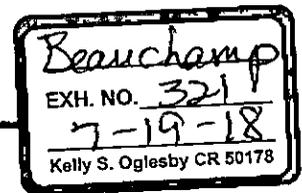


Message

**From:** Ryan Anderson [randerson@gamlaw.com]  
**Sent:** 9/16/2016 4:06:10 PM  
**To:** James F. Polese [jpolese@gblaw.com]  
**CC:** Kevin R. Merritt [KMerritt@gblaw.com]; Beauchamp, David G. [dbeauchamp@clarkhill.com]  
**Subject:** RE: Common Interest Agreement/DenSco Legal Files



Jim,

I apologize for the delay in getting back to you on the Common Interest Agreement and your letter regarding the DenSco Defined Benefit Plan. As you may know from recent filings in both the Receivership Court and the Bankruptcy Court, we've been consumed with moving Furniture King, LLC; Scott's Fine Furniture, LLC and Furniture and Electronic King, LLC into the Receivership and a myriad of other activity in the DenSco Receivership.

Accordingly, please accept this e-mail as a response to the Common Interest Agreement and an effort to resolve a current issues we are having regarding the production of the DenSco legal files from Clark Hill. [I will send you a response regarding the DenSco Defined Benefit Plan and other related issues shortly]

First, with respect to the Common Interest Agreement, despite my efforts, the Receiver is not convinced that it is something that we should finalize. In short, he believes that there are simply too many unknowns with respect to Mr. Chittick's apparent divestment of his personal investments from DenSco and other related issues to enter into the Common Interest Agreement. While I am concerned that our communications and document sharing maybe compromised and limited going forward, I am unable to convince the Receiver to move ahead with the agreement at this time.

On a related note, during a heated conversation, Mr. Menaged's bankruptcy counsel [Mr. Cody Jess] indicated he wanted to "take the 2004 exam" of the Personal Representative in an effort to "find out what information that Denny told his investors" about Mr. Menaged's involvement with DenSco. At the end of the telephone conversation, I counseled Mr. Jess that his client appearing to be aggressive towards the Estate of Mr. Chittick or the Receiver was not the best optics and Mr. Jess relented on seeking the 2004 exam, but I suspect it is only a matter of time before Mr. Menaged's counsel will want to know what information Mr. Chittick left behind to explain the business relationship between DenSco and Mr. Menaged.

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I am informed that the two areas of potential "personal" privilege are: (1) Legal advice to Mr. Chittick about his obligation [or lack thereof] to register with DFI as a Mortgage Broker for DenSco and (2) Legal advice [securities advice] to Mr. Chittick regarding his personal obligation as the promoter of DenSco to the DenSco investors. [David Beauchamp is 'cc'd on this e-mail and can elaborate or clarify as necessary]

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If not, please suggest an alternative proposal. Thanks in advance.

Ryan

**Ryan W. Anderson**

Guttilla Murphy Anderson

City North

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**From:** James F. Polese [mailto:[jpolese@gblaw.com](mailto:jpolese@gblaw.com)]

**Sent:** Friday, September 02, 2016 12:15 PM

**To:** Ryan Anderson

**Cc:** Kevin R. Merritt; 'dbeauchamp@clarkhill.com' (dbeauchamp@clarkhill.com); 'shawnaseverest@gmail.com' (shawnaseverest@gmail.com)

**Subject:** Common Interest Agreement

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**James F. Polese**

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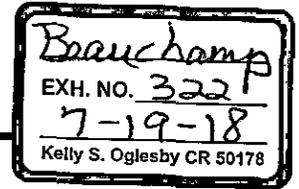
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**Beauchamp, David G.**

**From:** James F. Polese <jpolese@gblaw.com>  
**Sent:** Friday, September 16, 2016 4:27 PM  
**To:** Ryan Anderson  
**Cc:** Kevin R. Merritt; Beauchamp, David G.  
**Subject:** RE: Common Interest Agreement/DenSCO Legal Files

Ryan:

In the interest of time see my initial quick thoughts

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(602) 256-4499(direct)  
(602) 405-3807 (mobile)  
jpolese@gblaw.com  
Attorney Profile

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I am not sure what downside the receiver perceives in going forward. The agreement expressly reserves the right to pull out if there is a perceived conflict or claim likely to be asserted by either against the other. It is precisely because neither has sufficient facts to determine whether a claim now exists against the other the agreement makes sense. But I understand it is the Receiver's call to make.

On a related note, during a heated conversation, Mr. Menaged's bankruptcy counsel [Mr. Cody Jess] indicated he wanted to "take the 2004 exam" of the Personal Representative in an effort to "find out what information that Denny told his investors" about Mr. Menaged's involvement with DenSco. At the end of the telephone conversation, I counseled Mr. Jess that his client appearing to be aggressive towards the Estate of Mr. Chittick or the Receiver was not the best optics and Mr. Jess relented on seeking the 2004 exam, but I suspect it is only a matter of time before Mr. Menaged's counsel will want to know what information Mr. Chittick left behind to explain the business relationship between DenSco and Mr. Menaged.

He can waste his time and money if he wants to do so. Does he really believe that Scott told her what he said to investors about Menaged?? She had no involvement with the Company. He is going to get up to 4 hrs. of "I don't know"

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If not, please suggest an alternative proposal. Thanks in advance.

Because we both have been wading thru documents quickly to cull for any attorney client materials, we have assumed that what is privileged for the company carries a personal privilege as well and vice versa unless it is clearly unrelated in any context to DenSco. In will discuss with Kevin and our client but I am inclined to advise our client to instruct David to turn over all to the Receiver (he can separately segregate the concerned documents so that we can address whether this is an issue that needs to go to the court) but for our purposes we will produce all and treat it as privileged as to both. Kevin is currently traveling and we should be able to get a strategy in place next week.

Ryan

**Ryan W. Anderson**

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---

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**Sent:** Friday, September 02, 2016 12:15 PM

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Beauchamp  
EXH. NO. 3231  
7-19-18  
Kelly S. Oglesby CR 50178

---

*Arizona Corporation Commission*  
v.  
*DenSco Investment Corporation*  
  
*(Case No. CV 2016-014142)*

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*Preliminary Report*  
of  
*Peter S. Davis, as Receiver of DenSco Investment Corporation*

*September 19, 2016*

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**LIST OF EXHIBITS**

Exhibit 1 .....Outstanding Loans as of August 18, 2016

## 1. Background and Appointment of the Receiver

DenSco Investment Corporation (“DenSco”) is an Arizona corporation formed by Denny Chittick (“Chittick”) in April 2001.<sup>1</sup> 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.<sup>2</sup> DenSco issued Confidential Private Offering Memoranda (“POM”) to investors before or at the time of their investments.<sup>3</sup> 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.<sup>4</sup>

Chittick passed away on July 28, 2016. The Estate of Denny J. Chittick (“Estate of Chittick”) is represented by attorney James Polese (“Polese”) of Gammage & Burnham, PLC. Prior to the appointment of the Receiver, DenSco was represented by attorney David Beauchamp (“Beauchamp”) of Clark Hill, PLC. Prior to his death, Chittick prepared a letter to Robert Koehler (“Koehler”) containing detailed instructions for servicing the DenSco loans. Chittick’s letter instructed Koehler to contact Beauchamp, who previously served as DenSco’s attorney, for assistance as needed.

On August 17, 2016, the Arizona Corporation Commission (“ACC”) filed a Verified Complaint (“Complaint”) alleging that DenSco had violated various Arizona securities laws. Despite DenSco’s representations to investors, certain borrowers received loans at or exceeding 100% LTV.<sup>5</sup> In addition, in or before 2013, DenSco began providing investor funds to a particular borrower without obtaining a first position deed of trust on the underlying real property.<sup>6</sup>

In its Complaint, the ACC requested that the Court (1) appoint a Receiver to marshal and preserve DenSco’s assets for the benefit of DenSco’s investors; and (2) issue a preliminary injunction restraining DenSco from removing, encumbering, or otherwise disposing of its assets.<sup>7</sup>

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.

Pursuant to the Order Appointing Receiver (“Receivership Order”), the Receiver obtained a bond in the amount of \$100,000, which was filed with the Court on August 19, 2016. On the same date, Guttilla Murphy Anderson, PC (“GMA”) filed a Notice of Appearance as counsel for the Receiver.

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<sup>1</sup> Arizona Corporation Commission report for file no. 09874884.  
<sup>2</sup> CV 2016-014142; Verified Complaint; page 2, paragraph 6.  
<sup>3</sup> CV 2016-014142; Verified Complaint; page 2, paragraph 7.  
<sup>4</sup> CV 2016-014142; Verified Complaint; page 2, paragraphs 8-10.  
<sup>5</sup> CV 2016-014142; Verified Complaint; page 2, paragraph 11.  
<sup>6</sup> CV 2016-014142; Verified Complaint; page 3, paragraph 12.  
<sup>7</sup> CV 2016-014142; Verified Complaint; pages 5-6, paragraphs 1-2.

