

Mortgages Limited
Liquidation Analysis
Assumptions

- 1) Balance Sheet amounts are those reflected on Debtors' January 31, 2009 Operating Report.
- 2) Adjustment to the balance sheet accounts reflect estimates to obtain liquidation value.
- 3) Accounts Receivable are reflected on the book as \$258,314 after an allowance for Doubtful Accounts of \$1,999,810. These receivables are as follow:

Accounts Receivable (Net)	1/31/2009
Accounts Receivable	96,353
Accounts Receivable - SM Coles LLC	154,461
Accounts Receivable - SMC Revocable Trust	7,500
Note Receivable - Michael Peloquin	949,810
Note Receivable - Zacher Corporation	250,000
Allowance for Doubtful Accounts	<u>(1,999,810)</u>
Total Accounts Receivable	\$ 258,314

- 4) Loan and Interest Receivable are reflected on the books as \$8,422,422 after an allowance of \$150,724,272. These receivables are as follow:

Loans and Interest Receivable	1/31/2009
Note Receivable - SM Coles, LLC	
Notes Receivable - SMC Revocable Trust	5,480,000
Loan Interest Receivable	483,198
Mortgage Loan Interest Receivable	16,358,113
Servicing Income Receivable	8,351,053
Default Interest Receivable	64,216,366
Late Fee Income Receivable	58,048,976
Extension Fee Receivable	5,896,554
Other Fees Receivable	312,433
Allowance for Doubtful Accounts - Mortgage Loans	<u>(150,724,272)</u>
Total Loans and Interest Receivable	\$ 8,422,422

- 5) Investments in mortgages totaling \$163,118,263 consist of Mortgages Ltd. fractional ownership interest in approximately 34 loans with various borrowers.
- 6) Mortgages Ltd. also reflects, on its balance sheet, the fractional ownership interest in approximately 33 various loans relating to the Revenue Opportunity Fund.
- 7) Other Assets consist primarily of Mortgage Servicing Rights.

8) REO consist of the following:

Investments - Real Estate	1/31/2009
River Run REO	4,994,297
MP 122009 L.L.C.	220,604
MP062011 LLC	935,854
MP122030 LLC	900,174
Land - 21 Acres Fountain Hills	3,865,000
Land - 40 Acres Troon	8,800,000
Mummy 8, LLC	275,000
Central & Highland	11,869,026
Chateaux on Central	11,579,407
Total Investments - Real Estate	\$ 43,439,362

9) Chapter 7 fees are estimated at 3% plus \$100,000 for other Chapter 7 costs.

10) Debtor pay-offs consist of:

- DIP Loan
- Secured Capital Management
- Arizona Bank & Trust
- Radical Bunny (assuming they are secured)

11) Chapter 11 Fees

12) Other post petition liabilities consist of accounts payable and accruals relating to miscellaneous expenses, 401k fees, and revenue agreement.

13) Pre-petition unsecured debt including Radical Bunny unsecured portion.

Mortgages Limited
Liquidation Analysis
Assuming Radical Bunny is Secured

<u>Source (Assets as of January 31, 2009)</u>		<u>Adjustment</u>	<u>Amount</u>
Cash	\$ 839,144	100%	\$ 839,144
Accounts Receivable (Net)	258,314	10%	25,831
Loan & Interest Receivable	8,422,422	5%	421,121
ML Fractional Interest in Notes and Deeds of Trust	163,118,263	16%	25,996,861
Mortgages Held for Investors	124,202,784	10%	12,420,278
Other Current Asset	7,124,846	0%	-
Fixed Asset	1,630,727	10%	163,073
Leasehold Improvement	2,178,961	0%	-
Other	279,035	10%	27,904
REO	43,439,362	25%	10,859,841
	<u>\$ 351,493,858</u>		<u>\$ 50,754,052</u>
Less Chapter 7 Fees , 3 % plus \$100,000			1,622,622
Avialable to Chapter 11 Creditors			\$ 49,131,431
<u>Uses</u>			
Payoff of DIP loan			\$ 4,784,275
Payoff of Secured Real Estate Debt			6,450,000
Payoff of Radical Bunny Secured Portion			30,406,701
			<u>\$ 41,640,976</u>
Chapter 11 Profesional Fees			\$ 7,000,000
Chapter 11 Priority Claims- Rent			302,000
Chapter 11 Priority Claims			130,000
			<u>\$ 7,432,000</u>

Mortgages Limited
Liquidation Analysis
Assuming Radical Bunny is Secured

Other Post Petition Liabilities

Accounts Payable	\$ 500,000
Payroll	59,798
	<u>\$ 559,798</u>
Shortfall to Chapter 11 Creditors	<u>\$ (501,343)</u>

Pre Petition Unsecured

Accrued Payable	\$ 783,148
Mortgage Held for Investors	124,202,784
Due SM Coles LLC	391,399
Radical Bunny	166,826,049
Unsecured Lines of Credit	4,000,000
	<u>\$ 296,203,380</u>
Recovery	
All Post Petition Claims Unsecured	0.0%
Summary	
Radical Bunny (Including Secured Portion)	15.4%
Remaining Creditors	0.0%

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Assuming Radical Bunny is Unsecured

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Accounts Receivable (Net)	258,314	10%	25,831
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Other	279,035	10%	27,904
REO	43,439,362	25%	10,859,841
	<u>\$ 351,493,858</u>		<u>\$ 50,754,052</u>
Less Chapter 7 Fees , 3 % plus \$100,000			1,622,622
Avialable to Chapter 11 Creditors			\$ 49,131,431
<u>Uses</u>			
Payoff of DIP loan			\$ 4,784,275
Payoff of Secured Real Estate Debt			6,450,000
			<u>\$ 11,234,275</u>
Chapter 11 Profesional Fees			\$ 7,000,000
Chapter 11 Priority Claims- Rent			302,000
Chapter 11 Priority Claims			130,000
			<u>\$ 7,432,000</u>

Mortgages Limited
Liquidation Analysis
Assuming Radical Bunny is Unsecured

Other Post Petition Liabilities

Accounts Payable	\$ 500,000
Payroll	59,798
	<u>\$ 559,798</u>
Shortfall to Chapter 11 Creditors	<u>\$ 29,905,358</u>

Pre Petition Unsecured

Accrued Payable	\$ 783,148
Mortgage Held for Investors	124,202,784
Due SM Coles LLC	391,399
Radical Bunny	197,232,750
Unsecured Lines of Credit	4,000,000
	<u>\$ 326,610,081</u>

Recovery 9.2%