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: May 20, 2009

RANDOLPH J. HAINES
U.S. Bankruptcy Judge

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IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

In re	Chapter 11
MORTGAGES LTD.,	Case No. 2:08-bk-07465-RJH
Debtor.	**ORDER CONFIRMING INVESTORS COMMITTEE'S FIRST AMENDED PLAN OF REORGANIZATION DATED MARCH 12, 2009**

The hearing on confirmation of the First Amended Plan of Reorganization Dated March 12, 2009 ("Plan")[1] of the Official Committee of Investors (the "Investors Committee"), was held on May 13, 14, 18 and 19, 2009 (the "Confirmation Hearing") before the Honorable Randolph J. Haines, United States Bankruptcy Judge for the District of Arizona (the "Court") in the above captioned case of Mortgages Ltd., the debtor in possession (the "Debtor").

The Court, having considered all the evidence presented and the pleadings filed in support of and in opposition of the Plan, and having considered the record in the case, the arguments, stipulations, representations and statements of counsel at the Confirmation Hearing, hereby makes the following findings of fact and conclusions of law in support of the Court's order confirming the Plan. All such findings of fact shall constitute findings even if stated as conclusions of law, and all such conclusions of law shall constitute conclusions even if stated as findings of fact.

[1] Capitalized terms not defined herein shall be used as defined in the Plan.

THIS COURT HEREBY MAKES ITS FINIDNGS OF FACT AND CONCLUSIONS OF LAW AND ORDERS AS FOLLOWS:

1. Confirmation of the Plan is a "core" proceeding under 28 U.S.C. § 157(b)(2). The Court is empowered to enter final and dispositive orders concerning the Plan, the Disclosure Statement and matters related thereto pursuant to 28 U.S.C. § 157(b) and § 1334.

2. On June 20, 2008 ("Petition Date") an involuntary petition for relief was filed against the Debtor and on June 24, 2008, the Debtor voluntarily converted the case to one under Chapter 11 of the Bankruptcy Code.

3. On April 3, 2009, the Court entered the "Order Approving Investors Committee's Amended Disclosure Statement and Fixing Time for Returning Ballots For Acceptances or Rejections and Notice of Confirmation Hearing For Investors Committee's First Amended Plan of Reorganization Dated March 12, 2009" (the "Disclosure Statement Order"). The Disclosure Statement Order fixed deadlines for voting on and filing objections to the Plan and scheduling the Confirmation Hearing. In accordance with the Disclosure Statement Order, the Investors Committee served by mail copies of the Solicitation Package on the United States Trustee, the Securities and Exchange Commission and all the known creditors, investors and equity security holders. The Court finds that due and proper notice was provided to all interested parties regarding confirmation of the Plan and that the opportunity for any party in interest to object to confirmation was adequate and appropriate to all parties affected by the Plan.

4. The solicitation in favor of the Plan was carried out in good faith.

5. In accordance with the Disclosure Statement Order, the Ballot Report was filed on May 8, 2009 and was presented to the Court at the Confirmation Hearing. The Ballot Report is accepted and approved by the Court as properly classifying and counting the acceptances and rejections of the Plan and any objections to the Ballot Report are overruled.

6. As set forth in the Ballot Report, holders of several impaired Classes,

including Class 5 and Class 11A, cast timely ballots by the requisite majorities to accept the Plan in both dollars and numbers. The Investors Committee asked for confirmation to proceed under Section 1129(a) and (b) of the Bankruptcy Code. At the Confirmation Hearing, as reflected below, additional holders of Classes changed their votes and accepted the Plan so that by the end of the Confirmation Hearing all objections were either withdrawn or overruled and every Class voted to accept the Plan or was deemed to have accepted the Plan, except for Class 12 and Class 13 which rejected or was deemed to have rejected the Plan.

7. This Plan complies with applicable provisions of the Bankruptcy Code, thereby satisfying Section 1129(a)(1).

8. The Proponents of the Plan have complied with the applicable provisions of the Bankruptcy Code and other relevant law thereby satisfying Section 1129(a)(2).