Among other things, the Receivership Order directed the Receiver to take exclusive control, possession, and custody of all Receivership Assets (as defined therein);<sup>8</sup> receive and collect any and all sums due or owing to DenSco;<sup>9</sup> liquidate Receivership Assets; and engage professionals to assist the Receiver in carrying out his duties and obligations.<sup>10</sup>

On September 2, 2016, the Court entered an order approving Receiver's Petition No. 1, which established the Receiver's billing rate, authorized the engagement of the Receiver's firm, Simon Consulting, LLC, to provide professional support services to the Receiver, and appointed GMA as general legal counsel to the Receiver.<sup>11</sup>

On September 2, 2016, the Court entered an Order approving Receiver's Petition No. 2, which clarified important procedural and administrative aspects of the DenSco receivership proceeding. Among other things, Order re: Petition No. 2 established that relief in the Court relating to the administration of the Receivership would come in the form of pleadings called "Petitions"; Each petition shall be consecutively numbered; Clarified that the receivership case would remain on the active calendar until terminated by order of the Receivership Court; Established procedures for service and for the maintenance and use of service lists regarding the receivership; Authorized the filing of *ex parte* petitions by the Receiver for certain limited matters; Established an interim claims procedure for persons who wish to assert a claim against the receivership estate; Authorized the Receiver's use of discovery to obtain information concerning the Receivership's assets or causes of action; and established a procedure for filing petitions for the payment of the Receiver's fees and the fees of all professionals engaged by the Receiver.

## 2. Receivership Activities

### 2.1. Recovery of DenSco Records

The Receivership Order directed all persons to promptly surrender to the Receiver all books and records pertaining or belonging to DenSco.<sup>12</sup> After Chittick's death, but before the appointment of the Receiver, representatives of the Chittick Estate removed sixty-five (65) boxes of DenSco records from Chittick's home. Upon the establishment of the Receivership, the DenSco records were located in three distinct locations. As of the date of this report, the Receiver has possession of all sixty-five (65) boxes of records, including four (4) boxes recovered from the ACC, thirteen (13) boxes recovered from Beauchamp, and forty-eight (48) boxes recovered from the Chittick Estate. In addition the Chittick Estate has produced to the Receiver numerous selected electronic records extracted from Chittick's laptop computer, including DenSco's QuickBooks data, Chittick's daily logs, loan documents, and other items. The Receiver's initial analysis of these DenSco records is ongoing.

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<sup>8</sup> CV 2016-014142; Order Appointing Receiver; pages 1-2, paragraphs 1-2.

<sup>9</sup> CV 2016-014142; Order Appointing Receiver; page 6, paragraph 17.

<sup>10</sup> CV 2016-014142; Order Appointing Receiver; page 6, paragraph 18.

<sup>11</sup> CV 2016-014142; Order Re: Petition No. 1.

<sup>12</sup> CV 2016-014142; Order Appointing Receiver; page 2, paragraph 3.

## 2.2. Receivership Assets

Based on the information provided, DenSco's assets as of August 18, 2016, or the inception of the Receivership, and as of the date of this report are summarized as follows:

**Table 1:  
DenSco Receivership Assets<sup>13</sup>**

Asset	As of Aug 18, 2016			As of Sep 19, 2016		
	No. of Loans	Book Value	% of Loans	No. of Loans	Book Value	% of Loans
Cash in Bank		\$ 1,380,654			\$ 3,892,270	
Portfolio of Loans						
Yomtov Scott Menaged, et al. - 91 Loans	91	43,947,820	89%	91	43,947,820	92%
Other Borrowers - 47 Loans	47	5,515,434	11%	35	3,588,371	8%
Total Loans	138	49,463,254	100%	126	47,536,191	100%
<b>Total Assets</b>		<b>\$ 50,843,908</b>			<b>\$ 51,428,461</b>	

As summarized above and discussed in detail in **Section 3.1.3** below, twelve (12) loans have been paid off since the inception of the receivership.

See **Exhibit 1** for a detailed list of the loans referenced in **Table 1** above. As shown above, approximately 92% of DenSco's current loans receivable are due from a single borrower, Yomtov Scott Menaged ("Menaged") or his related companies. For the purposes of this analysis, the Menaged loans include eighty-seven (87) loans to Arizona Home Foreclosures, LLC ("AHF"), two (2) loans to Easy Investments, LLC ("Easy"), one (1) loan to Menaged's mother, Michelle Menaged, and one (1) loan to Menaged's brother, Jess Menaged. According to public records, Menaged is the sole member and manager of AHF and Easy.<sup>14</sup>

### 2.2.1. Administration of DenSco Loan Portfolio

DenSco's primary business was as a "hard money lender" funding the purchase of real estate secured by deeds of trust.

Upon the establishment of the Receivership, DenSco appeared to have a portfolio of loans. Upon the establishment of the Receivership, the Receiver learned that prior to his death, Chittick prepared a letter to Koehler containing detailed instructions for servicing the DenSco loans and a spreadsheet listing the DenSco loans with information regarding the status of each loan. Chittick's letter instructed Koehler to contact Beauchamp, who previously served as DenSco's attorney, for assistance as needed.

<sup>13</sup> The Receivership records referenced 139 loans totaling \$49,572,254; however, Chittick had previously issued a payoff statement for Loan 8115, the proceeds of which were wired to DenSco's FirstBank account on 07/29/16. Accordingly, this loan is not included in **Table 1** above.

<sup>14</sup> Arizona Corporation Commission report for file nos. L14182824 and L13962668.

In the interim period between Chittick's death and the establishment of the Receivership, Koehler and Beauchamp were facilitating certain operational aspects of DenSco's loan portfolio, including preparing and providing borrowers with payoff statements and facilitating the release and reconveyance of liens that were paid off. Apparently, Chittick prepared and retained executed releases and reconveyances in the various DenSco loan files. It appears that all proceeds payable to DenSco during the interim period before the appointment of the Receivership were deposited into DenSco's bank account.

Upon the establishment of the Receivership, the administration of the loan portfolio was transitioned to the Receiver. As set forth in more detail below, 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, twelve (12) loans have been paid off. The Receiver has recovered a total of \$1,952,247 in loan payoff proceeds, including \$1,927,063 in principal and \$25,183 in interest payments and fees.

Among other things, letters have been sent to all DenSco borrowers requesting that loan payments be directed to the Receiver and that requests for payoff statements be submitted to GMA. The Receiver and GMA has been working directly with borrowers who have contacted the Receiver with requests to pay off their loans to provide borrowers with timely information and payoff statements.

The Receiver has received approximately ten (10) additional requests for payoff statements, which are in progress as of the date of this report. The total principal balance of these pending payoffs is \$1,199,900.

Based on communications with several borrowers, the Receiver has concluded that Chittick was essentially servicing the DenSco loan portfolio by himself and was very relaxed with regard to enforcing the terms of the DenSco loan documents. For example, many borrowers have indicated that DenSco did not enforce the maturity date stated in the promissory note and allowed borrowers to continue to make monthly interest payments at the stated interest rate. Pursuant to the loan documents, a borrower's failure to pay the principal amount of the loan at the date of maturity constituted a default, which would increase the interest rate under the note to the default rate of 29%. However, borrowers have reported that DenSco did not declare the note in default and did not charge default interest, despite having authority to do so pursuant to the loan documents. One borrower claimed that Chittick accepted less than the stated monthly interest payment if the monthly payment was paid in cash.<sup>15</sup> As a result of Chittick's historically lenient enforcement of the DenSco loan terms, many borrowers are surprised when they were provided with payoff statements from the Receiver that precisely follow the terms of the loan documents.

Accordingly, for any borrower who has continued to make monthly interest payments after the maturity date, the Receiver intends to not declare the loan in default as long as the interest

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<sup>15</sup> This claim appears to be correct, as hand written notations in the loan file indicate that Chittick gave a \$100.00 discount for monthly interest payments paid in cash.

payments are made. This practice will continue until further notice while the Receiver attempts to obtain a payoff of the loan or a modification of the loan establishing a new maturity date. For borrowers that stopped making the monthly interest payments following expiration of the maturity date, and in the absence of other mitigating circumstances, the Receiver intends to declare the note in default and proceed with the enforcement of DenSco's rights under the note and deed of trust. In addition, it appears that DenSco did not assess late charges (10% of the payment amount) for payments that were made after the grace period. If borrowers made the required monthly interest payments prior to the appointment of the Receiver and a late fee was not charged by DenSco, the Receiver does not intend to assess late charges for late payments. However, for any payments due prior to the appointment of the Receiver and not paid within the grace period, the Receiver will assess late charges.

### **2.2.2. Menaged Bankruptcy**

Menaged filed personal Chapter 7 bankruptcy on April 20, 2016. Jill H. Ford was appointed as the Chapter 7 Trustee ("Trustee"). Initially, Menaged did not list DenSco as a creditor on his bankruptcy schedules, nor did he reference his ownership interests in AHF, Easy or any of the other business entities that are registered in his name.

On August 22, 2016, GMA filed a Notice of Appearance on behalf of the Receiver in Menaged's bankruptcy case, requesting written notice of all proceedings and copies of all documents and pleadings filed in the bankruptcy case. On the same date, GMA 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.

On August 25, 2016, Menaged filed amended bankruptcy schedules, which disclosed that DenSco was both a secured and unsecured creditor of Menaged. Specifically, Menaged disclosed that DenSco was a secured creditor as to real estate located at 1506 West Winter Drive, an unsecured creditor as to a real property located at 9555 East Raintree Drive, and an unsecured creditor in an unknown amount pursuant to what Menaged described as "Personal Guaranty on Line of Credit for Arizona Home Foreclosures; Forbearance Agreement."

