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**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

**NOTICE OF BAR DATE BY WHICH
ALL PROOFS OF CLAIM MUST BE
FILED**

NOTICE IS HEREBY GIVEN that:

1. Mortgages Ltd., debtor-in-possession in the above-captioned Chapter 11 case ("Debtor") filed a motion to convert its involuntary Chapter 7 case into a voluntary case under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* and on June 24, 2008 ("Petition Date"), the Court granted the motion to convert. The Debtor continues to operate its business and possess its property as debtor-in-possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code.
2. On September 11, 2008, the Bankruptcy Court entered its Order Setting October 7, 2008 Bar Date to File Proofs of Claim ("Bar Date Order"), in accordance with which you are receiving this Notice.

3. **BAR DATE:** The deadline for filing proofs of claim in this case is October 7, 2008 ("Bar Date"). Except as stated below, the Bar Date applies to any "claim," as defined in Bankruptcy Code § 101(5), against the Debtor arising from any event occurring during the Debtor's operation of business before and until the Petition Date ("**Pre-Petition Claims**"). The Pre-Petition Claims include, but are not limited to, the following possible categories of claims: (i) unsecured claims incurred by vendors, suppliers, and other trade-related entities involved in the general operations of the Debtor's business; (ii) litigation claims, including claims that have been asserted in litigation where the plaintiffs have sued or joined as co-defendants present or former directors, officers, or employees of the Debtor, or other individuals or entities, who may have indemnification claims or contribution claims against the Debtor, or who may expose the Debtor to vicarious liability under various principles or provisions of applicable state law; (iii) any worker's compensation claims; (iv) any administrative agency claims or similar kinds of private enforcement claims, including but not limited to, wage and hour claims, wrongful termination and discharge claims, loss of benefits claims, harassment claims, employment discrimination claims, and other employment-related claims; and (v) any claims by investors.

4. **ADDRESS FOR FILING PROOFS OF CLAIM:** Except as otherwise specifically provided in this Notice, all persons or entities wishing to assert a claim against the Debtor must file a proof of claim (using the form provided with this Notice), so that it is received no later than 5:00 p.m., Arizona Time, on the Bar Date, by the Bankruptcy Court at the following address:

United States Bankruptcy Court
District of Arizona
Phoenix Division
Office of the Clerk of the Court
230 N. First Avenue, Suite 101
Phoenix, Arizona 85003-1706

1 Proofs of claim will be treated as filed only when actually received by the Bankruptcy
2 Court. Creditors with PACER and ECF passwords may also electronically file a proof of
3 claim with the Bankruptcy Court. Creditors are advised NOT to send copies of proofs of
4 claim to the Debtor or to Debtor's counsel as such proofs of claim will be returned and
5 delay or possibly prevent you from timely filing a proof of claim.

6 **5. NECESSITY TO FILE PROOF OF CLAIM:** The Debtor filed its
7 Schedule of Assets and Liabilities with the Court ("Schedules") setting forth claim
8 amounts for creditors. The Debtor was unable to verify some claim amounts.
9 Accordingly, all creditors, investors, or other parties in interest, irrespective of
10 whether or how they are listed or classified in the Schedules filed in this case, if at
11 all, must file a proof of claim using the Proof of Claim Form included with this
12 Notice by the Bar Date in order to preserve any claim they may have against the
13 Debtor in this case. Creditors need not file a proof of claim only if such creditor
14 previously filed a proof of claim in this case.

15 **6. EXECUTORY CONTRACTS AND UNEXPIRED LEASE CLAIMS:**
16 Any claims arising out of or otherwise related to Debtor's rejection of any
17 executory contract or unexpired lease under Bankruptcy Code § 365 be filed on or before
18 the earlier of: (i) 30 days following the entry of an order of the Court approving such
19 rejection if the effectiveness of such order has not been stayed; or (ii) 45 days following
20 the effective date of any Chapter 11 plan confirmed by the Court. The Debtor will
21 provide notice to claimants under a rejected contract or lease of the claims bar date set
22 forth above as part of the order approving rejection of such contract or lease or as part of
23 the disclosure statement describing the Chapter 11 plan.

