



March 12, 2009

Official Committee of Investors in the
Mortgages Ltd. Bankruptcy Plan of Reorganization
c/o Mr. Edward M. McDonough
Alvarez & Marsal
2355 E. Camelback Road, #805
Phoenix, AZ 85016

Re: Loan Proposal for a \$20.0 Million Exit Financing Loan

Dear Official Committee of Investors:

We are prepared to provide a \$20.0 million loan (the "Loan") to the liquidating trust and other applicable entities (collectively, the "Borrower") as described in the Official Investor Committee Disclosure Statement in support of the Official Committee of Investors' plan of reorganization (the "Official Investor Committee Plan") for Mortgages Ltd. Universal Equity Group and Strategic Capital Partners have formed a joint venture to provide this financing. As a team, we have the capital to make this Loan and are an experienced lending and workout group with a strong local presence in Arizona. As you know from our discussions, we have made efforts to be flexible in the structuring and terms of this Loan and are prepared to proceed under the following terms and conditions:

- Borrower: Liquidating trust and applicable entities as per the Official Investor Committee Plan
Lender: Universal Equity Group and Strategic Capital Partners, LLC or an affiliated single purpose entity.
Loan Amount: \$20.0 million
Loan Term: 36 months
Extension Options: Borrower will have the right to extend the Term of the Loan after 36 months for up to four (4) successive six (6) month periods by notifying Lender at least sixty (60) days in advance and paying the Extension Fee.
Initial Funding: To be determined by Borrower, but will not be less than \$12.0 million, which includes the Origination Fee and will result in at least \$10.0 million in net proceeds to Borrower.

300 N. Market Place Drive
Suite 120
Centerville Utah 84014
P-801-333-8500 F-801-333-8520
www.stratcappartners.com

Additional Funding	Subject to the Loan not being in Default, Borrower may make monthly draw requests that will be approved by Lender and funded within two weeks of the draw request being received by Lender.								
Origination Fee	10.0% or \$2,000,000, funded at initial closing								
Interest Rate	20.0% per annum, compounded monthly.								
Interest Payments	Interest will accrue for the first 18 months from the date of the Initial Funding. Thereafter, interest payments will be made monthly based on the outstanding Loan balance (“OLB”) and the agreed upon interest rate. The OLB consists of all Loan principal plus any accrued interest.								
Repayment Incentive	Beginning in the 13 th month of the Loan and every six months thereafter during the Initial Term of the Loan or until the Loan is repaid in full, Borrower will pay a fee equal to 3.0% of the then permitted Maximum Loan Balance, which may be funded by a Loan draw.								
Extension Fee	5.0% of the Maximum Loan Balance, which may be funded by a Loan draw.								
Disposition Incentive Payment	<p>As additional incentive for providing the Loan and in order to align the interests of the Lender with the Borrower, Lender will receive a Disposition Incentive Payment in the net distributable proceeds (“NDP”) generated upon the liquidation of the collateral loans and real estate owned (REO) properties and in payments related to the tort claims to be pursued by Borrower. This Disposition Incentive Payment will not be applied to Loan repayment, as outlined below. It creates incentive for all parties to maximize the liquidation proceeds from the collateral.</p> <p>Lender will receive 10.0% of NDP as defined above, but Lender’s participation will be capped at \$8.0 million (the “Cap”). The Lender participation will continue beyond the term of the Loan through the liquidation of the collateral, but will not exceed the Cap.</p>								
Maximum Loan Balance	<p>The “Maximum Loan Balance” permissible will decrease over the term of the Loan and the extension periods based on the following schedule:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Months 1 – 24</td> <td>\$20.0 million</td> </tr> <tr> <td>Months 25 – 36</td> <td>\$15.0 million</td> </tr> <tr> <td>Months 37 – 48</td> <td>\$10.0 million</td> </tr> <tr> <td>Months 49 – 60</td> <td>\$5.0 million</td> </tr> </table> <p>Maximum Loan Balance includes all funded Loan principal plus accrued interest and fees.</p>	Months 1 – 24	\$20.0 million	Months 25 – 36	\$15.0 million	Months 37 – 48	\$10.0 million	Months 49 – 60	\$5.0 million
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Months 49 – 60	\$5.0 million								
Collateral	All of Borrower’s interest and rights in all loans, individual loan LLCs, and REO properties, either currently owned by Borrower and the other Investors in the loans or taken by Borrower via foreclosure or any other								