Despite filing bankruptcy in April of 2016, Menaged's initial meeting of creditors did not occur until August 26, 2016. GMA attended the 341 hearing and asked Menaged a series of questions regarding his business relationship with the DenSco. The Receiver intends to conduct a deposition of Menaged to explore the issues surrounding the lending relationship between Menaged and DenSco. Currently, the Receiver's deposition of Menaged is set for September 22, 2016. However, it is expected that the deposition of Menaged will be continued and conducted at a mutually convenient date in the future.

### **2.2.3. Menaged Forbearance Agreement/Receivership of Furniture King**

On April 16, 2014, DenSco entered into a Forbearance Agreement with AHF, Easy, Menaged, and Furniture King, LLC, in which Furniture King, LLC agreed to guarantee \$35,639,881 in

loans due from AHF and Easy. Pursuant to the Forbearance Agreement, AHF and Easy's obligations to DenSco were secured by a lien against all of Furniture King LLC's assets.<sup>16</sup> Menaged is the sole member and manager of Furniture King, LLC.<sup>17</sup> In addition, DenSco filed a UCC Financing Statement with the Arizona Secretary of State on May 8, 2014, documenting DenSco's interest in Furniture King, LLC's inventory and other assets.<sup>18</sup>

After conducting an investigation into the priority of DenSco's secured position as to Furniture King, LLC, the Receiver determined DenSco has a secured interest in all of Furniture King, LLC's accounts, assets, and equipment, and DenSco is in a priority position to receive the overwhelming majority of funds from the liquidation of the assets of Furniture King, LLC. Furthermore, According to the Trustee's investigation, Furniture & Electronic King, LLC is a continuation or successor of Furniture King, LLC, and Scott's Fine Furniture, LLC is a continuation or successor of Furniture & Electronic King, LLC. Given that Furniture & Electronic King, LLC and Scott's Fine Furniture, LLC are the continuation of Furniture King, LLC (collectively, "Furniture King"), the Receiver contends he is a secured creditor of all assets of Furniture King.

The Receiver and the Trustee have entered into a settlement agreement ("Settlement Agreement") whereby the Trustee agreed to stipulate to an order placing Furniture King in receivership in exchange for the Receiver's agreement to distribute 10% of DenSco's portion of the net recoveries from Furniture King's assets to the Trustee for the benefit of Menaged's creditors. On September 14, 2016, both the Settlement Agreement and the Stipulation were filed with the respective Courts. Today, the Receivership Court has entered its Order placing Furniture King into Receivership. Accordingly, the Receiver has begun to locate and secure the assets of Furniture King. Eventually, the Receiver will liquidate the assets of Furniture King for the benefit of Furniture King's creditors, including DenSco.

### **2.3. Receivership Liabilities**

Based on the information located in DenSco's records, DenSco's liabilities as of August 18, 2016, or the inception of the Receivership, consist of investor payables totaling \$51,867,387. The Receiver has not yet verified this amount.

#### **2.3.1. Investor Communications**

On August 19, 2016, the Receiver sent an email to all investors pursuant to a list of investor email addresses provided by the ACC. In this email, the Receiver provided investors with a copy of the Receivership Order and described the tasks completed to date and the Receiver's plan going forward. The Receiver also advised investors that GMA would be hosting an investor conference call on August 22, 2016 in order to address investor questions.

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<sup>16</sup> Forbearance Agreement dated 04/16/14; page 5, section 6(D).

<sup>17</sup> Arizona Corporation Commission report for file no. L17038449.

<sup>18</sup> UCC Financing Statement (file no. 2014-001-5063-0).

As promised, GMA hosted an investor conference call on August 22, 2016. Unfortunately, unanticipated limitations on the telephone conference line prevented several investors from participating. However, one investor took detailed notes during the call and sent an email to all investors containing a list of the investors' questions and the corresponding responses.

The Receiver sent an additional email update to all investors on September 13, 2016. In this email, the Receiver described the primary tasks completed to date as well as tasks in progress. The Receiver informed investors of a plan to hold an in-person meeting with investors tentatively scheduled for October 21, 2016 at 1:30 p.m. in order to provide a more comprehensive update of the DenSCO Receivership.

In addition to the investor communications discussed above, the Receiver has established a receivership website at [denscoreceiver1.godaddysites.com](http://denscoreceiver1.godaddysites.com). Visitors to DenSCO's original website ([denscoinvestment.com](http://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. Receivership Accounting

To ensure that the Receivership Estate's cash is fully FDIC insured, the Receiver has opened bank accounts at three (3) different financial institutions, including Wells Fargo Bank, the National Bank of Arizona, and Arizona Business Bank. The majority of the Receivership Estate's cash is held at Arizona Business Bank, which offers an Insured Cash Sweep service that includes multi-million-dollar FDIC insurance by sweeping cash to other banks. The Receiver intends to use the Wells Fargo account as the primary operating account from which funds will be transferred to and from the Arizona Business Bank account as necessary.

As of the date of this report, the Receiver has collected a total of \$3,899,796 and has disbursed a total of \$2,395, resulting in a current balance of \$3,897,400, which is held at the following financial institutions:

**Table 2:**  
**Summary of Current Cash Balances**  
**As of September 19, 2016**

<b>Financial Institution</b>	<b>Balance</b>
Wells Fargo Bank - Account 6124	\$ 1,257,400
National Bank of Arizona - Account 3910	240,000
Arizona Business Bank - Account 9290	<u>2,400,000</u>
<b>Total Cash Balance</b>	<b>\$ 3,897,400</b>

Details of the cash collections and disbursements to date are provided below in **Section 3.1** and **Section 3.2** respectively.

### 3.1. Collections to Date

The Receiver has collected a total of \$3,899,796 on behalf of the DenSco Receivership Estate as of the date of this report, summarized as follows and discussed in detail below:

**Table 3:  
Summary of Cash Collections  
As of September 19, 2016**

Description	Amount
FirstBank Account Balance as of 08/18/16	\$ 1,380,654
Cash Collected from the Chittick Estate	551,140
Loan Proceeds	
Payoff Proceeds - Principal	1,927,063
Payoff Proceeds - Interest & Fees	25,183
Additional Loan Interest	15,755
Subtotal Loan Proceeds	1,968,002
<b>Total Cash Collected</b>	<b>\$ 3,899,796</b>

#### 3.1.1. Funds Collected from Pre-Receivership Account at FirstBank

As shown in **Table 1** of **Section 2.2** above, DenSco's pre-receivership bank account at FirstBank held a balance of \$1,380,654 as of the inception of the Receivership, or August 18, 2016. By the time FirstBank agreed to turn over the funds to the Receiver, the account balance had increased to \$1,551,706 as a result of borrower payments deposited to the account. Thus, the Receiver recovered \$1,551,706 from DenSco's pre-receivership bank account, including \$171,053 in borrower payments made during the receivership. These borrower payments are included in the loan proceeds discussed in **Section 3.1.3** below.

#### 3.1.2. Cash Collected from the Chittick Estate

In the initial days after the establishment of the Receivership, the Receiver was informed that a large amount of cash was discovered [but not seized] by the Chandler Police Department ("Chandler PD"), who conducted an investigation into the death of Chittick. The Receiver was provided a copy of the Chandler PD's police report which indicates that a series of notes, left by Chittick, apparently lead the Chandler PD to a cardboard box in a dryer at the residence of Chittick's parents. Apparently, the box contained a large amount of cash and instructions to the Personal Representative of Chittick's Estate. Upon his appointment, the Receiver contacted the Personal Representative of Chittick's Estate to determine the disposition of the cash. The Personal Representative informed the Receiver that the cash was being held in a vault at a jewelry store in Tempe, Arizona. On August 25, 2016, the Receiver and the Personal Representative retrieved the box from the jewelry store, and the box and its contents were transported to Wells Fargo Bank. The contents were counted and deposited into a Receivership bank account. The total amount of cash recovered was \$551,140.

The precise source of the cash is unknown. The Receiver is in the process of analyzing the transactions reflected in DenSco's pre-receivership bank from the date the account was opened (October 2014) through the date of the Receivership, but has not identified any cash withdrawals

that would explain the source of the cash. However, as mentioned in **Section 2.1.1** above, at least one borrower claimed that Chittick accepted less than the stated monthly interest payment if such payments were paid in cash. The Receiver has not yet determined whether any other borrowers made cash payments. However, interest payments received from this particular borrower were not recorded in DenSco's QuickBooks file, nor were they deposited into DenSco's bank account.

### **3.1.3. Loan Proceeds**

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, twelve (12) loans have been paid off. The Receiver has recovered a total of \$1,952,247 in loan payoff proceeds, including \$1,927,063 in principal and \$25,183 in interest and fees.

The Receiver has also collected additional DenSco loan interest payments totaling \$15,755.

#### **3.1.3.1 Resolution of MWM-AZ, PLLC Loans**

As of the inception of the Receivership, borrower MWM-AZ, PLLC ("MWM") had six (6) outstanding DenSco loans totaling \$946,440. MWM offered to repay the full principal balance plus interest at the non-default rate of 18% from September 1, 2016 through the date payment was tendered. Historically, MWM made interest payments to DenSco in cash, so MWM's interest payments were not reflected in DenSco's pre-receivership bank account, but the loan files and spreadsheets maintained by Chittick indicate that the required monthly payments were received through July 2016. The Receiver was unable to confirm that MWM's August 2016 interest payments had been received, but did identify an email from MWM's principal, Victor Gojcaj ("Gojcaj") dated August 2, 2016 in which Gojcaj informed Chittick that the money was in the "box".<sup>19</sup> In addition, Gojcaj signed a declaration confirming that he had placed \$13,596 in Chittick's mailbox in payment of the interest on all six (6) loans in early August 2016. The Receiver is working to determine what happened to the cash placed in Chittick's mailbox.