9. The Plan has been proposed in good faith and not by an means forbidden by law thereby satisfying Section 1129(a)(3).

10. Payments made or promised to be made by Debtor for services or costs and expenses in connection with the case or the Plan have been disclosed to the Court, and will not be paid until approved by the Court, thereby satisfying Section 1129(a)(4).

11. The Plan and Disclosure Statement identify all persons appointed to serve as board members or liquidating trustee under the Plan, thereby satisfying Section 1129(a)(5).

12. No governmental regulatory commission has jurisdiction over the rates charged by the Debtor, and therefore the requirements of Section 1129(a)(6) are not applicable to the Plan.

13. Each holder of a claim or interest of such class has accepted the Plan, or will receive or retain under the Plan on account of such claim or interest property of a value, as of the Effective Date of the Plan, that is not less than the amount such holder would receive under a chapter 7 liquidation thereby satisfying Section 1129(a)(7).

14. Section 1129(a)(9) is satisfied because, except to the extent that the holder

of a particular claim has agreed to a different treatment of such claim, the Plan provides that such holder of a priority claim will receive payment on account of such Allowed Claim on the later of the Effective Date or the date on which the Claim is Allowed.

15. At least one impaired class of Claims, determined without including any acceptance of the Plan by any insider holding a claim of such class, has accepted the Plan thereby satisfying Section 1129(a)(10).

16. The Plan is feasible and Section 1129(a)(11) has been satisfied.

17. The Plan does not discriminate unfairly among creditors or classes, and the designation of classes under the Plan is based upon the substantial similarity of all claims in each such class, is reasonable, was arrived at in good faith, and was not made for the purpose of affecting the vote in any such class, or for any improper purpose thereby satisfying Sections 1122 and 1123.

18. All fees payable under Section 1930 of Title 28 of the United States Code, as determined by the Court at the hearing on confirmation of the Plan, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan, and thereby satisfying Section 1129(a)(12).

19. The Debtor has no obligations for payment or continuation of retiree benefits under Section 1129(a)(13).

20. With respect to any rejecting class, the Plan does not discriminate unfairly and is fair and equitable with respect to each class of claims or interests that is impaired under and has not accepted the Plan, thereby satisfying the requirements of Section 1129(b).

21. The Court finds that the transfer of the MP Fund fractional interests in the ML Loan Documents, including the ML Notes and ML Deeds of Trust, to the applicable Loan LLCs is not a change of business purpose under the MP Fund operating agreements and does not require any further vote of the MP Fund Investors in any MP Fund. The Court further finds that, among other things, based upon the balloting of the MP Fund Investors as reflected in the Ballot Report and based upon the terms of the Plan, the

Debtor will be replaced as the manager of each of the MP Funds on the Effective Date and ML Manager LLC shall be deemed to be the new manager of each MP Fund. The Court further finds that the MP Funds may transfer such fractional interests to the applicable Loan LLC.

BASED ON THE FOREGOING, IT IS ORDERED, ADJUDGED, DECREED AS FOLLOWS:

A. All of the applicable requirements of Section 1129(a) have been satisfied or do not apply with respect to the Plan except for 1129(a)(8), and the Plan complies with the confirmation requirements of Section 1129(b).

B. The Plan, as modified hereby or on the record at the Confirmation Hearing, is hereby confirmed. All objections to confirmation of the Plan that have not been withdrawn, waived or settled shall be, and hereby are, overruled on the merits.

C. The Radical Bunny "Motion Under Bankruptcy Rule 3013 To Determine Proper Classification and Treatment of Rev-Op Investors Claims" and the Radical Bunny "Motion Under Bankruptcy Rule 3013 to Determine If Classification and Treatment of Claims in Classes 9, 11C, 11D and 11E is Appropriate" are denied for the reasons set forth on record at the Confirmation Hearing.

D. Pursuant to Section 1146(a), the issuance, transfer or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust or other security, the making or assignment of any lease or sublease or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any deeds, bills of sale or assignment executed in connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, real estate transfer, speculative builder, transaction privilege, mortgage recording or other similar tax. All filing or recording officers, wherever located and by whomever appointed, are hereby directed to accept for filing or recording, and to file to record upon presentation thereof, all instruments of transfer without payment of any mortgage recording tax, stamp tax, real estate transfer tax, speculative builder, transaction privilege or other similar tax

imposed by federal, state or local law. The Court specifically retains jurisdiction to enforce the foregoing direction by whatever means within the Court's jurisdiction and power.

