Exhibit No. 76

From: Denny Chittick [dcmoney@yahoo.com]

## Sent:

 12/18/2013 10:11:43 AM Beauchamp, David G. [dbeauchamp@clarkhill.com]To:
Subject:

1. since you moved, we've never finished the update on the memorandum. Warren is asking where it is.
2. i've got two of my best borrowers moving to Fl , they are begging me to look at lending in FL. i don't know anything about the market there, but i trust these guys. i've done 20 million with them over the past 5 yrs. is it easy to find out the challenges, issues, etc with me lending there?
thx
dc

DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

## Exhibit No. 77

From: Beauchamp, David G. [/O=CLARKHIL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: 12/18/2013 11:06:47 AM
To: 'dcmoney@yahoo.com' [dcmoney@yahoo.com]
CC: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject:

Denny:

Thank you.

Have a wonderful Holiday Season!

All the best, David

David G. Beauchamp
CLARK HHLL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, December 18, 2013 11:38 AM
To: Beauchamp, David G.
Subject: 201.1 memorandum
here you go!
DenSco Investment Corp
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602-469-3001 C
602-532-7737 f

## Exhibit No. 78

From: Beauchamp, David G [/O:CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN-RECIPIENTS/CN-DBEAUCHAMP]

Sent: $\quad 1 / 6 / 20149: 57: 51 \mathrm{AM}$
To: Stringer, Lindsay L. [Istringer@clarkhin.com]
Subject. FW: 2011 memorandum
Attachments: Private Offering Memorandum 2011.doc

Lindsay:

This is what I sent to you last month. I think it was done but I am not sure where it is on our system.

Thanks, David

## David G. Beauchamp

CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254 480.6841126 (direct) | 480.684 .1166 (fax) | 602319.5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Beauchamp, David G.
Sent: Wednesday, December 18, 2013 4:01 PM
To: Stringer, Lindsay L.
Subject: FW: 2011 memorandum

Lindsay:

Please put this on our system for DenSco Investment Corporation/ 2013 POM.

Thanks, David

David G. Beauchamp
Clark Hill plc
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254 480.684 .1126 (direct) | 480.6841166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | www clarkhill.com
From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, December 18, 2013 11:38 AM
To: Beauchamp, David G.
Subject: 2011 memorandum
here you go!

## DenSco Investment Corp <br> www.denscoinvestment.com

## Exhibit No. 79

From: Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: 12/24/2013 12:53:55 PM

To: Schenck, Daniel A. [dschenck@clarkhill.com]
Subject: FW: Quick Status Concerning Florida Licensing Requirements

Dan

FY Return message from Denny.

From: Denny [mailto:dcmoney@yahoo.com]
Sent: Tuesday, December 24, 2013 1:53 PM
To: Beauchamp, David G.
Subject: Re: Quick Status Concerning Florida Licensing Requirements

Ok thx I will wait have a great Xmas!

Sent from my iPad

On Dec 24, 2013, at 1:51 PM, "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com) wrote:
Denny:

## Happy Holidays!

Quick Status: Based on a review of the Florida statutes, you would be considered a "Mortgage Lender" which requires a license in Florida. The Florida government office that regulates "Mortgage Lender" has been difficult to reach, but we will try again on Thursday. I want to confirm if you might be able to qualify for a limited license to operate in Florida and check a few other questions.

Hopefully you and your family are enjoying this Holiday Season.

All the best, David

## David G. Beauchamp

## CLARK HILL PLC

14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254 480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319.5602 (cell)
dbeauchamp@clarkhill.com I www.clarkhill.com
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Exhibit No. 80
Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: $\quad$ 12/18/2013 3:43:25 PM
To: Schenck, Daniel A. [dschenck@clarkhill.com]
Subject: RE: few things

Dan:

Hopefully, we can talk scheduling for this and a couple of other matters tomorrow after my meeting at the AZ Technology Council in the morning.

Thanks, David

David G. Beauchamp
Clark Hill ple
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254 480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | wow .darkhill.com

From: Schenck, Daniel A.
Sent: Wednesday, December 18, 2013 4:37 PM
To: Beauchamp, David G.
Subject: Re: few things

I will be slammed for the rest of the week but can do it early next week.
Daniel A. Schenck
Sent from my iPhone
CLARK HILL PLC
480.684.1118 (direct) | 480.684.1179 (fax)
dschenck@clarkhill.com | www.clarkhill.com

On Dec 18, 2013, at 4:02 PM, "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com) wrote:
Dan:

Will you have time to do the research for Florida or should I find someone else?

Thanks, David

## David G. Beauchamp

CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254 480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com I www.clarkhill.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, December 18, 2013 11:12 AM

1. since you moved, we've never finished the update on the memorandum. Warren is asking where it is.
2. i've got two of my best borrowers moving to Fl, they are begging me to look at lending in FL. i don't know anything about the market there, but i trust these guys. i've done 20 million with them over the past 5 yrs. is it easy to find out the challenges, issues, etc with me lending there?
thx
dc

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602-469-3001 C
602-532-7737 f

## Exhibit No. 81

From:
Sent:
To:
Subject:

Denny [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Saturday, February 15, 2014 7:38 AM
Beauchamp, David G.
Re: Denny: Please Read This But do NOT Share with Scott: Attorney Client Privileged!!!

Ok I will ask for the points, however Jeff is on vacation, so I am not sure we will get an answer.
Sent from my iPad
On Feb 14, 2014, at 10:17 PM, "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com) wrote:
Denny:
The current agreement still protects you under most circumstances, but there is no room to make any concessions. We need to know all of their issues before there is any more "negotiation.".

With all due respect, Scott is letting Jeff "play us" to change the deal after Scott had said that Scott and you had a deal and we needed to work together to get the paperwork done.

NOTE: We cannot threaten to go to the Maricopa County Prosecutor's office if Scott does not sign the agreement, because that would be a classic case of extortion. I had a client threaten to do that once in a fit of frustration and it created a real problem.

Best, David
David G. Beauchamp
CLARK HILL PIC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com I www.clarkhill.com

From: Denny Chiltick [mailto:domoney@yahoc.com]
Sent: Friday, February 14, 2014 10:02 PM
To: Beauchamp, David G.
Subject: Re: Denny: Please Read This But do NOT Share with Scott: Attorney Client Privileged!!!
i understand the situation. i undestand i need to protect myself and my responsibility to my investors. at this point $i$ dont' think i've jeopardized any of that. an agreement has to be reached between scott and my self, which protects me and my investors and allows scott and $i$ to solve the problem created by scott. what do you recommend to do? dc

# DenSco Investment Corp <br> www.denscoinvestment.com <br> 602-469-3001 C <br> 602-532-7737 f 

From: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)<br>To: Denny Chittick [demoney@yahoo.com](mailto:demoney@yahoo.com)<br>Sent: Friday, February 14, 2014 7:48 PM<br>Subject: Denny: Please Read This But do NOT Share with Scott: Attorney Client Privileged!!!<br>Denny:

Since I did not talk to either Jeff or Seott concerning their last requests, did you not convey what issues you were willing to agree to or did Scott not want to understand what you told him after you and I talked? The changes I made were exactly as you and I had discussed. Every time that Scott has gone to you after talking to Jeff, you are only told half of the story and less than half of the negative impact for you from a change they request. *******So Scott and Jeff believe with both of us in the room, that they will push you to reach an agreement over my objections and you will not listen to me. As Jeff told me, Scott has previously told Jeff that you will do anything to avoid litigation, so Jeff said that I am in a bad negotiation position. Jeff clearly thinks he can force you to agree to accept a watered down agreement and give up substantial rights that you should not have to give up. Unfortunately, it is not your money. It is your investors' money. So you have a fiduciary duty.

Jeff is a litigator and he will talk over me and put pressure on you just like a cross examination. Jeff has a reputation of going through other attorneys to deal with the adverse client to the detriment of the adverse ciient. If we are all together, I will need to control the meeting and never leave you alone with them. However, in our previous meeting with Scott there were a number of different things that you said to Scott that I would have preferred you not to say or to not say anything until I could explain the full effect to you of Scott's request. Initially, a telephone conference (with you in my office) makes sense, but we are still trying to shoot a moving target with Jeff bringing up new issue after new issue.

Scott is the one responsible for this and not you. He failed to put proper protection systems in place so his cousin could not do what his cousin did.

Your waiver of suing Scott for fraud has nothing to do with him going to jail. A person can only go to jail for a criminal conviction, which can only be brought against him by a federal or state prosecutor. However, both Jeff and Scôtt have tried to deliberately use that reference "go to jail" to confuse you as to what they are asking. Your only leverage here is to be able to pursue a fraud suit if Scott puts hîs entities into bankruptcy and tries to walk away. Only a fraud judgment will not be dischargeable in bankruptcy. Anything short of what I put into the agreement will leave you fully and completely exposed if Scott decides to walk away or puts these entities into bankruptcy. Scott could also sell the entities for $\$ 1.00$ and walk away from these entities and what are you left with? If you give Scott what Jeff wants, you are giving up

## Exhibit No. 82

I Stay in business - still in business
Be profitable 1.3 mill
Diversify my borrowing base, horrible, scott has nearly $80 \%$ of my portfolio!

## 1-2

I spent an hour on the phone with Scott telling me all the shitty choices in front of me. These guys want to pin me against the wall, we just want to contunue doing our plan and they want me to subordinate. I'm just so messed up over this. I will find out more Monday. I funded three deals, threw cash at one of Scott's deals so that I could get pard off tomorrow. I had one big payment from mike. I've got 3 deals tomorrow or 8 I don't know which.

1-3
I funded five deals, plus I had to wire in funds to close one of Scott's deals on $62^{\text {nd }}$, that's 280 k just for yesterday Clifton and today's deal. I had it all done, and then I had to come back down the hill to fund the 510 k one for Dee McCall. I had two payoffs and lots of payments. After noon it was quiet. I'll have a lot of work to do this weekend to catch up.

## 1-6

I funded four deals, I had four payoffs. I had a lot of payments in too. The whole day surrounded meeting with these three guys that represent about 40 loans that want me to subordinate to theirs to give us time to work it out. I didn't commit to anything, I forwarded it all to David, it's his last firm is representing them. I talked to Scott, not sure how it's going to go. I can't subordinate, we need time. Scott's freaking out because his wife is in hospice now. I can barely think straight.

## 1-7

I funded one deal for Flip. I had seven payoffs and few payments. I talked to Scott again for 30 mins. He's trying to raise some millions now and push off this whole issue with the pressure I'm getting. I emailed David a long explanation of what has gone on. I didn't hear from him. I'm not sure where this is going to go. I just keep hoping I'm doing the right thing.

## 1-8

It finally caught up with me, I was up all night thinking about how to get out of this ngghtmare, raise money and start paying off as many of the loans as possible even if I'm upside down and six other ways to get them to back off. I talked to Scott in the morning, he has a guy that's gomg to give hum a million right away, so we are going to try to pay off 4 a week and as well as the other dozen or so in escrow, in 30 days we'll be able to chip a lot of this down I have no idea if they will go for it. I had a shit load of payoffs, 800 k or so. I funded one deal and quite a few payments. We meet tomorrow see what we can work out.

I funded no deals, or had any payoffs All I had was Gary wanting me to create two new loans instead of one big one a house because he's selling it to his daughter. Scott and I met with David. He never read my email. We spent two hours. Either it gets really ugly or I can write a check and make all of these loans go away and we can live with Greg for now and I'll just be over encumbered on some houses for a while. He's going to contact the lawyer tomorrow and let us know.

## $1-10$

I didn't sleep untll from 5 to 8 am , not ideal! I had calls from Greg three times; I talked to Scott five times. Dave didn't call me until after 3 I called the main guy behind this whole thing and he's got such a fuck you attitude I can't stand it. Finally at 5pm Dave called, said they would give us tume to clean it up. I talked to Scott; he is going to try to bring in money. I can raise money according to Dave. We are going to try to pay them off in weeks and be done with them Then I'll be in first position without any question. However, Greg is telling me I m in $2^{\text {nd }}$ position on 100 loans! But he doesn't care as long as he has his interest and is getting payoffs. It's going to put me in a really shitty position LTV and concentration wise with Scott but as long as he does what he says he is going to do We can work ourselves out of this mess. I can't see any other option. I funded one deal and I had a larger deal payoff Now I want as many payoffs as possible. I was freaking out all day long. I can't believe I'm in such a shitty situation. I've done everything nght yet, I'm the one with my back up against the wall. The one thing that is helping us is the procedure that I follow to fund the properties, was blessed by the attomey's right hand man that is threatening me. He's now worried I can come after his law firm for damages. I just know I rather have control of the properties in a worse LTV than have them wrapped up in lawsuits ${ }^{\text {! }}$

## 1-13

I funded three deals, and then Lili finally wanted 625 k which she'd been asking me about. Typically I would be thrilled to lower my cash position, now I'm sweating it! I have an investor that wants 100 k , on top of the 800 k I have to return by month end. I had a bunch of payments come in I talked to David. They are willing to do what we want, except they want to see the agreement between me and Scott and Scott has between some other guys. I just keep pushing get us your list and let's start pounding through these. They wanted to meet with me and ask questions, I have no tıme for that. Ijust want to get going on it. Even if it puts me in a high LTV position at least I have control.

1-14
I funded two deals, now I'm getting one back. I wired the money back to an mestor in Tucson that decided she wanted her funds back. I had one 400 k payoff and $I$ deposited a 150 k from Jolene Page, 40 k from Carol Wellman I talked to Marv he's going to do 400 k . I had a dozen calls with Scott, emals with him and David, escrow, everyone is trying to figure out how to get together and sign paperwork. All Scott and I want to do is pay these assholes off. We have a plan
to do it I've got some funds, he's got some funds, and we are just going to start doing it. What are they going to do bitch?

1-15
I had another incredibly busy day. I was just swamped all day long. I funded three deals today, plus I was able to pay off one more of the disputed deals. We have three more we are going to close tomorrow. They are pushing like hell to get docs and get terms sheet etc otherwise they are going to file Scott and I are trying to pay off as many as we can as quickly as our cash will allow I had two payoffs too. That helped. I've got more coming in. I had a lot of payments too Besides this nightmare I'm getting lots of demand. I have to keep funding other deals to create income. I've got 300 k in from the miller's. Herb didn't have his 100 k like he thought. Then out of the blue the 800 k I have to return to Laurie Weiskopf, she said she didn't need now. That helps tremendously. I'm getting physically ill again.

1-16
I funded three deals, then I funded three more deals to pay off loans from the nightmare. They got four in all today. I had one payoff. A few payments. I spent $90 \%$ of my time dealing with David and Scott and verbage on these terms sheets. In the end we think we have something, we just have to hear back from Scott's attorney. Then David and his former boss couldn't work out this lidigation agreement since David used to be there. So now we are on to another attomey. I have no idea if that is good or bad or what the hell if they are going to file tomorrow. I'm so perplexed I can barely think right now.

## 1-17

I funded three real deals, then provided funds for four more deals of Scott's to be paid off. we were able to get done today which we thought weren't going to go until next week I sent an email updating the guys on where we are at, I received back just threatening emails from them. I feel al ittle more settled now, hopefully whomever their new attorney is works better with David.

## 1-21

I spent all night long thinking about this nightmare, Scott was in NY and called me.he raised 2 million to pay interest and that should buy him tume to bring in more money to pay off some loans and also make some money. We have a new idea. I payoff all the loans for nightmare group. Then the overage I put on gregg's loans, then scott wll pay off gregg's loans and he sells the house I get my money back and everyone is paid. We went over this on the phone for a hour $a^{1 / 2}$ dozen emalls. I emailed and calld David, he approved. We had 6 more to do today, but title couldn't do it I raise a million more from Bunger, I might get a few hundred $k$ from Kirk With the closing in, I could probably pay them off in $2-3$ weeks, though we are not sure we have that time. Scott got pissed and talked to Eyman, who brought these guys in the first place. It's 7pm now we are waiting to hear back to see ifthey will give us a flexıble time schedule. I'm shitting bricks waiting to hear. I'm just so paranoid about them filing a suit and screwing up this whole
thing. I had a few payoffs today which helped my cash. I turned down some deals too. I have to get these assholes paid off so that we have the ability to work out our plan.

1-22
Scotts NY attitude worked, they agreed to 12 this week, and then 5 a week there after. Now we can breath, we can operate and I can sleep. we closed 5 of them today, Debbie fucked up on one of them, so we'll do it tomorrow, the others on Friday. I funded two other deals, I had three payoffs and Steve wired in 500 k more. I had to return 200 k to Miller's for taxes. I was super busy all day, plus mike and Rob came by for their quarterly meeting so I was behind a few hours. I am back to running a business now. When I was looking up some of these properties, they had appreciated quite a bit, so we aren't nearly as upside down on them as we thought after my $3^{\text {rd }}$, once Gregg is paid off, there is still equity in the property. Once scott starts getting these recent purchases flupped and making money, things will march pretty quickly in the right direction. For the next 60 days, tehspread sheet is going to be really fucking ugly, but it will improve nearly every week after that As well as the interest will start to be paid.

## 1-23

I was so damn busy today, I funded three deals straight away. then Debbie had everything ready to go on seven deals today for the assholes so I did them. It takes me hours to do all the docs, recordings, wires, searching for a new property, comping, bookkeeping. I had a few payoffs which helped Scott said he's flying to isreal, he's got a hearing with a judge to recover 2 million. Holly shit if we can get some of that soon, it would make a big difference. To my count we only have 28 loans left with these assholes,then scott can mainly concentrate on flipping for profit and selling the ones that are free to do so.

1-24
I funded four deals, I had five payoff, which I need, because I need more money next week to payoff those assholes, plus I have Werskopf wants 675 k next week. plus I need to pay the investors. It's going to be a thin week for deals. We had our mom's meeting big turn out, I just blabbed the whole time. I'm glad this week is done. Scott left for Isreal and hopefully he comes back with some damn money.

I was so busy today, I barely got it all done. I funded three deals, I had five payoff, I had a lot of payments. I returned 625 k to Weiskopf. I did end of month over the weekend, all the payments will go out tomorrow. Scott says he thinks the judge is going to give him the order for the 2 million from this company, now it will be how quickly can he get the money out of them I'm trying to raise some more money so that I can payoff more of these damn loans from the asholes group. I can do 5 this week, I pretty sure, I just need some more payoffs to come in to allow me to breath a little bit.

Scott emailed me and said that he is getting 1.6 million March $13^{\text {th }}$, that goodness, that will help tremendocusly! He's got a few million coming from NY and from Isreal besides this. It was a quiet day which was nice. I funded one deal on an overage, which then paid off another deal. Scott sold a few properties and also got some money back from Trustee's so I got back three other payoffs. I had a few payments too. I'm waiting for my stack of deals to fund on Friday. I'm taking in 750 k from an old borrower out of Utah, then john Schreiber called me and wants to give me 400 k or so. I'm going to take it becaue he watns to give it to me, about when I have to give back a ton of money to my investors for taxes.

## $1-29$

I had a quiet morning. I had a bunch of payoffs, scott ended up wholesaling a bunch of properties, plus some trustees returned checks on BK's. Kirk sent me 600 k more too. I'll be getting 400 k or in from the guys in UT. Гll be funding about 1.6 million tomorrow it looks like. I'll knock down just 5 more loans off the assholes list, but it's over a million dollars. Scott needs to come up with some cash soon to start paying some stuff off I don't know if I can run overages over the rest of his properties to cover the dollar amounts I'm paying these guys off we just need to struggle to get them paid off and then scott can start working toward paying greg off.

## $1-30$

I funded five more deals today. It was over a million dollars Scott says he's got about 20 in escrow, a combo of ones I've funded $95 \%$ and some of gregg's and some of that are clear. I had a lot of payoffs today. Plus I had 400 k come in from Ryan in UT. I've got funds to know off some more next week. it was a really busy day I also drove up to Scottsdale to meet and look at this house that Sammy is working on. He thinks he can sell for 1.4, I hope for 1 I'm going to give him some more money against it because it's really far along. I hate doing these types of deals, but I think it's solid. Now to do statements.

## 1-31

It was a crazy busy day, which I't snot always like that for end of month. I funded four deals. I had six pay off , I might have more if Bennett pays off the two he said he would. He might deposit a check tnoght. I had a lot of payments. I lost about 100 k this month. I never cashed the check from Scott for the interest. I hope next month the number of deals from him which will lower my risk and bring in some much needed interest. I have to try to pay off another 5-7 next week.

## 2-3

I had a really busy day, I funded three deals and started working on the 7 deals we are going to payoff this week. it's going to take me several hours to come up where to put all this money on other properties. Soon, Scott has to come up with cash himself to close these. I had a few payments, and I had one payoff. It was actually a return of an auction deal.

I was so busy today typing docs for the 7 deals we are paying off tomorrow. It takes me hours to do. There is so much extra work. Scott told he has 30 properties going on the market this weekend, most of them are the ones I've paid off the $2^{\text {nd }}$ and then liened with my money. So I'll be getting all that money back He's wholesaling most of the ones he's buying now, taking a quick profit. He's going to start getting money at the end of the month so he'll pay off gregg's loans so we can sell those houses and get the profit back to him. I had a few payoffs, and a few payments. I'd be able to go to the boys school if I wasn't doing this work all day long! The forebarenace agreement is going no where with the attorney's. it's become a fight. We are going to have to spend time in a room together to work it out I fear

## $2-5$

I was super busy today, I wired out over a million dollars to pay off the assholes today, did 7 loans. I think we are under twenty now. Scott had 800 k worth of deals too. Fortunately I had over a million dollars in payoffs come in unexpectedly too! Thad a few payments too. I went to lunch with Tom Smith. I worked until midnight too. It takes me so many hours to do these payoffs to the assholes, I hope to be done by the end of the month.

## 2-6

I was super busy in the moming. I got almst evertying done before I left for Mark's office to do my finance class. I got back and was super busy until I left for the day. Lilli called, sheneeds 2 million for next week I committed toher and now I have to pare down the payoffs to the assholes group so I have enough money. I'm still hoping to do at least 5 more next week. One my list we are down to 23 , not sure if t's $100 \%$ accurate but we are close. Two more of the Gregg's loans paid off today too.

## 2-7

I was so damn busy agin. I was on the phone with David and scott off and on trying to find moddle ground in this crap to make this agreement final. Now david is telling me I have to tell my investors. I'm just so stressed out I could have a heart attack. I had two payoffs come in, I had a few payments and I don't have eough money to cover lili's deal yet. But I have a week.

## 2-10

I had to wire in 198 k out to close a Scott deal, but I got 227 k back. I funded two more of his deals, but I should get those funds back on Wednesday. I told him to quit buying I'm out of cash, he bought another one. I don't' have money for it. Yahoo emall was down the entrie day, completely fucked up my productivity! I'm still workıng and it's midnight. Now Lili wants me to close her deal Wednesday. I don't know if I'll have funds for it or not. I was going to wire in funds for paying off 3 more deals for Dan's group, but I don't have funds for that either. I need a lot of payoffs tomorrow but I'm not sure I'll get them. If Roger's would close that would help a ton!

I didn't sleep all night. Lili wants her deal funded tomorrow, Scott bought a 200 k deal, I have 300 k I have to wire to escrow to payoff more of dan's deals. I couldn't come up with enough cash I emailed Braan, he sent me 500 k , I called Ryan, he sent me300k. that gives me enough to cover everything. We paid off 4 more loans this week. we should have some more gregg's loans closing next week we got a little closer on the agreement with david and jeff, will beat out the language. I had two other payoffs today. Roger is still threatening to pay off his four deals tomorrow or thrsuday. That would be great, for interest and for liability.

2-12
I finallyhad a quiet day. I wired away 2 millon for Lili's deal, 300 k to payoff three deals of Chris's, then one more wire to close a chris deal. So we are down to less than 20 deals and around 15 million. I get those paid off in the next few weeks. We'll have a huge sssue behind us. I had one payoff for a deal that scott wholesaled. Roger I had to forgive his debt on 4 deals so he could close them. I couldn't collect it if I took the properties back anyway. He'll pay me some day, sure he will. It will be quiet while I'm gone since I've got no money. I've got 62.4 million lent out, I have might have 300 k in my combined accounts. Scott thinks he can have 10 more properties for sale soon. The more that close the better. I've got 34 million of my 62 million lent to him. In the next 60 days that should be cut down by a third.

2-13
It was a quiet day, but I was hoping for more payoffs. I only had one come in. I funded two extra deals, 30 k and 10 k . I need cash bad. Scott needs 500 k to buy, I need 400 k to pay off dan's group next week, I need 300 k to pay my investors, adam needs 400 k next week. that's more than I've got coming in next week. I can't believe if I had another million I would be able to put it all to work I had a few payments too I'm ready to leave now.

## 2-14

I twas a good day to be snowboarding. I think I had four calls all day I wired some money first thing for Christmas. I got one payoff in and lots of payments. The scott and jeff vs david saga is continuing. I need a ton of payoffs for next week to keep everyone happy. I'm trying not to stress over it this weekend.

## 2-18

I funded one for 30 k , and I never had any payoffs and few payments. Scott wanted to buy, but I couldn't say yes because I was so short money We have to pay off 3 deals for Chris's group, Adam wants money, I can't fucking bleeive I'm so tight on money. I have 3.5 paying off between now and the end of the month, but I can't part with the little cash I have unt1I I know we have these deals paid off for Chris's group. We are goung to fall behind the plan of 5 a week. but I can't do any more than that.

I had nothing to fund. I had one payoff, which was a deal from scott that he whole saled. I should have a few more closing next two days. I couldn't' fund the deal for Adam. I have a million, but I need money to pay my investors and payoff three more loans of Chns's group and I have to fund some Scott wholesale deals. Boom a million is gone just like that I should have a lot of payoffs coming, but so far one this week. I had a lot of payments. Tomorrow is the meeting with the laywers, that we hope to finsish this damn thing. I put the property I took back in escrow, though it doesn't close for 2 months. I got them to raise the price a little to compensate for it. I'll get back my principle, fix up costs and most of my interest.

I funded one deal for scott and then left for the meeting with the attorney's. they were no better in person then they were in email. David lost his temper more than once. We went back and forth for 3 hours. We broke up and came together, finally we are down to one point about the release. The lawyers are trying to word it to make each other happy. I had two more payoffs of his loans today. I'm paying of dan's group, 3 more loans tomorrow. Plus two of Gregg's loans are paid off to me tomorrow So again we are making headway. But at a point we are going to run in a road block of properties that I can over encumber. Scott is going to have to start coming in paying off some of gregg's loans. I told david the dollars today, he about shit a brick. I explained to him how I got there and how far we have come and how much better we are today then in November. Though I'm not sure he understands that My balance sheet isn't looking much better, but it will start to swing in the right direction in the next 30 days. I'm more concerned about telling my investors and their reaction to the problem. I have to tell them and hope they stick with me. If I get a run on the bank I'm in deep shit. I won't be able to fund new deals, I won't be able to payo ff investors and wont' be able to support scott. The whole thing crators.

## 2-21

I did all of scott's loans, wires and then the payoffs came in. I got three more of Chris's group paid off, I received three payoffs, two of which were $95 \%$ LTV deals, one I had to load the cash on other properties. Again, more headway in the right direction. Roger's three deals paid off, no interest, just principle. I would have done the same if I took them bck and sold them. He's supposed to pay me interest on them, I doubt I'll see a penny. I talked to Dave, he found out what we already suspected, there is no way we can give what scott wants I'm not sure where this will lead us. we talked about telling my investors, we are going to put that off as long as possible so that we can improve the situation as much as possible. We've got another 15 more that are closing next few weeks. We could be close to under a 100 problem loans within a month I just have to keep telling myself I'm doing the right thing to fix it, no matter who much anixetty I have over this issue. I didn't sleep more than 3 hours last night.

## 2-24

I funded two deals for scott, both are supposed to come back this week. he's wholesaling now more than retailing. I funded another one for Christmas. I had a lot of payments in. the lawyers
are fighting over the words, now scott's attorney is going out of town after Friday. I was stressed out all day thinking about these investors. Coralee is trying to shernff auction McKmley now I'm owed 50 k more than what it's worth. Roger is now going to give me back 4 houses it looks like. I'm back to being a land lord again! I'm missing out on so many good deals right now with good borrowers. But I have to have cash to payoff dan's group, 5 more loans should be gone this week. we've got 22 in escrow, 6 of them closing this week just keep pounding down the laons, however, I'm not sure how we are going to pay off theloans that now have triple encumberances on them.

## 2-25

I finally started receiving some payoffs. I got six of them, two of them were small. I funded one deal. I have a bunch of deals to payoff of dan's. I've got more money coming in. I'm really struggling with how to get this deal solved. I talked with Scott for an hour, we went over like three more scenarios. It all boils down to him coming up with cash. He does, that we'll be able to pay off a lot of loans, in numbers not dollars. Then his attorney sent over a 35 page agreement which was completely different than what scott agreed too. I swear they are just drgging this out and have no intention of signing anything. I know I'm not going to sleep tonight! I've bene up since 2 am already!

## 2-26

I slept maybe 3 or 4 hours again last night. I funded one deal. I had nothing payoff today, I'm hoping for a few tomorrow. I barely functioned all morning waitng for Scott to call. He finally did saying Gregg is willing to work with him. We've decided it's better to sell these properties as quickly as possible, take the losses and move on. Scott will sign a promissory note, it frees up from paying interest, I take a big hit, Gregg takes a hit, and we move on. It will take me 2 year to get back to profitability I'm guessing. This may allow me not to do what David wants me to do, I don't know. I never got to talk to him. But what we are doing isn't going to work fast enough and we'll have a big hrll to climb in the end. I'm just so sick over this I can't function.

I talked to scott again, he agreed to everything this morning on how to work this out. I talked to David, he's thinks it fine so we are done. Now Gregg is acting up and watns interest paid in advance. This is the why we need to pay him off quicly I paid off three more dan's loans. I had two payoffs come where I had advanced $95 \%$. I had a bunch of payments too. However, now we just need to get this signed and start working towards selling these houses. We have a plan for that now too.i took back 4 house from Roger today. I'm going to try to sell these damn things too, I'm not going ot sit on them with a tenant for a year. Now I'm going to do statements.

## 2-28

I sent the statement last night. I had payoffs but all late in the day. I've got now over 16 million. I've got more of Scott's payoffs coming next week. working without this cloud over our heads is refreshing. I wired him 100k to pay Gregg his damn interest. By the end of the month, $1 / 2$ of his
loans might be paid off. we hope to have 100 loans paid off by month end. I've got to put the money back to work, I'll will return it to folks. I had a ton of payments, but I'm still down 154 k for the month Once we start selling these houses and I get my accumulated interest back in I'll have a better march. I worked $1 / 2$ the day on McKinley property, dealing with a real estate attorney, emailng Coralee, I can protect myself and rid her judgement, it will just take time. I'm asking her nicely what she will do and not do, she won't answer me. Next week she will be at my house I can't wait.

## 3-3

I had a quiet morning, so I left for Ty's school. when I came back, scott had bought 5 properties, I had 5 payoffs and several payments. David called me telling me of adlib info to scare me about dealing with scott I can't control what others are saying in the lawyer community. I have to get this done so that I have something in writing and do the best deal that I can do.

## 3-4

I funded six deals. The four for scott he had sold by noon, he said he made 30 k . it will take a week to get it all back to me. He bought two more today. He needs to make about 50 k a week wholesaling. I had a few payoffs and some payments. I've got a lot of people that are late on their payments right now. I engaged a lawyer to rid me of Coralee on the McKinley property. I know she'll be a pain in the ass until the end. I'll plan to return her funds to her this year too. I don't need that bulls hit.

## 3-5

I had a super busy day. I had four to fund, and I had eight payoffs. Mostly they were scott's wholesale deals or rescinded deals, but I've got money in the bank now. I can payoff five of dan's deals Friday no problem, plus they have two more closing, we'll be down to three. I paid for the food today. It's a lot more than I was expecting, but hopefully they all like it. I got a few payments in, but not as many as I was hoping. Scott is making good money wholesalng, now he needs to sell more of these houses. I have to lower my exposure to these homes. But in that I'll have an unsecured note to him too.

## 3-6

Another quiet day, I funded two deals, and had no payoffs, a few payments though. I took down the docs to a lawyer's office to foreclose on john so that I can rid myself of Coralee on the McKinely house. Auction set for June 10, I probably will get a contract this weekend to close in a month. I've got over a million to send out tomorrow for Scott. I'll get $1 / 2$ of it back if the closes come in that are supposed to happen. Dave is supposed to have our agreement done too.

## 3-7

I funded two deals, patd off 5 of dan's deals, and wired overage money for 2 of dan's deals to close. We have three left, plus the issue with the trustee's deed one on Potter. I had six payoffs
too. The two from dan's group, and then two of PG's which is good, just leaves me with the two land deals and one deal on $13^{\text {th }}$ that was supposed to close today, probably Monday I had a few payments, not many David is supposed to have this agreement done today, so we can review, I hope it's what scott wants so that we can be done with it

## 3-8

I got everything ready for the party early. The food showed up on time, it was $2 x$ the amount of food that we needed Everyone came but maybe 1 or 2 people. Coralee and Gary came, hardly spoke to me, which is fine. they will get their surprise this week. I enjoyed talking with everyone, I don't know why I get so stressed aobut it. it was all over by 6 pm . I met Tom Weiskopf finally. Everyone loved the food, they just didn't eat enough.

## 3-10

I had a wild day I was busy in the morning. I had emailed everyone and said I would have money this week. Chris took 350 k , Adam wanted 200 k , Scott bought 500 k worth of stuff, and I was nearly out. Then Lili called saying she was going to pay me off a million dollars today, so now I have money again. Scott is wholesaling properties before I even record docs. Hopefully he's makng money on the damn things. we've got about 20 properties in escrow and more are listed now, so we hope to get a lot more in the coming weeks He's trying to sell 10 or 15 to a hedge fund too

## 3-11

I funded two deals for Scott, he sold one before I got the docs back. We talked to David, I think we've worked it out. David changed and said now I have to tell all my investors. Scott and I are going to try to fix this mess in 30 days and that way it will be a minor issue. I had two payoffs and two payments. Tomorrow will be more busy with deals and payoffs.

## 3-12

I funded five deals, I had three payoffs. I received in a lot of paymnents too. I talked to David again about the agreement, he made his changes, Scott had more. It justnever ends with this. T've got the last three properties ready to be paid off of Chris's/Dan's list. Scott and I have decided he'll buy a bunch of properties, and we'll pay off Gregg that way and then sell the rest. We can clean this up much more quickly and lessen the loss

## 3-13

I had a really busy I funded four deals, plus 50 k to shawn. I had four deals payoff and lots of payments. T've got about 10 deals to fund tomorrow. Jim McArdle came over to ask lots of questions and talk about retirement. I know I've got at least 6 deals apying off tomorrow. I'll probably return some funds to UT tomorrow too Scot finally agreed to the wording, now he wants to change the terms. Which he might have a good idea. We keep changing it to try to make the right balance between over encumberance and an ugly sized secure note.

I funded the last of the three deals to pay off dan's list. Feels good to get that behind me, however, it was anti climatic. Now to work on Gregg's list. I had a few other deals to fund too for scott and Mike Moore took a little money. I had two payoffs and a few payments. I was busy in the morning I also drove up to see Sammy's house. He's got the house $80 \%$ done. It really looks good, I'm anxious to see what he can sell it for.

## 3-17

I only funded two deals, but I hav two payoff. Scott boughta lot for tomorrow. I had a lot of payments made too It feels nice to know we don't have any dan's loans. Just one, left, which is in dispute. David has more changes to make the to agreement that I asked him to make. Sometmes I ask him, I get it back and it's not done. I can't wart for the next bill.

## 3-18

I think we have the agreement done, Scott is going to read it tonight. He'll probably just agree to be done. I funded four deals, I had three payoff. I've got a lot paying off this week. I had a few payments too. Scott has the first 5 lined up to start paying off Gregg's loans. I want to start seeing this and I need to see some of the older loans start paying off. I want the interest to start coming in.

## 3-19

I funded three deals, and I had four payoff. I've stll got a ton coming in before Friday, which is good, because I need to return 500 k to Major Miller next week. I've got a stack of deals to fund tomorrow for scott. He's going back on forth on how he wants to do this, but we'll find a way to do it. David has to do some more changes for Scott now.

## 3-20

I funded six deals today, 5 of them for scott. He paid me back on three others today. Christmas is selling a lot of stuff, so he has been paying me back too. Scott finally agreed to agreement. That's done, I have to do some numbers to fill in the blanks, but otherwise it's ready to be slgned. I have no idea if it will ever be used, but David assured me I'm in a good position. Now Scott is trying to figure out what he wants to do, sell all the properties or keep and rent them. We aren't going to his five props tomorrow because of HOA delays.

## 3-21

I funded three deals for scott first thing, went off to my mom's meeting, it was the smallest group, 9 of them. If next time we don't have 15, I'll cxl 1 t. hell I need more borrowers. I had four payoffs, which was good, because I'm running low on cash and I have abig week next week.i got back and funded two more deals in the afternoon. I have 4.5 million closing next week, I'll need
it all to cover what's on my desk and requests for cash back. Only two payments came in. once we start paying off gregg's loans, I can capture all that interest.

## 3-24

I did $80 \%$ of end of month on Sunday, so that feels good to get done. I funded five deals, and I had three payoff. I need more money to come in becaue Lili wants 2.5 million on Monday. I told her to find an alterantive back up source. I should have it because ih ave 4.5 supposed to close but $1 / 2$ through the day, 500 k of that was moved to Monday. I had few payments in, the late ones, so that was good. Sammy called wantung me to give him more money for his house, I told him no. I'm already too deep in to the house. I rather take it back $90 \%$ finished then give him more money. We went round and round, but it didn't change my mind.

## 3-25

I funded three deals and I had three payoff, I had a bunch of payments made. Lili is calling me wanting me to fund this 2.5 million deal, which is fine, however, I told her I won't know until Friday. I've got 3.2 million coming in by Friday and 700 by Monday. I don't kow if I'll make it. we have the agreement done and notes done so hopefully scott will sign and we'll be done with it. he's supposed to get his money from ssreal now next week, I hoipe it comes or we can't do the refinancing part we had planned.

## 3-26

I funded three deals and I had three payoff, which raised my cash position I had a few payments too. I had talked to Lili about her 2.5 million deal, and I've got a few other borrowers that want money, a few that are pushing their deals off. I was stressed I wouldn't have enough money. Then I get an email from Ryan, I was thinking he was going to ask for 700 k back, instead he wanted to give me 2.5 million more! I sald I'd take it I figure I can put it to work on Lili's stuff, fund my guys stuff with my cash and then with all the money coming back in I can slowly start paying back investors and give me some breathing room.

## 3-27

You never commit unless the money is in the bank! I learned that rule a long time ago andi broke it. I wired off funds for the deals today, thinking I'll be perfectly ok to do so. Then I'm sitting in a parent teacher conference and I get an email from Ryan saying he can't provide the money I about craped my pants. I talked to him and his CFO three times during the day. he now thinks he can get me 1.2, I don't know if I'm going to get enough money in Friday to cover this. I had to have scott stop buying, sell a bunch he had already bought, and now I'm scrambling. I'm 2.2 million in the hole for my commitment tomorrow. I better have a banner day of closes!

## 3-28

I wired out every damn dollar, I was down to maybe 50 k . which would be great for Friday, except I need money to fund Lili's deal. These moron's in UT cdidn't call me all day, $I$ called
them, they are now saying 1.5. then he wants to be on the paperwork, then he wants to talk to lili, I put her on the phone, that got ugly, he can't understand her and he wants numbers she doesn't know them, she gets pissed at me because she looks dumb, he tellis me he'll cal lme tomorrow and let me know he wants to do, she calls me and says she's going to look for other money. The mean time, Scott is on his way to NY to find money. I had a million come in today, which won't cover half the deal for Monday. It's going to be a stressful weekend.

## 3-31

I had eight payoffs, funded one deal After I don't' know how many phone calls, I convinced the UT guys to just lend me the 1.8 and I'll take care of the deal. They don't like it at all. Lili is mad at them, so it will just work Scott is now convinced he's going to just sell all theproperties and owe me a shit load of money and work on paying it off. at this point it clears the books, brings in the interest and then hopefully he can produce enough money that he can pay down the debt, it could be 8 mullion. That's a scary fucking number. I'll now be able to fund a few more deals that are popping up. I only lost 95 k this month. If he sells the properties, and I get the interest in, I'll have a good year, which will be good to put some capital on the books incase he fucks me at some point.

## 4-1

It was a super busy day. I funded three deals for scott and then the payoffs started to roll in. I had nine payoffs and a few payments The biggest deal is that the UT guys finally wired me the 1.8 . right at 2:30, when I had asked them at 8 am for 1 . I've got lili covered, I've got deals covered through next week and I've got 1.8 coming in from here to Friday Everything should be done for Scott to finally sign, should be tomorrow. He's buying a lot right now and I hope all other properties start paying off now. I need to return some funds this month.

4-2
It was a quiet day which was nice. I funded the 2.8 mil deal, and three others for scott. I was paid off on three deals and I received a lot of payments in. becaue it was quiet I caught up on everything I needed to do. I took back some land that roger can't sell. I'll get it sold no matter what.

## 4-3

It was a quiet day, I funded a few deals for scott and he paid me off on a few. I thought we were done with the agreement, then David says it's not done and is going to have to redo sections of it. jesus this is goingto cost a fucking mint! 100 k for the agreement! I'm stall not coinvinced it will do anything for me. I sure hope I never have to use it

## 4-4

I funded a bunch of deals for scott and the he only paid me off on two of them, I had a few other payoffs come in. I pard off the very last property that was in question with Dan's group, this
damn Potter property that we don't have a trustee's deed on. We are supposed to have it any day, it's been that was for months. I had a bunch of payoff which is good because I've got a ton to fund Monday morning. I hope next week I get enough payoffs to get me ahead in cash to where I'm not skimping by day by day. it's just stressful as all hell and I hate it. I have to return funds to investors next week too

## 4-7

The day worked out ok, I was a little nervous. I had more deals to fund then money in the bank. I had two get pushed off and a surprise payoff, but then three other payoffs didn't come in. scott bounced another check to me, but re-deposited it today, so hopefully I can use it tomorrow. I've got some guy calling me about a 500 k loan I have that wants to buy the house but I don't own it. I can't get ahold of the borrower either. That really pisses me off. I had a lot ofpayoffs today and payments, so that always helps. It's going to be tight week.

## 4-8

I $\log$ in to my bank, Im negative over a million dollars! The bank reversed all my deposits from scott from Friday and Monday. They closed my account soon after. I spent all day talking to a dozen people The bank didn't like that I had a bounced check and then redeposited it and then I'm wirmg back to the same account. I finally got them to call Scott's bank and reverse the whole thing, but it was too late and they can't reverse the holds so I couldn't pay for his three properties or fund the 2 deals I was supposed to fund today. Now they are telling me tomorrow it should be ok. It better be or I'll be blowing up the place and quit with killing them with kindness. The stress that I went through and anger and my blown reputation with my borrowers and title co's is immense. I dbout I'll sleep tonight.

## 4-9

These lying shitheads of bankers, I couldn't $\log$ in to my acct all night or in the mornng. we had to call in and start all over. Then after telling me last night, oh it all has to go through night time processes to release the checks, they instead manually released them this morning. by $10 \mathrm{am}, \mathrm{I}$ was $100 \%$ back up and running. I wired out over a million and received in nearly a million. I've got 4 million coming in the next two days. I swear, I was so pissed, but more relifed just to get back and operating.

## $4-10$

First day of normal business and I was busy! I wired out four deals, ihad five payoffs, a few payments. I didn't get nearly as much in as I thought, so tomorrow could be a huge day and it could allow me to return some funds, have cash in the bank and best of all have money uncommitted.

I got in a million dollars today, most of it late. I put out 750, plus returned 250 k to rob brinkman. I had a few payments. Most of the day I was trying to figure out how much was coming in aand when so I could commit on some new deals next week. scott bought 900 k , but he's wiring me 550 k Monday. I have two big deals, one for 650 k and one for 2.2 million but they both got pushed I would love to get those in to give me some wiggle room.

4-14
Stupid busy day! I funded ten deals, either full or partal pays to get the money returned to me for scott payoffs. I had six payoffs. I've got more coming tomorrow too I had a lot of payments too I was barely able to keep up with everything, then the boys came home and now it's midnight and I'm still working.

## 4-15

I had enough payoffs in today, to finally get ahead. It's the first time in months! So much so, that I did a 600 k deal for kyle. I expect to get in a lot over the next few days and I'll be in good shape. I funded four deals I nad I had six payoff. Only had a few payments. I really would like to have a million in the bank. I should be the Friday.

4-16
Scott had trouble with his wires this moming, by 11 we had it all sorted out. I've got extra money now, so I can wire him and he can wire me back to pay off deals. I funded five, I was paid off on 9 I had no payments in today Scott signed the agreement. Now I hope we never have to look at it again. I'll send it up to david tomorrow and then he and I start on the memorandum.

I had a productive quet day. I funded four deals, and I had four deals payoff, 600 k one that wasn't supposed to come until tomorrow. Im now with excess cash, I can pay my tax bill and send Coralee back her money. At least start sending it back. Rick from Sundance stopped by for 30 mins. I don't like him. He's disorangized and uncommitted. He wanted my spreadsheet, however, he never asked for paperwork that he has money with me. I've never sent him any. Kirk fischer bought a property today! I doubt he's getting back in, just too good of a deal to pass.

## 4-18

I funded five deals today, then I only had three payoffs. I had a really quiet day because it was a holiday I had a few payments too. I've got extra cash, which is nice to go into a week with money and no stress. Now david is saying we have to resign because the day of the docs don't match the dollars on the exhibit.

It was a really quiet day. I funded four deals, I had four payoff. I ended the day with more cash than I started, I should tomorrow too. I mailed off Coralee's first return of her investment it will take me a long time to get rid of her, but I will hopefully in a year. I did $1 / 2$ of end of month this weekend and all the renewals, so I'm glad to get that off my back.

## 4-22

I funded three and had four close. I was in good shape. Then scott called and said he bought 1 million today! I can't get ahead. He's sucking up as much cash I create! The biggest problem is his loan balance keeps growing. He does have 35 properties in escrow to close the next 30 days, he's got 500 k or more coming back to me a day on his wholsale. I think at the end of may it will finally start coming down. Mike Moore still thraks we are closing his 2.2 million deal any day I have a lot closing the next few days, nearly 5 million. We'll see how it all comes in. I tried to do my bank transfers tonight, but they eliminated all of those too. I may have to start all over. It's going to take me hours!

## 4-23

I had a really busy day. I funded nine deals, I had seven payoff, ihad a few payments. Scott bought another 700 k for tomorrow and I should have enough coming in to pay for them. I started re-creating all the accounts to make the payments. It takes hours to do I'm not even half way through it the Thompson's received my letter and check. Gary emailed me and apoloziged after a bunch of back and forth, he's going to give me the release I need and I can re-list the property. I should have just fucking called him day 1. I emailed and was stone walled, that's Coralee.

## 4-24

I started at 6 am typing in the data in to the BofA web site I finished about 9:30. I've got end of month all done now expect invoices I can do those this weekend. I wired off five deals, I was paid back on six deals. I think we've hit the high point of Scott's balance, he's paying me off on more than he's buying. Which is great because I've got a dozen deals I could fund for other people which I would really like to do.

## 4-25

I funded five deals, it was a quiet morning and then no wires came in and Scott by nearly 700 k . he sent me two wires, but the ones from the escrow co's and one of his weren't coming. We were all panicked because I wouldn't have enough money to cover for Monday. Then as we were talking his 100 k wire came in and to my surprise a 400 k payoff I wasn't expecting until Wed arrived along with a 200 k wire that wasn't supposed to come until thruesday. I'm ok now! I even had to borrow money from my personal account this morning to get all the wires out. Thank goodness my IRS check hadn't cleared yet. Next week I have over 5 million supposed to close. He won't be buying 5 million so $I$ should be able to get money out to other people, which I passed on over 2 million worth this week!

I funded five deals early, then two more later The smallest 30 k deal was rejected, I clicked on the wrong acct, when I was typing in the acct number, pissed me off. I had six payoffs which was great. I had a lot of payments too. All the BofA direct payments to my investors were rejected, and the one to Russ. The BofA were rejected because I used the wire aba and not the ach. Russ' was rejected because bank buyout and I didn't know. I just went to the branch and transferred them all today, be done with it. russ is ok with getting his on $5 / \mathrm{l}$. The whole thing ate 3 hours of my date, just pissed me off. I'm getting much more money in from scott then I'm sending him again tomorrow and I might be getting my 1.8 mil payoff too. I would love to get my head above water for aw hile. Though I fear the day which I know id coming soon, of too much cash.

4-29
I funded six deal, I just barely had enough money for it, then the payoffs started coming in. I had five payoffs for more money then I sent out. I also received confirmation that my 1.8 is coming to me tomorrow. This is fantastic, I can get out of this cash crunch and put more cash to work with different people. Scott is now returning more cash to me than he's taking each day, so hopefully I can whittle him down a few million this week. Dave said we are done with the forebarenace agreement. Now I have to get scott to nominate someone if he dies to sign for him. I also had 3 more direct payments rejected, but their system was down so they couldn't tell me who or why.

4-30

What a crazy busy day! I got back 3 more rejected direct payments I fixed two for sure, and one I think, we'll see. I received in 1.8 mrllion wire which is hopefully going to change my cash flow bıg time. I was able to fund about 10 deals today. I made many people happy, after stringing them along for a while. I had 10 payoffs too. Most of them scott's, the balance is starting to go down, and because he's paying off the older loans, I'm getting a ton of interest so I was actually profitable this month! First one of the year. If this continues I might be profitable for the year! I fucked statements last night and sent 23 to the wrong people. Easily fixed, just lowered my reputation. I have 2.5 million in the bank and maybe 300 k to fund tomorrow. I've got lots more coming back in. which is fine, I like having cash now, I've got a retum some to the Miller's and I have to Lili with a 600 k deal. Plus more of scotts that come in the beter the situation is between him and me.

## 5-1

It was an easy day, which is good after yesterday. I had more come in then I sent out. Scott is down almost 2 million from his high, next week he could be down another 2 million. I was profitable for the month, first month profitable sunce November. If scott keeps selling these properties, I'll be profitable this year, just with a big note to hum.

It was another quiet day. I funded four deals, returned Major Miller their 200 k , and then I had four payoffs and Adam paid me back 200k. I had a lot of payments too Lili didn't pay me her money. I'm stitting on 2.5 million now. The world is different when I have cash. I could be at 4 million by the end of next week too.

## 5-5

I didn't do hardly any work this past weekend. Today was easy, I had 8 to fund and I had three payoffs with lots of payments. This week is going to be a huge change with scott. He's got lot of retail deals closing, where now he's getting money back on them, and the ones that we are closing have very little that need money, maybe one will need 150 k or something. I counted up that by the endof the month, we'll have 30 properties closed from the list. We'll be under 90 properties down from 186. I can finally see the light at the end of the tunnel.

## 5-6

The day was going along well, seemed like it was a going to be a sleeper of the day. then myhard drive wouldn't quit running, after hours and hours of dicking with it, rebooting it. Brian discovered it was the drop box. Finally turned it off and I was able to catch up all day, prep for tomorrow and now I m on top of stuff at 11 pm . However I'l be gone all day tomorrow with Dillon ons field trip, this is going to be lovely next few days.

## 5-7

I had just enough money by 25 k or so to wre 1 milloin off to scott's acct. hepaid me back 650 k plus 225 k he did, but Christmas is buying the deal and wants to keep it in his name but pay me interest so he can refi it some of the retain deals we thought were closing never did, they got pushed. I still have a lot coming back tomorrow but scott bought another million today, he gave me payoff requests for two of them already. I answered email and phone calls all day while on this field trip. I was able to take care of everything then once home I worked until midnight and caught up.

## 5-8

I funded five deals for Scott, I had three payoff. It took until Ipm to catch up everything from yesterday. Now I'm on top of stuff. Scott only bought two for today. I've got 1.7 million that could come in tomorrow. A lot of the retail ones we had planned for this week, got pushed to next week. I have 15 planned to close next week he will finally be going down in total dollars

## 5-9

I was pretty quiet today, I funded four deals, I had 7 payoff, lots of cash, now lili wants another 600 k Monday! Thas for the warning 1 might be able to do 1 t, because 500 k worth of deals go pushed until Monday. Scott didn't buy that much either. I had a few payments. A new guy from Canada is wanting to flip houses using a guy I've done a lot of business with. I semu tried to talk him out of it.

I funded seven deals, three of them were overages on loans that I would be paid back when they close, two today, one tomorrow. I hate sending money out on those, but they are lowering the amount owed to Greg, so that's the good thing. I had nine payoff tomorrow. I've got about 15 paying off in the next two days. I had a few payments too. Lili went from needing 600 k today, to 1.2 million by Friday. I have nearly 4 million closing this week, so it shouldn't be hard to do.

## 5-13

It was an easy day, I funded five deals, and 20k for Minh. Then I had five deals payoff. We are beating down the total for scott Two more older loans were pard off, I'll more this week. I hope by weeks end he'll be under 36 million. I had a few payments too. Tomorrow should be more of the same.

## 5-14

More of the same, six out, four in, but I'll have more tomorrow. I had a few good payments too Roger gave me back his last land deal. Just what I want. At least I have two closing the next day or two and I have one closing in a week or so. Friday is going to be a big day for closing more retail ones for scott, then next week we have one a day. we are slowly but surely pounding down the list.

5-15
The day went quite orderly. I sent out my wires, all the ones came in that were supposed to Jeff and Tony came up from Tucson and we had lunch and BS'ed for a few hours. Scott called, he moved 800 k from firday to Monday, and that screwed up my day. I had a lot of leeway to have enough money for everyone. I had to pull in 500 k from tom to make sure I can cover everyone. Huge pain the ass, I should have told Luli no on this deal, but 1 just feel like I have to put the money to work because soon I'm going to be drowning in it.

5-16
It became a stressful day. I requested 500 k in from Tom, thinking it would come in early and I could wire Luli's deal right away. She was calling me and title was emailing me it didn't come untrl 12:45. I wired off Lili's money, then all the wires I was expecting started to show up in 15 mins. If they would have come earlier it would have been fine. I got closungs on two of the properties that Roger gave me back. A third will close ina week or two. Scott's closings all came in, we are down to 10 million of Greg's loans, so that's great, from 24 million in November! My cash is going to be tight next week. I don't have a lot of closings from other sources other than scott and he doen't have a lot closing. The head way is slow but steady, every day is a better day then yesterday, so I'm glad for that. I funded seven deals, then Lili's, I had nine payoff.

I had to start the week out stressful! I wired scott his money and he bought more than I thought he would. I returned Tom's money at least. Scott had to borrow money from Gregg because I couldn't cover all that he needed. I did accept 300 k more in from a new investor, it's just temporary but I need it. he's a borrower that can't buy anything night now. Scott and I have to do the wire game tmorrow to get each other the money we need. Plus I need to return 250 k and 150 k to people. I can't talk him in to taking off a day to get me flush, so he's gong to try to slow bleed it out. I was out $1 / 2$ the day with Courtney and we had a baseball game, so I'm way behind!

## 5-20

I got the 300 k in early, I was able to make my wires to Scott though they were delayed and screwed up his morning! the one day the bank doesn't deliver my money in 15 mins ${ }^{1}$ I also got a surprise payoff on one of the PGREO payoffs early, so that helped. I postponed a deal so I'm getting in better position. I had thepayoff scott told me, so we are good for a nother day.

## 5-21

A quiet productive day. I funded three deals, I had two payoff. I had a few payments. Did the entire months' renewals today I got all set with scott on payoffs, cash flow and docs. I'm hoarding cash, because I have to return some to investors, pay them interest and make sure I have money for scott. I keep turning down lots of good deals, it drives me nuts, but I have to keep scott rolling in deals to make money to fix our problem.

## 5-22

Super quiet day, I funded four, and was paid off on three. I had one payment. I talked to scott the deals that were supposed to come in tomorrow aren't so cash is going to be super tight! I just need to get a bank of cash and keep it. I can't stand this game we are playing. I know at some point I'm going to have mounds of cash. Ijust received another request from an investor that wants money back. I'm really going to struggle next week.

## 5-23

I funded scott's deals, I got a wire in that was supposed to come the other day, he got some closings he was pushing for and I ended the day with 1.1 million he only bought 700 k , plus he's got 1.1 coming in Tuesday. I had a few payments made, some past due ones, so it was good to get caught up on those. I was all done by 3 pm .

## 5-27

I got end of month done yesterday. I just have statements to do. I had all thepayoffs come in that I was planning for except one. the condo on broadway closed, one less house to deal with. The people that put in a contract on mckinley opened escrow. Then Matt texts me that the pool pump is broke. I funded all of scott's deals plus one for shawn. I have a stack to do for him tomorrow. I had a ton of payoffs and payments in today too. I have al ittle cushion, not much.

I funded 8 deals, I only had four payoff, I had three wires that didn't come in. I hope they will tmorrow. I'm down to 500 k , Scott only bought 400 k I I have 2.2 million closing the next two days. That way I'm hoping to have cash in the bank and get out of this pinch all the time. plus he's got money coming in on some deals soon too. I had a few payments too. I still need a bucket of cash to come in to be profitable this month. We are chipping away at the list, we made great headway this month. We have 9 in escrow for next month for the old AFG loans. I hope to knock off 15 or more in June.

## 5-29

I funded three deals and I had 6 pay off, so I neded the day with 12 million in the bank Tomorrow I'm sending out 1.4 and I should get back in I 6 . I had a few payments. I found out the last house Roger gave me,t eh people aren't paying the rent so I can sell that one now. We have mckinley under contract, so now we just have to sell the land. I fear that's going to take a while.

## $5-30$

It was a busy as hell day. I funded erght deals I had nine payoff and was able to return 250k to UT boys I had a few payments in too. I'll end the month 42 k . Two months in a row making money, I'm hoping this next month, Ill be over 100 k . I have a lot more closing next week, these old Scott loans have so much interest in them, that by closing more of them, that will make the difference. If we can just get more of them sold. He's got over 50 on MLS now, so that's good June should be a good month to get more of them sold. As long as the damn market doesn't roll over on us. if we have s summer slow down like last year, it will bring our progress to a halt.

## $6-2$

I funded three deals and gave Nesta back 150 k , then he paid me down 100 k on a property he bought. I had five payoffs come in, two unexpected. I actually have 2 million in the bank tonight. I turned down some deals, I want to get more in and then I have to return some money and then I can fund some deals for people too. I just don't ever want to get low on funds again. scott bought more than he will pay off tomorrow, but that should reverse the next day. I had a few payments in. I am getting another property back, and it's a piece of shit. My fault, I'm going to try to wholesale it out too It's from Edgar, long time bonower and he just doesn't want to put the money in to it, that's the issue.

## 6-3

I funded four deals, I had four deals payoff, but they were smaller, scott bought 11 million for tomorrow. I', m glad I keep turning people down. I've got a lot maybe coming in tomorrow. I hate when he does this, the only good thing is that the next few days are thin. I should be able to build back up my cash. Then at 7:30 my email address was hacked, it's 11 pm I've been on hold since 7.30 trying to get it fixed with yahoo. Patt mıller's email was hacked, people were asking
me send moeney to Canada and califonria. I called her, she didn't know it. then at 7:30 my email was hacked. Now I'm dealing with a fucking nightmare.

6-4
I called yahoo at 4 am , one ring and they answered, fixed it in 10 mins . I spent an hour fixing the email but I didn't lose anything that I saw. I funded 8 deals, I had five payoff, I'm down to 1.2 million. Tmorrow should be the reverse of it. I officially took back a property today, the guy that set up the deal John, is now trying to get another guy to buy it from me. Hopefully he can do it. it will go a long ways in sticking me with it. we got the new buyer to open up escrow on McKinley, that hopefully will go smoothly. Ihad a few payments, but not enough!

## 6-5

A good steadyday. I funded five deals, I had eight payoffs. I'm up to 1.8 million. Scott only bought 500 k for tomorrow we have 800 k coming back. I can return some funds to investors that are requesting it plus I'm building up to back fund a few deals too. I had some payments too. I can't sell this damn duplex. Hopefully tomorrow I can I've got two people, worst case I can dump it to one of two current borrowers.

## 6-6

I funded four deals, I had five come in, all the ones I was planning for Scott only bought 500 k for Monday, I've got about 1.6 million closing. I was able to send back 250 k to UT. I'll be able to return 300 k to Marion's brother and 250 k to UT next week. I have a stack of deals to fund, which I should be able to do no problem. I had a lot of payments too. Lili called tonight and saying she wants 3.6 million for a deal at the end of month, I told her only if here two other deals closed. She said they would, I think I'll be ok to fund them.

## 6-9

It was a really quiet day. I had funded four deals, I had three come back, the big 1.1 million didn't come in and either did one of the AFG deals that was supposed to pay off. $\Gamma \mathrm{m}$ getting lots of requests, but I'm not willing to commit because I want the cash in the bank. I had only one payment but I didn't get the mail today. Tomrorowo should be better for payoffs.

## 6-10

I funded five deals, and returned cash to Marion's estate. I was supposed to have a shit load of payoffs, most were postponed. I only received in five. Adam's 1.1 mullion is now supposed to come tomorrow. I had two lousy payments. I started looking up old wholesale deals from scott, I couldn't find any htat were recorded, or very few. I went to the auction today to see if I could see louie buy some. No one knows me. John ray walks up and blows it! he's introducing me to everyone. I see louie buy one, then that's not on the list. I question scott about it. he says it was paid for by a customer, he only bought two others, and they were after I left. Then the thing with the deeds he explains that they hold them until the guy they sell it to sells it so that if there are

HOA's they don't get hit with all the fees We go over all the properties. He's almost 40 milion now We've got 4.3 closing this week, he's not buying that much, we've got 1.7 clsoing on his house next week. so by the end of the month it should be much lower. It had better be.

## 6-11

I funded two scott deals, then I got my 1.1 million wire in from Adam and then I got my wires in from scott a total of $\$ 2.25$ million came in today. I funded 300 k for Shawn and 500 k for Chris hughes. I still have enough money to fund Scott's deals tomorrow and I should be getting more in from him than I send out. I can continue to fund some other people as well. I only had two payments.

## 6-12

It was a quiet day on the phones, but busy in the bank account. I had two deals to fund and I had four deals to close. I had a few payments too. I'm raising cash and Scott's balance is going down. He bought 1.1 for tomorrow buthe's paying me off on 1.5 too. I have a few other things that should close too. I want to funda 600 k deal but I have to make sure that all the money comes in tomorrow

6-13
I funded six deals, turned back 250 k to UT, and then I had eight deals payoff. I was able then to fund a 600 k deal for Kyle. I have 1.5 mil in the bank and I'll be up another 600 k on Monday. It was a quiet day other than just the volume of deals in and out.

6-16
A really quiet day. I funded five deals, had 8 payoff, scotts balance is nearly 38 million. It should be below that tomorrow. He got his finaly approval for his home loan which is 1.7 so I'll have that paid off ina week. I've nearly 2 million in cash, so all things are going well. I onlyhad a few payments made though. I can't get rid of that damn duplex though. I may have to fix it up.

6-17
It was a much busier day with requests and paperwork etc. I funded four, I had three payoff but for much more money Scott is down to 38.1 million. He got docs so he'll close on his personal house on Monday, so that will knock it down another 1.5 million. I had a few payments. Better I've got lots of cash, 2.2 million. I'm going to return some cash to UT and I've got cash to do other peoples loans! Which now I've got a few stacking up on my desk.

6-18
I had a busy day. I funded six deals for scott and one for Maxson, on short notice. I returned 250 k to UT. I'm going to try to pay them back faster, I probably will pay a good part of it off by Friday or Monday if both Lili's and Scott's loans pay off. I had a few payments. I got all the
renewals done. I need to start the quarterly newsletter, but I'm not motivated to do so I need to do the photos too.

## 6-19

I had an easy day I funded seven deals, I had five payoff, I got in more than I sent out on Scott's, he's down to 38.1 mil. It will go up tomorrow but way down on Monday. I had a few payments made too. I have that damn duplex being cleaned up and I'll try to sell the damn thing.

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6-20
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I funded five deals. I had seven deals payoff. T've got quite a bit of cash. I had a few payments. Scott didn't buy much today nd we have 2.2 millioni coming back on Monday. My QB and spreadsheet are off 80 k , I can't find it. and it's driving me nuts.

6-23
A really quiet day. I funded three deals, early for scott aand then 3 more for other people. I only got in two payoffs. Scott's house didn't pay off, will come in tomorrow. I've got a few others of his tomorrow too. He bought a million today, so that will suck up some money, but I should get back 2.5 tomorrow from him.

## 6-24

I funded ten deals today. I had three payoff but it was for a million more than I started with. Scott's house refinanced, so I got back 1.78 million. Plus all my interest which makes me profitable for the month. But I'm still 200k in the hole for the year. I have a million to fund tomorrow, 450 k goes out for interest, I'm going to send 500 k back to UT Lih has two deals that might close which will bring in over 3.5 millioin. It's going to be a busy day tomorrow.

Neither of Lilh's deals closed, she is worried about one of them, she needs 3.6 million by Monday I don't have it. one of the deals should close tomorrow now. The other she's not confident about. I returned another 500 k to UT, I'm good with them for two weeks. All the interest went out. All I have to do are statements now. I funded five deals, I had seven deals payoff. One lousy payment came in. tmorrow is a million in and million out with scott. Pve got others that are supposed to close. Firday should be a circus and I've got my MOM's meeting.

6-26
I funded five deals for scott, I did a small deal for CARIAR, and Adam needed 50k then the I had four payoffs early, then one of Lili's apartment paid off, 2 million came in she needs 3.6 tomorrow. Inow have it and will easily have it with what is going to come in tomorrow However, that will take me below 500 k in cash by end of day tomorrow and I don't want to go that low again. I'm going to lend her 600 k on her condo and that's good for me. I had a few
payoffs. I'm still waiting on some more to come in. I'll be profitable this month, but $I$ have a long ways to go before I'm profitable for the year and let alone where I should be right now.

## 6-27

I had a super busy day as forecasted. I funded a bunch of deals for scott, chris had one, Lili's condo for some of the money that she wanted for the 3.6 million. Darn good thing I didn't say anything to her. At the end of the day, I would have had enough to cover it but it would have left me short for Monday moming. I thought I was going to have another 800 k close today and didn't I still had 1.3 million. I had a ton of payments too. I had our Mom's meeting, we only had 12 people show up. Jeff Phalen came with his wife, he was asking if this is represenitative of what is happeninig, it kind of 1s, but we had several people that just didn't come. I'll need to increase the size of the group I'm profitable for the month, 210 k right now. Even with john's 74 k loss on his fucking house. I hope some day the guy pays me back I'm not counting on it anytime soon. I know he owe's a lot of people a lot of money right now

6-30
It was a super busy day. I did the statements and finished end of month Sunday. I funded eight deals, I had seven deals payoff, a bunch of payments. I picked up a new guy that does a ton of deals, we'll see if he sticks with me, or just because he's short of some cash today. A referral from John Ray. I'm profitable for the year by 6 k ! we still have a long ways to go, but two more AFG's were knocked off today We have more going this week too. Just keep plugging along. I got the $34^{\text {th }}$ street house under contract again. solid offer, I'll have to do some work, but it shouldn't be bad

## 7-1

The typical quiet after the storm. I funded four deals, three for scott and one for this new guy. I had six payhoffs. Scott's balance is alitle up but not much. It will be up 500 k for the week if we stay on this pattern. I'm hoping to be below 34 million by month end. I had a few payments. I'm losing my cool on a few of these assholes that are late on their payments.

## 7-2

It was a super quiet day. I wired scott some money on three deals, he paid me off on five, but it was for less money I went to the bank and spent 45 mins waiting to get notaries done. I sent a foreclosure notice off to Margie, she won't pay me, the deal she's got won't close, fuck her I had a contract cancelled on the $34^{\text {th }}$ street house. Back on the freaking market. I put the triplex up for sale for 50 k hopefully I'll generate some activity and get the most for it I can. The biggest deal was scott sent me $\$ 50 \mathrm{k}$ for interest on the work out loan We are making progress just to damn slow, but I'm sure quicker than David expected us to do. He got some more houses under contract that are AFG's. we should have 10 more closed this month.

It was a super quiet day. I funded five deals, I had four payoff, one payment and maybe 4 phone calls all day. I let Cormack know I'm not extending his loan. Never heard anything from him Scott ended up buying a lot today for Monday, and Monday will be a huge day, but we have 6.6 planned to close next week. his balance should go down.

## 7-7

I funded five of Scott's deals and I had just three payoff. I'm back up at nearly 38 million with him again. I had a lot of payments which was great. he bought 1.2 million today and he's got 1.2 million paying off tomorrow. I hope this week, it gets pounded down. I had a lot of phone calls in the afternoon, but I was able to take care of everything except one title co wanted me to sign my payoff, I have no way of faxing it so iggy will take care of it for me tmorrow

## 7-8

I funded 9 deals for scott one for Kirk and 1 for Cyler. Then I had 9 payoff I ended the day with only 1.6 million. Scott bought 1.6 million today so he sent off some of the deals to other lenders. I had a few payments not many. Brian hasn't sent me any checks yet. I got the Hazelwood sold for 75 k , then the guy didn't respond! Scott is trying to bring down his balance, we have 30 properties closing this month retail, 9 AFG so we will make another leap forward in cutting down the numbers

## 7-9

I funded seven deals for scott, then I had five payoff from him. I had a ton of payments come in from Shawn, chris and others. Two I can't figure out yet. His total went down today, it will tomorrow and a lot on Friday. I talked to some fool that has 30 k , been flipping properties for 20 years in OR and is now in AZ wants to get rolling, sorry I'm not for you.

I funded four for scott, one for Larry, and then I had seven payoff, but for about the same money. Scott also sent me 50 k more for interest on the five million work out. It's good to get some interest. We've got to pay off more AFG's so that frees up more cash for me. I had a few payments. Scott bought 1.2 again today. I had to turn down a deal and I decided to do one and I talked Kirk out of taking his 150 k . I have a few payoffs besides his coming tomorrow we'll see if it happens.

## 7-11

I funded 8 deals, returned 250 k to UT. I had five deals payoff and scott gave me another 50 k . I only had a few payments. I wasn't that busy on the phone calls but they just wouldn't stop. I was still getting them at 4:30. I have a lot to fund next week, other than scott's deals, so I need some to start closing other than scott's deals. Iggy and I went to meet everyone for the densco dinner It was nice restaurant, expensive, but good food, just msall portitons, I asked for seconds. Then I finished Corey's dinner. They wanted me to give them a speech or at least dale did, but I told
them to read my newsletter! Then dale asked about the bank. I talked about that for 30 mins . They all thanked me etc. it was nice to hear it. just adds pressure to what I'm doing every day.

## 7-14

It was a quiet day thankfully I worked 15 hours or so trying to catch up I funded three, and I had I 8 payoff, gave me more cash, enough to fund two deals I need to to morrow plus some extra for Scott's. I've got a long way to go before I'm caught up, but I've made good headway.

## 7-15

I was thenking I had 300 k of leeway, I had a mistake in my spreadsheet, which caused a 365 k swing the other direction! I wired out all my money this morning I had 7 k left! Scott didn't get all his payoffs to me, one short, but I brought in 1.2 back in and he only bought 1.08 for tomorrow. Im getting a few other deals I'm trying to fund but I can't because I have no cash. It's just endless cash crunch. I have to send out 250 k Friday too. I'm all caught up now at least.

## 7-16

I funded seven deals, I had six payoff, for more money, I ended the day up 1.3 million. Scott quit bidding so only 800 k is going out tomorrow Need to keep the cash flow going, but I've got other demand that I can't fulfill because I have to keep money for scott. I couldn't sleep last night, I was looking at the propertnes not sold We have 20 or so from Nov to May not sold and only 6 since June. $90 \%$ of them are listed, but it's slow summer time. if we can scrape through the next 45 days, hopefully it will pick up and he'll move them. I had a few payments too

I got a text from UT saying they don't want anymore money back, yea! I wired off the money for scott and he had some wires for me, as well as from title, I'm down 100 k for the day. I've got one or two more payoffs from outside sources tomorrow. Kevin's deal closes Tuesday, Llilis saying 2.8 million is closing next week I got all the renewals done today too.

## 7-18

I funded five deals, took me down to my last 7 k then I had 1.3 million payoff. He only bought 350k for Monday. Another AFG is gone, we have 3 next week closing and several retal ones, so still marching in the the right direction. Ihad a few payments, not as many as I would like. I am foreclosing on a loan, 445 k one. I should have done it last month. The $34^{\text {th }}$ street people opened escrow. I hope we can close this one quickly. T've got one of my guys buying this piece of shit hazelwood. I hope he doen'st back out. I'm hoping for a big weekend of sales from scoth, last two weeks have sucked.

I funded three, I had three payoff, I had a few payments. I gave Shawn 20 k more. I got contract on Hazelwood after the $1^{\text {t }}$ guy backed out, I'm down to 61 k , now I'll lose 30 k . I got the $34^{\text {th }}$ street water heater fixed, utilities turned on next three days. I can't wait for the inspection!

## 7-22

I funded four for Scott, one AFG then three more smaller ones for different folks. I had six payoffs, so that got my cash back up. I've got enough to cover my desk and scott's deals for tomorrow. I really hope Lili's deal comes in so that I can eliminate the concern. I only had a few payments too.

## 7-23

I funded six deals, I only had three payoff. I've got 5 to fund tomorrow. I should have quite a bit paying off tomorrow. Scott's total is starting to rise, but he's paying me some interest tomorrow too. I had just three payments. I got the deal solidified on Hazelwood, I'll be losing 32k on that piece of shit. I'm done doing deals for John and his friends.

## 7-24

It was a crazy busy day I funded five deals for scott, three for Shawn, then I had 12 pay off, scott sent me 30 k and I had some payments. I've got a pretty busy day tomorrow too. Chris paid me off on 700 k should do another 500 k or so tomorrow I can return some funds to kirk and I can easily pay my interest plus do two more deals I was planning to do later. Then the inspector went to the house on $34^{\text {th }}$ street, turned on $\mathrm{A} / \mathrm{c}$ and started a fire. Destroyed $50 \%$ of the house. ''ve got a guy going there to start the process in cleaning up and hopefully I can keep the buyer!

## 7-25

It was another super busy day, with calls on the house fire, payoffs coming in, deals to fund. I returned 150 k to kirk. I funded seven deals, I had six payoffs but for more money. I had no payments which was odd. Tm profitable again this month, but I'm so far behind where I should be. I mentioned it to scott and he's convinced if he buys a million a day and sells a millon a day, plus we have these older loans continue to pay off at about 1 a day, we'll be in great shape by $9 / 30$. I sure hope so. My time is running out on updating my private placement memorandum and notifiying my investors.

What a fucked up day. I logged in to make sure all the payments went out. They hadn't left. I took the boys to school and called. I spent the next $5^{1 / 2}$ hours trying to get the payments out. They told me to re-enter them, but I couldn't delete the first ones. Then both went out, then they are supposed to credit me back all the ones and stop the dups. I doubt it will go right. I had a ton of payoffs today. I had three high risk ones payoff. Two of Edgar's and Sammy's that he reff'ed. I talked to the insurance adjuster, he's a long tume personal friend of Bran's. I think I'll be ok
with that nightmare. I had a few payments in Ive got a ton of closings this week since it's end o fmonth. I could have 4 mullion in my acct by thrusday.

## 7-29

I sent out the wire for scott and called BofA, I spent another 3 hours getting a gal to create the duplicate refunds to my account. You can't do more than 5 on one request. We did them all. Then at 3 pm the lady I talked to yesterday finally called me back and said she and another gal were doing them. I don't know if now they were reject all of them! I hope not! I had a few payoffs today, only one old loan. The next few days I'll have several closing out. Lili says her 2.8 million is paying off tomorrow too. I am hearing from a lot of people that other lenders are lowering their interest rates and fees etc. again I've more challenges to keep this thing going. I'll be profitable for the month and now I'm profitable for the year. The payoff for hazelwood came in today, 39 k loss on that prece of shit. I talked to eric about that one and MCM's condo he's not paid on. I'll probably have to foreclose on that one too. I'm being aggressive on these guys because delaying it just makes it worse.

Miracles do happen, all the money came back to my account. Now we'll see if they let the others go through and all my investors get their money tomorrow I had a 2.8 million payoff from Lilh. That was that super stressful deal we did back in April with the guys from UT giving me money. I owed them 750 k more, so I just sent 1 t back to day and said there you have 1 t they wanted me to keep it another rmonth. But I have 4 millions in my bank right now. Scott had a 1.3 million in payoffs and borrowed 1 million. Tomorrow he's borrowered 1.3 and payoffs should be around 1.6. I have no one calling me wanting money. I'm going to start sending money back to people if the balance gets too high.

The payments hit my investors accounts. I got back all my money I funded seven deals then the payoffs started to roll in. I had six come in but for more money. I'm returning money to Brian and Tom tomorrow. UT is completely paid off my only problem is that the $\%$ of dollars to Scott is rising. We are down to 68 double deed properties, down from 183 in Novemeber! So we have made huge head way. 9 more of Chris's property are out there, 1 is in escrow. Those only have one lien on them, they are just high LTV's. Only about 3 or 4 AFG's that are empty are not in escrow. Scott says he's got another 9 that are coming empty this month. Hopefully we can get those in escrow in the next 30 days. By the end of September, we could be below 50 properties. Scott paid 30 k more to me, so now he's paying principle down. This is huge also. It's all going in the right direction, just not sure if it's going fast enough. As long as David doesn't bug me I feel like we are doing the right thing. I made 300 k this month, which means I'm 300 k profitiable for the year. I'm just nervous something is going to stop what we are making great progress on.

8-1

I funded seven deals, I returned 800 k to investors. I'm barely above 60 million now. I think I peaked at one point at 65 million. I had seven payoffs. Scott only bought 600 k today. We've got a big month coming up in August. I just hope I can keep money invested, if not, I'll start returning it. I had one investor not get his money. I'm not sure how this slipped through. I sent it again, it was Stan, he was fine wth it. this dam burned out house, now they are giving me greif about the abestoes. It might be two more weeks before we start fixing the damn place.

## 8-4

I funded five deals for scott, one for cyler and I had four payoffs. About a wash in cash I had a few payments. It was a quiet day I had a guy I did a loan for back in 2002 call me. He has lost $1 / 2$ dozen homes since then now he's ready to go!

## 8-5

I funded four deals for scott had 6 or so payoff. I had a few payments. I ran over to a starbucks to meet an old dead beat Jason Andrade. I lost 100 k lending to him. Now he wants to become a hard money lender! What an idiot. I guess since he's done it he know how it all works! I've got some other deals coming up now, so I'm getting more cash out.

## 8-6

I funded scott's deals and two others I had one AFG pay off today. We talked about me paying off more of the AFG's loans so that we lessen the number of loans in the second position. Even if I have in a bad LTV it's better to remove those. We can hack down the list and keep this thing going in the right direction, plus I can make some interest because he will be paying me not Greg. I will think more about it, but nght now I think it's the right thing to do. I had one other payoffs come in besides Scott's. I only had one payment. We are going to have a busy next two days

## 8-7

I sent the wires out, but for some reasons they didn't arrive until after 10. Today I set up all the wires tonight, see when they go out tomorrow. I had more payoffs then I did deals going out. I talked to scott about my idea of how to handle this. We are going to pay off AFG deals as the balance goes down so that I stay about the same amount of money and we can knock them off. we'll do seven next week, plus we have 3 closing, so that will be ten less. Then we'll just keep going week by week, perhaps we'll have all of AFG done by year end. That's probably opptomistic but it's possible.

## 8-8

Didn't have as many closes as I had planned, which is fine, I nearly have 4 millon in the bank. I funded four fro scott and one for flip I ended up giving Andrew money on Hazelwood. I had stıl had ten payoffs. Scott's balance went down, but the AFG's didn't. we have 7 of those going next week. Greg is giving him greif about paying so many loans off because he's got too much cash.

All the hard money lenders do. I like sticking it to him. I had a few payments not many. I'm low on interest income this month. I should make a big catch up next week

## 8-11

I funded four scott deals, one AFG overage and then I paid Gregg off on the smallest loan. He was pissed, called Scott got all upset about strengthening my position and wanting to hurt me etc. we'll just keep paying him off. we are down to 67 loans. We'll be near 50 in a month Ihad a eight payoffs. I've got over 4 million in cash now. Mike and Rob stopped by for a state of the nation talk. I always enjoy talking to them. They are building up cash now too. I had a few payments. I just need to keep getting Gregg paid off and then hopefully Scott can keep making payments.

## 8-12

I funded four scott deals then the payoffs started rolling in. I had 8 payoffs from Shawn, I had five from Scott and I had two others. I had a few payments too. I'm now up to 4.5 million. I paid off another AFG loan today. Just keep chipping away

8-13
I funded four for Scott and paid off another $2^{\text {nd }}$ on AFG's. if I hadn't done that Scott's balance would be at 375 that's ok, it's more important to get rid of these seconds. I had a lot of payoff today and lot of payments. Lili wants a payoff for her 600 k condo, I'll be over 5 million in my acct by Frday.

## 8-14

It was a super quiet day. I funded four for Scott gave Minh some money and then paid off another AFG deal. I had four payoffs today What was going to be a super busy Friday is going to be a sleeper tomorrow, everything got pushed. I had a lot of payments though. I'm now over 5.5 million

### 8.15

I funded five deals for scoth, paid off another overage on one of the AFG deals We should have like 10 of these payoff by month end. I had a lot of payoffs today. A few didn't close which was fine, since I have so much cash. Ihad few payments come in too. It was a real quiet day.

8-18
I funded four deals for scott, I had four deals pay off, plus he paid me 30 k interest, then chris hugues had two payoff. I'm nearly to 6 million in cash right now. I had a few payments too. Wade calls me, there is a 250 k hen on the property that I took back from Roger Great that's what I need on top of everything else.

I funded four deals, I had to wire in 200 k for a AFG overage I had five payoff. With the money that I'm sending to payoff the $2^{\text {nd' }} \mathrm{s}$ on the older AFG's, we are still keeping the balance good. I have a lot coming in tomorrow so we'll pay off another one. we are now at 59, down from 183. By the end of September we'll be in the $40^{\prime}$ 's. Wade called me back there is no lien on the land, so we can sell it no problem.

## 8-20

I funded five deals, plus a to AFG deal to get the money back on. Theyheld the wire for a few hours, finally released it so now I won't get it back until tomorrow. I had three payments for over 10 k I had seven payoffs. Tomorrow I could have over 2.5 million in payoffs, maybe three million. Lili's last apartment deal is closing tomorrow, it's 1.75. I got an offer on the land, r'll lose 30 k if they take it.

## 8-21

I funed four deals and we had two more AFG's payoff. We should have as many as three more tomorrow. I'm not over 6 million. Lili's deal got put off a day. I had a few payments. It was a quiet day. I picked up three more loans from other borrowers, that's a good sign.

## 8-22

I funded five deals for Scott, one deal for another, then paid off an AFG Gregg is taking his time getting the releases but it's not going to slow down the payoffs. I'll just keep them coming. I had a lot of payoffs. Llh's deal paid off, all of her big apartment deals are now paid off. I have 7.7 millin cash. I had a few payments too. I talked to her, she's looking for some deals right now. I hope she gets some to take up some cash other wise I'm going to start returning some money

## 8-25

I funded five deals, I had six pay off. I've got one out side of scott's to fund tomorrow He had a slow weekend. We are getting our total properties in escrow down quite a bit. Need to get more sold soon. I got end of month done over the weekend, so at least that's ready to hit my acct tomorrow and it better go out this month!

## 8-26

I funded one deal for Maribel, five for scott and paid off aonther AFG. I had six payoff, all scott's. I had a few payments. Not all the Easy deals closed today, we have a lot of retail and AFG's closing this week. all the money went out of my acct today for payments. I had lunch with Glen, he's thinking of quit working and living off me. Just another added pressure to make this whole thing work out.