In resolution of these loans, the Receiver agreed to accept MWM's offer and received a total of \$950,699, including principal and interest, in full repayment of MWM's six (6) outstanding loans on September 9, 2016. This amount is included in the loan proceeds discussed in **Section 3.1.3** above.

### **3.2. Disbursements to Date**

The Receiver has disbursed a total of \$2,395 on behalf of the DenSco Receivership Estate as of the date of this report, summarized as follows:

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<sup>19</sup> Email from Victor Gojcaj to Denny Chittick dated 08/02/16, stating, "\$ in box."

**Table 4:  
 Summary of Cash Disbursements  
 As of September 19, 2016**

Payee	Purpose	Amount
Bondwriter Southwest, Inc.	Receivership Bond Premium	\$ 500
Wells Fargo Bank	Cash Deposited Fee	1,631
Wells Fargo Bank	Incoming Wire Fees	150
Wells Fargo Bank	Check Order	71
FirstBank	Bank Records Requested	44
<b>Total Cash Disbursed</b>		<b>\$ 2,395</b>

#### 4. Analyses Completed to Date

##### 4.1. Analysis of Chittick's Investment in DenSco<sup>20</sup>

Chittick was a DenSco investor with a total balance of \$3,625,313 as of December 23, 2014; however, Chittick's investor balance was eliminated on approximately December 31, 2014 as follows:

**Table 5:  
 Summary of Chittick Investments in DenSco**

Date	Investor Name	Balance
12/30/14	Chittick, Denny	\$ 1,448,460
12/30/14	Chittick, Denny - 401k	359,609
12/23/14	Chittick, Denny - DB Plan	1,817,243
	<b>Total Balance</b>	<b>3,625,313</b>
12/31/14	Converted to DenSco Capital Stock	(1,448,460)
12/31/14	Check to Vanguard Group	(359,609)
12/24/14	Check to Denny Chittick	(1,817,243)
	<b>Total Withdrawals</b>	<b>(3,625,313)</b>
	<b>Net Investor Balance</b>	<b>\$ -</b>

As a result of his investments in DenSco, Chittick received interest payments totaling \$2,105,669. Of this, Chittick received \$1,617,632 in cash from 2001 through 2014. A total of \$354,504 was accrued from 2006 through 2014, which was eventually transferred to another account in the name of Chittick's Defined Benefit Plan ("DBP"). The remaining \$133,533 was accrued from 2006 through 2014 and was eventually transferred to Chittick's 401(k) account at Vanguard Group.

The sources of the reported investor balance of Chittick's DBP as of December 23, 2014 are as follows:

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<sup>20</sup> The information and terminology used in this section is directly from the DenSco's books and records. To date, the information and transactions reflected above have not been independently verified and confirmed.

**Table 6:  
Summary of Chittick DBP Investor Balance  
As of December 23, 2014**

Source	Amount
Cash Deposit	\$ 77,009
DenSco Benefit for 2006	82,592
DenSco Benefit for 2007	55,000
DenSco Benefit for 2008	5,862
DenSco Benefit for 2010	30,000
DenSco Benefit for 2011	54,948
DenSco Benefit for 2012	290,039
DenSco Benefit for 2013	867,289
Accrued Interest	354,504
<b>Total</b>	<b>\$ 1,817,243</b>

The Receiver located a copy of the 2015 tax return for DenSco's Defined Benefit Pension Plan, of which Chittick was the only participant, in the electronic files extracted from Chittick's computer. As of 2015, the plan had a balance of \$1,824,729, which is nearly equivalent to the amount summarized in Table 6 above and transferred from DenSco to a third party administrator in December 2014.

#### **4.2. Preliminary Analysis of Pre-Receivership Bank Account Activity**

The Receivership Order directed the Receiver to recommend to the Court, based on the Receiver's initial investigation, if the claims against DenSco should be adjudged in the Bankruptcy Court. Among other things, the Receiver analyzed DenSco's financial records to determine if DenSco made any transfers that would be generally considered as preferences, i.e. transfers made prior to a bankruptcy filing to a creditor by a debtor to the exclusion or detriment of its other creditors. The Receiver focused his analysis on payments made to creditors in the ninety (90) days before a bankruptcy filing and payments to insiders of DenSco or Chittick in the last year. For the purposes of this analysis, the Receiver analyzed the 90-day period from June 1, 2016 through August 31, 2016 (the "90-Day Window"), and the one-year period from September 1, 2015 through August 31, 2016 (the "Insider Window").

##### **4.2.1. The 90-Day Window**

Based on the Receiver's analysis of the transactions that occurred during the 90-Day Window, the Receiver found as follows:

- None of the DenSco investors withdrew any principal during the 90-day window.
- DenSco disbursed approximately \$438,614 in regular interest payments to investors.
  - For the most part, DenSco paid investors interest in a consistent manner. The information provided does not indicate that any investors received preferential treatment with regard to interest disbursements.
- DenSco paid \$2,070 to Clark Hill, PLC for professional fees.

- DenSco did not make any transfers to or from Yomtov Scott Menaged during the 90-Day Window.
- DenSco transferred funds to and from other third-party borrowers, but the transfers appear to be consistent with DenSco's historical lending practices.

#### 4.2.2. The Insider Window

Alleged insiders include Chittick, Chittick's father, Chittick's uncle, and Chittick's former father-in-law. Based on the Receiver's analysis of the transactions that occurred during the Insider Window, the Receiver found as follows:

- Denny Chittick:
  - Chittick had three (3) investor accounts (personal, 401k, defined benefit plan), all of which were withdrawn in December 2014, prior to the Insider Window.
- Chittick's father:
  - DenSco has not distributed any principal to Chittick's father since 2006.
  - Chittick's father received regular monthly interest payments of \$5,750 during eleven (11) of the twelve (12) months in the insider window for a total of \$63,250. No interest was paid in August 2016.
- Chittick's uncle:
  - DenSco has not distributed any principal to Chittick's uncle.
  - Chittick's uncle received regular quarterly interest payments of \$12,104.42, paid on September 30, 2015; December 31, 2015; and March 31, 2016; for a total of \$36,313. The Receiver's analysis indicates that DenSco did not issue a June 30, 2016 interest payment to Chittick's uncle.
- Chittick's former father-in-law:
  - DenSco has not disbursed any principal to Chittick's former father-in-law.
  - Chittick's former father-in-law received regular monthly interest payments of \$800 during eleven (11) of the twelve (12) months in the insider window for a total of \$8,800. No interest was paid out in August 2016.

### 5. Receiver's Recommendation Regarding Bankruptcy

I do not recommend filing a petition in bankruptcy for DenSco at this time. The reasons for this recommendation are as follows:

First, DenSco's principal purpose appears to be the facilitation of real estate investment as a "hard money" lender. As such, the corporate defendant does not need to be reorganized. Instead, the assets of DenSco need to be recovered by the Receiver and distributed to the DenSco investors.<sup>21</sup>

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<sup>21</sup> See *Commodities Future Trading Com'n v. FITC, Inc.*, 52 B.R. 935, 938 (N.D. Cal. 1985) (Defendant corporation was nothing more than a "front for a large and elaborate commodities fraud").

Second, given the limited information available to the Receiver, it is possible that it may be determined that the assets of DenSco were obtained through potentially fraudulent means, and because of the possible overlapping criminal activities and regulatory violations of DenSco, the panoply of legal issues will exceed the limited jurisdiction of a bankruptcy court.<sup>22</sup>

Third, another factor that strongly weighs in favor of not filing bankruptcy for DenSco is that a bankruptcy Trustee is subject to the in pari delicto defense to any legal or equitable claims while a Receiver is not. Specifically, although any bankruptcy trustee of DenSco would be afforded expansive powers, 11 U.S.C. § 541(a) clearly states that the bankruptcy estate is comprised of all legal or equitable interests of the debtor [DenSco] as of the commencement of the case. As such, any bankruptcy trustee steps in the Debtor's shoes. This exposes the bankruptcy trustee to the well-settled in pari delicto defense, which bars a bankruptcy trustee from benefitting from any legal claims if DenSco was equally, if not more, at fault. Fortunately, the in pari delicto defense does not apply to a receiver. As a result, in bringing an action on behalf of receivership entities, a receiver can establish that he is not bound by, nor is his right to sue on behalf of the receivership entities, tainted by the improper actions of the corporate owners and officers who may have engineered or participated in a fraudulent scheme.<sup>23</sup>

The inapplicability to a receiver to in pari delicto prohibitions is another reason that a receivership frequently is a more effective strategy for protecting the victims of fraud than a bankruptcy.<sup>24</sup>

Fourth, the most common premise for considering a bankruptcy filing is the determination that DenSco made a series of transfers that would be generally considered as preferences, i.e. transfers made prior to a bankruptcy filing to a creditor by a debtor to the exclusion or detriment of its other creditors. While the law surrounding preferences is well settled, generally a bankruptcy Trustee explores the recovery of payments made to creditors in the ninety (90) days before a bankruptcy filing and payments to insiders of the debtor in the last year. As set forth in **Section 4.2** above, my analysis of the financial activity of DenSco indicates that at best there are \$110,433 in possible preference claims. However, all of the payments totaling \$110,433 are regular interest payments and legal fees that were made in the ordinary course of DenSco's business operations and may be subject to a complete defense to a preference claim.

