

and MP 14, which were created by Mortgages Ltd.

The Katz Trust was established March 28th, 2004 and any amendments thereto.

Investor code: KA 33

Amount: \$483,733.44

Current Status: Categorized as Insider

Procedural History

On August 28, 2008, the Court entered an interim order concerning payment of interest collected from borrowers to investors, which improperly characterized the Katz Trust as an “insider” without notice to the Katz Trust or opportunity to object to this classification. In the interim order, dated August 28, 2008, the court defined “insider” as officers, directors, shareholders of the debtor, spouses, relatives, trusts or other entities that may have been formed on behalf of associated with, or otherwise related to such insiders. See Order dated August 28, 2008, p. 2.

Objection to Classification and Liquidating Trustee’s Motion

The Katz trust objects to the Liquidating Trustee’s motion as it relates to the Katz Trust because Lisa A. Katz and the Katz Trust are not and were never officers, directors, shareholders of the debtor, spouse, or relative of the debtor. and no trust or entity has been formed on behalf of, associated with, or otherwise related to the debtor. See Declaration of Lisa A. Katz attached hereto as Exhibit A. Lisa A. Katz is a sibling of Scott Coles, but has not received any preferential treatment, has not been treated differently than any other investor and had no

information about the debtor or its finances at any time. See Exhibit A and Exhibit B. In fact, redemption requests in mid May, 2008, was denied just as it was for other investors. See Exhibit C, attached hereto. Exhibit C establishes that the debtor did not give the Katz Trust any preferential treatment. In addition, Lisa A. Katz had no opportunity to withdraw, sell or redeem the investment made by Katz Trust before the death of Scott Coles or bankruptcy of the debtor. See Exhibit A. Lisa A. Katz had no information or idea that her brother would commit suicide and learned of suicide and death like other members of the community. See Exhibit A. Lisa A Katz is not aware of any law or statute that would characterize her as an "insider."

The Katz Trust will rely on the proof of claim and the Exhibits attached hereto as well as any other testimony that may be allowed at the time of the hearing of this matter.

Additional Information for the Court as requested by the Liquidating Trustee's

Motion:

The counsel for the ML Liquidating Trust should serve any reply to this response to :

Lisa A. Katz

5250 E. Wagoner Rd.

Scottsdale, Arizona 85254

Phone: 602-803-7370

Fax: 602-569-8311

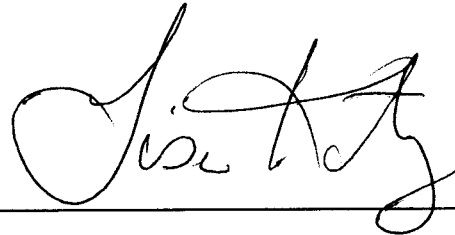
At this time please note that Lisa A. Katz, trustee of the Katz Trust is the only person with the authority to reconcile, settle, or otherwise resolve the Omnibus Objection on the Claimant's behalf. However, the Katz Trust reserves the right to designate other parties with the authority to do so in the future.

CONCLUSION

For the foregoing reasons, the Lisa A. Katz, trustee of the Katz Trust requests that this Court deny the Liquidating Trustee's Motion as it relates to the claim by the Katz Trust. In addition, the Katz Trust requests entry of an order reclassifying the Katz Trust as a claimant that is not an insider.

Dated November 19, 2009

By: _____

A handwritten signature in black ink, appearing to read "Lisa A. Katz", written over a horizontal line.

Lisa A. Katz, trustee of the Katz Trust

A copy of the foregoing
Hand delivered November 19, 2009
to
William Scott Jenkins
Jill M. Hulsizer
Meyer & Jenkins
One East Camelback
Suite 500
Phoenix, Arizona 85012

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Lisa A. Katz Trust

In Proceedings Under Chapter 11

In re: MORTGAGES Ltd., Debtor)
November 18th, 2009)
)
)
)
)
_____)

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

DECLARATION OF
LISA A. KATZ, TRUSTEE OF..
THE LISA A. KATZ TRUST

I, Lisa A. Katz, trustee of the Lisa A. Katz Trust (hereinafter referred to as "Katz Trust" has personal knowledge of the following facts and am competent to provide this affidavit.

On September 15, 2008, I, as trustee of the Katz Trust filed a proof of claim in the amount of \$475,556.72, plus interest. I filed an amended proof of claim on November 17, 2008, in in the amount of \$484,556.72, plus interest. ¹ These claims are identified in Exhibit G as Claim #1221 and #120. The claim arose from investments by Katz trust in mortgage pools identified as MP 11, MP 13, and MP 14, which were created by Mortgages Ltd.

I was never given notice of or opportunity to object to the classification of the Katz Trust as an insider before this Court entered his interim order on August 28, 2008. Upon learning of the order, I sent a letter, dated October 9, 2008, to this Court, a copy of which is attached as Exhibit B to the Katz Trust Objection to the Liquidating Trustee's Motion.

¹ Exhibit G to the Notice to Claimant identifies the amount of this claim as \$483,733.44.

Exhibit A

I, Lisa A. Katz, and the Katz Trust are not and were never officers, directors, shareholders of the debtor, spouse, or relative of the debtor and no trust or entity has been formed on behalf of, associated with, or otherwise related to the debtor.