I had just three to fund for Scott. I had a lot of payoffs though. With all the deals that I'm paying off on AFG, we are maintaining the balance at about 38 million. I'm going to pay another one off tomorrow. I had to talk to IRS today about a borrower, he was fishing for crap, I played dumb. I had a few payments. Scott made payment of 25 k . we will have a busy next two days

## 8-28

I funded six deals for scott, paid off an AFG, Chris Hughes had a deal for me. I had 9 payoffs. One for 650 k on two houses from Gary. I wasn't expecting it. he moved in to one, so techinically it's his primary so I told him he needed to pay me off. he then paid me off on both laons. I'm not sitting with 8 mullion in cash. I had a few payments I decided to pay another one off on AFG list tomorrow too. I'll have a lot closing tomorrow.

## 8-29

Super busy day. I funded seven deals. Brian my neighbor sold his son's house to Scott, I arranged the whole thing, money, docs etc. got it all done in a matter of mins. Scott had a few payoff and I had a one ofther. I had some payments made too. I had a profitable month again the weekend is going to be really slow. It's a holiday. We've had so many closings, our total number of properties in escrow has fallen from 30 plus to just above 20. Hopefully in September it will pick up and we can get more paid off. I'm holding at 7.7 millioon right now. I'll go another month, then I'm going to start returning funds. I talked to lili she's back in the country, telling me not to give back the money. I'll give her some time, then I'm going to have too.

## 9-2

I funded six deais for scott, I had to cover an overage on AFG deal, but it closed. Plus another retail closed. Two more old ones off the books. I had five others that closed too I had a few payments. Chris bought one for tomorrow. I had a few people inquire about money too. Scott bought nearly 2 million today. We've got a lot closing tomorrow, mostly wholesale. We are down to 50 loans with AFG. By the end of the month I hope to be in the $30^{\prime}$ 's.

## 9.3

I funded 7 deals for scott and one for Flip I had seven payoffs too. We can't get Gregg to give us releases. He's slowing down our plan I have a new borrower, I didn't get rave reviews from everyone on him, so I'm being careful. I had a few payments made today which is good.

## $9-4$

I funded seven deals for Scott and three others, I've got another one to do tomorrow and one Monday. I'm finally getting some money out with others than just scott. I had to return 150 k to Kirk too, didn't hurt my feelings! I had a new borrower, came in and talked up a storm, proof is in the pudding. I had a few payoffs, best scott sent me 100k to pay down the line.

I funded five deals for scott and one deal or a regular borrower and one overage. I got paid off on seven deals, scott's balance contines to go down even with me funding overages and paying off AFG's. we need to get some more releases, promised three today, only got one. next week we are going to hopefully payoff another 5 loans. I had a few payments too

## 9-8

I was slow to start the day because the massive ram strom we had. I funded four for Scott one for Blue Capital, then another and then one for Bennett and then one for a new guy. Which he had to come to my office, I had to get a check, sign docs, then he was to late to the trustee's office. The guys seems to be a bit of a fuck up, we'll see if I made a mistake working with him. I had a few payments. I've only got three deals to do tomorrow. I'm beating my cash down a bit now

## 9-9

I had prepped everything from last night, so I could be gone all morning. I got back at $11: 30$ and worked like mad catching up. Scott only bought 3 , plus I had an overage, and then Christmas bought two. I had five payoffs and a few payments. This damn Gary O'Neill guy is a nightmare. He didn't show up last night to pay the trustee, then was supposed to be there at 8 , never showed I went at 9 to cxl the check and he finally called me at $9 \cdot 30$ saying he dropped it off. he tells me one thing and does another three tumes on the phone. Doesn't get bis insurance. I called his agent she said he would get back to her, I called him and he said no I told her to do it, he's lymg again. I got them on the phone and made him pay for it. I know I'll be foreclosing on him. I had a feeling when I first spoke to him. Trust your gut stupid!

9-10
I funded five for Scott and gave Lili 650k. Ihope she needs the money permanately right now it's for 3 days. I had six payoffs. I had a few payments too Scott thinks that Gregg's owes him 500 k , if he's right, that's a few more deals where we can rid him on the second. I got $1 / 2$ my months renewals done today too.

## 9-11

I funded three deals, paid off another AFG deal. Then scott called and found and accounting error with AFG and Gregg owe's him about 650 k ! he called Gregg, after a few phone calls, Gregg admitted Scott was right. That's going to allow us to clear out a few more loans. I had 2 more payoffs other than scott's four deals. He paid me 50 k of interest and principle on his work out loan too.

9-12
I had prepped everything last night to be gone today. When I got back, I had eight payoffs and 20 k payment from Easy. I funded three and one overage. I had a one payment. Monday should
be intereting with scott and Gregg. We should knock off a few more loans. We are down to 47 now. The work out balance is up to 7 million. But he's making regular payments to me. We knock off some more loans next week, we'll be knocking down the interest substantially

## 9-15

I funded five for Scott and one for Christmas. I had four payoff. I had a lot of payments over the weekend and today. Scott spent 6 hours with Gregg. He finally agreed to giving us a release for 635 k and I could wire him 550 plus k , so we drop the balance by 12 million tomorrow of 2 nds , and 9 loans. We have another 5 that should close this month We'll be under 30 loans by month end. Scott was back and forth several times with me checking properties and amounts. Gregg was trying to give him releases for propertes that were already paid off my only problem is that scott kept saying hey I came to you a year and half ago, when it was just in Novemeber. I think he knew aobut this longer than he's telling me. I just know that we are continuing to get it closer to being resolved.

9-16
I was super busy today. I wired Scott 2 million plus for his deals and the AFG's. they got us only 4 releases, but at least some came in. 6 more releases to go. We'll be in the 30 's when this is done hopefully this week. Thad some payments and a few payoffs. Scott bought a few big ones for tomorrow. Getting more of these loans done with AFG makes me feel so much better Scott found another error of 60 k , so I'm going to send over another 40 k and pay off another one!

9-17
I funded a few for Scott one for Roger, and then later one for Mike Moore. First time in a long time for mike. I had a lot of payoffs today. All but one from Scott. I had a few payments too I didn't get any releases from AFG yet, still have an hour.

9-18
It was a super quiet day, I spent $1 / 2$ of it at the school. I funded three deals for scott, Kirk wanted 200 k back, little by little lowering my total. We got in 4 more releases today. Two more to go and then we can payoff another one since scott over paid 60 k to them. We are down to 40 loans, three more will be done tmrorow, 37 , down from 50 a month ago. We only have 4 in escrow, need to get more. I had five payoffs and only a few payments.

9-19
I funded some scott deals and I had a few of his payoff, two of which were the old ones. I had one deal from Henry. I've got just a ton of cash, over 6 million. i had a real quiet day. this deal with Gary O'Neil is going to be a nightmate. He's got it vested in his defaulted LLC. I talked to him, he's going to take care of it, how many times do I need to call him to get it done is another thing.

I funded five deals for Scott, three paid off, and one from Shawn's. I had a few payments. I did get Gary to come by and sign new docs for his property with the change $1 n$ vesting he did on me. I really think this guy is shifty. I funded one deal for Christmas and one for Bennett I have another one to do for Barry tomorrow. We got one more release from AFG , one more to go, then start working on the 60 k extra he has.

## 9-23

I funded five deals for scott and one overage for AFG . I had seven payoffs. We got the releases we wanted, so now we are going to send over and another 30 k and get another release for the 60 k overage that scott sent over because he thought the loan was 360 k and it was only 300 k . that will bring us down to just 35 loans, with 4 in escrow. I'm going to pay off another 5 next week. we should be in the 20 's by the end of the month. I had a few payments too. I was able to fund a deal for Chris too.

## 9-24

I funded 8 deals, some other than just scott's. I had only two payoffs which was fine. I've got some more deals to fund tomorrow The number of properties that scott has under contract is falling fast, hopefully things pick up. We have another rone to pay off tomorrow and we are down to 36 AFG's. now we just need to sell that damn homes. I had a few payments in too. I met with an insurance gal. Ilike her, but not sure I can send a lot of business her way. I talked to Brian, I might have my first insurance check on Friday with quotes from him.

## 9-25

All the payments went out smoothly. I funded four deals, and one overage for AFG. They are taking the next two days off, so we won't get a release until next week. I had six payoffs and quite a few payments. Ihave a few deals to fund tomorrow. We have more AFG deals closing between now nad end of month, but we only have 3 total in escrow. We need more. He's lowered prices and hope to see some activity this weekend.

9-26
I funded six deals, mostly scott's. Kirk wanted 250 k back from me. He's dieing in some penny stocks. I had a lot of payoffs, nine payoffs. Not all scott's. scott did send me another 30 k to pay down the line. We got rid of another AFG loan too. I only had one payment and no sure who it is.

## 9-29

I funded six loans, I had seven payoff, plus scott sent me 25 k . I had a few other paymnents. I've got a few deals to fund this week, see if they come through. I had a lot of payoffs today. I only
had one payment rejected, I just went to the branch and did it instead. I'll do the statements tonight and end of month will be complete.

## $9-30$

All the payments hit and statements went out. I funded four for Scott to for Christmas and I had four payoff. I finished the month about 250 k positıve. It won't be as good the next few months, scott hardly has anything closing which is where I get big hits of interest.

10-1
The quiet after the storm. I funded four deals and I had five payoff. I had a lot of payments. John ray keeps calling saying he's got a guy to buy the property that hispartner has never paid me interest for. I got a call on the tempe land. The west side land is going to close this week. my tenants from hell have finally left the house in mesa. We'll get that one cleaned up now and hopefully sold quickly.
$10-2$
I was really busy all day. I tried to do everything for tomorrow too. I funded four deals, then 3 more later in the day, one overage. I had eight payoffs. I had a few payments too. Everything is ready to go for tomorrow. Now I'll prep for being gone plus do some renewals.

10-3
I had stayed up late at night and got so much done, I hardly had to do anything in the morning. I had a few calls duming the day, I had the planned payoffs from scott and the land closed, so I got rid of that one for 50 k loss or more. I had a lot of payments too.

## 10-6

It was a lsow day. I was able to take care of everything while I was trying to keep the boys entertained and seeing people. I had four to fund, I had four payoff, not sure who one of them is. I didn't have anypayemnts. Tomoorow will be a busier day.

## 10-7

I was able to get everything done during the morning. I funded a few deals for scott: Then cyler needed one. I was able to do everything I needed to do for everyone, but I'm way behind on closing loans and returning some emails. I stayed up until midnight and catching up.

## 10-8

I was in my office for 12 hours today, mbetween kid interruption. I nearly have all caught up, by noon tomorrow I will be caught up completely. I had six to fund and I had nine payoff. I had a few payments too. Still fighting with the insturance co to release the funds to me. Scott got a few
more under contract so that's good. I hope to get more diversity in borrowers at some point Scott still has $80 \%$ of my money.

10-9
I funded four deal, I had three payoff, a few payments. I was able to catch up on all the stuff I had been behind since we got back I've got two more deals to fund later I need more.

10-10
I funded five deals, I had six deals payoff, plus scott paid me 50 k I had a few payments too. I have a new deal to do next week. scott got a few more properties under contract, his PV house is listed, he's getting lots of calls, hopefully we can get some more properties sold.

10-14
Even though it was the first day back from a holiday it wasn't too bad. I funded six deals, I had six deals payoff. I had a lot of payments deposited. I've got a lot of deals to fund tomorrow. Brian stopped by and picked up a notarized doc for the fire insurance. He says he'll have the check tomorrow. This isn't going to be as good as I hoped for. But at least we are at this point. I can get the ball rolling.

10-15
I funded five for scott, two for Christmas and one for Shawn. I had 11 payoffs, took me a while to close all the files. I only had a few payments. I've got one deal cooking for 600 k , but it's jace, I have no confidence in him. I'll probably blow him off unless he comes through in flying colors.

10-16
I funded four deals for scott, Christmas pard me off on one he bought yesterday and then I had ttwo others from scott. I had a few payments. It was quiet day. I did have al ot of payoff requests, which I really don't want!

10-17
I fundef five for Scott and I had one large one from scott pay off, 1.4 million plus two others. He wired me 60 k for work out and I finally got my insurance check for the house fire He didn't arrived here with the quote for the work I should have that Monday. I've got another one already which I rather go with but this asbesetos issue just won't die. We'll see on Monday what will be the direction.

10-20
I funded five, I had payoffs for seven. The best thing is that I had two payoffs from old loans of scotts. I had a few payments in too. I have the insurance guy bringing the construction guy
tomorrow, I need to make a decision on that. My one foreclosure is going ot auction firday, the numbers don't look good. I'm not sure what I'm going to do. Scott is going to take a look at it too.

## 10-21

I funded one for Bennett and five for Scott. I had four payoff. Later in the morning I funded one for Cyler. I had Brian the fire guy come with the builder, to talk about the fire house. We went over the numbers, what a mess. I made him re-do it, and we stranghtened it out. It's about $6-8 \mathrm{k}$ more than the other guys, but I get more for it. I'll use his dude and use Scott's on this marshall house I'm getting back on Friday. I had one lousy payment.

10-22
I funded some deals for Christmas and Scott I had three payoffs and a few payments. I met with the construction guy Harold, gave him a check, signed a contract, and I expect it to be done by xmas. I sure hope he makes. I talked to Scott about the house on Marshal, it looks like it's gomg to take 140 k to make it right. We'll see what the final numbers are, but I'm not shocked. He left me a shell. Like I need another project to work on.

I funded scott's five deals and one for Chris. I had a few payoffs and lots of payments. I talked to the bank again, bill and yulanda, they didin't like my transcation volume again. it was 30 min confersation of bullshit. I talked to scott and we are going to change how we do it, we are just gomg to balance at the end of the day and wire each other, 50 k or 200 k or what ever. No more l million dollar wires. See if that gets them off my back.

## 10-24

After having a sleepless night thinking about things, I slept last night, I still come to the right conclusion, I'm doing the right thing. We had another payhoff on an AFG today. The problem is we only have one more in escrow. He did get four accepted contracts today, so that helps get rid of some old loans. I wired him the last million dollar wire. Now we are just going to do accounting at the end of the day, and then wire each other the difference. Today he wired me 73 k and change. I hope I can reconcile now. I left a message for the Bill the banker, but no response. I postponed the auction until Monday for the 400 k house on Marshall. I had a few calls on it, the next door neighbor, wants to buy it for 365 k from me. I had nother guy call after I dropped the bid. I'm going to bid 1 t, so see I can't get the max dollars on Monday. I just don't want another project, it will take 200 k to do the house right. Then I went to my mom's meeing. I used to enjoy these and look forward to them. Now I'm concnerd one of my investors, Stan was the only one that showed, is going to do some math and figure I need more borrowers. We only had 10 show up today. I'ts getting embarrassing. John ray came by, paid me off on one house, or at least the interest and I changed the loan to a guy in CA that's hopefully going to perform. I met his partner, a mute. I'll finish end of month this weekend.

Scott was sick but still went to the auction, we sold $1 \mathrm{tat} 373 \mathrm{k}, 8 \mathrm{k}$ more than the other guy was offering me, and he didn't even bid on it? I don't get it, but it's gone now. I should get my money by Friday. I called the BofA dork Bill, never returned my call. What an asshole. Scott closed 4 loans and bought 6 more. He sent me 250 k , I'm sure tomorrow I'll have to send him some money. I have end of month all done except the statements. I had a few payments. Other than that it was slow day

## 10-28

I funded in kind 6 deals for scott, he pard me off on 3 . I had to send him 250 k or so. Shawn had 8 payoffs today, they totaled 300 k is all. I had a few payments. I really hate the way we are doing this, but it makes sense, we balance to pennyand wire each other the money. I just hope I can reconcile my bank acct this weekend. I funded one new deal for Chris too

10-29
I had super busy day, I funded three for scott one for Dustin, returned 300k to Kirk Then I had 13 payoffs coming. I had a few payments too. ''ve got so much cash! Scott has a few more properties under contract so we are moving the hist up north of 15 again I hope to get it up to 25 .

## 10-30

I funded five deals for Scott, I've got one for tomorrow for someone else. Thave four payoffs and I had one old one payoff. I had a few payments too. I talked to Lili, she's having problems buying anything. She wanted to make sure that I have money. Should be a busy tomorrow.

10-31
I funded four deals for scott and one for a new guy. Then later one for Christmas, which he later told me not until Monday, too late, I wired it already. I had a few payments and I had three payoffs. Plus scott pard me 75 k aginst the work out. It was a quiet day.

## 11-3

I funded one for Christmas, that I thought I sent Friday, but he wanted it Monday and the acct I wred it to was closed, so it worked out just fine. I funded four for scott and I had six payoffs. Only a few payments. My cash is now approaching 6 million.

## 11-4

I funded five for Scott and one for Crhistmas. I had 7 payoffs, one big one for 600 k from Kyle. I was sorry to see that come in. I had a few payments I'm just really contemplating paying off more of AFG"s. I talked to scott today, he's got a plan to sell 20 of his propertues to Canadian. We have 20 under contract now. He's trying to create enough cash to pay off some of AFG's
himself By end of January we could be done with AFG and only have 50 or so properties to sell. By then I'll have to return some funds if I can't put the money to work.

## 11-5

I had six deals foro Scott and one for one of John's clients, Donald. I had a lot of payoffs today, I had nine. I'm just building cash. Scott thinks he can have a million of retail sold by year end He already has $75 \%$ of all my money. We have to get it down. I had a few payments. I've got another 600 k deal on my desk, from Chris which is great.

## 11-6

My worst fears came true with Bank of America today. They cancelled by credit card last night, I found out this morning after dozens of phone calls that they are requesting I close my account in 30 days. I talked to Bill he wouldn't give me an answer, just a business decision. I'm shopping for banks now. Jason Podany's wife works at a local bank so I'll meet with them next week. I funded five deals for scott, one for RPIM, I had four payoffs, then funded one for Don. I've prepared for tomorrow so I can be gone. I'm sure something will come up.

## 11-7

I was able to make sure everything was ready to go for the day. I had all the docs done, wires were set, and Scott ended up wiring me back I had a few phone calls that I could take care of or managed to take care of after I got settled. Im stressing about finding a bank.

11-10
I had a big day for payoffs not only from Scott but others. I worked like mad all day trying to catch up. I worked in to the night doing it too. By days end I was done. I had a few payments, I have no one past due right now. I just need to get this last John Filipian loan rid of Wednesday I work on getting a bank. Jason's wife works at one that might take me.

## 11-11

It was veterans day, ijust did some paperwork and caught up on things. I spent most of the time wondering what $I$ was goong to do about this banking issue.

11-12
I talked to Ashley, her bank didn't say no, but they weren't really excited Scott talked to Chase, they first said yes, then corp came back and said no. I talked to two other banks, Frist bank and Midfirst bank. Scott doesn't want me to go to first bank because that's where Eric banks at, he's paranoid that the contact will share the info with him about my account and eric will try to do something against scott I don't know if this is real or paranoid but I have to respect it I funded a some deals for Scott and had one payment and besides his wholesale deals, eh had a retail close
and Chrsitmas sent me money 105 k but I ' m not sure what it's for. I can't belive a bank like Chase would just tell me no we don't want your business.

## 11-13

I couldn't sleep again last night I talked to two of the banks via email, they wanted copies of check, I sent them that. Both said they would get back to me today, they didn't. I called midfirst bank and I talked to the gal, spent 20 more mins explaining my business, and operation. She was nice but seemed to want to get off the phone. She said it was in ther bank compliance department. The money that scott bought and closed was within $\$ 53.90$ so no wires today. I didn't even have a payment. I have to wait another rday, the gal said she would get back to me tomorrow.

11-14
I waited all day to hear from the banks. Finally at 2pm Midfirst called, they turned me down. I called first bank and they said yes, but they want 2 yrs tax returns, 2 yrs $\mathrm{p} / 1 / \mathrm{s}$ balance sheets all sorts of stuff. I put a call in to Wells Fargo guy I know that I've lent money to he's running it up the flag pole I should know Monday. I had a few payoffs other than scotts too. I've got a stack of deals on my desk going no where. I got in a ton of payments today. But I'm just worried sick about this whole bank change over. I quizzed the guy for a quite a bit about restrictions and issues he kept saying no problem. at this point I don't believe any banker. I'm going to spend my weekend putting together everything for him

## 11-17

I spent Saturday night putting everything together for the bank, a ton of info. she and I exchanged emall off and on all morning on things. I guess I head in to morrow. She never got back to me today like she said she would. I funded 6 deals for scoot and one for chris. I had onlypayoffs from scott. I had a lot of payments over the weekend and today. Ijust hope I can open this account tmorrow and get bofa closed on my own terms.

## 11-18

It was a quiet morning until I went to the bank. I spent several hours there getting everything set up. I wired in 2 million for the biz acct and I might be able to wire tomorrow. I talked to the gal at 6 pm tonight getting someo fit done, I am hopefull for tomorrow. Scott's concern about the relationship with the bank and eric is over blown. The guy only knows eric on a professional level and hasn't spoken to him since the email that he sent hım. Though scott saw eric last night and he said ohya, denny isopening an acct with first bank. So scott was worned they would communicate about our relationship and transactions. I don't think it's a concern. If I can get wires up tomorrow and ach by Friday, I'm good to go and off and running. I worked unitl 1 am , and I'm dead tired and not close to catching up.

Scott had a ton of deals tofund, 7 of them, plus a buyer of his came to me. I had a ton of payoffs today, 12 in all. My portfolio is down to 52 million. I deposited two checks to my account at first bank, foundout I can't see them until tmorrow. I have people depositing money and I get a day delay on it. the guy called me and I was able to get set up on wires. I set some up for tomorrow. Now if I can get ach set up tomrorw I'll be golden. Then I go close my accounts on Friday. I'm finally all caught up.

11-20
I had everything taken care of this moming so I left for school and the guy from the bank called to talk about ACH's. I came home and we went over it, it's simple. Then he said I could upload the info. It took about as long as it would if I would have typed it. but after a few tries and an 2 hours off and on, we got it all loaded I'll do end of month this weekend. I had a ton of payoffs today, 2 from others and 7 from scott. I funded a lot too. I have a bunch of checks come in for payments. I'll take them to the bank. I moved nearly all my money over to the new bank. Tomorrow I go in to close my account. I got everything caught up. There are few quirky things with this bank I have to work through.

## 11-21

I started work early hoping to get on top of everying with the banks. I went to Frist bank and deposited some checks, went to BofA to go over the plan to close it. the bitch assit manager said what I planned to do was right. I moved all the money out and wired it to first bank. Ithought I had it all done and then I got a late wire in for 600 k . now I have to try to get it out tomorrow! I went round and round with the bank pres wanting me to disclose the entire portfolio and my investor list. I said no, and stood firm. He thinks he needs it to go to the loan committee I don't I'll figure out if I am going to go through with it or not. I had nearly 2 million in payoffs today. I have 10 million dollars sitting in cash now. I've got to get money out and to otber people than scott or return the money!

11-23
I did end of month all day. I worked form 7 am to 5 pm , which only an hour break I couldn't get he accts to reconcile, one was up one was down, after I factored in $3 / 4 \mathrm{rd}$ 's of the month of November. I think I was off less than $\$ 1000$ it wasn't worth spending more hours on it. now everything is going trough First Bank. I loaded all the ACH's, I have a small prob, the tech guy will figure it out tomorrow.

11-24
It was a busy day in and out. I I was able to fund three deals that were not scott's but I had two more than scotts payoff. I had a lot of checks in the mail because no one wants to find the First Bank branch, I don't blame them. I talked to the bank about the ACH's that didn't go out. They've got a much superior system than BofA's. they go out of my account the day they are supposed to! Not three busmess days in advance bullshit. I hope it works smoothly. I'm nearly at 10 millioin dollars in cash. I have a few deals on my desk, so I hope they start rolling out Scott
got about 5 more deals in escrow to close before year end. We'll have the list down more htan I thought we would a few weeks ago. If the spring is strong we can get nearly allthe houses sold. Then just have the work out to finish. At that point it could be 10 mıllion dollars I think that is better than being in $2^{\text {nd }}$ position and no interest coming in. scott has regliious paid me every week for 8 months.

## 11-25

What I fucking nightmare. I do my daily stuff, I just happen to look in my bofa acct to make sure nothing is happening. These assholes reversed out my cashiers check erased it from the system. I called and emailed everyone. I go to the branch nothing they can do. Then I get an emall back from my bankers boss and he says sorry, the acct is closed. I sent hum the letter stating that I have untl the end of the month. He finally responds back saying that I'm right they are wrong and now he's trying to figure out what is going to happen to the 650 k check. I fear it's going to bounce. The stress level I have over all of this is through the roof!

## 11-26

I was up from 1 am unitl I saw the check had cleared. I slept about 2 hours until the boys came in my room to watch the profit. $i$ was busy in the morning. scott only bought two properties and had one wholesale deal payoff. But he had three retial deals payoff, so that was great. I had a few payments. I worked on getting the scanner deposit but my scanner isn't compatiable so they are going to send me one. I've got a few deals to do Friday and next week. a good sized one, 500k for a 18 unit complex. Over the holiday Ill try to get he statements done so that I can send them Friday.

## 11-28

I did the statements and sent them out. I never heard from anyone, so I guess all the ACH hit correctly I had one deal to fund, the guy came here and we signed docs wired money to Frank and we'll record Monday. I had a check come in. I made 20 k this month. I should have a better month in December since we have so many of scott's retail properties closing.

## 12-1

Scott and I returned to doing wires, his arrived after 3 hours, so did mine. The only thing I miss about bofa. He bought a lot for tomorow, I funded a 500 k deal for john filipian now he better get me out of thes damn loan with Haig. I had a few payments and I pickedup another deal for later in the week. I got my check depositing machine, works slick, now I'm ready for all these checks that I've been driving to the damn bank! I cut out the HVAC guy and I'm having phillip do it, he's $50 \%$ cheaper than the guy Brian sent me. They are finally getting the house started this week.

12-2

I funded 1.5 million for scott. I had one other deal I funded, I picked up two more deals to fund next few days. I had a lot of payoffs, scott sent me 6,1 had one other too. I had a few payments. I'm having everyone mail me checks now, because the bank dings me $\$ 1$ a deposit. I was able to get nearly everything done in my aloted time. nice not having all these bank issues hanging over me.

## 12-3

I funded 1.2 million for scott, I got a payoff on one of the old loans, I had to put up 40 k to get back 170k, but that's ok. Scott paid me 75 k in interest too. I had a few other payoffs too. I ended up with more cash today, but I've got a lot going out the next day or two. I had a bunch of payments too. I used the check deposit machine five or six times today and two of the checks were 6 figure so I liked that machine.

12-4
I funded about 2 million for scott, the 600 k deal he's already got sold, for closing next week. he paid me off on 1.2 milion I had a lot of payments. I funded one deal for Maribel and I have two more to fund next few days from today. It's slowly picking up. But I'll still have a ton of cash. Tom doesn't hink he'll need his 1.7 million either. Never wanted to be give money back so gladly!

12-5
I funded a few deals for scott and he paid me off on about the same. I have another deal lined up for next week. Ihad my mom's meeting. Though the attendance is falling dramtically. It still went quite well. I was busy in the afternoon catching up and tonight getting everyting done. Scotts balance is way up. We've still got a lot of stuff closing this month, he's still getting properties under contract to sell, so that's a positive. I think come end of decmenber we'll be under 38 millioni.

## 12-8

I funded 1.2 or so for Scott, I had two other deals to fund. I picked up another deal to fund this week or next. All my payoffs were scott. I only had one payment. I've had a quiet day, done by 2:30 I keep hoping for more deals towards the end of the year.

## 12-9

It was a quiet day. I funded scott's six deals nad one other. He paid me off on four and I had one other payoff. The $34^{\text {th }}$ drive house is finally moving, roof is on, $\mathrm{a} / \mathrm{c}$ is $80 \%$ done. Nowthey have the inside to make pretty again. might be closed in 3 weeks if the buyer doesn't do something stupid between now and then!

I had a quiet day but busy I had three to fund for scott, and two others. I had six payoff of scott's and 4 others. I had one payment. From Gary O'Neil, always late and always a problem. I gave last chance to this idiot in CA through John Fillpian to make the property right, neither responded, so I'll just foreclose. There is money in it. Damn yaboo email isn't working nght nad I can't get shit done this afternoon.

## 12-11

Because I spent the moming at the school, I was super busy when I got back. I funded three deal for scott and one for another. I had 12 payoffs. I had a few payments too. I did a deal through moises again, we'll see if these people pay and payoff as well as they show up to do the loan!. I'm back up to nearly9 million in cash. I have had a rash of payoffs from other investors.

## 12-12

I went to the bank to get a check and then went to Dave's office to go over taxes, I can't believe how much I pay in taxes! Over 300k for this year, and I can't find anything else tolower them! I had no other payoffs except Scott's and I only had one other deal to fudn besides scotts. I had some payments too. Then I had my 4 pm call at 2 pm , two trailer houses on some acreage up in black canyon that you can gold mine on.

## 12-15

I funded seven deals for scott and I had four payoff, plus 20 thers and a few payments. it was a quiet day, but Lili called and has a 2.7 million deal for next week or maybe $26^{\text {th }}$. Yea! I can put some money out finally.

12-16
I funded seven deals for scott and hepaid me off on two. I had one more payoff from Osman. I had no payments that showed up today, I might see them tomorrow. I have two new deals to fund tomorrow plus 100 k down on Lili's deal. I hope it closes early.

## 12-17

Besides the seven deals for scott I ended up doing three more for others I have three for scott tomorrow and two others. I like getting more money out to others! I onlyhad payoffs from scott. I have payments in the mailbox I'll have to go get it. it was a really busy day getting docs out and chasing insurance for these new borrowers.

## 12-18

I funded three for scott and two others for other folk. Scott paid me off on 5 plus one old one I should have three more old ones close tomorrow too. Knocking down these old ones slowly but surely and hopefully no money out of my pocket to do it. the best payoff tonight was Gary O'Niell, he came to the house at nearly 7 pm , but he brought me a cashiers check and I had to just
cut him off from talking to and telling me stories. I thought for sure I would own that one! I can't get John to get Haig to sign the deed in leiu I need that because they won't let me foreclose him.

## 12-19

I funded three for scott and one for Flip. I had several payoffs I hadn another old one payoff, scott covered the overage, yesterday and today! Plus he sent me 40 k . I had another payoff on another one too I get an email from the pension strategy people telling me they can't help me with the possible conflict, contact a lawyer. It just pissed me off. I did what dave said, I did what they said and now they are telling me I'm in jeporady of being in trouble with the IRS. I'm going to move my DB to a CD and then close my 401k

12-22
It was a busy day, but good day at that. I got one more old loan paid off, but I nearly had to send as much money to title to get it back. That's going to get worse as we get to the last of these loans. I had a bunch of payments come in so that was good. I had finished $80 \%$ of end of month yesterday and all of end of year, so that's done. Just need to write the newsletter and do the statements, which shoulddn't be hard. I funded six for scott and one for Chris, I had three come in from scott and that old loan payoff. I've got a few more deals to fund this week, we'll see if they come to gether. Now that I'm pulling my DB and 401 k out, plus tom emailed me for 1.8 million, my cash problem is fixed.

12-23

It was a queit day. I had four to fund for scott and one for newbie. I had two payoffs from scott and that was it. I was supposed to have 3 others, I guess they'll come in tomorrow. I had one payment. I'm still riding John's ass about getting the docs signed for this problem property of his. I have to get him to sign them because I can't foreclose on his ass. If he gives me the property back I can sell it. I got the paperwork done to move the 18 out of my DenSco and in to a CD. That should be done tmorrow.

## 12-24

I was way busier than I thought I would be today. Tom emailed me wanted I 6 mullion wired in. after I took out my DB money and now Lili wants to close 2.6 million on Friday, I'm out! I have to move out my 401 k too! Scott only bought two today, but I only had one payoff. Thad three other payoffs come in. I talked to brian and he gave me a million then tom emailed me tonight saying he dones't need the money! How fukcing crazy. I finsiehd end of month too. Just do statements nad I'm done.

12-26

I had a really slow day. I funded two for scott. I had one payoff for miller and Minh came by to sign docs for a wire on Monday. Lili's deal didn't close, it will now be Monday. I will finish end of month tomorrow.

I got all my wires off. I had 2.6 for Lili's deal and two for Scott. I had a ton of payoffs, 1.9 million worth, plus I had a few others. He also sent 30 k of interest on the line. I was able to take all the phone calls and emails while I was boarding. I worked for 4 hours at night to catch up with everything.

12-30
I didn't leave for the skı mountain straight away, so $I$ was able to get all the wires out I needed too. Lili called me saying I need to allow Terry-Ann to wre it to CA for a double close and let them close with my money then they will return it with a deed I talked to terry-ann and I said no way. Lili was pissed, but there was no way I could do that. Terry-ann will return my money and they'll work on a 10 day extension. The guy selling it to her, couldn't close on his end. Then Tom sent me back nearly 600 k , and I'm supposed to wire back 369 k , he's trying to make a paper trail of some kind. It's not coming together like he wanted. I had a few payments and Bartlett closed too. That was the deal we bought from Brian my neighbor, he hardly made any money on it

12-31
Scott had 6 deals to fund. I had three payoff. Plus getting 2.6 million back on Lili's . I never heard from her, I'm sure she's mad at me. It was still a busy day! I had LSR requests, doc requests, payoff requests. I accepted a contract on the last house I own too! It's a quarter to 10 and I'm done! Made 1.37 million. I will have a hell of a tax bill. I also wired out my 401 k anad closed it down. I hope this next year, we get scott's issue completely done and then I can downsize the business.

## Exhibit No. 83

To: Schenck, Daniel A. [dschenck@clarkhill.com]
Subject: FW: the details
Attachments: RM Easy Investments.doc; DOT Easy Investments.doc; Note Easy Investment.doc; HUD Pratt 90k.pdf

## Dan:

Attached are some of the DenSco form documents, but these are taken from other transactions and are not complete

David G. Beauchamp
CLARX HILL PLC
14850 N Scottsdale Rd | Suite 500| Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602319.5602 (cell)
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From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Tuesday, January 07, 2014 1:49 PM
To: Beauchamp, David G.
Cc: Yomtov Menaged
Subject: the details
I thought i would give you something to read so that you are up to date and you can have questions for us when we arrive. i'm bringing Scott with me.

> I've been lending to Scott Menaged through a few different LLC's and his name since 2007. i've lent him 50 million dollars and i have never had a problem with payment or issue that hasn't been resolved.

Sometime last year, his wife became ill with cancer. his cousin was working with him and took on a stronger day to day role as scott was distracted with his wife. Scott always was the one that determined what properties to buy, how much etc. his cousin was doing paperwork, checks and management of the day to day. At some point his cousin decided to take advantage of our relationship
and started to steal money. Scott would request a loan from me, his cousin would request a loan from another borrower (i would say there are as many as $1 / 2$ dozen different lenders in total ).
Because of our long term relationship, when Scott needed money, i would wire the money to his account and he would pay the trustee. I do this same thing with several borrowers and bidding co's. As an example, He would buy a property at auction for 100k, it's worth 145k, he would ask me for 80k. i would wire it to him, he would pay the trustee with my 80k and his 20k and he would sign the RM, which i've attached (all docs you have reviewed and have been reveiwed by a guy at your last law firm, maybe two firms ago in 2007). i've attached them. i would record the RM the day he paid for the property. then once the trustee's deed was recorded, which during the last few years has been at times 6 weeks from the auction date to the recorded date, $i$ then would record my DOT. this is a practice that i have done for 14 years. it's recognized by all the escrow co's. Some title agents won't see anything before the trustee's deed recording as a valid lien, some look at the whole chain. for me to be covered, i would record the RM to muddy up title then record the DOT after the trustee's deed to ensure my first position lien. when the loan is paid off, $i$ always send a release for both liens. when i say that some title officers request it and some don't , it seems to matter of opinion rather than a hard and fast law/requirement/demand/ or something of that nature. Again, this is what $i$ do on every single auction property no matter who is the borrower.

What is cousin was doing was receiving the funds from me, then requesting them from the other lenders. these other lenders would cut a cashiers check for the agreed upon loan amount and then
take it to the trustee and receive the receipt. they would then record a DOT immediately, then after the trustee's deed is recorded, they would re-record their DOT. Sometimes i would record my RM first sometimes they would. then after the trustee's deed, sometimes i would record my DOT first sometimes they would.

The cousin absconded with the funds. Scott figured this out in mid November. He came to me and told me what was happening. he said he had talked to the other lenders and they agreed that this was a mess, and as long as they got their interest and were being paid off they wouldn't foreclose, sue or anything else.

Scott and i spent a great amount of time creating a plan to fix this. Our plan is simple, sell off the properties and pay off both liens with interest and make everyone whole. Because many of the houses were bought in the first half of last year. they are upside down, but not nearly as bad as you would think. if Scott paid 100k, i lent 80k and another lender lent 80k. the house is now worth 140 k , it's upside down 20k. However there are some houses that are more upside down than this. Coming up with the short fall on all these houses is a challenge, but we believe it's doable. our plan is a combination of injecting capital and extending cheaper money, along with continuing the business as he's run it for years, by flipping homes which will generate profits.

The Plan:

1. all lenders will be paid their interest, except me, i'm allowing my interest to accrue.
2. i'm extending him a million dollars against a home at $3 \%$
3. he is bringing in $4-5$ million dollars over the next 120 days from
liquidating some assets as well as getting some money back that the cousin stole, and other sources.
4. he's got a majority of these houses rented, this brings in a lot of money every month.
5. the houses that he's buying now and will be flipping will bring in money every week starting next week or two.
6. as the houses become vacant either because of ending the lease or the tenant leaves, scott will fix up the house and sell it retail. this will drive the order in which the houses will be sold.
7. he also owns dozens of houses that only have one lien on them and have substantial equity in them, and hell be selling these as the tenants vacate.
i've been over this plan 100 times and the numbers and i truly believe this is the right avenue to fix the problem. we have been proceeding with this plan since November and we've already cleared up about $10 \%$ of the total $\$$ 's in question. that's in the slowest part of the selling season. We feel once things pick up seasonally we can speed this up
the gentleman that handed me the paperwork, believes because he physically paid the trustee that he is in first position, but agrees it's messy. he wants me to subordinate to him, no matter who recorded first. we have paid off one of his loans, you'll see on this list Pratt paid in full, i've attached the hud-1 and you see that it shows me in first position versus his belief. now that's one title agents opinion, $\mathbf{i}$ understand that's not settling legal dispute on who's in first or second.

I know that i cant sign the subordination because that goes against
everything that $i$ tell my investors. plus i can tell you there are several other lenders waiting to see what i do, if i sign with this group, they want to have me sign one for them too.

What we need is an agreement that as long as the other lenders are being paid their interest and payoffs continue to come, (we have 12 more houses in escrow currently, all planned to close in the next 30 days), that no one initiates foreclosure for obvious reasons, which will give us time to execute our plan.
let me know any questions so that when we meet we can be productive as possible.
thx
dc

DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

When recorded, mail to:

## DenSco Investment

6132 W. Victoria Place
Chandler, AZ 85226

## MORTGAGE

January 6, 2014
The undersigned borrower ("Borrower") acknowledges receipt of the proceeds of a loan from DenSco Investment Corporation ("Lender") in the sum of $\$ 186,000.00$, as evidenced by check payable to: Recontrust Company ("Trustee") The loan was made to Borrower to purchase the Real Property legally described as: Lot 24, Subdivision Cooper Commons Parcel 8, according to the plat Book 448, of Maps, Page 44, \& Certficate of Correction recorded in Doc No. 98-601977 \& 010363100 , in the plat record in the Recorder's Office of Mancopa County, Anzona. Address: 6341 S Kimberlee Way, Chandler, AZ 85249 At a trustee's sale conducted by Trustee, which took place on January 3, 2014, Borrower became the successful purchaser with the highest bid, and the loan is intended to fund all or part of the purchase price bid by Borrower at such trustee's sale.

Borrower has promised to pay Lender or assignee the full amount of the loan, with interest at the rate of $18 \%$ per annum from the date of this Receipt until paid in full, such amounts to be due and payable in full based on due date from promissory note.

Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the loan. The undersigned principal of Borrower (who shall derive benefits from the loan, in order to induce Lender to extend the loan to Borrower) hereby irrevocably and unconditionally guarantees and promses to pay to Lender upon demand the full loan amount and all other sums payable or to become payable hereunder if Borrower fails to pay any such amounts when due. Borrower further agrees to execute, acknowledge and deliver to Lender such further documents as may be necessary to effectuate the intent of this transaction. Borrower has delivered to Lender a promissory note and deed of trust, and Borrower agrees that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed. Borrower further agrees to cause the undersigned principal of Borrower to execute, acknowledge and deliver a guaranty of the amounts lent by Lender under said promissory note.
Borrower : Arizona Home Foreclosures, LLC
Name \& Title of Principal Borrower: Yomtov Scott Menaged. Managing Member of LLC Signature:

State of Arizona )
ss.

County of Maricopa)
Subscribed, sworn to and acknowledged before me this $\qquad$ day of $\qquad$
By:Yomtov Scott Menaged
Commission Expires:
Notary Public

WHEN RECORDED MAIL TO:
DenSco Investment
6132 W. Victoria Place
Chandler, AZ 85226

# DEED OF TRUST AND ASSIGNMENT OF RENTS 

Date: January 6, 2014
TRUSTOR. Atizona Home Foreclosures, LLC
Address: $\quad 7320$ W Bell Rd., Glendale, AZ 85308
BENEFICLARY: DenSco Investment Corporation, an Arizona corporation ("Lender")
Address: $\quad 6132$ W. Victoria Place, Chandler, AZ 85226
TRUSTEE: Recontrust Company
Address: $\quad 2380$ Performand Dr, Richardson, TX 75082
PROPERTY in the County of Maricopa, State of Arizona, described as: Lot 24, Subdivision Cooper Commons Parcel 8, accordung to Book 448, of Maps, Page 44, \& Certfication recorded in Doc No. 98-601977 \& 010363100, in the plat record in the Recorder's Office of Maricopa County, Arizona.

Street address: 6341 S Kimberlee Way, Chandler, AZ 85249
WITNESSETH THAT Borrower does hereby irrevocably grant, bargain, sell and convey to Trustee, in trust, with power of sale, the above-described real property;
TOGETHER WITH all the improvements now or hereafter erected on the Property, and all easements, appurtenances and fixtures now or hereafter a part of the Property, and all rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Lender to collect and apply such rents, issues and profits. All replacements and additions also shall be covered by this Deed of Trust. All of the foregoing is referred to in this Deed of Trust as the "Property"

## FOR THE PURPOSE OF SECURING:

A. Performance of each and every agreement of Borrower herein contained B Payment of the principal sum of $\$ 186,00000$ (U.S \$One Hundred Eighty-six Thousand Dollars and No Cents). This debt is evidenced by Borrower's NOTE or NOTES dated the same date as this DEED OF TRUST, and any extension or renewal thereof (collectively, if applicable, the "Note"). C. Payment of all additional sums and interest thereon which at any time now or hereafter are owed by Borrower to Lender, or its successors or assigns. D. Payment of any amounts hereafter advanced by Lender or paid on behalf of Borrower to perform any duties or obligations of Borrower hereunder, or otherwise to protect the Property or the lien of thas Deed of Trust.

## TO PROTECT THE SECURITY OF THIS DEED OF TRUST, BORROWER AGREES:

1 Borrower has the right to grant and convey the Property and that Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.
2. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.
3. Unless applicable law provides otherwise, all payments recerved by Lender under Paragraph 2 shall be applied first in payment of any costs or charges, then to Default Interest (as defined in the Note) accrued, then to interest accrued, and then to reduce principal.
4. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, and leasehold payments or ground rents, if any. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Paragraph 4. Borrower shall promptly furnish to Lender receipts evidencing the payments.
5. Borrower shall promptly discharge any lien in which has pnority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the hen by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satusfactory to Lender subordinatung the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of notice.
6. Borrower shall keep satd Property in good condition and repair; not to remove or demolish any building thereon unless part of the construction plan approved in writing by Lender; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said Property or requiring any alterations or mprovements to be made thereon, not to commit or permit waste thereof; not to commit, suffer or permit any act upon said Property in violation of law; to cultivate, irrigate, fertulize, fumigate, prune and do all other acts which from the character or use of said Property may be reasonably necessaty, the specific enumerations herein not excluding the general.
7. Borrower shall provide, maintan and deliver to Lender fire insurance and general liability insurance on the Property satisfactory to and with loss payable to Lender. The amount collected under any fire or other insurance policy may be applied by Borrower upon any indebtedness secured hereby and in such order as Borrower may determine, or at option of Borrower the entire amount so collected or any part thereof may be released to Lender. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice
8. Borrower shall appear in and defend any action or proceeding purporting to affect the security hereof or the nghts or powers of Lender or Trustee; and to pay all costs and expenses, including cost of evidence of title and attomeys' fees in a reasonable sum, in any such action or proceeding in which Lender or Trustee may appear.
9. Borrower shall pay immediately and without demand all sums expended by Lender or Trustee pursuant to the provisions hereof, with interest from date of expenditure, at the rate of interest found on the Note.
10. Borrower shall not cause or permit the presence, use, disposal, storage or release of any Hazardous Substances on or in the Property. Borrower shall not do or allow anyone else to do, anything affectung the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use or storage on the Property of small immaterial quantities of Hazardous Substances that are generally recognized to be appropriate to normal cleaning and mantenance purposes of a commercial or residential property. Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any govemmental or regulatory agency or private party involving the Property or any Hazardous Substance or Environmental Law of which Borrower has actual or constructive knowledge. If

Borrower learns, or is notified by any governmental or regulatory authority, that any removable or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Laws As used in this Paragraph 10, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides or herbicides, volatile solvents, materials containng asbestos, formaldehyde or dioxins, and radioactive materials. As used in this Paragraph 10, "Environmental Law" means all federal laws and laws of the state, county and city of the jurisdiction where the Property is located that relates to health, safety or environmental protection

## IT IS MUTUALLY AGREED:

11. Should Borrower fail to make any payment or to do any act as herein provided, then Lender or Trustee, but without obligation so to do and without notuce to or demand upon Borrower and without releasing Borrower from any obligation hereof, may: (a) make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Lender or Trustee being authorized to enter upon said Property for such purposes; (b) appear in and defend any action or proceeding purporting to affect the securty hereof or the rights or powers of Lender or Trustee; (c) pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgement of either appears to be prior or superior hereto; and (d) in exercising any such powers, or in enforcing this Deed of Trust by foreclosure, pay necessary expenses, employ coumsel and pay his reasonable fees. Any amounts dispersed by Lender under this Paragraph 11 shall become addttional debt of Borrower's, secured by this Deed of Trust unless Borrower and Lender agree to other terms of payment, these amounts shall be payable, with interest, upon demand from Lender to Borrower.
12. Any award of damages in connection with any condemnation for public use of or injury to said Property or any part thereof is hereby assigned and shall be paid to Lender who may apply or release such monies received by it in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.
13. TIME IS OF THE ESSENCE $\mathbb{N}$ EACH COVENANT OF THIS DEED OF TRUST, and that by accepting payment of any sums secured hereby after its due date, Lender does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure to pay.
14. At any time or from time to time, without liability therefor and without notice, upon written request of Lender and presentation of this Deed of Trust and said Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: (a) reconvey all or any part of said Property; consent to the making of any may or plat thereof; (b) join un granting any easement thereon; or (c) join in any extension agreement or any agreement subordinating the lien or change hereof
15. As additional secúrity, Borrower hereby gives to, confers upon and assigns to Lender the right, power and authority during the continence of these Trusts, to collect the rents, issues and profits of said Property, reserving unto Borrower the right, prior to any default by Lender payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Lender may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said Property or any part hereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attomeys' fees, upon any indebtedness secured hereby, and in such order as Lender may determme. The entering upon and taking possession of said Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

[^0]between the parties securing any other indebtedness owed by Borrower to Lender shall also constitute a default under thus Deed of Trust Upon any such default, Lender shall have the right, at its election, to accelerate immediately any or all of the loans, and proceed to enforce all of Lender's rights, in accordance with Arizona law, including without limitatuon, the right to foreclose any or all of the deeds of trust and pursue a deficiency judgment(s).

If the Property is sold, assigned or transferred, whether voluntarily, involuntanly, or by operation of law, the entire principal balance together with accrued interest and all other charges shall become immediately due and payable.
17. Notice of sale having been given as then required by law, and not less than the time required by law having elapsed, Trustee, without demand on Borrower, shall sell sald Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at tume of sale. Trustee shall deliver to the purchaser its deed conveying the Property so sold, but without any covenant or warranty express or mplied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Borrower, Trustee or Lender, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title and reasonable attomeys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of, all sums then secured hereby and all other sums due under the terms hereof, with accrued interest; and all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto, or as provided in A.R.S. § 33-812. To the extent permitted by law, an action may be mantained by Lender to recover a deficiency judgment for any balance due hereunder. Lender may foreclose this Deed of Trust as a realty mortgage.

If Property under this Deed of Trust is located in more than one county, regardless of whether Property is contiguous or not, Trustee may sell all Property in any one of the counties in which part of Property is located; and unless Trustee receives contrary written instructions from Lender or Borrower, Trustee may sell all Property either in parcels or in whole.

If indebtedness secured hereby is secured by one or more other deeds of trust, the upon default of Borrower in payment of indebtedness or performance of any other agreement with Lender, Trustee may sell Property subject to this Deed of Trust and to any other deeds of trust securing said indebtedness at Trustee's sale conducted serially.

Trustee is not obligated to notify any party hereto of pending sale under any other deeds of trust, or of any action or proceeding in which Borrower, Lender or Trustee shall be a party, unless brought by Trustee
18. This Deed of Trust applies to, mures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Lender shall mean the holder and owner of the Note secured hereby; or, if the Note has been pledged, the pledgee thereof. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.
19. Lender may, for any reason or cause, from tume to time remove Trustee and appoint a substutute/ successor trustee to any Trustee appointed hereunder, and when any such substitution has been filed for record in the Office of the Recorder of the County in which the Property heren described is situated, it shall be conclusive evidence of the appointment of such trustee or trustees. Without conveyance to the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.
20. The Note or a partial interest in the Note (together with this Deed of Trust) may be sold one or more times without notice to Borrower. A sale may result in the change of the person who collects monthly payments due under the Note and this Deed of Trust.
21. Borrower/mortgagor hereby waives, releases and discharges any homestead exemption claimed or declared against Property.
22. If any term or provision of this Deed of Trust is held invalid or unenforceable by a court or arbitrator of competent jurisdiction, such terms shall be reduced or otherwise modified by such court or arbitrator to the minimum extent necessary to make it valid and enforceable. If such term or provision cannot be so modified, it shall be severed and the remaining terms and provisions of this Deed of Trust shall be interpreted in such a way as to give maximum validity and enforceability to this Deed of Trust. The remaining terms and provisions hereof shall continue in full force and effect.
23. Upon payment of all sums secured by this Deed of Tnust, Lender shall release this Deed of Trust without charge to Borrower, except that Borrower shall pay any recordation costs.

Upon written request of Lender stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held thereunder. The recitals in any reconveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof. Borrower in such reconveyance may be described as "the person or persons legally entitled thereto."

Request is hereby made that a copy of any notice of default and a copy of any notice of sale hereunder be mailed to Borrower at its/his/her address hereinbefore set forth.

BORROWER: Arizona Home Foreclosures, LLC
NAME and Title of Principal Borrower: Yomtov Scott Menaged, Managing Member of LLC
SIGNATURE:

STATE OF ARIZONA )
COUNTY OF MARICOPA )
This Instnument was acknowledged before me this $\qquad$ day of $\qquad$ , 2014.
By: YomTov Menaged
Commission Expires____
Notary

Property Address: 6341 S Kimberlee Way, Chandler, AZ 85249
For value received, Arizona Home Foreclosures, LLC("Maker") promises to pay to the order of DenSco Investment Corporation or assigns (the "Holder"), at 6132 W. Victona Place, Chandler, AZ 85226 (or at such other place as the Holder may designate in writing), in lawful U S. money the principal sum of $\$ 186,000.00$ (\$One Hundred Eighty-six Thousand Dollars and No Cents) plus interest calculated on the basis of a 360 -day year and charged for the actual number of days elapsed, from the date hereof until paid on the principal balance from time to time outstanding.
Interest shall accrue on the principal sum outstanding at the rate of eighteen percent (18\%) per annum, and shall be payable monthly commencing one month from the date hereof (provided, however, that if there is no comparable date in the following month to the date on which this Note is executed, monthly installments of interest hereunder shall be due and payable on the last day of each of the five succeeding months) The entire principal balance, together with all unpaid accrued interest, shall be due and payable as a balloon payment on July 6, 2014, the date six months from the date of funding under this Note, or upon any earlier acceleration (the "Maturity Date"). If any payment becomes past due for more than five calendar days, Maker shall pay to Holder, in addition to the amount of the overdue payment, a late charge equal to ten percent $(10 \%)$ of the unpaid accrued interest element of such overdue payment.

In addition to any late charge on past due payments, interest will accrue at the rate of twenty-nine percent ( $29 \%$ ) per annum ("Default Interest") on the unpard principal balance upon the occurrence of a "Default" (hereafter defined). A "Default" shall occur (i) if any installment of accrued interest is not paid within 5 days of the date such payment was due, (ii) if the Note and all outstanding charges are not paid by the Maturity Date (for which no grace period is allowed), (iii) if there is a failure to comply with any of the terms of this Note or the Deed of Trust or guaranty which secures this Note, (iv) upon any bankruptcy, insolvency, dissolution or fraudulent conveyance by Maker, (v) upon any seizure, attachment or levy of Maker's assets, or (vi) upon the occurrence of any default under any other obligation of Maker to Holder. Further, at Holder's option after Default, all remaning unpaid principal and accrued interest shall become due and payable immedrately withoutnotice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived. TIME IS OF THE ESSENCE.

Maker agrees to an effective rate of interest that is the above rate, plus any additional rate of interest resultmg from charges or benefits received by Holder which a court or governing agency deems to be in the nature of interest paid. All payments on this Note shall be applied first in payment of any costs, fees or charges incurred in connection with the indebtedness evidenced hereby, then to Default Interest accrued, then to interest accrued, and then to reduce principal. This Note is secured by a Deed of Trust executed contemporaneously herewith.

Maker waives demand, diligence and presentment for payment, protest, and notice of extension, dishonor, protest and nonpayment of this Note. If Default occurs, Maker promises to pay all costs of collection, court and foreclosure, including reasonable attorneys' fees. No renewal or extension of this Note, delay in enforcing any right of Holder under this Note, acceptance of any late payment, or assigmment by Holder of this Note shall constitute a waiver of Holder's right to exercise any of its rights during the continuance of any Default or upon a subsequent Default, or otherwise limit the liability of Maker. All rights of Holder under this Note are cumulative and may be exercised concurrently or consecutively at Holder's option.
If any one or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative. This Note shall be construed in accordance with the laws of the State of Arizona, irrespective of its choice of law principles. This Note shall be binding upon Maker and its successors and assigns.

Signed this date:
Borrower: Arizona Home Foreclosures, LLC By: X
Name \& Title: Yomtov S Menaged, managing member of LLC
Personally Guaranteed by: $\mathbf{X}$ Printed Name: $\mathbf{X}$


Fibe Number. 04041604-737- $\mathrm{K}-13$






POC8 * Paid outskle of ctosing by BorrowerPOCS = Pald outsta of olasing by Seller POCL $=$ Faid outside of closing by Lender POCM $=$ Paid outside of closing by Mortoges broker


[^1]File Number: 0404t604-737-KH3




Flie Number. 04041604 - 737 - KH3
Breakdownaito mission as shownon701, Agent Information
Property Management
Veronica Castro
14100 N. 83 rrd Ave
Peoria, AZ 85383

Sub Agent Infomation: (belng paid out of Total Commission)

| Veronica Castro | Amount | $\$ 2,890,00$ |
| :--- | :--- | :--- |
| $14100 \mathrm{N}$..83 rd Ave. |  |  |

Peoria, AZ 85383
 Agent Infomation

Arizona Best Real Estafe
Total Commission:
$\$ 5,250,00$
Pati Beld
11333 N. Scottsdale Road, \#100
Scotisdale, AZ 85254


Exhibit No. 84

Gutimbla Murphy Anderson
Ryan W. Anderson (Ariz. No. 020974)
5415 E. High St., Suite 200
Phoenix, Arizona 85054
Email: randerson@gamlaw.com
Phone: (480) 304-8300
Fax: (480) 304-8301
Attorneys for the Receiver
IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR MARICOPA COUNTY

ARIZONA CORPORATION )
COMMISSION,
v.

DENSCO INVESTMENT CORPORATION, an Arizona corporation,

Defendant.

Cause No. CV2016-014142

PETITION NO. 15
PETITION FOR ORDER APPROVING RECEIVER'S STATUS REPORT
(Assigned to the Honorable Lori Horn Bustamante)

Peter S. Davis, as the court appointed Receiver, respectfully petitions the Court as follows:

1. On August 18, 2016, this Court entered its Order Appointing Receiver, which appointed Peter S. Davis as Receiver of DenSco Investment Corporation ("Receivership Order").
2. The Receiver has prepared and filed herewith the Receiver's Status Report dated December 23, 2016 which is attached hereto as Exhibit " $A$ ".


# Arizona Corporation Commission <br> V. <br> DenSco Investment Corporation 

(Case No. CV 2016-014142)

Status Report of<br>Peter S. Davis, as Receiver of DenSco Investment Corporation

December 23, 2016

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Exhibit 1 Solvency Analysis
Exhibit 2 Investor Analysis

## 1. Background and Appointment of the Receiver

DenSco Investment Corporation ("DenSco") is an Arizona corporation formed by Denny Chittick ("Chittick") in April 2001. ${ }^{1}$ Since at least 2009, DenSco was engaged primarily in funding the purchase of real estate secured by deeds of trust using money raised from investors. ${ }^{2}$ DenSco issued Confidential Private Offering Memoranda ("POM") to investors before or at the time of their investments. ${ }^{3}$ DenSco represented to investors that DenSco would maintain a maximum loan-to-value ratio ("LTV") of $70 \%$, and that all loans would be secured by first position deeds of trust. ${ }^{4}$

On August 18, 2016, Peter Davis ("Receiver") was appointed Receiver for the assets of DenSco by the Honorable Lori Horn Bustamante of the Maricopa County Superior Court. The Receiver issued his Preliminary Report to the Court on September 19, 2016. Simon hereby incorporates all of the background information, opinions, conclusions, and other information contained therein in this report. Unless otherwise defined herein, capitalized terms shall retain the meanings set forth in the Receiver's Preliminary Report. The Receiver's analyses are ongoing; therefore, information contained herein is preliminary and tentative, and subject to change.

## 2. Receivership Activities

### 2.1. Administration of the DenSco Loan Portfolio

The Receiver has segregated the DenSco loan portfolio into two categories, including (1) loans to Menaged and his entities, Easy and AHF; and (2) loans to all other borrowers. Hereinafter, loans to Easy and AHF are referred to interchangeably as Menaged loans. The status of the nonMenaged loans and the Menaged loans is discussed in detail below.

### 2.1.1. Non-Menaged Loans

The Receiver has received numerous requests for payoff statements from various DenSco borrowers. From the inception of the receivership through the date of this report, twenty-nine (29) loans have been paid off. The Receiver has recovered a total of $\$ 3,996,796.33$ in loan payoff proceeds, including $\$ 3,898,055.81$ in principal and $\$ 98,740.52$ in interest payments and fees. The Receiver has also collected additional DenSco loan interest payments totaling $\$ 84,949.00$, resulting in total collections of $\$ 4,081,745.33$ from the non-Menaged loans.

After negotiations with the borrower on Loan 4419 with a principal amount of $\$ 250,000.00$, the Receiver accepted a short sale of the property, which resulted in net proceeds of $\$ 230,096.98$ to the receivership. The borrower sold the property for $\$ 215,000.00$ and agreed to pay an additional $\$ 25,000.00$ at closing. Real estate commissions and closing costs reduced the net proceeds from $\$ 240,000.00$ to $\$ 230,096.98$. The Receiver determined that a short sale was in the

[^2]best interests of the receivership estate because the characteristics of the underlying property made it very difficult to locate interested buyers, and the resulting loss likely would have been greater had the Receiver foreclosed on the property. The short sale proceeds received from this property are included in the total payoff proceeds reported above.

The Receiver continues to monitor and service the remaining eighteen (18) non-Menaged loans in DenSco's loan portfolio with a principal balance of $\$ 1,597,475.56$, including collecting monthly interest payments, following up with borrowers who fail to make timely interest payments, providing borrowers with payoff statements, and conducting other loan administration activities as needed

### 2.1.2. Menaged Loans

As discussed in the Receiver's Preliminary Report, approximately 92\% of DenSco's loans receivable (as of the date of the receivership) are due from Menaged or his related companies. The Menaged loans include eighty-seven (87) loans to AHF, two (2) loans to Easy, one (1) loan to Menaged's mother, Michelle Menaged, and one (1) loan to Menaged's brother, Jess Menaged. In summary, DenSco's loan portfolio includes ninety-one (91) Menaged loans totaling $\$ 43,947,819.61$. However, as discussed in detail in Section 3.2 below, only five (5) of these loans are secured by real property, as the remaining loans were made on properties that neither Menaged nor his entities actually purchased. The five (5) loans secured by real property are summarized as follows:

Table 1:
Menaged Loans Secured by Real Property

| Loan No. | Borrower | Property Address | Amount |  |
| :---: | :--- | :--- | ---: | ---: |
| 3736 | Michelle Menaged | 9103 E Charter Oak Dr | $\$$ | $400,000.00$ |
| 3828 | Yomtov Scott Menaged | 1605 W W inter Dr | $477,352.68$ |  |
| 3883 | Easy Investments, LLC | 9555 E Raintree Dr\#1004 | $152,000.00$ |  |
| 3885 | Jess Menaged | 9555 E Raintree Dr\#1020 | $76,827.14$ |  |
| 4604 | Arizona Home Foreclosures, LLC | 707 E Potter Dr | $170,000.00$ |  |
|  |  |  | Total: | $\mathbf{\$ 1 , 2 7 6 , 1 7 9 . 8 2}$ |

### 2.1.2.1 Loan 3736-9103 East Charter Oak Drive

On October 12, 2012, DenSco loaned Michelle Menaged $\$ 400,000.00$ evidenced by a promissory note secured by a deed of trust on the property located at 9103 East Charter Oak Drive ("Charter Oak Property"). ${ }^{5}$ However, the property is also subject to a senior position lien in the principal amount of $\$ 476,000.00$ due to US Bank, NA. ${ }^{6}$ On November 3, 2016, The Receiver advised US Bank, NA in writing of the stay imposed by the Receivership Order.

The Receiver sent a Notice of Default to Michelle Menaged on September 22, 2016 demanding repayment of the total principal, interest, and other amounts due pursuant to the promissory note.

[^3]In response, the Receiver received a copy of the default notice with handwritten notation that the "loan was paid off." The note was not signed, and the envelope did not contain a return address. The Receiver sent a follow-up letter on October 18, 2016, requesting evidence that the loan was paid off but did not receive a response.

Accordingly, on October 20, 2016, the Receiver executed a Notice of Substitution of Trustee and a Statement of Breach or Non-Performance and Election to Sell Under Deed of Trust. The Receiver's foreclosure counsel filed a Notice of Trustee's Sale on December 5, 2016. ${ }^{7}$ The Trustee's Sale is scheduled to occur on March 7, 2017.

### 2.1.2.2 Loan 3736-1605 West Winter Drive

On November 13, 2012, DenSco loaned Menaged $\$ 300,000.00$ evidenced by a promissory note secured by a deed of trust on the property located at 1605 West Winter Drive ("Winter Property"). ${ }^{8}$ On February 6, 2014, DenSco loaned Menaged an additional $\$ 177,352.68$ secured by the Winter Property, ${ }^{9}$ for a total of $\$ 477,352.68$. However, the property is also subject to a senior position lien in the principal amount of $\$ 250,000.00$ due to PAJ Fund, LLC ("PAJ"). ${ }^{10}$ The Receiver is conducting ongoing investigations and negotiations with PAJ to address the senior position lien.

On June 17, 2016, Jill H. Ford, the Chapter 7 Panel Trustee appointed to oversee Menaged's bankruptcy, filed a notice of the Trustee's intent to abandon the Winter Property.

On November 20, 2016, the Receiver executed a Notice of Substitution of Trustee and a Statement of Breach or Non-Performance and Election to Sell under Deed of Trust. The Receiver's foreclosure counsel filed a Notice of Trustee's Sale on November 22, 2016. ${ }^{11}$ The Trustee's Sale is scheduled to occur on February 21, 2017.

The Receiver confirmed that Menaged's insurance on the Winter Property had lapsed. Accordingly, in order to protect DenSco's interest in the property, the Receiver disbursed $\$ 2,737.00$ to Hassett Insurance, Inc. on November 10,2016 to bind insurance coverage.

### 2.1.2.3 Loan 3883 - 9555 East Raintree Drive, Unit 1004

On December 13, 2012, DenSco loaned Easy $\$ 120,000.00$ evidenced by a promissory note secured by a deed of trust on the property located at 9555 East Raintree Drive, Unit 1004 ("Raintree Unit 1004"). ${ }^{12}$ On February 5, 2014, DenSco loaned Menaged an additional $\$ 32,000.00$ secured by Raintree Unit $1004,{ }^{13}$ for a total of $\$ 152,000.00$. However, the property

[^4]is also subject to a senior position lien in the principal amount of $\$ 250,000.00$ due to Argent Mortgage Company, LLC ("Argent"). ${ }^{14}$ On November 16, 2016, The Receiver advised Western Progressive Arizona, Inc., the Trustee under the Argent deed of trust, ${ }^{15}$ in writing of the stay imposed by the Receivership Order.

On October 17, 2016, the Receiver executed a Notice of Substitution of Trustee and a Statement of Breach or Non-Performance and Election to Sell under Deed of Trust. The Receiver's foreclosure counsel filed a Notice of Trustee's Sale on November 2, 2016. ${ }^{16}$ The Trustee's Sale is scheduled to occur on February 1, 2017.

### 2.1.2.4 Loan 3885-9555 East Raintree Drive, Unit 1020

On December 12, 2012, DenSco loaned Jess Menaged $\$ 100,000.00$ evidenced by a promissory note secured by a deed of trust on the property located at 9555 East Raintree Drive, Unit 1020 ("Raintree Unit 1020"). ${ }^{17}$ On February 5, 2014, DenSco loaned Easy ${ }^{18}$ an additional $\$ 52,000.00$ secured by Raintree Unit $1020,{ }^{19}$ for a total of $\$ 152,000.00$. However, the property is also subject to a senior position lien in the principal amount of $\$ 180,000.00$ due to Nationstar Mortgage, LLC. ${ }^{20}$

The Receiver sent a Notice of Default to Jess Menaged on September 16, 2016, demanding repayment of the total principal, interest, and other amounts due pursuant to the promissory note but did not receive a response. Accordingly, on November 7, 2016, the Receiver executed a Notice of Substitution of Trustee and a Statement of Breach or Non-Performance and Election to Sell under Deed of Trust.

The Receiver has since determined that the balance of the senior lien and an additional lien claimed by the homeowner's association exceed the value of the property. Accordingly, the Receiver does not intend to commence with the foreclosure. However, the Receiver is evaluating potential legal claims against Jess Menaged for the amounts owed to DenSco under the promissory notes.

### 2.1.2.5 Loan 4604-707 East Potter Drive

On September 25, 2013, DenSco loaned AHF $\$ 170,000.00$ evidenced by a promissory note secured by a deed of trust on the property located at 707 East Potter Drive ("Potter Property"). ${ }^{21}$

[^5]On October 27, 2016, the Receiver sent a letter to AHF (c/o Menaged) notifying AHF of the default. On November 10, 2016, the Receiver filed a motion with the Bankruptcy Court seeking to lift the automatic bankruptcy stay to permit the Receiver to foreclose the lien of its deed of trust on the Potter property. The Bankruptcy Court entered an order lifting the automatic bankruptcy stay on November 30, 2016.

On November 2, 2016, the Receiver executed a Notice of Substitution of Trustee, and on December 7, 2016, the Receiver executed a Statement of Breach or Non-Performance and Election to Sell under Deed of Trust. The Receiver's foreclosure counsel is in the process of preparing a Notice of Trustee's Sale for the Potter Property.

### 2.2. Menaged Bankruptcy

On August 22, 2016, the Receiver filed a motion for a Rule 2004 examination [a deposition] of Menaged and seeking a production of documents related to Menaged's business relationships with DenSco. The Receiver conducted a Rule 2004 examination of Menaged on October 20, 2016. The transcript from this deposition has been posted to the receivership website. As set forth in more detail below, the Receiver continues to perform a comprehensive investigation into the activities of Menaged and his associates with respect to their business relationships with DenSco.

The Receiver has obtained an extension to file a complaint under 11 U.S.C. § 523 against Menaged until January 31, 2017. This extension has enabled the Receiver to continue his investigation and explore all possible resolutions of the issues relating to the discharge of DenSco's debt in Menaged's bankruptcy case.

On December 14, 2016, Ilene J. Lashinsky, the United States Trustee for the District of Arizona, filed a Complaint to Deny Discharge Under 11 U.S.C § 727 against Menaged seeking to have all of the debts owed by Menaged to be deemed non-dischargeable under Federal Bankruptcy law.

### 2.2.1. Receivership of Furniture King, et al.

On September 19, 2016, the Court entered an Order placing Furniture King, et al. into receivership. Shortly thereafter, the Receiver gained access to two (2) retail stores, one located on West Bell Road in Glendale, Arizona, and another located on West Van Buren Road in Goodyear, Arizona. The assets contained in these stores have since been consolidated into a single warehouse located on $27^{\text {th }}$ Avenue in Phoenix, Arizona. In addition, the Receiver took possession and control of the existing warehouse located on $45^{\text {th }}$ Avenue in Phoenix, Arizona. The Receiver's staff has prepared detailed inventories of the assets contained in the warehouses.

The Receiver has determined that he has possession and control of approximately 5,766 pieces of consumer furniture and related décor with a wholesale value of approximately $\$ 1,000,000.00$ and a liquidation value between $\$ 275,000.00$ and $\$ 360,000.00$.

As of the date of this report, the Receiver has disbursed a total of $\$ 80,585.62$ to marshal and protect the assets of Furniture King, et al., including (1) $\$ 26,659.00$ in rent to Predio Management, LLC for the $27^{\text {th }}$ Avenue warehouse; (2) $\$ 24,851.12$ in rent to SBMC Van Buren

Industrial, LLC for the $45^{\text {th }}$ Avenue warehouse; (3) $\$ 24,613.50$ to Atlantic Relocation Systems to relocate the furniture assets from the Glendale and Goodyear stores to the $27^{\text {th }}$ Avenue warehouse; and (4) \$4,462.00 to Seneca Insurance Company, Inc. for insurance on the furniture assets held at all locations.

Additional actions taken by the Receiver with regard to the Furniture King, et al. assets, as well as the plan to liquidate the assets for the benefit of Furniture King's creditors (including DenSco), are discussed in detail in the Receiver's Petition for Approval of Procedures for the Sale of Furniture King Assets, which was filed with the Court on December 21, 2016 and subsequently posted on the receivership website.

### 2.3. Claims against the Chittick Estate

On December 9, 2016, the Receiver filed a Notice of Claim against Estate of Denny J. Chittick ("Notice of Claim") in the Chittick probate matter. The Receiver's Notice of Claim is posted on the receivership website. The Receiver's preliminary analyses indicate that the Chittick Estate is indebted to the Receiver in the amount of $\$ 46,811,635.54$ as a result of the following:

- The frauds perpetrated by Menaged against DenSco due to Chittick's failure to institute or follow proper management and control of DenSco's business operations.
- Cash distributions to Chittick, wages paid to Chittick's minor children, the withdrawal of Chittick's $401(\mathrm{k})$ Plan investor balance, and the withdrawal of Chittick's Defined Benefit Plan investor balance at a time when DenSco was insolvent or would soon become insolvent or unable to pay its debts as they came due.

Given the complexity of the issues surrounding DenSco and the Receiver's ongoing investigations into DenSco and its business operations, the Receiver believes further discovery into the actions or omissions of Chittick may expose additional potential claims and/or monetary damages against the Chittick Estate. Accordingly, the Receiver may amend the Notice of Claim if and when new information is discovered.

On December 16, 2016, the Receiver filed a petition for an order approving the engagement of special counsel, TJ Ryan of Frazer Ryan Goldberg \& Arnold, LLP, to assist the Receiver in the investigation and prosecution of DenSco's creditor claims against the Chittick Estate and to provide advice and counsel regarding the probate and trust issues surrounding the Chittick Estate.

In addition, on December 22, 2016, the Receiver filed a petition for an order approving the engagement of special counsel, Marvin "Bucky" Swift, Jr. ("Swift") of Snell \& Wilmer, LLP, to assist the Receiver in the investigation and prosecution of DenSco's creditor claims against the Chittick Estate pertaining to Chittick's 401 (k) Plan and Chittick's Defined Benefit Plan. Swift will serve as special counsel to the Receiver with respect to the Employee Retirement Income Security Act of 1974 ("ERISA") and related litigation issues.

The Receiver's claims with regard to Chittick's 401 (k) Plan and Chittick's Defined Benefit Plan are discussed in detail in Section 4.1 of the Receiver's Preliminary Report and in the Receiver's Notice of Claim.

### 2.4. Investor Communications

On September 20, 2016, the Receiver sent an email update to all investors, which included (1) the Receiver's Preliminary Report and the corresponding petition; (2) the stipulated consent to an order placing Furniture King, et al. into receivership; and (3) the order placing Furniture King, et al. into receivership.

On October 21, 2016, the Receiver held an in-person meeting with investors in order to provide a more comprehensive update of the DenSco receivership. Approximately 40 investors attended the meeting in person, while several others listened in by telephone. The Receiver provided detailed meeting notes to all investors via email on November 22, 2016.

On November 21, 2016, after receiving numerous investor inquiries regarding the claims bar date in the Chittick probate matter, the Receiver sent an email to all investors advising them that the Receiver intended to file a timely claim against the Chittick Estate or enter into an agreement with the estate to extend or continue the deadline to file a claim.

The Receiver sent an additional email update to all investors on November 23, 2016. In this email, the Receiver provided (1) a summary of the collections to date; (2) a link to the investor meeting notes and exhibits posted on the receivership website; (3) the status of the Menaged bankruptcy and investigation; (4) the status of the Furniture King, et al. receivership; and (5) the anticipated timing of future reports to be issued by the Receiver.

In addition to the investor communications discussed above, the Receiver continues to update the receivership website at denscoreceiver1.godaddysites.com. Visitors to DenSco's original website (denscoinvestment.com) are automatically redirected to the receivership website. The receivership website is regularly updated to include links to both historical and recent Court filings in the Receivership proceeding, the Chittick probate proceeding, and the Menaged bankruptcy proceeding.

## 3. Menaged Fraud Investigation

The Receiver's investigation into the loan transactions between DenSco and Menaged indicates that Menaged perpetrated two distinct fraudulent schemes against DenSco, each of which is described in detail below.

### 3.1. The First Fraud

Sometime in 2011 or 2012, Menaged began requesting loans from DenSco for properties on which he had also solicited other lenders for loans. In an effort to deceive both lenders, Menaged essentially obtained two loans on hundreds of properties with the lenders believing that they were in first position. These loans are those that led to the execution of the Forbearance Agreement in April 2014 (See the Receiver's Preliminary Report, Section 2.2.3). According to the Forbearance Agreement, Menaged met with Chittick on or about November 27, 2013 to inform him that certain properties had been used as security for one or more loans from one or
more other lenders, and that the DenSco loans may not be in the first lien position on these properties. ${ }^{22}$ In many cases, the other lenders had issued checks directly to the trustee for the purchase of a property at a trustee's sale, which was the basis for their senior lien on the property, whereas, DenSco wired funds directly to Easy or AHF.

Based on Menaged's testimony during the Rule 2004 examination ${ }^{23}$ as well as email correspondence between Chittick and Menaged, the Receiver understands that Menaged misled Chittick to believe that Menaged's "cousin" had requested the loans from the third party lenders without Menaged's knowledge, and that the cousin had absconded with the proceeds from these fraudulent loans. However, Menaged has testified that the "cousin" did not exist and that Menaged was responsible for the fraudulent loans. The Receiver refers to this fraud scheme perpetrated by Menaged as the "First Fraud."

For example, on August 17, 2012, Menaged purchased the property at 20802 North Grayhawk Drive, Unit 1076, ("Grayhawk Property") for $\$ 274,100.00$ at a trustee's sale. ${ }^{24}$ Menaged obtained a loan of $\$ 264,100.00$ from third party lender, Active Funding Group, LLC ("Active"), to purchase the property. ${ }^{25}$ On August 17, 2012, Menaged sent an email to Chittick indicating he had purchased the property and requesting a loan in the amount of $\$ 250,000.00$. DenSco wired $\$ 250,000.00$ to Easy's bank account on August 20, 2012. However, Menaged had already used the property to secure a $\$ 264,100.00$ loan from Active. The Receiver has not identified any evidence indicating that DenSco was aware of Active's loan on the Grayhawk Property. According to documents located by the Receiver, Menaged estimated the value of the Grayhawk Property to be $\$ 380,000.00$ as of the purchase date. Therefore, based on Menaged's own estimation of value, the Grayhawk Property was over-encumbered by approximately $\$ 144,100$ as of August 2012 due to the fraud perpetrated by Menaged.

The DenSco records analyzed to date indicate that on December 13, 2013, DenSco began to loan Menaged additional funds to repay the third party lenders. The Receiver determined that when Menaged sold a property for less than the total of the DenSco loan and the third party loan, DenSco began paying the deficit and allocated the overage to other properties that had not yet sold or classified the additional loans as "workout" loans.

For Example, on January 30, 2014, DenSco wired $\$ 169,474.60$ to Magnus Title to cover the deficit that Menaged owed on another property ( 2507 West Bent Tree Drive), and the overage of $\$ 116,474.60$ was allocated to the Grayhawk Property, increasing the total due to DenSco on the Grayhawk Property to $\$ 366,474.60$. When the Grayhawk Property was sold in July 2014, DenSco wired $\$ 348,873.28$ to cover the deficit on the property. The $\$ 348,873.28$ overage was not allocated to another property, but was instead entered into DenSco's books as an unsecured receivable due from Menaged, under the category "Work Out 5 Million."

[^6]As of the date of the receivership, DenSco's books and records report two (2) unsecured receivables due from Menaged, including $\$ 13,336,807.24$ classified as "Work Out 5 Million" and $\$ 1,002,532.55$ classified as "Work Out 1 Million," for a total of $\$ 14,339,339.79$. The loans recorded in these workout loan categories relate to overages on properties that date back to August 2012 and the First Fraud through November 2013. All prior DenSco loans that may have been double-encumbered before August 2012 were paid off in full without causing any additional losses.

### 3.2. The Second Fraud

In January 2014, Menaged began requesting loans from DenSco for properties that neither Menaged nor his entities actually purchased at trustees' sales or otherwise. Based on analyses of various emails between Chittick and Menaged, the Receiver understands that after the First Fraud, Chittick began requiring Menaged to provide DenSco with copies of the cashier's checks issued to the trustees as well as copies of the receipts received from the trustee for the purchase of a property at a trustee's sale. This was presumably done to ensure that DenSco was the senior lienholder on all of its loans to Menaged, even though DenSco continued to wire funds to Easy or AHF instead of directly to the trustees. However, Menaged began providing Chittick with falsified trustee's sale receipts ${ }^{26}$ and copies of checks that were never actually given to the trustees. Instead, most of the cashier's checks were deposited back to Easy or AHF bank accounts. The Receiver refers to this fraud scheme perpetrated by Menaged as the "Second Fraud."

Of the 2,712 loans that Menaged and his entities received from DenSco from January 2014 through June 2016, only ninety-six (96) of them were secured by the actual purchase of real estate. As shown in Table 2 below, DenSco advanced a total of $\$ 734,484,440.67$ to Menaged for fraudulent loans resulting from the Second Fraud.

| Table 2: <br> Summary of Menaged Loans January 2014 through June 2016 |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Purchased |  |  | Not Purchased |  |
| Year |  | Amount | Count | Amount | Count |
| 2014 | \$ | 15,001,843.42 | 96 | \$ 181,058,229.00 | 803 |
| 2015 |  | - | - | 361,021,611.67 | 1,316 |
| 2016 |  | - | - | 192,404,600.00 | 593 |
| Total | S | 15,001,843.42 | 96 | \$ 734,484,440.67 | 2,712 |

On average, Menaged paid off the fraudulent loans plus $18 \%$ accrued interest within approximately three (3) weeks. Because Menaged was paying interest on these loans but was not actually making any money from the purchase and sale of real estate, the number and frequency of the fraudulent loans increased over time, which dramatically increased the principal loan

[^7]balance due to DenSco. The records analyzed to date indicate that Menaged essentially obtained new loans from DenSco in order to repay DenSco the principal and interest due on the older loans.

As of the date of the receivership, DenSco's balance sheet reported eighty-four (84) loans totaling $\$ 28,332,300.00$ due from Menaged for properties that neither Menaged nor his entities actually purchased.

## 4. Solvency Analysis

The Receiver analyzed DenSco's balance sheet in light of the information presented above regarding the First Fraud and Second Fraud perpetrated by Menaged to determine when DenSco's liabilities exceeded its assets. The Receiver made the following adjustments to DenSco's balance sheet to properly account for the disposition of the Menaged loans (See Exhibit 1).

## Adjustment for the First Fraud

As a result of the First Fraud, DenSco's balance sheet reported the Menaged loans as assets at their face value despite the fact that many of the underlying properties were double-encumbered and, in several cases, the property values were insufficient to repay both DenSco and the third party lenders. Accordingly, for those properties where DenSco paid the deficit and classified the same as an unsecured "Work Out" loan, the Receiver reduced the balance sheet assets by the workout loan balance as of the date of DenSco's original loan(s) on the property.

For example, as discussed in Section 3.1 above, DenSco loaned $\$ 250,000.00$ to Menaged for the Grayhawk Property on August 20, 2012, plus an additional $\$ 116,474.60$ on January 30, 2014. When the property was sold in July 2014, DenSco was repaid the principal balance of $\$ 366,474.60$, but paid the deficit of $\$ 348,873.28$, resulting in an unsecured workout loan of $\$ 348,873.28$. Accordingly, the Receiver adjusted DenSco's balance sheet to exclude the $\$ 250,000.00$ Grayhawk loan asset as of the original loan date of August 20, 2012. The Receiver further adjusted DenSco's balance sheet to exclude $\$ 98,873.28^{27}$ of the additional $\$ 116,474.60$ loan asset as of January 30,2014 . Thus, the Grayhawk Property transactions resulted in a total loss of $\$ 348,873.28$, of which $\$ 250,000.00$ was removed from the balance sheet effective August 20, 2012, and $\$ 98,873.28$ was removed from the balance sheet effective January 20, 2014.

## Adjustment for the Second Fraud

As a result of the Second Fraud, DenSco's balance sheet reported the Menaged loans as assets at their face value despite the fact that the underlying properties were never actually purchased by Menaged. Accordingly, the Receiver adjusted DenSco's balance

[^8]sheet to exclude the balance of Menaged loans on properties that were not purchased, since these loans are unsecured and therefore uncollectible.

As a result of these adjustments, DenSco's liabilities exceeded its assets at fair value by at least December 31, 2012 (See Exhibit 1). Because negative equity is a key indicator of insolvency, and because the losses resulting from the Menaged frauds increased exponentially from 2012 through 2016, it is reasonable to conclude that DenSco was insolvent as of December 31, 2012.