Therefore, based on the foregoing, the interests of judicial economy, and the protection of the interests of the DenSco investors, I strongly believe that a receivership in the Maricopa County

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<sup>22</sup> See *Federal Trade Com'n v. R.A. Walker & Assoc., Inc.*, 37 B.R. 608 (D.D.C. 1983) (holding that funds obtained through fraudulent means would not be considered property of the estate in a bankruptcy court and not within the jurisdiction of a bankruptcy court).

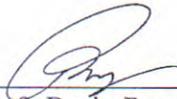
<sup>23</sup> See *Scholes*, 56 F.3d 750; *Donell v. Kowell*, 533 F.3d 762 (9th Cir. 2008); *Eberhard*, 530 F.3d 122; *World Harvest Church*, 2006 WL 870310, at \*\*5-6; *Quilling v. Cristell*, CIV.A. 304CV252, 2006 WL 316981 (W.D.N.C. Feb. 9, 2006); *Jones v. Wells Fargo Bank, N.A.*, 666 F.3d 955, 967 (5th Cir. 2012).

<sup>24</sup> See *Official Comm. of Unsecured Creditors v. R.F. Lafferty & Co. Inc.*, 267 F.3d 340 (3d Cir. 2001); *In re Hedged-Invs. Assocs.*, 84 F.3d 1281, 1284-86 (10th Cir. 1996); *Hirsch v. Arthur Andersen & Co.*, 72 F.3d 1085, 1093-94 (2d Cir. 1995); *Global Crossing Estate Representative v. Winnick*, 04 CIV.2558(GEL), 2006 WL 2212776, at \*16, n.21 (S.D.N.Y. Aug. 3, 2006); *In re Derivium Capital LLC*, 716 F.3d 355, 367 (4th Cir. 2013).

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Superior Court is preferable to a bankruptcy court proceeding. In making my recommendation, I have carefully considered the most significant advantages to a bankruptcy proceeding—the avoidance powers provided under the bankruptcy code and the mechanisms established for the protection of creditors. Neither of these advantages, in my opinion, outweighs the benefits to a receivership as set forth above. With respect to the avoidance powers provided under bankruptcy, I intend to rely on the Receivership Order empowering me to recover assets using the fraudulent transfer statutes and other statutes. To the extent that any of the assets of DenSco were used to purchase property prior to the institution of the receivership, I will seek to obtain possession of such property, and pursuant to this Court’s orders, liquidate the property so that it may be used to distribute to the investors of DenSco. In order to provide protection to the creditors of DenSco and, in particular, the innocent investors, I intend to apply for a formal Order that establishes a mechanism for the filing and adjudication of claims against DenSco.



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Peter S. Davis, Receiver  
Simon Consulting, LLC

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September 19, 2016  
Date

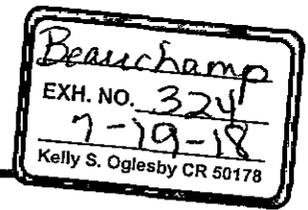
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Arizona Corporation Commission v. DenSco Investment Corporation

**DenSco Investment Corporation**  
**Outstanding Loans as of August 18, 2016** **Exhibit 1**

Borrower	No. of Loans	Total Loan Amount
<b>Yomtov Scott Menaged Loans</b>		
Arizona Home Foreclosures, LLC	87	42,841,640
Easy Investments, LLC	3	706,180
Michelle Menaged	1	400,000
<b>Subtotal</b>	<b>91</b>	<b>43,947,820</b>
<b>Other Borrower Loans</b>		
Aboveboard Marketing, LLC	1	115,000
AKS, LLC	1	150,000
AZ Home Buyer, LLC	2	342,508
Black Forrest, LLC	3	552,115
Blue Water Capital, LLC	1	85,000
Chevron Group, Inc	2	100,000
Chopper Construction, LLC	1	75,000
CNT Real Estate Investments	1	30,900
Colby Holdings 1, LLC	2	115,000
Daniel Smith	2	395,000
Emma Holdings I, LLC	1	115,476
Empire Legacy Investments	1	120,000
Equiworth, LLC	2	421,400
Global Qwest, Inc	1	75,000
J and J Marketing, LLC	1	50,000
Justin Moore	1	32,000
KAJU, LLC	1	29,000
Kenneth Nguyen	1	120,000
Maryvale Properties 1, LLC	4	235,000
Michael Tetreault	1	128,000
Miller 401k Profit Sharing	1	160,000
MWM-AZ, PLLC	6	946,440
Omega Prop Invest, LLC	1	100,000
Opreinvest, LLC	1	210,000
Peak Equity, LLC	1	120,096
Rimovsky Investments, LLC	1	230,000
Robert Humburg	1	25,000
Sanjel Krum Investments	2	67,500
Stone Capital Invest, LLC	1	260,000
Wesmore Rentals 1, LLC	2	110,000
<b>Subtotal</b>	<b>47</b>	<b>5,515,434</b>
<b>Grand Total</b>	<b>138</b>	<b>49,463,254</b>

**Sources:**

QuickBooks company file for DenSco Investment Corporation.  
DenSco spreadsheet containing loan information.  
Bank statement for FirstBank account ending in 5264 for July 2016.  
Payoff statement for Loan 8115.



**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Friday, September 23, 2016 3:59 PM  
**To:** Kevin R. Merritt  
**Subject:** RE: Common Interest Agreement/DenSco Legal Files

Thank you. I do remember reading it and noting that he included my comments even though he openly and completely dismissed my explanation.

**David G. Beauchamp**

CLARK HILL PLC  
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
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[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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**From:** Kevin R. Merritt [<mailto:KMerritt@gblaw.com>]  
**Sent:** Friday, September 23, 2016 3:55 PM  
**To:** Beauchamp, David G.  
**Subject:** FW: Common Interest Agreement/DenSco Legal Files

David,

The e-mail from last Friday to which I made reference.

Kevin

**Kevin R. Merritt**  
602.256.4481 Direct | [KMerritt@cblaw.com](mailto:KMerritt@cblaw.com)

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**From:** Ryan Anderson [<mailto:randerson@gamlaw.com>]  
**Sent:** Friday, September 16, 2016 4:06 PM  
**To:** James F. Polese  
**Cc:** Kevin R. Merritt; 'dbeauchamp@clarkhill.com' ([dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com))  
**Subject:** RE: Common Interest Agreement/DenSco Legal Files

Jim,

I apologize for the delay in getting back to you on the Common Interest Agreement and your letter regarding the DenSco Defined Benefit Plan. As you may know from recent filings in both the Receivership Court and the Bankruptcy Court, we've been consumed with moving Furniture King, LLC; Scott's Fine Furniture, LLC and Furniture and Electronic King, LLC into the Receivership and a myriad of other activity in the DenSco Receivership.

Accordingly, please accept this e-mail as a response to the Common Interest Agreement and an effort to resolve a current issues we are having regarding the production of the DenSco legal files from Clark Hill. [I will send you a response regarding the DenSco Defined Benefit Plan and other related issues shortly]

First, with respect to the Common Interest Agreement, despite my efforts, the Receiver is not convinced that it is something that we should finalize. In short, he believes that there are simply too many unknowns with respect to Mr. Chittick's apparent divestment of his personal investments from DenSco and other related issues to enter into the Common Interest Agreement. While I am concerned that our communications and document sharing maybe

compromised and limited going forward, I am unable to convince the Receiver to move ahead with the agreement at this time.

On a related note, during a heated conversation, Mr. Menaged's bankruptcy counsel [Mr. Cody Jess] indicated he wanted to "take the 2004 exam" of the Personal Representative in an effort to "find out what information that Denny told his investors" about Mr. Menaged's involvement with DenSco. At the end of the telephone conversation, I counseled Mr. Jess that his client appearing to be aggressive towards the Estate of Mr. Chittick or the Receiver was not the best optics and Mr. Jess relented on seeking the 2004 exam, but I suspect it is only a matter of time before Mr. Menaged's counsel will want to know what information Mr. Chittick left behind to explain the business relationship between DenSco and Mr. Menaged.

Second, as you may know, the Receiver has made a demand on David Beauchamp and Clark Hill for all documents, drafts, correspondence, research, memoranda, pleadings, notes, and electronic media ( the "DenSco Legal Files"), which Clark Hill assembled, produced, prepared, or had prepared for the benefit of, or concerning DenSco during the course of its attorney-client relationship. Mr. Beauchamp has advised me that there are two potential areas of representation that may implicate a personal attorney client privilege of Mr. Chittick and Mr. Beauchamp is looking for definitive direction on the production of these items.

