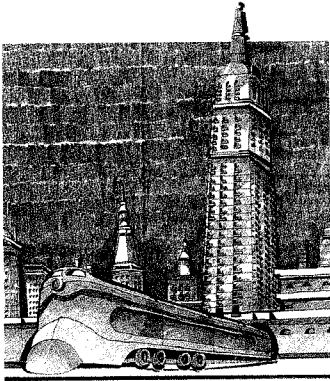


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FEB 13 2013

R.J. HAINES

City Communities, LLC

FILED

FEBRUARY 12, 2013

FEB 14 2013

HON. RANDOLPH HAINES
JUDGE
UNITED STATES BANKRUPTCY COURT
230 NORTH FIRST AVENUE
PHOENIX, ARIZONA 85003

UNITED STATES
BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

DEAR JUDGE HAINES:

RE: MORTGAGES LTD. - DEBTOR
#2:08-BK-07465-RJH

PLEASE USE YOUR GOOD JUDGEMENT AND ASK TWO (2) LAW FIRMS IN THIS CASE HOW MUCH IN LEGAL FEES THEY HAVE COLLECTED ON THIS BANKRUPTCY CASE AND HOW MUCH THE CREDITORS HAVE RECEIVED TO DATE:

1. FENNEMORE CRAIG PC
2. GUST ROSENFELD PLC

WHY DID YOU EVER ALLOW THIS CASE TO BE A "LIQUIDATING CHAPTER 11?" WAS IT BECAUSE YOU KNEW YOUR LAWYER FRIENDS FROM THE PAST WOULD GET "PAID FIRST?" PLEASE REMEMBER YOU WERE A BANKRUPTCY LAWYER AT LEWIS & ROCA BEFORE A JUDGE.

YOUR JUDGMENT IN NOT ALLOWING A CHAPTER 7 ON THIS CASE PUT ME OUT-OF-BUSINESS. IF THE INVESTORS HAD ALL BEEN GIVEN THEIR PROPERTIES AFTER A "TRUSTEE SALE" THEY COULD HAVE WORKED WITH THE BORROWERS OF THIS COMPANY AND ONLY HAD TO PAY PROPERTY TAXES AND LIABILITY INSURANCE ON THEIR PROPERTIES.

NOW LOOK AT THIS BANKRUPTCY ESTATE; ITS "BROKE." YOU DIDN'T EVEN ALLOW THE #363 RULE TO BE IN EFFECT IN THIS CASE. OBTAIN A COMPANY NEWSLETTER.

I TRUST IF YOU HAD \$1,000,000 INVESTED IN THIS COMPANY YOU WOULD HAVE ALLOWED A CHAPTER 7 TO OCCUR. YOU ARE ON THE BENCH FOR 16 YEARS AT THE SUM OF \$160,080. WHAT CAN I SAY?

REGARDS,
[Handwritten Signature]

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Attorneys for the Debtor

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

In re:
Mortgages Ltd.,
Debtor.

Chapter 11 Proceedings
Case No. 2:08-bk-07465-RJH
**OPPOSITION TO MOTION TO
CONVERT THE CASE TO CHAPTER
7 PER 11 USC § 1112**
Hearing Date: April 6, 2009
Hearing Time: 4:00 p.m.
**Location: 230 N. First Ave., Courtroom
603 Phoenix, AZ 85003**

Mortgages Ltd. (the "Debtor") hereby files its opposition to 2440, L.L.C.'s ("2440") "Motion to Convert the Case to Chapter 7 Per 11 USC §1112" (the "Motion")(Docket Entry 1488). The unstated purpose of this Motion is an end-run by a defaulting borrower who seeks to utilize 2440's alleged claim to place the Debtor into Chapter 7 proceedings in an effort to extort more favorable repayment terms from a Chapter 7 trustee on this same borrower's other obligations owing to the Debtor. This court should not countenance such twisted manipulation of the bankruptcy process which would result in the significant diminution of the Debtor's estate and harm to the investors and other creditors of the Debtor.

Jerry Cochran

From: REECE, CATHY [CREECE@FCLAW.com]
Sent: Friday, May 21, 2010 12:18 PM
To: Jerry L. Cochran
Cc: Mark Winkleman
Subject: FW: City Loft property

Jerry--

I have received your letter and received several faxes from your client. We have forwarded them to ML Manager so they can review them. I will try and reach you this afternoon, but in case I miss you, here is the response.

First, let me relay to you that it is the practice of the Board to market the properties through the broker and have the broker confirm the potential buyer's ability to close. In order to even consider any offer from Mr. Peloquin we would need to verify that the necessary funds exist and that the provider of the funds understands the transaction and has underwritten it. The Board is particularly concerned about Mr. Peloquin because, despite prolonged negotiations about the MK Custom loans and his other loans, he has never deposited any money into escrow or provided any substantial evidence that he or any partner had the funds necessary to close. Furthermore as recently as a couple of weeks ago in connection with the MK Custom loan, an offer was made by Mr. Peloquin to provide \$125,000 in cash and within a few hours on the same day the offer was revoked with an indication that he doesn't have any money.

Second, Mr. Peloquin and his wife are liable on the guarantees and owe significant amounts to the investors on the loans. His entities defaulted on every loan, several entities filed for bankruptcies and some properties have been foreclosed on, as with this City Loft loan. ML Manager has no confidence that Mr. Peloquin will perform. ML Manager is being asked to forego a qualified buyer on the hope and a prayer that this time Mr. Peloquin will do as he has said he will do. The Board is not prepared to do that.

Finally, the sale is not set up as a Section 363 sale where higher and better bids will be accepted. It is not required under the Plan and is not being done in that manner.

Let me know if you have any other questions.

Cathy

Fennemore Craig, P.C.

Denver | Las Vegas | Nogales | Phoenix | Tucson www.FennemoreCraig.com

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