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10 **UNITED STATES BANKRUPTCY COURT**  
11 **DISTRICT OF ARIZONA**

12 In re  
13 MORTGAGES LTD.,  
14 Debtor.

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

15 **REQUEST FOR STATUS HEARING**  
16

17 ML Manager LLC (“ML Manager”) hereby requests that the Court set a status  
18 hearing to discuss the proposed Fourth Distribution that ML Manager would like to make  
19 in the near future. ML Manager has a sale motion set for hearing on July 16, 2012 at 2:30  
20 p.m. and would like to use that time for a status hearing to discuss future distributions.

21 ML Manager has sold and is holding proceeds from the sale of six properties which  
22 it would like to distribute in the near future (the “Fourth Distribution”) to the investors in  
23 the six loans along with payments on 21 replacement loans to the other Loan LLCs. The  
24 six properties which were sold and closed pursuant to Sale Orders are SOJAC (Docket no.  
25 3443), CS (Docket No. 3480), Hunt Highway (Docket No. 3444), Metro Lofts (Docket  
26 No. 3485), Pearce Farms (Docket No. 3474) and Cottonwood (Docket No. 3473). All  
27 those Sale Orders contain provisions that allow ML Manager to pay the replacement loans  
28

1 from the Loan LLC portions pursuant to the Interborrower Agreement and to make the  
2 distributions to the Loan LLC investors and the Pass-Through Investors from the net sale  
3 proceeds pursuant to the Plan, Confirmation Order and Allocation Model. ML Manager in  
4 good faith believes that it has already done what is necessary or needed to make the  
5 proposed Fourth Distribution. But if it has not, then it just needs to know how to proceed.

6 ML Manager is not asking for a preliminary decision and is not asking for any  
7 action as to the First Distribution Order or Second Distribution Order since those are both  
8 on appeal. ML Manager just wants to discuss this issue with the Court with notice of the  
9 Status Hearing to all parties on the Electronic Service list, including counsel for the Rev  
10 Op Group, the appellant in the appeals of the First and Second Distribution Orders.

11 As the Court is aware, the Court entered its Order Regarding Distribution of  
12 Proceeds dated January 20, 2011 (Docket No.3051)(the “First Distribution Order”). ML  
13 Manager made the First Distribution to the investors in February 2011. The Rev Op  
14 Group appealed that First Distribution Order to the District Court. No stay was entered  
15 pending appeal. The District Court affirmed the Court’s ruling. The Rev Op Group has  
16 appealed that decision to the Ninth Circuit Court of Appeals. No stay has been entered  
17 pending that appeal. The briefing schedule is set but no oral argument has been set.

18 As the Court is also aware, ML Manager filed a Motion Authorize a Second  
19 Distribution (Docket No. 3257). The Court entered its Minute Entry Order approving the  
20 Second Distribution on July 19, 2011 (the “Second Distribution Order”) (Docket No.  
21 3269) stating that “It is ordered granting the Motion solely on the basis that it satisfies any  
22 prior requirement the Court may have made that a distribution be brought back before the  
23 Court whether in the context of approving the allocation model or in the context of  
24 approving a particular sale and/or settlement. The Court finds the Motion satisfies that  
25 requirement.” ML Manager made the Second Distribution to the investors in September  
26 2011. The Rev Op Group appealed the Court’s decision to the District Court. No stay  
27 pending appeal was entered. The District Court has not entered its decision but indicated  
28 on May 3, 2012 at the oral argument on several other appeals that it would be issuing a

1 written decision on the Second Distribution Order appeal and that he would likely remand  
2 the proceeding to Judge Haines to decided what procedure or review if any was being  
3 required by Judge Haines for the Second Distribution. No details were given by the  
4 District Court. The parties await the written decision. It is uncertain when the decision  
5 will be entered and in the meantime ML Manager wants to make the next distribution but  
6 also wants to make sure it follows any and all procedures that might apply.

7 As the Court is aware, the Rev Op Group filed a Motion to Compel ML Manager  
8 to Distribute Undisputed Funds (Docket No. 3430) on February 7, 2012 requesting that  
9 ML Manager be compelled to make distributions of the money it was holding from sales.  
10 ML Manager had made two distributions in 2011 but had not distributed the proceeds  
11 from the end of the year sales or the early 2012 sales. ML Manager filed its Response  
12 (Docket No.3470) indicating that it was in the process of updating the information in the  
13 Allocation Model to reflect actual expenses and revenues through December 31, 2011 and  
14 that it was preparing to make the Third Distribution. ML Manager gave the Rev Op  
15 Group the opportunity to review the update with ML Manager's counsel and accountant.  
16 The Rev Op Group continued to pursue the Motion to Compel and a hearing was held.  
17 The Court on entered its Order Granting the Motion to Compel (Docket No. 3482 on  
18 March 14, 2012. No appeal was taken from the Court's order. In April 2012, ML  
19 Manager made the Third Distribution to investors and made payments on the replacement  
20 loans to the Loan LLCs.

21 As indicated above, ML Manager has sold and is holding proceeds from the sale of  
22 six properties which it would like to distribute in the near future as the Fourth  
23 Distribution. ML Manager already has Sale Orders on each property which allows ML  
24 Manager to make payments on the replacement loans from the Loan LLC's portion and to  
25 distribute the net sale proceeds to the Loan LLC investors and pass-through investors. ML  
26 Manager in good faith believes that it has already done what is necessary or needed to  
27 make the proposed Fourth Distribution. But if it has not, then it just needs to know how to  
28 proceed. ML Manager requests a status hearing to discuss this issue with the Court with

1 notice of the Status Hearing to all parties on the Electronic Service list, including the  
2 counsel for the Rev Op Group, the appellant in the appeals of the First and Second  
3 Distribution Orders.

4 WHEREFORE, ML Manager requests that the Court set a status hearing for July  
5 16, 2012 or as soon thereafter as the Court deems appropriate.

6 DATED: June 29, 2012

FENNEMORE CRAIG, P.C.

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By /s/ Cathy L. Reece  
Cathy L. Reece  
Attorneys for ML Manager LLC

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10 Copy of the foregoing e-mailed this  
11 29<sup>th</sup> day of June, 2012 to the parties on the  
electronic service list used for all matters.

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/s/ Gidget Kelsey-Bacon

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