I am informed that the two areas of potential "personal" privilege are: (1) Legal advice to Mr. Chittick about his obligation [or lack thereof] to register with DFI as a Mortgage Broker for DenSco and (2) Legal advice [securities advice] to Mr. Chittick regarding his personal obligation as the promoter of DenSco to the DenSco investors. [David Beauchamp is 'cc'd on this e-mail and can elaborate or clarify as necessary]

The Receiver's position is that both of these areas of legal advice and the respective portions of the portions of the DenSco Legal Files are so inextricably linked to Mr. Chittick position as the sole principal of DenSco that there is no implication of a "personal" attorney client privilege. However, even assuming that these files are privileged, can we agree [in the spirit of the other disclosures that have been made] that Mr. Beauchamp can produce his entire file to the Receiver and the Receiver will segregate the DenSco Legal Files that may relate to these discrete issues with the agreement that this information can't be shared with 3<sup>rd</sup> parties?

If not, please suggest an alternative proposal. Thanks in advance.

Ryan

**Ryan W. Anderson**  
Guttilla Murphy Anderson  
City North  
5415 E. High St., Suite 200  
Phoenix, AZ 85054  
(480) 304-8300  
(480) 304-8301 (facsimile)  
[randerson@gamlaw.com](mailto:randerson@gamlaw.com)  
[www.guttillamurphyanderson.com](http://www.guttillamurphyanderson.com)

---

**From:** James F. Polese [<mailto:jpolese@gblaw.com>]  
**Sent:** Friday, September 02, 2016 12:15 PM  
**To:** Ryan Anderson  
**Cc:** Kevin R. Merritt; 'dbeauchamp@clarkhill.com' ([dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com)); 'shawnaseverest@gmail.com' ([shawnaseverest@gmail.com](mailto:shawnaseverest@gmail.com))  
**Subject:** Common Interest Agreement

Ryan:

As we discussed, here is the draft of the common interest agreement you would like to see in place. I made Densco, the Estate and the Receiver parties and covered both claims that could be jointly asserted or claims for which there may be common defenses.

Please let me know if you have any comments or suggested changes. I am sending it to Dave who I assume but do not know for sure would sign on behalf of Densco

**James F. Polese**

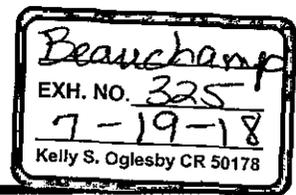
602.256.4499 Direct | 602.405.3807 Mobile  
[jpolese@qblaw.com](mailto:jpolese@qblaw.com) | [Profile](#)

**GAMMAGE & BURNHAM**

*World Class Counsel. Arizona Roots.*

2 North Central Ave., 15th Floor | Phoenix, AZ 85004  
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**Beauchamp, David G.**

**From:** Kevin R. Merritt <KMerritt@gblaw.com>  
**Sent:** Friday, September 23, 2016 4:07 PM  
**To:** Beauchamp, David G.  
**Cc:** James F. Polese  
**Subject:** RE: Ryan Anderson

Dave,

Thanks for the update. Relative to Tony – no worries. I appreciate have been given the opportunity.

I'll need to figure out what to do relative to the copies we had requested, but I will remove us as an obstacle, so to speak, to your being able to comply with Peter's demand.

Kevin

**Kevin R. Merritt**

602.256.4481 Direct | [KMerritt@gblaw.com](mailto:KMerritt@gblaw.com)

---

**From:** Beauchamp, David G. [<mailto:DBeauchamp@ClarkHill.com>]  
**Sent:** Friday, September 23, 2016 3:47 PM  
**To:** Kevin R. Merritt  
**Cc:** Sifferman, Mark S.  
**Subject:** RE: Ryan Anderson

Kevin:

I had expected to hear from Ryan after he talked to the Receiver, but I have not heard anything about the issues from my conversation with Ryan. With respect to you email, I am not sure that I am remembering Ryan's message to you from last Friday.

I just talked to Mark Sifferman, who is just back today after a couple of weeks in Italy. Mark does not want me to spend the money to digitize the files for the Receiver and he does not want me to spend the time to review all of the files for attorney-client information. He just wants me to review and make copies of the portions of the file that I need to protect against a securities claim against me and the firm. Since that is different than what you and I had discussed, I wanted to make sure that you knew what I am being told to do.

Sorry that Tony never called.

Best regards, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Kevin R. Merritt [<mailto:KMerritt@gblaw.com>]  
**Sent:** Friday, September 23, 2016 3:30 PM

**To:** Beauchamp, David G.  
**Subject:** Ryan Anderson

I need to give Ryan an answer to his message from last Friday. We have handled other matters with the same understanding as to the privilege of the Estate. Just wanted to give you a heads-up. Did anything develop further after your call was cancelled last Wednesday?

Also, never heard a peep from Tony.

**Kevin R. Merritt**

602.256.4481 Direct | [KMerritt@qblaw.com](mailto:KMerritt@qblaw.com) | [Profile](#)

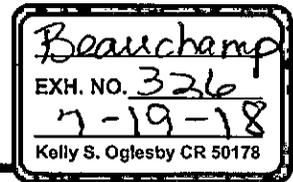
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2 North Central Ave., 15th Floor | Phoenix, AZ 85004  
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**Beauchamp, David G.**

**From:** Kevin R. Merritt <KMerritt@gblaw.com>  
**Sent:** Friday, September 23, 2016 5:11 PM  
**To:** 'Ryan Anderson'; James F. Polese  
**Cc:** Beauchamp, David G.; Trinity Osborne; Patti Meloserhoff; Chris Hering  
**Subject:** RE: Common Interest Agreement/DenSco Legal Files

Ryan,

My apologies for not getting back to you sooner on this. As I believe you know, this came in while I was out of the country for a week, and I've been playing catch-up ever since getting back.

As you may recall, in a prior e-mail I indicated that we did not object to the delivery of the files to the Receiver, but requested copies of selected items where advice was provided that we might characterize as "dual" in nature (i.e., delivered both to the corporation and to Denny individually). David appears to have attempted to define the nature of these matters.

As with other disclosures we have made, and subject to (i) the requirement of the Court's order that communications in which the Estate claims a privilege cannot be shared or disclosed, and the privilege cannot be waived, without the Estate's consent (which I take to be, at least in part, the genesis of your statement below limiting the sharing of those materials with 3<sup>rd</sup> parties), (ii) an understanding that the Estate has not yet had an opportunity to review these materials to identify what communications the Estate may want to assert are privileged, but retains the right to do so, and (iii) an understanding that if any materials delivered to the Receiver turn out to be purely personal in nature (which we do not expect to be the case, but which is not an impossibility), those materials will be delivered to the Estate, their delivery to the Receiver will be deemed an inadvertent disclosure, and no privilege on the part of the Estate will be deemed to have been waived, I repeat that we have no objection to the delivery of the DenSco Legal Files to the Receiver.

Ryan, please advise whether this is a correct statement of the approach that you suggest below.

At the present moment, there remains an unresolved logistical issue, in that I do not know to what extent Clark Hill will create a copy of all or part of the DenSco Legal Files for their own records, and I had requested, to the extent a copy was going to be created, that we be provided with a duplicate for our review. I presume that we can resolve the logistics of how to obtain copies next week. As a reminder, we did not request copies of everything (and I have no sense of how voluminous these materials may be), although the time spent to segregate items out during a copying process may not be worthwhile.

Have a good weekend.

Kevin

**Kevin R. Merritt**  
602.256.4481 Direct | [KMerritt@gblaw.com](mailto:KMerritt@gblaw.com)

---

**From:** Ryan Anderson [mailto:[randerson@gamlaw.com](mailto:randerson@gamlaw.com)]  
**Sent:** Friday, September 16, 2016 4:06 PM  
**To:** James F. Polese  
**Cc:** Kevin R. Merritt; 'dbeauchamp@clarkhill.com' (dbeauchamp@clarkhill.com)  
**Subject:** RE: Common Interest Agreement/DenSco Legal Files

Jim,

I apologize for the delay in getting back to you on the Common Interest Agreement and your letter regarding the DenSco Defined Benefit Plan. As you may know from recent filings in both the Receivership Court and the Bankruptcy Court, we've been consumed with moving Furniture King, LLC; Scott's Fine Furniture, LLC and Furniture and Electronic King, LLC into the Receivership and a myriad of other activity in the DenSco Receivership.

Accordingly, please accept this e-mail as a response to the Common Interest Agreement and an effort to resolve a current issues we are having regarding the production of the DenSco legal files from Clark Hill. [I will send you a response regarding the DenSco Defined Benefit Plan and other related issues shortly]

First, with respect to the Common Interest Agreement, despite my efforts, the Receiver is not convinced that it is something that we should finalize. In short, he believes that there are simply too many unknowns with respect to Mr. Chittick's apparent divestment of his personal investments from DenSco and other related issues to enter into the Common Interest Agreement. While I am concerned that our communications and document sharing maybe compromised and limited going forward, I am unable to convince the Receiver to move ahead with the agreement at this time.

On a related note, during a heated conversation, Mr. Menaged's bankruptcy counsel [Mr. Cody Jess] indicated he wanted to "take the 2004 exam" of the Personal Representative in an effort to "find out what information that Denny told his investors" about Mr. Menaged's involvement with DenSco. At the end of the telephone conversation, I counseled Mr. Jess that his client appearing to be aggressive towards the Estate of Mr. Chittick or the Receiver was not the best optics and Mr. Jess relented on seeking the 2004 exam, but I suspect it is only a matter of time before Mr. Menaged's counsel will want to know what information Mr. Chittick left behind to explain the business relationship between DenSco and Mr. Menaged.