E. Pursuant to Section 1145, the offer and sale of the interests in the Loan LLCs and the issuance of the beneficial interests in the Liquidating Trust under the Plan satisfy the requirements of Section 1145(a) and the membership interests in the Loan LLCs and the beneficial interests in the Liquidating Trust are therefore exempt from registration under the Securities Act and state securities laws.

F. The Liquidating Trust established pursuant to the Plan is hereby approved and the issuance of the beneficial interests is authorized and approved. The Liquidating Trust Agreement, in substantially the form attached to the Disclosure Statement, is approved. Kevin O'Halloran is hereby approved and appointed as the Liquidating Trustee, and Joseph Baldino, David Goldman, Richard Shaw, James Merriman and Jan Sterling are hereby approved, confirmed and appointed as the initial members of the Trust Board. The Debtor and Plan Proponent are authorized to take all actions necessary to consummate the terms of the Liquidating Trust Agreement and to establish the Liquidating Trust, including the transfer of the Non-Loan Assets to the Liquidating Trust and the issuance of the new stock in the Reorganized Debtor to the Liquidating Trust. The Debtor, through any director or officer, and the Liquidating Trustee are authorized to execute any document necessary to effectuate and implement this Order and this paragraph.

G. The ML Manager LLC and the various Loan LLCs established pursuant to the Plan are hereby approved and the issuance of the membership interests in all the entities is hereby authorized and approved. Elliott Pollack, Scott Summers, Bruce Buckley, William Hawkins and Grant Lyon are hereby appointed and approved as the initial members of the Board of Managers pursuant to the Plan. The Debtor, the Plan Proponent and the Board of Managers are authorized to take all actions necessary to consummate the terms of the Plan and to establish the various entities, including but not limited to, transfer the Debtor's fractional interests and the MP Funds' fractional interests

in the ML Notes, the ML Deeds of Trust and ML Loan Documents to the applicable Loan LLC pursuant to the Plan, transfer the existing agency agreements, powers of attorney, servicing agreements, and related contracts between Investors or MP Funds and the Debtor to the ML Manager LLC. The Debtor, through any director or officer, and the Board of Manager, through any manager authorized by the Board, are authorized to execute any document necessary to effectuate and implement this Order, the Plan and this paragraph. On the Effective Date, the Operating Agreement of each MP Fund shall be amended and restated substantially in the form attached to the Disclosure Statement, and the ML Manager LLC shall become the new Manager for each MP Fund.

H. The proposed Exit Financing is approved and the Liquidating Trust, the ML Manager LLC, the MP Funds, and the various Loan LLCs are authorized to enter into Exit Financing and take all actions necessary to effectuate such Exit Financing, including but not limited to, executing the necessary loan documents to implement Exit Financing, entering into an interborrower agreement, and pledging their assets. Such Exit Financing may be with Universal Equity Group and Strategic Capital Group, or its nominee or assigns, or with a substitute, replacement lender on more favorable terms in the sole discretion of the Plan Proponent without further order of the Court.

I. The Plan Proponent, Liquidating Trustee, ML Manager LLC, Reorganized Debtor, and Debtor are authorized, empowered and directed, without further order of the Court, to execute and deliver any instrument, security agreement, deed of trust, or other document and to perform any act that may be necessary, desirable or required for the consummation of the Plan.

J. The Court will retain jurisdiction for certain purposes as provided for in the Plan. The Court's retention of jurisdiction shall not, and does not, affect the finality of the Confirmation Order.