24 **7. REQUIREMENT OF PROOF OF CLAIM FORM:** In filing their proofs
25 of claim, all creditors must use the Proof of Claim Form provided with this Notice.
26 Failure to use the provided form may result in disallowance of a creditor's claim.

3175234v(60069.1)

-3-

1
2 **8. FAILURE TO FILE PROOF OF CLAIM:** Any holder of a claim that
3 fails to file a proof of claim on or before October 7, 2008, if required to do so by the Bar
4 Date Order and this Notice, is: (a) forever barred, estopped, and enjoined from (i)
5 asserting any such claim against the Debtor or their successors and assigns, and (ii)
6 voting on or receiving any distribution under any Chapter 11 plan for the Debtor on
7 account of such claim; (b) bound by the terms of any Chapter 11 plan confirmed with
8 respect to the Debtor; and (c) not entitled to receive any further notices or mailings in this
9 Chapter 11 case.

10 **9. QUESTIONS:** Any questions or concerns regarding this Notice or the
11 filing of proofs of claim in this Chapter 11 case should be directed to Mary Ann
12 Goudreau at (602) 262-5868. You may also find information regarding instructions for
13 filing a proof of claim by visiting the Court's website at <http://www.azb.uscourts.gov/>.

14 DATED this 12th day of September, 2008.

15 JENNINGS, STROUSS & SALMON, P.L.C.

16 By /s/ Todd M. Adkins - 025338

17 Carolyn J. Johnson
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24 Attorneys for the Debtor

3175234v(60069.1)

-4-

UNITED STATES BANKRUPTCY COURT DISTRICT OF ARIZONA		PROOF OF CLAIM
Name of Debtor: Mortgages Ltd.		Case Number: 2:08-bk-07465-RJH
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property):		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Name and address where notices should be sent:		
Telephone number:		
Name and address where payment should be sent (if different from above):		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
Telephone number:		
1. Amount of Claim as of Date Case Filed: \$ _____ If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4). <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5). <input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8). <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(____). Amount entitled to priority: \$ _____ *Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.
2. Basis for Claim: _____ (See instruction #2 on reverse side.)		
3. Last four digits of any number by which creditor identifies debtor: _____ 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe: _____ Value of Property: \$ _____ Annual Interest Rate ____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ _____ Amount Unsecured: \$ _____		
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.		
7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements or running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:		
Date: _____	Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any.	
		FOR COURT USE ONLY

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:

Fill in the federal judicial district where the bankruptcy case was filed (for example, Central District of California), the bankruptcy debtor's name, and the bankruptcy case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is located at the top of the notice.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the Bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:

Use this space to report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

4. Secured Claim:

Check the appropriate box and provide the requested information if the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See DEFINITIONS, below.) State the type and the value of property that secures the claim, attach copies of lien

documentation, and state annual interest rate and the amount past due on the claim as of the date of the bankruptcy filing.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).

If any portion of your claim falls in one or more of the listed categories, check the appropriate box(es) and state the amount entitled to priority. (See DEFINITIONS, below.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:

Attach to this proof of claim form redacted copies documenting the existence of the debt and of any lien securing the debt. You may also attach a summary. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary. FRBP 3001(c) and (d). Do not send original documents, as attachments may be destroyed after scanning.

Date and Signature:

The person filing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2), authorizes courts to establish local rules specifying what constitutes a signature. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. Attach a complete copy of any power of attorney. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS

Debtor

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

Creditor

A creditor is the person, corporation, or other entity owed a debt by the debtor on the date of the bankruptcy filing.

Claim

A claim is the creditor's right to receive payment on a debt that was owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

Proof of Claim

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

Secured Claim Under 11 U.S.C. §506(a)

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car.

A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

Unsecured Claim

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

Claim Entitled to Priority Under 11 U.S.C. §507(a)

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

Redacted

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor should redact and use only the last four digits of any social-security, individual's tax-identification, or financial-account number, all but the initials of a minor's name and only the year of any person's date of birth.

Evidence of Perfection

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

INFORMATION

Acknowledgment of Filing of Claim

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system (www.pacer.psc.uscourts.gov) for a small fee to view your filed proof of claim.

Offers to Purchase a Claim

Certain entities are in the business of purchasing claims for an amount less than the fact value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 *et seq.*), and any applicable orders of the bankruptcy court.