Second, as you may know, the Receiver has made a demand on David Beauchamp and Clark Hill for all documents, drafts, correspondence, research, memoranda, pleadings, notes, and electronic media ( the "DenSco Legal Files"), which Clark Hill assembled, produced, prepared, or had prepared for the benefit of, or concerning DenSco during the course of its attorney-client relationship. Mr. Beauchamp has advised me that there are two potential areas of representation that may implicate a personal attorney client privilege of Mr. Chittick and Mr. Beauchamp is looking for definitive direction on the production of these items.

I am informed that the two areas of potential "personal" privilege are: (1) Legal advice to Mr. Chittick about his obligation [or lack thereof] to register with DFI as a Mortgage Broker for DenSco and (2) Legal advice [securities advice] to Mr. Chittick regarding his personal obligation as the promoter of DenSco to the DenSco investors. [David Beauchamp is 'cc'd on this e-mail and can elaborate or clarify as necessary]

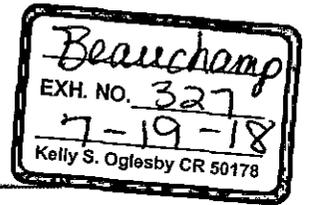
The Receiver's position is that both of these areas of legal advice and the respective portions of the portions of the DenSco Legal Files are so inextricably linked to Mr. Chittick position as the sole principal of DenSco that there is no implication of a "personal" attorney client privilege. However, even assuming that these files are privileged, can we agree [in the spirit of the other disclosures that have been made] that Mr. Beauchamp can produce his entire file to the Receiver and the Receiver will segregate the DenSco Legal Files that may relate to these discrete issues with the agreement that this information can't be shared with 3<sup>rd</sup> parties?

If not, please suggest an alternative proposal. Thanks in advance.

Ryan

**Ryan W. Anderson**  
Guttilla Murphy Anderson

# CLARK HILL



David Beauchamp  
T:480.684.1126  
F:480.684.1199  
dbeauclamp@Clarkhill.com

Clark Hill PLC  
14850 N. Scottsdale Road  
Suite 500  
Scottsdale, AZ 85254  
T 480.684.1100  
F 480.684.1199  
clarkhill.com

October 20, 2016

DenSCO Investment Corporation  
Attn: Peter Davis, Receiver  
Simon Consulting  
3200 N. Central Avenue, Suite 2460  
Phoenix, AZ 85012

Via E-Mail and US Mail  
(pdavis@simonconsulting.net)

**Re: DenSCO Wind Down**

Dear Peter:

Enclosed is the invoice for legal services provided by Clark Hill to DenSCO Investment Corporation through the end of September regarding the wind down of the business.

If you have any questions concerning these invoice, please contact me to discuss.

Very Truly Yours,

A handwritten signature in cursive that reads "David G. Beauchamp".

David G. Beauchamp  
CLARK HILL PLC

Enclosure

# CLARK HILL

P.L.L.C.

ATTORNEYS AT LAW

14850 N. Scottsdale Road, Suite 500  
Scottsdale, AZ 85254  
Telephone (480) 684-1100  
Fed.ID # 38-0425840

## INVOICE

Invoice # 677709

DenSco Investment Corporation  
Attn: Peter Davis, Receiver  
Simon Consulting  
3200 N. Central Avenue  
Suite 2460  
Phoenix, AZ 85012

October 18, 2016  
Client: 43820  
Matter: 307376

=====

RE: Business Wind Down

FOR SERVICES RENDERED through September 30, 2016

Total Services: \$598.00

INVOICE TOTAL \$598.00

09/12/16 670634 \$73968.00

Outstanding Balance: \$73,968.00

TOTAL AMOUNT DUE \$74,566.00  
=====

PAYABLE UPON RECEIPT IN U.S. DOLLARS

CH 0008017

# CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
October 18, 2016  
INVOICE # 677709  
Page 2

## DETAILED DESCRIPTION OF SERVICES

09/05/16	DGB	Review and work on files for transition (1.8 no charge); telephone call with K. Merritt regarding Common Sense Agreement; attorney-client review of documents and procedure (0.5 no charge).	.10
09/08/16	DGB	Work on information and procedure for transition of files to Receiver; discuss issues and procedure with M. Sifferman (2.8 no charge).	.10
09/09/16	DGB	Review and respond to emails from M. Blackford and escrow agent (0.3); review and work on files for file transition (1.7 no charge).	.30
09/10/16	DGB	Review and respond to email from M. Blackford regarding loan payoff (0.1); review and work on files for transition (2.1 no charge).	.10
09/12/16	DGB	Review and respond to email from S. Beretta in Receiver's office (0.2); review and respond to email from K. Merritt regarding files for review; several telephone calls with K. Merritt regarding regarding files for review for attorney-client information; work on file transition (3.2 no charge).	.20
09/13/16	DGB	Review files and confirm information of Receiver; review and respond to email from S. Beretta in Receiver's Office.	.70
09/13/16	DGB	Work on files for transition (2.1 no charge).	.10
09/14/16	DGB	Conference call with S. Beretta in office of P. Davis (0.1 no charge); extended conference call with K. Merritt regarding attorney-client issues and procedure with Clark Hill files; prepare for conference call with P. Davis and work on file transition (1.5 no charge).	.10

CLARK HILL P.L.C.

DenSco Investment Corporation  
Business Wind Down  
October 18, 2016  
INVOICE # 677709  
Page 3

09/15/16 DGB Review files information and work on transfer .10  
of files (3.2 no charge).

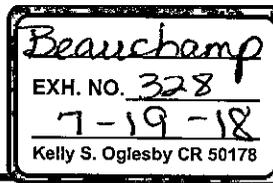
09/16/16 DGB Review emails and correspondence; telephone .10  
call with R. Anderson regarding issues  
concerning requirements for transmittal of  
files and prior obligations under AZ  
Securities Division subpoena; review emails  
concerning Common Sense Agreement and  
Attorney-Client issues (1.6 no charge).

09/23/16 DGB Review and respond to several emails concerning 1.20  
procedure for Attorney-Client review of files  
(1.2 no charge).

\$598.00

TIMEKEEPER SUMMARY

DGB	David G. Beauchamp	1.80 hours at	\$0.00 =	\$0.00
DGB	David G. Beauchamp	1.30 hours at	\$460.00 =	\$598.00



Den Sco / Workland

**Beauchamp, David G.**

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, February 03, 2014 9:58 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: Forbearance agreement

I talked to scott. Jeff is going to red line the doc and send it back to you. scott reminded him that we are on the same team trying to solve this problem. i guess jeff is sensitive so perhaps killing him with kindness will be more affective. scott told him that we would like to have this done by wednesday. hopefully between the two of you emailing the doc back and forth that that can be accomplished. i realize that you each have an obligation to protecting your client if things go badly, thus that's why we have the document. in the mean time we are going to continue working on paying off another 7 loans this week. scott said they accepted 4 more contracts this weekend, and some of them are the loans i advanced extra cash on, so that will help remove more of those off the books.

thx  
dc

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

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "dcmoney@yahoo.com" <dcmoney@yahoo.com>  
**Cc:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**Sent:** Monday, February 3, 2014 9:28 AM  
**Subject:** Fw: Forbearance agreement

Denny:

Please see Jeff's email and my response. I still need from you copies of a couple sets of the

signed loan closing documents with Scott for a couple of the problem loans. I believe we will need to show Jeff where Scott is in default. This "Friday meeting" sounds like an ambush, which I have been warned is Jeff's style.

We should talk

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

----- Original Message -----

From: Beauchamp, David G.  
Sent: Monday, February 03, 2014 09:24 AM  
To: '[jeffrey.goulder@stinsonleonard.com](mailto:jeffrey.goulder@stinsonleonard.com)' <[jeffrey.goulder@stinsonleonard.com](mailto:jeffrey.goulder@stinsonleonard.com)>  
Cc: Beauchamp, David G.  
Subject: Re: Forbearance agreement

Jeff:

Under the circumstances, I need to know what are the issues as soon as possible and definitely in advance of any meeting. DenSco has been very straightforward and cooperative with your client throughout this process. DenSco has gone out of its way to help your client for a situation that your client created. I do not understand why a meeting is necessary, because a meeting implies issues to discuss. By Friday, DenSco will have advanced approximately \$8 million in loans to your client in excess of its authorized leverage ratios and will have deferred significant amounts of interest.

I understand you are busy, but this seems like a deliberate stall. Your client said we would talk last Friday, then he said today and now you push it back to Friday. Since you were so busy three weeks ago, we used a detailed term sheet as a means to get something in writing while minimizing the imposition on your time, but this on-going delay pattern is not acceptable.

Sincerely, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

----- Original Message -----

From: Goulder, Jeffrey [<mailto:jeffrey.goulder@stinsonleonard.com>]  
Sent: Monday, February 03, 2014 07:57 AM  
To: Beauchamp, David G  
Subject: RE: Forbearance agreement

David - Are you and your client available to meet with Scott and me this Friday morning at 9:00 to discuss and finalize the Forbearance? If so, we can come to your office.