K. Pursuant to the Plan, from and after the Effective Date, the Liquidating Trustee, as to the Causes of Actions and Avoidance Actions relating to the Liquidating Trust, and the ML Manager LLC and/or Loan LLCs, as to the Causes of Action and

Avoidance Actions relating to the Loan LLCs and/or ML Manager LLC and the ML Notes and ML Loan Documents, shall be the successor of and the representative of the Estate pursuant to, among other things, Section 1123(b)(3)(B) of the Bankruptcy Code. Such Causes of Actions and Avoidance Actions shall vest in the Liquidating Trust, or as applicable the ML Manager LLC and/or the Loan LLCs, as the successor and the representative of the Estate.

L. The Maricopa County Treasurer filed an objection citing the incorrect interest rate for Class 2 Secured Tax Claims. Page 18 of the Plan is hereby modified to provide for the statutory rate of 16% per annum from the Petition Date until paid.

M. Pursuant to the agreement of the Plan Proponent and the Unsecured Creditors Committee, page 28 of the Plan is modified to include the following sentence on line14: "The unsecured claims listed on BR 133-135 of the Investors Committee's Trial Exhibits, excluding all Insider claims, are deemed Allowed in the amounts set forth in such Exhibit or in such creditor's timely filed proof of claim."

N. Pursuant to the agreement of the Plan Proponent, RBLLC and the Unsecured Creditors Committee, the following paragraph will be added to page 26 of the Plan: "The Debtor's estate owns interests in three of the MP Funds, MP122009, LLC, MP062011 LLC, and MP 122030 LLC (the "Debtor's MP Fund Interests"). The Debtor's MP Fund Interests shall be included in the RBLLC Loan Collateral treated as secured under Class 7 of the Plan; provided, however, that in the event the General Unsecured Creditors of Class 11A do not receive the $2 Million priority payment from other sources following the later of: (1) payoff of the Exit Financing under the Plan, or (2) eighteen (18) months following the Effective Date, then the Class 11A General Unsecured Creditors shall be entitled to receive 50% of any funds arising from or distributed on account of the Debtor's MP Fund Interests on or after Confirmation until the Class 11A creditors have received on account of their Class 11A interests a total from all sources of $2 Million. Class 11A shall be deemed to have a collateral secured interest in the Debtor's MP Fund Interests, which is deemed valid, perfected and pari passu with the RBLLC Class 7

security interests, until Class 11A has received a total of $2 Million from all sources under the Plan. If Class 11A creditors receive amounts from the Debtor's MP Fund Interests pursuant to this paragraph, then following payments to Class 11A creditors on account of their Class 11A interests from all sources totaling $2 Million, RBLLC Class 7 shall be subrogated for all purposes to the rights of Class 11A to receive the $2 Million priority payment from the Liquidating Trust to the extent of the amounts paid to Class 11A from the Debtor's MP Fund Interests."

O. Arizona Bank & Trust ("AB&T") holds claims in Class 5 and Class 11A. Page 20 beginning on line 14 of the Plan concerning AB&T's Secured Claim in Class 5 will be modified to provide for (1) payment of monthly interest at the rate of 7.25% per annum commencing within thirty (30) days of the Effective Date, and thereafter, on the first day of each month (the "Monthly Payments"); (2) the maturity date of the loan documents evidencing AB&T's Secured Claim will be extended to January 1, 2013 if not paid sooner by the sale or refinancing of the AB&T's collateral, as described in the Deed of Trust made for the benefit of AB&T (the "DOT"); (3) the agreed Secured Claim amount of $6,482,596.27 for which AB&T will retain its liens pursuant to the DOT; (4) the DOT shall stay in place and in the event of a default under the DOT, the loan documents or any other agreement related thereto, including but not limited to, the failure to pay the Monthly Payment by the fifth day of each month or the failure to pay the full amount on or before January 1, 2013, AB&T will be able to immediately pursue its remedies under the DOT and applicable State law without further order of the Bankruptcy Court. The existing loan documents will be modified to reflect these changes. AB&T shall have an Unsecured Claim in Class 11A for $2,010,652.78, which is the amount of its second note. On the Effective Date AB&T will receive a release from any and all Avoidance Actions and Causes of Action which the Estate may have against it. The Investors Committee has also agreed that if its Plan has not been confirmed or become effective prior to September 1, 2009, then the Investors Committee will not oppose a stay relief motion brought by AB&T. The Liquidating Trust shall actively market the sale of

the AB&T collateral, timely pay all real estate taxes related the AB&T collateral, pay any and all unpaid real estate taxes, including any penalties related thereto, related to the AB&T collateral that have accrued prior to the Effective Date, and once a year at the request of AB&T order and pay for an appraisal of the AB&T collateral and share such appraisal with AB&T. Failure to comply with any of these provisions shall be deemed to be an event of default and AB&T will be able to immediately pursue its remedies under the DOT and applicable State law without further order of the Bankruptcy Court.