## 5. DenSco Became a Ponzi Scheme

As a result of the First Fraud and the Second Fraud, DenSco became insolvent as of December 31, 2012 and remained insolvent through June 30, 2016 (See Exhibit 1).

As the fraudulent Menaged loan balance increased, DenSco's valid hard money loans to third parties declined, and DenSco was no longer earning sufficient interest income to pay its investors. Because DenSco allowed Menaged's loan balance to continually increase over time, DenSco became a Ponzi scheme as it relied on payoffs and interest from third party borrowers and investor deposits of $\$ 36,129,814.48$ to pay principal and interest to investors totaling $\$ 46,406,985.26$ from the date of insolvency through June 30, 2016. ${ }^{28}$

As shown in Chart 1 below, the Menaged loan balance increased dramatically while the third party loan balance decreased from 2012 to 2016. The balance due to investors (excluding Chittick) also increased by $\$ 11,797,881.50$ from the date of insolvency through June 30, 2016.

Chart 1:
Key DenSco Balances over Time Per QuickBooks


[^9]
## 6. Modified Net Investment Analysis

Many investors have inquired as to how to report their losses for tax purposes. The Receiver is not a tax professional and is neither authorized nor qualified to provide investors with individual tax advice. However, the IRS's website indicates that investors should refer to Revenue Ruling 2009-9 and Revenue Procedure 2009-20 for guidance on dealing with this issue. Revenue Ruling 2009-9 sets forth the IRS's view of the applicable tax law pertaining to an investor who loses money in a Ponzi scheme or other type of fraud. Revenue Procedure 2009-20 describes the proper income tax treatment for losses resulting from Ponzi and other investment schemes and provides a safe harbor under which qualifying taxpayers may deduct a substantial portion of their loss in the year in which the scheme was discovered.

There are multiple methods of calculating investor losses in investment fraud schemes. One method commonly used in receiverships is the net investment method, in which cash payments to investors are considered the return of principal. This method is consistent with the calculation of a theft loss described in Revenue Ruling 2009-9 and Revenue Procedure 2009-20. For the purposes of this discussion, the Receiver excluded the three (3) DenSco investment accounts held by Chittick.

Since DenSco was otherwise operating a functioning hard money lending business prior to the First Fraud, the Receiver proposes that accrued but unpaid interest dated prior to the date of insolvency should be considered principal, and any cash withdrawals after the date of insolvency should be considered the return of principal. Investor balances as of December 31, 2012 totaled $\$ 39,790,901.56$. DenSco paid out a net total of $\$ 10,277,170.78$ in cash to investors from January 1, 2013 forward. ${ }^{29}$ See Exhibit 2.

Under this methodology, twenty-one (21) DenSco investors are net investment "winners" who received cash in excess of their net investment balance as of the date of insolvency. All of the net investment "winners" withdrew their investment balances during the period from the date of insolvency through June 30, 2016. In total, these net investment "winners" received $\$ 2,397,734.99$, while the 114 net investment "losers" have a combined net investment loss of \$31,911,465.77. See Exhibit 2.

### 6.1. Estimated Investor Recoveries

Both Revenue Ruling 2009-9 and Revenue Procedure 2009-20 require that investors account for potential recoveries that may offset a portion of their losses, including future recoveries received from the receivership.

As mentioned above, the net investment "losers" have a combined balance of $\$ 31,911,465.77$. Based on the funds recovered by the Receiver to date, the expenses incurred to date, and the Receiver's estimation of future recoveries, the Receiver anticipates distributing approximately $20 \%$ of the net investment losses incurred by net investment "losers." Investors should refer to

[^10]Exhibit 2 to determine their net investment balance as calculated pursuant to the methodology discussed in Section 6 above.

The Receiver is providing this estimate for investors' purposes based on the Receiver's knowledge as of the date of this report. The Receiver's estimate is based on the remaining DenSco loan portfolio as well as cash recovered and administrative expenses incurred to date. There are a significant number of moving parts and potential claims in this matter that prevent the Receiver from determining a more precise estimate of future recoveries and costs.

## 7. Receivership Accounting

As of the date of this report, the Receiver has collected a total of $\$ 6,050,642.36$ and has disbursed a total of $\$ 407,811.48$, resulting in a current balance of $\$ 5,642,830.88$ as summarized in Table 3 below. Details of the cash collections and disbursements to date are provided below in Section 7.1 and Section 7.2 respectively.

Table 3:
Summary of Current Cash Balances As of December 23, 2016

| Bank Account Description |  | Balance |
| :--- | ---: | ---: |
| Wells Fargo Bank - Checking | $\$$ | $702,042.26$ |
| Wells Fargo Bank - Savings |  | $300,000.00$ |
| National Bank of Arizona - Money Market |  | $240,007.43$ |
| Arizona Business Bank - Insured Cash Sweep |  | $4,150,781.19$ |
| Arizona Business Bank - Checking |  | $250,000.00$ |
| Total Cash Balance | $\mathbf{5 , 6 4 2 , 8 3 0 . 8 8}$ |  |

### 7.1. Collections to Date

The Receiver has collected a total of $\$ 6,050,642.36$ on behalf of the DenSco Receivership Estate as of the date of this report, summarized as follows and discussed in detail below:

Table 4:
Summary of Cash Collections
As of December 23, 2016

| Description | Amount | Reference |
| :--- | ---: | :--- |
| FirstBank Account Balance as of 08/18/16 | $\$$ | $1,380,653.91$ | Preliminary Report Section 3.1.1

Exhibit "A"

### 7.1.1. Marilyn Property Proceeds Received from Easy Investments

As of the date that Menaged filed bankruptcy, Easy was the titled owner of the property located at 2048 East Marilyn Avenue (the "Marilyn Property"). Easy sold the property on approximately June 16, 2016, and Menaged deposited net proceeds of $\$ 34,056.73$ into a bank account in the name of Scott's Fine Furniture, and the funds were subsequently transferred to a bank account in the name of AHF. The AHF account was also used to hold rental income from the Marilyn Property and to pay related property expenses. Menaged transferred to his attorney's trust account the balance of $\$ 35,066.73$, which represents the net proceeds from the Marilyn Property.

Pursuant to the Forbearance Agreement discussed in the Receiver's Preliminary Report, AHF, Easy, Menaged, and Furniture King guaranteed approximately $\$ 35$ million in loans due from AHF and Easy. Accordingly, on November 23, 2016, the Receiver, Menaged, and the Chapter 7 Trustee stipulated to the release of the Marilyn Property proceeds to the Receiver. The Bankruptcy Court approved the stipulation shortly thereafter, and the funds were wired to the DenSco receivership account on November 29, 2016.

### 7.1.2. Miscellaneous Furniture King, et al. Income

The Receiver sent a demand letter instructing Chase Bank to turn over to the Receiver all funds held in Furniture King's pre-receivership bank account as of the date it was placed in receivership, or September 27, 2016. Accordingly, the Receiver received a cashier's check from Chase Bank in the amount of $\$ 951.43$ on December 7, 2016.

In addition, the Receiver received (1) a check payable to Furniture King in the amount of $\$ 105.43$ for a utility refund issued by the City of Glendale; and (2) a check payable to Scott's Fine Furniture in the amount of $\$ 29.34$ for an insurance refund issued by American Modern Select Insurance Company.

### 7.1.3. DenSco Office Furniture Sale Proceeds

The Receiver received a check in the amount of $\$ 31.87$ from the Chittick Estate representing the net proceeds from the sale of DenSco office furniture during the estate sale.

### 7.2. Disbursements to Date

The Receiver has disbursed a total of $\$ 407,811.48$ on behalf of the DenSco Receivership Estate as of the date of this report, summarized as follows:

Simon Consulting, LLC Arizona Corporation Commission v. DenSco Investment Corporation

Table 5:
Summary of Cash Disbursements
As of December 23, 2016

| Description | Amount | Reference |
| :--- | ---: | :--- |
| Professional Fees (Aug-Sep 2016) | $\cdot$ |  |
| Receiver's Firm - Simon Consulting, LLC | $136,117.67$ | See Section 7.2.1 below |
| Receiver's Counsel - Guttilla Murphy Anderson, PC | $138,164.47$ | See Section 7.2.1 below |
| Receiver's Counsel - Fredenberg Beams | $5,091.40$ | See Section 7.2.1 below |
| Gammage \& Burnham | $42,302.25$ | See Section 7.2.1 below |
| Subtotal | $321,675.79$ |  |
| Miscellaneous Furniture King, et al. Expenses |  |  |
| Warehouse Rent Expense | $51,510.12$ | See Section 2.2.1 above |
| Furniture Moving Expenses | $24,613.50$ | See Section 2.2.1 above |
| Insurance Expense | $4,462.00$ | See Section 2.2.1 above |
| Subtotal | $80,585.62$ |  |
| Property Insurance Expense - Winter Property | $2,737.00$ | See Section 2.1.2.2 above |
| Bank Service Charges \& Wire Fees | $2,269.07$ |  |
| Bond Expense | 500.00 |  |
| FirstBank Records Fee | 44.00 |  |
| Total Cash Disbursed |  | $\mathbf{4 0 7 , 8 1 1 . 4 8}$ |

### 7.2.1. Professional Fees

Pursuant to the Court's order dated October 24, 2016 regarding Petition No. 5, the Receiver disbursed $\$ 36,927.46$ to the Receiver's firm, Simon Consulting, LLC, and $\$ 60,050.62$ to the Receiver's counsel, Guttilla Murphy Anderson, PC for fees incurred from August 19, 2016 through August 31, 2016.

Pursuant to the Court's order dated December 13, 2016 regarding Petition No. 6, the Receiver disbursed $\$ 99,190.21$ to Simon Consulting, LLC and $\$ 78,113.85$ to Guttilla Murphy Anderson, PC for fees incurred during September 2016.

Pursuant to the Court's order dated October 13, 2016 regarding Petition No. 4, which authorized the Receiver to engage the law firm of Fredenberg Beams to provide foreclosure services, the Receiver has disbursed $\$ 5,091.40$ to Fredenberg Beams for fees incurred from October 13, 2016 through November 30, 2016.

Pursuant to the Court's order dated December 13, 2016 regarding Petition No. 7, the Receiver disbursed $\$ 42,302.25$ to Gammage \& Burnham, PLC for fees incurred from August 12, 2016 through November 2, 2016 for work related to the recovery, analysis, and production of records to the ACC and the Receiver.


Peter S. Davis, Receiver Simon Consulting, LLC

December 23, 2016
Date
Simon Consulting, LLC
Arizona Corporation Commission v. DenSco Investment Corporation
Exhibis 1

| 01/31/12 | 02/29/12 | 03/31/12 | 04/30/12 | 05/31/12 | 06/30/12 | 07/31/12 | 08/31/12 | 09/30/12 | 10/31/12 | 11/30/12 | 12/31/12 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 834,526 | 1,107,357 | 497,731 | 1,590,614 | 127,190 | 1,215,122 | 596,848 | 1,132,173 | 2,053,469 | 2,535,561 | 5,517,072 | 3,177,858 |
| 30,192,581 | 30,357,922 | 31,705,696 | 30,954,196 | 33,184,524 | 34,149,787 | 35,795,597 | 35,522,792 | 35,868,493 | 35,910,895 | 33,667,949 | 35,060,476 |
| - | - | - | - |  |  | - |  | - | - |  |  |
| - | - | - |  |  | - | - |  | - | - |  |  |
| - | - | - | - | $\cdot$ | - | - | - | . | - |  |  |
| 2,746,000 | 2,746,000 | 2,199,000 | 2,199,000 | 2,499,000 | 2,499,000 | 2,934,000 | 3,284,000 | 3,584,000 | 3,984,000 | 3,760,000 | 4,650,000 |
| 2,746,000 | 2,746,000 | 2,199,000 | 2,199,000 | 2,499,000 | 2,499,000 | 2,934,000 | 3,284,000 | 3,584,000 | 3,984,000 | 3,760,000 | 4,650,000 |
| 32,938,581 | 33, 103,922. | 33,904,696 | 33,153,196 | 35,683,524 | 36,648,787 | 38,729,597 | 38,806,792 | 39,452,493 | 39,894,895 | 37,427,949 | 39,710,476 |
| 33,773,107 | 34,211,280 | 34,402,427 | 34,743,810 | 35,810,714 | 37,863,909 | 39,326,445 | 39,938,964 | 41,505,962 | 42,430,456 | 42,945,021 | 42,888,334 |
| 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 |
| 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 |
| 6,015 | 6,015 | 6,015 | 6,015 | 2,432 | 2,432 | 2,432 | 2.432 | 2,432 | 2,432 | 2,432 | - |



| (ex |
| :---: |


| DenSco Investment Corporatiou Solvency Analysis |  |  |  |  |  |  |  |  |  |  |  | Exhibit 1 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 01/31/13 | 02/28/13 | 03/31/13 | 04/30/13 | 05/31/13 | 06/30/13 | 07/31/13 | 08/31/13 | 09/30/13 | 10/31/13 | 11/30/13 | 12/31/13 |
| ASSETS |  |  |  |  |  |  |  |  |  |  |  |  |
| Current Assets |  |  |  |  |  |  |  |  |  |  |  | 545,709 |
| Checking/Savings | 2,135,664 | 1,733,088 | 710,099 | 1,182,325 | 1,897,177 | 1,782,237 | 1,951,575 | 1,387,429 | 2,324,909 | 2,013,625 | 3,399,458 | 54, 209 |
| Accounts Receivable |  |  |  |  |  |  |  |  | 33,330,725 | 31,941,152 | 29,736,287 | 29,873,078 |
| Other Borrowers | 34,867,439 | 35,728,747 | 37,791,478 | 38,648,134 | 36,173,380 | 35,959,042 | 34,567,519 | 33,693,427 | 33,330,72 | 31,941,152 | 29,136,287 | 29,873,078 |
| Yom Tov Scott Menaged | - | - | - | - | - | - | 3,200,000 | 6,280,000 | 8,300,000 | 11,130,000 | 12,405,000 | 15,368,400 |
| Wholesale | - | - | - | - | - | - | - | - | - | - | - |  |
| Work Out 1 Milhon | - | - |  |  | - | - | - |  | - |  |  | 149,3 |
| Work Out 5 Million | - | - | - | - | $\checkmark$ | - | 15, ${ }^{-}$ | 745400 | 14,08200* | 13384000 | 1207400 |  |
| Yom Tov Scott Menaged - Other | 6,573,000 | 9,273,000 | 11,688,000 | 13,258,000 | 14,518,000 | 16,183,000 | 15,454,000 | 14,754,000 | 14,082,000 | 13,384,000 | 12,974,000 | 12,937,000 |
| Total Yom Tov Scott Menaged | 6,573,000 | 9,273,000 | 11,688,000 | 13,258,000 | 14,518,000 | 16,183,000 | 18,654,000 | 21,034,000 | 22,382,000 | 24,514,000 | 25,379,000 | 28,454,732 |
| Total Accounts Receivable | 41,440,439 | 45,001,747 | 49,479,478 | 51,906,134 | 50,691,380 | 52,142,042 | 53,221,519 | 54,727,427 | 55,712,725 | 56,455,152 | 55,115,287 | 58,327,810 |
| Total Current Assets | 43,576,103 | 46,734,835 | 50,189,577 | 53,088,458 | 52,588,557 | 53,924,279 | 55,173,094 | 56,114,856 | 58,037,633 | 58,468,777 | 58,514,745 | 58,873,519 |
| Fixed Assets |  |  |  |  |  | 23.436 | 23.436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 |
| Syndication | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 |  |  |  |  |  | 23,436 | 23,436 |
| Total Fixed Assets | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 |
| Other Assets |  |  |  |  |  |  |  |  |  |  |  |  |
| Investors Title Holdings, LLC | - | - | - | - | - | - |  | - | - | - | - |  |
| Total Other Assets | - | - | - | 53 | - | - ${ }^{-}$ | 55 ${ }^{-}$ | 56, - | 58. | 492 | 58538181 |  |
| TOTAL ASSETS | 43,599,539 | 46,758,270 | 50,213,012 | 53,111,894 | 52,611,993 | 53,947,715 | 55,196,530 | 56,138,292 | 58,061,069 | 58,492,213 | 58,538,181 | 58,896,955 |
| LIABILITIES \& EQUITY |  |  |  |  |  |  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |  |  |  |  |  |  |
| Current Liabilities |  |  |  |  |  |  |  |  |  |  |  |  |
| Payroll Liabilities | - | - | - | - | - |  |  |  |  |  | - |  |
| Total Current Liabilites | - $05513{ }^{\circ}$ | - ${ }^{-}$ | 73 | 51981583 | 51.172405 | 52356973 | 53338484 | 53.995 .911 | 55,712,504 | 55,896,328 | 56,155,280 | 57,825,449 |
| Long Term Liabilities (Due to Investors) | 43,055,136 | 46,099,278 | 49,407,473 | 51,981,583 | 51,172,405 | 52,356,973 | 53,338,484 | 53,295,911 | 55,712,504 | 55,896,328 | 56,155,280 |  |
| Total Liabilities | 43,055,136 | 46,099,278 | 49,407,473 | 51,981,583 | 51,172,405 | 52,356,973 | $\begin{array}{r}53,338,484 \\ 1,858 \\ \hline\end{array}$ | $53,995,911$ 2,142381 | $55,712,504$ 2348,565 | $55,896,328$ $2,595,884$ | $56,155,280$ $2,382,901$ | $57,825,449$ $1,071,507$ |
| Equity | 544,402 | 658,992 | 805,540 | 1,130,312 | 1,439,588 | 1,590,743 | 1,858,046 | 2,142,381 | 2,348,565 | 2,595,884 | 2, 582,181 | 58,896,955 |
| TOTAL LIABILITIES \& EQUITY | 43,599,539 | 46,758,270. | 50,213,012 | 53,111,894 | 52,611,993 | 53,947,715 | 55,196,530 | 56,138,292 | 58,061,069 | 58,492,213 | 58,538,181 | 58,896,955 |
| EQULTY ADJUSTMENTS: |  | - |  |  |  |  |  |  |  |  |  |  |
| Add Back Payroll Liabilities (DES Refund): | (2,400,000) | $(3,245,502)$ | $(4,375,502)$ |  | (5,480,210) | (6,481,426) | $(8,467,062)$ |  |  | (12,630,650) | (13,078,259) | $(13,199,547)$ |
| Adjustment for the First Fraud [1]: | $(2,400,000)$ | $(3,245,502)$ | $(4,375,502)$ | $(4,983,187)$ | (5,480,210) | (6,481,426) | $(8,467,062)$ | (10,288,832) | $(10,861,292)$ | (12,630,650) | $(13,078,259)$ | $(13,190,547)$ |
| Adjustment for the Second Fraud [1]: | (2,400,000) | (3,245,502) | $(4,375,502)$ | (4,983,187) | (5,480,210) | (6,481,426) | (8,467,062) | $(10,288,832)$ | ( $10,861,292$ ) | (12,630,650) | $(13,078,259)$ | (13,199,547) |
| Total Equity Adjustment; Adjusted Equity: | (2,400, 000 ) | (3,245,502) | (4,569,962) | (3,852,875) | (4,040,622) | (4,890,683) | (6,609,016) | (8,146,451) | (8,512,727) | $(10,034,766)$ | $(10,695,358)$ | (12,128,0411) |

Notes:
[1] See Section 4 of the Receiver's Report dated December 22, 2016 for details regarding adjustments made to properly account for the disposition of the Menaged loans.
Sources:
QuickBooks company file for DenSco Investment Corporation
Miscellaneous public records research resources to determine purchase history of Menaged loans including the Maricopa County Assessor (http.//mcassessor maricopa.gov/); Maricopa County Recorder (https.//recorder.maricopa.gov/recdocdata); and Zillow.com.
Miscellaneous property records located in records recovered from Furniture King, LLC, et al furniture stores.

DenSco Investment Corporation loan files.
Miscellaneous email correspondence between Denny Chittick and Ypiotay Scott Menaged.

| 01/31/14 | 02/28/14 | 03/31/14 | 04/30/14 | 05/31/14 | 06/30/14 | 07/31/14 | 08/31/14 | 09/30/14 | 10/31/14 | 11/30/14 | 12/31/14 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 2,144,154 | 776,696 | 812,743 | 1,626,379 | 475,928 | 1,693,559 | 3,092,088 | 6,829,812 | 3,789,810 | 5,360,448 | 9,737,810 | 4,466,764 |
| 26,957,137 | 26,384,441 | 24,103,024 | 23,257,823 | 23,735,293 | 22,644,621 | 19,747,739 | 15,283,803 | 16,848,672 | 15,461,331 | 12,361,009 | 13,018,319 |
| 16,553,952 | 18,143,445 | 19,382,242 | 19,945,885 | 20,394,230 | 20,125,966 | 20,792,426 | 20,826,135 | 21,641,63S | 22,066,792 | 22,602,142 | 7,076,756 |
| - | - | - | - |  | - |  |  |  |  | 795,700 | 18,577,900 |
| 915,168 | 915,168 | 915,168 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 |
| - | 100,000 | 1,256,857 | 2,469,369 | 4,040,133 | 5,145,368 | 6,030,530 | 6,948,698 | 8,215,574 | 8,395,747 | 8,684,724 | 9,368,013 |
| 14,272,971 | 15,471,023 | 15,049,123 | 14,374,902 | 13,169,402 | 10,876,283 | 10,509,809 | 9,716,316 | 8,802,089 | 8,092,084 | 6,461,173 | 5,802,935 |
| 31,742,091 | 34,629,636 | 36,603,390 | 37,792,689 | 38,606,298 | 37,150,150 | 38,335,298 | 38,493,681 | 39,661,831 | 39,557,157 | 39,546,272 | 41,828,137 |
| 58,699,228 | 61,014,078 | 60,706,414 | 61,050,512 | 62,341,591 | 59,794,771 | 58,083,037 | 53,777,485 | 56,510,503 | 55,018,488 | 51,907,281 | 54,846,456 |
| 60,843,382 | 61,790,774 | 61,519,158 | 62,676,891 | 62,817,519 | 61,488,330 | 61,175,125 | 60,607,297 | 60,300,312 | 60,378,936 | 61,645,091 | 59,313,220 |
| 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 |
| 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 |
| - | - | - | - | - | - | - | - | - | - | - | - |
| * | - | - | - | - | - | - | - | - | * | - | - |
| 60,866,817 | 61,814,210 | 61,542,593 | 62,700,327 | 62,840,955 | 61,511,766 | 61,198,560 | 60,630,733 | 60,323,748 | 60,402,371 | 61,668,527 | 59,336,656 |
| 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 |
| 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 |
| 59,854,516 | 60,931,333 | 60,746,536 | 61,813,783 | 61,881,042 | 60,293,633 | 59,660,691 | 58,840,712 | 58,253,483 | 58,143,565 | 59,366,147 | 55,530,688 |
| 59,888,516 | 60,965,333 | 60,780,536 | 61,847,783 | 61,915,042 | 60,327,633 | 59,694,691 | 58,874,712 | 58,287,483 | 58,177,565 | 59,400,147 | 55,564,688 |
| 978,301 | 848,877 | 762,057 | 852,544 | 925,913 | 1,184,133 | 1,503,869 | 1,756,021 | 2,036,265 | 2,224,806 | 2,268,381 | 3,771,968 |
| 60,866,817 | 61,814,210 | 61,542,593 | 62,700,327 | 62,840,955 | 61,511,766 | 61,198,560 | 60,630,733 | 60,323,748 | 60,402,371 | 61,668,527 | 59,336,656 |


|  | STM |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Add Back Payroll Llabilities (DES Refund): $\quad 34,000$ | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 |
|  | Adjustment for the First Fraud [1]: $(14,410,815)$ | $(15,523,116)$ | $(15,459,624)$ | $(15,525,978)$ | $(15,537,857)$ | $(15,537,857)$ | $(15,531,869)$ | $(15,514,086)$ | $(15,510,243)$ | $(15,272,733)$ | $(15,086,858)$ | $(15,078,601)$ |
|  | Adjustment for the Second Fraud [1].__(529,001) | (1,469,801) | ( $2,444,300$ ) | (3,466,500) | $(4,664,616)$ | $(7,537,760)$ | $(9,258,160)$ | $(10,978,160)$ | $(12,705,160)$ | $(14,291,900)$ | ( $15,696,550$ ) | $(18,963,200)$ |
|  | Total Equity Adjustment: _(14,905,810) | (16,958,917) | ( $17,869,924$ ) | (18,958,478) | $(20,168,473)$ | $(23,041,617)$ | ( $24,756,029$ ) | $(26,458,246)$ | $(28,181,403)$ | $(29,530,633)$ | ( $30,749,408$ ) | $(34,007,801)$ |
|  | Adjusted Equity: (13,927,515) | (16,110,040) | (17,107,866) | (18,105,935) | (19,242,560) | $(21,857,484)$ | $(23,252,159)$ | $(24,702,225)$ | $(26,145,138)$ | $(27,305,826)$ | $(28,481,027)$ | $(30,235,834)$ |

[^11]DenSco Investment Corporation
Yom Tov Scott Menaged - Other Total Yom Tov Scott Menaged Total Current Assets
Fixed Assets
Total Fixed Assets
Other Assets
Other Assets
Investors Title Holdings, LLC
Total Other Assets Total Other Assets
TOTAL ASSETS
LIABLLITIES \& EQUITY
rabilities
Current
Current Liabilities
Payroll Liabilites
Total Current Liabilities
Long Term Liabilities (Du
Long Term Liabilities (Due to Investors)
Total Liabilities
Total Liabinities
Equity
OTAL LIABILITI

## TOTAL LIABILITIES \& EQUITY

EOUITX ADJUSTMENTS:
DenSco Investment Corporation

|  | 01/31/15 | 02/28/15 | 03/31/15 | 04/30/15 | 05/31/15 | 06/30/15 | 07/31/15 | 08/31/15 | 09/30/15 | 10/31/15 | 11/30/15 | 12/31/15 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| ASSETS |  |  |  |  |  |  |  |  |  |  |  |  |
| Current Assets |  |  |  |  |  |  |  |  |  |  |  |  |
| Checking/Savings | 4,449,910 | 2,647,930 | 1,998,867 | 2,987,908 | 4,167,473 | 4,086,679 | 2,746,084 | 2,138,218 | 1,802,291 | 2,526,986 | 3,620,213 | 3,303,028 |
| Accounts Receivable |  |  |  |  |  |  |  |  |  |  |  |  |
| Other Borrowers | 15,464,876 | 13,942,446 | 13,177,358 | 11,423,929 | 9,476,099 | 8,352,113 | 9,137,109 | 9,662,805 | 9,214,367 | 8,073,640 | 6,754,055 | 6,875,896 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Arizona Home Foreclosures, LLC | 6,317,257 | 7,738,519 | 7,144,038 | 6,471,175 | 5,216,525 | 4,408,840 | 3,282,241 | 2,507,052 | 2,487,052 | 2,190,171 | 2,190,171 | 1,606,180 |
| Wholesale | 17,703,800 | 20,169,600 | 20,818,200 | 22,078,500 | 23,271,650 | 24,120,800 | 25,215,400 | 26,232,300 | 27,301,500 | 27,862,300 | 27,835,200 | 28,067,700 |
| Work Out 1 Million | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 |
| Work Out 5 Million | 9,946,199 | 10,342,530 | 11,318,176 | 11,623,142 | 12,540,211 | 13,322,783 | 13,892,847 | 14,171,007 | 13,786,807 | 13,736,807 | 13,736,807 | 13,336,807 |
| Yom Tov Scott Menaged - Other | 5,245,404 | 4,460,267 | 3,542,001 | 3,120,982 | 1,967,641 | 1,107,248 | 549,169 | 171,357 | 171,357 |  |  |  |
| Total Yom Tov Scott Menaged | 40,215,192 | 43,713,449 | 43,824,947 | 44,296,331 | 43,998,559 | 43,962,203 | 43,942,189 | 44,084,249 | 44,749,249 | 44,791,811 | 44,764,711 | 44,013,220 |
| Total Accounts Receivable | 55,680,068 | 57,655,895 | 57,002,305 | 55,720,261 | 53,474,658 | 52,314,316 | 53,079,298 | 53,747,053 | 53,963,615 | 52,865,451 | 51,518,766 | 50,889,115 |
| Total Current Assets | 60,129,978 | 60,303,825 | 59,001,172 | 58,708,169 | 57,642,131 | 56,400,995 | 55,825,382 | 55,885,271 | 55,765,907 | 55,392,437 | 55,138,979 | 54,192,143 |
| Fixed Assets Syndication | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 |
| Total Fixed Assets | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 |
| Other Assets Investors Title Holdings, LLC | . | . | . | . | - | - | - | - | - | . | - |  |
| Total Other Assets | - | - | - | - | - | - | - | - | - | - | - |  |
| TOTAL ASSETS | 60,153,414 | 60,327,260 | 59,024,608 | 58,731,605 | 57,665,566 | 56,424,431 | 55,848,817 | 55,908,707 | 55,789,342 | 55,415,873 | 55,162,414 | 54,215,579 |
| LIABLITIES \& EQUITY |  |  |  |  |  |  |  |  |  |  |  |  |
| Labilities |  |  |  |  |  |  |  |  |  |  |  |  |
| Current Liabilities |  |  |  |  |  |  |  |  |  |  |  |  |
| Payroll Liabilities | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 87,000 |
| Total Current Labilites | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 87,000 |
| Long Term Liabilities (Due to Investors) | 56,132,068 | 56,162,285 | 54,668,201 | 54,988,492 | 53,655,625 | 52,090,475 | 51,242,489 | 51,202,155 | 50,660,873 | 50,265,641 | 50,036,766 | 49,803,682 |
| Total Liabilities | 56,166,068 | 56,196,285 | 54,702,201 | 55,022,492 | 53,689,625 | 52,124,475 | 51,276,489 | 51,236,155 | 50,694,873 | 50,299,641 | 50,070,766 | 49,890,682 |
| Equity | 3,987,345 | 4,130,975 | 4,322,407 | 3,709,113 | 3,975,942 | 4,299,955 | 4,572,328 | 4,672,552 | 5,094,470 | 5,116,232 | 5,091,649 | 4,324,897 |
| TOTAL LIABILITIES \& EQUITY | 60,153,414 | 60,327,260 | 59,024,608 | 58,731,605 | 57,665,566 | 56,424,431 | 55,848,817 | 55,908,707 | 55,789,342 | 55,415,873 | 55,162,414 | 54,215,579 |
| EQUTY ADIUSTMENTS: |  |  |  |  |  | - |  | , |  |  |  |  |
| Add Back Payroll Liabilities (DES Refund): | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 |
| Adjustment for the First Fraud [1]: | $(15,103,254)$ | $(15,125,328)$ | ( $15,161,851$ ) | ( $15,161,851$ ) | (15,201,438) | ( $15,148,563$ ) | $(15,173,540)$ | $(15,173,540)$ | (14,789,340) | ( $14,739,340$ ) | ( $14,739,340$ ) | (14,739,340) |
| Adjustment for the Second Fraud [1]: | (18,519,804) | (22,670,968) | $(23,225,586)$ | $(24,235,598)$ | $(25,006,648)$ | $(25,436,112)$ | (25,561,138) | $(26,411,538)$ | $(27,480,738)$ | ( $27,862,300$ ) | $(27,835,200)$ | (28,067,700) |
| Total Equity Adjustment: | $(33,589,058)$ | ( $37,762,296)$ | ( $38,353,437)$ | ( $39,363,449$ ) | $(40,174,085)$ | $(40,550,675)$ | $(40,700,678)$ | $(41,551,078)$ | $(42,236,078)$ | ( $42,567,640$ ) | ( $42,540,540$ ) | (42,773,040) |
| Adjusted Equity: | (29,601,713) | (33,631,321) | $(34,031,030)$ | $(35,654,336)$ | $(36,198,144)$ | $(36,250,719)$ | $(36,128,350)$ | (36,878,526) | $(37,141,608)$ | $(37,451,407)$ | $(37,448,891)$ | (38,448,143) |

DenSco Investment Corporation

|  | 01/31/16 | 02/29/16 | 03/31/16 | 04/30/16 | 05/31/16 | 06/30/16 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| ASSETS |  |  |  |  |  |  |
| Current Assets |  |  |  |  |  |  |
| Checking/Savings | 3,029,611 | 3,938,967 | 6,026,170 | 4,203,609 | 4,916,221 | 6,029,569 |
| Accounts Receivable |  |  |  |  |  |  |
| Other Borrowers | 7,030,672 | 7,193,702 | 6,388,431 | 6,785,021 | 5,720,197 | 5,567,534 |
| Yom Tov Scott Menaged |  |  |  |  |  |  |
| Arizona Home Foreclosures, LLC | 1,486,180 | 1,465,380 | 1,486,180 | 1,486,180 | 1,486,180 | 1,486,180 |
| Wholesale | 28,843,100 | 28,449,900 | 27,154,300 | 28,553,700 | 29,123,500 | 28,122,300 |
| Work Out 1 Million | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 | 1,002,533 |
| Work Out 5 Million | 13,336,807 | 13,336,807 | 13,336,807 | 13,336,807 | 13,336,807 | 13,336,807 |
| Yom Tov Scott Menaged - Other | - | - | - | - | - | - |
| Total Yom Tov Scott Menaged | 44,668,620 | 44,254,620 | 42,979,820 | 44,379,220 | 44,949,020 | 43,947,820 |
| Total Accounts Receivable | 51,699,291 | 51,448,322 | 49,368,250 | 51,164,240 | 50,669,217 | 49,515,354 |
| Total Current Assets | 54,728,902 | 55,387,289 | 55,394,421 | 55,367,850 | 55,585,438 | 55,544,923 |
| Fixed Assets |  |  |  |  |  |  |
| Syndication | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 |
| Total Fixed Assets | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 | 23,436 |
| Other Assets |  |  |  |  |  |  |
| Investors Title Holdings, LLC | - | - | - | - | - | . |
| Total Other Assets | - | - | - | - | - | - - |
| TOTAL ASSETS | 54,752,338 | 55,410,725 | 55,417,857 | 55,391,286 | 55,608,874 | 55,568,359 |
| LIABILITIES \& EQUTTY |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |
| Current Liabilities |  |  |  |  |  |  |
| Payroll Liabilities | 87,000 | 87,000 | 34,000 | 34,000 | 34,000 | 34,000 |
| Total Current Liabilites | 87,000 | 87,000 | 34,000 | 34,000 | 34,000 | 34,000 |
| Long Term Liabilities (Due to Investors) | 50,349,904 | 51,020,207 | 51,032,155 | 51,264,570 | 51,512,310 | 51,588,783 |
| Total Liabilities | 50,436,904 | 51,107,207 | 51,066,155 | 51,298,570 | 51,546,310 | 51,622,783 |
| Equity | 4,315,434 | 4,303,518 | 4,351,702 | 4,092,715 | 4,062,564 | 3,945,576 |
| TOTAL LIABILITIES \& EQUITY | 54,752,338 | 55,410,725 | 55,417,857 | 55,391,286 | 55,608,874 | 55,568,359 |
| EOUITX ADJUSTMENTS: |  |  |  |  |  |  |
| Add Back Payroll Liabilittes (DES Refund): | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 | 34,000 |
| Adjustment for the First Fraud [1] | (14,739,340) | $(14,739,340)$ | $(14,739,340)$ | ( $14,739,340$ ) | $(14,739,340)$ | $(14,739,340)$ |
| Adjustment for the Second Fraud [1]: | $(28,843,100)$ | $(28,437,300)$ | $(27,154,300)$ | ( $28,553,700$ ) | $(29,123,500)$ | $(28,122,300)$ |
| Total Equity Adjustment: | (43,548,440) | $(43,142,640)$ | $(41,859,640)$ | $(43,259,040)$ | (43,828,840) | (42,827,640) |
| Adjusted Equity: | $(39,233,006)$ | (38,839,121) | $(37,507,938)$ | $(39.166,324)$ | $(39,766,276)$ | $(38,882,064)^{\text {i }}$ |


Notes:
[1] See Section 4 of the Receiver's Report dated December 22, 2016 for details regarding adjustments made to properly account for the disposition of the Menaged loans.
Sources:
QurckBooks company file for DenSco Investment Corporation.
Miscellaneous public records research resources to detemmine purchase history of Menaged loans including the Maricopa County Assessor (http://mcassessor mancopa gov/); Maricopa County Recorder (https.//recorder maricopa.gov/recdocdata/); and Zillow.com. DenSco Investment Corporation loan files.

[^12]
## Simon Consulting, LLC

Arizona Corporation Commission v. DenSco Investment Corporation

|  | Investor Trangactions Through 12/31/12 |  |  |  |  | Investor Transactions from 01/01/13 through 06/30/16 |  |  |  | Calculation of Net Investment Loss/(Win) |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Cash In | Cash Out | Non-Cash Accruals | Book Entries | Investor Balance | Cash In | Cash Out | Non-Cash <br> Acernals | Book Entries | Pre-Insolvency <br> Balance <br> (12/31/12) | Post-Insolvency Cash Transactions | Net Investment Loss/(Win) |
| Investor Name | 3,500,000.00 | (1,324,416.40) | 1,324,416.40 |  | 3,500,000,00 | 3,600,000,00 | (3,417,100.00) | 2,217,100.00 |  | 3,500,000.00 | 182,900.00 | 3,682,900.00 |
| Page. Jolene | 1,900,000.00 | . | 157,401,30 |  | 2,057,401,30 | 150,000.00 | (450,385.77) | 1,079,025,26 | - | 2,057,401.30 | (300,385.77) | 1,757,015 53 |
| Thompson, Coralee | 1,260,000.00 | - | 500,100.09 | - | 1,760,100,09 |  | (412,146.19) | 822,866.39 |  | 1,760,100.09 | (412,146.19) | 1,347,953,90 |
| Thompson, Gary | 1,110,000.00 | - | 413,725.81 | - | 1,523,725.81 |  | (334,443, 11) | 715,220.27 | - | 1,523,725.81 | (334,443.11) | 1,189,282.70 |
| Hood, Craig | 2,100,000,00 | (867,037,53) | 364,083.02 | - | 1,597,045.49 | $\cdot$ | (604,123.93) | 601,157 17 | - | 1,597,045.49 | (604,123.93) | 992,921.56 |
| Marvin \& Pat Mitter 1989 Trust | 465,000,00 | (235,807 91) | 85,807.91 | - | 315,000.00 | 1,215,000.00 | ( $552,723.61$ ) | 537,723.61 | - | 315,000.00 | 662,276.39 | 977,276.39 |
| Long Time Holdings, LLC / William Swirt | 1,630,000.00 | (727,346.09) | 727,346,09 |  | 1,630,000.00 | ${ }^{-}$ | (685,147.82) | 685,147.82 | - | 1,630,000.00 | (685,147,82) | 944,852.18 |
| Desert Classic Investments, LILC/Steven Bunger | . |  | - |  |  | 9,050,000.00 | (8,144,182.42) | $1149,182.42$ | - | - | 905,817.58 | $905,817.58$ $680,105.04$ |
| Siegford, GE | 830,000.00 | (428,244.98) | 489,853.89 | - | 891,608.91 | 50,000.00 | (261,503.87) | 416,347,86 | . | 891,608,91 | (211,503.87) | $680,105.04$ $673,291.73$ |
| Hickman, Dale | 325,250.00 | (17,738.60) | 279,865.77 |  | 587,377 17 | 152,000.00 | ( $66,085,44$ ) | 346,108.67 | - | 587,377 17 | 85,914.56 | $673,291.73$ $578,582.04$ |
| Paxton, Valerie | 1,396,667.74 | (558,704.40) | 166,892.79 | - | 1,004,856.13 | - | (426,274.09) | 426,274,10 | - | 1,004,856,13 | $(426,274.09)$ | $578,582.04$ $532,650.00$ |
| Steven \& Mary Bungor Estate, LLC |  |  |  |  |  | 795,000.00 | (262,350.00) | 262,350.00 |  | - | 532,650.00 | $532,650.00$ $528,551.20$ |
| Dupper Living Trust/Russ Dupper |  |  |  |  |  | 800,000.00 | (271,448.80) | 271,448.80 | - | - | 528,551.20 | \$28,551.20 |
| Phalen Living Trust / Jeff Phalen | 745,000.00 | (495,812.02) | 445,812.02 |  | 695,000.00 | 150,000.00 | $(323,566.80)$ | 323,566.80 | - | 695,000.00 | (173,566.80) | 521,433.20 |
| Chittick Family Trust/Mo \& Sam Chittick | 1,108,776.18 | (1,336.688.21) | 958,596,30 |  | 730,684.27 | - | (241,500.00) | 322,267.45 | - | $730,684.27$ | (241,500.00) | 489,184.27 |
| Davis, Glen | 250,000.00 | $(44,348.64)$ | 320,489.22 |  | 526,140,58 | - | $(60,728.58)$ | 265,234.31 | - | 526,140.58 | (60,728.58) | 465,412.00 |
| Michael \& Diana Gumbert Trust | 800,000.00 | (739,242,64) | 739,242.64 |  | 800,000.00 | - | (336.000.00) | 336,000.00 | - | 800,000.00 | ( $336,000.00$ ) | 464,000.00 |
| Burdet, Anthony - IRA | 300,000.00 | - | 57,765.75 |  | 357,765.75 | 100,000.00 | - | 230,209.26 | - | 357,765.75 | 100,000.00 | 457,765.75 |
| Burkhardh, Kennen - IRA | 296,235.18 | - | 98,576.93 |  | 394,812:11 | - | - | 204,824.51 |  | 394,812.11 | $\cdots$ | 394,81211 |
| Phalen, Jeff - IRA | 200,000.00 | $\bullet$ | 30,967 74 | - | 230,967 74 | 150,000.00 | - | 179,099.35 | - | 230,96774 | 150.000.00 | 380,967.74 |
| Scrogein, Michael - IRA | 363,064,21 | - | 10,282,81 |  | 373,347.02 | ${ }^{\circ}$ | (21,08934) | 193,688.63 |  | 373,347.02 | (21, ${ }^{\circ}$ | 373,347,02 |
| Hughes, Bill - IRA | 332,700.00 | (134,070.48) | 364,997.61 |  | 563,627 13 | 25,500.00 | (241,684.34) | 241,684.34 | - | 563,62713 | (216,184.34) | 347,442,79 |
| Trainor, Jimmy | 345,427.06 | (5,000.00) | 42,671.15 | - | 383,098.21 | 10,000.00 | $(67,483$ 87) | 193,74100 | - | 383,098.21 | $(57,483.87)$ | 325,614.34 |
| Weiskopf, Lauire -IRA | - | - | - | - | - | 309,584.99 | - | 18,394.98 |  | - | 309,584,99 | 309,584.99 |
| McArdle, James | 380,000.00 | $(64,299.90)$ | 106,509.57 | - | 422,209,67 | 150,000.00 | (264,476,74) | 235,048,50 |  | 422,209.67 | (114,476,74) | 307,732.93 |
| Judy \& Gary Siegford | 485,000.00 | $(502,388.98)$ | 532,072.96 | - | 514,683.98 | $\checkmark$ | (216,167.28) | 216,167.28 |  | 514,683.98 | (216,167.28) | 298,516.70 |
| Wayne Ledet Revocable Trust | 145,000.00 | ( $13,829.92$ ) | 32,230.07 | - | 163,400.15 | 188,038.58 | (59,732,64) | 104,510.38 |  | 163,400.15 | 128,305.94 | 291,706.09 |
| Craig \& Tomie Brown Living Trust | 450,000.00 | (96,983.33) | 96,983.33 | - | 450,000.00 | '50,000.00 | $(208,316.73)$ | 208,316.73 |  | 450,000.00 | $(158,316.73)$ | 291,683.27 |
| Hafiz, Nibad | 1,200,000.00 | (1,180,616.74) | 480,616.74 |  | 500,000.00 | - | (210,000.0) | 210,000.00 |  | 500,000.00 | (210,000.00) | 290,000.00 |
| Muscat Family Trust / Vince \& Shary Muscat | 500,000.00 | $(508,099.96)$ | 508,099.96 |  | 500,000,00 | - | (210,000, 0 ) | 210,000.00 |  | 500,000.00 | (210,000.00) | 290,000.00 |
| Butler, Mary - IRA | 260,000.00 | - | 17,371 94 | - | 277,371 94 | - | - | 143,897 78 | - | 277,371,94 | - | 277,371,94 |
| Butler, Van-IRA | 260,000.00 | - | 17,371 94 | - | 277,371 94 | $\cdot$ | - | 143,897 78 | - | 277,371,94 | - ${ }^{\circ}$ | $277,371.94$ |
| Zones, Michse! | 450,000.00 | (105,400,02) | 105,400.02 | - | 450,000.00 | 50,000.00 | (229,617.84) | 229,617.84 | - | 450,000.00 | (179,617.84) | 270,382.16 |
| Ledet, Wayme - IRA | 300,000.00 | (124,292.31) | 86,806,24 | - | 262,513.93 | $\cdot$ | - | 136,189.54 | - | 262,513.93 | - | 262,513.93 |
| Robert \& Elizabeth Hahn Family Trust | 420,000.00 | (313,113.48) | 271,194.97 | - | 378,081,49 | 50,000.00 | (167,500.00) | 182,068.37 |  | 378,081.49 | (117,500.00) | 260,581.49 |
| Kasier, Ralph - IRA | 170,653.47 | . | 89,742,69 | - | 260,396.16 | - | - | 135,090.88 |  | 260,396.16 | - | 260,396.16 |
| Moss, Kaylene - IRA | 240,073.44 | $\cdot$ | 18,604.75 | - | 258,678.19 | - | - | 134,199 65 | - | 258,678.19 | - | 258,678.19 |
| Kent, Mary | 200,000.00 | (50,333.30) | 104,280.24 | - | 253,946.94 | 100,000.00 | (99,720.86) | 127,001 05 | - | 253,946.94 | 279.14 | $254,226,08$ $254,088,98$ |
| Arden \& Nira Chittick Family Trust | 200,000.00 | ( $30,279.54$ ) | 144,890,62 |  | 314,611.08 | $\cdot$ | (60,522.10) | 157,488.01 | - | 314,611.08 | (60,522,10) | 254,088.98 |
| Brinkman Family Trust / Rob Brinkman | 240,000.00 | (202,668.93) | 243,117,44 |  | 280,448.51 | 250,000,00 | (286,004.06) | 127,814.91 | - | 280,448.51 | (36,004.06) | 244,444,45 |
| Mark \& Debbie Wenig | 262,000.00 | (207,618.96) | 281,732.31 | - | 336,113.35 | 50,000.00 | (145,370.88) | 159,733.18 | - | 336,113.35 | (95,370.88) | 240,742,47 |
| Smith, Tony - IRA | 171,182.72 | - | 66,695.50 | - | 237,878.22 | - | - | 123,408.82 | - | 237,878.22 | - | 237,878.22 |
| James \& Lesley Mc Coy Trust | 400,000.00 | (271,733.24) | 271,733.24 | - | 400,000.00 | - | (168,000.6) | 168,000.00 | - | 400,000.00 | (168,000.00) | 232,000.00 |
| Jones, Leslie - IRA / Michael Zones | 151,215.34 | . | 33,005.34 | - | 184,220.68 | 47,558.77 | - | 116,190.04 | - | 184,220.68 | 47,558.77 | 231,779.45 |
| Davis, Gien - IRA | 110,731 40 | - | 110,233.61 | - | 220,965.01 | - | - | 114,634.43 | - | 220,965.01 | - | 220,965.01 |
| Dori Ann Davis Living Trust | 100,000.00 | - | 63,350.21 |  | 163,350.21 | 75,000.00 | (21,648.57) | 97,848.84 | - | 163,350.21 | 53,351,43 | 216,701.64 |
| Tony \& Saundra Smith Trust | 1,100,000.00 | (659,149.89) | 459,149 89 |  | 900,000.00 | - | (698,100.00) | 298,100.00 | - | 900,000.00 | (698,100.00) | 201,900.00 |
| Jones, 1eslie / Michael Zones | 300.000.00 | $(176,116.91)$ | 176,116.91 |  | 300,000.00 |  | (102,000.00) | 102,000.00 |  | 300,000.00 | (102,000.00) | 198,000.00 |
| Buter, Van | 250,000.00 | $(71,195.65)$ | 95,638.81 |  | 274,443.16 | - | (91,772.64) | 121,741.61 |  | 274,443 16 | (91,772.64) | 182,670.52 |
| Caro McDowel! Revocable Trust | 200,000.00 | (93,329.25) | 93,329.25 |  | 200,000.00 | 100,000,00 | (119,266.67) | 119,266.67 |  | 200,000.00 | (19,266.67) | 180,733.33 |
| Angets Investments, LLC / Yusef Yildiz | - | - | . |  | - | 200,000.00 | (20,630.00) | 20,630.00 | . | - | 179,370.00 | 179,370.00 |
| Koehler, Robert - TRA | 84,000.00 | - | 92,335.49 |  | 176,335.49 | . | - | 91.48101 | - | 176,335.49 | -75939 | 176,335.49 175,43755 |
| Difks, Bradley. $\mathbb{R}$ A | - | $\bullet$ | ${ }^{*}$ |  | - | 175,437.55 | - | 81,727,95 | - | - | 175,43755 | 175,43755 |
| Lee Group, Inc. / Tery \& Lil Leo | 300,000.00 | (133,666,70) | 133,666.70 | - | 300,000.00 | - | (126,000.00) | 126,000.00 |  | 300,000.00 | (126,000.00) | 174,000.00 |
| Kopel, Roy - IRA | 100,000.00 | - | 58,309.24 |  | 158.309.24 | - | - | 82,129.22 | - | 158,309.24 | - ${ }^{\circ}$ | 158,30924 $152,113.08$ |
| Bush, Warren \& Fay | 120,000.00 | (49,500.00) | 163,903.68 |  | 234,403.68 | - ${ }^{-}$ | (82,290.60) | 105,057.20 | - | 234,403.68 | (82,290,60) | $152,113.08$ $151,288.44$ |
| Hughes, Judy - IRA | 192,000.26 | ( $52,903.20$ ) | 86,332.98 | - | 225,430,04 | 25,500.00 | (99,641.60) | 99,641.60 | - | 225,430.04 | (74,141.60) | $151,288.44$ <br> 150,951 <br> 12 |
| Scroggin, Annette - IRA | 146,365 89 | - | 4,585 83 |  | 150,95! 72 | 0000 | (103,885.79) | $78,312.25$ $103,885.79$ | - | 150,951 72 | 146,114.21 | 146,114.21 |
| Thomas \& Sara Byme Living Trust |  |  |  |  |  |  |  |  |  |  |  |  |



| DenSco Investment Corporationlnvestor Analysis |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Investor Transactions Through .1/31/12 |  |  |  |  | Investor Transactions from 01/01/13 through 06/30/16 |  |  |  | Calculation of Net Investment Loss/(W/n) |  |  |
| Linvestor Name | Cast In | Cash Ont | Non-Cash Actruals | Book Entries | Investor Balance | Cash In | Cosh Out | Non-Cash Accruals | Book Entrics | Pre-Insolvency Balance (12/31/12) | Post-Insolvency Cash Transactions | Net Investment Lond(Wis) |
| Stevenson, Thomas | - | - |  | - | - | 300,000.00 | (307,254, 12) | 7,254.12 | - | - | $(7,254,12)$ | (7,254.12) |
| Harvey, Chris | 80,000.00 | (15,000.00) | 25,940.47 | - | 90,940.47 | - | (98,475.49) | 7,535.02 | - | 90,940.47 | $(98,475.49)$ | (7.535.02) |
| Quigley, Karen | 150,000.00 | ( $55,700.04$ ) | 10,240.00 | - | 104,539 96 | $\cdot$ | (117,930,26) | 13,390.30 | - | 104,539.96 | (117,930.26) | (13,390.30) |
| Princeville Investment Group SW/Kevin Potempa | 250,000.00 | (254,470.71) | 4,470.71 | - | - | 500,000.00 | ( $516,966.00)$ | 16,966.00 | - | . | (16,966.00) | (16,966.00) |
| Baciani, Nishel | - | - | - | - | - | 775,000.00 | (811,356.82) | 36,356.82 |  | $\bullet$ | (36,356.82) | $(36,356.82)$ |
| Nesta Capital, Inc. / Kirk Fischer | 100,000.00 | ( $2,269.34$ ) | 2,269.34 | - | 100,000.00 | 200,000.00 | ( $338,537.40$ ) | 38,537.40 |  | 100,000.00 | (138,537.40) | (38,537.40) |
| Marvin \& Pat Miller | . | - | . | - | - | 920,000.00 | (969,220.00) | 49,220.00 | - | . | $(49,220.00)$ | $(49,220.00)$ |
| Weiskopf Enterprises, LLC/Laurie Weiskopf | . | . | - | - | - | 200,000.00 | $(249,876.48)$ | 49,876.48 | - | - | $(49,876.48)$ | $(49,876.48)$ |
| Alexandra Bunger Irevocable Trust | - | - | - | - | - | $850,000.00$ | ( $900,000.00$ ) | 50,000.00 | - | - | ( 50.000 .00 ) | (50.000.00) |
| Cassidy Bunger Irrevocable Trust | - | - | - | - | - | 850,000.00 | (900,000,00) | 50,000.00 | - | - | ( $50,000.00$ ) | $(50,00.00)$ |
| Connor Bunger Imevocable Trust | - | - | - | - | - | 850,000.00 | ( $900,000.00$ ) | 50,000.00 | - | - | ( $50,000.00$ ) | $(50,000.00)$ |
| Carsyn Smith Trust | 95,000.00 | - | 48,777.52 | - | 143,777.52 | 8,000.00 | (211,542.44) | 59,764.92 | - | 143,777 52 | (203,542.44) | (59,764.92) |
| Mekerna Smith Trust | 95,000.00 | - | 48,748.06 | - | 143,748.06 | 8,000.00 | (212,000.54) | 60,252.48 | - | 143,748.06 | (204,000.54) | (60,252.48) |
| Sundance Debt Partners, LLC / Ryan Baughman | - | . | - | - | - | 2,500,000.00 | ( $2,588,402.33$ ) | 88,402,33 | - | - | $(88,402.33)$ | $(88,402.33)$ |
| Marrion Minchuk Trust/Lawrence Minchuk | 550,000.00 | (84,660.60) | 84,666.60 | - | 550,000.00 | - | (652,000.00) | 102,000.00 | - | 550,000.00 | (652,000.00) | $(102,000.00)$ |
| Werskopf Family Living Trust/ Laurie Weiskopf | - | - | - | - | - | 1,200,000.00 | (1,412,669.05) | 212,669.05 | - | - | (212,669.05) | ( $212,669.05$ ) |
| Fischer Family Holdings, LLC / Kirk Fischer | 700,000.00 | (28,776.43) | 28,776.43 | - | 700,000.00 | 1,350,000.00 | ( $2,329,488.64$ ) | 279,488.64 | - | 700,000.00 | (979,488.64) | (279,488.64) |
| Four Futures Corp. / Tom Smith | 6,200,000,00 | (4,466,971, 80) | 816,971.80 | - | 2,550,000.00 | 5,150,000,00 | (8,916,626.98) | 1,216,626.98 | - | 2,550,000.00 | $(3,766,626.98)$ | $(1,216,626.98)$ |
| Subtotal | 48,959,180.17 | (26,631,944.49) | 17,463,665.88 | - | 39,790,901.56 | 36,129,814.48 | (46,406,985.26) | 22,075,052.28 | - | 39,790,901.56 | (10,277,170.78) | 29513,730,78 |
| Chittick, Denny | 60,436,407.81 | (60,172, 394.54) | 1,499,731 78 | (40,000.00) | 1,723,745.05 | 48,098,702,30 | $(48,691,529.86)$ | 120,000.00 | (1,250.917 49) | 1,723.745.05 | (592,827.56) | 1,130,917.49 |
| Chitick, Denny -401k | 47,630.66 | - | 165,523.44 | - | 213,154.10 | 35,000.00 | (359,609.00) | 111,454.90 | - | 213,154.10 | (324,609.00) | (111,454.90) |
| Chittick, Denny - DB Plan | 107,009 10 | - | 736,026.86 | $\cdots$ | 843,035.96 | - | $(1,817,243.03)$ | 974,207.07 | - | 843.03596 | (1,817,243.03) | (974,207.07) |
| Thermogen Holdings, LLC | - | (813,540,00) | 57,226.26 | 756,313.74 | - | - | - | - | - | - | - | - |
| Subtotal | 60,591,047.57 | (60,985,934.54) | 2,458,508.34 | 716,313.74 | 2,779,935.11 | 48,133,702.30 | (50,868,381.89) | 1,205,661.97 | (1,250,917.49) | 2,779,935.11 | (2,734,679.59) | 45,255.52 |
| Grand Total | 109,550,227.74 | (87,617,879.03) | 19,922,174.22 | 716,313.74 | 42,570,836.67 | 84,263,516.78 | (97,275,367,15) | 23,280,714.25 | (1,250,917.49) | 42,570,836.67 | (13,011,850.37) | 29,558,986,30 |

[^13]
## Exhibit No. 85

Message

| From: | Denny Chittick [dcmoney@yahoo.com] |
| :--- | :--- |
| Sent: | $1 / 5 / 2014$ 6:39:30 PM |
| To: | Beauchamp, David G. [dbeauchamp@clarkhill.com] |
| Subject: | Re: this week |

tuesday on, your office, dont' need lunch, let me know thx
dc

DenSco Investment Corp www.denscoinvestment.com<br>602-469-3001 C<br>602-532-7737 f

From: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
To: '"dcmoney@yahoo.com'" [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Cc: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
Sent: Sunday, January 5, 2014 7:35 PM
Subject: Re: this week

Denny:

I will make time. Unfortunately, I am booked for lunch every day this week. Except for Monday, what day and time would be best for you?

I also have an update regarding Florida.

Best, David

David G. Beauchamp
CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Sunday, January 05, 2014 03:26 PM
To: Beauchamp, David G.
Subject: this week

## do you have time to meet with me this week?

## DenSco Investment Corp <br> www.denscoinvestment.com <br> 602-469-3001 C <br> 602-532-7737 f

LEGAL NOTICE: This e-mail is for the exclusive use of the intended recipient(s), and may contain privileged and confidential information. If you are not an intended recipient, please notify the sender, delete the e-mail from your computer and do not copy or disclose it to anyone else. Your receipt of this message is not intended to waive any applicable privilege. Neither this e-mail nor any attachment(s) establish an attorney-client relationship, constitute an electronic signature or provide consent to contract electronically, unless expressly so stated by a Clark Hill attorney in the body of this e-mail or an attachment.

FEDERAL TAX ADVICE DISCLAIMER: Under U. S. Treasury Regulations, we are informing you that, to the extent this message includes any federal tax advice, this message is not intended or written by the sender to be used, and cannot be used, for the purpose of avoiding federal tax penalties.

Exhibit No. 86

From: Denny Chittick [dcmoney@yahoo.com]
Sent: $\quad$ 1/6/2014 12:59:08 PM
To: Beauchamp, David G. [dbeauchamp@clarkhillcom]
Subject: - see attached
Attachments: Bryam Cave Doc.pdf
read the first two pages, then give me a call.
thx
dc

DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

Januaty 6, 2014

## VIA HAND-DELIVERY

Densco Investment Corporation
Attre Mr. Denny J. Chittick
6132 W. Victoria Place
Chandler, AZ 85226
स. $\mathrm{H} \quad$ Mortgage Recordation; Demand For Subordination
Dear Mr. Chittick:
This law firm represents Azben Litnited, LLCC ("A Arben"), Geated Equity, LLC ("Geated Equity") atid 50780 , LLC in connection with theit dispates with you and your company, Densco Investment Corporaion ("Densco"). As you know, Geared Equity and 50780, LLC previously made vatious loans to Arizoria Home Foteclosures, LLC and/or Easy Investments, LLC (collectively, the "Borrower"). Sell Wholesale Fanding, LLC ("SWP") also made cettain loans to Borrotyer whieh were collaterally assigned to Azben. Azbern, Geased Equity, and 50780, LIC will be collectively teferred to herein as the "Lienholders." Geared Equity, 50780, LLC, and SWF will be collectively referred to herein as the "Lenders."

This demand letter addresses the Lienholdets ${ }^{x}$ leans to the Botrower and the real property collateral deseribed on Exhibit A atteached hereto (the "Loans" and the "Properties," respectively). The Lenders made each of the Loans to the Borrower for the specific purpose of providing purchase money financing so the Borrowet would haye sufficient funds to acquire the Propenties through trustee sales conducted under Atizona law. The Lenders, in each and exery instance, deliberately advanced the loan proceeds pursuant ta certified furxds deliveted directly to the trastee and ri: cred a receipt from the trustee confirming delivery of such funds. The Lenders, in each and every instance, also promptly recorded deeds of trust confirming a seaiot lier position on each of the Propetties.

The Lienholders recently leamed that your company, Densco ${ }_{2}$ engaged in a patactice of ecording a "mortgage" on each of the Properties on or around the same time as the Lendets wete recording their senior deeds of trust. In each and every instance, Densco's recorded mortgage states that Densco provided purchase money funding and that Densco's loans are "evidenced by a check payable" to the trustee for each of the Properties.

Thus, Densco is taking the position in tecotded documents that it provided a purchase money loari to the Borrower with respect to each of the Properties,

Bryant Gave Lep
One traxissance Square
Two North Central Avenur
Sulte 2200
PTopnix, AZ 8500
Tel $66621364-2000$
Fox (602) 364-7070
whiveryancave.qom

Bryan Eate Oflicers
Aviantaf
Cherlotte
Chicago
Dallàs
Hathburg
Hong Kong
trving
Jeffersan Citity
Kamsas City
Londion
Los Angeles
New York
Paris
Pfoenix
San Francisco
Shanghsi
Singapofe
St. Lẹuis
Wastingtan, oe

Bryan Cava Sntetpational Trada


www. bryancauetraide.eom
Banrikak
Bejing
Jakanta
Kurafa Lumpur
Manile
Shang̣hai
Singapore
Iokyo

Presumablys Denseo is taking the position that its alleged loạn is senior to the liens of the Lienholders with respect to each of the Ptoperties. Of course, this is a practical and legal impossibility since, in each and every instantice, only the Lenders provided the applicable trustee with certifled finds supporting the Botrowers patchasemoney acquisition for each of the Properties and, with resprect to the loans made by SWF, Azben "stands in the shoes" of SWV as the senior purchase money lender.

This demand letter provides Densco with ant opportunity to immediately clarify its position and rectify this situration. Because of the seriousaess of this situation, the Lenders are presentirg their position as a formal demand of you and Densco. The demand is as follows:

Included herein are two forms of subordination agreement - one form document applies to the Azben loans and the ofher form applies to the loans of Geared Equity and 50780, LIC. The Lientholders herehy demand that Densco agree to complete and cefiver this exact form of subordination agremeat for each of the Properties to my office so that these completed subordination agreements may be tecorded and delivered to the Borrower. ${ }^{1}$ If Densco does not inmediately so agree in withing and complete this entire subordination delivery process by no later than five (5) business days ffom the date of this demand letter, then the Lenders will immediately commence litigation against Densco and the other parties involved in this situation.

Please give this matter yout irmmediate and undivided attention. While the Lienholders will be asserting all of the claims they have against the patties involved in this situation absent the timely completion of this subordination process, the most obvious claims the Lientiolders will assent ater (i) frapd and censpitacy to deftand; (iii) negligeat mistepresentation; and (iiii) wrongful recordation putsuant to A.R.S. §33-420. The Lienholders reserve all of their tights and remedies agaimst Densco, your, atid all other parties, and no such rights or remedies afe waived, modified, or impaired in any way pursuant to this demand letter or othetwise.

Sincerely,
heblen
Robett 5 . Miller
FOR THE FIRM
RJM:se
Enclosure

[^14]Mis. Denny J. Chittiek
January 6,2014
Page 3

## cc: VIA FEDERAL EXPRESS (w/encs.)

Kuịt Johnson Associates, PC 23005 N. 15 th Avenue<br>Suite 2<br>Phoenix, AZ 85027<br>Statutory Agent for Densco<br>Azbren Limited, LLLC (w/o encs.)<br>Geared Equitys, LLC (w/o encs.)<br>50780 ILC ( (w/o encs.)<br>Sell Wholesale Funding, LLC (w/encs.)

## Azben Limited, LLC Loans

| Loan ${ }^{\text {\# }}$ | Street Address | Gity |  |
| :---: | :---: | :---: | :---: |
| 6445 | Sheila Ln, 7134 W | Phoenix | Paid in Fiull |
| 5448 | Palrier St, 3826 E | Giliert |  |
| 5506 | Palm St, 2681 S | Gillerat |  |
| 5514 | Horsetail Trail, 1751 W | Phoenix | Paid in Full |
| 5594 | Maui Ln, 13920 W | Supprise |  |
| ¢़597 | 665 功 $\mathrm{Dr}, 10020 \mathrm{~N}$ | Glendale |  |
| 5619 | Millbrae Ln, 2895 E | Gilbert |  |
| 5620 | Wood Dr, 1502W | Pheenix |  |
| 5621 | 170th Ln, 16010 N | Surprise |  |
| 5629 | Wayland Dr, 23687 W | Buckeye |  |
| 563.1 | Lobo Ave, 10125 E | Mesa |  |
| 5641 | Dublin St, 516 W | Chardier |  |
| 5644 | Sunsites Dr, 1891.5 N | Surprise |  |
| 5645 | Cortand, 3043 S | Messa |  |
| 5648 | Yale, 1355. 5 | Mesa |  |
| $5660^{\circ}$ | Kent Ave, 3425 E | Gilbett | Paidi in Fud |
| 5667 | 101st Dr, 2027 S | Tolleson |  |
| 5672 | Peck Dr ${ }_{2} 8987 \mathrm{~W}$ | Glendale |  |
| 5679 | Colonial $\mathrm{Dr}_{r} 977 \mathrm{~S}$ | Gilbert |  |
| 5680 | 220th Ln, 1040 S. | Buckeye |  |
| E684 | Tyson St, 4232E | Gilaert | Paid in Full |
| 5685 | Navajo St, 16733 W | Goodyear |  |
| 5690 | Milburn, 2716 S | Mesa |  |
| 5691 | Hassett, 126:S | Mesa |  |
| 5693 | Ogelsby Ave, 11603 W | Youngstown |  |
| 5694 | Cristine Ln. 15829 N | Surprise | Paid in Full |
| 5695 | 85 ¢ Dr, 1629 S | Tolleson | - |
| 5719 | Puget Ave, 18146 W | Waddell |  |
| 5720 | Catibbean Ln, 14869 W | Surprise |  |
| . 5722 | Rose Garden Ln, 3014 W | Phoenix |  |
| 5724 | Valley Jiew $\mathrm{Dr}, 4119 \mathrm{~W}$ | Laveen |  |
| 5728 | Gelding $\mathrm{Dr}, 4906 \mathrm{~W}$ | Glendale |  |
| 5729 | Maldonada Dr, 3247 E | Phoenix |  |
| 5730 | Anderson Dr, 3830 W | Glendale |  |
| 5742 | Dilla Ave, 9832 E | Mesa |  |
| 5754 | Whyman \$t, 255.10 W | Buckeye |  |
| 5755 | 233rd Lin, 1697 S | Buckeye |  |
| 5757 | Bent Tree Dr, 2507 W | Phoent |  |
| 5760 | Arcadia Ave, 10836 E | Mesa |  |
| 5761 | Sundance Way, 523. W | Chandler |  |

## Geared Equity, LLC Loans

| Loan ${ }^{\text {\% }}$ | Street Address | City |  |
| :---: | :---: | :---: | :---: |
| 13-6091 | 10440 W. Hammonid Lane | Tolleson |  |
| 13-6094 | 39817 N. Messner Way | Anthem Way |  |
| 13-6104 | W. Via Montoya Drive | Phoenix |  |
| 13-6105 | 11509 E. Pratt Ave | Mesa | Paid in Full |
| 13-61 13 | 707E. Pofter Drive | Phaenix | Property under review with Trusfee for possible rescission of sale |
| 13-6114 | 14904 W. Port Royate Lane. | Surprise. |  |
| 13-6118 | 4728 WV. Carson Road | Laveers |  |
| 13-6122 | 978 N. 85th Place | Scottsdale |  |
| 13-6123 | 635 S. St Paul | Mesa |  |
| 50780, LLC. Loans |  |  |  |
| Loan\# | Street Address | Civ. |  |
| 13-1020 | 8116 E. Onza Avenue | Mesa |  |
| 13-1051 | 11634 W. Adams Street | Avondale |  |
| 13-1052 | 25863 W. Saint James Averue | Buckeye |  |

## RECORDING REQUESTED

 BY AND WHEN REGORDED MAIL TO:AZBEN LIMITED, L.L.C.
1223 S. Clearview Avenue Suite 103
Miesta, Arizona 85209

Space Above Thisulife for Recoider's Use.only

SUBORDINATION AGREEMENT

# NOTICE: THIS SUBORDINATION AGREEMENT (THIS "AGREEMENT") RESULTS IN YOUR SECURITY INTEREST IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SGME OTHER OR LATER SECURITY INSTRUMENT. 

THIS SUBORDINATION AGREEMENT ("Agreement"), made this $\qquad$ day Dif January, 2014, by SELL WHOLESALE FUNDING, LLG, an Arizona limited liabitity company (hereinatter referred to as "Senior Creditor'), whese mallitg asdress is $4105 \mathrm{~N} .20^{4}$ Street $\# 210$. Phoenix, Arizona 85016 and DENSCO INVESTMENT CORPORATION, an Arizona corporation (hereinafter referred to as "Junior Creditor"), whose maling aderess is 6132 W. Victoria Place, Chandler, Arizona 85226;

## WITNESSETH

THAT WHEREAS, Arizoria Honme Foreclosures, LLC an Anizona limited liablity eompany hereinafter referred to as "Owiner"), is the owner of the land hereinafter deseribed on Exhibit "A" attached hereto and made a part heredf (the "Land" or the "Property") and

WHEREAS, Owner, as morigagot, exesufed a Mortgage ("Junior Mortgage") dated September 16, 2013, to and for the benefit of Junior Creditor, as morigagea, and recorded on September 17, 2013 at 8:32 a.m. as lostrument No 2013-0832534 in the Reporas of Mariteopa Coumfy, Arizona ("Records"), purporting to encumber the Land, which Junior Mortgage purporiedly secures payment of the sum of $\$ 140,000.00$ ("Junlor Llabilities") which might corte due under or pursuant to a purported loan made by Juniot Creditor to Ownet in such purported amount refefenced in said Junior Mortgage. When used herein, the term "Junipi Morgagee" shall. rot only mean and refer to the Junior Mortage stated above, but also to: i) any re-recordation thereof, and ii) that certair Deed of Trust and Assignment of Rents, of even date with the Junior Whortgage ("Junibr Deed of Trust") made by Owmer, as trustor, to First American Title, as trustee, to and for the benefit of Junier Creditor, as beneficiary, which Junior Deed of Trust was recorded September 27, 20 † 3 as Instrument No. 2013-0863555 in the Records; and

WHEREAS, Owner: as trustor, also executed that certain Deed of Trust and Assignment of Rents ("Senior Deed of Trust") dated September 16, 2013, to Fidelity National Title, as trustee, to ard for the benefit of Senior Creditor, as beneficiary, which Senior Deed of Trust secures payment of a Promissory Note of Owrier to Senior Creditor in the original stated principal amount of $\$ 144,080,00$ ("Purchasie

Money Note ${ }^{m}$ ), recorded September 17, 2013 at 9:50 a.m. as Instrument No. 2013-0833010 in the Records: Proceeds from the Purchase Money Note were used to pay, and represent, purchase money of and for the Property. The beneficial interest in the Senior Deed of Trust was thereafter collaterally assigned by Senior Creditor to Azben Limited, L.L.C., an Arizona limited liability company (hereinafter referred to as "Azben"), by Coljateral Assignment of Benieficial Interest Under a Single Deed of Trust dated September 16, 2013 and recorded on September 17, 2013 as Instrument No. 2013-0833044 in the Records, and subsequently re-recorded ori October 25, 2013 as fristrument No. 2013-0940922 in the Records to correct the recited date of original recordation of such document. When used herein, the term "Senior Deed of Trustr shall not only mean and refer to the Senior Deed of Trust, bat also to the rerecordation thereaf on October 4, 2013 as Instrument No. 2013-0885110 in the Records. Capitalized terms not otherwise defined herein shall have the meanings given them in the Senior Deed of Trust; and

WHEREAS, Senior Creditor and Junior Creditor have further agreed that the Junior Liabilities secured by the Junior Mortgage are and strall be subordinated to the Purchase Money Note and to other sums due and owing thereunder and under the Senior Deed of Trust (collectively, the "Senior Liabilities"), all in accordance with the ferms hereof; and

WHEREAS, Senior Creditor and Junior Creditor have further agreed that i) the Senior Deed of Trust, securing the Purchase Money Note and representing purchase money for the Land, is a lien or chargeupon the Land prior and superior to the lien or charge of the Junior Mortgage, iff that Junior Crediter will specinically and unconditionally subordinate the lien or charge of the Junior Mortgage to the lien or charge of the Senior Deed of Thist, and iijit that the Junior Liabilites secured by the Junior Mortgage are subordinated to the Senior Liabilities, all as more fully set forth herein below; and

WHEREAS, it is to the mutiul benefit of the parties herefo phat Senior Creditor fat: i) take any formal action (which would enfail time and expense and in which Senior Creditor would prevail) to establish the first and prior nature of the lien of the Senior Deed of Trust; iif insfitute immediate aetion for foreclosure of the Senior Deed of Trust which might resuft in proceeds insufficient to defray both the Senior Liabilities. and the Junior Liabilities (it being understood that Senior Creditor's forbearance in this regard is limited to Owner's defaut ("Owner's Recording-Default") under the Sehior Deed of Trust occasioned by the existence of the dunior Deed of Trust and nof to any other current or future defaults under the Senier Deed of Trust, including, without Ilmitation, failure to pay at miaturity or to perform any other terms and Conditions of the Sentor Deed of Trust or the Putchase Money Note (herein, "Other Defautis"); and iii) presently enforce the right of Senior Greditor to charge interest at the defalt rate under the Senior Deed of Trust fit being understood that stich forbearance is limited to the effect of Owner's Recording Defailt and not to any Other Defaults) which would be in priority to the Junior Liabilifies, and Junior Creditor is willing to agree that the Senior Deed of Trust securing the Purchase Money Note shall constituite a lien or charge upon the Land which is unconditionally prior and superier to the lien or chiarge of the Junior Mortgage.

NOW, THEREFORE, in consideration of the mutual benefits accruing to the parties hereto and other taluable consideration, the receipt.and sufficiency of which consideration is hereby acknowledged, and in erder to induce Senior creditor to forbear from taking formal actions ta estabilish the fien priority of the Senior Deed of Trust, to not institute any foredosure actions on account of Owriers: Recording Default and riot presently enforce interest at the default rate due on the Purchase Money Note priaccount of owner's Recording Diefault, it is hereby declared, understood and agreed as follows:
(1) That the Senior Deed of Trust securing the Senior Liabilities and any renewals or extersions thereof, shall unconditionally be and remain at all times a lien or charge on the tand fherein described, prior and superior to the lien or charge of the Juntior Mortgage.
(2) That this Agreenient shall be the whole and onily agreement with regard to the subordination of the lien or charge of the Janior Mortgage to the lien or charge of the Senior Deed of Trust. .

Page 2 of 8
(3) That Senior Creditor may amend the Senior Deed of Trust or the Purchase Money Note in any manner withouk the prior written consent of , Junior Creditor. No renewal, modification or extensien of time of payment of the Senior Liabilities, and no reléase or surrender of any security for the Serior Liabilities, or the obligations of any endorsers, sureties or guarantors thereof, or release from the terms of thls or any other subordination agreement of any claims sqboprdinated, and no detay or omission in exercising any right or power on accounf of or in connection with the Senior Liabilities, or under this Agreement, shatl, in any mannther, impair or affect the rights and duties of Senior Creditor or Jumior Creditor. Senior creditor, in its uncontrolled discretion, may waive or release any fight or option accorded Senior Credifor under this Agreemerit without the corrsent Junlor Creditor, and without otherwise in any way affecting the obligations Junior Creditor hereurider. Junior Creditor hereby waives notice of the creation, existence, renewal, modification or extension of the time of payment of the Senior Liabilities.
(4) That Junior Greditor may not amend the Junior Mortgage in any manner that would matertially and adversely affect the Senior Liabilites or the Property, including, without limitation, increasing the face ampunt of the Junior Liabilities, increasing the interest rate or any paymient obligations under the Junior Liabilities, or expanding Junior Creditar's security inferests and liens under the Junior Loan relating to the Property, without the prior witten consent of the Senior Creditor. Junior Creditor shall give Senior Creditor written rotice as well as coplies of any such amendments within five (5) business days after such documents have been executed by junior Credifor.
(5) Thai Junior Creditor shall send to Senior Creditor a writterr copy of any notices given to Owner regarding: (i) any default under the Junior Mortgage or Jurior Liabilities; or (ii) any event, with the giving of such notice or the passage of time without cure, would result in a default under the Junior Mortgage or Junior Liabilities. Junior Creditor agrees that all such notices to Senior Creditor shall be sent contemporeneously with the sending of suctr notices to Owner. Senior Creditpr shall send to Junior Creditor a writen coipy of any notices given to Owner regarding: (i) any default under any of the Purchase Money Note or the Senior Deed of Trust, or (i) any event, with the giving of such notice or the passage of tirie without cure, woutd result in a default or Event of Default under either the Purchase Money Note or the Sehior Deed of Trust. Senior Creditor agrees that all such notices to Junior Credifor shall be sent contemporaneously with the sending of such notices to Owner. Sepiof Creditor and Junior Creditor shall each have the right, but not the obligation, to pure any default by Owner under the Junior Mortgage, on one hand, or the Purchase Money Note or the Senior Deed of Trust on the other hand, and respectively. In addition, at any time and from fime to time, Junior Creditor, at its option, shall have the right to fully yepay the Purchase Maney Note in full, together with acerued but unpaid interest and all of Senior Lender's costs and fees thereunder in which case. Junior Greditior shall be entitled ta all of the rights and benefits of Senior Lerider thereunder.
(6) Notwithstanding any lien now Held or hereafter acquired by the Junior Creaditor, the Senior Greditor may take possession of, sell, dispose of, and otherwise deal with all or any part of the Property, and may enforce any right or remedy avalable to it with respect to the Owner or the Property, all without notice to or the consent of the Junior Creditor except as specifically required by applicable law or this Agreement. The Senior Creditor shall have no duty to preserve, protect, care for, insure, take possession of ${ }_{2}$ collect, dispose of, or otherwise realize upon any of the Preperty, except in accordance with applicable law (including the Arizona Uniform Commercial Code), and in no event shall fhe Senior Creditor be deemed the Junior Creditor's agent with respect to the Property. All proceeds received by the Senior Greditor yith respect to the Property, or any portion thereof, may be applied, first, to pay or reimburse the Senior Creditor for all costs and expenses (including reasonable attomeys' fees). Incurred by the Senior Creditor in connection with the collecffion of such proceeds, and, second, to any Senior Liabilities secured by the Senior Deed of Trust in any order thiat it may choose or as otherwise required by the Purchase Money Note or applicable law, and, third, to the Junior Liabilities.
(7) That, until the Senior Liabilities are paid in full, dunior Creditor agrees; except as expressly set forth herein, to not take any action or exercise any remedies under the Junior Deed of Trust or with respect of the Junior Liability or to carse Owner to voluntarily or involuntarily seek relief from its creditors, appointment of a receiver, liquidator or trustee for ali or a major part of its assets or file a pleading or answer in any praceeding admiting insolvency, bankruptay or lnability of pay its debts: as they mature.

Page 3 of $B$
752766.3
(9) That if: (a) there occurs any casuality to the buildings or improvements constructed on the Property that is covered by insurance; or (b) any portion of the Property is condemned or taken under'a power of eminent domain, Senior Creditor shall have the sole right, without ariy involvement or rights of Junior Creditor, to adjusf, collect and compromise, in its sole discretion, all insurance proceeds and comperssation and awards issued on account of such action.
(10) That the Recitals set forth above are incorporated by feference into the bady of the Subordination Agreement as if fully re-written herein.
(11) Nö addition to or modification of any term or provision of this Agreement shall be effective unless set forth in writing and signed by both Senior Creditor and Junior Creditor:
(12) That each of Senior Cfeditor and Junior Greditor and atomeys fot each such party have participated in thie drafting and preparation of this Agreement. Therefore, the provisions of flis Agreément shall not be construed in favor of or against either Senior Creditor or Juntior Creditor, but shall be construed as if beth Senior Creditor and Junior Creditor equally prepared this. Agreement.
(13) That this Agreement may be executed in counterparts, each of which shall constitute an original, but all of which together shall constitute a single agreement. The signature page of any counterpait may be detached therefom without impairing the legal effect of the signafure(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages execuited by the other party.
(14) That the laws of the State of Arizona applicable to contracts to be performed wholly within Arizona shall govern this Agreement.

NOTICE: THIS SUBORDINATION AGREEMENT CONTANS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO DBTAIN SPECIFIC CONSIDERATION, A PORTION OF WHICH'MAY BE EXPENDED, UTILIZED ANDIOR APPLIED FOR OTHER PURPOSES THAN THE IMPROVEMENT OF THE LAND.
(ALL SIGNATURES MUST BE ACKNOWLEDGED)
IT HS RECOMMENDED THAT, PRIOR TO THE EXECUTIONOF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH JHEIR ATTORNEYS WITH RESPECT THERETO.

## (Remainder of page intentionally blank.)

## SENIOR CREDITOR:

SELL WHOLESALE FUNDING, LLC, an Arizona limited liability company

By:
Printed Name:
Title: $\qquad$

STATE OF ARIZONA )
)ss.
Counity of Maricopa )
On $\qquad$ before me, the undersigned Notary Public, personally appeared $\qquad$ the of BELL WhiOLSALE, FUNDNG, LLC, an,Arizona imued labiuty company, personitly known to me (or proved to me th the basis of satisfactory evidences) to be the person(s) whose name(s) islaresubscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(lies) and that histher/fheir signature(s) of the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal,

My Commissien
Expires:

## JUNIOR CREDITOR:

DENSCO INVESTMENT CORPORATION, an Arizona corporation

By:
Denny J. Chittick, President

STATE OF ARIZONA )
jss.
County of Maricopa )
On
before me, the undersigned Notary Public, personally appeared Denny J. Chittick, President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, perșonally known to me (or praved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) islare subscribed to the withir instrument and acknowledged ta me that he/she/they executed the same in his/herftheir authorized capacity(fes) and that his/her/their signature(s) on the instrument the personis) or the entity upon behalf of which the person(s) acted, executed the insfrument

WITNESS my hand and official seal.

My Commission
Notary Public
Expires.

## AZBEN CONSENT

The undersigned AZZBEN LIMITED, L.L.C., an Arizona limited liability company, hereby consents to the foregoing Subordination Agreement between Sell Wholesale Funding, LLC, ant Arizonạ limitied liabilify company, as senior creditor, and Densco Investment Corporation, an Arizona corporation, as junior crediter, pertaining to the Land more particularly described on Exhibit " A " attacted hereto.

AZBEN LIMITED, L.L.C., an Arizona limited liability company

By:
Broc C. Hiatt, Manager

STATE OF ARIZONA )
jus.
Gounty of Mariçapa )
On before me, the undersigned Notary Public, personally appeared Broc C. Hiatt, Manager of AZBEN LIMITED, L.LC, an Arizona limited liability company; personally krowo to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that helshe/they executed the siame in hisher/their authorized capacity(ies) and that hisfmertheir signature(s) on the instrument the person(s) or the entity upon behalf of which the personf(s) acted, expeuted the instrument.

WITNESS my hand and official seal.