means in the future, as well as any and all tort claims and other compensation received by Borrower. In addition, Borrower will not sell, modify or restructure any loans or REO properties in the collateral pool, whether the Loan is performing or non-performing, without the written consent of the Lender.

Loan Repayment

All cash distributions made by Borrower will be distributed based on the following percentages until the Loan (with all accrued interest) is paid off in full:

Lender Distribution	70.0%
Borrower Distribution	30.0%

Purchase Opportunity

Beginning at the time of the Initial Funding and continuing for as long as Borrower owns loans and/or REO property in the collateral pool, Borrower agrees to provide Lender with the opportunity to compete for the purchase of loans being sold for less than PAR value and REO that are being marketed for sale. Any time Borrower determines to sell a loan or REO, or permit repayment of a non-performing loan, Borrower will first notify the Lender and provide copies of all offers or terms ("Third-Party Offer") to the Lender. Lender will have seven days from the date it receives a copy of any Third-Party Offer to make a competing offer. If Lender makes any such competing offer, the Borrower will discuss the offer with Lender and disclose any defects or deficiencies that would cause Borrower to reject the Lender's offer and provide Lender three days to correct such defect or deficiency at the Lender's discretion.

Default Provisions

In the event of a Loan default, Lender will have the right to force the liquidation of Loan collateral through the foreclosure process on loans or the sale of REO properties in order to bring the Loan into compliance with the Maximum Loan Balance provision. In addition, the following Loan terms will apply and Lender reserves all rights to be detailed in the Loan documents:

Interest Rate	29.5%
Repayment Incentive	Increased from 3.0% to 5.0%

Broken Deal Expenses

Upon presentation of this Loan proposal to the bankruptcy court and its subsequent approval of the Official Investor Committee Plan of Reorganization, if Borrower does not close the Loan for any reason (other than Lender's failure to fund), then Lender will be reimbursed by Borrower for its expenses related to pursuing this Loan, which include all third party costs and out-of-pocket costs incurred by the Lender.

Other Terms

This proposal supersedes and voids all other prior representations, conversations and correspondence between Borrower (or its representatives) and Lender. Borrower and Lender agree to negotiate in good faith, the terms and conditions of mutually acceptable Loan documents as referenced above.

Contingencies

This proposal is a letter of intent only and shall not constitute a legally binding agreement between the parties or place a legally enforceable obligation upon the parties. The purpose of this proposal is to set forth the general description of a proposed loan transaction and to indicate the willingness of the parties to continue negotiations with respect to such transaction. A full commitment letter will be executed between Borrower and Lender as soon as possible.

Lender's funding of the Loan is contingent upon the following:

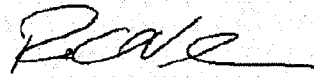
- 1) Confirmation of the Official Investor Committee Plan by the bankruptcy court without material change. Materiality to be determined in the reasonable discretion of the Lender.
- 2) Lender's satisfactory review of the Collateral and the Borrower.
- 3) Completion of definitive Loan documentation in form and substance satisfactory to the Lender and consistent with this proposal.
- 4) Receipt of all necessary approvals and material third-party consents in connection with the Official Investor Committee Plan and the Loan.

We look forward to working with you to a successful closing of the proposed financing. Please contact us with any questions or to further discuss this proposal.

Sincerely,



Steven M. Sandholtz
Strategic Capital Partners, LLC



Robert Verhaaren
Universal Equity Group