P. Pursuant to the agreement of the Plan Proponent and Gold Creek, the general contractor on the Chateaux on Central, which is owned by the Debtor, page 21 of the Plan is modified to reflect that (1) the Liquidating Trust will have 60 days after the Effective Date to review the validity of the mechanics liens of Gold Creek. If the Liquidating Trust agrees or does not object then the liens will be deemed valid. If the Liquidating Trust objects then the parties agree to binding arbitration of the validity of the liens. (2) If the liens are valid then Gold Creek retains its lien for $3,046,126.71 and interest will accrue on that amount from the Effective Date of the Plan at 7.5% per annum. (3) The Trust will pay the debt on the sale or refinance of the Chateaux or the maturity date of 2 years from the Effective Date, which ever is earlier. (4) In the event that the debt has not been paid by the maturity date then Gold Creek may file a foreclosure action and the Liquidating Trust will not oppose such action.

Q. Pursuant to the agreement of the Plan Proponent and the MKG objectors and the Dijkman objector, the Plan is modified on page 53, line 9-11 to read: "No former or current officer, director or employee or agent, attorney, accountant, affiliate or Insider of Debtor is released from or indemnified for any liability for any actions or omissions prior to the Effective Date (the "Non-Released Parties")." Also the Plan is modified on page 54, line 17-19 to insert the following phrase after ML Loans "(excluding any interest in the ML Loans held by the Non-Released Parties)," and after the phrase Investors "(excluding any Investor who is a Non-Released Party)."

R. VTL Committee and the Investors Committee have reached a settlement of

the issues concerning the challenge to the VTL Fund security interest in the MP Funds assets. Option A on page 24 of the Plan shall be modified to reflect the terms set forth on Exhibit A which was attached to the Investors Committee's Confirmation Brief. The settlement is hereby approved and shall be implemented as provided in the Plan and in this Order.

S. Pursuant to the agreement of the Plan Proponent and certain materialman and mechanic lien holders of Borrowers, the Plan is modified to add the following paragraph: "Nothing in the Plan determines in what forum a lien priority dispute between a materialman or mechanic lien claimant of a Borrower of the Debtor and the Debtor will be litigated. Further, on or after the Effective Date of the Plan, nothing in the Plan or this Order shall act as an injunction or channeling order limiting or restricting the ability of any materialman or mechanic lien claimant of a Borrower of the Debtor from proceeding in a court of competent jurisdiction to adjudicate a lien priority dispute with respect to property owned by a Borrower of the Debtor."

T. Pursuant to the agreement of Plan Proponent and RBLLC, the modification to Section 3.6(g) of the Plan set forth in the Investors Committee's Confirmation Brief and the objection to RBLLC's proofs of claim are withdrawn. The Plan is modified to provide for only one Board seat for RBLLC, which shall be on the Board of Managers for the ML Manager LLC. The Plan shall be modified to include a new Section 7.6 as follows: "All Investors shall be deemed to have an Allowed Investor Damage Claim. As for the Non-Revolving Opportunity Pass-Through Investors and the MP Funds and the MP Fund Investors, upon written notification by the Liquidating Trustee to the RBLLC representative and Investors representative to be selected by the Trust Board of the availability of at least $500,000 in funds for distribution to beneficiaries of the Liquidating Trust beyond those funds required for distribution on account of the Allowed Claims of General Unsecured Creditors, RBLCC representative and the Investor representative shall have 60 days to bring a contested matter or adversary proceeding in the Bankruptcy Court to subordinate the Allowed Investors Damage Claims of the Non-Revolving Opportunity

Pass-Through Investors or the MP Funds or MP Funds Investors under Section 510(b) or the Class 11B RBLLC Unsecured Claim under Section 510(b) or (c). To the extent that a contested matter or an adversary proceeding is brought and allowed to proceed seeking such subordination, RBLLC and the Plan Proponent agree that the litigation shall first be mediated before a Bankruptcy Judge in the District of Arizona and if not settled shall be litigated before the Bankruptcy Court. The Liquidating Trust shall reserve and provide funds for such litigation, up to $100,000 each for the RBLLC representative and the Investor representative to pursue or defend such litigation."