My Commission
Notary Public
Expires:

## EXHIBIT "A"

## Description of Property

Lot 176, of SUBDIVISION LINDSAY AND WARNER, according to the Plat of Record in the Office of the County Recorder of Maricopa County, Arizona, recorded in Book 610 of Mapss, Page 17.

APN: 309-25-432

## RECORDING REQUESTED

 BY AND WHEN RECORDED MAlL TO:GEARED EQUTY, LLC 6828 E. Camelhack Rd. Scottsdafe A Arizona $^{25251}$

## SUBORDINATION AGREEMENT


#### Abstract

NOTICE: THIS. SUBORDINATION AGREEMENT (THIS "AGREEMENT") RESULTS IN YOUR SECURTTY INTEREST UN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRUORITY THAN THE LIEN OF SOME OTHER OR LATER SEGURTHY INSTRUMENT.


THIS SUBORDINATION AGREEMENT ("Agreement"), made this $\qquad$ day of January 2014, by GEARED EQUITY, LLC, an Arizona limited liability Company (hereinafter referred to as "Senior Creditor'", whose mailing address is 6828 E. Camelback Rd., Phoenix, Arizona 85251, and DENSGO IAVESTMENT GORPORATION, an Arizona corporation (hereinafter referteid to as "Junior Creditor"), whosse maling address is 6132 W. Victoria Place; Chandler, Arizona 852\%6;

## WITNESSETH

THAT WHEREAS, Afizona Home Foreejosures; LLC; an Arizena limited liability company (hereinafter referred fo as "Owner"), is the owner of the lartd hereinafter described on Exhibit "A" aftached hereto and made a part hereof (the "Land" or the "Property"); and

WHEREAS, Owner, as mortgagor, executed a Mortgage ("Junior Mortgage") dated August 6, 2013, to and for the benefit of Junior Creditor, as morigagee, and recorded on August 6. 2013 at 12:46. p.m., as Instrument No. 2013-0717135 in the Records of Maricopa County, Arizona ("Records"), purporting to encumber the Länd, which Junior Mortgage purportedly secures paymert of the sum of $\$ 150,000.00$ ("Junior Liabilities") which might come due under or pursuant to a purported loan made by Junior Creditor to Owiner in such purported amount referenced in sald Junior Mortgage, When used herein, the term "Junior Morfgage" shall not only mean and refer to the Junior Mortgage stated above, wut alsa to: i) any re-recordation thereof; and ii) that certain Deed of Trust and AssIgnment of. Rents, of even date with. the Junior Mortgage ("Junior Deed of Trust"), made by Owner, as trustor, to Trustee Corps, as trustee, to and for the benefit of Juniar Creditor, as beneficiary, which Junior Deed of Trust was recorded Augus: 21, 2013 as listrument No. 2013-0760511 in the Records, and

WHEREAS, Owrier, as trustor, also executed that certain Deed of Trust and Assignment of Rents ("Seniof Deed of Trust") dated August 6, 2013, to Thomas C. Wilmer, Esq., as tustee, to and for the benefit of Senior Greditor, as benefielayy. which Senior Deed of Trust secures payment of a Promissory Note of Owner to Senior Creditor in the original stated principal amount of $\$ 152,800.00$ ("Parchase

$$
\text { Page } 1 \text { of } 7
$$

Money Note"), recorded August 7, 2013 at 12;42 p.m. as Instrument No. 2013-0721399 in the Records. Proceeds from the Purchase Money Note were used to pay, and represent, purchase money of and for the Property. When used herein, the term "Senior Deed of Trust" shall not only mean and refer to the Senior Deed of Trust, but also to the re-recordation thereof on August 22, 2013 as instrument No. 20130765233 in the Records. Capitalized terms not otherwise defined herein shall have the meanings given them in the Senior Deed of Trusti and

WHEREAS, Senior Creditor and Junior Creditor have futher agreed that the Jurior Liabilities secured by the Junior Mortgage are and sthall be subordinated to the Purchase Money Note and to other sums due and owing thereunder and under the Senior Deed of Trust follectively, fhe "Senior Liabilities"), all in accordance with the terms hereof; and

WHEREAS; Senior Creditor and Junior Creditor have further agreed that i) the Senior Deed of Trust, securing the Purenase Money Note and representing purchase money for the Land, is a lien or charge upon the Land prior and superior to the lien or charge of the Junior Mortgage, ii) that Junior Creditor will specifically and unconditionally subordinate the lien or charge of the Junior Mortgage to the lien or charge of the Senior Deed of Trust, and iii) that the Junior Liabilities secured by the Junior Mortgage are subordinated to the Senior Liabilities, all as more fully set forth herein below, and

WHEREAS, it is to the mutual benefit of the paries hereto that Senior Creditor not: i) take any formal action (which would entail time and expense and in Which Senior Crediter would prevail) to establish the first and prior nature of the lien of the Senior Deed of Trist; ii) institute mmediate action for foreclosure of the Senior Deed of Trust which might result in proceeds insufficient to defray bath the Senior liabilities and the Junior Liabilities (it being understood that Senior Creditor's forbearance in this regard is limited to Owner's default ("Owner's Recording Defatit') under the Sertior Deed of Trust occasioned by the existence of the Junior Deed of Tust and not to any other current or future defaults under the Senior Deed of Trust, including, without limitation, failure to pay at maturity or to perform any other terms and conditions of the Seniot Deed of Trust or the Purchase Money Note [herein, "Other Defaults"l); and iii) presently enforce the right of Senior Creditor to change interest at the default rate under the Senior Deed of Trust fit boing understood that such forbearance is limited to the effect of Owner's Recording Default and not to any Other Defautts) which would be in priprity to the Junior Liabilities, and Junior Creditor is willing to agree that the Senior Deed of Trust securing the Purchase Money Note shall constitute a lien or charge upon the Land whicfis unconditionally prior and superior to the lien of charge of the Junior Mortgage.

NOW, THEREFORE, in consideration of the mutual benefits accring to the parties hereto and other valuable consideration, the receipt and sufficiency of which consideration is hereby acknowledged, and in order to induce Senior Greditor to forbear from taking formal aetions to establish the lien priority of the Senior Deed of Trust to not institute: any foreclosure actions on account of Qwner's Recording Default and not presently enforce interest at he default mate due on the Purchase Money Note on account of Owner's Recording Default, it is hereby declared, understood and agreed as follows:
(1) That the Senior Deed of Trust securing the Senior Liabilities, and any remewals or extensions thereof, shall unconditionally be and remain at all times a lien of charge on the Land therein described, pripr and superior to the lien or charge of the Junior Mortgage.
(2) That this Agreement shall be the whole and only agreement with regard to the subbraination of the lien or charge of thie Junior Mortgage to the lien or charge of the Senior Deed of'Trust.
(3) That Senior Creditor may amend the Senior Deed of Trust or the Purchase Money Note in anly manner without the prior written consent of Junior Creditor. No renewal, modification or extension of time of payment of the Senior Liabilities, and no release or surrender of any security for the Senior Liabilities, or the obligations of any endorsers, sureties or guarantors thereof, or release from the terms of this or any other subordination agreement of any claims subordinafed, and no delay or omission in exercising any right or power an account of or in connection with the Senior Liabilities, or under this Agreement, shall, in

Page 2 of 7
any manner, impair or affect the rights and duties of Senior Creditor or Junior Greditor. Senior Creditor, in its uncontrolled discretion, may waive or release ariy right or option accorded. Setribr Gredifor unter this Agreement without the consent Junior Creditor, and without otherwise in any way affecting the obligations Juntor Creditor hereundet. Jumior Creditor hereby walves notice of the creation, existentee, renewal, modification or extension of the time of payment, of the Senior Liabilties.
(4) That Junior Creditor may not amend the Junlor Mortgage in any manner that would materially and adversely affect the Sentor Liabilities or the Properfy, maluding, without limitation, increasing the face amount of the Junior Liabilities, increasing the interest rate or any payment obligations under the Junior Liabilities, or expanding dunior Creditor's security interests and liens under the Junior Loan relating to the Property, without the prior written consent of the Senior Creditor. Junior Creditor shall give Senior Creditor written notice as well as copies of any suè amendments within five (5) business days after such documents have been executed by Junior Creditor.
(5) That Junior Creditor shall send to Senlor Creditor a written copy of any notices given to Owner regarding: (i) any default under the Junior Mortgage or Junior Liabilities; or (ii) any event, with the giving of such notice or the passage of time without cure, would result in a default under the Junior Mortgage or Junior Liabilities. Junior Creditor agrees that all such notices to Senior Creditar sball be sent contemporaneously with the sending of such notices to Owner. Senior Creditor shall send to Junior Creditior a wititen copy of any notices given to Owner regarding: (i) any default under any of the Purchase Money Note or the Senfor Deed of Trust or (ii) any event, with the giving of such notice or the passage of time without cure, would result in a default or Event of Default under either the Purchase Money Note or the Serior Deed of Trust. Senior Creditor agrees that all such notices to Junior Creditor shall be sent confemporanieously with the sending of such notices to Owner. Senior Creditor and dunior Creditor shall each have the right, but not the obligation, to cure any default by Owner under the Junior Mortgage, on orie hand, or the Purchase Money Note or the Seriop Deed of Trust, on the other hand, and respectively. In addition, at any fime and from time to time, Junior Creditof, at its option, shall have the rigfit to fully repay the Purchase Money Note in full, together with abcrued but unpaid interest and all of Senior Lender's costs and fees thereunder, in whith. ease duniot Creditor shafl be, entitited to all of the rights and benefits of Senior Lender thereunder.
(6) Notwithstanding any lien now held or hereafter acquired by the Junior Creditor, the Senlor Creditor may take possession of sell, dispase of, and etherwise deal with all of any part of the Property, and may enforce any rigbt or remedy available to if with respect to the Owher or the Property, all without notice to or the consent of the Jumior Creditor except as specifically required by applicable law or this Agreement. The Senior Creditor shall have no duty to preserve, protect, care for, insure, take possession of, collect, dispose of, or otherwise realize upon any of the Praperty; except in accerdance with applicable law (including the Arizona Uniform Commercial Code), and 'm no. event shall the Sentor Creditor be deemed the Junier Greditor's agent with tespect to the Property. All proceeds received by the Senior Creditor with respect to the Proplety, or any portion thereof, may be applied, first, to pay or reimburse the Senior Creditor for all cossts and expenses (inclading reasoriable attomeys' fees) incurred by the Senior Creditor in connection with the collection of such proceeds, and, second, to any Senior Liabilities secured by the Senior Deed of Trust in any order that it may choose or as otherwise required by the Purchase Money Note or applicable law, and, third, to the Junior Liabilities.
(7) That, until the Seniar Llabinities are paid in full, Junior Greditor agrees, except as expressly set forth herein, to not zake any action or exercise anz remedies under the Junior dxeed of Trust of with respect of the Junder Liability or to cause Owner to voluntarily or inyoluntarily seek relief from its creditors, appointment of a receiver, liquidator or trustee for all or a major part of its asséts or file a pleading ór answer in any proceeding admitting insolvericy, bankruptey or inability of.pay its detts as they mature.
(9) Thaf if: (a) there oceurs any casualty to the buildings or improvements construcfed on the Property that is covered by insufance; or (b) any pertion of the Property 's coridemined or taken under a power of eminent domain, Senior Credifor shall have the sola right, withoiut any involvement or rights of Junior creditor. to adjust, collect and compromise, in its sole discretion, ail insurance proceieds and eompensation and awards issued on account of such action.

Page 3 of 7
752956,1
(10) That the Recitals set forth above are incorporated by reference info the body of the Subordination Agreement as if fully re-writen Kereint:
(11) No addition to or modification of any terim of provision of this Agreement shall be effective unless set forth in writing and signed by both Senior Greditor and Junior Creditor.
(12) That each of Senior Creditor and Junior Creditor antd attorneys for each such party have participated in the drafting amd preparation of this Agreement. Therefore, the provisions of this Agreement shall not be construed in favor of or against either Senior Creditor or Junior Creditor, but shall be construed as if both Senior Credifor and Junior Creditor equally preppared this. Agreement.
(13) That this Agreement may be executed in counterpatts, each of which shall constitute an original, but all of which together shall constitute a single agreement The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by the other party.
(14) That the laws of the State of Arizona applicable to contacts to be performed wholly within Arizona shanl govern this Agreement.

# NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN SPECIFIC CONSIDERATION, A PORTION OF WHICH MAY BE EXPENDED, UTILIZED ANDIOR APPLIED FOR OTHER PURPOSES THAN THE IMPROVEMENT OF THE LAND. 

## (ALL SIGNATURES MUST BE ACKNOWLEDGED)

IT IS RECOMMENDED THAT PRIOR TQ THE EXECUTION OF THIS SUBORDINATION AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT THERETO.

## (Remainder of page intentionally blank.)

## SENIOR CREDITQR:

GEARED EQUITY, LLC, an Arizona limuited liability company:

By:
Printed Name:
Title: $\qquad$

STATE OF ARIZONA )

Jss.
County of Maricopa
)
On $\qquad$ before me, the undersigned Notary Public, personnally appeared $\qquad$ the of GEARED EQUITY, LLC, ar Arizona linited liabiitity company, personally known to me for proved to me on the basis of satisfacfory evidence) to be fhe persion(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/shelthey executed the same in his/her/their authorized capacity(ies) and that his/herftheir signature(s) on the instrument the perison(s) or the entity upon behalf of whith the personi(s) acted, executed the instrument.

WITNESS my hand and official seal.

My Commission
Expires:
Notary Public

## JUNIOR CREDITOR:

## DENSCO INVESTMENT CORPORATION, an Afizona corporation

By:
Denny J. Chittick, President

STATE OF ARIZONA I
jss.
County of Maricopa )
On
before me, the undersigned Notary Public, personally appeared Denny J. Chittick, President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, persorially known to me for proved to me on the basis of satisfactory evidenice) to be the person(s) whose name(s) is/ate subseribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that this/her/their signature(s) on the itstrument the person(s) or the entity upon behalf of which the propson(s) acted, exeeuted the instrument.

WHINESS my hand and official seal.

My Comimission
Expires:

## EXHIBIT "A"

## Description of Properity

Lat 218, of Anthem - Unit 55, According to the Plat of Record in the Office of the County Recorder of Maricopa County, Arizona, Recorded in Book 665 of Maps, Page 30. EXCEPT therefrom all goal, oil, gas and other mirieral deposits, as reserved in the patent to the land.

