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12 Counsel for the Rev Op Investors

13 **IN THE UNITED STATES BANKRUPTCY COURT**  
14 **FOR THE DISTRICT OF ARIZONA**

15 In re:

16 MORTGAGES LTD.,

17 Debtor.

18 Chapter 11

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

20 **NOTICE OF APPEAL**

21 AJ Chandler 25 Acres, L.L.C., Bear Tooth Mountain Holdings, L.L.P., Brett M.  
22 McFadden, Cornerstone Realty and Development, Inc., Cornerstone Realty and Development,  
23 Inc. Defined Benefit Plan and Trust, Evertson Oil Company, Inc., James C. Schneck Rev. Trust,  
24 LLJ Investments, LLC, Louis B. Murphey, Michael Johnson Investments II, L.L.C., Morley  
25 Rosenfield, M.D. P.C. Restated Profit Sharing Plan, Pueblo Sereno Mobile Home Park, L.L.C.,  
26 Queen Creek XVIII, L.L.C., The Lonnie Joel Krueger Family Trust, William L. Hawkins Family  
27 L.L.P., and any successors or assigns of the foregoing (collectively, the “Rev Op Investors”)  
28 hereby appeal, pursuant to 28 U.S.C. § 158(a) and (b), from the Bankruptcy Court’s *Order*  
*Approving Distribution of Proceeds to Investors* [DE #3640] (the “Order”) entered in the above-  
captioned bankruptcy case on November 20, 2012, with respect to *ML Manager’s Motion to*  
*Authorize a Second Distribution of Proceeds in Accordance with Allocation Model* [DE #3257]  
and *Motion to Authorize Distributions of Proceeds to Investors in Accordance with Allocation*  
*Model* [DE #3553] filed by ML Manager LLC on June 27, 2011 and August 20, 2012,

1 respectively. A true and correct copy of the Order is attached hereto as Exhibit A and  
2 incorporated by reference herein.

3 The parties to the matter being appealed and the names, addresses, and telephone  
4 numbers of their respective attorneys are as follows:

5 **ML Manager LLC**

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18 If a Bankruptcy Appellate Panel Service is authorized to hear this appeal, each party has a  
19 right to have the appeal heard by the district court. The appellant may exercise this right only by  
20 filing a separate statement of election at the time of the filing of this notice of appeal. Any other  
21 party may elect, within the time provided in 28 U.S.C. § 158(c), to have the appeal heard by the  
22 district court.

23 RESPECTFULLY SUBMITTED this 4th day of December, 2012.

24 BRYAN CAVE LLP

25 By: /s/ JAS, #026359

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Counsel for the Rev Op Investors

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COPY of the foregoing served via email  
this 4th day of December, 2012, upon:

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Counsel for ML Manager LLC

/s/ Donna McGinnis \_\_\_\_\_

**EXHIBIT A**

IT IS HEREBY ADJUDGED and  
DECREED this is SO ORDERED.

The party obtaining this order is responsible  
for noticing it pursuant to Local Rule 9022-1.

Dated: November 20, 2012



*Randolph J. Haines*

Randolph J. Haines, Bankruptcy Judge

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

12 In re  
13 MORTGAGES LTD.,  
14 Debtor.

Chapter 11

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

**ORDER APPROVING DISTRIBUTION OF  
PROCEEDS TO INVESTORS**

15  
16 ML Manager LLC ("ML Manager") filed a Motion to Authorize a Second  
17 Distribution of Proceeds in Accordance with Allocation Model (Docket No. 3257)  
18 ("Second Distribution Motion") and a Motion to Authorize Distributions of Proceeds to  
19 Investors in Accordance with Allocation Model (Docket No. 3553) ("Fourth Distribution  
20 Motion").

21 The Second Distribution Motion sought distribution of proceeds from eight (8)  
22 transactions: (1) Centerpoint; (2) University & Ash (Sale Order Docket No. 3180); (3) two  
23 Roosevelt & Gateway loans (Sale Order Docket No. 3016); (4) Zacher Rio Salado; (5) All  
24 State IX (Sale Order Docket No. 3088); (6) two houses constructed at Rodeo Ranch; (7)  
25 partial recovery from the trustee in the Tempe Land Company bankruptcy (Docket No.  
26

1 779 in the TLC bankruptcy); and (8) Bison Retreat Center (Sale Order Docket No.  
2 3252)(Collectively the “Second Distribution”).

3 The Fourth Distribution Motion sought distribution of proceeds from six (6)  
4 transactions: (1) Metro Lofts (Sale Order Docket No. 3485); (2) CS 11 (Sale Order  
5 Docket No. 3480); (3) SOJAC (Sale Order Docket No. 3443); (4) HH 20 (Sale Order  
6 Docket No. 3444); (5) Cottonwood (Sale Order Docket No. 3473); and (6) ABCDW-  
7 Pearce Farms (Sale Order Docket No. 3474)(Collectively, the “Fourth Distribution”).

8 The Rev Op Group filed an Objection to the Second Distribution Motion (Docket  
9 No. 3261) and an Objection to the Fourth Distribution Motion (Docket No. 3563)  
10 (collectively, the “Rev Op Group Objections”). Jan Sterling filed an Objection to the  
11 Fourth Distribution (Docket No. 3574) (“Sterling Objection”).

12 Notices of the Motions, the hearing dates and bar dates for objections were given to  
13 creditors, interested parties and the parties on the electronic distribution list of the Second  
14 Distribution Motion and Fourth Distribution Motion. Hearings were held and opportunity  
15 for discovery and for presentation of evidence were provided. The Court entered an Order  
16 Approving Stipulation to Vacate Evidentiary Hearing on Second and Fourth Distribution  
17 Motions (Docket No. 3633) which, among other things, vacated the evidentiary hearing  
18 upon agreement of the parties that the request by the Rev Op Group to such a hearing was  
19 withdrawn, and submitted the Rev Op Group Objections and the Sterling Objection to the  
20 Court based on the previously submitted briefing without any further hearing.

21 Having considered all briefing of the Parties, oral argument, prior rulings and  
22 briefings, and for good cause appearing, the Court finds that:

23 (a) This Court has jurisdiction over the issues presented in the Motions, and the  
24 Motions and the Court’s hearings were duly and properly noticed;

25 (b) ML Manager has the authority to make the Second Distribution and the  
26 Fourth Distribution;

1 (c) The decision to make and the implementation of the Second Distribution  
2 and Fourth Distribution are supported by the best business judgment of ML Manager  
3 which is consistent with ML Manager's fiduciary duties and responsibilities.

4 IT IS THEREFORE ORDERED THAT:

5 1. The Second Distribution Motion and the Fourth Distribution Motion are  
6 granted and approved.

7 2. The Rev Op Group Objections and the Sterling Objection are overruled;  
8 provided, however, that nothing in this Order is intended to rule upon the Rev Op Group's  
9 "Adjustment Objections" expressly reserved under paragraph 7 of the Order Approving  
10 Stipulation (Docket No. 3633). All other objections, including the "Prior Objections" and  
11 the "Legal Objections" defined in the Order Approving Stipulation, are overruled.

12 3. ML Manager is authorized and directed to make the Second Distribution  
13 and Fourth Distribution and to execute any and all documents and take any and all steps  
14 needed to implement this Order.

15 DATED AND SIGNED ABOVE.

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