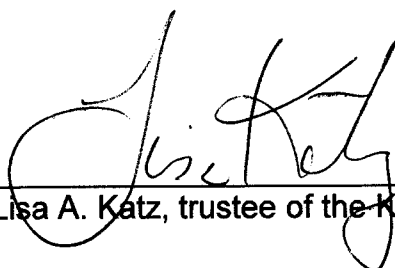
I am a sibling of Scott Coles, but neither I nor the Katz Trust has received any preferential treatment. The Katz Trust and I have not been treated differently than any other investor and I had no information about the debtor or its finances at any time. In fact, my redemption request in mid May, 2008, was denied just as it was for other investors. Exhibit C, attached to the Katz Trust Response and Objection to the Liquidating Trustee's Motion establishes that the debtor did not give me or the Katz Trust any preferential treatment.

I had no opportunity to withdraw, sell or redeem the investment made by Katz Trust before the death of Scott Coles or bankruptcy of the debtor. I had no information or idea that her brother would commit suicide. I learned of suicide and death like other members of the community.

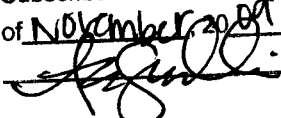
I am not aware of any law or statute that would characterize me or the Katz Trust as an "insider."

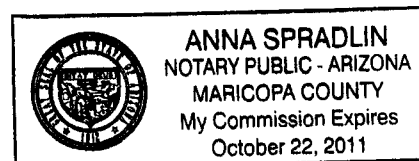
The Affiant further sayeth not.

Dated November 19, 2009

By: 
Lisa A. Katz, trustee of the Katz Trust

Notary

State of ARIZONA
County of MARICOPA
Subscribed and sworn before me this 19th day
of November 2009 by Lisa A. Katz
 Notary Public



October 9, 2008

The Honorable Randolph Haines
United States Bankruptcy Court
230 North 1st Avenue
Phoenix, Arizona 85003

Re: Mortgages LTD Bankruptcy Chapter 11 Proceedings

Dear Judge Haines:

I am writing you regarding the Mortgages LTD Chapter 11 Bankruptcy proceedings and specifically the bankruptcy court's decree dated August 28, 2008. This decree was the "amended interim order concerning payment of interest collected from borrowers to investors".

Within this decree and document it states that no interest payments will be made to certain parties including relatives and that all payments to such parties will be put in escrow. I am the sister of Scott Coles and as such I assume I have been designated an "insider" solely on that basis. Outside of being Scott's sibling, I can think of no other reason as to why I have been designated an insider. I have no current or past ownership interest in Mortgages LTD, I have never been employed by Mortgages LTD, I have never been treated any differently than any other similar investor of Mortgages LTD, and to the best of my knowledge I do not stand to benefit financially from my brother's estate.

I have reached out to several parties in an attempt to get clarification as to why I am designated an insider and more importantly to try and get direction and advice as to the process to remove myself from this list. I have sent e-mails and left voice mails for both Cathy Reece and Carolyn Johnsen and neither has had the courtesy to return my inquiries or provide any direction. In addition, I have repeatedly tried to contact the CEO of Mortgages LTD, Richard Feldheim, and he has been generally non responsive and unhelpful as well.

This has made for a very frustrating situation on top of the emotional and financial hardship that I have been going through since my brother's death. Furthermore I have never been officially notified that I am on an insiders list and I have received no documentation to this point as to what interest payments on my behalf have been placed in escrow. Lastly I have been informed that a number of other "designated insiders" have been able to remove themselves from the list with the help of the parties mentioned above.

I am asking for your help and direction as to what process I can undertake to potentially be removed from the insider's list and what that process incurs. I am hoping it will not be necessary to employ my own legal counsel to resolve this matter but I am prepared to do so if necessary.

Exhibit B

Thank you for your attention to this matter.

Sincerely,

Lisa A. (Coles) Katz

**Cc: Cathy Reece, Fennemore Craig PC,
Cc: Carolyn Johnsen, Jennings, Strouss & Salmon
Cc: Richard Feldheim, Mortgages LTD**

May 20, 2008

Mrs. Lisa Katz
Lisa A. Katz, Trustee of the Lisa A. Katz Trust
5250 E. Wagoner Rd.
Scottsdale, AZ 85254-7636

Dear Mrs. Katz,

Your redemption request has been received and has been entered into our system and it will be processed per the terms of the Private Offering Memorandum. The confirmation number for your redemption request is 2277.

Markets continue to deal with the extraordinary environment where banks have in effect stopped lending and both real estate and credit markets are feeling the impact of limited liquidity. While Mortgages Ltd. has employed strategies for navigating through this market, liquidity may not be achieved as fast as in times when these markets are more bullish.

We are committed to you and your investments made through Mortgages Ltd. Securities. As borrowers make their payments to us we will continue sending your monthly interest checks to you and as soon as banks get back to the business of lending, normalcy will return to the credit markets allowing borrowers to payoff their loans with Mortgages Ltd. In the meantime we will do our best to not only preserve your principal but to have it returned to you as requested.

We are consistently working on your behalf and that of all our Investors through good times and challenging markets. If you have any questions or would like to meet, please call us at 602.277.5626.

Sincerely,



Scott M. Coles
President and CEO

Exhibit C