APN: 211-93-218

## Exhibit No. 87



## Exhibit No. 88

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OFFICIAI RECORDS OF MARICORA COUNTY RECORDER
HELEN PURCEL.L 20130833010 09/17/2013 09:50 PAPER RECORDING
```



977 S Colonial Dr, Gilbert, AZ 85296
PROPERTY in Maricopa County, Arizona, described as (the "Real Property"):
See Exhibit A attached hereto and by this reference incorporated herein.
This Deed of Trust is made among Trustor, Beneficiary and Trustee who agree as follows:

1. Grant and Conveyance. For value received, Trustor irrevocably grants, conveys and assigns to Trustee in Trust, with power of sale, the Real Property, together with: (a) all buildings, structures, improvements, fixtures and built-in equipment and appliances now or hereafter placed thereon; (b) all present and future leases and all subleases executed with respect to the Real Property; (c) all rents, issues, profits, revenues and income thereof including all revenue, gross or net receipts, payments, and income derived from any business activity conducted by or on behalf of Trustor on the Real Property ("Property Income"); (d) all easements, licenses, rights, minerals, oil and gas, appurtenances, abandoned or vacated streets, alleys and rights-of-way, privileges and interests now or hereafter attached to or used in connection with the Real Property; (e) all policies of insurance on the Real Property and/or personal property located on the Rcal Property (the "Personal Property") and proceeds thereof and all awards and proceeds of any condemnation or like proceeding affecting the Real and/or Personal Property; (f) all water, drainage, irrigation and electrical or water user's rights appurtenant or related to the Real Property (hereafter together with the Real Property and any Personal Property, collectively referred to as the "Property"). All components of the Property are
deemed encumbered hereby as an entity and are declared to be part of the real estate whether or not physically attached to the Real Property.
2. Obligations Secured. This Deed of Trust secures: (a) payment of all indebtedness evidenced by the Secured Promissory Note of Trustor to Beneficiary, dated as of the Effective Date (as defined below), in the face amount of $\$ 144,080.00$, interest and charges thereon and all extensions, madifications and renewals thereof (the "Note"); (b) payment of all other sums advarced hereunder to protect the security of this Deed of Trust with interest thereon; (c) performance of all agreements and obligations of Trustor hereunder, in the Note or in any other instrument securing the same; and (d) all other or future loans and advances by Beneficiary to Trustor which are or shall be secured hereby (collectively, the "Obligations Secured").
3. Additional Payments. Trustor shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, and leasehold payments or ground rents, if any. Trustor shall promptly furnish to Beneficiary all notices of amounts to be paid under this paragraph. Trustor shall promptly furmish to Beneficiary receipts evidencing the payments that were made.
4. Warranties. Trustor represents, warrants and covenants that: (a) Trustor holds fee title to the Real Property, free and clear of all liens, encumbrances and other title exceptions except those approved by Beneficiary; (b) Trustor shall defend the title to the Property against all claims and demands, subject to the approved exceptions; (c) any greater title to the Property hereafter acquired by Trustor shall be subject hereto; (d) this Deed of Trust is free from all homestead, valuation and exemption rights and benefits whatsoever, which Trustor hereby waives; and (e) this Deed of Trust constitutes a first priority lien and encumbrance against the Property. As a condition to making the loan describedin this Deed of Trust, Truster, at its expense, shall provide Beneficiary with an ALTA extended coverage lender's policy of title insurance in an amount acceptable to Beneficiary naming Beneficiary as insured and insuring that this Deed of Trustis a first priority lien against the Property subject only to such matters as are approved by Beneficiary, all in Beneficiary's sole discretion. The lender's policy of title insurance shall include such endorsements as Beneficiary may require.
5. Payment of Obligations Secured. Trustor shall pay when due and before delinquency: (a) all Obligations Secured hereby; (b) all liens, taxes, assessments, fines, impositions and charges of every type or nature affecting the Property; (c) all premiums to maintain insurance required hereunder in force; (d) all rents or charges for water, water delivery, sewer, gas, electricity, telephone and other utilities and services, waste removal, bills for repairs, and assessments on water stock in any way related to the Property; (e) all costs, fees and expenses of this Trust including, without limitation, all fees of Trustee, reasonable attorneys' fees, title fees and all other costs and expenses incurred by Beneficiary or Trustee; and ( f ) all property owners association dues or assessments, if any.
6. Other Encumbrances. Trustor shall pay or perform before delinquency all obligations under any prior or subordinate mortgage, deed of trust, agreement of sale or any other lien or encumbrance (an "Encumbrance"). If any such Encumbrance shall be in default by reason of nonpayment of principal or interest, or any part thereof, or for any other reason, Beneficiary may cure
such default without notice, and the cost of curing such default, with interest at the highest lawful rate then payable by Trustor under Arizona law, or if no such limit then exists, at the "Default Interest Rate" specified in the Note, from the time of the advance or advances therefor, shall be added to the Obligations Secured and may be collected from Trustor upon demand at any time after such advance or advances are made, and the holder of the Note and Deed of Trust shall be subrogated to the rights of any lienholder so paid. Immediately upon receiving any knowledge or notice of any default or claimed default under any Encumbrance, Trustor shall give written notice thereof to Beneficiary and shall give to Beneficiary immediately upon receipt thereof a true copy of each and every notice, summons, legal' process, legal paper or other communication relating in any way to any Encumbrance or to the performance or enforcement thèreof, or to any default thereunder. - If payment of all or any part of principal or interest secured by any such Encumbrance shall not be made at the time specified therein, then regardless of any postporiement, extension, indulgence or forgiveness thereof which may be agreed to or acquiesced in by the holder of the Encumbrance, a sum equal to the amount of such principal or part thereof shall immediately become due and payable in reduction of the Obligations Secured; provided, however, that nothing herein contained shall be deemed or construed to entitle the owner or holder of this Deed of Trust to any payment in excess of the sum hereby secured and interest thereon. If the principal amount due secured by any Encumbrance which is superior in lien priority to this Deed of Trust is increased over the amount of its unpaid principal as it exists on the date hereof, then upon Beneficiary's demand a sum equal to the amount of such increase shall immediately become die and payable in reduction of the Obligations Secured.
7. Preservation of Property; Leaseholds. Trustor shall keep the Property in good condition and repair and shall not commit waste or permit impairment or deterioration of the Property, and shall not remove or demolish any improvements on the Property without Beneficiary's prior writtef consent. Trustor shall repair, restore or construct in a workmanlike manner any improvements on the Property that are damaged or are being altered or constructed and pay when due all claims for labor performed and materials furnished therefor. Trustor shall perfect and maintain all water, power and any other rights appurtenant to the Real Property. Trustor shall ensure compliance with all laws, regulations, ordinances, covenants, conditions and restrictions applicable to the use and occupancy of the Property and take all other actions concerning the Property that any prudent owner would take. Trustor agrees to comply with the provisions of any lease affecting the Property.
.. 8. Protection by Trustor. Trustor shall defend, at Trustor's expense, any action or proceeding purporting to affect Trustor's interest in the Property or the liens, rights or powers of : Beneficiary or Trustee, or the rights and powers of Beneficiary or Trustee, or seeking to impose any liability on Beneficiary or Trustee because of any act or omission of Trustor Trustor shall and does hereby agree to indemnify and hold Beneficiary and Trustee harmless from any such action or proceeding.
8. Protection by Beneficiary or Trustee; Reimbursement. Beneficiary or Trustee or both of them are authorized at their election to appear in and defend any action or proceeding purporting to affect the Property or the liens, rights or powers of Beneficiary or Trustee; to pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or inferior hereto; and, in exercising any such powers, to pay necessary expenses, employ
-3-
counsel, and to pay counsel's reasonable fees and costs. Without obligation to do so, Beneficiary or Trustee may further pay any amount or perform any obligation that is required of Trustor hereunder or take any other action or incur any other expense to protect the Property and the security hereof. All amounts so paid or expenses so incurred shall bear interest at the highest lawful rate permitted under applicable law, or if no such limit then exists, at the "Default Interest Rate" specified in the Note; and shall be secured by this Deed of Trust as a lien ontthe Property. Unless otherwise agreed, * süch amounts or expenses with interest shall be payable upon notice to Trustor requesting such - payment: Beneficiary shall be subrogated to the lien of eany other encumbrance discharged hereunder, notwitbstanding any release of record of the same. NeitherBeneficiarynor Trustee shall - be obligated to perform or discharge any obligation or duty to be performed or discharged by Trustor under any lease, declaration or covenant. Trustor shall and does hereby agree to indemnify and hold Beneficiary and Trustee harmless, including, without limitation, the duty to defend, from any and all liability arising from or under any lease; declaration or covenant: Neither Beneficiary-nor Trustee shall have any responsibility for the Property or liability on account thereof to any lessee, invitee, association or any other person or entity:
9. Property and Casualty Insurance. Trustor shall keep all buildings and improvements located on the Property and all improvements thereafter erected on the Real Property insured against loss by earthquake, fire, hazards included within "special form insurance, $\mathrm{f} / \mathrm{k} / \mathrm{a}$ all risk insurance" and such:other hazards, in an amount not less than the full replacement cost thereof. In the event that there shall be a dispute as to the amount which comprises full replacement cost, the decision of : Beneficiary shall control. Trustor shall also insure all fixtures and Personal Property encumbered hereby-against the same loss hazards in an amount acceptable to. Beneficiary. In the event of loss, all .property and casualty insurance proceeds shall be payable to Beneficiary and shall be applied by Beneficiary in such manner as Beneficiary chooses in its sole and absolute judgment and discretion. Any such applieation shall not cure any default hereunder or prevent Beneficiary from pursuing any :of.its remedies. If the Real Property is licated in whole or:in part in a flood hazard area as designated by the appropriate govermment entity, Trustor shall procure and keep in force such:flood insurance as may be required to meet any applicable requirements of federal state or local laws or ordinances.
10. Liability Insurance. In addition to the insurance required to be maintained under Section 10 above, Trustor shall maintain in effect commercial general liability insurance coverage, including personal injury, bodily injury (including wrongful death), contractual liability and broad form property damage, with the following limits: (a) general aggregate, not:less:than $\$ 500,000.00$; and (b) per occurrence combined single limit--not less than $\$ 500,000.00$ and with only such deductibles as Beneficiary may approve. Beneficiary shall have no obligation, duty or liability as to the adequacy of such amount of insurance. Such liability insurance policy shall provide that the insurance cannot be invalidated as to the interest of Beneficiary by any act or negligence of any person owning the Property, by foreclosure or other proceedings or notice of sale or by any change in the title or ownership of the Property or by occupation of any insured structures for purposes more hazardous than permitted by such policies.
11. Insurance-Generally. Prior to closing the loan, all insurance policies required by this Deed of Trust shall be issued by companies acceptable to Beneficiary, shall be on an "occurrence" and not on a "claims made" basis, shall be on forms which are acceptable to Beneficiary and shall
recite Beneficiary's interest as mortgagee in a standard non-contributory mortgage clause effective as of the closing date or shall name Beneficiary as an additional insured. All such insurance shall be maintained until the Note has been paid in full without cost to Beneficiary and evidence thereof shall be provided to Beneficiary within five days following the Effective Date. Such insurance shall also "contain such other provisions" as Beneficiary may deem necessary or "desirable to protect -Beneficiary's interest and which are customarily issued by insurance companies; including, without - limitation; aprovision for 30 -day prior written notice to Beneficiary of cancellation or any change in - the:risk or eoverages insured. In the event of loss;-Trustor shall give prompt notice to the insurance carrier and to Beneficiary. Beneficiary may make proof of loss if not made promptly by Trustor: Anyapplication or release of any tisurance proceeds hereunder shall not cure or waive any Event of Default or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice.
12. Condemnation. Any award of damages in connection with any condemnation or taking of or for injury to any of the Property by reason of public use or for damages for private trespass or injury thereto is assigned in full and shall be paid to Beneficiary as further security for all Obligations Secured (reserving to Trustor, however, the right to seek recovery for any losses incurred, subject to this Deed of Trust). Upon receipt of such monies Beneficiary may hold the same as further security, or apply the same to the payment of the Obligations Secured or release all or a portion thereof to Trustor for the repairing or restoring the remainder of the Property.
13. Inspection. Subject to the rights of tenants under leases, Beneficiary may make or cause to be made reasonable entries upon and inspections of the Property at any time without notice to Trustor.
14. Other Documents. Trustor shall execute and deliver, in recordable form if requested, such further instruments and do such further acts as may be necessary or desirable or as may be reasonably requested by Trustee or Benefieiary to carry out more effectively the purposes of this Deed of Trust and to subject to the lien created hereby any properties, rights and interests covered or intended to be covered hereby.
15. Due on Sale, Transfer or Encumbrance. Trustor will not sell, transfer, lease, encumber, convey or in any manner dispose of the Property, or any patt thereof or interest therein, without the prior written consent of Beneficiary, which may be given or withheld in Beneficiary's sole diseretion. It shall be deemed a disposition if Trustor is dissolved or if Trustor is a corporation,: partnership or limited liability company and the controlling interest of such corporation; partnership zor company is sold or transferred, or if Trustor is a trust and there is a change of beneficial interest with respect to the Trust. In the event of a breach of this covenant, at its option, Beneffciary may declare all sums secured by this Deed of Trust to be immediately due and payable and avail itself of any and all remedies provided herein upon an Event of Default. Beneficiary shall upon request be provided with adequate and complete information concerning the buyer, transferee, lessee, lender and the proposed transaction. Unless required by law, if Beneficiary consents to any such transaction or to assumption of the loan secured by this Deed of Trust, Trustor shall not be released from any obligations hereunder or under the Note. Consent to any such transaction shall not be deemed to be consent or waiver of the necessity of consent to any other, future or successive transactions.
-5-
16. Default. Any of the following shall be an "Event of Default" or a default under this Deed of Trust, to the extent permitted by law: (a) Trustor fails to pay on time any monies due and payable under the Note or any other document executed in connection with the Loan secured hereby; (b) Trustor breaches any warranty, covenant or provision hereof or of any other instrument or agreement executed as a part of this transaction; (c) Trustor becomes insolvent or ceases to downan . . business as a: going cencerm; (d) Trustor abandons all or any part of the Property; (e)Trustor: voluntarily files any petition or:case under ariy state insolvency law or any Federal Bankruptcy Code; (f) an involuntary petition or case is filed against Trustor under any state insolvency:law or any Federal Bankruptcy Code and the petition remains pending for more: than 60 days or the court in which suck petition is pending approves it or Trustor is adjudicated a bankupt of becomes a debtor or debtor in possession in any such proceeding. (g) upon the institution of legal proceedings to enforce any Encumbrance upon the Property, or any portion thereof, or if the Property be attached or levied upon by any execution, attachment, tax levy-or other writ which is not removed orbonded in a. manner. acceptable to Beneficiary within 30 : days thereof, (h) a receiver, trustee, assignee, conservator; fiscal agent or liquidator be appointed for Trustor or forall or any part of the Property; (i) Trustor shall breach its covenants and agreements concerning sale, transfer or encumbrance of the Property', (j) Trustor shall make an assignment for the benefit of creditors generally; (k) Trustor fails timely to observe or perform any covenants or conditions in any lease of the Property to be performed by Trustor and such failure is not cured prior to the expiration any applicable notice and cure periods; or (l) a default of "Event of Default" occurs under the Note or any other documents that now or in the future secure the Note: :
$\therefore$ 18. Remedies. Upon the occurrence of an Event of Default, without further notice, Beneficiary may declare all sums secured hereby to be immediately due and payable in full, and may accelerate all such indebtedness, and Beneficiary shall have the right to cause.Trustee to sell the Property or any part thereof as set forth herein'and as provided. by applicable law. To invoke the power of sale hereunder, Beneficiary or its.agent shall record a Notice of Default in the official records of Maricopa County, Arizona. Trustee shall thereafter record and give notice of Trustee's sale in the manner required by law and, after the lapse of such time as may then be required by law, Trustee shall sell the Property in the manner required by law at public auction at the time and place fixed by it in such notice to the highest bidder for cash in lawful money of the United States, payable at the time provided by applicable law or by a credit bid of Beneficiary. Trustee in its discretion may postpone or continue the sale from time to time and from place to place by giving notice of postponement or continuance by public declaration at the time and.place last appointed for the saler: Trustee:shall:deliver to:any-purchaser its'deed conveying the Property so sold, but without any covenant or warranty, expressed or implied. Any person, including Trustor, Trustee or Beneficiary, may purchase the Property at such sale. The purchaser at the Trustee's sale shall be entitled to immediate possession of the Property as against Trustor, Trustee or other persons in possession and shall have a right to the summary proceedings to obtain possession provided in A.R.S. Section 121171, et seq, or otherwise, together with costs and reasonable attorneys' fees. Each provision of law relating to deeds of trust is and shall remain applicable to the respective rights and obligations of Trustor, Beneficiary and Trustee, and no term or provision hereof shall limit or restrict such rights or obligations. The omission of any express provision restating the applicable law herein shall not constitute or render the same inapplicable or waive the same. All provisions of the State of Arizona relating to deeds of trust are incorporated by reference herein. After deducting all costs, fees and
expenses of Trustee and of this trust, including the cost of any environmental assessment or study and the cost of evidence of title in connection with any Trustee's sale and reasonable attomeys' fees of Beneficiary and Trustee, Trustee shail apply the proceeds of sale to payment of all sums then secured hereby and all other sums due under the terms hereof, with accrued interest; and the remainder, if any, to the person or persons legally entitled thereto. In lieu of sale pursuant to the power of sale conferred hereby; this Deed of Trust'may be foreclosed in the same manner provided by law for the foreclosure of mortgages on real property". : In any sueb judicial foreclosure, Beneficiary shall recover its reasonable attomeys'sfees together with all costs and expenses; includirig, without limitation;, all court costs; experts' fees, cost of evidence of title and cost of any environmental survey or study: Beneficiary shal have allirights and remedies available to it hereundes and at law or in equity, and alls remedies shall be cumulative and may be pursued concurrently or consecutively to the extent permitted by law.
17. . Assignment of Rents. As additional security, Trustor hereby absolutely assigns, gives to and confers upon Beneficiary the right; power and authority, during the continuance of this Trust, to collect and retain the Property Income, reserving to Trustor the right, prior to the occurrence of an Event of Default by Trustor in payment of' any' Obligation Secured or in performance of any agreement hereunder, to collect and retain such Property Income as it becomes due and payable. Upon the occurrence of an Event of Default Beneficiary may at any time, without notice, either by person, agent or a receiver to be appointed by a court, and without regard to the adequacy of any security for the Obligations Secured or the solvency of the Trustor, enter upon, take possession of and manage the Property or any part thereof, in his own name sue for or otherwise collect such Property Income, including that past due and unpaid, and apply the same to costs and expenses of operation and collection including receiver's fees and reasonable attorneys' fees of Beneficiary and Trustee and uponany Obligation Secured; in such order as'Beneficiary may determine. The entering upon and taking possession of the Property;'.the collection of such Property Income, and the application: there of as aforesaid, shallnot.cure or waive any Event of Default:or notice of Trustee's sale hereunder or invalidate any act done pursuant to such notice. Benefieiary expressly shall have all rights provided for in A.R. S. Sections 33-702B and 33-807 or such similar provisions as may be. enacted hereafter. Notwithstanding the foregoing or anything else contained herein, Trustor shall not lease, rent, or offer for lease or rent the Property without Beneficiary's prior written approval, which approval may or may not be given in Beneficiary's sole discretion.

 $\because$,
18. . Appointment of Receiver: After the occurrence of an:Event of Default, ifany form of suit is commenced, Trustor agrees that:a, receiver may be appointed upon the application of Beneficiary to take charge of the Property and to do such things as shall be authorized by the court, and that all costs and expenses of the receiver or of the-receivership, less any Property Income collected by such receiver, together with such receiver's own compensation, shall be secured by this Deed of Trust. Beneficiary's right to a receiver shall be absolute and unconditional once an Event of Default occurs, and such receiver may be obtained in an action to appoint such receiver, in any judicial foreclosure, any suit for specific performance or in any other lawsuit to enforce this Deed of Trust in any manner.
19. Modification; Forbearance; Nonwaiver; Waiver of Jury Trial. At any time or from time to time, without liability therefore and without notice, upon written request of Beneficiary,

Trustee may reconvey without warranty any part of the Property，consent to the making of any map or plat thereof，join in granting any easement thereon or in any extension agreement or agreement subordinating the lien or charge hereof．Such actions shall not affect the priority of this Deed of Trust over any other Encumbrance unless expressly so intended and stated in writing．Time is of the essence hereof．Acceptance of payment of money after its due date－shall not constitute any waiver under this Deed．of Trust，the Note or Beneficiary＇s righttorequire prompt payment of all：other sums when due．No extension of time for payment or renewal of Obligations Secured shall affect the lien or prioxity of this Deed of Trust．The taking by Beneficiary：of any other collateral for the Obligations Secured hereby shallin no way affect or impair the lien orpriority of this Deed of Trust， and Beneficiary may resort for the payment of the：Obligations Secured to its several：securities in


－シン． any．remedy or right hereunder shall not be a waiver of or preclude the subsequent exercise of any sucheremedy or right．Trustor hereby waives trial by jury in any litigation arising out of or in any way related to or connected．with the loan secured hereby or this Deed of Trust to the fullest extent permitted by applicable law．

22．Notice．Except for－any notice required under applicable law to be given in another manner，（a）any notice to Trustor provided for in this Deed of Trust shall be given by mailing such notice by certified mail，return receipt requested，addressed to Trustor at the above address or at such other address as Trustor may designate by Request for Notice delivered to Beneficiary as provided herein，and（b）any notice to Beneficiary shall be given by certified mail，return receipt requested，to Beneficiary＇s address stated herein or to such other address as Beneficiarymay designate by notice to Trustor as provided herein．Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given in the manner designated herein．Unless a Request for Notice is recorded as provided by law，notice of any Trustee＇s sale shall：be sent solely to Trustor＇s address set forth herein．：

23．Parties Bound；Sole Discretion．This Deed of Trust applies to，inures to the benefit of and binds all parties hereto，their heirs，legatees，devisees，personal representatives，administrators， executors，successors and assigns．The term＂Beneficiary＂shall mean the owner and holder of the Note secured hereby whether or not named as Beneficiary herein．．Inthis Deed of Trust，whenever the context so requires，the masculine gender includes the feminine and neuter and conversely and the singular number includes the plural and conversely The term＇s ${ }^{2}$ Tritstors＇s shall mean all persons named as ．Trustor herein，whether one or more，and Trustor＇s obligations shall be joint and several． ＂Trustee＂shall include all successor trustees．Any Trustor that has signed this Deed of Trust as a surety or accommodation party or that has subjected its property to this．Deed of Trust to secure the debt of another expressly waives the benefits of A．R．S．Sections 12－1641，12－1642 and 44－142 and Ariz．R．Div．P．17（f）or such similar provisions as may be enacted or adopted hereafter．

24．Trustee．Trustee accepts this Deed of Trust when this Deed of Trust，duly executed and acknowledged，is made a public record as provided by law．Trustee may，but is not obligated to， notify any party hereto of any pending sale under any other Deed of Trust or of any action or proceeding in which Trustor，Beneficiary or Trustee shall be a party，unless brought by Trustee． Beneficiary may appoint a successor Trustee in the manner prescribed by law．Trustor and

Beneficiary authorize Trustee, in the event any demand or notice is made or tendered to it concerning this Trust or the Property, to hold any money and documents and to withhold action or performance until an action shall be brought in a court of competent jurisdiction to determine the rights asserted or the propriety of the demand, notice or action requested and Trustee shall be without liability or responsibility for awaiting such court action. A successor Trustee herein shall, without conveyance from the predecessor Trustee, succeed to all its predecessor's title, estate, rights, powers and duties. Trustee may resign at any time by mailing or delivering notice thereof to Beneficiary and Trustor and, having 'so resigned, shall be relieved of all further liability and responsibility to Trustor,* Beneficiary or otherwise hereunder. Trustee shall not be liable for any action taken in its discretion and in good faith or upon advice of counsel or upon'any information supplied or direction given by Beneficiary.
$\because 25 . \because \quad \because$ Reconveyance, Upon payment of the Obligations Secured, Beneficiary shall request Trustee to reconvey the Property and shall deliver proof of payment or satisfaction of the Note and Obligations Secured hereby to. Tristee. Trustee shall reconvey the Property without warranty to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation and the release fees of Trustee, if any.
26. Goveming Law; Severability. This Deed of Trust shall be gaverned by and construed in accordance with the internal substantive laws of the State of Arizona (without regard to choice of law principles). The foregoing sentence shall not limit the applicability of federal law to this Deed of Trust. If any provision orclause of the Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note that can be given effect without the conflicting provision, and to this end the provisions of this Deed of Trust and the Note are declared to be severable... :
27... Integration. This instrument, together with the Note and any other contract, instrument or agreement executed by Trustor and/or Beneficiary or any other entity which now or at any time, secures the Note, constitutes the entire understanding of the parties, each of whom has been, or has had the opportunity to be, represented by counsel of each party's choosing, and have been bargained for and are negotiated agreements that set forth the entire agreement with respect to the terms: thereof and there are no. oral or written statements, representations, agreements or understandings which modify, amend or vary, or purport to modify, amend or vary any of the terms of such documents.
28. Deed of Trust Intended. Notwithstanding any provision hereof to the contrary, the parties intend that this document constitute security for the payment and performance of the Obligations Secured as provided elsewhere herein, and shall be a "deed of trust" as defined in A.R.S. Section 33-801. If despite that intention a court of competent jurisdiction shall determine that this document does not qualify as a "deed of trust" or "trust deed" within the meaning and purview of Chapter 6.l, Title 33, Arizona Revised Statutes, then, $a b$ initio, this instrument shall be deemed a realty mortgage under A.R.S. Section 33-702, and shall be enforceable as such, the Trustor shall be deemed a "mortgagor," the Beneficiary shall be deemed a "mortgagee," the Trustee shall have no capacity but shall be disregarded and all references to the "Trustee" herein shall be deemed to refer to the "mortgagee" to the extent not inconsistent with interpreting this instrument as though it were a
-9-
realty mortgage. As a realty mortgage, Trustor as mortgagor shall be deemed to have conveyed the Property ab initio to the Beneficiary as mortgagee, such conveyance as a security to be void upon condition that Trustor pay and perform all its Obligations Secured hereby.
29. Environmental Matters.
29.1 Trustor's Coxenants. Trustor covenants to comply with all Environmental Laws with respect to the Property and the future use and occupancy of the Property: Trustor shall not use, handle, store or dispose of any Regulated Substances in, on, under; at or about the Property. except in compliance with all applicable Environmental Laws.
29.2 Trustor's Indemnity. Trustor shall and hereby does indemnify; defend (with counsel reasonably approved.by Beneficiary) and hold Beneficiary harmless'from and against any arrd all claims, judgments, suits, causes of action; administrative claims, damages, penalties, fines, liabilities, losses and expersies:(including, withaut limitation, investigation and clean-up costs, attorneys' fees, consultant fees and court costs) that arise as a result of the breach of any of the $\therefore$ obligations and covenants set forth in the Section 30.1 above, and/or any presence, spill, discharge, release, threatened release, cleanup or contamination of or by any Regulated Substance in, on, at, under, about or from the Property.
29.3. Definitions. For the purposes of this Deed of Trust: :(a) "Environmental "Law" shall mean any federal, state or local environmental or health or safety law, regulation or rule, including, without limitation, any judicial ore administrative' statement of general or specific applicability; and (b) "Regulated Substance"shall mean any substance, material or.waste regulated. by any Environmental Law.
30. ... Execution. This Deed. of Trust may be executed in counterparts; each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The partially executed signature page of any counterpart of this Agreement may be attached to any other partially executed counterpart of this Agreement without impairing the legal effect of the signature(s) on such signature page.
31. Authority. The undersigned person or entity signing on behalf of Trustor hereby representsand warrants to Beneficiary that such person/entity has full power and authority to acton. behalf of and bind Trustor.
32. Assignment. The Note; or a partial interest in the Note (together with this Deed of Trust) may be sold or assigned one or more times without notice to Borrower. A sale or assignment may result in the change of the person'who collects monthly payment due under the Note and this Deed of Trust. Trustor agrees that if the Note is sold or assigned pursuant to this section, Trustor may be required to pay reasonable fees for servicing the Note.
33. No Other Apreements. Trustor shall not record or allow to be recorded against the Property any agreements, options or other matters without Beneficiary's prior written consent, which may be given or withheld in Beneficiary's sole discretion. As a condition to any such consent,

Beneficiary may require that the parties to any such agreement, option or matter execute and record a subordination agreement in a form acceptable to Beneficiary in its sole and absolute judgment and discretion.
$\because 5$
$\therefore \therefore$ "
Dated to be effective as of September 16,2013, (the "Effective Data.").


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## EXHIBIT A

## Legal Descriotion of the Property

LOT 176, Of LINDSAY AND WARNER, According to the Plat of Record in the Office of the County Recorder of Maricopa County, Arizona, Recorded in Book 610 of Maps, Page 17.

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## Exhibit No. 89

# OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER HELEN PURCELL 20130832534 09/17/2013 08:32 ELECTRONIC RECORDING 

When recorded, mail to:

DenSco Investment<br>6132 W. Victoria Place<br>Chandler, AZ 85226

4579RM-1-1-1-Hoyp


MORTGAGE
September 16,2013
The undersigned borrower ("Borrower") acknowledges receipt of the proceeds of a loan from DenSco Investment Corporation ("Lender") in the sum of $\$ 140,000.00$, as evidenced by check payable to: First American Title Ins Co ("Trustee"). The loan was made to Borrower to purchase the Real Property legally described as: Lot 176, Subdivision Lindsay and Warner, according to the plat Book 610, of Maps, Page 17, in the plat record in the Recorder's Office of Maricopa County, Arizona. Address: 977 S Colonial Dr., Gilbert, AZ 85296 At a trustee's sale conducted by Trustee, which took place on September 13, 2013, Borrower became the successful purchaser with the highest bid, and the loan is intended to fund all or part of the purchase price bid by Borrower at such trustee's sale.

Borrower has promised to pay Lender or assignee the full amount of the loan, with interest at the rate of $18 \%$ per annum from the date of this Receipt until paid in full, such amounts to be due and payable in full based on due date from promissory note.

Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the loan. The undersigned principal of Borrower (who shall derive benefits from the loan, in order to induce Lender to extend the loan to Borrower) hereby irrevocably and unconditionally guarantees and promises to pay to Lender upon demand the fuil loan amount and all other sums payable or to become payable hereunder if Borrower fails to pay any such amounts when due. Borrower further agrees to execute, acknowledge and deliver to Lender such further documents as may be necessary to effectuate the intent of this transaction. Borrower has delivered to Lender a promissory note and deed of trust, and Borrower agrees that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed. Borrower further agrees to cause the undersigned principal of Borrower to execute, acknowledge and deliver a guaranty of the amounts lent by Lender under said promissory note.
Borrower: :Arizona Home Foreclosures, LLC
Name \& Title of Principa1 Borrower: Yomtov Scott Menaged, Managing Member of LLC Signature:



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OFFICIAL RECORDS OF MARICOPA COUNTY RECORDER HELEN PURCELL 20130842640 09/19/2013 02:05 PAPER RECORDING
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When recorded, return to:
Geared Equity, LLC
6991 E. Camelback Road, Ste D-216
Scottsdale, AZ 85251

0833727-6-6-2
ramirezj

## DEED OF TRUST

| Effective Date: <br> September 17, 2013 | County and State Where Real Property is <br> located: <br> Maricopa County, Arizona |
| :--- | :--- |
| TRUSTOR: <br> Arizona Home Foreclosures, LLC, an <br> Arizona Limited Liability Company <br> 7320 W. Bell Road <br> Glendale, AZ 85308 | BENEFICIARY: <br> Geared Equity, LLC, an Arizona Limited <br> Liability Company <br> 6991 E. Camelback Road, Ste D-216 <br> Scottsdale, AZ 85251 |
| TRUSTEE: $\quad$Thomas C. Wilmer, Esq. <br> 2504 N. 3rd Street <br> Phoenix, AZ 85004 |  |
| Obligation Secured (Nature, Date, All Parties) <br> Promissory Note dated September 17, 2013 <br> One Hundred Forty Two Thousand Four Hundred Seven and 00/100 Dollars <br> (\$142,407.00) |  |
| Subject Property Street Address. <br> 11509 E. Pratt Avenue \#226, Mesa, AZ 85212 <br> APN: 304-01-726 <br> Loan \# 13-6105 |  |
| Subject Real Property Legal Description: <br> Lot 226, Meridian Pointe Unit 2, a Subdivision Recorded in Book 502 of Maps, <br> Page 32, Records of Maricopa County, Arizona. |  |

1. Conveyance. Trustor irrevocably grants and conveys to Trustee in trust, with power of sale, the Subject Real Property, subject to covenants, conditions, restrictions, rights of way and easements of record, to be held as security for the payment by Trustor of the Obligation Secured and for the performance of other obligations of Trustor as set forth in this Deed of Trust.
2. Appurtenances. Trustor grants, together with the Subject Real Property, all buildings and improvements now or hereafter erected thereon, and all fixtures attached to or used in connection with the Subject Real Property (including, without limiting the generality of the foregoing, all ventilating, heating, air-conditioning, refrigeration, plumbing and lighting fixtures), together with all leases, rents issues, profits or income therefrom (hereinafter "Property Income"), subject, however, to the right, power and authority hereinafter given to beneficiary to collect and apply such property income.
3. Taxes and Assessments and Trust Expenses. Trustor shall pay before delinquent all taxes and assessments affecting the Subject Real Property or any part thereof; which appear to be prior or superior hereto all cost, fees and expenses of this trust and all lawful charges, costs and expenses of any reinstatement of this Deed of Trust following default.
4. Fire Insurance. Trustor shall, at Trustor's expense, maintain in force fire and extended coverage insurance in any amount of not less than the full replacement value of any buildings which may exist on the Subject Real Property with loss payable to Beneficiary. Trustor shall provide fire insurance protection on his furniture, fixtures and other personal property on the Subject of Real Property in an amount equal to the full insurable value thereof, and promises that any insurance coverage in this regard will contain a waiver of the insurer's right of the subrogation against Beneficiary.
5. Liability Insurance. Trustor shall, at Trustor's expense, maintain in force policies of liability insurance, with Beneficiary as an additional insured thereunder, insuring Trustor against any claims resulting from the injury to or the death of any person or the damage to or the destruction of any property belonging to any person by reason of Beneficiary's interest hereunder or the use and occupancy of the Subject Real Property by Trustor. Such insurance shall be in the following amounts:
a. $\$ 500,000$ against any claim resulting from injury to or the death of any one person;
b. $\quad \$ 1,000,000$ against any claim resulting from injury to or the deaths of any number of persons from any one accident;
c. $\$ 500,000$ against any claim resulting from the damage to or destruction of any property belonging to any person.
6. Processing of Insurance Policies. Trustor shall promptly deliver to Beneficiary the originals or true and exact copies of all insurance policies required by this Deed of Trust. Trustor shall not do or omit to do any act which will in any way impair or invalidate any insurance policy required by this Deed of Trust. All insurance policies shall contain a written obligation of the insurer to notify Beneficiary in writing at least ten (10) days prior to any cancellation thereof.
7. Indemnification of Trustee and Beneficiary. Trustor shall hold Trustee and Beneficiary harmless from, and indemnify them for, any and all claims raised by any third party against Trustee or Beneficiary resulting from their interests hereunder or the acts of Trustor. Such indemnification shall include reasonable attorney's fees and costs, including cost of evidence of title.
8. Right of Beneficiary or Trustee to Pay Obligations of Trustor. If Trustor fails or refuses to pay any sums due to be paid by it under the provisions of this Deed of Trust, or fails or refuses to take any action as herein provided, then Beneficiary or Trustee shall have the right to pay any such sum due to be paid by Trustor and to perform any act necessary. The amount of such sums paid by Beneficiary or Trustee for the account of Trustor and the cost of any such action, together with interest thereon at the maximum legal contractual rate per annum from the date of payment until the satisfaction shall be added to the obligation Secured. The payment of Beneficiary or Trustee of any such sums or the performance of any such action shall be prima facie evidence of the necessity therefor.
9. Condemnation. Any award of damages in connection with any condemnation or injury to any of the Subject Real Property by reason of public use or for damages for private trespass or injury thereto, are assigned in full and shall be paid to Beneficiary, who shall apply them to payment of the principal of the Obligation Secured, the interest thereon and any other charges or amount secured hereby in such manner as Beneficiary may elect. Any remaining balance shall be paid to Trustor. Beneficiary may, at Beneficiary's option, appeal from any such award in the name of Trustor. Unless Trustor and Beneficiary otherwise agree in writing, any application of such proceeds to principal shall not extend or postpone the due dates of any installment payments of the Obligation Secured or change the amount of such payments.
10. Care of Property. Trustor shall take reasonable care of the Subject Real Property and the buildings thereon, ordinary depreciation excepted. Trustor shall commit or permit no waste and do no act which will unduly impair or depreciate the value of the Subject Real Property as required, then Beneficiary or Trustee, at their option, may make necessary repairs and add the cost thereof to the obligation Secured. Trustor shall purchase and use on the Subject Real Property the amount of water to which it is or shall be entitled and shall not abandon any water rights, power rights or any rights of whatever nature which are appurtenant to the Subject Real Property.
11. Right to Inspect Subject Real Property. At all convenient and reasonable times, upon prior notice to Trustor, beneficiary or Trustee shall have the right and license to go on and into the Subject Real Property to inspect it in order to determine whether the provisions of the Deed of Trust are being kept and performed.
12. Acceleration. In the event of default by Trustor, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written notice setting forth the nature thereof and of election to cause the Subject Real Property to be sold under this Deed of Trust. Beneficiary shall also deposit with Trustee all documents evidencing the Obligation Secured and any expenditures secured hereby.
13. Event of Default. Each of the following shall be considered an event of default of this Deed of Trust:
a. The failure of Trustor to make any payment due hereunder or under the Obligation Secured on or before the due date thereof;
b. The failure of Trustor to perform any duty required by this Deed of Trust;
c. The sale or attempted sale of the Subject Real Property by Trustor without the consent of Beneficiary;
d. The removal or attempted removal by Trustor of any property included in the Subject Real Property without the consent of Beneficiary;
e. Abandonment of the Subject Real Property by Trustor;
f. The filing, execution or occurrence of:
i. A petition in bankruptcy by or against Trustor;
ii. A petition or answer seeking a reorganization, composition, readjustment, liquidation, dissolution or other relief of the same or different kind under any provision of the Bankruptcy Act.
iii. Adjunction of Trustor as a bankrupt or insolvent, or insolvency in the bankruptcy equity sense;
iv. An assignment by Trustor for the benefit of creditors, whether by trust, mortgage or otherwise;
v. A petition or other proceeding by or against Trustor for the appointment of a trustee, receiver, guardian, conservator or liquidator of Trustor with respect to all or substantially all of its property;
vi. Trustor's dissolution or liquidation, or the taking of possession of Trustor's property by any governmental authority in connection with dissolution or liquidation.
g. A determination by Beneficiary that the security of the Deed of Trust is inadequate or in danger of being impaired or threatened from any cause whatsoever.
h. A default by Trustor of any other obligation to Beneficiary, or a breach by Trustor of any term or provision contained within any other loan agreement, promissory note, deed of trust or other form of loan document, by and between Trustor and Beneficiary.
14. Trustee's Sale. Upon receipt of Beneficiary's notice of election to cause the Subject of Real Property to be sold. Trustee shall, in accordance with all provisions of law, give notice of Trustee's sale and, after the lapse of the required amount of time, sell the Subject Real Property at public auction, at the time and place specified in the Notice of Trustee's Sale, to the highest bidder for cash in lawful money of the United States, payable at the time of sale. Any persons, including Trustor; Trustee or Beneficiary may purchase at the Trustee's Sale. Trustee may postpone or continue the sale by giving notice of postponement or continuance by public declaration at the time and place last appointed for sale. Upon sale, Trustee shall deliver to the purchaser a Trustee's Deed conveying the Subject Real Property, but without any covenant or warranty, expressed or implied.
15. Proceeds of Trustee's Sale. After deducting all costs, fees and expenses of Trustee and of this trust, including the cost of evidence of title in connection with the sale and reasonable attorney's fees, trustee shall apply the proceeds of sale to payment of all sums then secured hereby and all other sums due under the terms hereof, with accrued interest, and the remainder, if: any, to the persons legally entitled thereto or as provided by ARS § 33-812.
16. Deficiency Judgment. Unless prohibited by law, Beneficiary shall be entitled to a deficiency judgment against Trustor if the Trustee's Sale yields an amount insufficient to fully satisfy Trustor's obligation hereunder. ARS § 33-814
17. Defaults on Prior Encumbrances. If there are mortgages upon the Subject Real Property or other encumbrances which are prior in time or prior in right, then Trustor promises to comply with the terms of these prior mortgages or encumbrances. If Trustor fails to comply with such terms and defaults on these mortgages or obligations, such default. shall also be considered a default of this Deed of Trust, and . Trustee or Beneficiary herein may advance the moneys necessary to remedy such defaults, and, if it does, such moneys shall be added to the obligation secured and shall bear the maximum contractual legal rate of interest from the date moneys are tendered. Beneficiary may also proceed on this default by exercising the same remedies it has on this Deed of Trust.
18. Foreclosure and Other Remedies. In lieu of sale pursuant to the power of sale conferred hereby, this Deed of Trust may be foreclosed in the same manner provided by law for the foreclosure of mortgages on real property. Beneficiary shall also have all other rights and remedies available hereunder and at law or in equity. All rights and remedies shall be cumulative.
19. Reinstatement After Default. Notwithstanding Beneficiary's acceleration of sums secured by this Deed of Trust, Trustor shall have the right to have any proceedings begun by Beneficiary to enforce this Deed of Trust discontinued and to have this Deed of Trust reinstated at any time before the day of the Trustee's Sale or before the filing of a foreclosure action. In order to have the Deed of Trust reinstated after default, the Trustor must:
a. Pay to beneficiary the entire amount due under this Deed of Trust and the Obligation Secured, other than such portion of the principal as would not be due had no default occurred;
b. Cure all defaults or any covenants or agreements of Trustor as contained in this Deed of Trust;
c. Pay all costs and expenses incurred by Beneficiary and Trustee in enforcing the terms of this Deed of Trust and pursuing remedies;
d. Pay reasonable attorney's fees actually incurred by Beneficiary and Trustee, in an amount not to exceed One Hundred Dollars (\$100) or one-half of one percent (.5\%) of the entire unpaid principal sum secured, whichever is greater;
e. Pay the recording fee for any cancellation of notice of sale;
f. Pay the Trustee's fees, in an amount not to exceed One Hundred Dollars (\$100) or onehalf of one percent (.5\%) of the entire unpaid principal sum secured, whichever is greater. Upon reinstatement, this Deed of Trust and the obligation secured hereby shall remain in full force and effect as if no acceleration had occurred.
20. Assignment of Property Income. As additional security, Trustor hereby gives Beneficiary the right, power and authority during the continuance of this Trust, to collect the property income, reserving to Trustor he right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such property income as it becomes due. and payable. Upon any such default, Beneficiary may at any time, without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured: (i) enter upon and take possession of the Subject Real Property or any part thereof; in its own name sue for or otherwise collect such property income, including that past due and unpaid; and (ii) apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, in such order as Beneficiary may determine.
21. Acts of Trustee Affecting Subject Real Property. At any time, without notice, upon written request of Beneficiary and presentation of this Deed of Trust and the Obligation Secured for endorsement, Trustee may, without liability, release and reconvey all or any part. of the Subject of Real Property; consent to the making and recording, or either, of any map or plat of all or any part of the Subject Real Property; join in granting any easement thereon; join in or consent to any extension agreement or any agreement subordinating the lien, encumbrance or charge hereof. Any such action by Trustee may be taken without affecting the personal liability of any person for payment of the indebtedness secured hereby, without affecting the security hereof for the full amount secured hereby on all property remaining subject hereto, and without the necessity that any sum representing the value or any portion thereof of the property affected by Trustee's action be credited on the indebtedness.
22. Satisfaction of the Obligation. If Trustee receives full payment of the Obligation Secured in the amount secured, at the request of Trustor, Trustee shall acknowiedge satisfaction of the Deed of Trust by recording and delivering to Trustor a Satisfaction or Release of Realty Deed of Trust. Should Trustee fail to make such acknowledgment within ten (10) days of the request by Trustor, Trustee shall be liable to Trustor, its heirs or assigns, in the amount of $\$ 100$ plus actual damages occasioned by the neglect or failure. ARS § 33-712.
23. Notices: Copies of all notices and communication concerning this Deed of Trust shall be mailed to the parties at the addresses specified in this Deed of Trust, and any change of address shall be communicated to the other party in writing. Any documents which may adversely affect the rights of any party to this Deed of Trust shall be dispatched by Certified Mail, Return Receipt Requested.
24. Headings. The marginal or topical headings of the provisions herein are for convenience only and do not define, limit or construe the contents of these provisions.
25. Interpretation. In this Deed of Trust, whenever the confext so requires, the masculine gender includes the feminine and neuter, and the singular number includes the plural and vice versa.
26. Applicable Law. This Deed of Trust shall be subject to and governed by the laws of the State of Arizona, regardless of the fact that one or more parties now is or may become a resident of a different state.
27. Waiver. Any waiver by either party of a breach of any provision of this Deed of Trust shall not operate or be constructed as a waiver of any subsequent breach hereof.
28. Succession of Benefits. The provisions of this Deed of Trust shall insure to the benefit of and be binding upon the parties hereto, their heirs, personal representatives, conservators and permitted assigns.
29. Successor Trustee. Beneficiary may appoint a Successor Trustee in the manner prescribed by law. A Successor Trustee herein shall, without conveyance from the predecessor Trustee, succeed to all predecessor's title, estate, rights, powers and duties. Trustee may resign by mailing or delivering notice thereof to Beneficiary and Trustor.
30. Entire Agreement. The terms of this Deed of Trust constitute the entire agreement between the parties, and the parties represent that there are no collateral or side agreements no otherwise provided for within the terms of this Deed of Trust.
31. Time of Essence. Time is of the essence in this Deed of Trust and every term, condition, covenant and provision hereof.
32. Modification. No modification of this Deed of Trust shall be binding unless evidenced by an agreement in writing and signed by both parties.
33. Partial Invalidity. If any provision of this Deed of Trust is held to be invalid or unenforceable, all the remaining provisions shall nevertheless continue in full force and effect.

## Truster:

Arizona Home Foreclosures, LLC

By:
Yomtov S. Menage
Member


## STATE OF

County of


On this 17 day of
 2013 before me, a Notary Public, personally appeared Yomtov S. Menage, Member A Azana Home Foreclosures, LLO: known to me or satisfactorily proven to be the person whose name is subscribed this instrument and acknowledged that he executed the same. If thispersan's nape is subscribed in a representative capacity, it is for the principal named and in the capacity indicated. 7

Exhibit No. 91

From: Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: $\quad 1 / 9 / 20148$ 20:59 AM
To: Stringer, Lindsay L. [Istringer@clarkhill.com]
Sublect: Fw: the details
Attachments: RM Easy Investments.doc; DOT Easy Investments.doc; Note Easy Investment.doc; HUD Pratt 90k.pdf

Please print this for me and reserve a conf room from 10 to noon today with a whiteboard.

Thanks

David G. Beauchamp
CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Tuesday, January 07, 2014 01:49 PM
To: Beauchamp, David G.
Cc: Yomtov Menaged [smena98754@aol.com](mailto:smena98754@aol.com)
Subject: the details
I thought i would give you something to read so that you are up to date and you can have questions for us when we arrive. i'm bringing Scott with me.

I've been lending to Scott Menaged through a few different LLC's and his name since 2007. i've lent him 50 million dollars and i have never had a problem with payment or issue that hasn't been resolved.

Sometime last year, his wife became ill with cancer. his cousin was working with him and took on a stronger day to day role as scott was distracted with his wife. Scott always was the one that determined what properties to buy, how much etc. his cousin was doing paperwork, checks and management of the day to day. At
some point his cousin decided to take advantage of our relationship and started to steal money. Scott would request a loan from me, his cousin would request a loan from another borrower (i would say there are as many as $1 / 2$ dozen different lenders in total ) .
Because of our long term relationship, when Scott needed money, i would wire the money to his account and he would pay the trustee. I do this same thing with several borrowers and bidding co's. As an example, He would buy a property at auction for 100k, it's worth $145 k$, he would ask me for 80k. i would wire it to him, he would pay the trustee with my 80k and his 20k and he would sign the RM, which i've attached (all docs you have reviewed and have been reveiwed by a guy at your last law firm, maybe two firms ago in 2007). i've attached them. i would record the RM the day he paid for the property. then once the trustee's deed was recorded, which during the last few years has been at times 6 weeks from the auction date to the recorded date, $i$ then would record my DOT. this is a practice that $i$ have done for 14 years. it's recognized by all the escrow co's. Some title agents won't see anything before the trustee's deed recording as a valid lien, some look at the whole chain. for me to be covered, i would record the RM to muddy up title then record the DOT after the trustee's deed to ensure my first position lien. when the loan is paid off, $i$ always send a release for both liens. when i say that some title officers request it and some don't , it seems to matter of opinion rather than a hard and fast law/requirement/demand/ or something of that nature. Again, this is what $i$ do on every single auction property no matter who is the borrower.

What is cousin was doing was receiving the funds from me, then requesting them from the other lenders. these other lenders would
cut a cashiers check for the agreed upon loan amount and then take it to the trustee and receive the receipt. they would then record a DOT immediately, then after the trustee's deed is recorded, they would re-record their DOT. Sometimes i would record my RM first sometimes they would. then after the trustee's deed, sometimes i would record my DOT first sometimes they would.

The cousin absconded with the funds. Scott figured this out in mid November. He came to me and told me what was happening. he said he had talked to the other lenders and they agreed that this was a mess, and as long as they got their interest and were being paid off they wouldn't foreclose, sue or anything else.

Scott and i spent a great amount of time creating a plan to fix this. Our plan is simple, sell off the properties and pay off both liens with interest and make everyone whole. Because many of the houses were bought in the first half of last year. they are upside down, but not nearly as bad as you would think. if Scott paid 100k, i lent 80k and another lender lent 80k. the house is now worth 140k, it's upside down 20k. However there are some houses that are more upside down than this. Coming up with the short fall on all these houses is a challenge, but we believe it's doable. our plan is a combination of injecting capital and extending cheaper money, along with continuing the business as he's run it for years, by flipping homes which will generate profits.

The Plan:

1. all lenders will be paid their interest, except me, i'm allowing my interest to accrue.
2. i'm extending him a million dollars against a home at 3\%
3. he is bringing in $4-5$ million dollars over the next 120 days from liquidating some assets as well as getting some money back that the cousin stole, and other sources.
4. he's got a majority of these houses rented, this brings in a lot of money every month.
5. the houses that he's buying now and will be flipping will bring in money every week starting next week or two.
6. as the houses become vacant either because of ending the lease or the tenant leaves, scott will fix up the house and sell it retail. this will drive the order in which the houses will be sold.
7. he also owns dozens of houses that only have one lien on them and have substantial equity in them, and he'll be selling these as the tenants vacate.
i've been over this plan 100 times and the numbers and $i$ truly believe this is the right avenue to fix the problem. we have been proceeding with this plan since November and we've already cleared up about $10 \%$ of the total \$'s in question. that's in the slowest part of the selling season. We feel once things pick up seasonally we can speed this up
the gentleman that handed me the paperwork, believes because he physically paid the trustee that he is in first position, but agrees it's messy. he wants me to subordinate to him, no matter who recorded first. we have paid off one of his loans, you'll see on this list Pratt paid in full, i've attached the hud-1 and you see that it shows me in first position versus his belief. now that's one title agents opinion, i understand that's not settling legal dispute on who's in first or second.

0
I know that i cant sign the subordination because that goes against everything that $i$ tell my investors. plus $i$ can tell you there are several other lenders waiting to see what ido, if i sign with this group, they want to have me sign one for them too.

What we need is an agreement that as long as the other lenders are being paid their interest and payoffs continue to come, (we have 12 more houses in escrow currently, all planned to close in the next 30 days), that no one initiates foreclosure for obvious reasons, which will give us time to execute our plan.
let me know any questions so that when we meet we can be productive as possible.
th x
dc

DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

Appointment

| From: | Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP <br> (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP] |
| :--- | :--- |
| Sent: | $1 / 6 / 2014$ 2:58:33 PM |
| To: | Beauchamp, David G. [dbeauchamp@clarkhill.com] |
| Subject: | meeting with Denny Chittick + Scott (Borrower) |
| Location: | need conference room |
| Start: | $1 / 9 / 2014$ 9:00:00 AM |
| End: | $1 / 9 / 2014$ 10:45:00 AM |
| Show Time As: Busy |  |

Exhibit No. 92

Myuy Denm Chiffickt Scott Men aged (19/14)
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- will parave some theig or his coucin $\Rightarrow$ but trying to determine wher the money has gove
$\rightarrow$ Plan
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- Denny to eavie corroges + Coan anocuot from 752 to $9 \pm \%$
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they are gettijg paid curcont



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- Greg Reictinan - Active Fundy
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## Exhibit No. 93

## Beauchamp, David G.

From:

## Sent:

To:
Subject:
Attachments:

Goulder, Jeffrey [jeffrey.goulder@stinsonieonard.com](mailto:jeffrey.goulder@stinsonieonard.com)
Wednesday, January 15, 2014 5:27 PM
Beauchamp, David G
FW: Demand Letter from Bob Miller
Bryan Cave Doc.pdf

Thanks David.

Jeffrey J. Goulder | Partner | Stinson Leonard Street LLP
1850 N. Central Avenue, Suite 2100 | Phoenix, AZ 85004-4584
$\mathrm{T}: 602.212 .8531$ | M: 602.999.4350 | F: 602.586 .5217
ieffrey.goulder@stinsonleonard.com | www.stinsonleonard.com
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From: Beauchamp, David G. [mailto:DBeauchamp@ClarkHill.com]
Sent: Wednesday, January 15, 2014 5:20 PM
To: Goulder, Jeffrey
Cc: Denny 3. Chittick (dcmoney@yahoo.com); Schenck, Daniel A.; Stringer, Lindsay L.
Subject: Demand Letter from Bob Miller
Jeff:
Thank you for calling. I forgot that Denny had sent the demand letter to me by email, so I did have an electronic version to send it to you. Attached is the letter from Bob Miller and the Subordination Agreements. Please note that DenSco cannot enter into any Subordination Agreements without violating its private offering documents and its underlying fund documents So we have had to explore a different way to proceed to resolve this matter.

Please confirm your receipt of this email, so that I know that I am giving the correct email address to my associate to use to send out other documents tomorrow.

Sincerely, David

## David G. Beauchamp

Clark Hill ple
14850 N Scotsdale Rd | Suite 500 [ Phoenix, Arizona 85254
480.6841126 (direct) ; 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com I wow.clarkhili.com
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Exhibit No. 94

Beauchamp, David G.
From: Beauchamp, David G.
Sent: $\quad$ Tuesday, February 25, 2014 9:38 PM
To: 'dcmoney@yahoo.com'
Cc: Beauchamp, David G.
Subject: Re: thinking outside the box

Denny:
Good ideas and probably something that we might need to work on. We will probably need to focus on an alternative approach, because Jeff's demands and changes have pretty much killed your ability to sign the Forbearance Agreement, which I believe Jeff wanted to do from the beginning.

I did send the revisions back to the head of our lending group and he said that Jeff's changes are clearly intended to prevent the parties from reaching any agreement. Robert also added that a lender has never given any release in a forbearance agreement in all the years he has represented workout groups at PNC and 5 other banks.

Talk tomorrow.
Best, David

David G. Beauchamp
CLARK HILL PIC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319.5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Denny Chiltick [mailto:dcmoney@yahoo.com]
Sent: Tuesday, February 25, 2014 12:56 PM
To: Beauchamp, David G.
Subject: thinking outside the box
scott and i have been talking about how do we eliminate as many as these loans as fast as possible. that does a few things 1. it cuts down the interest expense from his pocket. 2. it cuts the number of problem loans from 118 to something more manageable, 3. gets the total dollars as an exposure to him cut down dramatically.
so how much room to have $i$ have in a work out agreement? right now i'm securing every dollar i advance with a deed of trust. i know we are going to get a UCC on the inventory, which is great. he called me, asking that once that is done, do $i$ advance him that
money ? i said no, it's security against the deficit. however, if he was to get an advance on that inventory, say 1 million dollars against the 3 million he has in inventory. by selling about 25 to 30 homes, that would eat up the million dollars (that's the difference between what's owed to Gregg and $i$, ie sell house for 120 , i'm owed 70, gregg's owed 70, 20k deficit, use the million dollars and cover the 20k)
that would return 5 million to me and cut his interest costs, and cut the number loans dramatically. he feels like he can sell that many homes in a matter of days, yes wholesale them, which is cheaper than retail, but the added costs of retail close, ie prop tax, commissions, closing costs, time to close, 30 days more of interest, he could move a lot of these houses and cut my exposure. i wonder if that isn't better way of fixing hte problem?
he's throwing out all sorts of ideas in how this can be done. i would be willing release the UCC if he was able to secure the funds and use them to pay some of these loans. we've got about 3 more ideas, but what both of us are really concerned about is that when i tell my investors the situation, they request their money back. i want to be able to say, this was the problem, we've eliminated this much of the problem and this is what is left. i want to be able to say what is left is as small as possible.
i don't expect a 3 page answer, just venting, brainstorming. dc

DenSco Investment Corp www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

## Exhibit No. 95

From:

Sent:
To:
Subject:
Attachments: FORBEARANCE AGREEMENT (Revised 2-24-14) (Redline)(1).PDF

Denny:

Attached is the revised form of Forbearance Agreement with the additional changes from Jeff. Although I do not expect you to read it, I thought you should have it available so we can discuss it. As you will notice, there were several more changes than just to the one section. Again, this is in the form that Jeff wants and not what Scott had discussed and agreed upon. This form basically takes away $95 \%$ of your rights and leaves you and your investors fully exposed.

I will respond to your other email shortly.

Best, David

David G. Beauchamp
CLARK HILL PLC
14850 N Scottsdalo Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com I www coarkhill.com

From: Goulder, Jeffrey [mailto:jeffrey.goulder@stinsonleonard.com]
Sent: Tuesday, February 25, 2014 1:28 PM
To: Beauchamp, David G.
Subject: Revised Forbearance Agreement

David-Attached is a clean and redlined copy of a revised version of the Forbearance. In an effort to bring these negotiations to a close, you will see that we agreed to your language on several of the points we debated at your office. I will be leaving on country on March 4, so we'll need to conclude these discussions one way or the other before then. Thank you.

Jeffrey J. Goulder | Partner i Stinson Leonard Street LLP
1850 N. Central Avenue, Suite 2100 | Phoenix, AZ 85004-4584
$\mathrm{T}: 602.212 .8531$ | M: 602.999.4350 | F: 602.586.5217
jeffrey.goulder@stinsonleonard.com | www.stinsonleonard.com
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Exhibit No. 96

## Beauchamp, David G.

From:
Sent:
To:
Subject:

Beauchamp, David G.
Wednesday, February 26, 2014 3:22 PM
Denny Chittick
RE: scott

Denny:
Good ideas. Can we talk later today to clarify a few things?
Have you had any direct conversation with Gregg?
Thanks, David
David G. Beauchamp
CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Artzona 85254
480.684 .1126 (direct) [ 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchanp@ciarkhillecom I wnuscianktillicom
From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, February 26, 2014 3:07 PM
To: Beauchamp, David G.
Subject: scott

O
i jsut talked to scott for 90 mins. a couple of things arrised from it. 1. he understands i can't waive my rights to fraud claim, just as he can't wave his rights to file BK.
2. he thinks that if we make the changes to the agreement that you \& jeff agreed to, with scott agreeing to skip the last paragraph he will tell jeff he'll sign it, becaue he is so convinced that $i$ will never file a fraud claim and he'll never file bk.

## 3. we are trying to make a plan to work out a different arrangement to take care of this.

we've been emailing and calling at each other at all hours at hte night and day, he talked with Gregg today. Gregg and he came up with another senario. what if we just start selling all of these properties. gregg is going to agree to take a hit, like a million $i$ and so do i . maybe more. yes there is a 8.8 million deficit right now. i
have deeds of trusts on properties that are basically useless because they are over encumbered. yes i could fight that i'm in first vs gregg, but that would take years and it's not even an option.
what if scott just starts selling everything. gregg and $i$ take losses, along with the several million that scott's going to bring in from outside sources, we wipe the whole thing out in name a time frame, 90 days. to secure the loss, scott signs a promissory note with terms of repayment.
what happens? i take a huge hit to my books, but i get the money back in my hands. i'm not longer in violation of anything with my investors. I'm in possession of money that now i can put to work with new loans that are actually paying me interest versus right now that i'm have no interest coming in. or i can return the money to investors if $i$ can't put it to work.
from a P/L stand point it looks horrible, but at least i have the majority of the money back except maybe 2-4 million. scott agrees to pay me interest and principle back every month for what every $i$ write off. which fills in that hole. i put the money i get back to work and make money on it, that fills the hole.
i rather take the loss short term now, and get working on trying to make the money work then drag this thing out over a year or more, with interest accumulating at such a pace that it's unsustainable. to me this is similar to what i did during the down turn. $i$ took back houses, rented them made maybe $8 \%$ on them, rather than $18 \%$, paid $12 \%$, ate the difference, then as the market returned i sold the houses, sometimes taking loses. but i did that to secure the position in the property, maintain cash flow to pay my investors, i just didn't make a lot of money.
i don't have anything in my docs that say $i$ ahve to be profitable. $i$ see this is a negative this year obviously, but ill be profitable next
yr, the problem is gone, Scott will be paying me back interest and principle of the loss that i took.
now $i$ know there are 100 legal things here, but now i'm thinking this is the best way to get the problem solved from a fiduciary standpoint. i need to secure the positions in th properties, i've done that on as many properties as i can, i have a dozen them of dan's to do. i don't have enough funds to take out gregg's loans. if gregg and $i$ both agree to take short term hits, get the money back to work, i've elminated the issue of being unsecured in a first position. i've got hie option to return the money to investors, which by the way $i$ will be doing in some part. and best of all $i$ have the money back, working making interest. all with an unsecure promissory note (other than personal guranttee) from a guy that can make millions. he cant file bk on me, because i can say there was fraud. scott even agreed to write that in the note, saying that this all arose from a fraud, which i laughed and said jeff would never let him sign, he agreed, so he said he wouldn't have jeff read

I know this may sound crazy, but i cant come up with anything else that will bring an end to this situation quickly. time is crucial. let me knwo your thoughts.
th x
dc

DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

## Exhibit No. 97

From:
Sent:
To:
Subject:

Wednesday, February 26, 2014 3:07 PM
Beauchamp, David G. .
scott
$i$ jsut talked to scott for 90 mins. a couple of things arrised from it. 1. he understands i can't waive my rights to fraud claim, just as he can't wave his rights to file BK.
2. he thinks that if we make the changes to the agreement that you \& jeff agreed to, with scott agreeing to skip the last paragraph he will tell jeff he'll sign it, becaue he is so convinced that i will never file a fraud claim and he'll never file bk.
3. we are trying to make a plan to work out a different arrangement to take care of this.
we've been emailing and calling at each other at all hours at hte night and day, he talked with Gregg today. Gregg and he came up with another senario. what if we just start selling all of these properties. gregg is going to agree to take a hit, like a million $i$ and so do i. maybe more. yes there is a 8.8 million deficit right now. i have deeds of trusts on properties that are basically useless because they are over encumbered. yes i could fight that i'm in first vs gregg, but that would take years and it's not even an option.
what if scott just starts selling everything. gregg and itake losses, whe the along with the several million that scott's going to bring in from rimstwhe outside sources, we wipe the whole thing out in name a time frame, ${ }^{\sin m}$ e- 90 days. to secure the loss, scott signs a promissory note with terms of repayment.
what happens? i take a huge hit to my books, but i get the money fur back in my hands. i'm not longer in violation of anything with my investors. i'm in possession of money that now i can put to work propetios. gregg is gong to agee to an and
with new loans that are actually paying me interest versus right now that i'm have no interest coming in. or i can return the money to investors if i can't put it to work.
from a P/L stand point it looks horrible, but at least i have the majority of the money back except maybe 2-4 million. scott agrees to pay me interest and principle back every month for what every i write off. which fills in that hole. i put the money i get back to work and make money on it, that fills the hole.
i rather take the loss short term now, and get working on trying to make the money work then drag this thing out over a year or more, with interest accumulating at such a pace that it's unsustainable. to me this is similar to what idid during the down turn. itook back houses, rented them made maybe $8 \%$ on them, rather than $18 \%$, paid $12 \%$, ate the difference, then as the market returned i sold the houses, sometimes taking loses. but i did that to secure the position in the property, maintain cash flow to pay my investors, i just didn't make a lot of money.
$i$ don't have anything in my docs that say $i$ ahve to be profitable. $i$ see this is a negative this year obviously, but i'll be profitable next yr , the problem is gone, Scott will be paying me back interest and principle of the loss that $i$ took.
now $i$ know there are 100 legal things here, but now i'm thinking this is the best way to get the problem solved from a fiduciary standpoint. i need to secure the positions in teh properties, i've done that on as many properties as i can, i have a dozen them of dan's to do. i don't have enough funds to take out gregg's loans. if gregg and i both agree to take short term hits, get the money back to work, ive elminated the issue of being unsecured in a first position. i've got hte option to return the money to investors, which by the way $i$ will be doing in some part. and best of all $i$ have the
money back, working making interest. all with an unsecure promissory note (other than personal guranttee) from a guy that can make millions. he can't file bk on me, because i can say there was fraud. scott even agreed to write that in the note, saying that this all arose from a fraud, which i laughed and said jeff would never let him sign, he agreed, so he said he wouldn't have jeff read it!
i know this may sound crazy, but i can't come up with anything else that will bring an end to this situation quickly. time is crucial.
let me knwo your thoughts.
thx
dc

DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

## Exhibit No. 98

Beauchamp, David G.
From: Beauchamp, David G.
Sent:
Wednesday, February 26, 2014 3:31 PM
To:
Subject:
Price, William C.
RE: Revised Forbearance Agreement

## Bill:

You just sent the email I needed to let our elient know that you concur with my thoughts. There is another possibility to resolve this. Please let me focus on that and we can talk tomorrow if you will be available.

Thanks, David

## David G. Beauchamp

Clark Hill pic
14850 N Scottsdale Rd | Suite 50.0 | Phoenix, Arizona 85254
480.684.1126 (direct) 1480.684 .1166 (fax) | 602.319.5602 (cell)
dbeauchamp@clarkhill,com | www.clarkhill,com
Froms Price, william C.
Sent: Wednesday, February 26, 2014 3:29 PM
To: Beauchamp, David G.
Subject: Re: Revised Forbearance Agreement

(
The provision is unacceptable for a lot of reasons. The client should not sign the agreement in its form. I can discuss later tonight or tomorrow. Bill

William C Price
CLARK HILL
One Oxford Centre | 301 Grant Street, 14th Fl. | Pittsburgh, PA 15219
Direct Diai: 412.394.7776 | Fax: 412.394.2555 | Cell: 412.463 .5079
wprice@clarkhill.com I www.clarkhillthororeed.com
From: Price, William C.
Sent: Wednesday, February 26, 2014 04:38 PM
To: Beauchamp, David G.
Subject: RE: Revised Forbearance Agreement
I'm reading it now. Bill

## William C. Price

CLARK HLL
One Oxford Centre 1301 Grant Street, 14th F. | Pittsburgh, PA 15219
Direct Dial: 412.394.7776 | Fax: 412.394.2555 | Cell: 412.463.5079 wprice(o) eiarkbill.com / www, clarkhillthororeed com

From: Beauchamp, David G.
Sent: Wednesday, February 26, 2014 4:36 PM

- To: Price, William C.


## Subject: FW: Revised Forbearance Agreement

## Bill:

(This was delayed due to our email problem and then it was stuck in spam.)
Please see the revised Forbearance Agreement from the Borrower's counsel. If possible please look at the language for section 9 to see what he has done with the Release. Although I have already told our client that my opinion is that this language would not be sufficient to protect him, I said that I would check with you. Given this change and previous changes from Borrower's counsel and this round of changes, I do not see how our client can sign this agreement, which is what Borrower's counsel wants.

Any thoughts, please let me know.

Thanks, David
David G. Beauchamp
CTARK HILL PLC
14850 N Scottsdale Rd [ Suite 500 | Phoenix, Arizona 85254 480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell) dbeauchamp@clarkhin.com I www.cfarkhill.com

From: Goulder, Jeffrey [mailto:jeffrey.goulder@stinsonieonard.com]
Sent: Tuesday, February 25, 2014 1:28 PM
To: Beauchamp, David G.
Subject: Revised Forbearance Agreement
David - Attached is a clean and redlined copy of a revised version of the Forbearance. In an effort to bring these negotiations to a close, you will see that we agreed to your language on several of the points we debated at your office. I will be leaving on country on March 4, so we'll need to conclude these discussions one way or the other before then. Thank you.

Jeffrey J. Goulder | Partner | Stinson Leonard Street LLP
1850 N. Central Avenue, Suite 2100 | Phoenix, AZ $85004-4584$
T: 602.212.8531 | M: 602.999.4350 | F: 602.586.5217
jeffrey.goulder@stinsonleonard.com | www.stinsonfeonard.com

Stinson Leonard Street LLP is officially open for business! Please update your records to reflect the new email address and firm name.

This commumication (including any attachments) is from a law firm and may contain confidential and/or privileged information. If it has been sent to you in error, please contact the sender for instructions concerning return or destruction, and do not use or disclose the contents to others.

## Exhibit No. 99

Clark Hill PLC
14850 N. Scottsdale Road Suite 500 Scots dale, AZ 85254

Jessica A. Zaporowski T 480.6841100

T480.684.1114
F 480.684.1199
F 480.684.1174
Email: faporowskiøciarkhill.com

April 11, 2014

## BY FEDERAL EXPRESS

DenSco Investment Corporation
Attn: Denny Chittick
6132 N. Victoria Place
Chandler, Arizona 85226

## Re: DenSco Investment Corporation

Dear Mr. Chittick:
Enclosed please find the following agreements per Dave Beauchamp for your review:
Forbearance Agreement;
Promissory Note ( $\$ 5$ million);
Promissory Note ( $\$ 1$ million);
Security Agreement, Guaranty Agreement (Furniture King);
Guaranty Agreement (Menage), and;
Representation and Disclaimer Agreement.
Should you have any questions in regard to the enclosed, please contact our office.
Thank you.
Sincerely,
CLARK HILL PLC


JAZ:jaz
Enclosure

## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on April 16, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company, whose address is 7320 W . Bell Road, Glendale, Arizona 85308 ("AHF"), Easy Investments, LLC, an Arizona limited liability company, whose address is 7320 W . Bell Road, Glendale, Arizona 85308 ("EI") (AHF and EI are collectively referred to as the "Borrower"), Yomtov "Scott" Menaged, an individual whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona 85259 ("Guarantor"), Furniture King, LLC, an Arizona limited liability Company, whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012 ("New Guarantor"), and DenSco Investment Corporation, an Arizona corporation, whose`address is 6132 W . Victoria Plade, Chandler, Arizona 85226 ("Lender") (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deẹds of Trust as later defined).

## Recitals

The following recitals of fact are a material part of this Agreement:
A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a. Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage," and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.
B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), execufed by Guarantor in favor of Lender.
C. : Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust," and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Gaaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".
D. Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan... . Borrower has delivered to Lender a promissory note and deed of trust,

and Borrower agrees that the deed of trust that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."
E. Each Deed of Trust provides as follows:

## TO PROTECT THE SECURITY OF THIS DEED OF TRUST, BORROWER AGREES:

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.

## F. Each Note provides as follows:

"A "Default" shall occur (i) ... . or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note).
G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property.
H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Borrower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.
I. The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.

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••%!!.
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J. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1) Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

NOW THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Loans Balance. As of the close of business on April 16, 2014, the total principal sum now due and payable under the Loans, in aggregate, is $\$ 35,639,880.71$. In addition to the outstanding principal, Lender has advanced costs and expenses as permitted under the Loans Documents and incurred costs and expenses for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of $18 \%$ per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).
2. Acknowledgment of Default. Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, that any necessary or required notices have been provided by Lender and all applicable "cure periods" have expired, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.
3. Continued Effect of Loans Documents. Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Borrower shall cause to be provided to Lender a Lender's title insurance policy issued by a nationallyrecognized title company, reasonably acceptable to Lender insuring that Lender's encumbrance in such Property, as evidenced by the respective Deed of Trust, shall constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.
4. Forbearance by Lender on Conditions; Effect of Breach. Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them
hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.
5. No Effect on Existing Default: Extension of Maturity. Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans (and the payment of the entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of this Agreement, the Notes and all other sums payable under the Loans Documents) is hereby extended to February 1, 2015, and shall be due in any event, without notice or demand; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied and are in material compliance with the terms of this Agreement.
6. Borrower's Actions. Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:
(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately $\$ 4$ to $\$ 5$ million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan or the Additional Funds Loan to Borrower as provided herein).
(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (Lincoln Benefit Life Insurance, a subsidiary of Allstate Insurance Co., shall be deemed acceptable to Lender), in the amount of $\$ 10,000,000$, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.
(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this

Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.
(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, this Agreement, and the Additional Loan (defined herein) to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.
(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.
(F) Borrower has arranged for private outside financing (the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule: (i) approximately $\$ 1,000,000$ on or before March 20, 2014; (ii) approximately $\$ 1,000,000$ on or before May 26,2014 ; (iii) approximately $\$ 1,000,000$ on or before July 15, 2014; and (iv) approximately $\$ 1,200,000$ on or before September 15,2014 . Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender: to pay interest payments to similarly situated lenders; to pay repair and/rehab expenses associated with the collateral for the Loans, or to make any other payment that, in Borrower's reasonable judgment, is for the mutual benefit of Borrower and Lender. Any balance remaining shall be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein;
(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transactions to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.
(H) During the term of this Agreement, Borrower, Guarantor and New Guarantor agree to use good faith efforts to satisfy and pay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property. The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties. Borrower agrees to use its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.
(I) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.
(J) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.
(K) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral.
(L) As more fully set forth in Section 12, Borrower agrees to reimburse all costs and expenses, including without limitation attorneys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors).
7. Lender's Actions. Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:
(A) Lender has increased the Loan amount applicable to certain of the Properties referenced in Exhibit A up to $120 \%$ of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanced to Borrower have been used to pay off the Other Lender and release its security interest in that Property.
(B) In connection with the sale of a Property to an independent third party or new third party financing of any of the Properties referenced in Exhibit A, Lender agrees to work reasonably with Borrower, Guarantor and New Guarantor to provide additional funds to Borrower to pay off the respective Loans of the Other Lender and Lender secured by a lien against the applicable Property so that the respective security interests in the respective Property will be released at the Closing of the sale or new financing of the Property. The additional funds provided by Lender to Borrower in connection with such third party sale or new third party financing of such Properties shall be evidenced by a new loan to Borrower, Guarantor, and New Guarantor, jointly and severally, in an amount up to $\$ 5.0$ Million US Dollars, which loan is to provide for multiple advances, earn $18 \%$ interest, with monthly principal and interest payments (calculated pursuant to a formula consisting of all outstanding interest and $3 \%$ of outstanding principal), and all unpaid interest and outstanding principal shall be all due and payable on or before February 1, 2016 (the "Additional Funds Loan"). The Additional Funds Loan will include a Default Interest Rate of $29 \%$. Upon the sale or refinance of the Property securing the Additional Loan (pursuant to Section 7 (D), the outstanding principal balance of the Additional Funds Loan shall be paid down so that the outstanding principal balance is reduced to an amount of $\$ 4.0$ Million US Dollars or less and the promissory note evidencing the Additional Funds Loan shall be modified to reduce the maximum outstanding principal to $\$ 4.0$ Million US Dollars.

The promissory note to evidence the Additional Funds Loan shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money on a partially unsecured basis to a borrower as Lender is loaning in the aggregate to Borrower, Guarantor, and New Guarantor. Full Payment of the Additional Funds Loan shall be secured by a lien against the inventory and assets of the New Guarantor, which shall be evidenced by a security agreement and financing statement in commercially reasonable form to secure a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower pursuant to the Additional Funds Loan. If Borrower, Guarantor ,or New Guarantor fail to pay any sum or to perform any covenant, agreements or obligation owed to Lender under the Additional Funds Loan, this Agreement, or any of the Loans Documents, as modified by this Agreement, Borrower and Guarantor agree to work with Lender to provide any additional collateral available ("Additional Funds Collateral") to Lender, as may be requested by Lender, to secure the obligations pursuant to the Additional Funds Loan for the benefit of Lender.
(C) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.
(D) Lender has provided a new loan to Borrower and Guarantor, jointly and severally, in the amount up to $\$ 1$ Million US Dollars, which loan is to provide for multiple advances, and currently accrues $3 \%$ annual interest (which interest shall be calculated based upon, and periodically adjusted as necessary, to equal the interest costs to Denny Chittick on his line of credit from Bank of America plus $1 / 2 \%$ ) with monthly principal and interest payments (calculated pursuant to a formula consisting of all outstanding interest and $3 \%$ of outstanding principal balance), all unpaid interest and outstanding principal shall be all due and payable on or before February 1, 2016, and such loan shall be secured by a first lien position against certain real property in Scottsdale, AZ (the "Additional Loan"). The Additional Loan will include a Default Interest Rate of $29 \%$. The promissory note to evidence the Additional Funds Loan shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money on a partially unsecured basis to a borrower as Lender is loaning in the aggregate to Borrower and Guarantor. Upon the sale or refinancing of such Property, Borrower and Guarantor will arrange for the Additional Loan to be secured by a lien against certain real property or properties, with the properties and the lien position to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by New Guarantor. Further, upon the sale or refinance of such Property, Borrower, Guarantor and Lender shall modify the Additional Funds Loan to reduce the maximum outstanding balance to $\$ 4.0$ Million US Dollars.
(E) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will waive the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.
(F) Upon the complete and full satisfaction by Borrower, Guarantor and New Guarantor (the "Borrower Entities") of each and every obligation, term, condition and
requirement of the Borrower Entities set forth in and pursuant to this Agreement, the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents, Lender, Borrower, Guarantor and New Guarantor agree to and will execute a mutual release and covenant not to sue (or pursue) the Borrower and/or Guarantor in any legal action based upon the facts set forth in the Recitals to this Agreement.
8. Grace and Cure Periods. If Borrower, Guarantor or New Guarantor fail to comply with any non-monetary obligation undertaken by it through this Agreement or any of the Loans Documents, or any of the documents executed in connection with this Agreement (collectively, the "Forbearance Documents"), the Borrower Entities shall be in default of this Agreement if none of the Borrower Entities fails to satisfy the non-monetary obligation within ten (10) business days of receiving email or telephonic notice from Lender. No such notice shall be required if any of the Borrower Entities fail to comply with any monetary obligation in favor of Lender under the Forbearance Documents. Except for the non-monetary notice required above, all other notice provisions of the Forbearance Documents requiring any other notice to Borrower or Borrower Entities or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Forbearance Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Forbearance Documents are hereby modified accordingly.
9. No Knowledge of Claims and Defenses against Lender. As a material part of the consideration for. Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby represent and warrant to Lender and its officers, directors, shareholders and its affiliates that neither the Borrower nor Guarantor are aware of any liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever that would give rise to, or be the basis for, or to create an obligation owed by Lender to Borrower or Guarantor (except as set forth in this Agreement) (collectively, "Potential Claims") or any action, failure to act, facts or circumstances that could give rise to or be the basis for or to create a Potential Claim, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans as set forth in this Agreement.
10. Further Documents. Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.
11. Authorization of Agreement. The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of

Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.
12. Costs and Expenses. Borrower hereby agrees to pay on demand any and all fees, costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with: (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and such disclosure to Lender's investors as necessary to provide an updated disclosure concerning Borrower's Default and the terms of this Forbearance Agreement; provided, however, the legal fees incurred in connection with this subsection A to prepare and implement this Agreement and the necessary initial updated disclosure to Lender's investors in connection with Borrower's Default and the terms of this Forbearance Agreement shall be limited by a total and cumulative cap of $\$ 80,000$; ( $B$ ) the issuance to Lender of any and all title reports, amendments and title insurance; (C) any investigation fees and/or other fees and costs incurred by Lender in connection with this Agreement and/or the Loans Documents (or the effect of this Agreement on Lender's business and with its investors); (D) the default of Borrower in connection with the Loans Documents, or the existing and/or any future lien disputes with any of the Other Lenders or any other similarly situated lenders; and/or ( E ) the collection of the Loans and/or the enforcement of this Agreement and/or the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents. The Parties acknowledge that the cumulative cap of $\$ 80 ; 000$ is only applicable to legal fees, incurred pursuant to subsection A above. Guarantor and New Guarantor shall each be liable for all of their respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing.
13. Time of the Essence. Time is of the essence of all agreements and obligations contained herein.
14. Construction of Agreement. If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any Party shall be drawn from the fact that such Party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.

All parties were advised to and were given the opportunity to consult with independent counsel before executing this Agreement and the Forbearance Documents.
15. Ratification and Agreements by Guarantor. Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions
hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.
16. Entire Agreement; No Oral Agreements Concerning Loans. The Recitals set forth at the beginning of this Agreement are incorporated into this Agreement as a material part of this Agreement. This Agreement constitutes the entire agreement of the parties conceming the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as each of the Borrower Entities are in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.
17. Ratification of Workout. The Parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower, Guarantor and New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November 27, 2013, to the date first stated above, regarding and/or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately $\$ 5,000,000$, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower, Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders' Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.
18. Confidentiality. In connection with or based upon the facts underlying this Agreement, the Parties agree not to assist, suggest, notify, or recommend that third parties
investigate or pursue any requests for information, claims, or litigation relating to any of the Parties, their officers, directors, shareholders, owners, employees, consultants, attorneys, agents, successors, affiliates, subsidiaries, parents, heirs, representatives, and assigns. Each Party shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties, including any derogatory statements or criticism. Except as set forth below, the Parties further agree that: (i) the material terms of the Agreement and the material facts underlying the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this Agreement; provided, however, these disclosure limitations set forth in (i) and (ii) above are subject to the following exceptions: a) except as such facts are set forth in the applicable public records, or b) except as may be required to be disclosed to any governmental agency or authority with applicable jurisdiction (after notice to the other Party and an opportunity to object to such required disclosure), or c) except as may be disclosed to such Party's outside professionals, or d) except as may be necessary for Lender to disclose to Lender's current or future investors (which disclosure is intended to be limited as described below). With respect to the limitation on Lender's disclosure to its investors as referenced above, Lender agrees to use its good faith efforts to limit such disclosure as much as legally possible pursuant to the applicable SEC Regulation D disclosure rules, which limitation is intended to have Lender only describe: 1 . the multiple Loans secured by the same Properties, which created the Loans Defaults; 2. the work-out plan pursuant to this Agreement in connection with the steps to be taken to resolve the Loans Defaults; 3. the work-out plan shall also include disclosing the previous additional advances that Lender has made and the additional advances that are intended to be made by Lender to Borrower pursuant to this Agreement in connection with increases in the loan amount of certain specific Loans (up to $120 \%$ of the LTV of the applicable Property being used as security for that Loan), the additional advances pursuant to both the Additional Loan and the Additional Funds Loan; and 4. the cumulative effect that all of such additional advances to Borrower will have on Lender's business plan that Lender has previously disclosed to its investors in Lender's private offering documents and which Lender committed to follow, including the overall LTV loan ratios for all of Lender's outstanding loans to its borrowers in the aggregate and the concentration of all of Lender's outstanding loans among all of its borrowers. Further, Lender will use its good faith efforts not to include the names of Borrower, Guarantor, or New Guarantor in Lender's disclosure material. Lender will also provide Borrower with a copy of the applicable disclosure prior to dissemination to Lender's investors and allow Borrower to have 48 hours to review and comment upon such disclosure.
19. Counterparts. This Agreement may be executed in several counterparts, each of which counterpart shall be deemed an original instrument and all of which together shall constitute a single Agreement. The failure of any party hereto to execute this Agreement, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.
20. Notices. All notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (c) by email addressed as follows (or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Paragraph):

Arizona Home Foreclosures, LLC
7320 West Bell Road
Glendale, AZ 85308
Attention: Scott Managed
Email: smena98754@aol.com
Yomotov, "Scott" Managed
7320 west Bell Road
Glendale, AZ 85308
Email: smena98754@aol.com
DenSco Investment Corporation
6132 West Victoria Place
Chandler, AZ 85226
Attention: Denny Chittick
Email: dcmoney@yahoo.com

Easy Investments, LLC
7320 West Bell Road
Glendale, AZ 85308
Attention: Scott Menage
Email: smena98754@aol.com
Furniture King, LLC
303 North Central Avenue, Suite 603
Phoenix, AZ 85012
Attention: Scott Managed
Email: smena98754@aol.com
21. Choice of Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES.
22. Severability. If any provision of this Agreement is found to be void, invalid or unenforceable by a court of competent jurisdiction, that finding shall only affect the provisions found to be void, invalid or unenforceable and shall not affect the other of this Agreement, and they shall remain in full force and effect.
23. Event of Default. The failure to pay any amount due under this Note when due, or any occurrence of a failure to cure any non-monetary default under any of the Forbearance Documents or any other Loan Documents after the appropriate notice required in Section 8 of this Agreement, shall be deemed to be an event of default ("Event of Default") hereunder.
24. Remedies. Upon the occurrence of an Event of Default and at any time thereafter, then at the option of the Lender, and with notice only as specifically required in this Agreement, the entire balance of principal together with all accrued interest thereon, and all other amounts payable by the Borrower Entities under the Forbearance Documents shall, without demand or notice, immediately become due and payable. Upon the occurrence of an Event of Default (and so long as such Event of Default shall continue), the entire balance of principal hereof, together with all accrued interest thereon, all other amounts due under the Forbearance Documents, and any judgment for such principal, interest, and other amounts shall bear interest at the Default Interest Rate, as provided in the Additional Funds Loan. No delay or omission on the part of the Lender hereof in exercising any right under any of the Forbearance Documents hereof shall operate as a waiver of such right
25. Waiver. The Borrower Entities hereby waive diligence, demand for payment, presentment for payment, protest, notice of nonpayment, notice of protest, notice of intent to accelerate, notice of acceleration, notice of dishonor, and notice of nonpayment, and all other notices or demands of any kind (except notices specifically provided for in the Forbearance Documents) and expressly agree that, without in any way affecting the liability of any of the

Borrower Entities, the Lender hereof may extend any maturity date or the time for payment of any payment due under any of the Forbearance Agreements, otherwise modify the Forbearance Documents, accept additional security, release any person liable, and release any security. The Borrower Entities waive, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense.
27. Integration. This Agreement contains the complete understanding and agreement of the Borrower Entities and Lender and supersedes all prior representations, warranties, agreements, arrangements, understandings, and negotiations.
28. Binding Effect. This Agreement will be binding upon, and inure to the benefit of, the Lender, the Borrower Entities, and their respective successors and assigns. Borrowers may not delegate their obligations under the Forbearance Documents.
[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the undersigned Parties bave executed this Agreement on the date first above written.

## Borrower:

## ARIZONA HOME FORECLOSURES, LLC

By:


Yomtov "Scott" Menaged
Its: Member

## EASY INVESTMENTS, LLC

By:


Yomtov "Scott" Menaged
Its: Member

## Guarantor:

Yomtov "Scott" Menaged

## New Guarantor:


\{Signature Page of Forbearance Agreement \}

## EXHIBIT A

## LENDER LOANS AND ENCUMBERED PROPERTIES


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## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) <br> ) SS <br> COUNTY OF MARICOPA )

On this $16^{\text {th }}$ day of $A P R 2,2014$, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworm, did say that he is the manager of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company (the "Company"), and said Yomotov "Scott" Menaged acknowledged to me that the Company is named as both AHF and a Borrower in the foregoing instrument and that as the manager of the Company, he did execute the foregoing instrument, for and on behalf of the Company, and that he did so as his and the Company's free act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.


My Commission Expires:
01-10-2018


## ACKNOWLEDGMENTS

STATE OF ARIZONA
)
) SS
COUNTY OF MARICOPA
)

On this if $^{\text {th }}$ day of APRIL_, 2014, before me appeared Yomotov "Scott" Managed, to me personally known, who being by me duly sworn, did say that he is the manager of EASY INVESTMENTS, LLC, an Arizona limited liability company (the "Company"), and said Yomotov "Scott" Menaged acknowledged to me that the Company is named as both EI and a Borrower in the foregoing instrument and that as the manager of the Company, he did execute the foregoing instrument, for and on behalf of the Company, and that he did so as his and the Company's free act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.



Notary Public

My Commission Expires:
01-18-2018
\{Acknowledgments for Forbearance Agreement - EI\}

## ACKNOWLEDGMENTS

STATE OF ARIZONA
)
)SS
COUNTY OF MARICOPA

On this $16^{\text {th }}$ day of APRIL, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, and said Yomotov "Scott" Menaged acknowledged to me that he is named as the Guarantor in the foregoing instrument and that he did execute the foregoing instrument and that he did so as his free act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.


My Commission Expires:
OH-10-20:8
\{Acknowledgments for Forbearance Agreement - Menaged \}

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) ) SS COUNTY OF MARICOPA

On this $16^{+\lambda}$ day of APRIL, 2014, before me appeared Yomotov "Scott" Managed, to me personally known, who being by me duly sworn, did say that he is the manager of FURNITURE KING, LLC, an Arizona limited liability company (the "Company"), and said Yomotov "Scott" Menage acknowledged to me that the Company is named as the New Guarantor in the foregoing instrument and that as the manager of the Company, he did execute the foregoing instrument, for and on behalf of the Company, and that he did so as his and the Company's free act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.



Notary Public

MyCommission Expires:
$01-10-202$

## ACKNOWLEDGMENTS

## STATE OF ARIZONA )

) $S S$
COUNTY OF MARICOPA )

On this $16^{\text {th }}$ day of APRIL_, 2014, before me appeared Denny Chittick, to me personally known, who being by me duly swom, did say that he is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, (the "Corporation"), and said Denny Chittick acknowledged to me that the Corporation is named as the Lender in the foregoing instrument and that as the President of the Corporation, he did execute the foregoing instrument, for and on behalf of the Corporation, and that he did so as his and the Corporation's free act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name ord affixed my official seal the day and year last above written.


Notary Public

My Commission Expires.

## 01-10-2018

## GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Guaranty") is made as of April 16, 2014, by Yomtov "Scott" Managed ("Managed" or "Guarantor"), an individual whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona 85259, in favor of DenSco Investment Corporation, an Arizona corporation (together with its successor and assigns, "Lender"), having an address at 6132 W. Victoria Place, Chandler, Arizona 85226.

## Recitals

The following recitals are a material part of this Guaranty:
A. Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W . Bell Road, Glendale, Arizona 85308 and Easy Investments, LLC, an Arizona limited liability company("EI"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are hereinafter referred to, individually and collectively, as the context may require, as "Borrower") are indebted to Lender under the terms of certain Loans (individually a "Loan". and collectively, the "Loans"), which are listed on the attached Exhibit A (as may be subsequently amended as additional real properties are added as collateral
I for the Loans), which is incorporated into this Agreement by this reference. Guarantor is or was the owner of each Borrower, and Guarantor did have and continues to have a significant financial interest in Lender making the Loans (and loaning additional funds), and has and will continue to realize significant financial benefit from the existing and additional Loans. Each Loan is evidenced by (or will be evidenced by) a certain Note Secured by Deed of Trust or other similar promissory notes, executed by Borrower in favor of Lender (individually a "Note" and collectively, the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (collectively, the "Mortgages"), and are each secured in part by one or more Deeds of Trust and Assignment of Rents, deeds of trust, deeds to secure debt, or similar documents (individually and collectively, the "Security Instruments") encumbering Borrower's interest in the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A (as may be subsequently amended as additional real properties are added as collateral for the Loans). The Notes, Mortgages, Security Instruments, and the other documents) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents" or individually as a "Loan Document". The Loan Documents are hereby incorporated by this reference as if fully set forth in this Guaranty.
B. The Loans are now in Default (as defined in the respective Notes) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.
C. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, subject to the terms of a Forbearance Agreement of even date, by and between the Borrower, Guarantor, Furniture King, LLC, an Arizona limited
liability Company, whose address is 303 N. Central Avenue, Suite 603, Phoenix, Arizona 85012 ('Furniture King") and Lender (the "Forbearance Agreement").
D. Pursuant to the Forbearance Agreement, Lender agreed to loan additional funds in an amount up to Five Million Dollars ( $\$ 5,000,000$ ) to Borrower, Guarantor, and Furniture King, jointly and severally (the "Additional Funds Loan"), which is evidenced by that certain Secured Line of Credit Promissory Note (the "Additional Funds Note").
E. Pursuant to the Forbearance Agreement, Lender agreed to loan additional funds in an amount up to One Million Dollars $(\$ 1,000,000)$ to Borrower and Guarantor, jointly and severally (the "Additional Loan"), which is evidenced by that certain Secured Line of Credit Promissory Note (the "Additional Note"). Furniture King has personally guaranteed the Additional Loan under a separate Guaranty Agreement. (For purposes of this Guaranty, the Additional Funds Note, and the Additional Note shall be included in the definition of the "Notes." Further, the Forbearance Agreement, the Additional Funds Note, and the Additional Note, the Deed of Trust Security Agreement and other documents executed in connection with the Forbearance Agreement shall be included in the definition of the "Loan Documents.")
F. Lender has required that Guarantor guaranty to Lender the payment of the Liabilities (as such term is defined in Section 2.1 hereof).
G. Absent this Guaranty, Lender is unwilling to agree to the terms of the Forbearance Agreement, loan the additional funds to Borrower pursuant to the Additional Funds Loan, and the Additional Loan, and/or to loan any other additional funds to the Borrower, pursuant to the terms of the Loan Documents.

## Agreement

In consideration of Lender's agreement to the terms of the Forbearance Agreement and agreement to loan additional funds to the Borrower, pursuant to the terms of the Loan Documents, the Additional Funds Note, the Additional Note, and the Forbearance Agreement, and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, Guarantor hereby states and agrees as follows:

1. Requests of Guarantor. Guarantor hereby requests that Lender agree to the terms of the Forbearance Agreement, and further, that Lender extend additional credit and give financial accommodations to Borrower, pursuant to the terms of the Loan Documents, as Borrower may desire and as Lender may grant, from time to time, whether to the Borrower alone or to the Borrower and others, and specifically to extend the additional credit in the form of the Additional Funds Loan and Additional Loan.

## 2. Guaranty of Liabilities.

2.1 Guarantor hereby absolutely and unconditionally guarantees full and punctual payment and performance when due of the following (collectively, the "Liabilities"):
(a) (i) all payments due under each of the Notes, including the repayment of all additional advances of any kind that may be made by Lender to

Borrower, whether at stated maturity, by acceleration or otherwise, (ii) any and all renewals or extensions of any such item of indebtedness or obligation or any part thereof; (iii) all obligations and indebtedness of any kind or nature arising under any of the Loan Documents; (iv) any future advances that may be made by Lender related to a Loan, or a Property, whether made to protect the security or otherwise, and whether or not evidenced by additional promissory notes or other evidences of indebtedness; (v) all interest due on all of the same; (vi) all expenses, including attorney's fees, incurred by Lender in connection with the enforcement of Lender's rights under this Guaranty and all Administration and Enforcement Expenses.
(b) all amounts that shall become due and owing to Lender at any time by virtue of or arising out of any of the acts, omissions, circumstances or conditions referenced in any of the Notes, Loans, Forbearance Agreement or other Loan Documents (collectively, the "Financial Obligations"), including all renewals or extensions of any amount owing or obligation under the Financial Obligations, all liability under the. Financial Obligations whether arising under any of the original Loans, or any extension, modification, future advance, increase, amendment or modification thereof, interest due on amounts owing under the Financial Obligations at the applicable Default Interest or other default rates specified in the respective Note(s), all expenses, including attorneys' fees, incurred by Lender in connection with the enforcement of any of Lender's rights under this Guaranty and all Administration and Enforcement Expenses (as hereinafter defined), to the extent the same relate to amounts or obligations owing under the Financial Obligations. As used herein, the term "Financial Obligations" includes any loss, damage, cost, expense or liability incurred by Lender (including attorneys' fees and expenses and other collection and litigation expenses) arising out of or in connection with any of the following:
(i) fraud or willful misrepresentation by Borrower or any of its affiliates or Guarantor or any agent, employee or other person with actual or apparent authority to make statements or representations on behalf of Borrower, any affiliate of Borrower or Guarantor in connection with any of the Loans ("apparent authority" meaning such authority as the principal knowingly or negligently permits the agent to assume, or which he holds the agent out as possessing);
(ii) the gross negligence or willful misconduct of Borrower or Guarantor, or any affiliate, agent, or employee of the foregoing;
(iii) material physical waste of any of the Properties;
(iv) the removal or disposal of any structure locate any of the Properties in violation of the terms of the Loan Documents;
(v) the misapplication, misappropriation, or conversion by Borrower, any of its affiliates or Guarantor of (A) any insurance proceeds paid by reason of any loss, damage or destruction to a Property, (B) any awards received in connection with a condemnation of all or a portion of a Property, (C) any Rents or
other Property income or collateral proceeds, or (D) any Rents paid more than one month in advance (including security deposits);
(vi) following the occurrence of an event of default, the failure to either apply rents or other Property income, whether collected before or after such event of default, to the ordinary, customary, and necessary expenses of operating the subject Property or, upon demand, to deliver such rents or other Property income to Lender;
(vii) failure to maintain insurance or to pay taxes and assessments, or to pay charges for labor or materials or other charges or judgments that can create liens on any portion of a Property;
(viii) any security deposits, advance deposits or any other deposits collected with respect to a Property which are not delivered to Lender upon a foreclosure of the subject Property or action in lieu thereof, except to the extent any such security deposits were applied in accordance with the terms and conditions of any of the leases prior to the occurrence of the event of default that gave rise to such foreclosure or action in lieu thereof; or
(x) any failure by Borrower to comply with any of the representations, warranties, or covenants set forth in any of the Loan Documents.
2.2 Upon the request of Lender, Guarantor shall immediately pay or perform the Liabilities when they or any of them become due or are to be paid or performed under the term of any of the Loan Documents. Any amounts received by Lender from any sources and applied by Lender towards the payment of the Liabilities shall be applied in such order of application as Lender may from time to time elect. All Liabilities shall conclusively be presumed to have been created, extended, contracted, or incurred by Lender in reliance upon this Guaranty and all dealings between Borrower and Lender shall likewise be presumed to be in reliance upon this Guaranty.
2.3 For the purpose of this Guaranty, "Administration and Enforcement Expenses" shall mean all fees and expenses incurred at any time or from time to time by Lender, including legal (whether for the purpose of advice, negotiation, documentation, defense, enforcement or otherwise), accounting, financial advisory, auditing, appraisal, valuation, title or title insurance, engineering, environmental, collection agency, or other expert or consulting or similar services, in connection with: (a) the Forbearance Agreement, including the negotiations and preparations of the same, (b) this Guaranty, including the negotiations and preparations of the same, (c) the Loan Documents and any amendments or modifications of a Loan or any of the Loan Documents, whether or not consummated; (d) the administration, servicing or enforcement of a Loan or any of the Loan Documents, including any request for interpretation or modification of the Loan Documents or any matter related to a Loan or the servicing thereof (which shall include the consideration of any requests for consents, waivers, modifications, approvals, lease reviews or similar matters and any proposed transfer of any Property or any interest therein), (e) any litigation, contest, dispute, suit, arbitration, mediation, proceeding or action (whether instituted by or against Lender, including actions brought by or on behalf of Borrower or

Borrower's bankruptcy estate or any indemnitor or guarantor of a Loan or any other person) in any way relating to a Loan or the Loan Documents including in connection with any bankruptcy, reorganization, insolvency; or receivership proceeding; (f) any attempt to enforce any rights of Lender against Borrower or any other person that may be obligated to Lender by virtue of any Loan Document or otherwise whether or not litigation is commenced in pursuance of such rights; and (g) protection, enforcement against, or liquidation of a Property or any other collateral for a Loan, including any attempt to inspect, verify, preserve, restore, collect, sell, liquidate or otherwise dispose of or realize upon a Loan, the subject Property or any other collateral for a Loan.
3. Additional Advances, Renewals, Extensions and Releases. Guarantor hereby agrees and consents that, without notice to or further consent by Guarantor, Lender may make additional advances with respect to any of the Loans or any of the Properties, and the obligations of Borrower or any other party in connection with the applicable Loan may be renewed, extended, modified, accelerated or released by Lender as Lender may deem advisable, and any collateral the Lender may hold or in which the Lender may have an interest may be exchanged, sold, released or surrendered by it, as it may deem advisable, without impairing or affecting the obligations of Guarantor hereunder in any way whatsoever.

## 4. Waivers.

4.1 Guarantor hereby waives each of the following: (a) any and all notice of the acceptance of this Guaranty or of the creation, renewal or accrual of any Liabilities or the debt related to and/or stemming from the Notes, present or future (including any additional advances made by Lender under any of the Loan Documents) (the "Debt"); (b) the reliance of Lender upon this Guaranty; (c) notice of the existence or creation of any Loan Document or of any of the Liabilities or the Debt; (d) protest, presentment, demand for payment, notice of default or nonpayment, notice of dishonor to or upon Guarantor, Borrower or any other party liable for any of the Liabilities or the Debt; (e) any and all other notices or formalities to which Guarantor may otherwise be entitled, including notice of Lender's granting the Borrower any indulgences or extensions of time on the payment of any Liabilities or the Debt; and (f) promptness in making any claim or demand hereunder.
4.2 No delay or failure on the part of Lender in the exercise of any right or remedy against either Borrower or Guarantor shall operate as a waiver thereof, and no single or partial exercise by Lender of any right or remedy herein shall preclude other or further exercise thereof or of any other right or remedy whether contained herein or in a Note, or any of the other Loan Documents. No action of Lender permitted hereunder shall in any way impair or affect this Guaranty.
4.3 Guarantor acknowledges and agrees that Guarantor shall be and remain absolutely and unconditionally liable for the full amount of all Liabilities notwithstanding any of the following, and Guarantor waives any defense or counterclaims to which Guarantor may be entitled, based upon any of the following, in any proceeding (without prejudice to assert the same in a separate cause of action at a later time):
(a) Any or all of the Liabilities being or hereafter becoming invalid or otherwise unenforceable for any reason whatsoever or being or hereafter becoming released or discharged, in whole or in part, whether pursuant to a proceeding under any bankruptcy or insolvency laws or otherwise; or
(b) Lender failing or delaying to properly perfect or continue the perfection of any security interest or lien on any property which secures any of the Liabilities, or to protect the property covered by such security interest or enforce its rights respecting such property or security interest; or
(c) Lender failing to give notice of any disposition of any property serving as collateral for any Liabilities or failing to dispose of such collateral in a commercially reasonable manner; or
(d) Any other circumstance that might otherwise constitute a defense other than payment in full of the Liabilities.
5. Guaranty of Payment. Guarantor agrees that Guarantor's liability hereunder is primary, absolute and unconditional without regard to the liability of any other party. This Guaranty shall be construed as an absolute, irrevocable and unconditional guaranty of payment and performance (and not a guaranty of collection), without regard to the validity, regularity or enforceability of any of the Liabilities.
6. Guaranty Effective Regardless of Collateral. This Guaranty is made and shall continue as to any and all Liabilities without regard to any liens or security interests in any collateral, the validity, effectiveness or enforceability of such liens or security interests, or the existence or validity of any other guaranties or rights of Lender against any other obligors. Any and all such collateral, security, guaranties and rights against other obligors, if any, may from time to time without notice to or consent of Guarantor, be granted, sold, released, surrendered, exchanged, settled, compromised, waived, subordinated or modified, with or without consideration, on such terms or conditions as may be acceptable to Lender, without in any manner affecting or impairing the liabilities of Guarantor. Without limiting the generality of the foregoing, it is acknowledged that Guarantor's liability hereunder shall survive any foreclosure proceeding, any foreclosure sale, any delivery of a deed in lieu of foreclosure, and any release of record of any of the Security Instruments.
7. Additional Credit. Credit or financial accommodation may be granted or continued from time to time by Lender to Borrower regardless of Borrower's financial or other condition at the time of any such grant or continuation, without notice to or the consent of Guarantor and without affecting Guarantor's obligations hereunder. Lender shall have no obligation to disclose or discuss with Guarantor its assessment of the financial condition of Borrower.
8. Rescission of Payments. If at any time payment of any of the Liabilities or any part thereof is rescinded or must otherwise be restored or returned by Lender upon the insolvency, bankruptcy or reorganization of Borrower or under any other circumstances whatsoever, this Guaranty shall, upon such rescission, restoration or return, continue to be