U. Pursuant to the agreement of the Plan Proponent and Sheldon Sternberg, the Plan is modified as follows:

1. Delete from Section 4.11 of the Plan, page 37, lines 23 and 24, the phrase "and will be deemed modified to conform with the terms of the operating agreements of the ML Manager and each Loan LLC."

2. Insert in Section 4.06, page 36, line6, at the end of the sentence after Loan LLCs the phrase "and Pass-Through Investors who retained their fractional interests in the ML Loans."

3. Insert in Section 4.13, page 39, line 6 before the last sentence: "Before such distributions are made, Pass-Through Investors who retain their fractional interests in the ML Loans shall be assessed their proportionate share of costs and expenses of serving and collecting the ML Loans in a fair, equitable and nondiscriminatory manner and shall be reimbursed in the same manner as the other Investors.

V. Pursuant to the agreement of the Grace Entities and the Plan Proponent, the following is added as a modification to the Plan:

ADR Procedures for Grace Entity Claims

For purposes of this section of the Order and the Alternative Dispute Resolution Procedures ("ADR Procedures") with the Grace Entities, the following terms shall have the indicated defined meanings. Other capitalized words and phrases shall have the meanings set forth in the Plan.

1. **"Grace Entities"** means Central & Monroe, LLC; Osborn III Partners, LLC; 44th & Camelback Property, LLC; 70th Street Property, LLC; and

Portales Place Property, LLC.

2. **"Grace Guarantors"** means all guarantors of any loan made by ML to any of the the Grace Entities.

3. **"Grace Investors"** means all Investors who hold a participating or beneficial interest in one or more ML Loans to the Grace Entities as of the Effective Date.

4. **"Grace ADR"** means the alternative dispute resolution procedure described herein.

5. **"Grace Dispute"** means all Claims and Causes of Action against ML held by one or more of the Grace Entities, and all Claims and Causes of Action against the Grace Entities and/or the Grace Guarantors held by ML or the ML Investors, including but not limited to any and all Claims and Causes of Action that have been or may be asserted by and between the aforementioned parties, all Claims and Causes of Action arising under the loan documents entered into by and between ML and the Grace Entities, all guarantees in connection therewith, all counterclaims in connection therewith, any Claims or Causes of Action arising out of or related in any way to ML's failure to timely and fully fund its loans to the Grace Entities, and all Claims and Causes of Action arising out of ML's conduct regarding those loans.

The Grace ADR shall be implemented as follows:

In lieu of litigation in the Bankruptcy Court or any other court or tribunal, the Grace Dispute shall be resolved through the following alternative dispute resolution procedure, defined herein as the "Grace ADR." During the mediation and arbitrations to be conducted hereunder, no litigation or enforcement action (including but not limited to foreclosure actions or trustee's sales) shall be taken against the Grace Entities, the Grace Guarantors, or any property (real or personal) that serves as collateral for any loan made by ML to any of the Grace Entities, and any litigation or other enforcement actions currently pending shall be immediately dismissed or withdrawn as appropriate in light of the parties' agreement to conduct the Grace ADR.

The parties required to participate in the Grace ADR shall be the Grace Entities, the Grace Guarantors, ML, or its successor ML Manager, LLC, and any Loan LLC formed to own an interest in any loan with one or more of the Grace Entities. ML, ML Manager, and any of the Loan LLCs will be deemed to be acting in their interest and in their capacity, if any, as the agent for any and all Grace Investors who retain an ownership in any note or deed of trust issued in connection with any loan between ML and the Grace Entities.

