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13 Attorneys for Creditors and Plaintiffs Rightpath
Limited Development Group, LLC, Maryland Way
14 Partners, LLC, Daniel L. Hendon, Rick L. Burton,
Raymond Rodriguez, Robert C. Banovac, Rightpath
15 Limited, LLC, and Glendale Jet Center, LLC

16 IN THE UNITED STATES BANKRUPTCY COURT
17 FOR THE DISTRICT OF ARIZONA

18 In re:
19 MORTGAGES LTD., an Arizona
Corporation,
20
Debtor.

21
22 RIGHTPATH LIMITED DEVELOPMENT
23 GROUP, LLC, et al.,

24 Plaintiffs,

25 v.

26 MORTGAGES, LTD, et al.

27 Defendants.
28

Chapter 11 Proceedings

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

Adversary No. 2:08-ap-00436-RJH

**JOINT STIPULATION TO TAKE THE
OCTOBER 15, 2008 HEARING OFF-
CALENDAR AND TO VACATE ALL
RESPONSE AND REPLY DATES
RELATED TO THE MOTION TO
DISMISS/MOTION FOR SUMMARY
JUDGMENT FILED BY MORTGAGES
LTD.**

1 **WHEREAS**, on May 21, 2008, Creditors and Plaintiffs Rightpath Limited Development
2 Group, LLC, Maryland Way Partners, LLC, Daniel L. Hendon, individually and as Trustee of the
3 Daniel L. Hendon Family Trust dated February 23, 2006, Rick L. Burton, individually and as
4 Family Trustee of the RLB 2006 Irrevocable Trust dated August 10, 2006, Raymond Rodriguez,
5 as Independent Trustee of the RLB 2006 Irrevocable Trust dated August 10, 2006, Robert C.
6 Banovac, individually and as Settlor and Trustee of the Robert Banovac Trust dated March 9,
7 1998, Rightpath Limited, LLC, and Glendale Jet Center, LLC (collectively, the "Rightpath
8 Parties") filed a lawsuit in the Arizona Superior Court for the County of Maricopa, Case No.
9 CV2008-011878, against Debtor and Defendant Mortgages, Ltd. (the "Debtor") and Defendant
10 Scott M. Coles for Fraud, Negligent Misrepresentation, Usury, Racketeering, Breach of Contract,
11 Breach of the Implied Covenant of Good Faith and Fair Dealing, Promissory Estoppel, Unjust
12 Enrichment, Unfair Competition, and Declaratory Relief (the "Rightpath Lawsuit");

13 **WHEREAS**, on or about June 17, 2008, the Debtor filed a Motion to Dismiss Complaint
14 Pursuant to Ariz.R.Civ.P.12(b)(6) ("Motion to Dismiss/Motion for Summary Judgment");

15 **WHEREAS**, following the filing of the involuntary bankruptcy petition against the
16 Debtor, which the Debtor subsequently consented to convert to a Chapter 11 proceeding, on June
17 26, 2008, the Debtor removed the Rightpath Lawsuit to this Court to proceed as an adversary
18 proceeding;

19 **WHEREAS**, on August 11, 2008, this Court scheduled a hearing for October 15, 2008, at
20 1:30 p.m., for the Debtor's Motion to Dismiss/Motion for Summary Judgment and further set a
21 briefing schedule that required the Rightpath Parties to file their response by September 12, 2008,
22 and the Debtor to file its reply by October 1, 2008;

23 **WHEREAS**, on August 20, 2008, the Debtor and the Rightpath Parties reached a
24 settlement, subject to Court approval, of the Rightpath Lawsuit and any claims that the Rightpath
25 Parties had against the Debtor's Estate, which is memorialized in the Binding Letter of Intent re
26 Loan Documents 858406, Loan Documents 858506, and Loan Documents 859806 that is attached
27 hereto as Exhibit A;

28 **WHEREAS**, the Debtor and the Rightpath Parties are currently preparing more detailed

1 documents to reflect the settlement that the Debtor and the Rightpath Parties reached on August
2 20, 2008 as well as a Motion to obtain Court approval of the Debtor and the Rightpath Parties'
3 settlement; and,

4 **WHEREAS**, in light of the aforementioned settlement, the Debtor and the Rightpath
5 Parties wish to avoid the time and expense to needlessly brief a motion that will be mooted upon
6 this Court's approval of the aforementioned settlement.

7 **IT IS THEREFORE STIPULATED** by and among the Debtor and the Rightpath Parties,
8 through their respective counsel of record, that the October 15, 2008 Hearing Date for the Debtor's
9 Motion to Dismiss/Motion for Summary Judgment be taken off-calendar and that the deadlines to
10 file any response or reply to the Motion to Dismiss/Motion for Summary Judgment similarly be
11 vacated without prejudice to the Debtor's request to have new dates calendared in the event that
12 this Court does not approve the settlement reached between the Debtor and the Rightpath Parties.