effective or shall (if previously terminated) be reinstated, as the case may be, as if such payment had not been made.
9. Additional Waivers. So long as any portion of the Liabilities or Debt remains unpaid or any portion of the Liabilities or Debt (or any security therefor) that has been paid to Lender remains subject to invalidation, reversal or avoidance as a preference, fraudulent transfer or for any other reason whatsoever (whether under bankruptcy or non-bankruptcy law) to being set aside or required to be repaid to Borrower as a debtor in possession or to any trustee in bankruptcy, Guarantor irrevocably waives (a) any rights which it may acquire against Borrower by way of subrogation under this Guaranty or by virtue of any payment made hereunder (whether contractual, under the Bankruptcy Code or similar state or federal statute, under common law, or otherwise), (b) all contractual, common law, statutory or other rights of reimbursement, contribution, exoneration or indemnity (or any similar right) from or against Borrower that may have arisen in connection with this Guaranty, (c) any right to participate in any way in any of the Loan Documents or in the right, title and interest in any collateral securing the payment of Borrower's obligations to Lender, and (d) all rights, remedies and claims relating to any of the foregoing. If any amount is paid to Guarantor on account of subrogation rights or otherwise, such amount shall be held in trust for its benefit and shall forthwith be paid to Lender to be applied to the Debt, whether matured or unmatured, in such order as Lender shall determine.
10. Independent Obligations. The obligations of Guarantor are independent of the obligations of Borrower, and a separate action or actions for payment, damages or performance may be brought and prosecuted against Guarantor, whether or not an action is brought against Borrower or the security for Borrower's obligations, and whether or not Borrower is joined in any such action or actions. Guarantor expressly waives any requirement that Lender institute suit against Borrower or any other persons, or exercise or exhaust its remedies or rights against Borrower or against any other person, other guarantor, or other collateral securing all or any part of the Liabilities, prior to enforcing any rights Lender has under this Guaranty or otherwise. Lender may pursue all or any such remedies at one or more different times without in any way impairing its rights or remedies hereunder. Guarantor hereby further waives the benefit of any statute of limitations affecting its liability hereunder or the enforcement hereof. If there shall be more than one guarantor with respect to any of the Liabilities, then the obligations of each such guarantor shall be joint and several.
11. Subordination of Indebtedness of Borrower to Guarantor. Any indebtedness of Borrower to Guarantor now or hereafter existing is hereby subordinated to the prior payment in full of the Liabilities. Guarantor agrees that until all of Borrower's obligations detailed in the Forbearance Agreement have been fully satisfied, Guarantor will not seek, accept or retain for Guarantor's own account, any payment (whether for principal, interest, or otherwise) from Borrower for or on account of such subordinated debt. Following the occurrence and during the continuance of an event of default of the Forbearance Agreement, any payments to Guarantor on account of such subordinated debt shall be collected and received by Guarantor in trust for Lender and shall be paid over to Lender on account of the Liabilities or Debt, as Lender determines in its discretion, without impairing or releasing the obligations of Guarantor hereunder. Guarantor hereby unconditionally and irrevocably agrees that (a) Guarantor will not at any time while the Liabilities remain unpaid, assert against Borrower (or Borrower's estate in
the event that Borrower becomes the subject of any case or proceeding under any federal or state bankruptcy or insolvency laws) any right or claim to indemnification, reimbursement, contribution or payment for or with respect to any and all amounts Guarantor may pay or be obligated to pay Lender, including the Liabilities, and any and all obligations which Guarantor may perform, satisfy or discharge, under or with respect to the Guaranty, and (b) Guarantor subordinates to the Debt all such rights and claims to indemnification, reimbursement, contribution or payment that Guarantor may have now or at any time against Borrower (or Borrower's estate in the event that Borrower becomes the subject of any case or proceeding under any federal or state bankruptcy or insolvency laws).
12. Claims in Bankruptcy. Guarantor shall file all claims against Borrower in any bankruptcy or other proceeding in which the filing of claims is required by law upon any indebtedness of Borrower to Guarantor and will assign to Lender all right of Guarantor thereunder. Guarantor hereby irrevocably appoints Lender its attorney-in-fact, which appointment is coupled with an interest, to file any such claim that Guarantor may fail to file, in the name of Guarantor or, in Lender's discretion, to assign the claim and to cause proof of claim to be filed in the name of Lender's nominee. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Lender the full amount thereof and, to the full extent necessary for that purpose, Guarantor hereby assigns to Lender all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled.
13. Guarantor's Representations and Warranties. Guarantor represents, warrants and covenants to and with Lender that:
13.1 There is no action or proceeding pending or, to the knowledge of Guarantor, threatened against Guarantor before any court or administrative agency which might result in any material adverse change in the business or financial condition of Guarantor or in the property of Guarantor;
13.2 Guarantor has filed all Federal and state income tax returns which Guarantor has been required to file, and has paid all taxes as shown on said returns and on all assessments received by Guarantor to the extent that such taxes have become due;
13.3 Neither the execution nor delivery of this Guaranty nor fulfillment of nor compliance with the terms and provisions hereof will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in the creation of any lien, charge or encumbrance upon any property or assets of Guarantor under any agreement or instrument to which Guarantor is now a party or by which Guarantor may be bound;
13.4 This Guaranty is a valid and legally binding agreement of Guarantor and is enforceable against Guarantor in accordance with its terms;
13.5 Guarantor has either (i) examined the Loan Documents or (ii) has had an opportunity to examine the Loan Documents and has waived the right to examine them;
13.6 Guarantor has the full power, authority, and legal right to execute and deliver this Guaranty; and
13.7 Guarantor acknowledges that Guarantor was advised to and was given the opportunity to consult with independent counsel before executing this Guaranty.
14. Notice of Litigation. Guarantor shall promptly give Lender notice of all litigation or proceedings before any court or governmental authority affecting .Guarantor or its property, except litigation or proceedings which, if adversely determined, would not have a material adverse effect on the financial condition or operations of Guarantor or its ability to perform any of its obligations hereunder.
15. Access to Records. Guarantor shall give Lender and its representatives access to, and permit Lender and such representatives to examine, copy or make extracts from, any and all books, records and documents in the possession of Guarantor relating to the performance of Guarantor's obligations hereunder and under any of the Loan Documents, all at such times and as often as Lender may reasonably request.
16. Assignment by Lender. In connection with any sale, assignment or transfer of a Loan, Lender may sell, assign or transfer this Guaranty and all or any of its rights, privileges, interests and remedies hereunder to any other person or entity whatsoever without notice to or consent by Guarantor, and in such event the assignee shall be entitled to the benefits of this Guaranty and to exercise all rights, interests and remedies as fully as Lender.
17. Termination. This Guaranty shall terminate only when all of the Liabilities and the Debt have been paid in full, including all interest thereon, late charges and other charges and fees included within the Liabilities and the Debt. When all of the conditions described above have been fully met, Lender will, upon request, furnish to Guarantor a written cancellation of this Guaranty.
18. Notices. All notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (c) by email addressed as follows (or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section):

| If to Lender: | DenSco Investment Corporation <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br> Chandler, Arizona 85226 <br>  <br>  <br>  <br> Attention: Denny Chittick <br> Email: dcmoney@yahoo.com <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br> 7cott Menaged <br> Glendale, Arizona 85308 <br> Email: smena98754@aol.com |
| :--- | :--- |

A notice shall be deemed to have been given: (i) in the case of hand delivery, at the time of delivery; in the case of registered or certified mail, when delivered or the first attempted delivery on a business day; or (ii) in the case of expedited prepaid delivery, upon the first attempted delivery on a business day; or (ii) in the case of email, the earlier of sender's receipt of a machine-generated confirmation/receipt of a successful delivery of the message or that the message was read, or sender's receipt of a response from the recipient regarding the email, such as a reply or a separate email which references the notice.
19. Waiver of Jury Trial. TO THE FULLEST EXTENT NOW OR HEREAFTER PERMITTED BY APPLICABLE LAW, GUARANTOR HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS GUARANTY, ANY OF THE NOTES, ANY OF THE SECURITY INSTRUMENTS OR ANY OF THE OTHER LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY GUARANTOR, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH RIGHT TO TRIAL BY JURY WOULD OTHERWISE ACCRUE. LENDER IS HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY GUARANTOR.
20. Miscellaneous. This Guaranty shall be a continuing guaranty. This Guaranty shall bind the heirs, successors and assigns of Guarantor (except that Guarantor may not assign his, her, or its liabilities under this Guaranty without the prior written consent of Lender, which consent Lender may in its discretion withhold), and shall inure to the benefit of Lender, its successors, transferees and assigns. Each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law. Neither this Guaranty nor any of the terms hereof, including the provisions of this Section, may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing executed by the party against which enforcement of the termination, amendment, supplement, waiver or modification is sought, and the parties hereby: (a) expressly agree that it shall not be reasonable for any of them to rely on any alleged, non-written amendment to this Guaranty; (b) irrevocably waive any and all right to enforce any alleged, non-written amendment to this Guaranty; and (c) expressly agree that it shall be beyond the scope of authority (apparent or otherwise) for any of their respective agents to agree to any non-written modification of this Guaranty. This Guaranty may be executed in several counterparts, each of which counterpart shall be deemed an original instrument and all of which together shall constitute a single Guaranty. The failure of any party hereto to execute this Guaranty, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder. As used in this Guaranty, (i) the terms "include," "including" and similar terms shall be construed as if followed by the phrase "without being limited to," (ii) any pronoun used herein shall be deemed to cover all genders, and words importing the singular number shall mean and include the plural number, and vice versa, (iii) all captions to the Sections hereof are used for convenience and reference only and in no way define, limit or describe the scope or intent of, or in any way affect, this Guaranty, (iv) no inference in favor of, or against, Lender or Guarantor shall be drawn from the fact that such party has drafted any
portion hereof or any other Loan Document, (v) the term "Borrower" shall mean individually and collectively, jointly and severally, each Borrower (if more than one) and shall include the successors (including any subsequent owner or owners of a Property or any part thereof or any interest therein and Borrower in its capacity as debtor-in-possession after the commencement of any bankruptcy proceeding), assigns, heirs, personal representatives, executors and administrators of Borrower, (vi) the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or," (vii) the words "hereof," "herein," "hereby," "hereunder," and similar terms in this Guaranty refer to this Guaranty as a whole and not to any particular provision or section of this Guaranty, and (viii) an event of default shall "continue" or be "continuing" until such event of default has been waived in writing by Lender or cured by Borrower, with such cure being accepted by Lender. Wherever Lender's judgment, consent, approval or discretion is required under this Guaranty or Lender shall have an option, election, or right of determination or any other power to decide any matter relating to the terms of this Guaranty, including any right to determine that something is satisfactory or not ("Decision Power"), such Decision Power shall be exercised in the sole and absolute discretion of Lender except as may be otherwise expressly and specifically provided herein. Such Decision Power and each other power granted to Lender upon this Guaranty or any other Loan Document may be exercised by Lender or by any authorized agent of Lender (including any servicer or attorney-in-fact), and Guarantor hereby expressly agrees to recognize the exercise of such Decision Power by such authorized agent. If any provision of this Guaranty is held invalid or unenforceable by final and unappealable judgment of the court having jurisdiction over the matter and persons, such provisions shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision, its application in other circumstances, or the remaining provisions of this Guaranty.
21. Applicable Law; Jurisdiction and Venue. This Guaranty shall be governed by and construed in accordance with the laws of jurisdiction in which the real property collateral for the subject Loan is located ("Governing State"). Guarantor hereby consents to personal jurisdiction in the Governing State. Venue of any action brought to enforce this Guaranty or any other Loan Document or any action relating to the subject Loan(s) or the relationships created by or under the subject Loan Documents ("Action") shall, at the election of Lender, be in (and if any Action is originally brought in another venue, the Action shall at the election of Lender be transferred to) a state or federal court of appropriate jurisdiction located in the Governing State. Guarantor hereby consents and submits to the personal jurisdiction of the Governing State and of federal courts located in the Governing State in connection with any Action and hereby waives any and all personal rights under the laws of any other state to object to jurisdiction within such State for purposes of any Action. Guarantor hereby waives and agrees not to assert, as a defense to any Action or a motion to transfer venue of any Action, (a) any claim that it is not subject to such jurisdiction, (b) any claim that any Action may not be brought against it or is not maintainable in those courts or that this Guaranty may not be enforced in or by those courts, or that it is exempt or immune from execution, (c) that the Action is brought in an inconvenient formm, or (d) that the venue for the Action is in any way improper.
22. Severability. Should any provisions of this Guaranty be found to be void, invalid or unenforceable by a court to competent jurisdiction, that finding shall only affect the provision found to be void, invalid or unenforceable and shall not affect the remaining provisions of this Guaranty.
23. To the maximum extent permitted by law, Guarantor unconditionally and irrevocably waives any rights or benefits arising under A.R.S. §§ 12-1556, 12-1641 through and including $12-1644,12-1645,12-1646,33-814,33-725,33-727$ and 44-142 and Ariz. R. Civ. P. 17(f) or such statutes, rules or similar provisions as may be enacted or adopted hereafter.

IN WITNESS WHEREOF, Guarantor has executed or caused this Guaranty to be executed as of the day and year first above written.

## GUARANTOR:



## ACKNOWLEDGMENTS

STATE OF ARIZONA )
) SS
COUNTY OF MARICOPA )

On this $16^{6^{h}}$ day of APRIL, 2014 , before me appeared Yomtov "Scott" Menage, to me personally known, who being by me duly sworn, and said Yomotov "Scott" Managed acknowledged to me that he is named as the Guarantor in the foregoing instrument and that he did execute the foregoing instrument and that he did so as his free act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.
y Commission Expires January $\langle 0,2018$


Notary Public
My Commission Expires:
$01-10-2018$

## EXHIBIT A

## LENDER LOANS AND ENCUMBERED PROPERTIES






## GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (this "Guaranty") is made as of April 16, 2014, by Furniture King, LLC, an Arizona limited liability Company, whose address is 303 N . Central Avenue, Suite 603, Phoenix, Arizona 85012 ("Furniture King" or "Guarantor"), in favor of DenSco Investment Corporation, an Arizona corporation (together with its successor and assigns, "Lender"), having an address at 6132 W. Victoria Place, Chandler, Arizona 85226.

## Recitals

The following recitals are a material part of this Guaranty:
A. Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W . Bell Road, Glendale, Arizona 85308 and Easy Investments, LLC, an Arizona limited liability company("El"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are hereinafter referred to, individually and collectively, as the context may require, as "Borrower") are indebted to Lender under the terms of certain Loans (individually a "Loan" and collectively, the "Loans"), which are listed on the attached Exhibit A (as may be subsequently amended as additional real property are added as collateral for the Loans), which is incorporated into this Agreement by this reference. Guarantor is or was owned by the owner of each Borrower, and Guarantor did have and continues to have a significant financial interest in Lender making the Loans (and loaning additional funds), and has and will continue to realize significant financial benefit from the existing and additional Loans. Each Loan is evidenced by (or will be evidenced by) a certain Note Secured by Deed of Trust or other similar promissory notes, executed by Borrower in favor of Lender (individually a "Note" and collectively, the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (collectively, the "Mortgages"), and are each secured in part by one or more Deeds of Trust and Assignment of Rents, deeds of trust, deeds to secure debt, or similar documents (individually and collectively, the "Security Instruments") encumbering Borrower's interest in the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit_A (as may be subsequently amended as additional real property are added as collateral for the Loan): The Notes, Mortgages, Security Instruments, and the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents" or individually as a "Loan Document". The Loan Documents are hereby incorporated by this reference as if fully set forth in this Guaranty.
B. The Loans are now in Default (as defined in the respective Notes) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.
C. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, subject to the terms of a Forbearance Agreement of even date, by and between the Borrower, Yomtov "Scott" Managed, an individual whose address
$200402518431833 / 171972$
is 10510 East Sunnyside Drive, Scottsdale, Arizona 85259 ("Menaged"), Guarantor, and Lender (the "Forbearance Agreement").
D. Pursuant to the Forbearance Agreement, Lender agreed to loan additional funds in an amount up to Five Million Dollars ( $\$ 5,000,000$ ) to Borrower, Guarantor, and Menaged, jointly and severally (the "Additional Funds Loan"), which is evidenced by that certain Secured Line of Credit Promissory Note (the "Additional Funds Note").
E. Pursuant to the Forbearance Agreement, Lender agreed to loan additional funds in an amount up to One Million Dollars ( $\$ 1,000,000$ ) to Borrower and Menaged, jointly and severally (the "Additional Loan"), which is evidenced by that certain Secured Line of Credit Promissory Note (the "Additional Note"). (For purposes of this Guaranty, the Additional Funds Note and the Additional Note shall be included in the definition on the "Notes." Further, the Forbearance Agreement, the Additional Funds Note, the Additional Note, the Deed of Trust, Security Agreement and the other documents executed in connection with the Forbearance Agreement shall be included in the definition of the "Loan Documents.")
F. Lender has required that Guarantor guaranty to Lender the payment of the Liabilities (as such term is defined in Section 2.1 hereof).
G. Absent this Guaranty, Lender is unwilling to agree to the terms of the Forbearance Agreement, loan the additional funds to Borrower pursuant to the Additional Funds Loan, and the Additional Loan, and/or to loan any other additional funds to the Borrower, pursuant to the terms of the Loan Documents.

## Agreement

In consideration of Lender's agreement to the terms of the Forbearance Agreement and agreement to loan additional funds to the Borrower, pursuant to the terms of the Loan Documents, the Additional Funds Note, the Additional Note, and the Forbearance Agreement, and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, Guarantor hereby states and agrees as follows:

1. Requests of Guarantor. Guarantor hereby requests that Lender agree to the terms of the Forbearance Agreement, and further, that Lender extend additional credit and give financial accommodations to Borrower, pursuant to the terms of the Loan Documents, as Borrower may desire and as Lender may grant, from time to time, whether to the Borrower alone or to the Borrower and others, and specifically to extend the additional credit in the form of the Additional Funds Loan and Additional Loan.

## 2. Guaranty of Liabilities.

2.1 Guarantor hereby absolutely and unconditionally guarantees full and punctual payment and performance when due of the following (collectively, the "Liabilities"):
(a) (i) all payments due under each of the Notes and the Additional Loan, including the repayment of all additional advances of any kind that may be made by Lender to Borrower, whether at stated maturity, by acceleration or otherwise, (ii) any
and all renewals or extensions of any such item of indebtedness or obligation or any part thereof; (iii) all obligations and indebtedness of any kind or nature arising under any of the Loan Documents and the terms of the Additional Loan; (iv) any future advances that may be made by Lender related to a Loan, the Additional Loan, or a Property, whether made to protect the security or otherwise, and whether or not evidenced by additional promissory notes or other evidences of indebtedness; (v) all interest due on all of the same; (vi) all expenses, including attorney's fees, incurred by Lender in connection with the enforcement of Lender's rights under this Guaranty and all Administration and Enforcement Expenses.
(b) all amounts that shall become due and owing to Lender at any time by virtue of or arising out of any of the acts, omissions, circumstances or conditions referenced in any of the Notes, Loans, Forbearance Agreement or other Loan Documents (collectively, the "Financial Obligations"), including all renewals or extensions of any amount owing or obligation under the Financial Obligations, all liability under the Financial Obligations whether arising under any of the original Loans or the Additional Loan, or any extension, modification, future advance, increase, amendment or modification thereof, interest due on amounts owing under the Financial Obligations at the applicable Default Interest or other default rates specified in the respective Note(s) and/or the terms of the Additional Loan, all expenses, including attomeys' fees, incurred by Lender in connection with the enforcement of any of Lender's rights under this Guaranty and all Administration and Enforcement Expenses (as hereinafter defined), to the extent the same relate to amounts or obligations owing under the Financial Obligations. As used herein, the term "Financial Obligations" includes any loss, damage, cost, expense or liability incurred by Lender (including attorneys' fees and expenses and other collection and litigation expenses) arising out of or in connection with any of the following:
(i) fraud or willful misrepresentation by Borrower or any of its affiliates or Guarantor or any agent, employee or other person with actual or apparent authority to make statements or representations on behalf of Borrower, any affiliate of Borrower or Guarantor in connection with any of the Loans and/or the Additional Loan ("apparent authority' meaning such authority as the principal knowingly or negligently permits the agent to assume, or which he holds the agent out as possessing);
(ii) the gross negligence or willful misconduct of Borrower or Guarantor, or any affiliate, agent, or employee of the foregoing;
(iii) material physical waste of any of the Properties;
(iv) the removal or disposal of any structure located on any of the Properties in violation of the terms of the Loan Documents;
(v) the misapplication, misappropriation, or conversion by Borrower, any of its affiliates or Guarantor of (A) any insurance proceeds paid by reason of any loss, damage or destruction to a Property, (B) any awards received in
connection with a condemnation of all or a portion of a Property, (C) any Rents or other Property income or collateral proceeds, or (D) any Rents paid more than one month in advance (including security deposits);
(vi) following the occurrence of an event of default, the failure to either apply rents or other Property income, whether collected before or after such event of default, to the ordinary, customary, and necessary expenses of operating the subject Property or, upon demand, to deliver such rents or other Property income to Lender;
(vii) failure to maintain insurance or to pay taxes and assessments, or to pay charges for labor or materials or other charges or judgments that can create liens on any portion of a Property;
(viii) any security deposits, advance deposits or any other deposits collected with respect to a Property which are not delivered to Lender upon a foreclosure of the subject Property or action in lieu thereof, except to the extent any such security deposits were applied in accordance with the terms and conditions of any of the leases prior to the occurrence of the event of default that gave rise to such foreclosure or action in lieu thereof; or
(x) any failure by Borrower to comply with any of the representations, warranties, or covenants set forth in any of the Loan Documents.
2.2 Upon the request of Lender, Guarantor shall immediately pay or perform the Liabilities when they or any of them become due or are to be paid or performed under the term of any of the Loan Documents and/or the Additional Loan. Any amounts received by Lender from any sources and applied by Lender towards the payment of the Liabilities shall be applied in such order of application as Lender may from time to time elect. All Liabilities shall conclusively be presumed to have been created, extended, contracted, or incurred by Lender in reliance upon this Guaranty and all dealings between and among Borrower, Menaged and Lender shall likewise be presumed to be in reliance upon this Guaranty.
2.3 For the purpose of this Guaranty, "Administration and Enforcement Expenses" shall mean all fees and expenses incurred at any time or from time to time by Lender, including legal (whether for the purpose of advice, negotiation, documentation, defense, enforcement or otherwise), accounting, financial advisory, auditing, appraisal, valuation, title or title insurance, engineering, environmental, collection agency, or other expert or consulting or similar services, in connection with: (a) the Forbearance Agreement, including the negotiations and preparations of the same, (b) this Guaranty, including the negotiations and preparations of the same, (c) the Loan Documents and any amendments or modifications of a Loan or any of the Loan Documents, whether or not consummated; (d) the administration, servicing or enforcement of a Loan or any of the Loan Documents, including any request for interpretation or modification of the Loan Documents or any matter related to a Loan or the servicing thereof (which shall include the consideration of any requests for consents, waivers, modifications, approvals, lease reviews or similar matters and any proposed transfer of any Property or any interest therein), (e) any litigation, contest, dispute, suit, arbitration, mediation, proceeding or action (whether
instituted by or against Lender, including actions brought by or on behalf of Borrower or Borrower's bankruptcy estate or any indemnitor or guarantor of a Loan or any other person) in any way relating to a Loan or the Loan Documents including in connection with any bankruptcy, reorganization, insolvency, or receivership proceeding; (f) any attempt to enforce any rights of Lender against Borrower, Menaged or any other person that may be obligated to Lender by virtue of any Loan Document or otherwise whether or not litigation is commenced in pursuance of such rights; and (g) protection, enforcement against, or liquidation of a Property or any other collateral for a Loan, including any attempt to inspect, verify, preserve, restore, collect, sell, liquidate or otherwise dispose of or realize upon a Loan, the subject Property or any other collateral for a Loan.
3. Additional Advances, Renewals, Extensions and Releases. Guarantor hereby agrees and consents that, without notice to or further consent by Guarantor, Lender may make additional advances with respect to any of the Loans, the Additional Loan, or any of the Properties, and the obligations of Borrower, Menaged or any other party in connection with the applicable Loan and/or Additional Loan, may be renewed, extended, modified, accelerated or released by Lender as Lender may deem advisable, and any collateral the Lender may hold or in which the Lender may have an interest may be exchanged, sold, released or surrendered by it, as it may deem advisable, without impairing or affecting the obligations of Guarantor hereunder in any way whatsoever.

## 4. Waivers.

4.1 Guarantor hereby waives each of the following: (a) any and all notice of the acceptance of this Guaranty or of the creation, renewal or accrual of any Liabilities or the debt related to and/or stemming from the Notes and/or Additional Loan, present or future (including any additional advances made by Lender under any of the Loan Documents) (the "Debt"); (b) the reliance of Lender upon this Guaranty; (c) notice of the existence or creation of any Loan Document or of any of the Liabilities or the Debt; (d) protest, presentment, demand for payment, notice of default or nonpayment, notice of dishonor to or upon Guarantor, Borrower, Menaged or any other party liable for any of the Liabilities or the Debt; (e) any and all other notices or formalities to which Guarantor may otherwise be entitled, including notice of Lender's granting the Borrower or Menaged any indulgences or extensions of time on the payment of any Liabilities or the Debt; and (f) promptness in making any claim or demand hereunder.
4.2 No delay or failure on the part of Lender in the exercise of any right or remedy against any of Borrower, Menaged or Guarantor shall operate as a waiver thereof, and no single or partial exercise by Lender of any right or remedy herein shall preclude other or further exercise thereof or of any other right or remedy whether contained herein, in a Note, in the terms of the Additional Loan, or any of the other Loan Documents. No action of Lender permitted hereunder shall in any way impair or affect this Guaranty.
4.3 Guarantor acknowledges and agrees that Guarantor shall be and remain absolutely and unconditionally liable for the full amount of all Liabilities notwithstanding any of the following, and Guarantor waives any defense or counterclaims to which Guarantor may be entitled, based upon any of the following, in any proceeding (without prejudice to assert the same in a separate cause of action at a later time):
(a) Any or all of the Liabilities being or hereafter becoming invalid or otherwise unenforceable for any reason whatsoever or being or hereafter becoming released or discharged, in whole or in part, whether pursuant to a proceeding under any bankruptcy or insolvency laws or otherwise; or
(b) Lender failing or delaying to properly perfect or continue the perfection of any security interest or lien on any property which secures any of the Liabilities, or to protect the property covered by such security interest or enforce its rights respecting such property or security interest; or
(c) Lender failing to give notice of any disposition of any property serving as collateral for any Liabilities or failing to dispose of such collateral in a commercially reasonable manner; or
(d) Any other circumstance that might otherwise constitute a defense other than payment in full of the Liabilities.
5. Guaranty of Payment. Guarantor agrees that Guarantor's liability hereunder is primary, absolute and unconditional without regard to the liability of any other party. This Guaranty shall be construed as an absolute, irrevocable and unconditional guaranty of payment and performance (and not a guaranty of collection), without regard to the validity, regularity or enforceability of any of the Liabilities.
6. Guaranty Effective Regardless of Collateral. This Guaranty is made and shall continue as to any and all Liabilities without regard to any liens or security interests in any collateral, the validity, effectiveness or enforceability of such liens or security interests, or the existence or validity of any other guaranties or rights of Lender against any other obligors. Any and all such collateral, security, guaranties and rights against other obligors, if any, may from time to time without notice to or consent of Guarantor, be granted, sold, released, surrendered, exchanged, settled, compromised, waived, subordinated or modified, with or without consideration, on such terms or conditions as may be acceptable to Lender, without in any manner affecting or impairing the liabilities of Guarantor. Without limiting the generality of the foregoing, it is acknowledged that Guarantor's liability hereunder shall survive any foreclosure proceeding, any foreclosure sale, any delivery of a deed in lieu of foreclosure, and any release of record of any of the Security Instruments.
7. Additional Credit. Credit or financial accommodation may be granted or continued from time to time by Lender to either or both of Borrower or Menaged regardless of their respective financial or other condition at the time of any such grant or continuation, without notice to or the consent of Guarantor and without affecting Guarantor's obligations hereunder. Lender shall have no obligation to disclose or discuss with Guarantor its assessment of the financial condition of Borrower or Menaged.
8. Rescission of Payments. If at any time payment of any of the Liabilities or any part thereof is rescinded or must otherwise be restored or retumed by Lender upon the insolvency, bankruptcy or reorganization of Borrower or Menaged or under any other circumstances whatsoever, this Guaranty shall, upon such rescission, restoration or return,
continue to be effective or shall (if previously terminated) be reinstated, as the case may be, as if such payment had not been made.
9. Additional Waivers. So long as any portion of the Liabilities or Debt remains unpaid or any portion of the Liabilities or Debt (or any security therefor) that has been paid to Lender remains subject to invalidation, reversal or avoidance as a preference, fraudulent transfer or for any other reason whatsoever (whether under bankruptcy or non-bankruptcy law) to being set aside or required to be repaid to Borrower or Menaged as a debtor in possession or to any trustee in bankruptcy, Guarantor irrevocably waives (a) any rights which it may acquire against Borrower or Menaged by way of subrogation under this Guaranty or by virtue of any payment made hereunder (whether contractual, under the Bankruptcy Code or similar state or federal statute, under common law, or otherwise), (b) all contractual, common law, statutory or other rights of reimbursement, contribution, exoneration or indemnity (or any similar right) from or against Borrower or Menaged that may have arisen in connection with this Guaranty, (c) any right to participate in any way in any of the Loan Documents or in the right, title and interest in any collateral securing the payment of Borrower's or Menaged obligations to Lender, and (d) all rights, remedies and claims relating to any of the foregoing. If any amount is paid to Guarantor on account of subrogation rights or otherwise, such amount shall be held in trust for its benefit and shall forthwith be paid to Lender to be applied to the Debt, whether matured or unmatured, in such order as Lender shall determine.
10. Independent Obligations. The obligations of Guarantor are independent of the obligations of Borrower and Menaged, and a separate action or actions for payment, damages or performance may be brought and prosecuted against Guarantor, whether or not an action is brought against Borrower or Menaged or the security for Borrower's or Menaged's obligations, and whether or not Borrower or Menaged is joined in any such action or actions. Guarantor expressly waives any requirement that Lender institute suit against Borrower or Menaged or any other persons, or exercise or exhaust its remedies or rights against Borrower or Menaged or against any other person, other guarantor, or other collateral securing all or any part of the Liabilities, prior to enforcing any rights Lender has under this Guaranty or otherwise. Lender may pursue all or any such remedies at one or more different times without in any way impairing its rights or remedies hereunder. Guarantor hereby further waives the benefit of any statute of limitations affecting its liability hereunder or the enforcement hereof. If there shall be more than one guarantor with respect to any of the Liabilities, then the obligations of each such guarantor shall be joint and several.
11. Subordination of Indebtedness of Borrower to Guarantor. Any indebtedness of Borrower or Menaged to Guarantor now or hereafter existing is hereby subordinated to the prior payment in full of the Liabilities. Guarantor agrees that until all of Borrower's or Menaged's obligations detailed in the Forbearance Agreement have been fully satisfied, Guarantor will not seek, accept or retain for Guarantor's own account, any payment (whether for principal, interest, or otherwise) from Borrower or Menaged for or on account of such subordinated debt. Following the occurrence and during the continuance of an event of default of the Forbearance Agreement, any payments to Guarantor on account of such subordinated debt shall be collected and received by Guarantor in trust for Lender and shall be paid over to Lender on account of the Liabilities or Debt, as Lender determines in its discretion, without impairing or releasing the obligations of Guarantor hereunder. Guarantor hereby unconditionally and
irrevocably agrees that (a) Guarantor will not at any time while the Liabilities remain unpaid, assert against Borrower or Menaged (or Borrower's or Menaged's estate in the event that Borrower or Menager becomes the subject of any case or proceeding under any federal or state bankruptcy or insolvency laws) any right or claim to indemnification, reimbursement, contribution or payment for or with respect to any and all amounts Guarantor may pay or be obligated to pay Lender, including the Liabilities, and any and all obligations which Guarantor may perform, satisfy or discharge, under or with respect to the Guaranty, and (b) Guarantor subordinates to the Debt all such rights and claims to indemnification, reimbursement, contribution or payment that Guarantor may have now or at any time against Borrower or Menaged (or Borrower's or Menaged's estate in the event that Borrower or Menage becomes the subject of any case or proceeding under any federal or state bankruptcy or insolvency laws).
12. Claims in Bankruptcy. Guarantor shall file all claims against Borrower or Menage in any bankruptcy or other proceeding in which the filing of claims is required by law upon any indebtedness of Borrower or Menage to Guarantor and will assign to Lender all right of Guarantor thereunder. Guaräntor hereby irrevocably appoints Lender its attorney-in-fact, which appointment is coupled with an interest, to file any such claim that Guarantor may fail to file, in the name of Guarantor or, in Lender's discretion, to assign the claim and to cause proof of claim to be filed in the name of Lender's nominee. In all such cases, whether in administration, bankruptcy or otherwise, the person or persons authorized to pay such claim shall pay to Lender the full amount thereof and, to the full extent necessary for that purpose, Guarantor hereby assigns to Lender all of Guarantor's rights to any such payments or distributions to which Guarantor would otherwise be entitled.
13. Guarantor's Representations and Warranties. Guarantor represents, warrants and covenants to and with Lender that:
13.1 There is no action or proceeding pending or, to the knowledge of Guarantor, threatened against Guarantor before any court or administrative agency which might result in any material adverse change in the business or financial condition of Guarantor or in the property of Guarantor;
13.2 Guarantor has filed all Federal and state income tax returns which Guarantor has been required to file, and has paid all taxes as shown on said returns and on all assessments received by Guarantor to the extent that such taxes have become due;
13.3 Neither the execution nor delivery of this Guaranty nor fulfillment of nor compliance with the terms and provisions hereof will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in the creation of any lien, charge or encumbrance upon any property or assets of Guarantor under any agreement or instrument to which Guarantor is now a party or by which Guarantor may be bound;
13.4 This Guaranty is a valid and legally binding agreement of Guarantor and is enforceable against Guarantor in accordance with its terms;
13.5 Guarantor acknowledges that Guarantor was advised to and was given the opportunity to consult with independent legal counsel before executing this Guaranty;
13.6 Guarantor has either (i) examined the Loan Documents or (ii) has had an opportunity to examine the Loan Documents and has waived the right to examine them; and
13.7 Guarantor has the full power, authority, and legal right to execute and deliver this Guaranty. Guarantor is duly organized, validly existing and in good standing under the laws of the state of its formation, and the execution, delivery and performance of this Guaranty by Guarantor has been duly and validly authorized and the person(s) signing this Guaranty on Guarantor's behalf has been validly authorized and directed to sign this Guaranty.
14. Notice of Litigation. Guarantor shall promptly give Lender notice of all litigation or proceedings before any court or governmental authority affecting Guarantor or its property, except litigation or proceedings which, if adversely determined, would not have a material adverse effect on the financial condition or operations of Guarantor or its ability to perform any of its obligations hereunder.
15. Access to Records. Guarantor shall give Lender and its representatives access to, and permit Lender and such representatives to examine, copy or make extracts from, any and all books, records and documents in the possession of Guarantor relating to the performance of Guarantor's obligations hereunder and under any of the Loan Documents and/or terms of the Additional Loan, all at such times and as often as Lender may reasonably request. Guarantor shall continuously maintain its existence and shall not dissolve or permit its dissolution.
16. Assignment by Lender. In connection with any sale, assignment or transfer of a Loan, Lender may sell, assign or transfer this Guaranty and all or any of its rights, privileges, interests and remedies hereunder to any other person or entity whatsoever without notice to or consent by Guarantor, and in such event the assignee shall be entitled to the benefits of this Guaranty and to exercise all rights, interests and remedies as fully as Lender.
17. Termination. This Guaranty shall terminate only when all of the Liabilities and the Debt have been paid in full, including all interest thereon, late charges and other charges and fees included within the Liabilities and the Debt. When all of the conditions described above have been fully met, Lender will, upon request, furnish to Guarantor a written cancellation of this Guaranty.
18. Notices. All notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (c) by email addressed as follows (or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Section):

If to Lender: $\quad$|  | DenSco Investment Corporation |
| :--- | :--- |
|  | 6132 W. Victoria Place |
|  | Chandler, Arizona 85226 |
|  | Attention: Denny Chittick |

| If to Furniture King: | Arizona Furniture King |
| :--- | :--- |
|  | 303 N. Central Avenue, Suite 603 |
|  | Phoenix, Arizona 85012 |
|  | Attention: Scott Menaged |
|  | Email: smena98754@aol.com |

A notice shall be deemed to have been given: (i) in the case of hand delivery, at the time of delivery; in the case of registered or certified mail, when delivered or the first attempted delivery on a business day; or (ii) in the case of expedited prepaid delivery, upon the first attempted delivery on a business day; or (iii) in the case of email, the earlier of sender's receipt of a machine-generated confirmation/receipt of a successful delivery of the message or that the message was read, or sender's receipt of a response from the recipient regarding the email, such as a reply or a separate email which references the notice.
19. Waiver of Jury Trial. TO THE FULLEST EXTENT NOW OR HEREAFTER PERMITTED BY APPLICABLE LAW, GUARANTOR HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS GUARANTY, ANY OF THE NOTES AND/OR TERMS OF THE ADDITIONAL LOAN, ANY OF THE SECURITY INSTRUMENTS OR ANY OF THE OTHER LOAN DOCUMENTS, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY GUARANTOR, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH RIGHT TO TRIAL BY JURY WOULD OTHERWISE ACCRUE. LENDER IS HEREBY AUTHORIZED TO FLLE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY GUARANTOR.
20. Miscellaneous. This Guaranty shall be a continuing guaranty. This Guaranty shall bind the heirs, successors and assigns of Guarantor (except that Guarantor may not assign his, her, or its liabilities under this Guaranty without the prior written consent of Lender, which consent Lender may in its discretion withhold), and shall inure to the benefit of Lender, its successors, transferees and assigns. Each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law. Neither this Guaranty nor any of the terms hereof, including the provisions of this Section, may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing executed by the party against which enforcement of the termination, amendment, supplement, waiver or modification is sought, and the parties hereby: (a) expressly agree that it shall not be reasonable for any of them to rely on any alleged, non-written amendment to this Guaranty; (b) irrevocably waive any and all right to enforce any alleged, non-written amendment to this Guaranty; and (c) expressly agree that it shall be beyond the scope of authority (apparent or otherwise) for any of their respective agents to agree to any non-written modification of this Guaranty. This Guaranty may be executed in several counterparts, each of which counterpart shall be deemed an original
instrument and all of which together shall constitute a single Guaranty. The failure of any party hereto to execute this Guaranty, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder. As used in this Guaranty, (i) the terms "include," "including" and similar terms shall be construed as if followed by the phrase "without being limited to," (ii) any pronoun used herein shall be deemed to cover all genders, and words importing the singular number shall mean and include the plural number, and vice versa, (iii) all captions to the Sections hereof are used for convenience and reference only and in no way define, limit or describe the scope or intent of, or in any way affect, this Guaranty, (iv) no inference in favor of, or against, Lender or Guarantor shall be drawn from the fact that such party has drafted any portion hereof or any other Loan Document, (v) the term "Borrower" shall mean individually and collectively, jointly and severally, each Borrower (if more than one) and shall include the successors (including any subsequent owner or owners of a Property or any part thereof or any interest therein and Borrower in its capacity as debtor-in-possession after the commencement of any bankruptcy proceeding), assigns, heirs, personal representatives, executors and administrators of Borrower, (vi) the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or," (vii) the words "hereof,". "herein," "hereby," "hereunder," and similar terms in this Guaranty refer to this Guaranty as a whole and not to any particular provision or section of this Guaranty, and (viii) an event of default shall "continue" or be "continuing" until such event of default has been waived in writing by Lender or cured by Borrower, with such cure being accepted by Lender. Wherever Lender's judgment, consent, approval or discretion is required under this Guaranty or Lender shall have an option, election, or right of determination or any other power to decide any matter relating to the terms of this Guaranty, including any right to determine that something is satisfactory or not ("Decision Power"), such Decision Power shall be exercised in the sole and absolute discretion of Lender except as may be otherwise expressly and specifically provided herein. Such Decision Power and each other power granted to Lender upon this Guaranty or any other Loan Document may be exercised by Lender or by any authorized agent of Lender (including any servicer or attorney-in-fact), and Guarantor hereby expressly agrees to recognize the exercise of such Decision Power by such authorized agent. If any provision of this Guaranty is held invalid or unenforceable by final and unappealable judgment of the court having jurisdiction over the matter and persons, such provisions shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision, its application in other circumstances, or the remaining provisions of this Guaranty.
21. Applicable Law; Jurisdiction and Venue. This Guaranty shall be governed by and construed in accordance with the laws of jurisdiction in which the real property collateral for the subject Loan is located ("Governing State"). Guarantor hereby consents to personal jurisdiction in the Goveming State. Venue of any action brought to enforce this Guaranty or any other Loan Document or any action relating to the subject Loan(s) or the relationships created by or under the subject Loan Documents ("Action") shall, at the election of Lender, be in (and if any Action is originally brought in another venue, the Action shall at the election of Lender be transferred to) a state or federal court of appropriate jurisdiction located in the Governing State. Guarantor hereby consents and submits to the personal jurisdiction of the Governing State and of federal courts located in the Governing State in connection with any Action and hereby waives any and all personal rights under the laws of any other state to object to jurisdiction within such State for purposes of any Action. Guarantor hereby waives and agrees not to assert, as a defense to any Action or a motion to transfer venue of any Action, (a) any claim that it is not subject to
such jurisdiction, (b) any claim that any Action may not be brought against it or is not maintainable in those courts or that this Guaranty may not be enforced in or by those courts, or that it is exempt or immune from execution, (c) that the Action is brought in an inconvenient forum, or (d) that the venue for the Action is in any way improper.
22. Severability. Should any provisions of this Guaranty be found to be void, invalid or unenforceable by a court to competent jurisdiction, that finding shall only affect the provision found to be void, invalid or unenforceable and shall not affect the remaining provisions of the Guaranty.
23. To the maximum extent permitted by law, Guarantor unconditionally and 0 . irrevocably waives any rights or benefits arising under A.R.S. §§ 12-1556, 12-1641 through and including 12-1644, 12-1645, 12-1646, 33-814, 33-725, 33-727 and 44-142 and Ariz. R. Civ. P. $17(f)$ or such statutes, rules or similar provisions as may be enacted or adopted hereafter.

IN WITNESS WHEREOF, Guarantor has executed or caused this Guaranty to be executed as of the day and year first above written.

## GUARANTOR:



## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) ) $S S$ <br> COUNTY OF MARICOPA )

On this $16^{\text {th }}$ day of APR)L, 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he is the manager of FURNITURE KING, LLC, an Arizona limited liability company (the "Company"), and said Yomotov "Scott" Menaged acknowledged to me that the Company is named as the Guarantor in the foregoing instrument and that as the manager of the Company, he did execute the foregoing instrument, for and on behalf of the Company, and that he did so as his and the Company's free act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

My Commission Exptres January 10,2018
By Cominission Expires:
01-10-2018

## EXHIBIT A

## LENDER LOANS AND ENCUMBERED PROPERTIES

 26815 Palm $5 t$




## 1. FUNDAMENTAL PROVISIONS.

The following terms will be used as defined terms in this Secured Line Of Credit Promissory Note (as it may be amended, modified, extended and renewed from time to time, the "Note"):

Lender: DenSco Investment Corporation, an Arizona corporation
Borrower: Arizona Home Foreclosures, LLC, an Arizona limited liability company, whose address is 7320 W. Bell Road, Glendale, Arizona 85308 ("AHF"), Easy Investments, LLC, an Arizona limited liability company, whose address is 7320 W. Bell Road, Glendale, Arizona 85308 ("EI"), and Yomtov "Scott" Menaged, whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona ("Menaged"), jointly and severally (AHF, EI, and Menaged are each individually a "Borrower" and collectively, the "Borrowers").

Principal Amount: The maximum amount of principal that is to be advanced and outstanding pursuant to this Note shall be One Million and No/100 Dollars ( $\$ 1,000,000,00$ ).

Principal Balance: The amount of principal that has been advanced and is outstanding at a point of time.

Interest Rate: From the date hereof through and including February 1, 2016, a rate of one-half percent ( $0.50 \%$ ) per annum above the Base Rate. The Interest Rate shall change from time to time as and when the Base Rate changes.

Default
Interest Rate:
Twenty-nine percent ( $29 \%$ ) per annum.
Base Rate:

Maturity Date:
The interest rate cost to Denny Chittick on his line of credit from Bank of America, N.A., currently at two and one-half percent $(2.50 \%)$. Any change in the "interest rate costs" to Denny Chittick shall become effective as of the same date of any such change from Bank of America, N.A..

February 1, 2016.


| Business Day: | Any day of the year other than Saturdays, Sundays and legal <br> holidays on which the offices of the federal government are <br> closed. |
| :--- | :--- |
| Deed of Trust: | That certain Deed of Trust (or Deeds of Trusts) between a <br> Borrower, as Truster, and Lender, as Beneficiary, which are <br> recorded as a lien (or will be recorded as a lien) against <br> certain real property to secure the obligations of Borrower to <br> Lender. |
| Loan: $\quad$The loan from Lender to Borrower in the Principal Amount <br> and evidenced by this Note. |  |
| Real Estate Collateral: $\quad$The real properties (individually a "Property" and <br> collectively, the "Properties") that are listed on Exhibit A, as <br> may be amended from time to time, which is attached to and <br> incorporated into the Note by this reference. A Deed of <br> Trust shall be recorded as a lien against these Properties to <br> secure the obligations of Borrower to Lender, pursuant to <br> this Note. |  |
| Forbearance Agreement:That certain Forbearance Agreement, by and between AHF, <br> EI, Managed, Furniture King, LLC, an Arizona limited |  |
| liability Company, whose address is 303 N. Central Avenue, |  |
| Suite 603, Phoenix, AZ 85012 ("Furniture King"), and |  |

## 2. CREDIT A.DVANCES.

Lender, in accordance with and subject to the terms and conditions set forth in this Note, shall advance to the Borrowers, on a revolving basis, such amounts as may from time to time be requested by Borrowers, provided that: (a) the Principal Balance, together with accrued interest, hereunder at any time shall not exceed the sum of the Principal Amount, and (b) no Event of Default (defined below) shall exist or be caused thereby. Amounts borrowed hereunder and repaid may be re-borrowed by Borrowers in accordance with the terms of this Agreement; provided, however, Lender may terminate, reduce or otherwise adjust the credit availability (i.e., the Principal Amount) under the Loan at any time in its

sole discretion. As of close of business on April 16, 2014, Borrowers have previously requested and Lender has previously advanced to Borrowers, pursuant to the terms of this Note, the sum of Nine Hundred Fifteen Thousand One Hundred Sixty-Seven AND 89/100 DOLLARS ( $\$ 915,167.89$ ).

## 3. PROMISE TO PAY.

For value received, the Borrowers, jointly and severally, promise to pay to the order of Lender, at its office at 6132 W. Victoria Place, Chandler, Arizona 85226, or at such other place as the Lender hereof may from time to time designate in writing, a sum equal to the amount of the Principal Balance and all accrued interest. The books and records of Lender shall be the best evidence of the Principal Balance and the interest amount owing at any time under this Note, and shall be conclusive absent manifest error.

## 4. INTEREST; PAYMENTS.

(a) Absent an Event of Default hereunder or under any of the Loan Documents, each advance made hereunder shall bear interest at the Interest Rate in effect from time to time. Throughout the term of this Note, interest shall be computed by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding Principal Balance, multiplied by the actual number of days the Principal Balance is outstanding.
(b) All payments of principal and interest due hereunder shall be made (i) without deduction of any present and future taxes, levies, imposts, deductions, charges or withholdings, which amounts shall be paid by Borrowers, and (ii) without any other set off. Borrowers will pay the amounts necessary such that the gross amount of the principal and interest received by the holder hereof is not less than that required by this Note.
(c) On the first day of each calendar month occurring after the date of this Note, through January 1, 2016, Borrowers shall make consecutive monthly installment payments of principal and interest in an amount equal to the sum of: (i) all accrued but outstanding interest, and (ii) $3 \%$ of the outstanding Principal Balance. On the Maturity Date, Borrowers shall make one (1) final "balloon" payment of all unpaid principal, accrued unpaid interest, and any other amounts due hereunder, which shall all be due and payable on the Maturity Date. If any payment of principal and interest to be made by Borrowers hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing the interest in such payment.

5. PREPAYMENT.

Borrower may prepay the Loan, in whole or in part, at any time without penalty or premium.
6. LAWFUL MONEY.

Principal and interest are payable in lawful money of the United States of America.
7. APPLICATION OF PAYMENTS/LATE CHARGE/DEFAULT INTEREST.
(a) Unless otherwise agreed to, in writing, or otherwise required by applicable law, payments will be applied first to accrued, unpaid interest, then to principal, and any remaining amount to any unpaid collection costs, late charges and other charges, provided, however, upon delinquency or other default, Lender reserves the right to apply payments among principal, interest, late charges, collection costs and other charges at its discretion. All prepayments shall be applied to the indebtedness owing hereunder in such order and manner as Lender may from time to time determine in its sole discretion.
(b) If any payment of interest and/or principal is not received by the holder hereof when such payment is due, then in addition to the remedies conferred upon the holder hereof pursuant to Section 10 hereof and the other Loan Documents, a late charge of ten percent ( $10 \%$ ) of the amount of the regularly scheduled payment or $\$ 25.00$, whichever is greater, will be added to the delinquent amount to compensate the holder hereof for the expense of handling the delinquency for any payment past due in excess of ten (10) days, regardless of any notice and cure periods.
(c) Upon the occurrence of an Event of Default, including the failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, do one or both of the following: (i) increase the applicable Interest Rate on this Note to the Default Interest Rate, and (ii) add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Note (including any increased rate). The interest rate will not exceed the maximum rate permitted by applicable law.

## 8. SECURITY AND GUARANTY.

This Note is secured by, inter alia, (i) one or more Deeds of Trust, which Deeds of Trust create, as applicable, an initial or additional lien on one or more of the Properties of the Initial Collateral or other Real Estate Collateral. In the event that the Initial Collateral is sold or refinanced, the Borrowers shall work with Lender to provide any additional collateral available to Borrower, with the properties and the lien positions to be approved by Lender, to secure the obligations of Borrower described in this Note. Borrowers will execute and acknowledge (or cause to be executed and acknowledged) and deliver to. Lender all documents, and take all actions, reasonably required by Lender from time to time to confirm the rights created now or hereafter intended to be created under the Note
and Deeds of Trust, to protect and further the validity, priority and enforceability of any security intended by this Paragraph 8, to maintain, perfect or insure Lender's security provided for herein and in the other Loan Documents, including, without limitation, the execution, filing or recording of the Deeds of Trust, UCC financial statements, renewal statements or amendments, and the execution of such amendments to the Deeds of Trust and the other Loan Documents. This Note is guaranteed by that certain Guaranty Agreement, dated April 16, 2014, wherein Furniture King is the guarantor, and is further secured by that certain Security Agreement with Furniture King, as Debtor, and Lender, as Secured Party, dated April 16, 2014, which creates a lien against all of Furniture King's inventory, accounts, and assets for the benefit of Lender.

## 9. EVENT OF DEFAULT.

The failure to pay any amount due under this Note when due, or any occurrence of a default under the Forbearance Agreement or any other Loan Documents, shall be deemed to be an event of default ("Event of Default") hereunder.

## 10. REMEDIES.

Upon the occurrence of an Event of Default, then at the option of the holder hereof, the entire balance of principal together with all accrued interest thereon, and all other amounts payable by Borrower under the Loan Documents shall, without demand or notice, immediately become due and payable. Upon the occurrence of an Event of Default (and so long as such Event of Default shall continue), the entire balance of principal hereof, together with all accrued interest thereon, all other amounts due under the Loan Documents, and any judgment for such principal, interest, and other amoints shall bear interest at the Default Interest Rate, subject to the limitations contained in Paragraph 14 hereof. No delay or omission on the part of the holder hereof in exercising any right under this Note or under any of the other Loan Documents hereof shall operate as a waiver of such right.

## 11. WAIVER.

Borrower, endorsers, guarantors, and sureties of this Note hereby waive diligence, demand for payment, presentment for payment, protest, notice of nonpayment, notice of protest, notice of intent to accelerate, notice of acceleration, notice of dishonor, and notice of nonpayment, and all other notices or demands of any kind (except notices specifically provided for in the Loan Documents) and expressly agree that, without in any way affecting the liability of Borrowers, endorsers, guarantors, or sureties, the holder hereof may extend any maturity date or the time for payment of any installment due hereunder, otherwise modify the Loan Documents, accept additional security, release any Person liable, and release any security or guaranty. Borrower, endorsers, guarantors, and sureties waive, to the fuil extent permitted by law, the right to plead any and all statutes of limitations as a defense.

12. CHANGE, DISCHARGE, TERMINATION, OR WAIVER.

No provision of this Note may be changed, discharged, terminated, or waived except in a writing signed by, the party against whom enforcement of the change, discharge, termination, or waiver is sought. No failure on the part of the holder hereof to exercise and no delay by the holder hereof in exercising any right or remedy under this Note or under the law shall operate as a waiver thereof.

## 13. ATTORNEYS' FEES.

If this Note is not paid when due or if any Event of Default occurs, Borrower promises to pay all costs of enforcement and collection and preparation therefor, including but not limited to, reasonable attorneys' fees, whether or not any action or proceeding is brought to enforce the provisions hereof (including, without limitation, all such costs incurred in connection with any bankruptcy, receivership, or other court proceedings (whether at the trial or appellate level)).
14. SEVERABILITY.

If any provision of this Note is unenforceable, the enforceability of the other provisions shall not be affected and they shall remain in full force and effect.

## 15. INTEREST RATE LIMITATION.

Borrower hereby agrees to pay an effective rate of interest that is the sum of the interest rate provided for herein, together with any additional rate of interest resulting from any other charges of interest or in the nature of interest paid or to be paid in connection with the Loan. Lender and Borrower agree that none of the terms and provisions contained herein or in any of the Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of Arizona. In such event, if any holder of this Note shall collect monies which are deemed to constitute interest which would otherwise increase the effective interest rate on this Note to a rate in excess of the maximum rate permitted to be charged by the laws of the State of Arizona, all such sums deemed to constitute interest in excess of such maximum rate shall, at the option of the holder, be credited to the payment of other amounts payable under the Loan Documents or returned to Borrower.

## 16. INTERPRETATION.

Headings at the beginning of each numbered section of this Note are intended solely for convenience and are not part of this Note. No inference in favor of, or against, any party shall be drawn from the fact that such party has drafted all or any portion of this Note, any other document required hereunder or in connection with any Loans Documents. As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa. All parties were advised to and were given the opportunity to consult with independent counsel before executing this Note.
17. CHOICE OF LAW.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES.
18. INTEGRATION.

The Note contains the complete understanding and agreement of the holder hereof and Borrower and supersede all prior representations, warranties, agreements, arrangements, understandings, and negotiations.
19. BINDING EFFECT.

The Note will be binding upon, and inure to the benefit of, the holder hereof, Borrower, and their respective successors and assigns. Borrower may not delegate its obligations under the Loan Documents.
20. TIME OF THE ESSENCE.

Time is of the essence with regard to each provision of the Loan Documents as to which time is a factor.
21. NOTICES.

All notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (c) by email addressed as follows (or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Paragraph):

| If to Lender: | DenSco Investment Corporation 6132 W. Victoria Place Chandler, Arizona 85226 <br> Attention: Denny Chittick Email: dcmoney@yahoo.com |
| :---: | :---: |
| If to AHF: | Arizona Home Foreclosures, LLC 7320 W. Bell Road <br> Glendale, Arizona 85308 <br> Attention: Scott Menaged <br> Email: smena98754@aol.com |
| If to EI: | Easy Investments, LLC 7320 W. Bell Road -7- |

# Glendale, Arizona 85308 

Attention: Scott Menaged
Email: smena98754@aol.com
. If to Menaged: . Scott Menaged
7320 W. Bell Road
Glendale, Arizona 85308
Email: smena98754@aol.com
A notice shall be deemed to have been given: (i) in the case of hand delivery, at the time of delivery; in the case of registered or certified mail, when delivered or the first attempted delivery on a business day; or (ii) in the case of expedited prepaid delivery, upon the first attempted delivery on a business day; or (iii) in the case of email, the earlier of sender's receipt of a machine-generated confirmation/receipt of a successful delivery of the message or that the message was read, or sender's receipt of a response from the recipient regarding the email, such as a reply or a separate email which references the notice.
22. SURVIVAL.

The representations, warranties, and covenants of the Borrower in the Loan Documents shall survive the execution and delivery of the Loan Documents and the making of the Loan.
23. COU̇NTERPARTS.

This Note may be executed in several counterparts, each of which counterpart shall be deemed an original instrument and all of which together shall constitute a single Note. The failure of any party hereto to execute this Note, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has duly executed this Note as of the date first stated above.


ARIZONA HOME FORECLOSURES,


Yomtov "Scott" Menaged Its: Member
"Borrower"


Yomtov "Scott" Menaged
"Borrower"
\{Signature Page for $\$ 1,000,000.00$ Secured Line Of Credit Promissory Note\}

## Exhibit A

## Property

Amount Advanced
\$915,167.89

* As of'April 4, 2014


## AUTHORIZATION TO UPDATE FORBEARANCE DOCUMENTS

This Authorization to Update Forbearance Documents (the "Authorization") is entered into on the dates set forth below and to be effective the $16^{\text {th }}$ day of April, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), Easy Investments, LLC, an Arizona limited liability company ("EI"), Furniture King, LLC, an Arizona limited liability Company ("FK"), Yomtov "Scott" Menaged ("Scott"), Francine Menaged ("Francine"), and DenSco Investment Corporation, an Arizona corporation ("DenSco").

## Recitals

A. WHEREAS AHF, EI, FK, Scott, and DenSco are the parties to a certain Forbearance Agreement, executed on April 16, 2014 (the "Forbearance Agreement"), together with other documents executed in connection with the Forbearance Agreement (collectively, the "Forbearance Documents").
B. WHEREAS having recognized that "April 14, 2014" was stated in various pages of the Forbearance Documents where they should have stated "April 16, 2014" and certain other inconsistencies with respect to the amounts due under the financings, the parties desire to make the necessary corrections.
C. WHEREAS Clark Hill, PLC ("Clark Hill") has been previously authorized by each of the parties to make the necessary corrections to the Forbearance Documents and as referenced on the attached Exhibit A. The replacement pages were previously circulated and approved by all parties.
D. WHEREAS the parties now wish to authorize and direct Clark Hill to insert the replacement pages as set forth below.

NOW THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Recitals. The Recitals set forth above and Exhibit A attached hereto are incorporated into this Agreement.
2. Forbearance Agreement. Recognizing that "April 14, 2014" was stated in one (1) page of the Forbearance Agreement where it should have stated "April 16, 2014", AHF, EI, FK, Scott and DenSco desire to make the necessary correction. The corrected version of page 1 of the Forbearance Agreement ("FA-1") with "April 16, 2014" stated in the first paragraph as the execution date of the Forbearance Agreement has been circulated and approved. The corrected version of page 3 of the Forbearance Agreement ("FA-3") with a new first sentence in Section 1 which includes an updated figure of $\$ 35,639,880.71$ as the principal sum now due and payable under the Loans, as of close of business on April 16, 2014, has been circulated and approved. AHF, EI, FK, Scott and DenSco each hereby authorize and approve of the following:
a. Clark Hill is instructed to substitute FA-1 and FA-3 into the corresponding pages of the executed original of the Forbearance Agreement; and
b. The Forbearance Agreement with the inclusion of FA-1 and FA-3 will be deemed the original.
3. Scott Guaranty. Scott is a party to a certain Guaranty Agreement, executed on April 16, 2014 (the "Scott Guaranty"), in favor of DenSco. Recognizing that "April 14, 2014" was stated in one (1) page of the Scott Guaranty where it should have stated "April 16, 2014", Scott desire to make the necessary correction. The corrected version of page 1 of the Scott Guaranty ("SG-1") with "April 16, 2014" stated in the first paragraph as the execution date of the Scott Guaranty has been circulated and approved. Scott hereby authorizes and approves of the following:
a. Clark Hill is instructed to substitute SG-1 into the corresponding page of the executed original of the Scott Guaranty; and
b. The Scott Guaranty with the inclusion of SG-1 will be deemed the original.
4. Furniture King Guaranty. FK is a party to a certain Guaranty Agreement, executed on April 16, 2014 (the "Furniture King Guaranty"), in favor of DenSco. Recognizing that "April 14, 2014" was stated in one (1) page of the Furniture King Guaranty where it should have stated "April 16, 2014", FK desire to make the necessary correction. The corrected version of page 1 of the Furniture King Guaranty ("FKG-1") with "April 16, 2014" stated in the first paragraph as the execution date of the Furniture King Guaranty has been circulated and approved. FK hereby authorizes and approves of the following:
a. Clark Hill is instructed to substitute FKG-1 into the corresponding page of the executed original of the Furniture King Guaranty; and
b. The Furniture King Guaranty with the inclusion of FKG-I will be deemed the original.
5. Additional Loan. AHF, EI, and Scott are the parties (as the "Borrowers") to a certain Secured Line of Credit Promissory Note, executed on April 16, 2014, with a Principal Amount of $\$ 1,000,000.00$, payable to DenSco (the "Additional Loan Note"). Recognizing that "April 14, 2014" was stated in three (3) pages of the Additional Loan Note where it should have stated "April 16, 2014", AHF, EI, and Scott desire to make the necessary corrections. The corrected version of page 1 of the Additional Loan Note ("ALN-1") with "April 16, 2014" stated in the top right as the date of the Additional Loan Note has been circulated and approved. The corrected version of page 2 of the Additional Loan Note ("ALN-2") with "April 16, 2014" stated in the "Forbearance Agreement" section as the date of the Forbearance Agreement has been circulated and approved. The corrected version of page 3 of the Additional Loan Note ("ALN3") with "Nine Hundred Fifteen Thousand One Hundred Sixty-Seven AND 89/100 DOLLARS ( $\$ 915,167.87$ )" stated in Section 2 as the amount of funds previously advanced to Borrowers, pursuant to the terms of the Additional Loan Note, as of close of business on April 16, 2014, has been circulated and approved. In addition, the corrected version of page 5 of the Additional Loan Note ("ALN-5") with "April 16, 2014" stated in Section 8 as the date of both the Furniture

King Guaranty and the Security Agreement (defined herein) has been circulated and approved. AHF, EI, Scott and DenSco each hereby authorize and approve of the following:
a. Clark Hill is instructed to substitute ALN-1, ALN-2, ALN-3, and ALN-5 into the corresponding pages of the executed original of the Additional Loan Note; and
b. The Additional Loan Note with the inclusion of ALN-1, ALN-2, ALN-3, and ALN- 5 will be deemed the original.
6. Additional Funds Loan. AHF, EI, FK, and Scott are the parties (as the "Borrowers") to a certain Secured Line of Credit Promissory Note, executed on April 16, 2014, with a Principal Amount of $\$ 5,000,000.00$, payable to DenSco (the "Additional Funds Loan Note"). Recognizing that "April 14, 2014 " was stated in three (3) pages of the Additional Funds Loan Note where it should have stated "April 16; 2014", AHF, EI, FK, and Scott desire to make the necessary corrections. The corrected version of page 1 of the Additional Funds Loan Note ("AFLN-1") with "April 16, 2014" stated in the top right as the date of the Additional Funds Loan Note has been circulated and approved. The corrected version of page 2 of the Additional Funds Loan Note ("AFLN-2") with (i) "April 16, 2014" stated in the "Forbearance Agreement" section as the date of the Forbearance Agreement, and (ii) with "One Million Seven Hundred Eighty Thousand Two Hundred Thirty-Nine AND 76/100 DOLLARS (\$1,780,239.76)" stated in Section 2 as the amount of funds previously advanced to Borrowers, pursuant to the terms of the Additional Funds Loan Note, as of close of business on April 16, 2014 has been circulated and approved. In addition, the corrected version of page 4 of the Additional Funds Loan Note ("AFLN-4") with "April 16,2014" stated in Section 8 as the date of the Security Agreement has been circulated and approved. AHF, EI, FK, Scott and DenSco each hereby authorize and approve of the following:
a. Clark Hill is instructed to substitute AFLN-1, AFLN-2, and AFLN-4 into the corresponding pages of the executed original of the Additional Funds Loan Note; and
b. The Additional Funds Loan Note with the inclusion of AFLN-1, AFLN-2, and AFLN-4 will be deemed the original.
7. Security Agreement. FK is the "Debtor" in that certain Security Agreement, executed on April 16, 2014, in favor of DenSco as the "Secured Party" (the "Security Agreement"). Recognizing that "April 14, 2014" was stated in two (2) pages of the Security Agreement where it should have stated "April 16, 2014", FK desires to make the necessary corrections. The corrected version of page 1 of the Security Agreement ("SA-1") with "April 16, 2014 " stated at the top of the page as the date of the Security Agreement and in the "Obligations Secured" section as the date of the Forbearance Agreement has been circulated and approved. In addition, the corrected version of page 2 of the Security Agreement ("SA-2") with "April 16, 2014" stated in the "Obligations Secured" section as the date of both the Additional Funds Loan Note and the Additional Loan Note has been circulated and approved. FK and DenSco each hereby authorize and approve of the following:
a. Clark Hill is instructed to substitute SA-1 and SA-2 into the corresponding pages of the executed original of the Security Agreement; and
b. The Security Agreement with the inclusion of SA-1 and SA-2 will be deemed the original.
8. Representation and Disclaimer Agreement. Scott and Francine are the parties to a certain Representation and Disclaimer Agreement, in favor of DenSco (the "Disclaimer"), executed on April 16, 2014. Recognizing that the "April 14, 2014" was stated in one (1) page of the Disclaimer where it should have stated "April 16, 2014", Scott and Francine desire to make the necessary correction. The corrected version of page 1 of the Disclaimer ("D-1") with "April 16,2014 " stated in the first paragraph as the execution date of the Disclaimer has been circulated and approved. Scott and Francine each hereby authorize and approve of the following:
a. Clark Hill is instructed to substitute D-1 into the corresponding page of the executed original of the Disclaimer; and
b. The Disclaimer with the inclusion of D-1 will be deemed the original.
9. Consent. Each of the parties hereto agree to and consent to all of the changes to the Forbearance Documents, as detailed in this Authorization, and acknowledge and agree that such changes do not constitute, either individually or in the aggregate, the basis to challenge the enforcement of any of the Forbearance Documents.
10. Counterparts. This Authorization may be executed in several counterparts, each of which counterpart shall be deemed an original instrument and all of which together shall constitute a single Authorization. The failure of any party hereto to execute this Authorization, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.
[signatures on following page]

IN WITNESS WHEREOF, the undersigned parties have executed this Authorization on the dates set forth below and to be effective April 16, 2014.

## AF:

ARIZONA HOME FORECLOSURES, LDC

By:


Its: Member
Dated: $\qquad$

EL:
EASY INVESTMENTS, LLC

By:


Yomtov "Scott" Menage Its: Member Dated:


FR:
FURNITURE KING, LLC

By:
Yomotov "Scott" Managed
Its: Manager
Dated: $\qquad$

Scott:


Yomtov "Scott" Managed
Dated:


Francine

## DenSco:



Its: President
Dated:

\{Signature Page of Authorization to Update Forbearance Documents\}

## EXHIBIT A

Errata Sheet

## Forbearance Agreement

Page 1-changed reference to April 14, 2014 to April 16, 2014 in the first paragraph
Page 3-replace first sentence in Section 1 to include updated figure of $\$ 35,639,880.71$ as the principal sum now due and payable under the Loans, as of close of business on April 16, 2014

## Guaranty Agreement ( Scott Menaged)

Page 1-changed reference to April 14, 2014 to April 16, 2014 in the first paragraph

## Guaranty Agreement (Furniture King, LLC)

Page 1-changed reference to April 14, 2014 to April 16, 2014 in the first paragraph

## Secured Line of Credit Promissory Note \$1M

Page 1-changed date at the top right of the page from April 14, 2014 to April 16, 2014
Page 2-changed reference to April 14, 2014 to April 16, 2014 under the "Forbearance Agreement" paragraph
Page 3-replaced the last sentence in Section 2 to include updated figure of $\$ 915,167.89$ as the amount of funds previously advanced to Borrowers, pursuant to the terms of the Additional Loan Note, as of close of business on April 16, 2014
Page 5-changed reference to date April 14, 2014 to April 16, 2014 in the first paragraph

## Secured Line of Credit Promissory Note \$5M

Page 1-changed reference to date at the top right of the page from April 14, 2014 to April 16, 2014
Page 2- changed reference to April 14, 2014 to April 16, 2014 under the "Forbearance Agreement" paragraph - replaced the last sentence in Section 2 to include updated figure of $\$ 1,780,239.76$ as the amount of funds previously advanced to Borrowers, pursuant to the terms of the Additional Funds Loan Note, as of close of business on April 16, 2014
Page 4-changed April 14, 2014 to April 16, 2014 under Section 8 . Security and Guaranty

## Security Agreement

Page 1 -changed date from April 14, 2014 to April 16, 2014 -changed reference to April 14, 2014 to April 16, 2014 in the "Obligations Secured" section
Page 2-changed both references to April 14, 2014 to April 16, 2014 in the first paragraph

## Representation and Disclaimer Agreement

Page 1-changed reference to April 14, 2014 to April 16, 2014 in the first paragraph

$$
{ }^{\text {Additional Funds Loan }}
$$

## SECURED LINE OF CREDIT PROMISSORY NOTE

Phoenix, Arizona
April 16, 2014

## 1. FUNDAMENTAL PROVISIONS.

The following terms will be used as defined terms in this Secured Line Of Credit Promissory Note (as it may be amended, modified, extended and renewed from time to time, the "Note"):

Lender: DenSco Investment Corporation, an Arizona corporation
Borrowers: Arizona Home Foreclosures, LLC, an Arizona limited liability company, whose address is 7320 W. Bell Road, Glendale, Arizona 85308 ("AHF"), Easy Investments, LLC, an Arizona limited liability company, whose address is 7320 W. Bell Road, Glendale, Arizona 85308 ("EI"), Yomtov "Scott" Menaged, whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona ("Menaged"), and Furniture King, LLC, an Arizona limited liability Company, whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012 ("Furniture King"), jointly and severally (AHF, EI, Menaged, and Furniture King are each individually a "Borrower" and collectively, the "Borrowers").

| Principal Amount: | The maximum amount of principal that is to be advanced and outstanding pursuant to this Note shall be Five Million and $\mathrm{No} / 100$ Dollars $(\$ 5,000,000.00)$. |
| :---: | :---: |
| Principal Balance: | The amount of principal that has been advanced and is outstanding at a point of time. |
| Interest Rate: | From the date hereof through and including February 1 , 2016, a rate of eighteen percent ( $18.00 \%$ ) per annum. |
| Default |  |
| Interest Rate: | Twenty-nine percent (29\%) per annum. |
| Maturity Date: | February 1, 2016. |
| Business Day: | Any day of the year other than Saturdays, Sundays and legal holidays on which the offices of the federal government are closed. |
| Deed of Trust: | That certain Deed of Trust (or Deeds of Trusts) between a Borrower, as Trustor, and Lender, as Beneficiary, which are |

recorded as a lien against certain real property to secure the obligations of Borrower to Lender.

Loan: The loan from Lender to Borrowers in the Principal Amount and evidenced by this Note.

Real Estate Collateral: The real properties (individually a "Property" and collectively, the "Properties") that are listed on Exhibit A, as may be amended from time to time, which is attached to and incorporated into the Note by this reference. A Deed of Trust shall be recorded as a lien against these Properties to secure the obligations of Borrower to Lender, pursuant to this Note.

Forbearance Agreement: That certain Forbearance Agreement, by and between AHF, EI, Managed, Furniture King, and Lender, dated April 16, 2014.

Loan Documents: The "Loan Documents," as that term is defined in the Forbearance Agreement, together with the Forbearance Agreement, this Note, each Deed of Trust, and any documents executed in conjunction with the Forbearance Agreement or as security for this Note.

Additional Loan:
The loan from Lender to AHF, EI, and Menage in the principal amount of One Million and $\mathrm{No} / 100$ Dollars ( $\$ 1,000,000.00$ ), and personally guaranteed by Furniture King.

Additional Loan Collateral: Certain real property in Scottsdale, Arizona which has a Deed of Trust recorded against it as a first lien position in favor of Lender to secure the obligations of the applicable Borrower, pursuant to the terms of the Additional Loan.

## 2. CREDIT ADVANCES.

Lender, in accordance with and subject to the terms and conditions set forth in this Note, shall advance to the Borrowers, on a revolving basis, such amounts as may from time to time be requested by Borrowers, provided that: (a) the Principal Balance, together with accrued interest, hereunder at any time shall not exceed the sum of the Principal Amount, and (b) no Event of Default (defined below) shall exist or be caused thereby. Amounts borrowed hereunder and repaid may be re-borrowed by Borrowers in accordance with the terms of this Agreement; provided, however, Lender may terminate, reduce or otherwise adjust the credit availability (ie., the Principal Amount) under the Loan at any time in its sole discretion. As of close of business on April 16, 2014, Borrowers have previously requested and Lender has previously advanced to Borrowers, pursuant to the terms of this Note, the sum of One Million Seven Hundred Eighty Thousand Two Hundred ThirtyNine AND 76/100 DOLLARS (\$1,780,239.76).

## 3. PROMISE TO PAY

For value received, the Borrowers, jointly and severally, promise to pay to the order of Lender, at its office at 6132 W . Victoria Place, Chandler, Arizona 85226 , or at such other place as the Lender hereof may from time to time designate in writing, a sum equal to the amount of the Principal Balance and all accrued interest. The books and records of Lender shall be the best evidence of the Principal Balance and the interest amount owing at any time under this Note, and shall be conclusive absent manifest error.

## 4. INTTEREST; PAYMENTS.

(a) Absent an Event of Default hereunder or under any of the Loan Documents, each advance made hereunder shall bear interest at the Interest Rate in effect from time to time. Throughout the term of this Note, interest shall be computed by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding Principal Balance, multiplied by the actial number of days the Principal Balance is outstanding.
(b) All payments of principal and interest due hereunder shall be made (i) without deduction of any present and future taxes, levies, imposts, deductions, charges or withholdings, which amounts shall be paid by Borrowers, and (ii) without any other set off. Borrowers will pay the amounts necessary such that the gross amount of the principal and interest received by the holder hereof is not less than that required by this Note.
(c) On the first day of each calendar month occurring after the date of this Note, through January 1, 2016, Borrowers shall make consecutive monthly installment payments of principal and interest in an amount equal to the sum of: (i) all accrued but outstanding interest, and (ii) $3 \%$ of the outstanding Principal Balance. On the Maturity Date, Borrowers shall make one (1) final "balloon" payment of all unpaid principal, accrued unpaid interest, and any other amounts due hereunder, which shall all be due and payable on the Maturity Date. If any payment of principal and interest to be made by Borrowers hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing the interest in such payment.
(d) Upon a sale or refinance of the Additional Loan Collateral, without demand or notice, Borrowers shall make a payment sufficient to reduce the outstanding Principal Balance, with accrued interest, to Four Million and No/100 Dollars ( $\$ 4,000,000.00$ ) or less and the Principal Amount of this Note will thereafter be reduced to Four Million and No/100 Dollars ( $\$ 4,000,000.00$ ).
5. PREPAYMENT.

Borrowers may prepay the Loan, in whole or in part, at any time without penalty or premium.
6. LAWFUL MONEY.

Principal and interest are payable in lawful money of the United States of America.

## 7. APPLICATION OF PAYMENTS/LATE CHARGE/DEFAULT INTEREST.

(a) Unless otherwise agreed to, in writing, or otherwise required by applicable law, payments will be applied first to accrued, unpaid interest, then to principal, and any remaining amount to any unpaid collection costs, late charges and other charges, provided, however, upon delinquency or other default, Lender reserves the right to apply payments among principal, interest, late charges, collection costs and other charges at its discretion. All prepayments shall be applied to the indebtedness owing hereunder in such order and manner as Lender may from time to time determine in its sole discretion.
(b) If any payment of interest and/or principal is not received by the holder hereof when such payment is due, then in addition to the remedies conferred upon the holder hereof pursuant to Section 10 hereof and the other Loan Documents, a late charge of ten percent ( $10 \%$ ) of the amount of the regularly scheduled payment or $\$ 25.00$, whichever is greater, will be added to the delinquent amount to compensate the holder hereof for the expense of handling the delinquency for any payment past due in excess of ten (10) days, regardless of any notice and cure periods.
(c) Upon the occurrence of an Event of Default, including the failure to pay upon final maturity, Lender, at its option, may also, if permitted under applicable law, do one or both of the following: (i) increase the applicable Interest Rate on this Note to the Default Interest Rate, and (ii) add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Note (including any increased rate). The interest rate will not exceed the maximum rate permitted by applicable law.

## 8. SECURITY AND GUARANTY.

This Note is secured by, inter elia, (i) one or more Deeds of Trust, which Deeds of Trust create, as applicable, an initial or additional lien on one or more of the Properties of the Real Estate Collateral, and (ii) that certain Security Agreement with Furniture King, as Debtor, and Lender, as Secured Party, dated April 16, 2014, which creates a lien against all of Furniture King's inventory, accounts, and assets for the benefit of Lender. In the event that Borrowers fail to pay any sum or to perform any covenant, agreement, or obligation owed to Lender under any Loan Documents, the Borrowers shall work with Lender to provide any additional collateral available to Borrowers, as may be requested by Lender, to secure the obligations of Borrowers described in this Note. Borrowers will

execute and acknowledge (or cause to be executed and acknowledged) and deliver to Lender all documents, and take all actions, reasonably required by Lender from time to time to confirm the rights created now or hereafter intended to be created under the Note and Deeds of Trust, to protect and further the validity, priority and enforceability of any security intended by this Paragraph 8, to maintain, perfect or insure Lender's security provided for herein and in the other Loan Documents, including, without limitation, the execution, filing or recording of the Deeds of Trust, UCC financial statements, renewal statements or amendments, and the execution of such amendments to the Deeds of Trust and the other Loan Documents.

## 9. EVENT OF DEFAULT.

The failure to pay any amount due under this Note when due, or any occurrence of a default under the Forbearance Agreement or any other Loan Documents, shall be deemed to be an event of default ("Event of Default") hereunder.
10. REMEDIES.

Upon the occurrence of an Event of Default, then at the option of the holder hereof, the entire balance of principal together with all accrued interest thereon, and all other amounts payable by Borrowers under the Loan Documents shall, without demand or notice, immediately become due and payable. Upon the occurrence of an Event of Default (and so long as such Event of Default shall continue), the entire balance of principal hereof, together with all accrued interest thereon, all other amounts due under the Loan Documents, and any judgment for such principal, interest, and other amounts shall bear interest at the Default Interest Rate, subject to the limitations contained in Paragraph 15 hereof. No delay or omission on the part of the holder hereof in exercising any right under this Note or under any of the other Loan Documents hereof shall operate as a waiver of such right.

## 11. WAIVER.

Borrowers and endorsers of this Note hereby waive diligence, demand for payment, presentment for payment, protest, notice of nonpayment, notice of protest, notice of intent to accelerate, notice of acceleration, notice of dishonor, and notice of nonpayment, and all other notices or demands of any kind (except notices specifically provided for in the Loan Documents) and expressly agree that, without in any way affecting the liability of Borrowers or endorsers, the holder hereof may extend any maturity date or the time for payment of any installment due hereunder, otherwise modify the Loan Documents, accept additional security, release any person liable, and release any security. Borrowers and endorsers waive, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense.

## 12. CHANGE, DISCHARGE, TERMINATION, OR WAIVER.

No provision of this Note may be changed, discharged, terminated, or waived except in a writing signed by the party against whom enforcement of the change, discharge, termination, or waiver is sought. No failure on the part of the holder hereof to exercise
and no delay by the holder hereof in exercising any right or remedy under this Note or under the law shall operate as a waiver thereof.
13. ATTORNEYS' FEES.

If this Note is not paid when due or if any Event of Default occurs, Borrowers promise to pay all costs of enforcement and collection and preparation therefor, including but not limited to, reasonable attorneys' fees, whether or not any action or proceeding is brought to enforce the provisions hereof (including, without limitation, all such costs incurred in connection with any bankruptcy, receivership, or other court proceedings (whether at the trial or appellate level)).
14. SEVERABILITY.

If any provision of this Note is unenforceable, the enforceability of the other provisions shall not be affected and they shall remain in full force and effect.

## 15. INTEREST RATE LIMITATION.

Borrowers hereby agree to pay an effective rate of interest that is the sum of the interest rate provided for herein, together with any additional rate of interest resulting from any other charges of interest or in the nature of interest paid or to be paid in connection with the Loan. Lender and Borrowers agree that none of the terms and provisions contained herein or in any of the Loan Documents shall be construed to create a contract for the use, forbearance or detention of money requiring payment of interest at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of Arizona. In such event, if any holder of this Note shall collect monies which are deemed to constitute interest which would otherwise increase the effective interest rate on this Note to a rate in excess of the maximum rate permitted to be charged by the laws of the State of Arizona, all such sums deemed to constitute interest in excess of such maximum rate shall, at the option of the holder, be credited to the payment of other amounts payable under the Loan Documents or returned to Borrowers.

## 16. INTERPRETATION.

Headings at the beginning of each numbered section of this Note are intended solely for convenience and are not part of this Note. No inference in favor of, or against, any party shall be drawn from the fact that such party has drafted all or any portion of this Note, any other document required hereunder or in connection with any Loans Documents. As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall. mean and include the plural number, and vice versa. All parties were advised to and were given the opportunity to consult with independent counsel before executing this Note.

## 17. CHOICE OF LAW.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES.

## 18. INTEGRATION.

The Note contains the complete understanding and agreement of the holder hereof and Borrowers and supersedes all prior representations, warranties, agreements, arrangements, understandings, and negotiations.
19. BINDING EFFECT.

The Note will be binding upon, and inure to the benefit of, the holder hereof, Borrowers, and their respective successors and assigns. Borrowers may not delegate their obligations under the Loan Documents.
20. TIME OF THE ESSENCE.

Time is of the essence with regard to each provision of the Loan Documents as to which time is a factor.
21. NOTICES.

All notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (c) by email addressed as follows (or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Paragraph):

| If to Lender: | DenSco Investment Corporation 6132 W. Victoria Place Chandler, Arizona 85226 Attention: Denny Chittick Email: dcmoney@yahoo.com |
| :---: | :---: |
| If to AHF: | Arizona Home Foreclosures, LLC 7320 W. Bell Road <br> Glendale, Arizona 85308 <br> Attention: Scott Menaged <br> Email: smena98754@ad.com |
| If to EI: | Easy Investments, LLC 7320 W. Bell Road |


|  | Glendale, Arizona 85308 <br> Attention: Scott Menaged <br> Email: smena98754@al.com |
| :--- | :--- |
| If to Menaged: | Scott Menaged <br> 7320 W. Bell Road <br> Glendale, Arizona 85308 <br> Email: smena98754@al.com |
| If to Furniture King: | Arizona Furniture King <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br>  <br> Phoen N. Central Avenue, Suite 603 <br> Attention: Scott Menaged <br> Email: smena98754@aol.com |

A notice shall be deemed to have been given: (i) in the case of hand delivery, at the time of delivery; in the case of registered or certified mail, when delivered or the first attempted delivery on a business day; or (ii) in the case of expedited prepaid delivery, upon the first attempted delivery on a business day; or (iii) in the case of email, the earlier of sender's receipt of a machine-generated confirmation/receipt of a successful delivery of the message or that the message was read, or sender's receipt of a response from the recipient regarding the email, such as a reply or a separate email which references the notice.
22. SURVIVAL.

The representations, warranties, and covenants of the Borrowers in the Loan Documents shall survive the execution and delivery of the Loan Documents and the making of the Loan.
23. COUNTERPARTS.

This Note may be executed in several counterparts, each of which counterpart shall be deemed an original instrument and all of which together shall constitute a single Note. The failure of any party hereto to execute this Note, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.
[SIGNATURE PAGE FOLLOWS]
$\because$

IN WITNESS WHEREOF, the Borrowers have duly executed this Note as of the date first stated above.


Its: President
"Lender"

ARIZONA HOME FORECLOSURES, LLC

By:


Yomtov "Scott" Menaged
Its: Member
"Borrower"

EASY INVESTMENTS/ LLC


Its: Member
"Borrower"


Yomtov "Scott" Menaged
"Borrower"

FURNITURE KING, LLC
By:


Yomotov "Scott" Menaged
Its: Manager
"Borrower"
\{Signature Page for $\$ 5,000,000.00$ Secured Line Of Credit Promissory Note\}



|  |
| :---: |


|  | Payment | interest \$ |  |
| :---: | :---: | :---: | :---: |
| 5 | \$ 100,000.00 | \$ | 250.00 |
| 21 |  | \$ | 401.35 |
| 20 |  | \$ | 958.64 |
| 20 |  | \$ | 793.81 |
| 20 |  | \$ | 673.53 |
| 20 |  | \$ | 888.96 |
| 20 |  | \$ | 792:52 |
| 20 |  | \$ | 690.82 |
| 20 |  | \$ | 413.83 |
| 17 |  | \$ | 667.58 |
| 13 | . | \$ | 600.42 |
| 13 |  | \$ | 442.83 |
| 13 |  | \$ | 415.10 |
| 6 |  | \$ | 544.96 |
|  | \$ 10,000.00 | \$ | 8,284.35 |


\$ 15,360.98

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| :---: | :---: |
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|  |  |
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## REPRESENTATION AND DISCLAIMER AGREEMENT

This Representation And Disclaimer Agreement (this "Agreement") is made as of April 16, 2014, by Yomtov "Scott" Menaged ("Scott") and Francine Menaged ("Francine") (Scott and Francine are collectively referred to as the "Parties"), who are husband and wife, both residing at 10510 East Sunnyside Drive, Scottsdale, Arizona 85259, in favor of DenSco Investment Corporation, an Arizona corporation (together with its successor and assigns, "Lender"), having an address at 6132 W . Victoria Place, Chandler, Arizona 85226.

## Recitals

The following recitals are a material part of this Agreement:
A. Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W . Bell Road, Glendale, Arizona 85308 and Easy Investments, LLC, an Arizona limited liability company ("EI"), whose address is 7320 W . Bell Road, Glendale, Arizona 85308 (AHF and EI are hereinafter referred to, individually and collectively, as the context may require, as "Borrower") are indebted to Lender under the terms of certain loans or similar agreements (individually a "Loan" and collectively, the "Loans").
B. As of March 1, 2014, the total sum now due and payable under the Loans, in aggregate, is approximately $\$ 39,116,888$, consisting of $\$ 37,133,019$ in principal, $\$ 1,983,869$ in accrued interest, $\$ 1,100,100$ advanced by Lender in payment of costs and expenses as permitted under the Loans Documents and approximately $\$ 38,000$ in costs and expenses incurred by Lender for collection and enforeement of the Loans.
C. The Loans are now in default, pursuant to the terms of the promissory notes, mortgages, and deeds of trust, and other documents executed in connection with the Loans (collectively, the "Loan Documents").
D. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, subject to the terms of a Forbearance Agreement of even date, by and between the Borrower, Scott, Fumiture King, LLC, an Arizona limited liability Company, whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012 ("Furniture King"), and Lender (the "Forbearance Agreement").
E. Pursuant to the Forbearance Agreement, Lender agreed to loan additional funds in an amount up to Five Million-Dollars ( $\$ 5,000,000$ ) to Borrower, Scott, and Furniture King, jointly and severally (the "Additional Funds Loan"), which is evidenced by that certain Secured Line of Credit Promissory Note (the "Additional Funds Note").
F. Pursuant to the Forbearance Agreement, Lender agreed to loan additional funds in an amount up to One Million Dollars ( $\$ 1,000,000$ ) to Borrower and Scott, jointly and severally (the "Additional Loan"), which is evidenced by that certain Secured Line of Credit Promissory Note (the "Additional Note"). Furniture King has personally guaranteed the Additional Loan under a separate


Guaranty Agreement. Certain real property located at 10510 East Sunnyside Drive, Scottsdale, Arizonia and the Guaranty Agreement, a Deed of Trust recorded against it as a first lien position in favor of Lender to secure the obligations of the applicable Borrower, pursuant to the terms of the Additional Note (the "Scottsdale Property"). (For purposes of this Agreement, the Forbearance Agreement, the Ädditional Funds Note, the Additional Note, and the Guaranty Agreement, and other documents executed in connection with the Forbearance Agreement shall be included in the definition of the "Loan Documents.")
G. Absent this Agreement, and the Ownership Representation set forth below, Lender is unwilling to agree to the terms of the Forbearance Agreement, loan the additional funds to Borrower pursuant to the Additional Funds. Loan, and the Additional Loan, and/or to loan any other additional funds to the Borrower.

## AGREEMENT

In consideration of Lender's agreement to the terms of the Forbeararice Agreement and

## 2. Representations and Disclaimers.

2.1. Francine is the spouse of Scott,
2.2 Each of the assets (collectively, the "Assets") Iisted on Exhibit A, attached hereto and incorporated into this Agreement by this reference, are the sole and separate property of Scott and Francine disclaims any and all community property interest or quasi-community property interest she may hãve iṇ each of the Assets.

2:3 Scott and Francine each represent to Lender that Scott is the sole owner of AHF, EI, and Furniture King, and, further, that he owns each of these companies as his sole and separate: property (the " $\mathbf{O}$ whership Représentation").
2.4 The Parties acknowledge that they have each read the Loan Documeents and understand their respective provisions.
2.5 The Parties are each aware that, by the provisions of the Loan Documents, Scott, AHF, EI, and Funiture King, as applicable, have agteed to encumber and permit a lier ori the, Scottsdale Pröperty and all, if not all, of the assets of AHF, EI, and Furniture King (eollectively, the "Collateral") to secure certain obligations of the Loan Documents, in favor of Lender.
2.6 To the extent that she has. (or may have in the future) any interest in the Assets, Francine expressly approves of and agrees to be bound by the provisions of the Loati Documents in their entirety, including, but not limited to, those provisions relating to the creation of liens on the

Collateral, in favor of Lender; and Lender's available remedies in the event of default regarding such collateral, including foreclosure of the Collateral.
2.7 Unless pröhibited by applicable law, each of the Parties will indemniify, defend, and hold harmless Lender from and against all damages, liabilities, losses, and costs (including settlement costs and reasonable attorneys' fees) arising out of any claim concerning or arising from any of the following (each a "Claini"); (i) a dispute regarding whether Scott is the sole owner of an Asset; (ii) a dispute regarding whether any of the Assets are the sole and separate property of Scott; (iii) a dispute regarding whether Francine has any community property interest or quasi-community property interest in any of the Assets; and/or (iv) a dispute regarding whether Scott's individual signature is legally sufficient to provide a legally effective security interest in the any of all of the Assets without the signature of Francine.
3. Counterparts. This Agreement may be executed in several counterparts, each of which counterpart shall be deemed an original instrument and all of which together shall constitute a single Agreement. The failure of any party hereto to execute this Agreement, of any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

IN WITNESS.WHEREOF, the Parties have executed or caused this Agreement to bee executed as of the day and year first above writteri.

\{Signature Page for Representation And Disclaimer Agreement \}

## EXHIBIT A

## Sole And Separate Propenty

1. All ownèrship ìnterest in Arizona Home Foreclósures, LLC, an Arizona limited liability company, whose address is 7320 W . Bell Road, Glendale, Arizona 85308.
2. All ownership interest in Easy Investments, LLC, an Arizona limited liability company; whose address is 7320 W . Bell Road, Glendale, Arizona 85308.
3. All ownership interest in Furniture King $_{\text {, }}$ LLC $_{5}$ an Arizona limited liability company, whose address is 303 N. Central Avenue, Suite 603, Phoenix, Arizona 85012.
4. Certain real property in Scottsdale, Arizona, commonly known as 10510 East Sunnyside Drive, Scottsdale, Arizona, 85259.

## ACKNOWLEDGMENTS

## STATE OF.ARIZONA ) <br> COUNTY OF MARICOPA

On this /6 day of Pri/, 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, and said Yomotov "Scott" Menaged acknowledged to ime that he is the person named. "Scott" in the foregoing. instrument and that he did execute the foregoing instrument and that he did so as his free act and deed.
 day and year last aḅove written.

My Commission Expires:
Notary Public

\{Acknowledgments for Reepresentation And Disclaimer'Agreement $\sim$ Scout\}

## ACKNOWLEDGMENTS



On this day of Cyril, 2014, before me appeared Francine Menaged, to me personality known, who being by rhe duly sworn, and said Francine Menaged acknowledged to me that she is the person named as "Francine" in the foregoing instrument and thay she did execute the forgermg instrumenf and that she did so as her free act and deed.
 day and year last above written.

My Commission Expires:


# SECURITY AGREEMENT 

DATE:
SECURED PARTY:

## DEBTOR:

OBLIGATIONS SECURED:

April 16, 2014
DenSco Investment Corporation, an Arizona corporation
6132 W. Victoria Place
Chandler, Arizona 85226
Furniture King, LLC, an Arizona limited liability Company
303 N. Central Avenue, Suite 603
Phoenix, Arizona 85012

All obligations, both payment and performance, owed by Debtor to Secured Party, including, but not limited to the obligations under each of the following: (i) the Forbearance Agreement, dated April 16, 2014; (ii) each of the Loan Documents (defined herein); (iii) the Guaranty Agreement, of even date herewith (the "Guaranty"), wherein the Secured Party personal guaranteed the indebtedness and other obligations of Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF") and Easy Investments, LLC, an Arizona limited liability company ("EI", AHF and EI are hereinafter referred to, individually and collectively, as the context may require, as "Borrower") to Secured Party under the terms of certain Loans (individually a "Loan" and collectively, the "Loans"), which are listed on the attached Exhibit A (as may be subsequently amended as additional real properties are added as collateral for the Loans) of the Guaranty, which is incorporated into this Agreement by this reference, with each Loan evidenced by a certain Note Secured by Deed of Trust or other similar promissory notes, executed by Borrower in favor of Secured Party (individually a "Note" and collectively, the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (collectively, the "Mortgages"), and are each secured in part by one or more Deeds of Trust and Assignment of Rents, deeds of trust, deeds to secure debt, or similar documents (individually and collectively, the "Security Instruments") encumbering Borrower's interest in the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A (as may be subsequently amended as additional real properties are added as collateral for the Loans) of the Guaranty. The Notes, Mortgages, Security Instruments, and the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally


COLLATERAL:
written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents" or individually as a "Loan Document"; (iv) the Secured Line of Credit Promissory Note, dated April 16,2014 , with a Principal Amount of $\$ 5,000,000$, with Secured Party, as Lender, and Debtor, Borrower, and Yomtov "Scott" Menaged, an individual whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona 85259 ("Managed"), as Borrowers (the "Additional Funds Loan"); and (v) the Secured Line of Credit Promissory Note, dated April 16, 2014, with a Principal Amount of $\$ 1,000,000$, with Secured Party, as Lender, Borrower and Menaged, as Borrowers, and Debtor, as guarantor (the "Additional Loan").

All of Debtor's inventory, accounts (with a Deposit Account Control Agreement), arid assets.

Debtor, for value received, hereby grants to Secured Party a security interest in and to the Collateral described above, complete with accessories, attachments, accessions, repairs, replacements, parts and equipment now or hereafter attached or appertaining thereto, or used in connection therewith and all proceeds thereof to secure performance of the covenants and agreements herein set forth and payment and performance of the Obligations Secured hereby and any and all extensions or renewals thereof, in whole or in part, and also any other indebtedness or liability of Debtor to Secured Party now existing or hereafter arising, due or to become due, absolute or contingent and whether several, joint, or joint and several.

1. Debtor's Representations and Warranties. Debtor represents and warrants:
a. Debtor is and, as to Collateral acquired after the date hereof, will be the owner of the Collateral free from any adverse lien, security interest or encumbrance.. Debtor is in exclusive possession of the Collateral. Debtor shall defend the Collateral against all claims and demands of all persons.
b. All Collateral now existing, and all Collateral hereafter acquired, is and shall be located solely within the State of Arizona (the "Collateral State").
c. Debtor is a limited liability company organized and existing under the laws of the State of Arizona with its chief executive office located in Phoenix, Maricopa County, Arizona. Debtor's exact legal name is set forth on the first page of this Security Agreement.
d. There is no financing statement now on file covering any of the Collateral of Debtor or in which Debtor is named as or signs as a Debtor, except as may be approved by Secured Party. Without the prior written consent of the Secured Party, Debtor will not execute nor permit the filing of any such financing statement or statements.
e. Debtor shall maintain possession of the Collateral, except where expressly otherwise provided in this Security Agreement or where Secured Party chooses to perfect its
$200171551643820 / 170082$


security interest by possession in addition to the filing of the Financing Statements (defined below).
f. Said Collateral being personal property, the same will be used and located at the hereinabove specified addresses within the Collateral State. Debtor shall have the right to replace any items of Collateral with equal or better property, provided such replacement property shall become Collateral hereunder.
g. Debtor will not sell, offer or attempt to sell or dispose of the Collateral or any substitutions, accessions or interest therein, other than inventory in the ordinary course of business, and will not create or permit to exist any other security interest or other encumbrance upon the Collateral.
2. Authorization. Debtor hereby authorizes Secured Party to execute and file any and all financing statements (the "Financing Statements") describing the Collateral deemed necessary or desirable by Secured Party to confirm, perfect, continue, modify or extend the security interest in the Collateral granted herein.
3. Right to Protect Collateral. Secured Party may, in the event of default by Debtor, obtain insurance or pay taxes, assessments, liens, fees, charges or encumbrances, or order and pay for repairs or spend any amounts necessary to maintain the Collateral in Debtor's exclusive possession and in good condition and repair, and all amounts expended by Secured Party shall, with interest thereon at eighteen percent (18\%) per annum, constitute an indebtedness of Debtor to Secured Party secured by the Collateral and by the terms of this -Agreement, and shall be immediately due and payable, but no such act or expenditure by Secured Party shall relieve Debtor from the consequences of such default. The making of any such payment by Secured Party or the performance of any obligation on behalf of Debtor shall constitute prima facie evidence of the necessity therefor and the reasonableness thereof.
4. Events of Default. Any one of the following shall constitute an event of default ("Event of Default"):
a. Failure of Debtor to pay when due any indebtedness secured hereby;
b. Any default, Event of Default (as defined) or breach of any warranty, representation or statement under any of the Loan Documents, the Forbearance Agreement, the Additional Funds Loan, the Additional Loan, or other documents associated with any of the Obligations Secured hereby;
c. If any warranty, representation or statement made herein or furnished to Secured Party by or on behalf of Debtor in connection with this Agreement proves to have been false in any material respect when made or furnished;
d. The commencement of any bankruptcy proceedings, arrangement, reorganization, insolvency, receivership or similar proceedings by or against Debtor or any guarantor or surety for Debtor;
e. The dissolution or termination of the Debtor's limited liability company existence;
f. If the Collateral is sold or disposed of unlawfully, levied on or seized under any levy, attachment, garnishment, writ or other legal process; if any lien shall attach thereto; or if a security interest is created with respect thereto;
g. If Debtor uses the Collateral in violation of any law or govemmental regulation;
h. If Debtor defaults in performing any of Debtor's obligations, promises, covenants or agreements contained herein or in any agreement, paper or document given by Debtor to Secured Party;
i. If the Collateral is lost, stolen or suffers substantial damage or destruction which is not compensated for by insurance;
j. If Debtor removes or permits the Collateral to be removed from the location herein specified without prior written consent of Secured Party, other than a sale of inventory in the ordinary course of business;
k. If Debtor fails to keep and maintain exclusive possession of and title to the Collateral, other than a sale of inventory in the ordinary course of business;
5. If Debtor fails to pay promptly when due all taxes, liens, fees, charges and assessments upon the Collateral or fails to keep the Collateral in good condition and repair or fails to keep the Collateral properly insured at all times, with an insurance company or companies acceptable to Secured Party and with loss payable to Secured Party as its interest may appear against fire (with extended coverage), theft, physical damage and such other risks, and in such amounts for all risks as Secured Party shall require.
m. Debtor shall fail to comply with, or become subject to any administrative or judicial proceeding under any federal, state or local (a) hazardous waste or environmental law, (b) asset forfeiture or similar law which can result in the forfeiture of property or (c) other law where noncompliance may have any significant effect on the Collateral; or
n. Secured Party shall receive at any time following the date of this Agreement a report from the Secretary of State or other governmental agency indicating that Secured Party's security interest is not prior to all other security interests or other interests reflected in the report unless such security interests or other interests have been previously consented to in writing by Secured Party.
6. Default Costs. Should an Event of Default occur, Debtor will pay to Secured Party all costs incurred by Secured Party for the purpose of enforcing its rights hereunder, including, without limitation:
a. The costs of foreclosure;
b. The costs of obtaining money damages including without limitation the costs incurred in any litigation or arbitration proceeding arising out of this Security Agreement; and
c. The attorneys' fees incurred by Secured Party for any purpose related to this Security Agreement or the Obligations Secured hereby, including consultation, drafting documents, sending notices or instituting, prosecuting or defending litigation or arbitration.
7. Rights and Remedies. Upon the happening of any of the foregoing Events of Default and at any time thereafter, at Secured Party's option and without notice to Debtor declare all of the indebtedness of Debtor to Secured Party to be immediately due and payable, and Secured Party shall have the rights, options, duties and remedies of a Secured Party, and Debtor shall have the rights and duties of a Debtor, under the Uniform Commercial Code as adopted in the State of Arizona; and, without limitation thereto, Secured Party shall have the following specific rights:
a. To terminate any commitment to make loans or to otherwise extend credit to Borrower;
b. To take immediate possession of the Collateral without notice or resort to legal process and for such purpose to enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom or at its option to render the Collateral unusable;
c. To require Debtor to assemble the Collateral and make it available to Secured Party at a place, to then be designated by Secured Party which is reasonably convenient to both parties;
d. To retain the Collateral in satisfaction of the Obligations Secured hereunder in accordance with A.R.S. Sections 47-9620 and 47-9621; provided, however, Secured Party will not be deemed to accept the Collateral in satisfaction of the Obligations Secured in the absence of Secured Party's compliance with A.R.S. Section 47-9620(B)(1);
e. Without taking possession, sell, lease or otherwise dispose of the Collateral at public or private sale in accordance with the Uniform Commercial Code as adopted in the State of Arizona; and
f. At any sale or disposition of the Collateral, Secured Party may accept a trade of property for all or a portion of the sale price;

## 7. Foreclosure Procedures.

a. No delay or omission by Secured Party to exercise any right or remedy accruing upon any Event of Default shall: (a) impair any right or remedy, (b) waive any default or operate as an acquiescence to the Event of Default or (c) affect any subsequent default of the same or of a different nature.
b. Secured Party shall give Debtor such notice of any private or public sale as may be required by the Uniform Commercial Code as adopted in the State of Arizona. Any written notice required to be given to Debtor, if mailed by ordinary mail, postage prepaid, to Debtor's mailing address given above, or to Debtor's most recent address as shown by a notice of change of address on file with the Secured Party, shall be deemed reasonable notification.
c. Secured Party has no obligation to clean up or otherwise prepare the Collateral for sale.
d. Secured Party has no obligation to attempt to satisfy the Obligations Secured hereby by collecting them from any other person liable for them and Secured Party may release, modify or waive any collateral provided by any other person to secure any of the Obligations Secured hereby, all without affecting Secured Party's rights against Debtor. Debtor waives any right it may have to require Secured Party to pursue any third person for any of the Obligations Secured hereby.
e. Secured Party may comply with any applicable state or federal law or regulation in connection with the disposition of the Collateral and such compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.
f. Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranty of title or the like. This procedure will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral.
g. If Secured Party sells any of the Collateral upon credit, Debtor will be -credited only with payments actually made by the purchaser, received by Secured Party and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor shall be credited with the proceeds. of the sale.
h. Secured Party shall have no obligation to marshal any assets in favor of Debtor, or against or in payment of (i) one or more of the Notes, (ii) any of the other Obligations Secured hereby or (iii) any other obligation owed to Secured Party by Debtor or any other person.
i. Secured Party shall apply the proceeds realized from any disposition of the Collateral in accordance with the Uniform Commercial Code as adopted in the State of Arizona and to the payment of reasonable attorneys' fees and legal expenses incurred by Secured Party whether or not suit be filed. If the proceeds realized from the disposition of the Collateral shall fail to satisfy all of the Obligations Secured hereby, Debtor shall pay any deficiency balance to Secured Party.
8. Debtor's Covenants. Until the Obligations Secured are paid in full, Debtor covenants and agrees:
a. That the Collateral will be kept at the addresses set forth above, and Debtor will not remove the Collateral from the Collateral State without the prior written consent of Secured Party.
b. Debtor shall promptly notify Secured Party in writing of any change in location of the Collateral (other than in the event of a sale of inventory in the ordinary course of business), Debtor's place or places of business or Debtor's place of residence. Such notice to be effective must be received by Secured Party at the place where payments are to be made under the terms of this Agreement.
c. That Debtor shall not change its company name or state of domicile without providing Secured Party with at least thirty (30) days prior written notice.
d. That Debtor will preserve its company existence and will not, in one transaction or in a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets.

## 9. General.

a. This Agreement constitutes the entire agreement between the parties relative to the subject hereof and may not be amended or altered except by a writing signed by all parties.
b. This Agreement shall be governed by the laws of the State of Arizona. Any action arising out of this Agreement shall be brought in the Maricopa County (Arizona) Superior Court.
c. In the event litigation is commenced to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its attorneys' fees and costs of suit from the non-prevailing party.
d. All terms used herein which are defined in the Uniform Commercial Code as adopted in the State of Axizona shall have the same meaning herein as in the Code.
e. Should any provision of this Security Agreement be found to be void, invalid or unenforceable by a court of competent jurisdiction, that finding shall only affect the provisions found to be void, invalid or unenforceable and shall not affect the remaining provisions of this Security Agreement.
f. If this Security Agreement is signed by more than one Debtor, the obligations of all such Debtors shall be joint and several.
g. Time is of the essence of this Agreement.
h. This Security Agreement shall bind and inure to the benefit of the heirs, legatees, executors, administrators, successors and assigns of Secured Party and shall bind all persons who become bound as a debtor to this Security Agreement. Secured Party does not consent to any assignment by Debtor except as expressly provided in this Security Agreement.

Secured Party may assign its rights and interests under this Security Agreement. If an assignment is made, Debtor shall render performance of this Security Agreement to the assignee. Debtor waives and will not assert against any assignee any claims, defenses or set-offs which Debtor could assert against Secured Party except defenses which cannot be waived.
i. Debtor agrees to execute any further documents, and to take any further actions, reasonably requested by Secured Party to evidence or perfect the security interests granted herein, to maintain the first priority of the security interests granted herein or to effectuate the rights granted to Secured Party herein.
j. This Security Agreement may be executed in several counterparts, each of which counterpart shall be deemed an original instrument and all of which together shall constitute a single Security Agreement. The failure of any party hereto to execute this Security Agreement, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.
k. All notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (c) by email addressed as follows (or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Paragraph):

Arizona Home Foreclosures, LLC<br>7320 West Bell Road<br>Glendale, AZ 85308<br>Attention: Scott Menaged<br>Email: smena98754@aol.com<br>Yomotov, "Scott" Menaged<br>7320 West Bell Road<br>Glemdale, AZ 85308<br>Email: smena98754@aol.com<br>DenSco Investment Corporation<br>6132 West Victoria Place<br>Chandler, AZ 85226<br>Attention: Denny Chittick Email: dcmoney@yahoo.com

Easy Investments, LLC
7320 West Bell Road
Glendale, AZ 85308
Attention: Scott Menaged
Email: smena98754@aol.com
Furniture King, LLC
303 North Central Avenue, Suite 603
Phoenix, AZ 85012
Attention: Scott Menaged
Email: smena98754@aol.com

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first above written.

## DEBTOR:

Furniture King, LLC, an Arizona limited liability Company


## ACKNOWLEDGMENTS

## STATE OF ARIZONA )

County of Maricopa
) ss.
On this $16^{\text {th }}$ day of APRIL, 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he is the manager of FURNITURE KING, LLC, an Arizona limited liability company (the "Company"), and said Yomotov "Scott" Menaged acknowledged to me that the Company is named as the Debtor in the foregoing instrument and that as the manager of the Company, he did execute the foregoing instrument, for and on behalf of the Company, and that he did so as his and the Company's free act and deed.

My Commission Expires:

```
01-10-2018
```



Notary Public

SECURED PARTY:


DenSco Investment Corporation,

\{Signature Page and Acknowledgements for Security Agreement\}


2014-001-5063-0


## ARIZONA SECRETARY OF STATE 05/08/14 08:55 FILED

THE ABOVE SPACE IS FOR FILING OFFIGE USE OMIY






 32. ORDARIzators nome
DenSco Investment Corporation, an Arizona corporation

| OR |  |  |  |  | SUFFIK |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2\% CNDVIDUAL'S SURNAME | FWST PERSON | ${ }^{\text {abdmo }}$ | Mus NaMctspavitulf(S) |  |
|  | TAMMG AEDRESS 132 W. Victorla Place | Citr Chandler | $\begin{aligned} & \text { BTATE } \\ & A Z \end{aligned}$ | Postal cous 85226 | $\begin{aligned} & \text { COUNTIY } \\ & \text { USA } \end{aligned}$ |


 Deposit Account Control Agreement), and assets, complete wilb nccesortes, attachmplis, accessions, répairs, reptacements,
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## CHAIN OF CUSTODY / PROJECT DATA FORM

Buffalo - Chicago - Detroit - Grand Rapids - Lincoln - New York - Omaha - Orlando - Phoenix - Rochester - San Francisco - San Dlego - Tampa



D4 | 800.410.7066 | www.d4discovery.com
Page $\square$
of $\square$

Exhibit No. 100

Message

## From:

Schenck, Daniel A. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DSCHENCK]
Sent: 1/16/2014 1:03:50 PM

To:
dcmoney@yahoo.com
CC: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject: Revised Term Sheet
Attachments: Proposed Term Sheet (4).DOCX

Denny,
Attached is the revised Term sheet with the changes that scott requested and that David discussed with you. As requested, we revised the language so that the Borrower is not expressing its intent on which lender was supposed to be in first position. As David mentioned, we don't recommend that you accept these changes because it still leaves open the question of whether scott intended for Densco to be in the first position. Ideally, scott would make the acknowledgment (which would be an admission of default should Densco be determined to not be in furst position), but scott would be protected by the terms of the forbearance agreement. Please contact us should you have any questions regarding this issue.

Best,
Daniel A. Schenck
CLARK HILL PLC
480.684.1118 (direct) | 480.684.1179 (fax)

Licensed in Arizona, California, Utah and Nevada
dschenck@clarkhill.com | bio | www.clarkhill.com
-----Original Message-----
From: Beauchamp, David G.
Sent: Thursday, January 16, 2014 1:44 PM
To: Schenck, Daniel A.
subject: Fw:
Dan:
Please
David G. Beauchamp
CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhili.com | www.clarkhili.com
----- original Message -----
From: Scott Menaged [mailto:smena98754@aol.com]
sent: Thursday, January 16, 2014 01:06 PM
To: Beauchamp, David G.; Denny [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Dave ,
Per Jeff I can sign the term sheet as long as par 1 and 3 are changed.
The verbage in both paragraphs need to change to state Densco believes he should be in first position. Not that I am saying he should be in first position or me stating who should be in what position.
Par 3 is the same thing, just a verbage issue. Both lenders believe they should be in first position. I can't sign something saying who is supposed to be in what position.

As long as this is agreed upon, please resend me the docs and I will execute today.
Confidentiality agreement is fine for me to sign as is.
clearly we need to have an executed confidentiality agreement before providing the term sheet to them
Thanks

## scott

## Sent from my iphone

## TERM SHEET

The provisions of this Term Sheet are intended only as an expression of intent on behalf of DenSco Investment Corporation ("DenSco") and Scott Menaged, Arizona Home Foreclosures, LLC, Easy Investments, LLC and possibly other entities owned by or under the control of Scott Menaged used to purchase real property from trustee sales (collectively, "Borrower") These provisions are not intended to be legally binding on DenSco or Borrower and are expressly subject to the execution of an appropriate definitive agreement. DenSco and Borrower expressly acknowledge and agree that the contents of this Term Sheet are insufficient to constitute a legally binding agreement as to its subject matter and that there shall be no binding agreement between DenSco and Borrower until a definitive agreement is executed.

## TERMS

1. DenSco has advanced several loans to the Borrowers entities. These loans are secured by a Mortgage/Deed of Trust, which DensSco intended to be in first lien position on each of the properties owned by the Borrower.
2. Certain of Borrower's properties were used as security for loans from other lenders and for loans from DenSco.
3. Certain of these other lenders have retained Bryan Cave, LLP to represent them (the "Other Lenders") in connection with the liens of DenSco and the liens of these Other Lenders, which the Other Lenders intended to be in first lien position on the respective property (each a "Conflict Property" and collectively, the "Conflict Properties").
4. DenSco and Borrower agree to cooperate and assist each other in connection with resolving the dispute with the Other Lenders conceming these Conflict Properties.
5. As each of the Conflict Properties are sold through an escrow, Borrower is to pay any shortfall of funds required to satisfy the liens of the Other Lenders and DenSco on or prior to the closing of the sale of such Conflict Property. Notwithstanding the Priority List defined and referenced below, the sale of such Conflict Properties to third parties are to proceed pursuant to the timing specified by the applicable purchaser of the Conflict Property, so long as the Other Lenders and DenSco are to be paid through such closing
6. Borrower and DenSco will work with the Other Lenders to obtain a Priority List of the Conflict Properties from the Other Lenders (the "Priority List"). This Priority List will list the order in which the Other Lenders want each Conflict Property to be refinanced so that the respective Other Lender is paid in full for the loan secured by such Conflict Property and its corresponding lien will be released on such Conflict Property.
A. The Priority List will be submitted to Debbie Pihl at Magnus Title Agency ("Magnus"). Magnus will arrange for the necessary title work and verify the pay-off
amounts for the Other Lender's loan and arrange for the closing of the additional funding from DenSco pursuant to a modification of its existing loan.
B. Based on the pay-off amounts required to satisfy the loan of the applicable Other Lender, as determined by Magnus above, DenSco will submit funds to Magnus to modify and increase DenSco's outstanding loan to a LTV of approximately $95 \%$ of the applicable Conflict Property. Borrower will be required to deliver the balance of the required funds to pay-off and release the lien of the Other Lender on the applicable Conflict Property and to provide title insurance to DenSco showing Densco in first lien position to secure its modified loan.
C. Borrower and DenSco have been assured by Debbie Pihl and Magnus that Magnus has sufficient resources to process the pay-offs of all of the loans from the Other Lenders associated with each of the Conflict Properties on or before February 28, 2014.
D. Borrower and DenSco agree to and will deliver adequate funds to Magnus to payoff all of the loans from the Other Lenders on or before February 28, 2014.
E. After all of the loans of the Other Lenders (secured by any of the Conflict Properties) have been paid off and released by the Other Lenders as set forth in Section 5 and Section 6 A and 6 B above, DenSco and Borrower shall proceed to resolve the lien disputes between DenSco and with other similarly situated lenders pursuant to the procedures described in Section 5, Section 6 A and 6 B above.
7. Borrower agrees to the following:
A. Except for DenSco, Borrower agrees to continue to pay the interest due to each of the Other Lenders and any other similarly situated lender on a timely basis and to keep such loans current and in compliance with its terms;
B. Borrower has arranged for private outside financing in the amount of approximately $\$ 1,000,000$ (the "Outside Funds"), which is to be provided to Borrower on or before February 28, 2014 Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender (and any balance to be paid to DenSco to reduce the amount of DenSco's additional loans to Borrower, as provided herein);
C. Borrower has agreed to inform DenSco of all of the terms of Borrower's transaction to obtain the Outside Funds and the security provided for such Outside Funds. DenSco agrees to keep such information on a confidential basis, provided, however, DenSco will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals;
D. Borrower agrees to provide any additional security to DenSco, as may be requested by DenSco, to secure Borrower's existing obligations to DenSco and to secure the additional obligations that DenSco is agreeing to provide pursuant to this forbearance / workout agreement;
E. Borrower agrees to reimburse all costs and expenses, including without limitation title reports, amendments or title insurance, investigation fees, and / or attorneys' fees, incurred by DenSco in connection with this forbearance / workout agreement, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders;
F. Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately 4 to 5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's homes, or the net proceeds from the acquisition and disposition of additional homes by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other assets that can be recovered from the missing proceeds from the multiple loans that were advanced from DenSco and other lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between DenSco and other lenders as referenced above;
G. Borrower agrees to provide DenSco (and maintain in effect) a life insurance policy (from a life insurance carrier reasonably approved by DenSco) in the amount of $\$ 10,000,000$, insuring the life of Scott Managed with DenSco named as the sole beneficiary, until all obligations pursuant to the forbearance / workout agreement have been full satisfied; and
H. Borrower agrees to provide DenSco with a personal guaranty from Scott Menaged, guaranteeing all of Borrower's obligations pursuant to the forbearance / workout agreement. Further, Borrower agrees to provide a re-affirmation and consent from Scott Menaged to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of DenSco's loans to Borrower, so that the terms and provisions of the forbearance / workout agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of DenSco and Borrowers pursuant to the terms and provisions of the forbearance / workout agreement.
8. DenSco agrees to the following:
A. So long as each Borrower is in compliance with the terms of the workout agreement and any other agreement with DenSco, DenSco will forbear from taking any action to accelerate its loans to Borrower and to commence foreclosure action against the assets of Borrower;
B. DenSco will defer (but not waive) the collection of interest from the Borrowers on DenSco's loans to the Borrowers during the process to fund the amount due to the Other Lenders in connection with the Conflict Properties (All deferred interest on a particular note from Borrower to DenSco shall be paid to DenSco on or before the payoff of the applicable note),
C. DenSco will provide a new loan to Borrower in the amount up to One Million US Dollars, which loan is to provide for multiple advances, earn $3 \%$ annual interest to be secured by a first lien position against certain real property to be approved by DenSco in its sole discretion, and the obligation is to be personally guaranteed by Scott Menaged (the "Additional Loan"); and
D. So long as each Borrower is in compliance with the terms of the forbearance and workout agreement and any other agreements with DenSco, DenSco agrees to comply with its obligations set forth elsewhere in this Term Sheet, including the obligation to modify its existing loans to the Borrower that are secured by the Conflict Properties, so that the amount of such loans shall be increased to $95 \%$ LTV as indicated above.
9. Borrower and DenSco acknowledge and agree that this forbearance/ workout agreement shall not constitute nor create a joint venture or partnership arrangement between or among DenSco and any of the Borrower.
[Signature page to follow:]

The above terms are agreed to this $\qquad$ day of January, 2014 by the following

## DENSCO INVESTMENT CORPORATION

By:
Denny Chittick
Its President

## ARIZONA HOME FORECLOSURES, LLC

By:
Scott Menaged
Its: Member

EASY INVESTMENTS, LLC

By:
Scott Menaged
Its: Member

## YOMTOV "SCOTT" MENAGED, Individually

Exhibit No. 101

Beauchamp, David G.

| From: | Denny Chittick [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com) |
| :--- | :--- |
| Sent: | Thursday, January 16, 20142:50 PM |
| To: | Beauchamp, David G.; Schenck, Daniel A. |
| Subject: | Re: Revised Term Sheet |

# scott just texted me said he's willing ot sign it . if you are telling me it puts me in a bad situation, then we need to find middle ground to where i'm not in a weaker position and he's not in a position of admitting guilt. 

DenSco Investment Corp<br>www.denscoinvestment.com<br>602-469-3001 C<br>602-532-7737 f

From: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
To: "'dcmoney@yahoo.com" [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com); "Schenck, Daniel A." [DSchenck@ClarkHill.com](mailto:DSchenck@ClarkHill.com) Cc: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
Sent: Thursday, January 16, 2014 2:42 PM
Subject: Re: Revised Term Sheet
Denny:
What I am saying is that the whole consideration to DenSco (and protection to you) is for Scott to acknowledge he is in default. In exchange, DenSco agrees not to take certain actions and to provide funding to Borrowers to assist Borrower to resolve these disputes.

Please see email from Bob Miller that I will forward next. Without Scott's admission here, you are left on your own to deal with Miller's clients. You have given Scott so much and you only asked for this one thing. I think it is not in your legal best interest to agree to all of your commitments in this term sheet without getting this admission from Scott.

Best, David
David G. Beauchamp
CLARK HILL PLC
14850 N Scottsdale Rd [ Suite 500 | Phoenix, Arizona 85254
480.684.1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, January 16, 2014 02:26 PM
To: Schenck, Daniel A.
Cc: Beauchamp, David G.
Subject: Re: Revised Term Sheet

## so are you telling me that the way this is worded now you wouldn't want me to sign it if Scott does?

## DenSco Investment Corp <br> www.denscoinvestment.com <br> 602-469-3001 C <br> 602-532-7737 f

From: "Schenck, Daniel A." [DSchenck@ClarkHill.com](mailto:DSchenck@ClarkHill.com)
To: "dcmoney@yahoo.com" [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Cc: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
Sent: Thursday, January 16, 2014 2:03 PM
Subject: Revised Term Sheet
Denny,
Attached is the revised Term Sheet with the changes that Scott requested and that David discussed with you. As requested, we revised the language so that the Borrower is not expressing its intent on which lender was supposed to be in first position. As David mentioned, we don't recommend that you accept these changes because it still leaves open the question of whether Scott intended for DenSco to be in the first position. Ideally, Scott would make the acknowledgment (which would be an admission of default should DenSco be determined to not be in first position), but Scott would be protected by the terms of the forbearance agreement. Please contact us should you have any questions regarding this issue.

Best,
Daniel A. Schenck
CLARK HILL PLC
480.684.1118 (direct) | 480.684.1179 (fax)

Licensed in Arizona, California, Utah and Nevada
dschenck@clarkhill.com | bio | www.clarkhill.com
-_-Original Message---

From: Beauchamp, David G.
Sent: Thursday, January 16, 2014 1:44 PM
To: Schenck, Daniel A.
Subject: Fw:
Dan:
Please
David G. Beauchamp
CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com
-_ Original Message
From: Scott Menaged [mailto:smena98754@aol.com]
Sent: Thursday, January 16, 2014 01:06 PM
To: Beauchamp, David G.; Denny [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Dave,
Per Jeff I can sign the term sheet as long as par 1 and 3 are changed.
The verbage in both paragraphs need to change to state Densco believes he should be in first position. Not that I am saying he should be in first position or me stating who should be in what position.

Par 3 is the same thing, just a verbage issue. Both lenders believe they should be in first position. I can't sign something saying who is supposed to be in what position.

As long as this is agreed upon, please resend me the docs and I will execute today.
Confidentiality agreement is fine for me to sign as is.
Clearly we need to have an executed confidentiality agreement before providing the term sheet to them

Thanks
Scott
Sent from my iPhone
LEGAL NOTICE: This e-mail is for the exclusive use of the intended recipient(s), and may contain privileged and confidential information. If you are not an intended recipient, please notify the sender, delete the e-mail from your computer and do not copy or disclose it to anyone else. Your receipt of this message is not intended to waive any applicable privilege. Neither this e-mail nor any attachment(s) establish an attorney-client relationship, constitute an electronic signature or provide consent to

Exhibit No. 102

| From: | Beauchamp, David G. |
| :--- | :--- |
| Sent: | Wednesday, January 15, 2014 10:30 PM |
| To: | Stringer, Lindsay L.; Schenck, Daniel A. |
| Subject: | FW: Draft Term Sheet |
| Attachments: | Term Sheet v1.docx |

Please see Denny's "detailed" comments. (Attempt at humor)
Thanks, David
David G. Beauchamp
CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500| Phoenlx, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp(o.clarkhill.com I www, cla;khill.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Wednesday, January 15, 2014 10:25 PM
To: Beauchamp, David G.; Yomtov Menaged
Subfect: Re: Draft Term Sheet
Attached is the terms sheet that we outlined with David. the dates are blank, i'm not sure what they should be right now. ithink this has everything in it. besides a request for a life insruance policy of 10 million with DenSco as the bene.

## let me know any other changes.

thx
dc

DenSco Investment Corp.
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

From: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
To: "Denny J. Chittick (dcmoney@yahoo.com)" [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Cc: "Stringer, Lindsay L." [lstringer@ClarkHill.com](mailto:lstringer@ClarkHill.com); "Schenck, Daniel A." [DSchenck@ClarkHill.com](mailto:DSchenck@ClarkHill.com)

Denny:
Attached is a draft Term Sheet, for a forbearance/workout agreement between DenSco and Scott's entities. I am sending it in Word to you so you can make changes if necessary. I also have one question in bold to confirm what interest payments (and for how long) you are agreeing to defer. (Sorry I could not get Section 9 in the right place and Scott's signature line is not correct.)

Hopefully, you will be able to see the time that I spent reviewing each of the emails and my notes to try to cover as many of the pending issues between you and Scott as possible

Please review this carefully. Hopefully, it is close enough so that any minor changes can be made (and dates filled in), so it can be sent to Scott for his review and approval. In order to encourage Scott to sign it, I made it completely non-binding and totally subject to the definitive agreement.

All the best, David

David G. Beauchamp
CLARK HILL PLC
14850 N Scottsdale Rd | Sulte 500 | Phoenix, Arizona 85254 480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell) dbeauchamp@clarkhlicom | wuw.ciarkhil.com

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The provisions of this Term Sheet are intended only as an expression of intent on behalf of DenSco Investment Corporation ("DenSco") and Scott Menaged, Arizona Home Foreclosures, LLC, Easy Investments, LLC and possibly other entities owned by or under the control of Scott Menaged used to purchase real property from trustee sales (collectively, "Borrower"). These provisions are not intended to be legally binding on DenSco or Borrower and are expressly subject to the execution of an appropriate definitive agreement. DenSco and Borrower expressly acknowledge and agree that the contents of this Term Sheet are insufficient to constitute a legally binding agreement as to its subject matter and that there shall be no binding agreement between DenSco and Borrower until a definitive agreement is executed.

## TERMS

1. DenSco has advanced several loans to the Borrowers entities. These loans are secured by a Mortgage/Deed of Trust, which was intended to be in first lien position on each of the properties owned by the Borrower.
2. Certain of Borrower's properties were used as security for loans from other lenders and for loans from DenSco.
3. Certain of these other lenders have retained Bryan Cave, LLP to represent them (the "Other Lenders") in connection with the liens of these Other Lenders and the liens of DenSco which were each supposed to be in first lien position on the respective property (each a "Conflict Property" and collectively, the "Conflict Properties").
4. DenSco and Borrower agree to cooperate and assist each other in connection with resolving the dispute with the Other Lenders concerning these Conflict Properties.
5. As each of the Conflict Properties are sold through an escrow, Borrower is to pay any shortfall of funds required to satisfy the liens of the Other Lenders and DenSco on or prior to the closing of the sale of such Conflict Property. Notwithstanding the Priority List defined and referenced below, the sale of such Conflict Properties to third parties are to proceed pursuant to the timing specified by the applicable purchaser of the Conflict Property, so long as the Other Lenders and DenSco are to be paid through such closing.
6. Borrower and DenSco will work with the Other Lenders to obtain a Priority List of the Conflict Properties from the Other Lenders (the "Priority List"). This Priority List will list the order in which the Other Lenders want each Conflict Property to be refinanced so that the respective Other Lender is paid in full for the loan secured by such Conflict Property and its corresponding lien will be released on such Conflict Property.
A. The Priority List will be submitted to Debbie Pihl at Magnus Title Agency ("Magnus"). Magnus will arrange for the necessary title work and verify the pay-off amounts for the Other Lender's loan and arrange for the closing of the additional funding from DenSco pursuant to a modification of its existing loan.
B. Based on the pay-off amounts required to satisfy the loan of the applicable Other Lender, as determined by Magnus above, DenSco will submit funds to Magnus to modify and increase DenSco's outstanding loan to a LTV of approximately $95 \%$ of the applicable Conflict Property. Borrower will be required to deliver the balance of the required funds to pay-off and release the lien of the Other Lender on the applicable Conflict Property and to provide title insurance to DenSco showing Densco in first lien position to secure its modified loan.
C. Borrower and DenSco have been assured by Debbie Pihl and Magnus that Magnus has sufficient resources to process the pay-offs of all of the loans from the Other Lenders associated with each of the Conflict Properties on or before
$\qquad$
D. Borrower and DenSco agree to and will deliver adequate funds to Magnus to pay-off all of the loans from the Other Lenders on or before $\qquad$ 2014.
E. After all of the loans of the Other Lenders (secured by any of the Conflict Properties) have been paid off and released by the Other Lenders as set forth in Section 5 and Section 6 A and 6 B above, DenSco and Borrower shall proceed to resolve the lien disputes between DenSco and with other similarly situated lenders pursuant to the procedures described in Section 5, Section 6 A and 6 B above.
7. Borrower agrees to the following:
A. Except for DenSco, Borrower agrees to continue to pay the interest due to each of the Other Lenders and any other similarly situated lender on a timely basis and to keep such loans current and in compliance with its terms;
B. Borrower has arranged for private outside financing in the amount of approximately $\$ 1,000,000$ (the "Outside Funds"), which is to be provided to Borrower on or before ___ 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender (and any balance to be paid to DenSco to reduce the amount of DenSco's additional loans to Borrower, as provided herein.
C. Borrower has agreed to inform DenSco of all of the terms of Borrower's transaction to obtain the Outside Funds and the security provided for such Outside Funds. DenSco agrees to keep such information on a confidential basis, provided, however, DenSco will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals.
D. Borrower agrees to provide any additional security to DenSco, as may be requested by DenSco, to secure Borrower's existing obligations to DenSco and to secure the additional obligations that DenSco is agreeing to provide pursuant to this forbearance / workout agreement.
E. Borrower agrees to reimburse all costs and expenses, including without limitation title reports, amendments or title insurance, investigation fees, and / or attorneys' fees, incurred by DenSco in connection with this forbearance / workout agreement, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders
F. Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately 4 to 5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's homes, or the net proceeds from the acquisition and disposition of additional homes by Borrower, or (iii) apply and funds received from Borrower's continued good faith efforts to recover any other assets that can be recovered from the missing proceeds from the multiple loans that were advanced from DenSco and other lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between DenSco and other lenders as referenced above;
8. DenSco agrees to the following:
A. So long as each Borrower is in compliance with the terms of the workout agreement and any other agreement with DenSco, DenSco will forbear from taking any action to accelerate its loans to Borrower and to commence foreclosure action against the assets of Borrower;
B. DenSco will defer the collection of interest from the Borrowers on DenSco's loans to the Borrowers (on all loans or just for the loans secured by the Conflict Properties?) during the process to fund the amount due to the Other Lenders in connection with the Conflict Properties; FOR NOW I'M DEFFERING ALL INTERST ON ALL LOANS.

C. DenSco will provide a new loan to Borrower in the amount up to One Million US Dollars, which loan is to provide for multiple advances, earn $3 \%$ annual interest and is to be secured by a first lien position against certain real property to be approved by DenSco in its sole discretion (the "Additional Loan"); and
D. So long as each Borrower is in compliance with the terms of the forbearance and workout agreement and any other agreements with DenSco, DenSco agrees to comply with its obligations set forth elsewhere in this Term Sheet, including the obligation to modify its existing loans to the Borrower that are secured by the Conflict Properties, so that the amount of such loans shall be increased to $95 \%$ LTV as indicated above.
9. Borrower and DenSco acknowledge and agree that this forbearance/ workout agreement shall not constitute nor create a joint venture or partnership arrangement between or among DenSco and any of the Borrower

The above terms are agreed to this $\qquad$ day of January, 2014 by the following.

## DENSCO INVESTMENT CORPORATION

By: $\qquad$
Denny Chittick, President

## ARIZONA HOME FORECLOSURES, LLC

By: $\qquad$
Its: $\qquad$

## EASY INVESTMENTS, LLC

By: $\qquad$ ——_

Its: $\qquad$
$\qquad$
YOMTOV SCOTT MENAGED

Exhibit No. 103

## Beauchamp, David G.

| From: | Beauchamp, David G. |
| :--- | :--- |
| Sent: | Wednesday, January 15, 2014 8:00 PM |
| To: | Denny J.Chittick (dcmoney@yahoo.com) |
| Subject: | Non Disclosure Agreement |
| Attachments: | 200112402_2.doc |

## Denny:

Attached is a Non-Disclosure Agreement that has been modified to fit the needs of this transaction. Please review it and let me know if you are satisfied that it will work for this transaction. If so, please share it with Scott and then we will need to make any changes and get it to Bob Miller's group.

I am completely perplexed. Everything from Bob Miller is "yesterday" and Jeff Goulder is "tomorrow." See my notes below.

I have had several different conversations with (and messages from) Bob Miller asking where are his documents (even though he had not yet agreed at that time to have his client even sign a Confidentiality Agreement). Bob also said that his clients have already talked to other counsel and they are ready to sue to protect their position. I understand that is a negotiating position, but 1 told him thathis actions are completely counter-productive to getting this done. He also wanted me to draft the waiver language that you would agree to for his conflict waiver and I just laughed. He also wanted an email from me with a commitment as to when I would provide all of the documents and the information about where the money is coming from He said that he will have a complaint filed if they do not have the documents by end of day Thursday and a meeting to resolve all issues on Friday. I said that I would do what I could but no promises.

Then, I finally talked to Jeff Goulder and I think I copied you on my email to him with the original letter from Bob Miller. Jeff said he is tied up in all day firm meetings the next two days. Jeff said that Scott agreed to meet with Jeff in Jeff's office on Monday to discuss how to proceed. Jeff indicated that if this was so important to Scott, Scott should have called and talked to Jeff before today. The impression that 1 got from Jeff is that he either did not understand the time pressure or that he did not agree that the time pressure was important.

I indicated to Jeff that Bob Miller's clients are other lenders with liens and they are threatening to file suit in court. I also explained that you and Scott would prefer to not have to go into court. I even added that your concern is that all of the lenders go into court and this turns into another Mortgages Limited situation. Jeff responded that is not likely to occur and it will be much more of a problem for you than Scott. (Jeff clearly implied that Scott can just put his entities into bankruptcy and walk away. Do you have personal guarantees from Jeff?) Jeff said that he understood that Scott wanted to help you, but Scott should not put himself in a bad position to help you. I tried to tell him that you are trying to help Scott's problem, but he did not see it that way.

FYI Jeff did not want to talk to Bob Miller, because he said that Miller is going after you and not Scott.
Despite the telephone calls and other issues, 1 am still trying to finish the terms outline and to send it to you tonight.
Best regards, David
David G. Beauchamp
Clark Hill plC
14850 N Scottsdale Rd | Suite 500 | Phoenlx, Atizona 85254

From: Schenck, Daniel A.
Sent: Wednesday, January 15, 2014 6:39 PM
To: Beauchamp, David G.
Subject: NDA

David,
Attached is the NDA of DenSco.

Daniel A. Schenck
Clark HLL ple
480.684 .1118 (drect) | 480.684 .1179 (fax)

Licensed in Arizona, California, Utah and Nevada
dschenck oelarkhill,com | bio | wuw, clarkhlll, com

## CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

This CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of January $\quad$, 2014, by and between DenSco Investment Corporation, an Arizona corporation ("DenSco"), Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), Easy Investments, LLC, an Arizona limited liability company ("EI"), Yomtov S. Menaged, an individual ("YM"), Azben Limited, L.L.C., an Arizona limited liability company ("Azben"), Geared Equity, LLC, an Arizona limited liability company ("Geared"), and 50780 L.L.C., an Arizona limited liability company (" 50780 "). DenSco, AHF, EI, YM, Azben, Geared, and 50780 are each considered a "Party" hereunder and are collectively referred to as the "Parties".

## RECITALS

A. DenSco previously made various loans (collectively, the "DenSco Loans") to $\mathrm{AHF}, \mathrm{EI}$ and / or to other entities owned and /or controlled by YM (collectively, the "Borrower"), and a dispute has arisen between DenSco and Borrower regarding these loans and their respective collateral (the "DenSco Dispute");
B. Azben, Geared, and 50780 (collectively, the "Lenders") also previously made various loans to Borrower, and a dispute has arisen between Lenders and Borrower regarding these loans and their respective collateral (the "Lenders Dispute");
C. A dispute has arisen between DenSco and Lenders regarding which party has first priority to the collateral used to secure various loans which DenSco and / or Lenders made to Borrower (the "Priority Dispute");
D. DenSco and Borrower are considering entering into a loan workout arrangement regarding the DenSco Loans and the DenSco Dispute (the "DenSco Workout") and anticipate preparing various term sheets, correspondence, drafts of agreements, and final agreements regarding the DenSco Workout (coilectively, the "DenSco Workout Documents");
E. The Parties anticipate discussions and activities (the "Discussions") amongst the Parties regarding possible mutually agreeable resolutions regarding the DenSco Dispute, Lenders Dispute, and Priority Dispute (collectively, the "Borrower Disputes");
F. In order to facilitate the Parties' participation and cooperation in the Discussions and to pursue possible resolutions to the Borrower Disputes, the Parties opine that the disclosures and access to certain information from one Party to another Party will be required. As a condition to their disclosure of Confidential Information (as defined herein), the Parties desire assurance that any Confidential Information disclosed to, or discovered by, one Party to another Party will not be disclosed to any third party or used in any manner other than as expressly permitted by this Agreement; and
G. In each instance, and as the circumstances apply, a Party which discloses Confidential Information shall be the "Discloser" and a Party receiving Confidential Information
shall be a "Recipient". Unless the context otherwise requires, as applicable, the term "Discloser" and "Recipient" will include the respective Party's directors, officers, employees, agents, consultants, advisors or other representatives, including legal counsel, accountants and financial advisors.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

## TERMS AND CONDITIONS

1. Incorporation of Recitals. The Recitals set forth above are hereby incorporated into and made a part of this Agreement.
2. Confidentiality. Recipient agrees that it shall not at any time, directly or indirectly, disclose to any person or entity, use for its own benefit (other than as expressly permitted in writing from the Discloser) or for the benefit of any third party, any Confidential Information provided to it by the Discloser. As used in this Agreement, the term "Confidential Information" shall include all of the DenSco Workout Documents, including all details regarding their respective terms, representations, warranties, conditions, obligations, and other provisions; details regarding the DenSco Workout, including the negotiations and / or agreements of DenSco and Borrower regarding the same; and any and all correspondence, documents, material, and other information regarding any of the Parties, the DenSco Loans, the Lenders Loans, and or the Borrower Disputes, whether disclosed orally or in writing, which is designated by the Discloser as being "confidential" and or "proprietary" prior to being disclosed to the Recipient. Notwithstanding the foregoing, Recipient shall be permitted to disclose the Confidential Information to such of its officers, members of its board of directors, and its attorneys, accountants, or other professionals (collectively, "Authorized Parties"), as is necessary to analyze and review the Confidential Information, or if entered into, perform the obligations required in the DenSco Documents; provided that Recipient shall be fully responsible for any breach of the terms of this Agreement by any Authorized Party to whom it discloses such information.

The term Confidential Information shall not include information which, by clear and convincing written evidence:
(i) was in the public domain at the time of execution of this Agreement;
(ii) hereafter becomes part of the public domain by publication or otherwise through no action of Recipient; or
(iii) was received by Recipient through a source (other than the Discloser) which is not under an obligation of confidentiality to the Discloser.
3. Additional Covenants. Recipient agrees that, following the receipt of Confidential Information hereunder, it shall:
(i) Undertake all reasonable and appropriate steps to ensure that the secrecy and confidentiality of Confidential Information is maintained, including, without limitation, restricting its disclosure solely to Authorized Parties; and
(ii) If requested pursuant to, or required by, applicable law or regulation or by legal process to disclose any Confidential Information, provide the Discloser with prompt notice of such request(s) to enable the Discloser to seek an appropriate protective order.
4. Return of Confidential Information. At any time requested by Discloser, Recipient (i) shall promptly deliver to Discloser all documents or other materials disclosed by Discloser to Recipient constituting Confidential Information, together with all copies and summaries thereof in the possession or under the control of Recipient, and (ii) will destroy materials generated by Recipient that include or refer to any part of the Confidential Information, without retaining a copy of any such material. Any such destruction pursuant to the foregoing must be certified by an authorized officer of Recipient in writing to Discloser (and such certification shall include a list of the destroyed materials).
5. No Obligation to Resolve Disputes. Each Party reserves the right, in its sole discretion, to conclude its participation in the Discussions and the negotiations of possible mutually agreeable resolutions of the Borrower Disputes. Without limiting the preceding sentences, nothing in this Agreement requires either Recipient or Discloser to enter into or agree to the terms of the DenSco Workout Documents or any agreement intended to resolve one or more of the Borrower Disputes.
6. Ownership of Confidential Information. At all times the ownership of the Confidential Information shall remain with Discloser. Nothing in this Agreement or in the disclosure of such Confidential Information to Recipient shall convey any right, title or interest in or to the Confidential Information to Recipient.
7. No Liability. Discloser agrees to act in good faith with respect to any Confidential Information provided to Recipient. Recipient agrees that no covenants, warranties or representations are made by the Discloser with respect to the accuracy or completeness of any Confidential Information. No Discloser shall have any liability to Recipient or the Authorized Parties arising out of the use of Confidential Information provided by such Discloser.
8. Remedy. Recipient hereby acknowledges that a violation of the provisions of this Agreement may cause irreparable damage to the Discloser, the amount of which may be impossible to quantify, and it is therefore agreed and understood that in the event of such a violation (or threatened violation) of this Agreement, the Discloser shall be entitled to injunctive relief, without the necessity of posting any bond, against such violation, in addition to such other remedies the Discloser may have.
9. Waiver. The waiver by the Discloser of any breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach, whether of the same or of a different character.
10. Governing Law/Venue This Agreement shall be governed by and construed in accordance with the internal laws of the State of Arizona. All claims or proceedings arising out of or related to this Agreement shall be litigated in courts located within Maricopa County, Arizona, and each Party irrevocably hereby consents and submits to the jurisdiction of any local, state or federal court located in Maricopa County, Arizona.
11. Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of, the Discloser and its successors and assigns.
12. Severability. In the event that any provision of this Agreement is determined to be invalid or unenforceable for any reason, such provision shall be deemed modified to the extent required to render it valid, enforceable and binding, and such determination shall not affect the validity or enforceability of any other provision of this Agreement.
13. Integration. This Agreement contains the entire understanding of the Parties with respect to the matters contained in this Agreement and no representation or covenants have been made other than those contained in this Agreement.
14. Survival of Obligations. The Parties understand that the conclusion of the Discussions will not terminate the Parties' obligations under this Agreement.
15. Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.
16. Attorneys' Fees. In the event of any claim, controversy or dispute arising out of or relating to this Agreement, or the breach thereof, the prevailing party shall be entitled to recover reasonable attorneys' fees incurred in connection with the enforcement, construction or interpretation of this Agreement and in the case of a court proceeding, the fees shall be set by the court sitting without a jury.
17. Counterparts; Facsimile or Electronic Signatures. This Agreement may be executed in one or more counterparts, by facsimile, or by a scanned signature transmitted electronically, for the convenience of the parties and any such counterpart, facsimile or electronic signature, shall be deemed an original. All such counterparts shall be construed as being one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

## DenSco:

DenSco Investment Corporation, an Arizona corporation

By:
Denny J. Chittick
Its: President

## AHF:

Arizona Home Foreclosures, LLC, an Arizona limited liability company

By:
Yomtov S. Menaged
Its: Member

## EI:

Easy Investments, LLC, an Arizona limited liability company

By:
Yomtov S. Menaged
Its: Member

YM:

Yomtov S. Menaged, Individually

## Azben:

Azben Limited, L.L.C., an Arizona limited liability company

By:
Printed Name: $\qquad$
Its: Manager

## Geared:

Geared Equity, LLC, an Arizona limited liability company

By: 4Group, LLC, an Arizona limited liability company Its: Manager

By: Printed Name: Its: Manager

## 50780:

50780 L.L.C., an Arizona limited liability company

By:
Lynn A. Hoebing Its: Member

Exhibit No. 104

## Beauchamp, David G.

| From: | Beauchamp, David G. <br> Sent: |
| :--- | :--- |
| Thursday, anuary 16, 2014 2:51 PM |  |
| To: | 'dcmoney@yahoo.com' |
| Cc: | Schenck, Daniel A.; Beauchamp, David G. |
| Subject: | Fw. Densco |

FYI
David G. Beauchamp
CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Miller, Robert [maito:rjmiller@BryanCave.com]
Sent: Thursday, January 16, 2014 02:12 PM
To: Beauchamp, David G.
Subject: RE: Densco
David -
It was my hope this would not bog down and, clearly, it has for whatever reason. Other than the fact that Densco was your client when you were here, I am not aware of what the alleged conflict is - all I know is you advised Densco on certain private offerings. I asked you to more fully explain what the alleged conflict is and gave you the pertinent files you wanted to review. I have received no explanation. When the conflicts system cleared on my end (before the demand letter was sent), I was comfortable moving forward. Based on where I am today, I am not comfortable proceeding without a full and complete conflict waiver from Densco.

What I cannot do is let this passage of time prejudice my firm's clients. If I do not have a full and complete waiver letter in my possession by $4: 00$ tomorrow, I will be immediately withdrawing. The steps needed to make sure my clients do not suffer any adverse consequences if I withdraw are already being taken. Replacement counsel will not miss a beat.

Lastly, as to your discussion below about Stinson's availability to advise their client, I fail to see how that is relevant. Stinson does not represent Densco - you do. My clients are intent on resolving their issues with your client.

Pleasc let me know Densco's position asap.
Thank you.
Bob
From: Beauchamp, David G. [mailto:DBeauchamp@ClarkHill.com]
Sent: Wednesday, January 15, 2014 9:43 PM
To: Miller, Robert
Subject: RE: Densco

## Bob:

I did not talk to Scott Menaged's attorney until this evening. Scott's attorney is Jeff Goulder at Stinson. Jeff did not think that waiting until he could be involved in the discussions next week should be a big deal. I sent him a copy of your previous demand letter, but that did not make a difference to him. (When l asked if Jeff could be available for some time on Thursday or Friday, I was told that Jeff is in all day management meetings for the next several days to resolve end of year compensation for the partners at Stinson. Accordingly, his wishes are that he is not to be disturbed)

The draft Confidentiality Agreement was sent to Denny earlier this evening. Denny said he would review it and send it to Scott to get his consent to it and then send it to you. Although I do not know if Scott will be willing to sign even that simple agreement with his attorney advising him to wait, Denny was going to encourage him to do that so some discussions can take place.

I have just finished the revised draft term sheet and sent it to Denny for his review. Again, Scott might try to delay the distribution of this draft term sheet, but Denny will strongly encourage him to allow it to be distributed after the Confidentiality Agreement is distributed and signed.

Denny also indicated that he will sign the waiver letter so long as Bryan Cave is not participating directly or indirectly in any litigation against DenSco. I guess he was warned about having you hire another firm to litigate the matter, but you stay involved and direct the litigation from behind the scenes. I assured him that you would not do that and you would make the language in the letter indicate that.

Thank you.
David

## David G. Beauchamp

Clark Hill ple
14850 N Scottsdale Rd | Suite 500| Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@ctarkhill.com I wave.clarkhill.com
From: Miller, Robert [mailto:rimiller@BryanCave.com]
Sent: Wednesday, January 15, 2014 8:11 PM
To: Beauchamp, David G.
Subject: Densco
Confirming our discussion of today, I need from you an email laying out precisely what your client is proposing in terms of when a term sheet will be delivered and when the face-to-face meeting will occur. I am also not inclined to spend any more time on this until I know, in fact, Densco will execute a standard "no sue" waiver where my fitm is allowed to represent my clients on any and all matters adverse to Densco excluding filing and prosecuting a lawsuit.

Please advise so I may report to my clients.
Again, I think if litigation is to be avoided it is important to get this game plan ironed out asap. The fact that Scott's counsel is "unavailable" for the rest of the week (something that is troubling under these circumstances and in this day and age of everyone being available on a remote basis through technology) is troubling.

Thanks for your efforts on trying to keep this on a prompt, consensual path.
Bob

## Bex

Robert J. Miller

Partner

## Bryan Cave LLP

Two N. Central Avenue, Suite 2200
Phoenix, AZ 85004-4406
Telephone: (602) 364-7043
Cell: (602) 550-8380
Fax: (602) 716-8043
E-mail gmiller@bryancave.com
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Exhibit No. 105


## TERM SHEET

The provisions of this Term Sheet are intended only as an expression of intent on behalf of DenSco Investment Corporation ("DenSco") and Scott Managed, Arizona Home Foreclosures, LLC, Easy Investments, ILC and possibly other entities owned by or under the control of Scott Managed used to purchase real property from trustee sales (collectively, "Borrower"). These provisions are not intended to be legally binding on DenSco or Borrower and are expressly subject to the execution of an appropriate definitive agreement. DenSco and Borrower expressly acknowledge and agree that the contents of this Term Sheet are insufficient to constitute a legally binding agreement as to its subject matter and that there shall be no binding agreement between DenSco and Borrower until a definitive agreement is executed.

## TERMS

1. DenSco has advanced several loans to the Borrowers entities. These loans are secured by a Mortgage/Deed of Trust, which DenSco intended to be in first lien position on each of the properties owned by the Borrower. Borrower is currently in default for being delinquent in the payment of interest due DenSco for these loans.
2. Certain of Borrower's properties were used as security for loans from other lenders and for loans from DenSco.
3. Certain of these other lenders have retained Bryan Cave, LLP to represent them (the "Other Lenders") in connection with the liens of DenSco and the liens of these Other Lenders (each a "Conflict Property" and collectively, the "Conflict ?properties").
4. DenSco and Borrower agree to cooperate and assist each other in connection with resolving the dispute with the Other Lenders concerning these Conflict Properties.
5. As each of the Conflict Properties are sold through an escrow, Borrower is to pay any shortfall of funds required to satisfy the liens of the Other Lenders and DenSco on or prior to the closing of the sale of such Conflict Property. Notwithstanding the Priority List defined and referenced below, the sale of such Conflict Properties to third parties are to proceed pursuant to the timing specified by the applicable purchaser of the Conflict Property, so long as the Other Lenders and DenSco are to be paid through such closing.
6. Borrower and DenSco will work with the Other Lenders to obtain a Priority List of the Conflict Properties from the Other Lenders (the "Priority List"). This Priority List will list the order in which the Other Lenders want each Conflict Property to be refinanced so that the respective Other Lender is paid in full for the loan secured by such Conflict Property and its corresponding lien will be released on such Conflict Property.
A. The Priority List will be submitted to Debbie Pill at Magnus Tide Agency ("Magnus"). Magnus will arrange for the necessary title work and verify the pay-off amounts for the Other Lender's loan and arrange for the closing of the additional funding from DenSco pursuant to a modification of its existing loart.
B. Based on the pay-off amounts required to satisfy the loan of the applicable Other Lender, as determined by Magnus above, DenSco will submit funds to Magnus to modify and increase DenSco's outstanding loan to a LTV of approximately $95 \%$ of the applicable Conflict Property. Borrower will be required to deliver the balance of the required funds to pay-off and release the lien of the Other Lender on the applicable Conflict Property and to provide title insurance to DenSco showing Densco in first lien position to secure its modified loan.
C. Borrower and DenSco have been assured by Debbie Pihl and Magnus that Magnus has sufficient resources to process the pay-offs of all of the loans from the Other Lenders associated with each of the Conflict Properties on or before February 28, 2014.
D. Borrower and DenSco agree to and will deliver adequate funds to Magnus to payoff all of the loans from the Other Lenders on or befere February $28,2014$.
E. After all of the loans of the Other Lenders (secured by any of the Conflict Properties) have been paid off and released by the Other Lenders as set forth in Section 5 and Section 6 A and 6 B above, DenSco and Borrower shall proceed to resolve the lien disputes between DenSco and with other similarly situated lenders pursuant to the procedures described in Section 5 , Section 6 A and 6 B above.
7. Borrower agrees to the following:
A. Except for DenSco, Borrower agrees to continue to pay the interest due to each of the Other Lenders and any other similarly situated lender on a timely basis and to keep such loans current and in compliance with its terms;
B. Borrower has arranged for private outside financing in the amount of approximately $\$ 1,000,000$ (the "Outside Funds"), which is to be provided to Borrower on or before February 28, 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender (and any balance to be paid to DenSco to reduce the amount of DenSco's additional loans to Borrower, as provided herein);
C. Borrower has agreed to inform DenSco of all of the terms of Borrower's transaction to obtain the Outside Funds and the security provided far such Outside Funds. DenSco agrees to keep such information on a confidential basis, provided, however, DenSco will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals;
D. Borrower agrees to provide any additional security to DenSco, els may be requested by DenSco, to secure Borrower's existing obligations to DenSco and to secure the additional obligations that DenSco is agreeing to provide pursuant to this forbearance / workout agreement;
E. Borrower agrees to reimburse all costs and expenses, including without limitation title reports, amendments or title insurance, investigation fees, and i or attorneys'
fees, incurred by DenSco in connection with this forbearance / worisout agreement, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders;
F. Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately 4 to 5 million US Dollars; (ii) apply all net proceeds from the rental of Borrower's homes, or the net proceeds from the acquisition and disposition of additional homes by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other assets that can be recovered from the missing proceeds from the multiple loans that were advanced from DenSco and other lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant this subsection shall be made available to and used by Bor:ower in connection with the resolution of the lien disputes between DenSco and other lenders as referenced above;
G. Borrower agrees to provide DenSco (and maintain in effect) a life insurance policy (from a life insurance carrier reasonably appreved by DenSco) in the amount of $\$ 10,000,000$, insuring the life of Scott Managed with DenSco named as the sole beneficiary, until all obligations pursuant to the forbearance / workcut agreement have been full satisfied; and
H. Borrower agrees to provide DenSco with a personal guaranty from Scott Menaged, guaranteeing all of Borrower's obligations pursuant to the forbearance / workout agreement. Further, Borrower agrees to provide a re-affirmation and consent from Scott Menaged to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of DenSco's loans to Borrower, so that the terms and provisions of the forbearance / workout agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of DenSco and Borrowers pursuant to the terms and provisions of the forbearance / workout agreement.
8. DenSco agrees to the following:
A. So long as each Borrower is in compliance with the terms of the workout agreement and any other agreement with DenSco, DenSco will forbear from taking any action to accelerate its loans to Borrower and to commence foreclosure action against the assets of Borrower;
B. DenSco will defer (but not waive) the collection of interest from. the Borrowers on DenSco's loans to the Borrowers during the process to fund the amount due to the Other Lenders in connection with the Conflict Properties (All deferred interest on a particular note from Borrower to DenSco shall be paid to DenSco on or before the payoff of the applicable note);
C. DenSco will provide a new loan to Borrower in the amount up to One Million US Dollars, which loan is to provide for multiple advances, earn $3 \%$ annual interest to be secured by a first lien position against certain real property to be approved by DenSco in its sole discretion, and the obligation is to be personally guaranteed by Scott Menaged (the "Additional Loan"); and
D. So long as each Borrower is in compliance with the terms of the forbearance and workout agreement and any other agreements with DenSco, DenSco agrees to comply with its obligations set forth elsewhere in this Term Sheet, including the obligation to modify its existing loans to the Borrower that are secured by the Conflict Properties, so that the amount of such loans shall be increased to $95 \%$ LTV as :ndicated above.
9. Borrower and DenSco acknowledge and agree that this forbearance/ workout agreement shall not constitute nor create a joint venture or partnership arrangement between or among DenSco and any of the Borrower.
[Signature page to follow:]


The above terms are agreed to this _ day of January, 2014 by the following.

## DENSCO NNYESTMENT CORPQRATION

Denny Chittic
Its: President

## ARIZONA HOME FORECLOSURES, LLC

By:


Yomtov "Scott" Menaged Its: Member

## EASY INYESTMENTS, LLC



YOMTOV "SCOTT" MENAGED, Individually
$\bullet$

From: Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: $\quad 1 / 17 / 2014$ 10:45:31 AM
To: Schenck, Daniel A. [dschenck@clarkhill.com]
Subject: FW: the details
Attachments: RM Easy Investments.doc; DOT Easy Investments.doc; Note Easy Investment.doc; HUD Pratt 90k.pdf

## Dan:

Attached are some of the DenSco form documents, but these are taken from other transactions and are not complete

David G. Beauchamp
Clark, Hilleple
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizena 85254
480.684 .1126 (direct) [ 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | wwv.clarkhill.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Tuesday, January 07, 2014 1:49 PM
To: Beauchamp, David G.
Cc: Yomtov Menaged
Subject: the details
I thought i would give you something to read so that you are up to date and you can have questions for us when we arrive. i'm bringing Scott with me.

I've been lending to Scott Menaged through a few different LLC's and his name since 2007. i've lent him 50 million dollars and i have never had a problem with payment or issue that hasn't been resolved.

Sometime last year, his wife became ill with cancer. his cousin was working with him and took on a stronger day to day role as scott was distracted with his wife. Scott always was the one that determined what properties to buy, how much etc. his cousin was doing paperwork, checks and management of the day to day. At some point his cousin decided to take advantage of our relationship
and started to steal money. Scott would request a loan from me, his cousin would request a loan from another borrower (i would say there are as many as $1 / 2$ dozen different lenders in total). Because of our long term relationship, when Scott needed money, i would wire the money to his account and he would pay the trustee. I do this same thing with several borrowers and bidding co's. As an example, He would buy a property at auction for 100k, it's worth 145 k , he would ask me for 80 k . i would wire it to him, he would pay the trustee with my 80k and his 20k and he would sign the RM, which i've attached (all docs you have reviewed and have been reveiwed by a guy at your last law firm, maybe two firms ago in 2007). i've attached them. i would record the RM the day he paid for the property. then once the trustee's deed was recorded, which during the last few years has been at times 6 weeks from the auction date to the recorded date, i then would record my DOT. this is a practice that i have done for 14 years. it's recognized by all the escrow co's. Some title agents won't see anything before the trustee's deed recording as a valid lien, some look at the whole chain. for me to be covered, i would record the RM to muddy up title then record the DOT after the trustee's deed to ensure my first position lien. when the loan is paid off, $i$ always send a release for both liens. when i say that some title officers request it and some don't , it seems to matter of opinion rather than a hard and fast law/requirement/demand/ or something of that nature. Again, this is what i do on every single auction property no matter who is the borrower.

What is cousin was doing was receiving the funds from me, then requesting them from the other lenders. these other lenders would cut a cashiers check for the agreed upon loan amount and then
take it to the trustee and receive the receipt. they would then record a DOT immediately, then after the trustee's deed is recorded, they would re-record their DOT. Sometimes i would record my RM first sometimes they would. then after the trustee's deed, sometimes $i$ would record my DOT first sometimes they would.

The cousin absconded with the funds. Scott figured this out in mid November. He came to me and told me what was happening. he said he had talked to the other lenders and they agreed that this was a mess, and as long as they got their interest and were being paid off they wouldn't foreclose, sue or anything else.

Scott and i spent a great amount of time creating a plan to fix this. Our plan is simple, sell off the properties and pay off both liens with interest and make everyone whole. Because many of the houses were bought in the first half of last year. they are upside down, but not nearly as bad as you would think. if Scott paid 100k, i lent 80k and another lender lent 80 k . the house is now worth 140 k , it's upside down 20k. However there are some houses that are more upside down than this. Coming up with the short fall on all these houses is a challenge, but we believe it's doable. our plan is a combination of injecting capital and extending cheaper money, along with continuing the business as he's run it for years, by flipping homes which will generate profits.

The Plan:

1. all lenders will be paid their interest, except me, i'm allowing my interest to accrue.
2. i'm extending him a million dollars against a home at $3 \%$

3 . he is bringing in $4-5$ million dollars over the next 120 days from
liquidating some assets as well as getting some money back that the cousin stole, and other sources.
4. he's got a majority of these houses rented, this brings in a lot of money every month.
5. the houses that he's buying now and will be flipping will bring in money every week starting next week or two.
6. as the houses become vacant either because of ending the lease or the tenant leaves, scott will fix up the house and sell it retail. this will drive the order in which the houses will be sold.
7. he also owns dozens of houses that only have one lien on them and have substantial equity in them, and he'll be selling these as the tenants vacate.
i've been over this plan 100 times and the numbers and itruly believe this is the right avenue to fix the problem. we have been proceeding with this plan since November and we've already cleared up about $10 \%$ of the total \$'s in question: that's in the slowest part of the selling season. We feel once things pick up seasonally we can speed this up
the gentleman that handed me the paperwork, believes because he physically paid the trustee that he is in first position, but agrees it's messy. he wants me to subordinate to him, no matter who recorded first. we have paid off one of his loans, you'll see on this list Pratt paid in full, i've attached the hud-1 and you see that it shows me in first position versus his belief. now that's one title agents opinion, $i$ understand that's not settling legal dispute on who's in first or second.

I know that i can't sign the subordination because that goes against $\bigcirc$
everything that i tell my investors. plus i can tell you there are several other lenders waiting to see what $i$ do, if $i$ sign with this group, they want to have me sign one for them too.

What we need is an agreement that as long as the other lenders are being paid their interest and payoffs continue to come, (we have 12 more houses in escrow currently, all planned to close in the next 30 days), that no one initiates foreclosure for obvious reasons, which will give us time to execute our plan.
let me know any questions so that when we meet we can be productive as possible.
thx
dc

DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

When recorded, mail to:
DenSco Investment
6132 W. Victoria Place
Chandler, AZ 85226

## MORTGAGE

January 6, 2014
The undersigned borrower ("Borrower") acknowledges receipt of the proceeds of a loan from DenSco Investment Corporation ("Lender") in the sum of $\$ 186,000.00$, as evidenced by check payable to: Recontrust Company ("Trustee"). The loan was made to Borrower to purchase the Real Property legally described as: Lot 24, Subdivision Cooper Commons Parcel 8, according to the plat Book 448, of Maps, Page 44, \& Certificate of Correction recorded in Doc No. 98-601977 \& 010363100 , in the plat record in the Recorder's Office of Maricopa County, Arizona. Address: 6341 S Kimberlee Way, Chandler, AZ 85249 At a trustee's sale conducted by Trustee, which took place on January 3, 2014, Borrower became the successful purchaser with the highest bid, and the loan is intended to fund all or part of the purchase price bid by Borrower at such trustee's sale.

Borrower has promised to pay Lender or assignee the full amount of the loan, with interest at the rate of $18 \%$ per annum from the date of this Receipt until paid in full, such amounts to be due and payable in full based on due date from promissory note.

Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the loan. The undersigned principal of Borrower (who shall derive benefits from the loan, in order to induce Lender to extend the loan to Borrower) hereby irrevocably and unconditionally guarantees and promises to pay to Lender upon demand the full loan amount and all other sums payable or to become payable hereunder if Borrower fails to pay any such amounts when due. Borrower further agrees to execute, acknowledge and deliver to Lender such further documents as may be necessary to effectuate the intent of this transaction. Borrower has delivered to Lender a promissory note and deed of trust, and Borrower agrees that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed. Borrower further' agrees to cause the undersigned principal of Borrower to execute, acknowledge and deliver a guaranty of the amounts lent by Lender under said promissory note.
Borrower: : Arizona Home Foreclosures, LLC
Name \& Title of Principal Borrower: Yomtov Scott Menaged, Managing Member of LLC Signature:

| State of Arizona ) |
| :--- | :--- |
| County of Maricopa ) |
| Subscribed, sworn to and acknowledged before me this ___ day of ___ |
| By:Yomtov Scott Menaged |
| Commission Expires:__ |

# WHEN RECORDED MALI TO: 

DenSco Investment
6132 W. Victoria Place
Chandler, AZ 85226

## DEED OF TRUST AND ASSIGNMENT OF RENTS

Date: January 6, 2014
TRUSTOR: Arizona Home Foreclosures, LLC
Address: $\quad 7320$ W Bell Rd., Glendale, AZ 85308
BENEFICIARY: DenSco Investment Corporation, an Arizona corporation ("Lender")
Address: $\quad 6132$ W. Victoria Place, Chandler, AZ 85226
TRUSTEE: Recontrust Company
Address: $\quad 2380$ Performand Dr., Richardson, TX 75082
PROPERTY in the County of Maricopa, State of Arizona, described as: Lot 24, Subdivision Cooper Commons Parcel 8, according to Book 448, of Maps, Page 44, \& Certification recorded in Doc No. 98-601977 \& 010363100, in the plat record in the Recorder's Office of Maricopa County, Arizona.

Street address: 6341 S Kimberlee Way, Chandler, AZ 85249
WITNESSETH THAT Borrower does hereby irrevocably grant, bargain, sell and convey to Trustee, in trust, with power of sale, the above-described real property;

TOGETHER WITH all the improvements now or hereafter erected on the Property, and all easements, appurtenances and fixtures now or hereafter a part of the Property, and all rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Lender to collect and apply such rents, issues and profits. All replacements and additions also shall be covered by this Deed of Trust. All of the foregoing is referred to in this Deed of Trust as the "Property."

## FOR THE PURPOSE OF SECURING:

A. Performance of each and every agreement of Borrower herein contained. B. Payment of the principal sum of $\$ 186,000.00$ (U.S. $\$$ One Hundred Eighty-six Thousand Dollars and No Cents). This debt is evidenced by Borrower's NOTE or NOTES dated the same date as this DEED OF TRUST, and any extension or renewal thereof (collectively, if applicable, the "Note"). C. Payment of all additional sums and interest thereon which at any time now or hereafter are owed by Borrower to Lender, or its successors or assigns. D. Payment of any amounts hereafter advanced by Lender or paid on behalf of Borrower to perform any duties or obligations of Borrower hereunder, or otherwise to protect the Property or the lien of this Deed of Trust.

## TO PROTECT THE SECURITY OF THIS DEED OF TRUST, BORROWER AGREES:

1. Borrower has the right to grant and convey the Property and that Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.
2. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.
3. Unless applicable law provides otherwise, all payments received by Lender under Paragraph 2 shall be applied first in payment of any costs or charges, then to Default Interest (as defined in the Note) accrued, then to interest accrued, and then to reduce principal.
4. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, and leasehold payments or ground rents, if any. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Paragraph 4. Borrower shall promptly furnish to Lender receipts evidencing the payments.
5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the hien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of notice.
6. Borrower shall keep said Property in good condition and repair, not to remove or demolish any building thereon anless part of the construction plan approved in writing by Lender; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said Property or requiring any alterations or improvements to be made thereon; not to commit or pernit waste thereof, not to commit, suffer or permit any act upon said Property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said Property may be reasonably necessary, the specific enumerations herein not excluding the general.
7. Borrower shall provide, maintain and deliver to Lender fire insurance and general liability insurance on the Property satisfactory to and with loss payable to Lender. The amount collected under any fire or other insurance policy may be applied by Borrower upon any indebtedness secured hereby and in such order as Borrower may determine, or at option of Borrower the entire amount so collected or any part thereof may be released to Lender. Such application or release shall not cure or waive any default or notice of default heremder or invalidate any act done pursuant to such notice.
8. Borrower shall appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Lender or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, in any such action or proceeding in which Lender or Trustee may appear.
9. Borrower shall pay immediately and withont demand all sums expended by Lender or Trustee pursuant to the provisions hereof, with interest from date of expenditure, at the rate of interest found on the Note.
10. Borrower shall not cause or permit the presence, use, disposal, storage or release of any Hazardous Substances on or in the Property. Borrower shall not do or allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use or storage on the Property of small immaterial quantities of Hazardous Substances that are generally recognized to be appropriate to normal cleaning and maintenance purposes of a commercial or residential property. Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any govermmental or regulatory agency or private party involving the Property or any Hazardous Substance or Environmental Law of which Borrower has actual or constructive knowledge. If

Borrower learns, or is notified by any governmental or regulatory authority, that any removable or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in aecordance with Environmental Laws. As used in this Paragraph 10, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides or herbicides, volatile solvents, materials containing asbestos, formaldehyde or dioxins, and radioactive materials. As used in this Paragraph 10, "Environmental Law" means all federal laws and laws of the state, county and city of the jurisdiction where the Property is located that relates to health, safety or environmental protection.

## IT IS MUTUALLYY AGREED:

11. Should Borrower fail to make any payment or to do any act as herein provided, then Lender or Trustee, but without obligation so to do and without notice to or demand upon Borrower and without releasing Borrower from any obligation hereof, may: (a) make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Lender or Trustee being authorized to enter upon said Property for such purposes; (b) appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Lender or Trustee; (c) pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgement of either appears to be prior or superior hereto; and (d) in exercising any such powers, or in enforcing this Deed of Trust by foreclosure, pay necessary expenses, employ counsel and pay his reasonable fees. Any amounts dispersed by Lender under this Paragraph 11 shall become additional debt of Borrower's, secured by this Deed of Trust unless Borrower and Lender agree to other terms of payment, these amounts shall be payable, with interest, upon demand from Lender to Borrower.
12. Any award of damages in connection with any condemnation for public use of or injury to said Property or any part thereof is hereby assigned and shall be paid to Lender who may apply or release such monies received by it in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.
13. TIME IS OF THE ESSENCE IN EACH COVENANT OF THIS DEED OF TRUST; and that by accepting payment of any sums secured hereby after its due date, Lender does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure to pay.
14. At any time or from time to time, without liability therefor and without notice, upon written request of Lender and presentation of this Deed of Trust and said Note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: (a) reconvey all or any part of said Property; consent to the making of any may or plat thereof; (b) join in granting any easement thereon; or (c) join in any extension agreement or any agreement subordinating the lien or change hereof.
15. As additional security, Borrower hereby gives to, confers upon and assigns to Lender the right, power and authority during the continence of these Trusts, to collect the rents, issues and profits of said Property, reserving unto Borrower the right, prior to any default by Lender payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Lender may at any time without notice, either in person, by agent or by a receiver to be appointed by a court, and without regard to the adequacy of auy security for the indebtedness hereby secured, enter upon and take possession of said Property or any part hereof, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attomeys fees, upon any indebtedness secured hereby, and in such order as Lender may determine. The entering upon and taking possession of said Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.
16. The failure of Borrower to comply fully with the terms of the Note or this Deed of Trust shall constitute an immediate default hereunder, and the occurrence of any default under any other notes or deeds of trust
between the parties securing any other indebtedness owed by Borrower to Lender shall also constitute a default under this Deed of Trust. Upon any such default, Lender shall have the right, at its election, to accelerate immediately any or all of the loans, and proceed to enforce all of Lender's rights, in accordance with Arizona law, including without limitation, the right to foreclose any or all of the deeds of trust and pursue a deficiency judgment(s).

If the Property is sold, assigned or transferred, whether voluntarily, involuntarily, or by operation of law, the entire principal balance together with accrued interest and all other charges shall become inmediately due and payable.
17. Notice of sale having been given as then required by law, and not less than the time required by law having elapsed, Trustee, without demand on Borrower, shall sell said Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee shall deliver to the purchaser its deed conveying the Property so sold, but without any covenant or warranty express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, ineluding Borrower, Trustee or Lender, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title and reasonable, attorneys' fees in connection with sale, Trustee shall apply the proceeds of sale to payment of, all sums then secured hereby and all other sums due under the terms hereof, with aecrued interest; and all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto, or as provided in A.R.S. § 33-812. To the extent permitted by law, an action may be maintained by Lender to recover a deficiency judgment for any balance due hereunder. Lender may foreclose this Deed of Trust as a realty mortgage.

If Property under this Deed of Trust is located in more than one county, regardless of whether Property is contiguous or not, Trustee may sell all Property in any one of the counties in which part of Property is located; and unless Trustee receives contrary written instructions from Lender or Borrower, Trustee may sell all Property either in parcels or in whole.

If indebtedness secured hereby is secured by one or more other deeds of trust, the upon default of Borrower in payment of indebtedness or performance of any other agreement with Lender, Trustee may sell Property subject to this Deed of Trust and to any other deeds of trust securing said indebtedness at Trustee's sale conducted serially.

Trustee is not obligated to notify any party hereto of pending sale under any other deeds of trust, or of any action or proceeding in which Borrower, Lender or Trustee shall be a party, unless brought by Trustee.
18. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Lender shall mean the holder and owner of the Note secured hereby; or, if the Note has been pledged, the pledgee thereof. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.
19. Lender may, for any reason or cause, from time to time remove Trustee and appoint a substitute/ successor trustee to any Trustee appointed hereunder, and when any such substitution has been filed for record in the Office of the Recorder of the County in which the Property herein described is situated, it shall be conclusive evidence of the appointment of such trustee or trustees. Without conveyance to the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.
20. The Note or a partial interest in the Note (together with this Deed of Trust) may be sold one or more times without notice to Borrower. A sale may result in the change of the person who collects monthly payments due under the Note and this Deed of Trust.
21. Borrower/mortgagor hereby waives, releases and discharges any homestead exemption claimed or declared against Property.
22. If any term or provision of this Deed of Trust is held invalid or unenforceable by a court or arbitrator of competent jurisdiction, such terms shall be reduced or otherwise modified by such court or arbitrator to the minimum extent necessary to make it valid and enforceable. If such term or provision cannot be so modified, it shall be severed and the remaining terms and provisions of this Deed of Trust shall be interpreted in such a way as to give maximum validity and enforceability to this Deed of Trust. The remaining terms and provisions hereof shall continue in full force and effect.
23. Upon payment of all sums secured by this Deed of Trust, Lender shall release this Deed of Trust without charge to Borrower, except that Borrower shall pay any recordation costs.,

Upon written request of Lender stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held thereunder. The recitals in any reconveyance executed under this Deed of Trust of any matters or facts shall be conclusive proof of the truthfulness thereof. Borrower in such reconveyance may be described as "the person or persons legally entitled thereto."

Request is hereby made that a copy of any notice of defanlt and a copy of any notice of sale hereunder be mailed to Borrower at its/his/her address hereinbefore set forth.

BORROWER: Arizona Home Foreclosures, LLC
NAME and Title of Principal Borrower: Yomtov Scott Menaged, Managing Member of LLC
SIGNATURE: $\qquad$

## STATE OF ARIZONA )

) ss.

## COUNTY OF MARICOPA)

This Instrument was acknowledged before me this $\qquad$ day of $\qquad$ , 2014. By: YomTov Menaged

Commission Expires:

Property Address: 6341 S Kimberlee Way, Chandler, AZ 85249
For value received, Arizona Home Foreclosures, LLC("Maker") promises to pay to the order of DenSco Investment Corporation or assigns (the "Holder"), at 6132 W. Victoria Place, Chandler, AZ 85226 (or at such other place as the Holder may designate in writing), in lawful U.S. money the principal sum of $\$ 186,000.00$ (\$One Hundred Eighty-six Thousand Dollars and No Cents) plus interest calculated on the basis of a 360 -day year and charged for the actual number of days elapsed, from the date hereof until paid on the principal balance from time to time outstanding.
Interest shall accrue on the principal sum outstanding at the rate of eighteen percent (18\%) per aunum, and shall be payable monthly commencing one month from the date hereof (provided, however, that if there is no comparable date in the following month to the date on which this Note is executed, monthly installments of interest hereunder shall be due and payable on the last day of each of the five succeeding months). The entire principal balance, together with all mpaid accrued interest, shall be due and payable as a balloon payment on July 6,2014 , the date six months from the date of funding under this Note, or upon any earlier acceleration (the "Maturity Date"). If any payment becomes past due for more than five calendar days, Maker shall pay to Holder, in addition to the amount of the overdue payment, alate charge equal to ten percent ( $10 \%$ ) of the unpaid accrued interest element of such overdue payment.

In addition to any late charge on past due payments, interest will accrae at the rate of twenty-nine percent (29\%) per annum ("Default Interest") on the unpaid principal balance upon the occurrence of a "Default" (hereafter defined). A "Default" shall occur (i) if any installment of accrued interest is not paid within 5 days of the date such payment was due, (ii) if the Note and all outstanding charges are not paid by the Maturity Date (for which no grace period is allowed), (iii) if there is a failure to comply with any of the terms of this Note or the Deed of Trust or guaranty which secures this Note, (iv) upon any bankruptcy, insolvency, dissolution or fraudulent conveyance by Maker, (v) upon any seizure, attachment or levy of Maker's assets, or (vi) upon the occurrence of any default under any other obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately withoutnotice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived. Time is of TiE EsSENCE.

Maker agrees to an effective rate of interest that is the above rate, plus any additional rate of interest resulting from charges or benefits received by Holder which a court or governing agency deems to be in the nature of interest paid. All payments on this Note shall be applied first in payment of any costs, fees or charges incurred in connection with the indebtedness evidenced hereby, then to Default Interest accrued, then to interest accrued, and then to reduce principal. This Note is secured by a Deed of Trust executed contemporaneously herewith.

Maker waives demand, diligence and presentment for payment, protest, and notice of extension, dishonor, protest and nonpayment of this Note. If Default occurs, Maker promises to pay all costs of collection, court and foreclosure, including reasonable attorneys' fees. No renewal or extension of this Note, delay ia enforcing any right of Holder under this Note, acceptance of any late payment, or assigmment by Holder of this Note shall constitute a waiver of Holder's right to exercise any of its rights during the continuance of any Default or upon a subsequent Default, or otherwise limit the liability of Maker. All rights of Holder under this Note are cumulative and may be exercised concurrently or consecutively at Holder's option.

If auy one or more of the provisions of this Note are determined to be unenforceable, in whole or in part, for any reason, the remaining provisions shall remain fully operative. This Note shall be construed in accordance with the laws of the State of Arizona, irrespective of its choice of law principles. This Note shall be binding upon Maker and its successors and assigns.
Signed this date:
Borrower: Arizona Home Foreclosures, LLC By: $\mathbf{X}$
Name \& Title: Yomtoy S Menaged, managing member of LLC
Name \& Title: Yomtov S Menaged, managing member of LLC
Personally Guaranteed by: $\mathbf{X}$
Printed Name: $\mathbf{X}$




| 801. Our origlnation charge _. | \$128500 (from GFE ${ }^{\text {P1) }}$ |  |  |
| :---: | :---: | :---: | :---: |
| 802. Your credit or charge (pofints) for the specinicinterest rate chosen | \$ - (from GFE\#2) |  |  |
| 803. Your adusted origination chatges | (from GFEA) | 1,285.00 |  |
| 204. Appraisal fee to PL. FBO Kittelmarn Appraisal | (from GFE ${ }^{\text {S }}$ ) | 450.00 |  |
| 805. Credit report to FL. FBO Kroll Factual Data | (from GFE (t3) | 21.13 |  |
| 806. Tex service to PrimeLending, a PlainsCapital Compsry | (rom Gre \#3) | 90.00 |  |
| 807. Flood certificatlon to PL FBO Corelogic Flood services | - $\quad$ fomGFEE | 9.50 |  |
| 803. |  |  |  |








 Agent information
Total Commlission:Property MaragementVeronica Castro14100 N .83 rd Ave.
Peoffa, AZ 85383
Sub Agent Information: (being paid out of Total Commission)
Veronica Castro Amount: $\$ 2,800,00$
14100 N. B3rd Ave.
Poora, AZ 85383
 Agent information

| Atzona Best Real Estate | Total Commission: | \$5,250.00 |
| :---: | :---: | :---: |
| Pati Bell |  |  |
| 11333 N. Scottsdale Road, \$100 |  |  |
| Scottsdale, AZ 85254 |  |  |




| Description | Amourt |
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| Pincipal Balanco | 146,155.14 |
| fnterest | 0.00 |
| Good Tiru 12/15/2013 | 0.00 |
|  | 146,155.14 |


| From: | Denny Chittick [dcmoney@yahoo.com] |
| :--- | :--- |
| Sent: | 1/17/2014 11:12:17 AM |
| To: | Beauchamp, David G. [dbeauchamp@clarkaill.com] |
| Subject: | Re: DenSco's files |
| Attachments: | Bryan Cave request for Docs.pdf |

Hopefully this covers it!
dc

# DenSco Investment Corp <br> www.denscoinvestment.com <br> 602-469-3001 C <br> 602-532-7737 f 

From: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
To: Denny Chittick [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Sent: Friday, January 17, 2014 12:07 PM
Sublect: RE: DenSco's files
Please mark the additional files to be sent to me, sign, date and send it. You can send it to me first to review if you want.

David G. Beauchamp
CLARK HLL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254 480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarksill.com | www.clarkhill.com
From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Friday, January 17, 2014 12:01 PM
To: Beauchamp, David G.
Subject: Re: DenSco's files
what do you want me to update?
just re-date it?
DenSco Investment Corp
www.denscoinvestment.com

## 602-469-3001 C <br> 602-532-7737 f

From: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
To: "Denny J. Chittick (dcmoney@yahoo.com)" [domoney@yahoo.com](mailto:domoney@yahoo.com)
Sent: Friday, January 17, 2014 11:59 AM
Subject: DenSco's files
Denny:
Attached should be the original form concerning DenSco's files. This is what Bryan Cave wants you to update, to sign and to send to Katherine Velazquez.

David G. Beauchamp
CLARK HILLPLC
14850 N Scettsdale Rd | Suite 500 | Phoenix, Arizona 85254 480.684 .1126 (direct) | 480.684 .1166 (fax) ; 602.319 .5602 (cell) dbeauchamp@ctarkhill.com | www.clarkhill.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Thursday, September 12, 2013 3:19 PM
To: Daniels, Tina
Cc: Velazquez, Katherine
Subject: Re: David G. Beauchamp
here you go
thx
dc
DenSco Investment Corp
www.denscoinvestment.com/
602-469-3001
602-532-7737 f

From: "Daniels, Tina" [tina.daniels@bryancave.com](mailto:tina.daniels@bryancave.com)
To: 'Denny Chittick' [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Cc: "Velazquez, Katherine" [kdvelazquez@bryancave.com](mailto:kdvelazquez@bryancave.com)
Sent: Thursday, September 12, 2013 3:10 PM
Subject: RE: David G. Beauchamp
Hi Denny,
Please return the letter we previously sent with your instructions (and signature) as to the file disposition. Our records department will then coordinate getting the requested files to you.

Thank you,

## MATTER LIST

Please indicate in the spaces provided below those files you wish delivered to you, delivered to Daxid Beauchamp at Clark Hill, PLC, retained by Bryan Cave LLP for handing, retained by Bryan Cave in offsite storage or destroyed, Any files that are not specifically marked will be retained under Bryan Cave's document retention policy and destroyed ten yeats after a matter is closed. In addition, please notify Bryan Cave LIP of any personal or corporita documents or property tetained in these files. Such personal material will be returned to your at this time. Your signature is an acknowledgment of Bryan Cave LLP's retention policy.

| Matter Name | Maiter Number | Returned to Chent | Delivered to David <br> Beauchamp at Clark Hill PLC | Retained by Bryan Cave | Destroyeá |
| :---: | :---: | :---: | :---: | :---: | :---: |
| C068589-DenScoc |  |  |  | 7 l |  |
| Investment Corpr |  |  |  | $1$ |  |
| 2007 Private Offering | 0224518 | $\square$ | [2] |  | $\square$ |
| 2008 Private Offering | 0220088 |  | E |  |  |
| 2009 Private Offering | 0232360 |  | 87 |  |  |
| 2011 Private Offerima | 0322546 |  | 5 |  |  |
| 2013 Privata Offering | 0352992. | $\because$ | 120 |  |  |
| Az Practice Reviely | 0326745 |  | 8 |  |  |
| Blue Sky Issues | 0235165 | $\square$ | 8 |  |  |
| Fomation of affiliated entlis. w/pariticrs | 0323475 | $\square$ | E | $\square$ | $\square$ |
| Gspishinents:- | 0307850 | $\square$ | 86 |  | - |
| General Comprate | 02919815 | $\square$ | 50 |  | $\square$ |

- 

| From: | Denny Chittick [dcmoney@yahoo.com] |
| :--- | :--- |
| Sent: | 1/17/2014 11:31:07 AM |
| To: | Beauchamp, David G. [dbeauchamp@clarkhill.com] |
| Subject: | Re: DenSco's files |

## done

## DenSco Investment Corp <br> www.denscoinvestment.com <br> 602-469-3001 C <br> 602-532-7737 f

[^15]
## David G. Beauchamp

CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254 480.684 .1126 (direct) | 480.684.1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | www.carkhill.com
From: Denny Chittick [mailto:dcmoney,
Sent: Friday, January 17, 2014 12:12 PM
To: Beauchamp, David G.
Subject: Re: DenSco's files

## Hopefully this covers it! dc

## DenSco Investment Corp www.denscoinvestment.com

Exhibit No. 106

From:
Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]
Sent: $\quad$ 2/7/2014 6:37:22 PM
To: Goulder, Jeffrey (jeffrey.goulder@stinsonleonard.com) [jeffrey.goulder@stinsonleonard.com]
CC: Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]
Subject: Workshare Professional Document Distribution
Attachments: \#200131428v8_ClarkHill_ - Forbearance Agreement (8).DOCX; Forbearance_Ag.Densco(5) - Forbearance Agreement (8).pdf

Jeff:

Based on your previous changes, the Forbearance Agreement would be prima facia evidence that Denny Chittick had committed securities fraud because the loan documents he had Scott sign did not comply with DenSco's representations to DenSco's investors in its securities offering documents. Unfortunately, this agreement needs to not only protect Scott from having this agreement used as evidence of fraud against him in a litigation, the agreement needs to comply with Denny's fiduciary obligations to his investors as well as not become evidence to be used against Denny for securities fraud.

The previous version that I had sent to you was basically a complete rewrite of our standard forbearance agreement that I have used in almost 200 forbearance agreements over the last 10 years The previous version that I sent to you was intended to be as fair as possible while setting forth all of the business points that both Denny and Scott had told me in a meeting and over several conference calls. (Scott specifically did agree to pay all costs and related costs in this matter. Scott also proposed and agreed to the $\$ 10$ million life insurance policy, because they now believe that the outstanding loan balance will be much higher than the previous estimate. The higher loan balance will result in a significant unsecured portion if anything happens to Scott and the Properties are liquidated.)

In addition to the business points, we had intended to make the document as balanced as possible. We wanted the document to set forth the necessary facts for Denny to satisfy his securities obligations to his investors (including that the original loans had to have been written and secured by a first lien on real property and that the workout agreed to by Denny complied with his workout authorization) without having Scott have to admit facts that could cause trouble to him. I had been informed that since "Dan's litigious group" had agreed to get paid off, Scott was not as concerned with stating facts and legal conclusions in the document, but your changes indicated that you are still very concemed. If you do not want the conclusions to be stated in the document, then we have to use another approach.

To try to balance the respective interests, I have inserted sections from the loan documents into the Forbearance Agreement. Referencing the language of the Loan Documents is needed to satisfy Denny's fiduciary obligations, but I have also modified the other provisions so that Borrower is not admitting that it was required to provide first lien position in connection with the loans. Further, I have inserted a parenthetical that "(though Guarantor acknowledged no fault)" in the section where Guarantor (Scott) advises Denny of the additional liens on the Properties. We are also using the Borrower's failure to subordinate or remove the additional liens in 10 days as the applicable default.

Bottom line: Borrower does not admit that the existing loans were to be secured in first lien position, nor that the modified loans will be in first lien position. However, Borrower will obtain a lender's title insurance policy in favor of Lender that will insure Lender in first lien position as the other liens are extinguished on each Property (unless DenSco is paid off). Correspondingly, the respective provisions in the Loan Documents are referenced to satisfy Denny's fiduciary duties to his investors and the Default is acknowledged so that this workout is consistent with the limitations of the scope of Denny's authority.

## Sincerely, David

The following files have been attached to this mail by Workshare Professional...
\#200131428v8_ClarkHill_- Forbearance Agreement (8).DOCX (WORDX)
Forbearance_Ag.Densco(5) - Forbearance Agreement (8).pdf (PDF)

## David G. Beauchamp

Clark hill ple
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com I www.clarkhill.com
This electronic mail message contains information which is (a) LEGALLY PRIVILEGED, PROPRIETARY IN NATURE OR OTHERWISE PROTECTED BY LAW FROM DISCLOSURE, and (b) intended only for the use of the addressee named herein. If you are not the addresses, or the person responsible for delivering this to the addressee, you are hereby notified that reading, copying, or distributing this message is prohibited. If you have received this message in error, please contact us immediately at the telephone number shown above and take immediate steps to delete the message completely from your computer system. Thank you.

IRS Circular 230 Disclosure: To ensure compliance with the requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended for or written to be used, and cannot be used, for the purpose of (a) avoiding any penalties under the Internal Revenue Code or (b) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on February _ 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company("Er"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("Borrower"), Yomtov "Scott" Menaged ("Guarantor"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("New Guarantor"), whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("Lender"), whose address is 6132 W . Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties") (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined)

## Recitals

The following recitals of fact are a material part of this Agreement:
A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage", and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.
B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.

C Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust", and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".

D Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan .. Borrower has delivered to Lender a promissory note and deed
of trust, and Borrower agrees that the deed of trust that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."
E. Each Deed of Trust provides as follows:

## TO PROTECT THE SECURITY OF THIS DEED OF TRCST, BORROWER AGREES:

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.
F. Each Note provides as follows:
"A "Default" shall occur (i) ... . or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note)
G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property
H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Borrower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.
I. The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.
J. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1) Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

NOW THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Loans Balance. The total sum now due and payable under the Loans, in aggregate, is approximately $\$ \ldots$, consisting of $\$ \ldots \ldots$ in principal, $\$$ in accrued interest (through and including February 1, 2014), \$ advanced by Lender in payment of costs and expenses as permitted under the Loans Documents and approximately $\$ \ldots \ldots$ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of $18 \%$ per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).
2. Acknowledgment of Default. Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law
3. Continued Effect of Loans Documents. Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Borrower shall cause to be provided to Lender a Lender's title insurance policy issued by a nationallyrecognized title company, reasonably acceptable to Lender insuring that Lender's encumbrance in such Property, as evidenced by the respective Deed of Trust, shall constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.

4 Forbearance by Lender on Conditions; Effect of Breach. Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any DB04/1003619.0002/10352141.3
covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.
5. No Effect on Existing Default; Extension of Maturity. Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans is hereby extended to February 1, 2015; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied and are in compliance with the terms of this Agreement.
6. Borrower's Actions Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled.
(A) Borrower agrees to use its good faith efforts to (i) liquidate other assets, which is expected to generate approximately $\$ 4$ to $\$ 5$ million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower as provided herein).
(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of $\qquad$ or better from and reasonably approved by Lender, in the amount of $\$ 10,000,000$, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.
(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees DB04/1003619.0002/103521413
of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.
(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.
(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.
(F) Borrower has arranged for private outside financing (the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule (i) approximately $\$ 1,000,000$ on or before March 20, 2014, and (ii) approximately $\$ \ldots \quad$ on or before ___ 2014 Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein);
(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transaction to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis
(H) During the term of this Agreement, Borrower, Guarantor and New Guarantor agree to use good faith efforts to satisfy and pay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property. The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties Borrower agrees to used its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.
(I) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.
(J) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations
to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.
(K) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral
(L) Borrower agrees to reimburse all costs and expenses, including without limitation title reports, amendments or title insurance, investigation fees, and / or reasonable attorneys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors), the default of Borrower in connection with the Loans Documents, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders.
7. Lender's Actions. Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:
(A) Lender agrees to increase the Loan amount of each of the Properties referenced in Exhibit A up to $95 \%$ of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender The additional funds advanced to Borrower shall be used to pay off the Other Lender and release its security interest in that Property.
(B) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.
(C) Lender will provide a new loan to Borrower in the amount up to 1 Million US Dollars, which loan is to provide for multiple advances, earn $3 \%$ annual interest to be secured by a first lien position against certain real property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by Guarantor and New Guarantor (the "Additional Loan").
(D) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will defer the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.
8. The entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of the Notes and all other sums payable under the Loans Documents shall be due and payable in full on February 1, 2016 in any event, without notice or demand.
9. Grace and Cure Periods. If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within five (5) business days of receiving email or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above, all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Loans Documents are hereby modified accordingly.
10. Release of Lender; Waiver of Claims and Defenses. As a material part of the consideration for Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby unconditionally and irrevocably release and forever discharge Lender and all of its directors, officers, employees, agents, attorneys, affiliates and subsidiaries from all liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever arising from or relating to any alleged or actual act, occurrence, omission or transaction occurring or happening prior to or on the date of this Agreement, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans.
11. Further Documents. Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.
12. Authorization of Agreement. The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.
13. Costs and Expenses. Borrower hereby agrees to pay on demand any and all costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and/or (B) the collection of the Loans and/or the enforcement of the Loans Documents. Guarantor and New Guarantor shall each be liable for all of their respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing. DB04/10036190002/10352141 3
14. Time of the Essence. Time is of the essence of all agreements and obligations contained herein.
15. Construction of Agreement. If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any party shall be drawn from the fact that such party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.
16. Ratification and Agreements by Guarantor. Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement, acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.
17. Entire Agreement; No Oral Agreements Concerning Loans. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.

18 Ratification of Workout. The parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower, Guarantor and New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November 27, 2013, to the date first stated above, regarding and/or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties, with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately $\$$ $\qquad$ in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower, Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders' Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on the date first above written.

## Borrower

ARIZONA HOME FORECLOSURES, LLC
By:
Yomtov "Scott" Menaged
Its: Member
EASY INVESTMENTS, LLC
By
Yomtov "Scott" Menaged
Its: Member

## Guarantor:

Yomtov "Scott" Menaged

New Guarantor:
FURNTTURE KING, LLC
By:
Yomotov "Scott" Menaged
Its. Manager

Lender:
DENSCO INVESTMENT CORPORATION
By
Denny Chittick
Its: President

## EXHIBIT A

LENDER LOANS AND ENCUMBERED PROPERTIES

## ACKNOWLEDGMENTS

## STATE OF ARIZONA )

) SS
COUNTY OF MARICOPA )

On this___day of $\qquad$ , 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly swom, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## ACKNOWLEDGMENTS

## STATE OF ARIZONA COUNTY OF MARICOPA)

On this __ day of _ 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## ACKNOWLEDGMENTS

## STATE OF ARIZONA )

COUNTY OF MARICOPA )

On this $\qquad$ day of $\qquad$ 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires

## ACKNOWLEDGMENTS

## STATE OF ARIZONA

On this $\qquad$ day of $\qquad$ 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written

## Notary Public

My Commission Expires:

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) <br> ) $S S$ <br> COUNTY OF MARICOPA )

On this $\qquad$ day of $\qquad$ 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on February $\qquad$ 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("ABF"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company("EP"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("Borrower"), Yomtov "Scott" Menaged ("Guarantor"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("New Guarantor"), whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("Lender"), whose address is 6132 W Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties"). (Any capitalized. term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined)

## Recitals

The following recitals of fact are a material part of this Agreement'
A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by ertain promissory netes;a Note Secured by Deed of Trust (each a "Note" and collectively, the "Notes") all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each a "Mortgage". and collectively, the "Mortgages") and each such Note and Mortgage was executed by Borrower and delivered to Lender as a condition precedent to and immediately prior to the funding of the applicable Loan. PAYID PEEASE PROYDE EXHEBITA\}
B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.
C. The Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain DeedsDeed of Trust and Assignment of Rents (each a "Deed of Trust", and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed. convexing the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Nete-Notes the Motgages the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".

[^16]Propety.Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan... Borrower has delivered to Lender a promissory note and deed of trust, and Borrower agrees that the deed of trust that the deed of trust shall be recorded against the Real Property as a first prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed"

E Each Deed of Tust provides as follows:

## TOPROTECT JHE SECURITY OF THIS DEED OF TREST, BORROWERAGREES:

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by or defends against enforcement of the lien in legal proceedings which in Lender's opinion operate to preyent the enforcement of lien: or (c) secures from the holder of the lien an agreement satisfactory to Lender. subordinating the lien to this Deed of Trust. If Lendec determines that any part of the Propenty is subject to a lien which may attain prionity over this Deed of Trust, Lender may pive Bonrower a notice identifying the lien. Borcower shall satisfy the lien or take one or more actions set forth. within 10 days of the beginning of the notice.

E Each Note provides as follows:
"A "Default" shall occur (i).... or (vi) upon the occurrence of any default under any obligation of Maker to Holder Further at Holder's option after Default all remaining unpaid. principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribedin applicable sections of the agreements under which such events. of default arose) presentment demand or protest all of which hereby are waived" "Default" shall have the meaning set forth in the Note)
G. On_or about November 27, 2013 Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first Lien position on each respective Property.
H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower bad an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days as referenced above Further Bornower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.

EI. The Loans are now in defaulfefault (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such defauttDefault.

FI. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1) Borrower-and Guarantor and New Guarantor acknowledge the existing defaultDefaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower-and Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth

NOW THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Loans Balance. The total sum now due and payable under the Loans, in aggregate, is approximately \$ $\qquad$ , consisting of \$ in principal, \$ in accrued interest (through and including $=\square$ February 1. 2014), \$ advanced by Lender in payment of costs and expenses as permitted under the Loans Documents and approximately \$ $\qquad$ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of - $18 . \%$ per annum as provided in the Notes (as opposed to the defaultDefault Interest rate set forth in the Notes).
2. Acknowledgment of Default. Borrower-and Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in defaultDefault and that as a result of such defaultDefault, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.
3. Continued Effect of Loans Documents. Borrower Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower-and, Guarantor's-krowledge and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower-and/or, Guarantor or New_Guarantor as described in the Loans Documents-and as modified by this_Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower Guarantor or New Guarantor as described in the Loans Documents Further Borrower shall cause to be provided to Lender a Lender's stitle insurance policy issued by a nationally-recognized title company reasonably acceptable to Lender insuring that Lender's. encumbrance in such Property as evidenced by the respective Deed of Trust shall constitute a yalid and enforceable first and prior lien to any other encumbrance on the respective Property. DB04/1003619.0002/10352141.3
4. Forbearance by Lender on Conditions; Effect of Breach. Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower-of, Guarantor failsor New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any_of the Loans Documents as modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.
5. No Effect on Existing Default; Extension of Maturity. Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing defultDefault under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans is hereby extended to February 1, 2016.2015: provided, however Lender at its sole discretion, may further extend the maturity date of all of the Loans to Eebruary 1. 2016, so long as Barrower, Guarantor and New Guarantor have complied and are in compliance with the terms of this Agreement,

6 Borrower's Actions. Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:
(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately $\$ 4$ to $\$ 5$ million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Lsan to Borrower as provided herein).
(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of $\qquad$ or better from ) and reasonably approved by Lender, in the amount of $\$ 5,000,000,10,000,000$ insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fullfully satisfied

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$200131428.5200131428 .843930 / 168850$
(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents ${ }_{\alpha}$ and this Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement -DAVID - PLEASE PROVIPE COPIES OFTHESE DOCOMENTS.
(D) Borrower agrees to provide Lender with a separate persentcorporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.
(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.
(F) Borrower has arranged for private outside financing in the of appreximately $\$ 1,000,000$-(the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule: (i) approximately $\$ 1,000,000$ on or before March 20, 2014.2014; and (ii) approximately $\$$ on or before 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein);
(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transaction to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.
(H) During the term of this Agreement Borrower Guarantor and New Guarantor agree to use good faith efforts to satisfy and vay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties. Borrower agrees to used its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.
(I) Borrower, Guarantor New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.
(i) If Borrower Guarantor or New Guarantor fail to pay any sum or to perform any covenant agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement Borrower agrees to provide any additional collateral ("Additional Security') to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this. Agreement,
(IX) Execution delixery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Propetties as required by the Loans Documents or to create a security interest in any Additional Collateral.
(L) Borrower agrees to reimburse all costs and expenses, including without limitation title reports, amendments or title insurance, investigation fees, and / or reasonable attorneys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors), the default of Borower in connection with the Loans Documents, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders; up to of $\$$ $\qquad$
7. Lender's Actions. Subject to the full compliance of the Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:
(A) Lender agrees to increase the Loan amount of each of the Properties referenced in Exhibit A up to $95 \%$ of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanceadvanced to Borrower shall be used to pay off the Other Lender and release its security interest in that Property
(B) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.
(C) Lender will provide a new loan to Borrower in the amount up to 1 Million US Dollars, which loan is to provide for multiple advances, earn $3 \%$ annual interest to be secured by a first lien position against certain real property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by Guarantor_and New Guarantor (the "Additional Loan").
(D) Provided that Borrower Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement--Lender will aivedefer the right to charge the defaut Default Interest, rate which is or-may be-permitted pursuant to the terms of the Loans Documents. If any of Borrower Guarantor or New, Guarantor fails to comply with theseits DB04/1003619.0002/10352141.3
respective obligations, however, it under this Agreement. Borrower, shall then be liable for interestDefault Interest at the defautiDefault Interest rate set forth in the Loan Documents on all outstanding Notes.
8. The entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of the Notes and all other sums payable under the Loans Documents shall be due and payable in full on February 1, 2016 in any event, without notice or demand.

## 9. Additional-Collateral Required. $\quad$ Already covered abovel

9. Grace and Cure Periods. If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within five (5) business days of receiving writtendemand-from Lenderemail or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach default or event of default or to any acceleration or other remedial action by Lender permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted and all Loans Documents are hereby modified accordingly
10. Release of Lender: Waiver of Claims and Defenses. As a material part of the consideration for Lender's execution of this Agreement, Borrower-and, Guarantor and New, Guarantor each hereby unconditionally and irrevocably release and forever discharge Lender and all of its directors, officers, employees, agents, attorneys, affiliates and subsidiaries from all liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever arising from or relating to any alleged or actual act, occurrence, omission or transaction occurring or happening prior to or on the date of this Agreement, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans.
11. Further Documents. Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.
12. Authorization of Agreement. The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of DB041003619.0002/10352141 3

Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.
13. Costs and Expenses. ALREADY COVERED-BY- $6(K)$.Bomower hereby agrees to pay on demand any and all costs and expenses_including but not limited to attomeys' fees, incurred by Lender in connection with (A) the negotiation prepatation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agrement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and/or (B) the collection of the Loans and/or the enforcement of the Loans Documents. Guarantor and New Guarantor shall each be liable for all of their respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing

43-14. Time of the Essence. Time is of the essence of all agreements and obligations contained herein.
44.15 Construction of Agreement. If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any party shall be drawn from the fact that such party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents
15.16. Ratification and Agreements by Guarantor. Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.
16.12. Entire Agreement; No Oral Agreements Concerning Loans. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the DB04/1003619.0002/10352141. 3

Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower-and Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower- $\mathrm{F}_{\star}$ Guarantor or New Guarantor under any circumstances.
17.18. Ratification of Workout. The parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower Guarantor and New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November - 27. 2013, to the date first stated above, regarding and lor related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately $\$$ $\qquad$ in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders Borrower-and ${ }_{m}$ Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders' Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.
[signatures on following page]

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on the date first above written.

## Borrower

## ARIZONA FHOME FORECLOSURES, LLC

By:
Yomtov "Scott" Menaged
Its Member
EASY INVESTMENTS, LLC
By:
Yomtov "Scott" Menaged
Its: Member
Guarantor:
Yomtov "Scott" Menaged
New Guarantor:
FURNITURE KING, LLC
By.
Yomotov "Scott" Menaged
Its: Manager
Lender:
DENSCO INVESTMENT CORPORATION
By:
Denny Chittick
Its: President
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## EXHIBIT A

## LENDER LOANS AND ENCUMBERED PROPERTIES

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) <br> ) SS <br> COLNTY OF MARICOPA )

On this day of $\qquad$ 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## ACKNOWLEDGMENTS

## STATE OF ARIZONA SS <br> COUNTY OF MARICOPA

On this ___ day of __ 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) ) SS <br> COUNTY OF MARICOPA )

On this ___ day of _ 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public

My Commission Expires:

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) ) SS <br> COUNTY OF MARICOPA )

On this $\qquad$ day of $\qquad$ , 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company.

IN WTTNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## ACKNOWLEDGMENTS

STATE OF ARIZONA )
) SS
COUNTY OF MARICOPA )

On this $\qquad$ day of $\qquad$ 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

Document comparison by Workshare Compare on Friday, February 07, 2014 7:09:25 PM


Document 1 ID $\quad$ interwovenSite://DETDMS1/ClarkHill/200131428/5

| Description | \#200131428v5<ClarkHill> - Forbearance_Ag.Densco(5) |
| :--- | :--- |
| Document 2 ID | interwovenSite://DETDMS1/ClarkHill/200131428/8 |
| Description | \#200131428v8<ClarkHill> - Forbearance Agreement (8) |
| Rendering set | standard |


| LegendM |
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| Style change |
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| Moved deletier |
| Inserted cell |
| Deleted cell |
| Moved cell |
| Split/Merged cell |
| Padding cell |


| Statistics |  |
| :---: | :---: |
|  | Count |
| Insertions | 112 |
| Deletions | 64 |
| Moved from | 1 |
| Moved to | 1 |
| Style change | 0 |
| Format changed | 0 |
| Total changes | 178 |

Exhibit No. 107

Beauchamp, David G.

| From: | Denny Chittick [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com) |
| :--- | :--- |
| Sent: | Friday, January 17, 2014 11:24 AM |
