

IT IS HEREBY ADJUDGED  
and DECREED this is SO  
ORDERED.

The party obtaining this order is responsible for  
noticing it pursuant to Local Rule 9022-1.

Dated: August 07, 2008



*Randolph J. Haines*

RANDOLPH J. HAINES  
U.S. Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA

In re:

Mortgages Ltd.,

Debtor.

Chapter 11 Proceedings

Case No. 2:08-bk-07463-RJH

**INTERIM ORDER AUTHORIZING  
DEBTOR TO OBTAIN POST  
PETITION FINANCING PURSUANT  
TO 11 U.S.C. §§105, 361, 362 AND 364;  
DETERMINING PREPETITION  
SECURED PARTIES ADEQUATELY  
PROTECTED PURSUANT TO 11  
U.S.C. §§361, 362 AND 364; AND  
SETTING FINAL HEARING  
PURSUANT TO BANKRUPTCY  
RULES 4001(b) AND (c) AND LOCAL  
BANKRUPTCY RULE 4001-4**

The Court having convened a hearing on "Debtor's Expedited Motion for Approval of Debtor-in-Possession Financing in Accordance with Bankruptcy Code Sections 364 (c) and (d)" ("Motion"); the Court having received evidence by Declaration and testimony by Richard Feldheim, Declaration and testimony by Christine Zahedi, and testimony by Christopher Olson in support of the Motion; the Court having heard and considered objections filed by various parties in interest and arguments of counsel and having reviewed the record as a whole and good cause appearing therefor,

IT IS HEREBY ORDERED that the Motion is granted on an interim basis, subject to the limitations as set forth in this Order.

1 IT IS FURTHER ORDERED approving on an interim basis the immediate use by  
2 Debtor of up to \$500,000 of the \$5,000,000 working capital loan from Stratera Portfolio  
3 Advisors, LLC ("Stratera") for financing the ongoing operations of the Debtor in accordance  
4 with the Budget attached to the Motion.

5 IT IS FURTHER ORDERED that the Term Sheet attached to the Motion shall be  
6 modified as follows:

7 (a) The second sentence of paragraph 11(B) shall be stricken.

8 (b) Paragraph 5 shall now read: "Origination Fees in the amount of  
9 \$12,500 shall be paid upon the initial funding of the Loan and the remaining amount of the  
10 \$125,000 Origination Fee shall be due only if the Court enters a final order approving the  
11 Term Sheet."

12 (c) Paragraph 7, line 6 shall be modified to strike the words "if approved in  
13 writing."

14 IT IS FURTHER ORDERED that the Debtor shall not draw or use funds from the  
15 \$500,000 working capital loan from Stratera (the "Interim Loan") to the extent additional  
16 unencumbered funds become available for ongoing operational needs.

17 IT IS FURTHER ORDERED that the Debtor shall not use funds from the Interim  
18 Loan (1) for purposes other than as set forth in the Budget attached to the Motion, (2) for  
19 Budget items which are not necessary to be paid, or (3) beyond the Budget.

20 IT IS FURTHER ORDERED modifying the automatic stay of §362(a) to the extent  
21 necessary to permit Stratera and the Debtor to implement the terms of this Debtor-in-  
22 Possession financing, this Interim Order and any subsequent Final Order entered herein.

23 IT IS FURTHER ORDERED granting Stratera a super-priority administrative  
24 expense claim, a collateral assignment of the note and deed of trust on the River Run Golf  
25 Course; and junior deeds of trust on properties described as the Chateaux on Central, Central  
26 & Highland, 21-acre parcel in Fountain Hills, Arizona, Mummy 8, LLC, Troon 40-acre

1 parcel and loans to Zacher Development, subject to each secured creditor's existing liens, all  
2 subject to a professional fee carve-out. The liens with respect to all loans encumber only the  
3 Debtor's interests in such loans, and the Debtor will not grant any lien on the fractional  
4 interests held by investors in such loans. The liens with respect to the Zacher loans  
5 encumber only the Debtor's interests in such loans and are subject to the claims of William  
6 C. Lewis, as trustee of the William C. Lewis Trust dated August 1, 1989, as amended.

7 IT IS FURTHER ORDERED clarifying that the professional fee carve-out  
8 referenced above shall include professional fees rendered on behalf of counsel for the Debtor,  
9 Official Unsecured Creditors' Committee, Official Investor Committee, and any other  
10 professionals hired by the Debtor or the Committees and approved by the Court.

11 IT IS FURTHER ORDERED that the lien and assignment granted to Stratera does  
12 not prime any existing lien or assignment of any secured creditor on the collateral granted to  
13 Stratera; and that the professional fee carve-out referenced above does not affect any such  
14 secured creditor's existing lien or assignment.

15 IT IS FURTHER ORDERED that the Debtor shall reserve, but not pay, \$50,000 of  
16 the Interim Loan as conditional adequate protection, pending further Order of the Court, for  
17 the benefit of Radical Bunny, LLC.

18 IT IS FURTHER ORDERED that a final hearing on the Motion shall be set on the  
19 21<sup>st</sup> day of August, 2008 at 11:00 a.m., provided the Debtor files with the Court and serves  
20 no later than August 14, 2008 a definitive loan agreement and documents evidencing the  
21 \$5,000,000 loan and a proposed budget. Further, responses or objections to the Motion shall  
22 be filed on or before August 15, 2008, by 5:00 p.m.; a list of witnesses and exhibits shall be  
23 filed by 12:00 p.m. on August 19, 2008.

24 IT IS FURTHER ORDERED that Debtor will serve, no later than August 7, 2008,  
25 Notice of Entry of this Interim Order ("Notice") and of the date and time of the final hearing,  
26 a copy of the Interim Order and (to the extent not previously served) the Motion with all

1 exhibits and attachments on: (1) Stratera; (2) counsel for any and all official committees; (3)  
2 the Office of the U.S. Trustee; (4) all known lien holders; and (5) any and all parties that  
3 have filed, as of the date of the Interim Order's entry, a request for notice with the Clerk of  
4 the Court.

5 IT IS FURTHER ORDERED that the Notice will state, among other things, that the  
6 Debtor will seek approval at the Final Hearing of the relief requested in the Motion, on a  
7 final basis, substantially identical to the relief granted in the Interim Order and will set forth  
8 the procedures and deadlines for filing any objection to such relief. Upon Debtor's  
9 compliance with this notice requirement, the Notice will be sufficient and will be deemed to  
10 comply with Bankruptcy Rule 4001(c)(3).

11 IT IS FURTHER ORDERED that the Debtor and the Official Investors Committee  
12 are directed to use their best efforts to come to an agreement as to the Debtor's availability to  
13 use its own portion of the monies held in the impound accounts.

14 **ORDERED, DATED AND SIGNED AS ABOVE.**

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GRAN