13 **IT IS SO STIPULATED.**

14 Dated: September 6, 2008

Dated: September 6, 2008

15
16
17 By: /s/ Gabriel G. Green
18 SHEPPARD, MULLIN, RICHTER &
19 HAMPTON LLP
20 Christopher S. Reeder
21 Margaret M. Mann
22 Gabriel G. Green

By: /s/ John R. Clemency
GREENBERG TRAUERIG, LLP
John R. Clemency
Todd A. Burgess

23 Attorneys for Creditors and Plaintiffs
24 Rightpath Limited Development Group, LLC,
25 Maryland Way Partners, LLC, Daniel L.
26 Hendon, Rick L. Burton, Raymond Rodriguez,
27 Robert C. Banovac, Rightpath Limited, LLC,
28 and Glendale Jet Center, LLC

Attorneys for Debtor and Defendant
Mortgages, Ltd.

24 COPY of the foregoing served by e-
25 mailed on September 6, 2008, to the
26 attached service list.

27 /s/ Gabriel Green

EXHIBIT A

August 20, 2008

Binding Letter of Intent re Loan Documents 858406, Loan Documents 858506, and Loan Documents 859806 (collectively, the "Loan").

This letter is to serve as a binding letter of intent between Rightpath Limited Development Group, LLC and Maryland Way Partners, LLC (collectively the "Borrowers") and Mortgages Ltd. ("Lender") with respect to agreed upon terms of an amendment and restatement of the Loan:

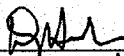
1. Term: 3 years, commencing upon the date that the Court approves the settlement between the parties.
2. Options to Extend: Borrowers shall have two (2) options to extend the maturity date of the Loan for one (1) year each by written notice. A fee in the amount of 1 point on the then outstanding principal balance of the Loan shall be payable in connection with each extension as follows:
 - (a) if Lender is able to secure the additional \$14,000,000 funding under the Loan referred to below, the extension fees of 1.5 points for 18 months shall be paid out of such additional funds. The remaining 1.5 points for the extension will due as follows: On the 18th month, a .5 point will be due and on the 24th month, 1 point will be due.
 - (b) if Lender fails to secure the additional funding, despite Lender's best efforts, then the extension fees shall be due upon the Maturity Date (as extended).No interest shall accrue on the extension fees.
3. Principal: The parties agree that the outstanding principal balance of \$109,336,287.00 shall be reduced by any amounts not actually previously funded to Borrowers, any amounts of construction and/or tax impound accounts not made available to Borrowers (including the sums paid to Greenberg Traurig and MCA Financial), and any fees or points retained by Lender based on loan amounts that were not funded.
4. Interest: The parties agree that the interest rate on the outstanding principal balance will accrue at the effective rate actually paid to Lender's direct fractional interest investors (estimated to be between 9% and 12%). Other than as set forth in Paragraph 8, all accrued interest shall be due and

- payable at maturity as extended pursuant to Paragraph 2.
5. Immediate Additional Funding: Lender shall use its best efforts to secure additional funding under the Loan in an amount equal to \$14,000,000 (as set forth above). Interest on such additional funding, if secured and funded to Borrower, shall be equal to the interest rate payable to Lender's investors funding such amount, not to exceed 18%.
 6. Additional Funding to complete take down: Lender shall use its best efforts to secure additional funding under the Loan in an amount equal to \$70,000,000, upon terms acceptable to Borrower, for the purpose of funding the purchase of remaining properties previously identified by Borrower to Lender.
 7. Subordination: Lender shall subordinate the lien of the deed of trust(s) and any other security agreements securing the Loan to one or more deeds of trust securing additional development and construction loans secured by Borrower and other lender assurance, subject to Lender's approval not to be unreasonably withheld. Lender acknowledges that subordination to the City of Glendale's lender will be required under the Development Agreement.
 8. Release Value: 120% par value plus accrued interest on amount released.
 9. Release of Guaranties: All guarantors under the Loan shall be unconditionally released and all personal obligations discharged, it being understood that Lender's sole recourse shall be Borrower's interest in the property securing the Loan.
 10. Deed Upon Default. In the event that Borrower defaults in any of its payment obligations, after notice and opportunity to cure, Lender shall be entitled to require Borrower to deposit a deed in escrow.


The parties contemplate preparation of a more detailed agreement containing additional terms and conditions that are customary for a transaction of the nature contemplated in this letter of intent, but it is understood and agreed that this letter of intent nonetheless binds the parties to the amended and restated terms of the Loan on the terms and conditions stated in this letter even if a more definitive agreement is not executed.

August 20, 2008
Page 3

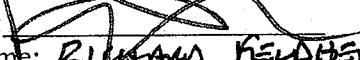
Rightpath Limited Development Group, LLC

By: 
Name: Daniel Hudson
Title: manager

Maryland Way Partners, LLC

By: 
Name: Daniel Hudson
Title: manager

Mortgages Ltd.

By: 
Name: RICHARD FELDHEIM
Title: CEO

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