| To: | Scott Managed; Beauchamp, David G. |
| Cc: | jgoulder@stinson.com |
| Subject: | Re: Term Sheet |
| Attachments: | Proposed Term Sheet (5).docx |

Attached is the final revision. I'm guessing jeff called/texted/email
you directly and said it's a go.
th x

## DenSco Investment Corp <br> www.denscoinvestment.com <br> 602-469-3001 C <br> 602-532-7737 f

From: Scott Managed [smena98754@aol.com](mailto:smena98754@aol.com)
To: "Beauchamp, David G." \&DBeauchamp@ClarkHill.com>
Cc: Denny Chittick [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com); "jgoulder@stinson.com" [jgoulder@stinson.com](mailto:jgoulder@stinson.com)
Sent: Friday, January 17, 2014 11:17 AM
Subject: Re: Term Sheet
Please send me the agreement for signature.
Sent from my iPhone
On Jan 17, 2014, at 11:05 AM, "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com) wrote:

Wait. There seems to be a misunderstanding.
1 deleted the phrase in paragraph 3 concerning the "which the Other Lenders intended to be in first lien position on the respective Property". I did not add that statement.

In paragraph 1, Denny's reference below is correct.
Thanks, David

Exhibit No. 108
-

## Beauchamp, David G.

To:
Subject:
Denny [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Tuesday, February 04, 2014 9:09 PM
Beauchamp, David G.
Re: Attached Redline of Forbearance Agreement


I understand ur concerns. I talked to scott three times today over certain points so that we $r$ on the same page. We worked through several things. None of them r ones $u$ brought up. It is like scott and I talk, u and I talk, we r ok Jeff enters and it is like a different language. I will talk to scott but I am not sure what will be the next step.

Sent from my iPad

On Feb 4, 2014, at 9:01 PM, "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com) wrote:
Denny:
Before we all get into a room, you and I need to make sure that we have a clear understanding of what you can do and what you cannot do without going back to all of your investors for approval. We have a deal that works for you and your investors and is fair to Scott. Now Jeff is trying to better the deal for Scott, but you already have beerimore than generous trying to help Scott out of Scott's problem. Again, this goes back to Jeff not acknowledging that this is Scott's problem and instead insisting that this is your problem because you did not make sure that Scott handled the loans properly and that you did not take the necessary actions so that DenSco had a first lien on each of the properties. As Jeff said to me, why did Denny do it this way (pay Scott directly) and why did DenSco not get title insurance if Denny wanted to be in first position? Those are not questions to clarify a point, but rather to change the underlying understanding of who created this problem. Jeff is trying to have you think that you have significant responsibility for creating this problem as opposed to this being created by Scott's cousin working for Scott. Hopefully, my poor attempts to explain the difference in perspective are sufficient for you to understand it.

Over the last ten years, I have prepared far in excess of 100 (if not closer to 200) forbearance agreements for various institutional and private lenders. There are certain standard issues that have evolved over the years. [PLEASE UNDERSTAND THAT AT YOUR REQUEST, I DID NOT INCLUDE ANY HARSH OR SIGNIFICANTLY PRO-LENDER PROVISIONS.] Accordingly, there is nothing included to give and trade over small issues. I already did not include them. These changes from Jeff are cutting muscle and bone that are needed to protect you.

For example, did you agree to NOT have Scott pay your attorneys' fees? If so, that will be the first time that I have ever seen the legal fees for the preparation of a Forbearance Agreement to not be paid by the Borrower.

I have also never seen a forbearance not include a cross-default provision to other obligations of the Borrower to the lender.

I have also never seen some of the other changes that Jeff inserted. For example, the changes require you to defend yourself against any other lender which has a conflicting lien one of Scott's properties, even though Scott's office created this problem by having two lenders loan on the same property. In a forbearance, the Borrower takes full responsibility for the problems created and what needs to be done to resolve the problem. Jeff is trying to make you feel that you are guilty so you have to assume a
significant responsibility in the agreement to share in Scott's problem, but nobody stole the money from you. You can help and have helped Scott, but you cannot OBLIGATE DenSco to further help Scott, because that would breach your fiduciary duty to your investors.

Best, David
David G. Beauchamp
Clark Hul ple
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell) dbeauchamp@clarkhill.com | www,clarkhill.com

From: Denny [mailto:dcmoney@yahoo.com]
Sent: Tuesday, February 04, 2014 8:30 PM
To: Beauchamp, David G.
Subject: Re: Attached Redline of Forbearance Agreement
This is degrading in to a quagmire to which I never would have imagined. I will talk to scott and it looks like we will have to get in a room and beat this whole thing out.

Sent from my iPad
On Feb 4, 2014, at 7:27 PM, "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com) wrote:
Denny:
I cannot promise you that this redline captures all of the changes, but it seems to have all of the changes that I have identified by comparing Jeff's version of the agreement to the version that I sent.

Please review this and let me know when you might have time to discuss these changes and what did you discuss with Scott.

With respect to the language concerning the first lien, you and I had discussed including that after I looked at the mortgage document that contained that express obligation. You had said to leave it in, but Jeff has taken that language out and only left in the delayed interest payment. Unfortunately, Jeff has previously said that he could defeat any default claim based on no current interest payments, because you had offered to defer interest when Scott came to you about this problem. Again, Jeff is trying to take advantage of you because you are trying to help Scott. Since Scott was only concerned about referencing DenSco's rights to first lien position due to potential litigation being filed by Dan's group against Scott, that should no longer be an issue.

Although I have asked for this and we have discussed this several times, we still do not have an actual copy of any of the loan documents for any of the loans that you made to Scott that are the subject of this problem. This is really important for many different reasons, but a key reason is the "guarantee" at the bottom of the note that Scott signed.

Best, David

## David G. Beauchamp

Clark Hill ple
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254 480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: phxcanoncolor@clarkhill.com [mailto:phxcanoncolor@clarkhill.com]
Sent: Tuesday, February 04, 2014 6:52 PM
To: Schenck, Daniel A.; Beauchamp, David G.
Subject: Attached Image

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<3640_001.pdf>

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Exhibit No. 109


Beauchamp, David G.

| From: | Denny [demoney@yahoo.com](mailto:demoney@yahoo.com) |
| :--- | :--- |
| Sent: | Sunday, February 09, 2014 9:17 PM |
| To: | Beauchamp, David 6. |
| Subject: | Re: Status |

I understand, I just want to get it done and I will continue on working on the solving the problem.
Sent from my iPad
On Feb 9, 2014, at 9:12 PM, "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com) wrote:
Denny:

Your point is understood. If possible, please recognize and understand that you will "use" the document even if you and Scott never refer to it again. It has to have the necessary and essential terms to protect you from potential litigation from investors and third parties.

Best, David
David G. Beauchamp
CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Pheenix, Arizona 85254
480.684 .1126 (direct) | 480.684.11.66 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Denny Chittick [mailta:dcmoney@yahoo.com]
Sent: Sunday, February 09, 2014 09:05 PM
To: Beauchamp, David G.
Subject: Re: Status
$i$ trust that we are in balance and $i$ have even more confidence that scott andi can solve this problem with out issue and we never have to use the document that we've worked so long on getting completed!

> | DenSco Investment Corp |
| :--- |
| www.denscoinvestment.com |
| $602-469-3001 \mathrm{C}$ |
| $602-532-7737 \mathrm{f}$ |

From: "Beauchamp, David G." < DBeauchamp@ClarkHill.com>
To: '"dcmonev@yahoo.com" [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Cc: "Beauchamp, David G." < DBeauchamp@ClarkHill.com>
Sent: Sunday, February 9, 2014 8:56 PM
Subject: Re: Status
Denny:
Please understand that you are limited in what risk or liability you can assume. Your fiduciary duty to your investors makes this a difficult balancing act.

All the best, David
David G. Beauchamp
CLARK HHL PLC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com I www.clarkhill.com

From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Sunday, February 09, 2014 08:45 PM
To: Beauchamp, David G.
Subject Re: Status
i hope that we can get it resolved without leaving a huge liability or risk on the table. that's all scott said. dc

## DenSco Investment Corp

www.denscoinvestment.com
602-469-3001 C
602-532-7737 f

From: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
To: '"dcmoney@yahoo.com"' [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Cc: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
Sent: Sunday, February 9, 2014 8:43 PM
Subject: Re: Status
Denny:
How can we be finally making progress when my litigation partner said $\$ gave away the store? Other than the business points that Jeff tried to change, I do

Exhibit No. 110

| Beauehamp |
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"Matin Biscomen"
$\rightarrow$ exceeds $10 \%$ of the overall portfots

Exhibit No. 111

## Beauchamp, David G.

## From: Beauchamp, David G.

Sent: $\quad$ Friday, February 14, 2014 11:17 PM
To: 'dcmoney@yahoo.com'
Cc: Beauchamp, David G.
Subject:
Re: Denny: Please Read This But do NOT Share with Scott. Attorney Client Privileged!!!

Denny:
The current agreement still protects you under most circumstances, but there is no room to make any concessions. We need to know all of their issues before there is any more "negotiation.".

With all due respect, Scott is letting Jeff "play us" to change the deal after Scott had said that Scott and you had a deal and we needed to work together to get the paperwork done.

NOTE: We cannot threaten to go to the Maricopa County Prosecutor's office if Scott does not sign the agreement, because that would be a classic case of extortion. I had a client threaten to do that once in a fit of frustration and it created a real problem.

Best, David

David G. Beauchamp
CLARK HILL PIC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319.5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Denny Chittick [mailto:damoney@yahoo.com]
Sent: Friday, February 14, 2014 10:02 PM
To: Beauchamp, David G.
Subject: Re: Denny: Please Read This But do NOT Share with Scott: Attorney Client Privileged!!!
$i$ understand the situation. $i$ undestand i need to protect myself and my responsibility to my investors. at this point i dent' think i've jeopardized any of that. an agreement has to be reached between scott and my self, which protects me and my investors and allows scott and i to solve the problem created by scott. what do you recommend to do?
dc

## .' DenSco Investment Corp www.denscoinvestment.com 602-469-3001 C 602-532-7737 f

From: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
To: Denny Chittick [domoney@yahoo.com](mailto:domoney@yahoo.com)
Sent: Friday, February 14, 2014 7:48 PM
Subject: Denny: Please Read This But do NOT Share with Scott: Attorney Client Privileged!!!
Denny:
Since I did not talk to elther Jeff or Scott conceming their last requests, did you not convey what issues you were willing to agree to or did Scott not want to understand what you told him after you and I talked? The changes I made were exactly as you and I had discussed. Every time that Scott has gone to you after talking to Jeff, you are only told half of the story and less than half of the negative impact for you from a change they request. *******So Scott and Jeff believe with both of us in the room, that they will push you to reach an agreement over my objections and you will not listen to me. As Jeff told me, Scott has previously told Jeff that you will do anything to avoid litigation, so Jeff said that I am in a bad negotiation position. Jeff clearly thinks he can force you to agree to accept a watered down agreement and give up substantial rights that you should not have to give up. Unfortunately, it is not your money. It is your investors' money. So you have a fiduciary duty.

Jeff is a litigator and he will talk over me and put pressure on you just like a cross examination. Jeff has a reputation of going through other attorneys to deal with the adverse client to the detriment of the adverse client. If we are all together, I will need to control the meeting and never leave you alone with them. However, in our previous meeting with Scott there were a number of different things that you said to Scott that I would have preferred you not to say or to not say anything untii I could explain the full effect to you of Scott's request. Initially, a telephone conference (with you in my office) makes sense, but we are still frying to shoot a moving target with Jeff bringing up new issue after new issue.

Scott is the one responsible for this and not you. He failed to put proper protection systems in place so his cousin could not do what his cousin did.

Your waiver of suing Scott for fraud has nothing to do with him going to jail. A person can only go to jail for a criminal conviction, which can only be brought against him by a federal or state prosecutor. However, both Jeff and Scott have tried to deliberately use that reference "go to jail" to confuse you as to what they are asking. Your only leverage here is to be able to pursue a fraud suit if Scott puts his entities into bankruptcy and tries to walk away. Only a fraud judgment will not be dischargeable in bankruptcy. Anything short of what I put into the agreement will leave you fully and completely exposed if Scott decides to walk away or puts these entities into bankruptcy. Scott could also sell the entities for $\$ 1.00$ and walk away from these entities and what are you left with? If you give Scott what Jeff wants, you are giving up your right to force him to pay you with his future earnings as opposed to limiting your recovery to what he has today, which in a bankruptcy liquidation process is not enough to pay off all of these loans.

Further, there is NEVER a limitation on legal fees when a third party can bring an action that needs to be defended against. In addition, Scott's actions to comply with the terms of this agreement will have a big effect on whether or not you have to deal with a third party lawsuit filed against you in court. In this situation, you can have an action brought against you by any of the other lenders, and/or by any of your investors. In a fraud action, facts are the biggest part of the case so it is extremely important to
'obtain the best evidence possible so the facts can be easily proven in court. (That is why it is SUCH A MAJOR CONCESSION to Scott to not require him to admit all of the applicable facts in the agreement.) One recent article indicated that the discovery costs alone in a potential fraud action are almost $150 \%$ to $250 \%$ higher than even a major multi-party complex litigation matter, and legal fees are almost $300 \%$ to $500 \%$ higher. In addition, you could also face an action by the SEC or by the Securities Division of the ACC if an investor is able to convince someone in a prosecutor's office that you somehow assisted Scott to cover up this fraud or you were guitty of gross negligence by failing to perform adequate due diligence (on behalf of your investors' money) to determine what was going on. If Scott performs the Agreement in full and everything goes right, then those claims are unlikely to happen, but Scott will control the future events, so his FUTURE actions directly affect the likelihood of any action being brought against you. Based on that why should you take any risk of legal fees or costs exceeding any number that might be thought to be reasonable now

I know you want this over and done, but Jeff just keeps trying to whittle away at your protections so that you are not protected in the future. Jeff's basic argument is how he construes "faimess" to Scott. However, your duty and obligation is not to be far to Scott, but to completely protect the rights of your investors. I am sorry if Scott is hurt through this, but Scott's hurt will give Scott the necessary incentive to go after his cousin. You job is to protect the money that your investors have loaned to DenSco.
*******it would be a terrible irony here if you have to defend yourself against a criminal or securities charge against you for trying to be "fair" or "reasonable" to Scott and he gets to walk away without a problem. That irony has an even greater impact when we recognize that this whole situation was created because Scott did not have adequate internal controls in place which allowed this to happen.

If we need to talk this weekend, please let me know.
All the best, David
David G. Beauchamp
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480.684.1126 (direct) | 480.684.1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill,com I www.clarkhill.com
From: Denny Chittick [mailto:dcmoney@yahoo.com]
Sent: Friday, February 14, 2014 6:45 PM
To: Beauchamp, David G.
Subject: Re: scott's dollars
i just read an email from scott saying that some of the changes that they thought were goign to be incorporated were not, and he didn't like the wording of the latest request, i'm guessing the release of fraud issue. i really think this is the only way to get this resolved with out spending another 20k on back adn forth. dc

## DenSco Investment Corp www.denscoinvestment.com <br> 602-469-3001 C <br> 602-532-7737 f

From: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
To: "Denny J. Chitick (dcmoney@yahoo.com)" [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Sent: Friday, February 14, 2014 6:37 PM
Subject: FW: scott's dollars
Denny:
What are the issues now? Have they added more that they want or are they just refusing to go along with what you have decided?

I am very hesitant to set up any meeting until I know what has been discussed and what are the remaining issues. Over the last 4 exchanges, Jeff has added 6 new issues.

Best regards, David
David G. Beauchamp
CLARK HILL PLC
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480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com I www.clarkhill.com
-Original Message-
From: Scott Menaged [mailto:smena98754@aol.com]
Sent: Friday, February 14, 2014 6:34 PM
To: Denny Chittick
Cc: Beauchamp, David G.; Jeffrey Goulder
Subject: Re: scott's dollars
Jeff and Dave
Please schedule an appointment for all 4 of us to sit down and go over agreement and makes changes as necessary and get this thing signed. Denny and I will make ourself available

Thanks
Denny is out of town till Tuesday
So wed- Friday is fine

Exhibit No. 112

## Beauchamp, David G.

From:
Sent:
To:
Cc:
Subject:

Beauchamp, David G.
Thursday, February 20, 2014 9:35 PM
Gordon, Robert D.; Wakim, Kimberly L.; Applebaum, Joel D.
Beauchamp, David G.
Re: Bankruptcy Help

Robert:

Thank you for your email. I agree with your assessment completely, but our client has made it clear that he does not want to litigate. So the Borrower's attorney (who is very full of himself) has made several last minute demands that have all but undermined the agreement. I am trying to help our client understand all of the issues and then decide if he is better off with or without the agreement.

However, the bankruptcy issue is beyond my current knowledge so lam reaching out for help. Thank you again for your help.

Please point me in the direction of someone who can help analyze and explain the issue to our client.
Best regards, David

David G. Beauchamp
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480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell)
dbeauchamp@clarkhill.com | www.clarkhill.com

From: Gordon, Robert D.
Sent: Thursday, February 20, 2014 08:36 PM
To: Beauchamp, David G.; Wakim, Kimberly L.; Applebaum, Joel D.
Subject: RE: Bankruptcy Help
I have never heard of the lender giving a release as part of a forbearance. Those two concepts seem antithetical: what is left to forbear on if you give a release? On what basis does the Borrower have any right to make such a demand? How does your client benefit by entering into such an arrangement? You may have a good non-dischargeability claim against the guarantor inasmuch as there appears to have been fraud; that would have to be examined a little more (don't know if the Guarantor was really a party to the fraud, or just the cousin). But regardless, I don't see why you would give up the right to enforce claims and seek a non-dischargeability ruling in the event of a bankruptcy.

## Robert D. Gordon

Clark Hill place
248.988 .5882 (direct) | 248.988 .2502 (fax)

From: Beauchamp, David G.
Sent: Thursday, February 20, 2014 9:51 PM
To: Gordon, Robert D.; Wakim, Kimberly L.; Applebaum, Joel D.
Subject: Bankruptcy Help

I know that each of you are very busy, but I need some help from an experienced bankruptcy attorney concerning a very important issue that is critical to a $\mathbf{\$ 3 1}$ million Forbearance Agreement. Sorry for the long email but hopefully, one of you can delegate this to someone who can provide key guidance on how to resolve the issue outlined below.

Background: Our client is an investment fund that has made approximately 185 loans to two affiliated LLCs that are collectively referred to as Borrower. Each Borrower is owned by the same house remodeler and rental company, and the owner has guaranteed the loans (on a very weak and almost unenforceable guaranty) ("Guarantor"). Each of the 185 loans are secured by separate homes. As hard money loans no lender's title insurance policies were obtained for the liens, but the Borrower acknowledged and agreed in each Deed of Trust that the loans were to be secured by first liens on each of the homes. Due to personal issues, Borrower/Guarantor was pre-occupied with his wife's failing health and he let his cousin from Israel run the day to day of the Borrower's business. Cousin arranged for other lenders to also make approximately 145 hard money loans to Borrower, which were also secured by 145 of the homes that Borrower had simultaneously used as security for loans from our client. The duplicate loans were signed by Borrower / Guarantor who claimed he had no knowledge of the duplicate loans until he was trying to sell a home and found two liens recorded against it. When that was discovered, his cousin immediately left to return to Israel. Without any additional documentation or any legal advice, our client has been reworking his loans and deferring interest payments to assist Borrower / Guarantor to pay off some of the duplicate loans. When we became aware of this issue, we advised our client that he needs to have a Forbearance Agreement in place to evidence the forbearance and the additional protections he needs.

Issue: We are trying to finish a Forbearance Agreement, but the Borrower/Guarantor's attorney is NOW insisting upon our client provide a full and complete release from our client (lender) in favor of the Borrower / Guarantor as a condition to sign the Forbearance Agreement. Since our client has loaned over $\$ 8$ million more than we estimate the aggregate collateral in the homes are worth, I am concerned that the Borrower/Guarantor can put Borrower into bankruptcy and then put the Guarantor into personal bankruptcy and be completely discharged of these obligations. My understanding is that our client can only stop the discharge by making a claim in bankruptcy based upon fraud, which if our client is successful would have these obligations to our client be deemed nondischargeable. Since the other attorney is demanding a full release now, what can we do to break the impasse without putting our client at significant risk? The Borrower's attomey (who I do not trust) has proposed that we use a full release with a "springing right" to block the full release and allow our client to assert the fraud claim if the Borrowers and/or Guarantor file for bankruptcy. I do not know if our client would be able to enforce that "springing right' in a bankruptcy action of the Borrower or the Guarantor.

My concern is heightened by a bulletin that I previously read concerning a string of bankruptcy cases that have determined that several provisions used by lenders in various loan documents have been determined to be unenforceable penalties because these provisions were designed (or had the effect) to limit the Debtor's ability to assert its legal right to file for bankruptcy protection.

Thank you for your assistance with this matter.
Best, David

## David G. Beauchamp

Clark Hill PLC
14850 N Scottsdale Rd | Sulte 500 | Phoenix, Arizona 85254 480.684 .1126 (direct) | 480.684 .1166 (fax) | 602.319 .5602 (cell) dbeauchamp@clarkhill.com | www.clarkhill.com

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please contact us immediately at the telephone number shown above and take immediate steps to delete the message completely from your computer system. Thank you.

## O

IRS Circular 230 Disclosure: To ensure compliance with the requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended for or written to be used, and cannot be used, for the purpose of (a) avoiding any penalties under the Internal Revenue Code or (b) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

Exhibit No. 113

## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on April 16, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company, whose address is 7320 W. Bell Road, Glendale, Arizona 85308 ("AHF"), Easy Investments, LLC, an Arizona limited liability company, whose address is 7320 W. Bell Road, Glendale, Arizona 85308 ("EI") (AHF and EI are collectively referred to as the "Borrower"), Yomtov "Scott" Menaged, an individual whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona 85259 ("Guarantor"), Furniture King, LLC, an Arizona limited liability Company, whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012 ("New Guarantor"), and DenSco Investment Corporation, an Arizona corporation, whose'address is 6132 W . Victoria Place, Chandler, Arizona 85226 ("Lender") (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined).

## Recitals

The following recitals of fact are a material part of this Agreement:
A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage," and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.
B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.
C. Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust," and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".
D. Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan... . Borrower has delivered to Lender a promissory note and deed of trust,

and Borrower agrees that the deed of trust that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."
E. Each Deed of Trust provides as follows:

## TO PROTECT THE SECURITY OF THIS DEED OF TRUST, BORROWER AGREES:

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.
F. Each Note provides as follows:
"A "Default" shall occur (i) ... . or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note).
G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property.
H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Borrower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.
I. The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.
J. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1) Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

NOW THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Loans Balance. As of the close of business on April 16, 2014, the total principal sum now due and payable under the Loans, in aggregate, is $\$ 35,639,880.71$. In addition to the outstanding principal, Lender has advanced costs and expenses as permitted under the Loans Documents and incurred costs. and expenses for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of $18 \%$ per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).
2. Acknowledgment of Default. Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, that any necessary or required notices have been provided by Lender and all applicable "cure periods" have expired, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.
3. Continued Effect of Loans Documents. Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Borrower shall cause to be provided to Lender a Lender's title insurance policy issued by a nationallyrecognized title company, reasonably acceptable to Lender insuring that Lender's encumbrance in such Property, as evidenced by the respective Deed of Trust, shall constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.
4. Forbearance by Lender on Conditions; Effect of Breach. Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them

hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.
5. No Effect on Existing Default: Extension of Maturity. Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans (and the payment of the entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of this Agreement, the Notes and all other sums payable under the Loans Documents) is hereby extended to February 1, 2015, and shall be due in any event, without notice or demand; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied and are in material compliance with the terms of this Agreement.
6. Borrower's Actions. Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:
(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately $\$ 4$ to $\$ 5$ million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan or the Additional Funds Loan to Borrower as provided herein).
(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (Lincoln Benefit Life Insurance, a subsidiary of Allstate Insurance Co., shall be deemed acceptable to Lender), in the amount of $\$ 10,000,000$, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.
(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this

Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.
(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, this Agreement, and the Additional Loan (defined herein) to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.
(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.
(F) Borrower has arranged for private outside financing (the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule: (i) approximately $\$ 1,000,000$ on or before March 20, 2014; (ii) approximately $\$ 1,000,000$ on or before May 26,2014 ; (iii) approximately $\$ 1,000,000$ on or before July 15,2014 ; and (iv) approximately $\$ 1,200,000$ on or before September 15,2014 . Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender: to pay interest payments to similarly situated lenders; to pay repair and/rehab expenses associated with the collateral for the Loans, or to make any other payment that, in Borrower's reasonable judgment, is for the mutual benefit of Borrower and Lender. Any balance remaining shall be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein;
(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transactions to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.
(H) During the term of this Agreement, Borrower, Guarantor and New Guarantor agree to use good faith efforts to satisfy and pay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property. The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties. Borrower agrees to use its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.
(I) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.
(J) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.
(K) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral.
(L) As more fully set forth in Section 12, Borrower agrees to reimburse all costs and expenses, including without limitation attorneys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors).
7. Lender's Actions. Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:
(A) Lender has increased the Loan amount applicable to certain of the Properties referenced in Exhibit A up to 120\% of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanced to Borrower have been used to pay off the Other Lender and release its security interest in that Property.
(B) In connection with the sale of a Property to an independent third party or new third party financing of any of the Properties referenced in Exhibit A, Lender agrees to work reasonably with Borrower, Guarantor and New Guarantor to provide additional funds to Borrower to pay off the respective Loans of the Other Lender and Lender secured by a lien against the applicable Property so that the respective security interests in the respective Property will be released at the Closing of the sale or new financing of the Property. The additional funds provided by Lender to Borrower in connection with such third party sale or new third party financing of such Properties shall be evidenced by a new loan to Borrower, Guarantor, and New Guarantor, jointly and severally, in an amount up to $\$ 5.0$ Million US Dollars, which loan is to provide for multiple advances, earn $18 \%$ interest, with monthly principal and interest payments (calculated pursuant to a formula consisting of all outstanding interest and $3 \%$ of outstanding principal), and all unpaid interest and outstanding principal shall be all due and payable on or before February 1, 2016 (the "Additional Funds Loan"). The Additional Funds Loan will include a Default Interest Rate of $29 \%$. Upon the sale or refinance of the Property securing the Additional Loan (pursuant to Section 7 (D), the outstanding principal balance of the Additional Funds Loan shall be paid down so that the outstanding principal balance is reduced to an amount of \$4.0 Million US Dollars or less and the promissory note evidencing the Additional Funds Loan shall be modified to reduce the maximum outstanding principal to $\$ 4.0$ Million US Dollars.

The promissory note to evidence the Additional Funds Loan shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money on a partially unsecured basis to a borrower as Lender is loaning in the aggregate to Borrower, Guarantor, and New Guarantor. Full Payment of the Additional Funds Loan shall be secured by a lien against the inventory and assets of the New Guarantor, which shall be evidenced by a security agreement and financing statement in commercially reasonable form to secure a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower pursuant to the Additional Funds Loan. If Borrower, Guarantor ,or New Guarantor fail to pay any sum or to perform any covenant, agreements or obligation owed to Lender under the Additional Funds Loan, this Agreement, or any of the Loans Documents, as modified by this Agreement, Borrower and Guarantor agree to work with Lender to provide any additional collateral available ("Additional Funds Collateral") to Lender, as may be requested by Lender, to secure the obligations pursuant to the Additional Funds Loan for the benefit of Lender.
(C) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.
(D) Lender has provided a new loan to Borrower and Guarantor, jointly and severally, in the amount up to $\$ 1$ Million US Dollars, which loan is to provide for multiple advances, and currently accrues $3 \%$ annual interest (which interest shall be calculated based upon, and periodically adjusted as necessary, to equal the interest costs to Denny Chittick on his line of credit from Bank of America plus $1 / 2 \%$ ) with monthly principal and interest payments (calculated pursuant to a formula consisting of all outstanding interest and $3 \%$ of outstanding principal balance), all unpaid interest and outstanding principal shall be all due and payable on or before February 1, 2016, and such loan shall be secured by a first lien position against certain real property in Scottsdale, AZ (the "Additional Loan"). The Additional Loan will include a Default Interest Rate of $29 \%$. The promissory note to evidence the Additional Funds Loan shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money on a partially unsecured basis to a borrower as Lender is loaning in the aggregate to Borrower and Guarantor. Upon the sale or refinancing of such Property, Borrower and Guarantor will arrange for the Additional Loan to be secured by a lien against certain real property or properties, with the properties and the lien position to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by New Guarantor. Further, upon the sale or refinance of such Property, Borrower, Guarantor and Lender shall modify the Additional Funds Loan to reduce the maximum outstanding balance to $\$ 4.0$ Million US Dollars.
(E) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will waive the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.
(F) Upon the complete and full satisfaction by Borrower, Guarantor and New Guarantor (the "Borrower Entities") of each and every obligation, term, condition and
requirement of the Borrower Entities set forth in and pursuant to this Agreement, the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents, Lender, Borrower, Guarantor and New Guarantor agree to and will execute a mutual release and covenant not to sue (or pursue) the Borrower and/or Guarantor in any legal action based upon the facts set forth in the Recitals to this Agreement.
8. Grace and Cure Periods. If Borrower, Guarantor or New Guarantor fail to comply with any non-monetary obligation undertaken by it through this Agreement or any of the Loans Documents, or any of the documents executed in connection with this Agreement (collectively, the "Forbearance Documents"), the Borrower Entities shall be in default of this Agreement if none of the Borrower Entities fails to satisfy the non-monetary obligation within ten (10) business days of receiving email or telephonic notice from Lender. No such notice shall be required if any of the Borrower Entities fail to comply with any monetary obligation in favor of Lender under the Forbearance Documents. Except for the non-monetary notice required above, all other notice provisions of the Forbearance Documents requiring any other notice to Borrower or Borrower Entities or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Forbearance Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Forbearance Documents are hereby modified accordingly.
9. No Knowledge of Claims and Defenses against Lender. As a material part of the consideration for Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby represent and warrant to Lender and its officers, directors, shareholders and its affiliates that neither the Borrower nor Guarantor are aware of any liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever that would give rise to, or be the basis for, or to create an obligation owed by Lender to Borrower or Guarantor (except as set forth in this Agreement) (collectively, "Potential Claims") or any action, failure to act, facts or circumstances that could give rise to or be the basis for or to create a Potential Claim, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans as set forth in this Agreement.
10. Further Documents. Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.
11. Authorization of Agreement. The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of

Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.
12. Costs and Expenses. Borrower hereby agrees to pay on demand any and all fees, costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with: (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and such disclosure to Lender's investors as necessary to provide an updated disclosure concerning Borrower's Default and the terms of this Forbearance Agreement; provided, however, the legal fees incurred in connection with this subsection A to prepare and implement this Agreement and the necessary initial updated disclosure to Lender's investors in connection with Borrower's Default and the terms of this Forbearance Agreement shall be limited by a total and cumulative cap of $\$ 80,000$; (B) the issuance to Lender of any and all title reports, amendments and title insurance; (C) any investigation fees and/or other fees and costs incurred by Lender in connection with this Agreement and/or the Loans Documents (or the effect of this Agreement on Lender's business and with its investors); (D) the default of Borrower in connection with the Loans Documents, or the existing and/or any future lien disputes with any of the Other Lenders or any other similarly situated lenders; and/or ( E ) the collection of the Loans and/or the enforcement of this Agreement and/or the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents. The Parties acknowledge that the cumulative cap of $\$ 80 ; 000$ is only applicable to legal fees, incurred pursuant to subsection A above. Guarantor and New Guarantor shall each be liable for all of their respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing.
13. Time of the Essence. Time is of the essence of all agreements and obligations contained herein.
14. Construction of Agreement. If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any Party shall be drawn from the fact that such Party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.

All parties were advised to and were given the opportunity to consult with independent counsel before executing this Agreement and the Forbearance Documents.
15. Ratification and Agreements by Guarantor. Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions
hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.
16. Entire Agreement; No Oral Agreements Concerning Loans. The Recitals set forth at the beginning of this Agreement are incorporated into this Agreement as a material part of this Agreement. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as each of the Borrower Entities are in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.
17. Ratification of Workout. The Parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower, Guarantor and New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November 27, 2013, to the date first stated above, regarding and/or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately $\$ 5,000,000$, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower, Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders' Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.
18. Confidentiality. In connection with or based upon the facts underlying this Agreement, the Parties agree not to assist, suggest, notify, or recommend that third parties
investigate or pursue any requests for information, claims, or litigation relating to any of the Parties, their officers, directors, shareholders, owners, employees, consultants, attorneys, agents, successors, affiliates, subsidiaries, parents, heirs, representatives, and assigns. Each Party shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties, including any derogatory statements or criticism. Except as set forth below, the Parties further agree that: (i) the material terms of the Agreement and the material facts underlying the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this Agreement; provided, however, these disclosure limitations set forth in (i) and (ii) above are subject to the following exceptions: a) except as such facts are set forth in the applicable public records, or b) except as may be required to be disclosed to any governmental agency or authority with applicable jurisdiction (after notice to the other Party and an opportunity to object to such required disclosure), or c) except as may be disclosed to such Party's outside professionals, or d) except as may be necessary for Lender to disclose to Lender's current or future investors (which disclosure is intended to be limited as described below). With respect to the limitation on Lender's disclosure to its investors as referenced above, Lender agrees to use its good faith efforts to limit such disclosure as much as legally possible pursuant to the applicable SEC Regulation D disclosure rules, which limitation is intended to have Lender only describe: 1. the multiple Loans secured by the same Properties, which created the Loans Defaults; 2. the work-out plan pursuant to this Agreement in connection with the steps to be taken to resolve the Loans Defaults; 3. the work-out plan shall also include disclosing the previous additional advances that Lender has made and the additional advances that are intended to be made by Lender to Borrower pursuant to this Agreement in connection with increases in the loan amount of certain specific Loans (up to $120 \%$ of the LTV of the applicable Property being used as security for that Loan), the additional advances pursuant to both the Additional Loan and the Additional Funds Loan; and 4. the cumulative effect that all of such additional advances to Borrower will have on Lender's business plan that Lender has previously disclosed to its investors in Lender's private offering documents and which Lender committed to follow, including the overall LTV loan ratios for all of Lender's outstanding loans to its borrowers in the aggregate and the concentration of all of Lender's outstanding loans among all of its borrowers. Further, Lender will use its good faith efforts not to include the names of Borrower, Guarantor, or New Guarantor in Lender's disclosure material. Lender will also provide Borrower with a copy of the applicable disclosure prior to dissemination to Lender's investors and allow Borrower to have 48 hours to review and comment upon such disclosure.
19. Counterparts. This Agreement may be executed in several counterparts, each of which counterpart shall be deemed an original instrument and all of which together shall constitute a single Agreement. The failure of any party hereto to execute this Agreement, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.
20. Notices. All notices, consents, approvals and requests required or permitted hereunder shall be given in writing and shall be effective for all purposes if hand delivered or sent by (a) certified or registered United States mail, postage prepaid, return receipt requested or (b) expedited prepaid delivery service, either commercial or United States Postal Service, with proof of attempted delivery, or (c) by email addressed as follows (or at such other address and person as shall be designated from time to time by any party hereto, as the case may be, in a written notice to the other parties hereto in the manner provided for in this Paragraph):

Arizona Home Foreclosures, LLC
7320 West Bell Róad
Glendale, AZ 85308
Attention: Scott Menaged
Email: smena98754@aol.com
Yomotov, "Scott" Menaged
7320 west Bell Road
Glendale, AZ 85308
Email: smena98754@aol.com
DenSco Investment Corporation
6132 West Victoria Place
Chandler, AZ 85226
Attention: Denny Chittick
Email: dcmoney@yahoo.com

Easy Investments, LLC
7320 West Bell Road
Glendale, AZ 85308
Attention: Scott Menaged
Email: smena98754@aol.com
Furniture King, LLC
303 North Central Avenue, Suite 603
Phoenix, AZ 85012
Attention: Scott Menaged
Email: smena98754@aol.com
21. Choice of Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES.
22. Severability. If any provision of this Agreement is found to be void, invalid or unenforceable by a court of competent jurisdiction, that finding shall only affect the provisions found to be void, invalid or unenforceable and shall not affect the other of this Agreement, and they shall remain in full force and effect.
23. Event of Default. The failure to pay any amount due under this Note when due, or any occurrence of a failure to cure any non-monetary default under any of the Forbearance Documents or any other Loan Doc̣uments after the appropriate notice required in Section 8 of this Agreement, shall be deemed to be an event of default ("Event of Default") hereunder.
24. Remedies. Upon the occurrence of an Event of Default and at any time thereafter, then at the option of the Lender, and with notice only as specifically required in this Agreement, the entire balance of principal together with all accrued interest thereon, and all other amounts payable by the Borrower Entities under the Forbearance Documents shall, without demand or notice, immediately become due and payable. Upon the occurrence of an Event of Default (and so long as such Event of Default shall continue), the entire balance of principal hereof, together with all accrued interest thereon, all other amounts due under the Forbearance Documents, and any judgment for such principal, interest, and other amounts shall bear interest at the Default Interest Rate, as provided in the Additional Funds Loan. No delay or omission on the part of the Lender hereof in exercising any right under any of the Forbearance Documents hereof shall operate as a waiver of such right
25. Waiver. The Borrower Entities hereby waive diligence, demand for payment, presentment for payment, protest, notice of nonpayment, notice of protest, notice of intent to accelerate, notice of acceleration, notice of dishonor, and notice of nonpayment, and all other notices or demands of any kind (except notices specifically provided for in the Forbearance Documents) and expressly agree that, without in any way affecting the liability of any of the

Borrower Entities, the Lender hereof may extend any maturity date or the time for payment of any payment due under any of the Forbearance Agreements, otherwise modify the Forbearance Documents, accept additional security, release any person liable, and release any security. The Borrower Entities waive, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense.
27. Integration. This Agreement contains the complete understanding and agreement of the Borrower Entities and Lender and supersedes all prior representations, warranties, agreements, arrangements, understandings, and negotiations.
28. Binding Effect. This Agreement will be binding upon, and inure to the benefit of, the Lender, the Borrower Entities, and their respective successors and assigns. Borrowers may not delegate their obligations under the Forbearance Documents.

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on the date first above written.

## Borrower:

ARIZONA HOME FORECLOSURES, LLD
By:


Yomtov "Scott" Managed
Its: Member
EASY INVESTMENTS, LAC
By:


Yomtov "Scott" Managed
Its: Member
Guarantor:


Yomtov "Scott" Managed

## New Guarantor:



Yomotov "Scott" Managed
Its: Manager
Lender:
DENSCO 1 NyESTMEN
By:


Denny Chittigk
Its: President
\{Signature Page of Forbearance Agreement \}

## EXHIBIT A

LENDER LOANS AND ENCUMBERED PROPERTIES

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## ACKNOWLEDGMENTS

## STATE OF ARIZONA )

COUNTY OF MARICOPA )

On this $16^{\text {th }}$ day of APRML, 2014 , before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he is the manager of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company (the "Company"), and said Yomotov "Scott" Menaged acknowledged to me that the Company is named as both AHF and a Borrower in the foregoing instrument and that as the manager of the Company, he did execute the foregoing instrument, for and on behalf of the Company, and that he did so as his and the Company's free act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.


My Commission Expires:
O1-10-2018


## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) ) SS <br> COUNTY OF MARICOPA )

On this $10^{\text {th }}$ day of APRIL, 2014, before me appeared Yomotov "Scott" Managed, to me personally known, who being by me duly sworn, did say that he is the manager of EASY INVESTMENTS, LLC, an Arizona limited liability company (the "Company"), and said Yomotov "Scott" Menage acknowledged to me that the Company is named as both EI and a Borrower in the foregoing instrument and that as the manager of the Company, he did execute the foregoing instrument, for and on behalf of the Company, and that he did so as his and the Company's free act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my


Notary Public

## My Commission Expires:

01-10-2018
\{Acknowledgments for Forbearance Agreement - EI\}

## ACKNOWLEDGMENTS

STATE OF ARIZONA )
) SS
COUNTY OF MARICOPA )
On this $16^{\text {th }}$ day of APRIL, 2014, before me appeared Yomtov "Scott" Managed, to me personally known, who being by me duly sworn, and said Yomotov "Scott" Managed acknowledged to me that he is named as the Guarantor in the foregoing instrument and that he did execute the foregoing instrument and that he did so as his free act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.


Notary Public
My Commission Expires:
OH -10-2018
\{Acknowledgments for Forbearance Agreement - Managed \} ~

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) <br> ) SS <br> COUNTY OF MARICOPA )

On this $16^{\text {th }}$ day of APRIL, 2014, before me appeared Yomotov "Scott" Managed, to me personally known, who being by me duly sworn, did say that he is the manager of FURNITURE KING, LLC, an Arizona limited liability company (the "Company"), and said Yomotov "Scott" Managed acknowledged to me that the Company is named as the New Guarantor in the foregoing instrument and that as the manager of the Company, he did execute the foregoing instrument, for and on behalf of the Company, and that he did so as his and the Company's free act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.



Notary Public
$\qquad$
\{Acknowledgments for Forbearance Agreement -Furniture King\}

## ACKNOWLEDGMENTS

## STATE OF ARIZONA )

) SS
COUNTY OF MARICOPA )

On this $116^{\text {th }}$ day of APRIL, 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, (the "Corporation"), and said Denny Chittick acknowledged to me that the Corporation is named as the Lender in the foregoing instrument and that as the President of the Corporation, he did execute the foregoing instrument, for and on behalf of the Corporation, and that he did so as his and the Corporation's free act and deed.

IN WITNESS WHEREOF, I have hereunto subscribed my name ofd affixed my official seal the day and year last above written.

My Commission Expires.


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01-10-2018
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Exhibit No. 114

My "ius Jeff Gouldu, Scot Mangel, Dany Chstrid, XCOS (2/RO/14)

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Exhibit No. 115



Exhibit No. 116

Densw/Corkest
Beauchamp, David G.

| From: | Beauchamp, David G. |
| :--- | :--- |
| Sent: | Tuesday, March 04, 2014 12:19 PM |
| To: | Denny Chittick |
| Subject: | RE: i was thinking |

Denny:
Timing was supposedly last Thursday or Friday. Jeff was overheard talking to someone about who might be the "right attorney" to follow this while Jeff is out of the country.

Your thoughts make sense, but we still need an agreement that works.
Best, David
David G. Beauchamp
CLARK HILL PIC
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254
480.684 .1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)
dboauchamp@ctarkhall,com | yww,ciarkhin.com

From: Denny Chittick [mailto:demoney@yahoo.com]
Sent: Tuesday, March 04, 2014 10:01 AM
To: Beauchamp, David G.
Subject: I was thinking
about what you said. i have no idea of the timing of that person you talked as to when he spoke to Jeff about our situation. i don't doubt perhaps that he was positioning himself in some way, seems logical for him to think that way. however, now that scott has agreed to sign the terms sheet that we originally agreed to, allowing you to write it, he says he's not going to have jeff review because jeff already told him not to sign anything. plus he's signing the promissory note which also confirms the situation as to in not so many words, but hie fraud occurred and hes' taking responsibility for it. can they come up with something post signing? sure, people sue mcdonalds for driving with hot coffee between their legs. i can't stop what might happen. i look at it this way. you probably have the only chance in your career to write an agreement without conflicting counsel, you can write it to our liking and in our best interests. we

O ' CYA as broad as the grand canyon, $i$ think that is pretty advantages.

DenSco Investment Corp
www.denscoinvestment.com
602-469-3001 C 602-532-7737 f

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Exhibit No. 117

| From: | Stringer, Lindsay L. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP |
| :--- | :--- |
|  | (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=LSTRINGER] |
| Sent: | $3 / 7 / 20143: 43: 52 \mathrm{PM}$ |
| To: | dcmoney@yahoo.com |
| CC: | Beauchamp, David G. [dbeauchamp@clarkhill.com] |
| Subject: | Workshare Professional Document Distribution |
| Attachments: | \#200131428v11_ClarkHill_- Forbearance Agreement.pdf; Forbearance Agreement (9) - Forbearance Agreement.pdf |

Denny,

At the request of David Beauchamp, I have attached the documents that you are expecting.
Have a great weekend.

## Lindsay L. Stringer

Assistant to David G. Beauchamp, Benjamin E. Quayle and Daniel A. Schenck

CLARK HILL PLC
14850 N Scottsdale Rd | Suite 500 | Scottsdale, Arizona 85254
480.684 .1133 (direct) | 480.584 .1199 (fax)

Istringer@clarkhill.com | www.clarkhill.com

## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on March ., 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W . Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company("EP"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("Borrower"), Yomtov "Scott" Menaged ("Guarantor"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("New Guarantor"), whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("Lender"), whose address is 6132 W. Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined).

## Recitals

The following recitals of fact are a material part of this Agreement:
A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage", and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.
B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.
C. Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust", and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".
D. Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan... . Borrower has delivered to Lender a promissory note and deed
of trust, and Borrower agrees that the deed of trust that the deed of trust shall be recorded against the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."
E. Each Deed of Trust provides as follows:

TO PROTECT THE SECURITY OF THIS DEED OF TRUST,
BORROWER AGREES:
5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice.
F. Each Note provides as follows:
"A "Default" shall occur (i) ... . or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note).
G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property.

H At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Borrower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.
I. The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.
J. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1) Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

NOW THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Loans Balance. The total sum now due and payable under the Loans, in aggregate, is approximately $\$ \ldots$ consisting of $\$ \ldots$ in principal, $\$ \ldots \quad$ in accrued interest (through and including March 1, 2014), \$____ advanced by Lender in payment of costs and expenses as permitted under the Loans Documents and approximately \$. in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of $18 \%$ per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).
2. Acknowledgment of Default. Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, that any necessary or required notices have been provided by Lender and all applicable "cure periods" have expired, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.
3. Continued Effect of Loans Documents. Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Borrower shall cause to be provided to Lender a Lender's title insurance policy issued by a nationallyrecognized title company, reasonably acceptable to Lender insuring that Lender's encumbrance in such Property, as evidenced by the respective Deed of Trust, shall constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.
4. Forbearance by Lender on Conditions; Effect of Breach. Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them
hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.
5. No Effect on Existing Default; Extension of Maturity. Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans (and the payment of the entire principal sum and all accrued interest, costs, expenses, disbursements and fees due under the terms and provisions of this Agreement, the Notes and all other sums payable under the Loans Documents) is hereby extended to February 1, 2015, and shall be due in any event, without notice or demand; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied and are in material compliance with the terms of this Agreement.
6. Borrower's Actions. Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:
(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately $\$ 4$ to $\$ 5$ million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower as provided herein).
(B) Borrower agrees to provide Lender, and maintain in effect a life insurance policy from a nationally-recognized life insurance carrier (with a rating of ___ or better from ) and reasonably approved by Lender, in the amount of $\$ 10,000,000$, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.
(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this

Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.
(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.
(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.
(F) Borrower has arranged for private outside financing (the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule: (i) approximately $\$ 1,000,000$ on or before March 20, 2014;(ii) approximately $\$ 1,000,000$ on or before May 26, 2014; (iii) approximately $\$ 1,000,000$ on or before July 15 , 2014; and (iv) approximately $\$ 1,200,000$ on or before September 15,2014 . Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender: to pay interest payments to similarly situated lenders; to pay repair and/rehab expenses associated with the collateral for the Loans, or to make any other payment that, in Borrower's reasonable judgment, is for the mutual benefit of Borrower and Lender. Any balance remaining shall be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein;
(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transactions to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.
(H) During the term of this Agreement, Borrower, Guarantor and New Guarantor agree to use good faith efforts to satisfy and pay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property. The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties. Borrower agrees to use its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.
(1) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.
(J) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.
(K) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral.
(L) As more fully set forth in Section 13, Borrower agrees to reimburse all costs and expenses, including without limitation attorneys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors).
7. Lender's Actions. Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:
(A) Lender has increased the Loan amount of certain of the Properties referenced in .Exhibit A up to $95 \%$ of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanced to Borrower have been used to pay off the Other Lender and release its security interest in that Property. In connection with the sale to an independent third party or new third party financing of the Properties referenced in Exhibit A, Lender agrees to work reasonably with Borrower, Guarantor and New Guarantor to provide additional funds to Borrower to pay off the respective Loans of the Other Lender and Lender secured by a lien against the applicable Property so that the respective security interests in the respective Property will be released at the Closing of the sale or new financing of the Property. The additional funds provided by Lender to Borrower in connection with the third party sale or new third party financing of such Properties shall be evidenced by a new loan to Borrower and Guarantor, jointly and severally, in an amount up to $\$$ $\qquad$ Million US Dollars, which loan is to provide for multiple advances, earn $18 \%$ interest, with monthly principal and interest payments (on a __ year amortization), all due and payable on or before February 1, 2016; and shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower on an unsecured basis (the "Additional Funds Loan"). Full Payment of the Additional Funds Loan shall be guaranteed by New Guarantor and this additional guaranty shall be in commercially reasonable form for a guaranty to a lender loaning a similar aggregate amount of money to a borrower on an unsecured basis as Lender is loaning in the aggregate to Borrower pursuant to the Additional Funds Loan. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreements or obligation owed to Lender under the Additional Funds Loan, this Agreement, or any of the Loans Documents, as modified by this Agreement, Borrower and Guarantor agree to
work with Lender to provide any additional collateral available ("Additional Funds Collateral") to Lender, as may be requested by Lender, to secure the obligations pursuant to the Additional Funds Loan for the benefit of Lender.
(B) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.
(C) Lender will provide a new loan to Borrower in the amount up to 1 Million US Dollars, which loan is to provide for multiple advances, earn $3 \%$ annual interest to be secured by a first lien position against certain real property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by Guarantor and New Guarantor (the "Additional Loan").
(D) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will waive the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.
(E) Upon the complete and full satisfaction by Borrower, Guarantor and New Guarantor (the "Borrower Entities") of each and every obligation, term, condition and requirement of the Borrower Entities set forth in and pursuant to this Agreement, the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents, Lender agrees to and will execute a mutual release and covenant not to sue (or pursue) the Borrower and/or Guarantor in connection with a civil fraud case based upon the facts set forth in the Recitals to this Agreement.
8. Grace and Cure Periods. If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within ten (10) business days of receiving email or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above, all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Loans Documents are hereby modified accordingly.
9. Release of Lender; Waiver of Claims and Defenses. As a material part of the consideration for Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby unconditionally and irrevocably release and forever discharge Lender and all of its principals, directors, officers, employees, agents, attorneys, affiliates and subsidiaries from all liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages,
demands, costs and expenses whatsoever arising from or relating to any alleged or actual act, occurrence, omission or transaction occurring or happening prior to or on the date of this Agreement, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans.
10. Further Documents. Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.
11. Authorization of Agreement. The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.
12. Costs and Expenses. Borrower hereby agrees to pay on demand any and all fees, costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with: (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and such disclosure to Lender's investors as necessary to provide an updated disclosure concerning Borrower's Default and the terms of this Forbearance Agreement; provided, however, the legal fees incurred in connection with this subsection A to prepare and implement this Agreement and the necessary initial updated disclosure to Lender's investors in connection with Borrower's Default and the terms of this Forbearance Agreement shall be limited by a total and cumulative cap of $\$ 80,000 ;(B)$ the issuance to Lender of any and all title reports, amendments and title insurance; (C) any investigation fees and/or other fees and costs incurred by Lender in connection with this Agreement and/or the Loans Documents (or the effect of this Agreement on Lender's business and with its investors); (D) the default of Borrower in connection with the Loans Documents, or the existing and/or any future lien disputes with any of the Other Lenders or any other similarly situated lenders; and/or (E) the collection of the Loans and/or the enforcement of this Agreement and/or the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents. The Parties acknowledge that the cumulative cap of $\$ 80,000$ is only applicable to legal fees, incurred pursuant to subsection A above. Guarantor and New Guarantor shall each be liable for all of their respective foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing.
13. Time of the Essence. Time is of the essence of all agreements and obligations contained herein.
14. Coustruction of Agreement. If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any party shall be drawn from the fact that such party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.
15. Ratification and Agreements by Guarantor. Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.
16. Entire Agreement; No Oral Agreements Concerning Loans. The Recitals set forth at the beginning of this Agreement are incorporated into this Agreement as a material part of this Agreement. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereof, to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.
17. Ratification of Workout. The parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement
between the parties for a resolution of a dispute regarding the Loans. Borrower, Guarantor and New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November 27, 2013, to the date first stated above, regarding and/or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately \$ $\qquad$ , in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower, Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders' Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.
18. Confidentiality. In connection with or based upon the facts underlying this Agreement, the Parties agree not to assist, suggest, notify, or recommend that third parties investigate or pursue any requests for information, claims, or litigation relating to any of the Parties, their officers, directors, shareholders, owners, employees, consultants, attorneys, agents, successors, affiliates, subsidiaries, parents, heirs, representatives, and assigns. Except as such facts are set forth in the applicable public records, or as may be required to be disclosed to any governmental agency or authority with applicable jurisdiction (after notice to the other Party and an opportunity to object to such required disclosure), or as may be disclosed to such party's outside professionals, or except as may be necessary for Lender to disclose to Lender's current or future investors, the Parties further agree that: (i) the material terms of the Agreement and the material facts underlying the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this Agreement. The Parties shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties, including any derogatory statements or criticism.
[signatures on following page]

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on the date first above written.

Borrower:
ARLZONA HOME FORECLOSURES, LLC
By:
Yomtov "Scott" Menaged
Its: Member
EASY INVESTMENTS, LLC
By:
Yomtov "Scott" Menaged
Its: Member

## Guarantor:

Yomtoy "Scott" Menaged

New Guarantor:
FURNITURE KING, LLC
By:
Yomotov "Scott" Menaged
Its: Manager

Lender:
DENSCO INVESTMENT CORPORATION
By:
Denny Chittick
Its: President

## EXHIBIT A

## LENDER LOANS AND ENCUMBERED PROPERTIES

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) ) $S S$ <br> COUNTY OF MARICOPA )

On this day of $\qquad$ , 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## ACKNOWLEDGMENTS

STATE OF ARIZONA ) ) $S S$ COUNTY OF MARICOPA )

On this __ day of _ 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) <br> COUNTY OF MARICOPA )

On this $\qquad$ day of $\qquad$ 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public

My Commission Expires:

## ACKNOWLEDGMENTS

STATE OF ARIZONA ) SS
COUNTY OF MARICOPA

On this ___ day of _ 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

> Notary Public

My Commission Expires:

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) SS <br> COUNTY OF MARICOPA )

On this $\qquad$ day of $\qquad$ 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denay Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on FebruaryMarch _, 2014, by and among Arizona Home Foreclosures, LLC, an Arizona limited liability company ("AHF"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308, Easy Investments, LLC, an Arizona limited liability company("ET"), whose address is 7320 W. Bell Road, Glendale, Arizona 85308 (AHF and EI are collectively referred to as the ("Borrower"), Yomtov "Scott" Menaged ("Guarantor"), whose address is 10510 East Sunnyside Drive, Scottsdale, Arizona, Furniture King, LLC, an Arizona limited liability Company ("New Guarantor"), whose address is 303 N. Central Avemue, Suite 603, Phoenix, AZ 85012, and DenSco Investment Corporation, an Arizona corporation ("Lender"), whose address is 6132 W. Victoria Place, Chandler, Arizona 85226, (the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties"). (Any capitalized term not defined in this Agreement shall have the meaning set forth in the Deeds of Trust as later defined).

## Recitals

The following recitals of fact are a material part of this Agreement:
A. Borrower is indebted to Lender under the terms of certain Loans (the "Loans"), which are listed on the attached Exhibit A, which is incorporated into this Agreement by this reference, and each are evidenced by a Note Secured by Deed of Trust (each, a "Note" and collectively, the "Notes"), all of which were executed by Borrower in favor of Lender (the "Notes") and by a Mortgage (or a "Receipt and Mortgage") (each, a "Mortgage", and collectively, the "Mortgages"), and each such Note and Mortgage was executed by Borrower and delivered to Lender, as a condition precedent to and immediately prior to the funding of the applicable Loan.
B. Guarantor guaranteed the payment and performance of each of the Loans the "Guaranty"), executed by Guarantor in favor of Lender.
C. Each of the Loans are further evidenced and/or secured by various documents and instruments, including but not limited to a certain Deed of Trust and Assignment of Rents (each a "Deed of Trust", and collectively, the "Deeds of Trust"), executed by Borrower at the funding of the Loan in favor of Lender and recorded in conjunction with the Trustee's Deed conveying the real property to Borrower. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, the "Properties") and referenced in Exhibit A. The Notes, the Mortgages, the Deeds of Trust, the Guaranty, the other document(s) described above and all other documents and instruments evidencing and/or securing the Loans, as originally written or previously modified, and all amendments and renewals thereof and replacements therefor, are referred to collectively herein as the "Loans Documents".
D. Each of the Mortgages provides: "Borrower hereby grants to Lender or assignee a first, prior and superior equitable lien and mortgage against the Real Property to secure payment of the Loan... . Borrower has delivered to Lender a promissory note and deed of trust, and Borrower agrees that the deed of trust that the deed of tuust shall be recorded against
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the Real Property as a first, prior and superior lien and encumbrance simultaneously with the recording of the Trustee's Deed."
E. Each Deed of Trust provides as follows:

## TO PROTECT THE SECURITY OF THIS DEED OF TRUST, BORROWER AGREES:

5. Borrower shall promptly discharge any lien in which has priority over this Deed of Trust unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Leader; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more actions set forth within 10 days of the beginning of the notice
F. Each Note provides as follows:
" A "Default" shall occur (i) ... . or (vi) upon the occurrence of any default under any obligation of Maker to Holder. Further, at Holder's option after Default, all remaining unpaid principal and accrued interest shall become due and payable immediately without notice (other than any declaration prescribed in applicable sections of the agreements under which such events of default arose), presentment, demand or protest, all of which hereby are waived." ("Default" shall have the meaning set forth in the Note).
G. On or about November 27, 2013, Guarantor met with Denny Chittick of Lender to inform Lender that certain of the Properties had also been used (though Guarantor acknowledged no fault) as security for one or more loans from one or more other lenders (individually, the "Other Lender" and collectively, the "Other Lenders") and the Loans from Lender may not be in the first lien position on each respective Property.
H. At the November 27 meeting, Guarantor acknowledged to Lender that Borrower had an obligation to discharge the liens of the Other Lenders or to take such other actions to satisfy Section 5 of each Deed of Trust within 10 days, as referenced above. Further, Borrower and Guarantor acknowledged that the meeting satisfied Lender's obligation to provide notice to Borrower and Guarantor of an action leading to a Default pursuant to each of the Loan Documents.
I. The Loans are now in Default (as defined in the Note) and Lender has provided Borrower with any and all notice required under each of the Loans Documents concerning such Default.
J. Borrower has requested that Lender forbear in the pursuit of Lender's remedies, and Lender is willing to forbear such pursuit, but only so long as and on the conditions that (1)

Borrower, Guarantor and New Guarantor acknowledge the existing Defaults under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and effect and (3) Borrower, Guarantor and New Guarantor fulfill all conditions and comply with all terms and provisions set forth in this Agreement, and furnish all other documents and perform all other acts necessary to give effect to the agreements hereinafter set forth.

NOW THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Loans Balance. The total sum now due and payable under the Loans, in aggregate, is approximately $\$$ $\qquad$ , consisting of \$ in principal, \$ in accrued interest (through and including FebruafyMarch 1,2014 ), $\$$ advanced by approximately $\$ \ldots \quad$ in costs and expenses incurred by Lender for collection and enforcement of the Loans. Interest continues to accrue under the Loans at the rate of $18 \%$ per annum as provided in the Notes (as opposed to the Default Interest rate set forth in the Notes).
2. Acknowledgment of Default. Borrower, Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in Default, that any necessary or required notices have been provided by Lender and all applicable "cure periods" have expired, and that as a result of such Default, Lender now has the right to pursue foreclosure and any and all other rights and remedies permitted to Lender under the Loans Documents and/or under applicable law.
3. Continued Effect of Loans Documents. Borrower, Guarantor and New Guarantor further acknowledge and confirm that the Loans Documents have been duly authorized, executed and delivered to Lender and are valid, binding and enforceable against Borrower and Guarantor in accordance with their respective terms, and that to the collective knowledge of Borrower, Guarantor and New Guarantor, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as encumbrances upon all Properties and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents and as modified by this Agreement. Upon the satisfaction of the lien of the applicable Other Lender with respect to a Property, the lien and security interest created in favor of Lender under the Loans Documents will be deemed to be validly created and duly perfected as an encumbrance upon the respective Property and collateral of Borrower, Guarantor or New Guarantor as described in the Loans Documents. Further, Borrower shall cause to be provided to Lender a Lender's title insurance policy issued by a nationally-recognized title company, reasonably acceptable to Lender insuring that Lender's encumbrance in such Property, as evidenced by the respective Deed of Trust, shall constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.
4. Forbearance by Lender on Conditions: Effect of Breach. Lender hereby agrees to forbear pursuit of its rights and remedies under the Loans Documents and/or under applicable law, but only so long as and on the conditions that Borrower, Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as

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modified by this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loans Documents and/or under applicable law as to any or all of the collateral or security for the Loans, all in such order and manner as Lender may elect from time to time in its sole discretion and without notice of any kind to Borrower, Guarantor, New Guarantor or any other person, as if this Section 4 had never been agreed to by Lender. Lender's agreement herein to forego immediate pursuit of its rights and remedies constitutes a postponement and forbearance only, and does not in any event constitute a waiver of any such rights or remedies.
5. No Effect on Existing Default: Extension of Maturity. Neither the execution and delivery of this Agreement or any other document or instrument required hereunder nor the consummation of the transactions and agreements set forth in this Agreement shall in any manner rescind or cure any existing Default under the Loans Documents, reinstate the Loans to a current status, or constitute an accord and satisfaction of the Loans. Notwithstanding this provision, the maturity date of all of the Loans (and the payment of the entire prinsipal sum and all accrued interest costs expenses, disbursements and fees due under the tems and provisions of this Agreement, the Notes and all other sums pavable under the Loans Documents) is hereby extended to February 1,20152015 and shall be due in any event without notice or demand; provided, however, Lender, at its sole discretion, may further extend the maturity date of all of the Loans to February 1, 2016, so long as Borrower, Guarantor and New Guarantor have complied and are in material compliance with the terms of this Agreement.
6. Borrower's Actions. Lender's continued performance of the terms of this Agreement is conditioned upon each of the following obligations being fulfilled:
(A) Borrower agrees to use its good faith efforts to: (i) liquidate other assets, which is expected to generate approximately $\$ 4$ to $\$ 5$ million US Dollars; (ii) apply all net proceeds from the rental of Borrower's other real estate assets, or the net proceeds from the acquisition and disposition of other real estate or other assets by Borrower, and (iii) apply all funds received from Borrower's continued good faith efforts to recover any other asset that can be recovered from the missing proceeds from the multiple Loans that were advanced from Lender and Other Lenders with respect to certain properties as referenced above. Any additional funds obtained and / or made available to Borrower pursuant to this subsection shall be made available to and used by Borrower in connection with the resolution of the lien disputes between Lender and Other Lenders as referenced above (and any balance to be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower as provided herein).
(B) Borrower agrees to provide Lender, and maintain in effect, a life insurance policy from a nationally-recognized life insurance carrier (with a rating of ___ or better from ) and reasonably approved by Lender, in the amount of $\$ 10,000,000$, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.
(C) Borrower agrees to provide Lender with a separate personal guaranty from Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents, and this Agreement, and such Guaranty shall be in commercially reasonable form for a lender loaning a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to

Borrower. Further, Borrower agrees to provide a re-affirmation and consent from Guarantor to restate and re-affirm his personal obligations as set forth in his outstanding personal guarantees of Lender's Loans to Borrower, so that the terms and provisions of this Agreement will not cause or create any waiver of such guarantees, but rather will ratify and guarantee all of the Borrower's obligations, as such obligations may be increased by the actions of Lender and Borrower pursuant to the terms and provisions of this Agreement.
(D) Borrower agrees to provide Lender with a separate corporate guaranty from New Guarantor, guaranteeing all of Borrower's obligations under the Loans Documents and this Agreement, to be secured by a lien against all of New Guarantor's inventory, accounts, and assets.
(E) Except for Lender, Borrower agrees to continue to pay the interest due to the Other Lenders for loans secured by any of the.Properties, and any other similarly situated lender on a timely basis and to keep each of such loans current and in compliance with their respective terms.
(F) Borrower has arranged for private outside financing (the "Outside Funds"), which is to be provided to Borrower in the approximate amounts and on the following prospective schedule: (i) approximately $\$ 1,000,000$ on or before March 20, 2014;-and-(ii) approximately $\$$ _ or before $1,000,000$ on or before May 26. 2014: (iii) approximately $\$ 1,000,000$ on or before July 15,2014 ; and (iv) approximately $\$ 1,200,000$ on or before September 15, 2014. Such Outside Funds shall be used exclusively for the pay-off of the Other Lenders and any other similarly situated lender-fand any-balance-te; to pay interest. payments to similarly situated lenders: to pay repair and/rehab expenses associated with the collateral for the Loans, or to make any other payment that in Bomower's reasonable judgment. is for the mutual benefit of Bortower and Lender. Any balance remaining shall be paid to Lender to reduce the amount of Lender's Additional Loan to Borrower, as provided herein);
(G) Borrower has agreed to inform Lender of all of the terms of Borrower's transactiontransactions to obtain the Outside Funds and the security provided for such Outside Funds. Lender agrees to keep such information on a confidential basis, provided, however, Lender will be able to provide such terms and information to its investors, legal counsel, accountants and other applicable professionals on a confidential basis.
(H) During the term of this Agreement, Borrower, Guarantor and New Guarantor agree to use good faith efforts to satisfy and pay-off any and all financial obligations secured by liens in favor of the applicable Other Lender with respect to a Property. The Borrower and Lender shall cooperate to agree upon a sequencing schedule (which will need to be adjusted on a reasonable basis) to satisfy and release the liens of the Other Lenders on the applicable Properties. Borrower agrees to useduse its Good Faith Efforts to cause the liens of the Other Lenders to be satisfied and released on or before nine (9) months from the execution of this Agreement.
(l) Borrower, Guarantor, New Guarantor and Lender acknowledge and agree that this Agreement shall not constitute nor create a joint venture or partnership arrangement between or among Lender and any of the Borrower or Guarantor.

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$200131428.9200131428 .1143930 / 168850$
(J) If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform any covenant, agreement or obligation owed to Lender under any of the Loans Documents, as modified by this Agreement, Borrower agrees to provide any additional collateral ("Additional Security") to Lender, as may be requested by Lender, to secure Borrower's existing obligations to Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.
(K) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create the required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral.
(L) As more fully set forth in Section 13, Borrower agrees to reimburse all costs and expenses, including without limitation attomeys' fees, incurred by Lender in connection with this Agreement (or the effect of this Agreement on Lender's business and with its investors).
7. Lender's Actions. Subject to the full compliance of Borrower, Guarantor, and New Guarantor to each of their respective obligations, as detailed in this Agreement, the Lender will perform the following obligations:
(A) Lender agrees to increasehas increased the Loan amount of eachcertain of the Properties referenced in Exhibit A up to $95 \%$ of the loan-to-value ("LTV") ratio of the value of the respective Properties, as determined by Lender. The additional funds advanced to Borrower shall-behave been used to pay off the Other Lender and release its security interest in that Property. In connection with the sale to an independent third party or new third party financing, of the Properties refereaced in Exhibit A. Lender agrees to work reasonably with Borrower. Guarantor and New Guarantor to provide additional funds to Borrower to pay off the respective Loans of the Other Lender and Lender secured by a lien against the applicable Property so that the respective security interests in the respective Propenty will be released at the Closing of the sale or new financing of the Propenty. The additional funds provided by Lender to Borrower in connection with the third patty sale or new third party financing of such Properties shall be evidenced by a new loan to Borrower and Guarantor iointly and seyerally in an amount up to $\$$號 with monthly principal and interest payments (on a year amortization) all due and pavable on or before February 1, 2016; and shall be in commercially reasonable form for a lendec loaning. a similar aggregate amount of money to a borrower as Lender is loaning in the aggregate to Borrower on an unsecured basis sthe "Additional Funds Loan"). Full Payment of the Additional Funds Loan shall be guaranteed by New Guarantor and this additional guaranty shall be in commercially reasonable form for a guaranty to a lender loaning a similar aggregate amount of money to a borrower on an unsecured basis as Lender is loaning in the aggregate to Borrower pursuant to the Additional Funds Loan. If Borrower, Guarantor or New Guarantor fail to pay any sum or to perform auy covenant, agreements or obligation owed to Lender under the Additional Funds Loan this Agreement or any of the Loans Documents, as modified by this Agreement Bortower and Guarantor agree to work with Lender to provide any additional collateral available "Additional Funds Collateral") to Lender as may be requested by Lender to secure the obligations pursuant to the Additional Funds Loan for the benefit of Lender.
(B) Lender will defer (but not waive) the collection of interest from the Borrower on the Loans to the Borrower during the process to fund the amount due to the Other Lenders; and all deferred interest on the Notes from Borrower shall be paid to Lender on or before the payoff of the respective Note.
(C) Lender will provide a new loan to Borrower in the amount up to 1 Million US Dollars, which loan is to provide for multiple advances, earn $3 \%$ annual interest to be secured by a first lien position against certain real property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by Guarantor and New Guarantor (the "Additional Loan").
(D) Provided that Borrower, Guarantor and New Guarantor each complies with all of its respective obligations under this Agreement, Lender will deferwaive the right to charge the Default Interest rate which is permitted pursuant to the terms of the Loans Documents. If any of Borrower, Guarantor or New Guarantor fails to comply with its respective obligations under this Agreement, Borrower shall then be liable for Default Interest at the Default Interest rate set forth in the Loan Documents on all outstanding Notes.
(E) Upon the complete and full satisfaction by Borrower, Guarantor and New Guarantor (the "Borrower Entities") of each and every obligation, term, condition and requirement of the Borrower Entities set forth in and pursuant to this Agreement, the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents, Lender agrees to and will execute a mutual release and covenant not to sue (or pursue) the Borrower and/or Guarantor in connection with a civil fraud case based upon the facts set forth in the Recitals to this Agreement.
8. The antre-priferpal-sum-and-all-acerted-iatarest, costs-expenses, disbufsememts.
 Leans Decuments-shall be due and payable-in-full on Februay-1, 2016 in ayy event withertmonderne Grace and Cure Periods. If Borrower fails to comply with any non-monetary obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the non-monetary obligation within ten (10) business days of receiving email or telephonic notice from Lender. No such notice shall be required if Borrower fails to comply with any monetary obligation. Except for the non-monetary notice required above, all other notice provisions of the Loans Documents requiring any other notice to Borrower or any other person as a condition precedent to the existence of any breach, default or event of default or to any acceleration or other remedial action by Lender, permitting or granting any grace period after the giving or receipt of any notice for the cure of any breach, default or event of default under the Loans Documents prior to acceleration or other remedial action by Lender are hereby deleted, and all Loans Documents are hereby modified accordingly.
10.2. Release of Lender; Waiver of Claims and Defenses. As a material part of the consideration for Lender's execution of this Agreement, Borrower, Guarantor and New Guarantor each hereby unconditionally and irrevocably release and forever discharge Lender and all of its principals, directors, officers, employees, agents, attorneys, affiliates and subsidiaries from all liabilities, obligations, actions, claims, causes of action, suits, proceedings, damages, demands, costs and expenses whatsoever arising from or relating to any alleged or actual act,
occurrence, omission or transaction occurring or happening prior to or on the date of this Agreement, including but not limited to any of the foregoing relating to the making, administration or enforcement of the Loans. Without limiting the foregoing, Borrower and Guarantor hereby unconditionally and irrevocably waive any and all defenses and claims existing or arising (or based on facts or circumstances actually or allegedly existing or arising) prior to or on the date of this Agreement which might otherwise limit their unconditional joint and several liability for all sums due under the Loans.

11-10. Further Documents. Borrower, Guarantor, and New Guarantor each hereby agree to execute any and all further documents and instruments required by Lender and to do all other acts and things necessary to give effect to the terms and provisions of this Agreement and/or to create and perfect all liens and security interests granted to Lender under the Loans Documents or required under this Agreement.
12.11. Authorization of Agreement. The execution and delivery of this Agreement has been duly authorized by all necessary corporate or partnership action of Borrower, Guarantor (as applicable) and New Guarantor, and the individuals executing this Agreement on behalf of Borrower, Guarantor and/or New Guarantor have been duly authorized and empowered to bind Borrower, Guarantor and/or New Guarantor by such execution.

13-12. Costs and Expenses. Borrower hereby agrees to pay on demand any and all fees, costs and expenses, including but not limited to attorneys' fees, incurred by Lender in connection with: (A) the negotiation, preparation, filing and/or recording of this Agreement and all other documents and instruments required to give effect to this Agreement and/or to create and perfect the liens, security interests, assignments and/or pledges contemplated hereunder or under the Loans Documents and such disclosure to Lender's investors as necessary to provide an updated disclosure concerning Boncower's Default and the terms of this Forbearance Agreement: provided, however, the legal fees incurred in connection with this subsection A to prepare and implement this Agreement and the necessary initial updated disclosure to Lender's investors in connection with Borrower's Default and the terms of this Forbearance Agreement shall be limited by a total and cumulative cap of $\$ 80,000$; (B) the issuance to Lender of any and all title reports, amendments and title insurance; (C) any investigation fees and/or other fees and costs incurred by Lender in connection with this Agreement and/or the Loans Documents (or the effect of this Agreement on Lender's business and with its investors); (D) the default of Borrower in connection with the Loans Documents, or the existing and/or any future lien disputes with any of the Other Lenders or any other similarly situated lenders; and/or ( E ) the collection of the Loans and/or the enforcement of this Agreement and/or the Loans Documents and/or any other document executed in connection with this Agreement and/or the Loans Documents. The Parties acknowledge that the cumulative cap of $\$ 80,000$ is only applicable to legal fees, incurred pursuant to subsection A aboye. Guarantor and New Guarantor shall each be liable for all of their respective foregoing costs and expenses pursuant to their respective guarantees Lender shall have no liability whatsoever for any of the foregoing.
14.13. Time of the Essence. Time is of the essence of all agreements and obligations contained herein.

15:14. Construction of Agreement. If any provision of this Agreement conflicts with any provision of any Loans Documents, the applicable provision of this Agreement shall control.

As used herein, words of masculine, feminine or neuter gender shall mean and include the correlative words of the other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

The titles and captions in this Agreement are used for convenience of reference only and do not define, limit or control the scope, intent or effect of any provisions of this Agreement.

No inference in favor of, or against, any party shall be drawn from the fact that such party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents.
46.15. Ratification and Agreements by Guarantor. Guarantor hereby acknowledges and consents to the terms of this Agreement, agrees to be bound by all terms and provisions hereof and of any and all documents and instruments executed by Borrower in connection with and/or as contemplated in this Agreement; acknowledges and confirms that Guarantor is and shall remain liable for all indebtedness and obligations now or hereafter owed by Borrower to Lender in connection with the Loans (pursuant to this Agreement and the Loans Documents or otherwise); agrees that Guarantor's said liability shall not be released, reduced or otherwise affected by the execution of this Agreement, by any changes in the effect of the Loans Documents under the terms of this Agreement, by Lender's receipt of any additional collateral for the Loans, by the consummation of any transactions relating hereto, or by any other existing fact or circumstance; ratifies the Guaranty as security for the Loans; and confirms that the Guaranty remains in full force and effect.
17.16. Entire Agreement: No Oral Agreements Concerning Loans. The Recitals set forth at the beginning of this Agreement are incorporated into this Agreement as a material part of this Agreement. This Agreement constitutes the entire agreement of the parties concerning the subject matter hereof, which agreement shall not be varied by any alleged or actual oral statements or parol evidence whatsoever. Lender has not promised or agreed in any manner to extend the maturity of the Loans, to restructure the Loans or any security therefor, to modify any terms of the Loans Documents or the effect thereef; to forbear in the commencement, exercise or pursuit of any right or remedy Lender has under the Loans Documents or applicable law, to release or adversely affect any lien or security interest previously or concurrently granted in favor of Lender, or to forego the benefit of any term, provision or condition of the Loans Documents, except as may be otherwise specifically provided in this Agreement and subject in all instances to strict compliance by Borrower, Guarantor and New Guarantor with all terms and conditions of this Agreement. Except as specifically provided in this Agreement (and so long as Borrower is in compliance with the terms of this Agreement), Lender has not agreed or become obligated, whether by negotiating or executing this Agreement or otherwise, to make any new Loans or to extend any new credit to Borrower, Guarantor or New Guarantor under any circumstances.
18.17. Ratification of Workout. The parties acknowledge and agree that the terms and conditions of this Agreement are part of but not the entire body of a mutual workout arrangement between the parties for a resolution of a dispute regarding the Loans. Borrower, Guarantor and

New Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November 27, 2013, to the date first stated above, regarding and/or related to the claims of the Other Lenders alleging that the encumbrances for their loans were in first priority for the subject Properties; with the actions of the Lender including, without limitation, Lender lending Borrower an additional amount of approximately $\$$ $\qquad$ , in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower, Guarantor and New Guarantor each ratify and agree that the Lender's loans for said Properties have increased by the amounts that Lender paid toward satisfaction of the respective Other Lenders' loans for the subject Properties and Lender's Loans will continue to increase by the amount that Lender will advance to Borrower (or pay toward) for the satisfaction of the respective Other Lenders' Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.
18. Confidentiality In connection with or based upon the facts underlying this Agreement the Parties agree not to assist suggest notify or recommend that third parties investigate or pursue any requests for information claims. or litigation relating to any of the Parties their officers, directors shareholders, owners, employees, consultants, attorneys, agents, successors, affiliates, subsidiaries, parents, heirs representatives, and assigns. Except as such facts are set forth in the applicable public records or as may be required to be disclosed to any governmental agency or authority with applicable jurisdiction (after notice to the other Party and an opportunity to object to such required disclosure), or as may be disclosed to such party's outside professionals, or except as may be necessary for Lender to disclose to Lender's cuurent or future investors, the Parties further aqree that: (i) the material terms of the Apreement and the material facts underlving the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this_Agreement. The Parties shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties including any derogatory statements or criticism.
[signatures on following page]

IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on the date first above written.

## Borrower:

ARIZONA HOME FORECLOSURES, LLC
By:
Yomtov "Scott" Menaged
Its: Member
EASY INVESTMENTS, LLC
By:
Yomtov "Scott" Menaged
Its: Member

Guarantor:

Yomtov "Scott" Menaged

## New Guarantor:

FURNITURE KING, LLC
By:
Yomotov "Scott" Menaged
Its: Manager

## Lender:

## DENSCO INVESTMENT CORPORATION

By:
Denny Chittick
Its: President

## DB0441003619.0002i10352141.3-

$200131428.9200131428,1143930 / 168850$

## EXHIBIT A

LENDER LOANS AND ENCUMBERED PROPERTIES
| $200131428.9200131428 .1143930 / 168850$

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) <br> ) SS <br> COUNTY OF MARICOPA )

On this day of $\qquad$ 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of ARIZONA HOME FORECLOSURES, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) ) SS <br> COUNTY OF MARICOPA

On this ___ day of ___ 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the authorized Member of EASY INVESTMENTS, LLC, an Arizona limited liability company, and said Yomtov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said limited liability company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) ) SS COUNTY OF MARICOPA )

On this $\qquad$ day of $\qquad$ 2014, before me appeared Yomtov "Scott" Menaged, to me personally known, who being by me duly sworn, did acknowledged execution of the foregoing instrument as the Guarantor.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) ) $S S$ <br> COUNTY OF MARICOPA )

On this _ _ day of _ , 2014, before me appeared Yomotov "Scott" Menaged, to me personally known, who being by me duly sworn, did say that he/she is the Manager of FURNITURE KING, LLC, an Arizona limited liability company, and said Yomotov "Scott" Menaged acknowledged execution of the foregoing instrument to be the free act and deed of said company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

## ACKNOWLEDGMENTS

## STATE OF ARIZONA ) <br> ) $S$ <br> COUNTY OF MARICOPA )

On this ___ day of ___ 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.

Notary Public
My Commission Expires:

Document comparison by Workshare Compare on Friday, March 07, 2014 4:43:16 PM

| Wphis |  |
| :---: | :---: |
| Document 1 ID | finterwovenSite://DETDMS1/ClarkHill/200131428/9 |
| Description | \#200131428v9<ClarkHill> - Forbearance Agreement (9) |
| Document 2 ID | interwovenSite://DETDMS1/ClarkHill/200131428/11 |
| Description | \#200131428v11<ClarkHill> - Forbearance Agreement |
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|  | Count |
| Insertions | 31 |
| Deletions | 28 |
| Moved from | 3 |
| Moved to | 3 |
| Style change | 0 |
| Format changed | 0 |
| Total changes |  |

Exhibit No. 118

Beauchamp, David G.

From:
Sent:
To:
Subject:

Denny Chittick [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
Monday, March 10, 2014 10:21 PM
Beauchamp, David G.
Re: 3 changes

Denny:
Sorry, for being slow in my response. I got pulled into a major closing to help resolve some issues, including the negotiations to finalize an opinion letter. Unfortunately, the negotiations took from 11:30 until now due to several parties that each had to work through any language changes.

1. I will look at paragraph 9 and see if we can delete it. I think we can but I want to double check.
i found it odd, that now he doesn't even want it in there, but i couldn't think of a reason why i would have to have it in there. i know you heard his attorney was wanting to sue me for not doing my do diligence, but that wouldn't hold a candle to the actual fraud that was perpetrated!
2. I am not sure what you mean by your comments concerning paragraph c and this $3 \%$ loan. If you look at the agreement, I also added another insert for you to loan additional money at $18 \%$ as you had discussed with Scott. Does Scott now want you to continue the $\$ 1$ million dollar loan at $3 \%$ and accrue interest? I thought that was not going to continue after that loan is paid off. Can we discuss tomorrow? Is Greg making any unsecured and below market interest loans to Scott or is Scott just getting such major financial concessions from you?

The initial plan was for me to lend 1 million at $3 \%$ on a property that he owned for cash, he's decided to see it. i am willing to still extend the million at the $3 \%$ on other properties or as the workout loan that i'm extended. what Gregg does or doesn't do doesn't have any barring on what i'm doing. would $i$ love for him to do something like me? yes! scott is meeting with him again this week. but i have to look out for my investors. i need to ensure that we can keep sellign properties and paying gregg off and geting me in first position. if that means giving him a cheap loan to reach my goal, then film willing ot do that.
3. The confidentiality change is a problem, because who makes the decision if the disclosure is required? I had language that you could disclose it if such disclosure is reasonably needed to be disclosed to your investors or if a governmental agency requires such disclosure (after you give Scott notice and an opportunity to get the agency to change its mind). Those are standard confidentiality exceptions. I will look at them again to see if there is anything we can do to make them tighter.
i'm re-reading it and it seems like it's restricted enough except if by government agency or authority with applicable jurisdiction, wouldn't that mean that i can only make the details of the agreement and his name if required by law?subpena or lawsuit? or something like that?
if need be we can three get on the phone and walk through these.
the
dc
what if we just drop paragraph 9 altogether? i know this sounds crazy from what was requested before, but his opinion is, if he performs, there are no damages, i would never sue, and he's not going to sue me, so the heck with it. your thoughts?
parägragh c $3 \%$ loan, we need to change this, to add that i will extend the 1 million at $3 \%$ to include covering the workout amount extended to him. because the 1 million i have out to him on one property is closing next week. so this would give me latitude to say a million at $3 \%$ on money $i$ extend to him on either - or situation.
confidentiality, only time i can disclose info is if i'm legally requirement by investors. he wants me to not say a word unless i'm legally required to, because the reputation with his investors and buyers, clients etc could be harmed.
those are the three changes. let me know what you think. thx dc

DenSco Investment Corp www.denscoinvestment.com

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FEDERAL TAX ADVICE DISCLAIMER: Under U. S. Treasury Regulations, we are informing you that, to the extent this message includes any federal tax advice, this message is not intended or written by the sender to be used, and cannot be used, for the purpose of avoiding federal tax penalties.

Exhibit No. 119

Beauchamp
Dasco/wrhout
Tai Denny Chittich ( $3 / 11 / 14$ )
(0.1)
$\div$ Cof mevoge
Tai Denxy Chitich ( $3 / 11 / 14$ ) 602-469-3001
(0.2) I Scott i on the other line $\rightarrow$ go thosugh issue + then fave a conf cale of the 3 people

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- \$1 Million at 3\% - to be secured
$\$$ millin at $18 \%$ -
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- Workout Loon
$39_{0} \$ 1$ Million loon $\rightarrow$ provide option for other scauty LTV in portfolio concentration of loans to Scot $\rightarrow$ which is being apperessed
it Scott plans to get another 50 homes under contract of r sole $:$ to get sold (on veep of the 20 currently being sold)
- timing

Tow Denny Chitide (3/11/14)
(6.1)

H key is confidentiality


Exhibit No. 120

Beauchamp, David G.

From:<br>Sent:<br>To:<br>Subject:<br>Beauchamp, David G.<br>Thursday, March 13, 2014 6:06 PM<br>Denny J. Chittick (dcmoney@yahoo.com)<br>Changes to Confidentiality Section

Denny:
I have done a complete re-write of the Confidentiality section by moving sentences around within the section and adding subpart designations to clarify the exceptions and the steps. Accordingly, there is no easy way to red-line to show the changes. Please read all of it very carefully and we should discuss any questions you have, BEFORE you circulate it to Scott. In order to comply with the specific securities disclosure requirements, I left $\qquad$ (blank) the amount of time for Scott to be able to review and comment upon the proposed disclosure (suggest 48 hours) and I did not give him the right to disapprove and block what you can or cannot disclose. DenSco and you as the promoter of DenSco's offering have to make the decisions as to what is to be disclosed or not. With respect to timing, we are already very late in providing information to your investors about this problem and the resulting material changes from your business plan. We cannot give Scott and his attomey any time to cause further delay in getting this Fonbearance Agreement fimished and the necessmay disclosure prepared sund cifculated.

## 

18. Confidentiality. In connection with or based upon the facts underlying this Agreement, the Parties agree not to assist, suggest, notify, or recommend that third parties investigate or pursue any requests for information, claims, or litigation relating to any of the Parties, their officers, directors, shareholders, owners, employees, consultants, attorneys, agents, suecessors, affiliates, subsidiaries, parents, heirs, representatives, and assigns. Each Party shall refrain from making any disparaging or negative statements or comments about the other Parties to any third parties, including any derogatory statements or criticism. Except as set forth below, the Parties further agree that: (i) the material terms of the Agreement and the material facts undetlying the Agreement are intended to remain confidential; and (ii) they agree not to disclose, or cause others to disclose, to anyone the material terms stated in this Agreement or the material facts underlying this Agreement; provided, however, these disclosure limitations set forth in (i) and (ii) above are subject to the following exceptions: a) except as such facts are set forth in the applicable public records, or b) except as may be required to be disclosed to any governmental agency or authority with applicable jurisdiction (after notice to the other Party and an opportunity to object to such required disclesure), or c) except as may be disclosed to such Pariy's outside professionals, or d) except as may be necessary for Lender to disclose to Lender's current or future investors (which disclosure is intended to be limited as described below). With respect to the limitation on Lender's disclosure to its investors as referenced above, Lender agrees to use its good faith efforts to limit such disclosure as much as legally possible pursuant to the applicable SEC Regulation $D$ disclosure rules, which limitation is intended to have Lender only describe: 1. the multiple Loans secured by the same Properties, which created the Loans Defaults; 2. the work-out plan pursuant to this Agreement in connection with the steps to be taken to resolve the Loans Defaults; 3. the work-out plan shall also include disclosing the previous additional advances that Lender has made and the advances that are intended to be made by Lender to Borrower pursuant to this Agreement in connection with increases in the loan amount of certain specific Loans (up to $95 \%$ of the LTV of the applicable Property being used as security for that Loan), the additional advances pursuant to both the Additional Loan and the Additional Funds Loan; and 4. the cumulative effect that all of such additional advances to Borrower will have on Lender's business plan that Lender has previously disclosed to its investors in Lender's private offering documents and which Lender committed to follow, including the overall LTV loan
ratios for all of Lender's outstanding loans to its borrowers in the aggregate and the concentration of all of Lender's outstanding loans among all of its borrowers. Further, Lender will use its good faith efforts not to inelude the names of Borrower, Guarantor, or New Guarantor in Lender's disclosure material. Lender will also provide Borrower with a copy of the applieable disclosure prior to dissemination to Lender's investors and allow Borrower to have $\qquad$ hours to review and comment upon such disclosure.

Best, David
David G. Beauchamp
Clark Hitl ple
14850 N Scottsdale Rd | Suite 500 | Phoenix, Artzona 85254
480.684 .1126 (direct) $\mid 480.684 .1166$ (fax) | 602.319 .5602 (cell)
dbeatichamp@ciarkhill,com I wow,ciarkhitt.com

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IRS Circular 230 Disclosure: To ensure compliance with the requirements imposed by the IRS, we inform you that any U.S. federal tax adivice contained in this communication (including any attachments) is not intended for or written to be used, and cannot be used, for the purpose of (a) avoiding any penalties under the Internal Revenue Code or (b) promoting, marketing, or recommending to another party any transaction or matter addressed herein.


[^0]:    16. The failure of Borrower to comply fully with the terms of the Note or this Deed of Trust shall constitute an immediate default hereunder, and the occurrence of any default under any other notes or deeds of trust
[^1]:    Note: If you have any questions about the Settement Charges and Loan Terms fisted on this form, please contact your lender.

[^2]:    1 Arizona Corporation Commission report for file no. 09874884.
    CV 2016-014142; Verified Complaint; page 2, paragraph 6.
    CV 2016-014142; Verified Complaint; page 2, paragraph 7.
    CV 2016-014142; Verified Complaint; page 2, paragraphs 8-10.

[^3]:    5 Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20120935712).
    6 Deed of Trust (Maricopa County recorded document no. 20040204287) and Corporate Assignment of Deed of Trust (Maricopa County recorded document no. 20160263965).

[^4]:    7 Notice of Trustee's Sale (Maricopa County recorded document no. 20160893291).
    8 Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20121029407).
    9 Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20140081791).
    10 Deed of Trust (Maricopa County recorded document no. 20090354620) and Assignment of Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20160313920).
    Notice of Trustee's Sale (Maricopa County recorded document no. 20160863308).
    12 Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20121137660).
    13 Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20140078275).

[^5]:    14 Deed of Trust (Maricopa County recorded document no. 20031616790).
    15 Substitution of Trustee (20160384486).
    16 Notice of Trustee's Sale (Maricopa County recorded document no. 20160807170).
    17 Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20121137668).
    18 It is unclear why the first loan was made to Jess Menaged and the second loan was made to Easy Investments, LLC.
    19 Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20140076570).
    20 Deed of Trust (Maricopa County recorded document no. 20070103932), Corporate Assignment of Deed of Trust (Maricopa County recorded document no. 20120786945), and Corporate Assignment of Deed of Trust (Maricopa County recorded document no. 20150615324).
    21 Deed of Trust and Assignment of Rents (Maricopa County recorded document no. 20150437867).

[^6]:    22 Forbearance Agreement, Section G (ACC000236),
    23 Transcript from the 10/20/16 Rule 2004 Examination of Scott Menaged; pages 81-82, 89.
    24 Trustee's Deed Upon Sale (Maricopa County recorded document no. 20120866188).
    25 Notice of Deed of Trust with Assignment of Rents (Maricopa County recorded document no. 20120773674).

[^7]:    26 The Receiver believes Menaged provided the false trustee's sale receipts to DenSco; however, Menaged testified that he did not send DenSco the trustee's sale receipts and didn't know that they were being sent. Menaged further testified that they must have been sent by his employee, Veronica Castro Gutierrez. See the transcript from the 10/20/16 Rule 2004 Examination of Scott Menaged; pages 171-174.

[^8]:    27 Total loss of $\$ 348,873.28$ minus $\$ 250,000.00$ previously accounted for equals $\$ 98,873.28$.

[^9]:    28
    For the purposes of this discussion, the Receiver excluded the three (3) DenSco investment accounts held by Chittick.

[^10]:    29 Withdrawals totaling $\$ 46,406,985.26$ minus deposits totaling $\$ 36,129,814.48$ equals $\$ 10,277,170.78$.

[^11]:    Notes:
    [1] See Section 4 of the Receiver's Report dated December 22, 2016 for details regarding adjustments made to properly account for the disposition of the Menaged loans.
    Miscellaneous public records research resources to determine purchase history of Menaged loans including the Maricopa County Assessor (http://meassessor maricopa gov/), Maricopa County Recorder (https.//recorder maricopa gov/recdocdata/); and Zillow.com. Miscellaneous property records located in records recovered from Furniture King, LLC, et al. fumiture stores.
    DenSco Investment Corporation loan files.

    Miscellaneous email correspondence between Denny Chittick and Yorqtay Scott Menaged.

    ## Sources: <br> QuckBooks company file for DenSco Investment Corporation.

[^12]:    Miscellaneous email correspondence between Denny Chittick and Yirxiqy Scott Menaged

[^13]:    

[^14]:    1 Property addresses and ofter "form" information will need to be inciuded frieach subordination agreement My fim will only commence preparing a subordination agreement for each loan when written confimation is provided that Densco has wncondifionally agreed to execute each sibordipation agreement ia the form enclosed herein. d subordination agrecment is required for each and every loan even though several of the loans have been paid in fufl and even though in sevetal instances it is zery clear the Densco mostgage was reconded after the Lentier's deed of trast twas reconded - the Lenders are entitled to total and permanent ciarity on all of these issues now.

[^15]:    From: "Beauchamp, David G." [DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)
    To: Denny Chitick [dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)
    Sent: Friday, January 17, 2014 12:25 PM
    Subject: RE: DenSco's files

    Denny:
    I think that should work. I apologize but Bryan Cave wants you to send it to Katherine directly.

[^16]:    D Certain of the-Properties-wefe-also used as security for one-of-more leans fromone or more other-lenders- (individually, the-"Other Lender" and collectively, the-"Other Lenders") and the Leans from Lender may net be in the first lien position on the respectiveDB041003619.000210352141.3