The Grace ADR shall consist of an initial mediation, and shall be followed by binding bifurcated arbitration, as described below, if mediation fails to result in a written settlement agreement mutually acceptable to all of the parties that resolves some or the entirety of the Grace Dispute. The mediator shall be a single individual, who shall be chosen by mutual agreement of the parties, or by the Bankruptcy Court on an expedited basis in the event the parties are unable to agree on who shall serve as mediator.

If mediation is unsuccessful, the arbitrator shall be a single individual, who shall be chosen by mutual agreement of the parties, or by the Bankruptcy Court on

an expedited basis in the event the parties are unable to agree on who shall serve as arbitrator. If appointed by the Court, the arbitrator shall be a retired or former state court or federal judge.

The first stage of arbitration shall be devoted to the issue of whether ML's loans to the Grace Entities and the parties' intent and conduct was such that the dispute between ML and all of the Grace Entities should be arbitrated in a single arbitration in which the Grace Entities are entitled to assert claims or defenses from one loan in connection with other loans or claims, or whether each of the Grace Entities and their loans are separate and distinct, and thus should be arbitrated separately. The parties have referred to this as the issue of whether the loans are bundled together (the "Bundling Issue"). The parties shall be entitled to present evidence and legal argument regarding their respective positions on the Bundling Issue. After the arbitrator has determined the Bundling Issue, and after giving the parties at least 14 calendar days to prepare for the second portion of the Grace ADR, the arbitrator shall consider and rule on any and all other of the Grace Claims presented, including, without limitation, the obligation of any or all of the Grace Entities to repay any loan; whether there are any defenses to repayment of any loan, and if so, what amount, if any of a loan must be repaid; any damage claims that any or all of the Grace Entities may have against ML that exceed the amount of a loan; whether any or all of the Grace Entities are entitled to an offset against any loan; whether any or all of the Grace Entities have claims against ML relating in any way to ML's failure to fund one or more of the loans to the Grace Entities; whether any or all of the Grace Entities have claims against ML relating in any way to any and all loan commitments and any related agreements or revisions to those commitments or agreements; whether there are any legal or equitable defenses to a trustee's sale; and the amount due, if any, by the Grace Guarantors.

Each of the parties may be represented by counsel at each stage of the Grace ADR. No later than thirty (30) days from the Effective Date, the parties shall have selected a mediator, or applied to the Court for the appointment of a mediator. Within 14 days of appointment, the mediator shall conduct an initial pre-mediation conference with the parties to discuss and determine the future conduct of the mediation, including clarification of the issues and claims involved in the Grace Dispute, a schedule for the mediation conference, and any other preliminary matters. If the parties cannot agree on specific procedures for conducting the mediation, they shall be established by the mediator. The mediation shall conclude, in any event, no later than sixty (60) days from the Effective Date, unless the parties mutually agree in writing to extend the mediation conclusion deadline to a later date, or so ordered by the Court (the "Mediation Period").

At any time following the Mediation Period, any of the parties may issue a written demand for arbitration. The parties shall then have seven (7) days from the sending of that demand to agree on the selection of an arbitrator. Absent an agreement, any party may apply to the Court on an expedited or emergency basis for the appointment of an arbitrator. In connection with such an application, any party may nominate a qualified arbitrator and request that that arbitrator be appointed. The nomination must comply with the qualification requirement set forth above, and the nominating party must determine and avow to the Court that the proposed arbitrator is available, willing to serve, and would not have any ethical conflicts. Within seven (7) days of the selection of the arbitrator, the arbitrator shall conduct a preliminary hearing to discuss and determine the future conduct of the arbitration, including the schedule for the arbitration hearing(s) and any other preliminary matters. If the parties cannot agree on specific procedures for conducting the arbitration, they shall be established by the arbitrator generally

using the rules of Commercial Arbitration as published by the American Arbitration Association as a guide. The arbitration shall conclude and the arbitrator shall issue his written decision and award, in any event, no later than September 1, 2009, by personal electronic service on the parties' respective counsel, unless the parties mutually agree in writing to extend the arbitration conclusion deadline to a later date. In reaching his or her decision, the arbitrator shall apply Arizona law.

