ML  
18 Manager's fiduciary duties and responsibilities.

19 IT IS THEREFORE ORDERED THAT:

20 (1) The Motion is granted and approved and the Rev-Op Group Objection is  
21 overruled.

22 (2) ML Manager, as the Manager of ZDC III Loan LLC and as Agent for the  
23 pass-through investors, including the alleged Rev-Op Group Investors, has authority and  
24 is directed to enter into the Sale Agreement, to consummate the sale, to sell the Property  
25 pursuant to the terms of the Sale Agreement, to execute the conveyance deed to the  
26 Purchaser and to execute any and all documents needed to consummate the sale.

1 (3) ML Manager is authorized to pay out of the sale proceeds all costs of sale,  
2 including real property taxes, assessments, broker's fees, title insurance or other closing  
3 costs and to pay out of the ZDC III Loan LLC proceeds any liens or encumbrances on the  
4 Property owed to the current exit lender pursuant to the Loan Agreement, and to the extent  
5 that it has been paid then to repay the replacement loans under the Interborrower  
6 Agreement, and to create and use any reserves out of the ZDC III Loan LLC proceeds  
7 pursuant to the Loan Agreement and Interborrower Agreement.

8 (4) The purchase price is fair consideration for the Property.

9 (5) The net sale proceeds attributable to the ownership percentage for the ZDC  
10 III Loan LLC shall be transferred at closing to the ML Manager as the Manager for the  
11 ZDC III Loan LLC and used and distributed pursuant to its agreements, the Interborrower  
12 Agreement, the Confirmation Order and the Allocation Model approved by the Court. The  
13 net sale proceeds attributable to the ownership percentage for the non-transferring pass-  
14 through investors, including the Rev Op Group Investors, shall be transferred to ML  
15 Manager as their Agent and distributed pursuant to the applicable agency agreements, the  
16 Plan, Confirmation Order, the Allocation Model and the Motion approved by the Court.

17 (6) Pursuant to Section 1146(a) of the Bankruptcy Code and Section 10.5 of the  
18 confirmed Plan of Reorganization, any and all mortgage recording tax, stamp tax, real  
19 estate transfer tax, speculative builder, transaction privilege or other similar tax imposed  
20 by federal, state or local law are hereby waived.

21 DATED AND ORDERED AS STATED ABOVE.

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