The arbitrator's final decision and award shall be final and binding on, and may not be appealed by, all of the parties required to participate in the Grace ADR. The Bankruptcy Court shall retain jurisdiction to enforce any agreement resulting from the mediation, or any written decision and award issued by the arbitrator. All other expenses of the Grace ADR, including required travel and other expenses of the mediator and arbitrator, and any witness and the cost of any proof produced at the direct request of the mediator or arbitrator, shall be subject to the award of the arbitrator. The Grace ADR and Grace Claims shall not include, and the mediator and arbitrator shall not hear or rule upon, any claims held by any of the Grace Entities against some or all of the Grace Investors, or otherwise by any of the parties in the Grace ADR against any third party, all such claims being expressly reserved.

W. Section 4.7 of the Plan is modified on page 36, line 14 to insert the phrase "except for the fractional interests of Pass-Through Investors who do not within sixty (60) days after the Effective Date agree to transfer their fractional interests into the applicable Loan LLC. The transfer shall be voluntary for the Pass-Through Investors, who may agree to transfer their fractional interests by marking the Ballot or by serving on counsel for the Investors Committee a written notice stating their agreement to transfer their fractional interests to the applicable Loan LLC."

X. Section 4.12 of the Plan is modified on page 38, line 21 as follows "all servicing fees, interest spread, default interest, impounds, extension fees and other money which were to be received by Debtor relating to the ML Loans, may be transferred to the applicable Loan LLCs (and Pass-Through Investors who retain their fractional interests in the ML Loans) from which the fees or interest derived, however, the ML Manager LLC as manager and as agent, shall have the option, at it sole discretion, to collect all such revenues accruing after the Effective Date and use them in the operations of the Loan LLCs and the ML Manager LLC, and shall account for them as advances from the applicable Loan LLCs (and Pass-Through Investors who retain their fractional interests in the ML Loans). As to such revenues accruing before the Effective Date, they shall be

collected by the ML Manager and used in the operations of the Loan LLCs only to the extent that the principal and non-default interest owing on the underlying loan is paid in full."

Y. The Exculpation provision on page 53, beginning at line 22 and continuing to page 54, and ending at line 5, shall be deleted in its entirety.

Z. Pursuant to the agreement of the Plan Proponent and Tempe Land Company, the Plan is modified to reflect the following agreement: "As for Borrower Tempe Land Company ("TLC"), which is a debtor in its own chapter 11 bankruptcy proceeding in Case No. 2:08-bk-17587 (the "TLC case"), either TLC or the Plan Proponent may file motions in both the TLC case or the Debtor's case to determine which Bankruptcy Court will decide and resolve the matters involving the claims and causes of action and other issues asserted or which may be asserted by the Debtor's Estate or the TLC estate against each other. Each party may make any and all arguments and take any and all actions concerning such matters but the ultimate decision shall reside with the two Bankruptcy Courts. Nothing in this Plan or Confirmation Order shall pre-determine what forum in which the applicable disputes between the Debtor's Estate or the TLC estate will be litigated, and nothing in the Plan or Confirmation Order shall have any res judicata or collateral estoppel effect upon the merits of any claim, claim objection, adversary matter or other proceeding concerning TLC or Debtor. Further, on or after the Effective Date of the Plan, nothing in the Plan or Confirmation Order shall act as an injunction or channeling order as to the forum for litigation of such disputes involving TLC and Debtor."

AA. On the Effective Date the Equity Interests of Debtor shall be deemed cancelled and extinguished without further act or action under any applicable agreement, law, regulation, order or rule. The Debtor, through any officer or director, shall be authorized to sign the Amended and Restated Articles of the Debtor, as approved by the Plan Proponent.

BB. The modifications and changes to the Plan made in this Order and on the

record at the Confirmation Hearing are not materially adverse to any party in interest and are expressly approved by the Court and shall be incorporated into the Plan.

CC. The 10 day stay of a Confirmation Order under Bankruptcy Rule 3020(e) is hereby waived and shall not be applied to this Order.

SO ORDERED AND DATED AND SIGNED ABOVE.

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