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](mailto:jeffrey.goulder@stinsonleonard.com) | <http://www.stinsonleonard.com>

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-----Original Message-----

From: Goulder, Jeffrey  
Sent: Friday, January 31, 2014 6:25 AM  
To: [dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com)  
Subject: Forbearance agreement

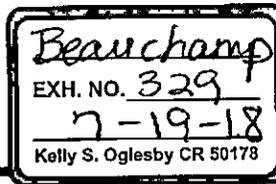
David - I have spoken with Scott about the draft forbearance. I am traveling today, but I will get you comments next week. Thanks.

.5217  
[jeffrey.goulder@stinsonleonard.com](mailto:jeffrey.goulder@stinsonleonard.com) | <http://www.stinsonleonard.com>

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Denny Sw/Workout

**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Monday, February 03, 2014 3:30 PM  
**To:** Denny Chittick  
**Subject:** RE: Forbearance agreement

Denny:

We need to know the list that existed when this problem was first recognized and you started to correct it in November and the changes since that time until the Forbearance Agreement is signed.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Denny Chittick [<mailto:dcmoney@yahoo.com>]  
**Sent:** Monday, February 03, 2014 2:58 PM  
**To:** Beauchamp, David G.  
**Subject:** RE: Forbearance agreement

I won't have the complete list until I am done funding all the loans which will be another 3 weeks I think my goal is to have then done by end of this month. After this week we will have around 20 left

Sent from Yahoo Mail for iPhone

---

**From:** Beauchamp, David G. <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)>;  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>;  
**Subject:** RE: Forbearance agreement  
**Sent:** Mon, Feb 3, 2014 9:39:58 PM

Denny:

I would suggest that we list all of the properties affected by this double-funding be each lender separately. With separate sublists showing the properties that have already been resolved. Also include the other properties that are security for other outstanding loans you have made to the Borrowers. If possible, please prepare the lists and send them to me to review. After I review, then send the lists to Scott.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [<mailto:dcmoney@yahoo.com>]  
**Sent:** Monday, February 03, 2014 12:19 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: Forbearance agreement

i can create this in a heart beat, i think at the point we have a signed date i can add it. or if we are only wanting to put the list of properties in question, i can do that now.

dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://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)>  
**Sent:** Monday, February 3, 2014 12:08 PM  
**Subject:** Fw: Forbearance agreement

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

----- Original Message -----

From: Beauchamp, David G.

Sent: Monday, February 03, 2014 12:08 PM

To: 'jeffrey.goulder@stinsonleonard.com' <jeffrey.goulder@stinsonleonard.com>

Cc: Beauchamp, David G.

Subject: Re: Forbearance agreement

Jeff:

Denny said that he would prepare that with Scott.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

----- Original Message -----

From: Goulder, Jeffrey [mailto:[jeffrey.goulder@stinsonleonard.com](mailto:jeffrey.goulder@stinsonleonard.com)]

Sent: Monday, February 03, 2014 11:51 AM

To: Beauchamp, David G.

Subject: RE: Forbearance agreement

David - Have you prepared Ex. A? If so, please forward.

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](mailto:jeffrey.goulder@stinsonleonard.com) | <http://www.stinsonleonard.com>

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

-----Original Message-----

From: Goulder, Jeffrey

Sent: Monday, February 03, 2014 10:59 AM

To: 'Beauchamp, David G.'

Subject: RE: Forbearance agreement

David - You are mis-reading the situation. I simply thought that we could finalize the agreement more efficiently if we all sat down together and went through it. In any event, since I gather you'd prefer not to handle it that way, I'll get you a revised draft showing our changes.

-----Original Message-----

From: Beauchamp, David G. [mailto:[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)]

Sent: Monday, February 03, 2014 9:24 AM

To: Goulder, Jeffrey

Cc: Beauchamp, David G.  
Subject: Re: Forbearance agreement

Jeff:

Under the circumstances, I need to know what are the issues as soon as possible and definitely in advance of any meeting. DenSco has been very straightforward and cooperative with your client throughout this process. DenSco has gone out of its way to help your client for a situation that your client created. I do not understand why a meeting is necessary, because a meeting implies issues to discuss. By Friday, DenSco will have advanced approximately \$8 million in loans to your client in excess of its authorized leverage ratios and will have deferred significant amounts of interest.

I understand you are busy, but this seems like a deliberate stall. Your client said we would talk last Friday, then he said today and now you push it back to Friday. Since you were so busy three weeks ago, we used a detailed term sheet as a means to get something in writing while minimizing the imposition on your time, but this on-going delay pattern is not acceptable.

Sincerely, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

----- Original Message -----

From: Goulder, Jeffrey [<mailto:jeffrey.goulder@stinsonleonard.com>]  
Sent: Monday, February 03, 2014 07:57 AM  
To: Beauchamp, David G.  
Subject: RE: Forbearance agreement

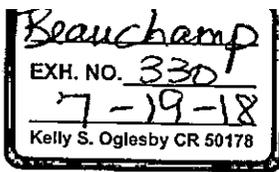
David - Are you and your client available to meet with Scott and me this Friday morning at 9:00 to discuss and finalize the Forbearance? If so, we can come to your office.

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](mailto:jeffrey.goulder@stinsonleonard.com) | <http://www.stinsonleonard.com>

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

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DeaSw / Workout

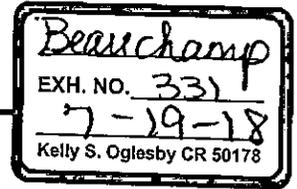
○ Tau Denny Chittick (2/3/14)

602-469-3001

- ~~Doc~~ explained that we followed Denny's instruction & prepared the agmt as fair to Borrower as possible - did not leave room for negotiation
- Scott said that there are 2 ~~para~~ paragraphs that conflicted that Jeff wanted to correct & the other things were just wording
- ~~Doc~~ Denny understands <sup>our</sup> concern if we have to get back into negotiations

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 2/4/2014 9:00:57 AM  
**To:** Yomtov Menaged [smena98754@aol.com]  
**CC:** Beauchamp, David G. [dbeauchamp@clarkhill.com]  
**Subject:** loans  
**Attachments:** Exhibit A Loans.xlsx



in the agreement, exhibit A is the listing of the loans that are in question. i took a list of loans from the end of the year, added back the loans that closed in dec, i believe this is a complete list. i know we had a dozen to 20 loans that had no 2nds on them, and i know there were some that had what you called an blanket loan that needed to be released. i rather list more the loans then less of the loans in question. i think this is a full list.

if you think somethingn should be taken out of it, let me know. other wise, i'll have david add it to the agreement.

thx  
dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

#	Who?	Note Holder	Property Address	City/Zip
1192	Easy	Easy Investments, LLC	8122 N 32nd Ave	Phx, 85051
1285	easy	Easy Investments, LLC	3628 W Garfield St	Phx, 85009
1420	Easy	Easy Investments, LLC	822 E Orange Ave	Fin Hills, 85268
2509	Easy	Easy Investments, LLC	196 Leisure World	Mesa, 85206
2672	Easy	Easy Investments, LLC	5126 N 78th Street	Scottsdale, 85250
3364	Easy	Easy Investments, LLC	14894 N 97th Place	Scottsdale, 85260
3610	Easy	Easy Investments, LLC	20802 N Grayhawk Dr #1076	Scottsdale, 85255
3736	easy	Michelle Menaged	9103 E Charter Oak Dr	Scottsdale, 85260
3814	easy	Easy Investments, LLC	18202 N Cave Creek Rd #215	Phx, 85032
3817	easy	Easy Investments, LLC	7513 N 47th Drive	Glendale, 85301
3828	easy	Easy Investments, LLC	1605 W Winter Dr	Phx, 85021
3829	easy	Easy Investments, LLC	702 W Wilshire Dr	Phx, 85007
3882	easy	Easy Investments, LLC	10721 W Laurelwood Ln	Avondale, 85323
3883	easy	Easy Investments, LLC	9555 E Raintree Dr., #1004	Scottsdale, 85260
3885	easy	Easy Investments, LLC	9555 W Raintree Dr #1020	Scottsdale, 85260
3913	easy	Easy Investments, LLC	1892 E Ellis Dr	Tempe, 85282
3914	easy	Easy Investments, LLC	3740 E Sexton St	Gilbert, 85297
3926	easy	Easy Investments, LLC	320 S 70th Street #9	Mesa, 85208
3927	easy	Easy Investments, LLC	7204 W Warner St	Phx, 85043
3929	easy	Easy Investments, LLC	3016 W Laurel Ln	Phx, 85029
3933	easy	Easy Investments, LLC	9451 E Becker Ln #1057B	Scottsdale, 85260
3957	Easy	Easy Investments, LLC	1500 N Markdale #1	Mesa, 85201
3959	Easy	Easy Investments, LLC	5420 W Sunnyside Dr	Glendale, 85304
3975	easy	Easy Investments, LLC	1080 E Redwood Dr	Chandler, 85286
3976	easy	Easy Investments, LLC	2402 E Yucca St	Phx, 85028
3977	easy	Easy Investments, LLC	7771 W Marlette Ave	Glendale, 85303
3987	easy	Easy Investments, LLC	18356 W Mission Ln	Waddell, 85355
3994	easy	Easy Investments, LLC	9016 S 41st Lane	Laveen, 85339
3997	Easy	Easy Investments, LLC	311 N Kenneth Pl	Chandler, 85226
3998	Easy	Easy Investments, LLC	2367 E Balsam Dr	Chandler, 85286
3999	Easy	Easy Investments, LLC	26783 N 53rd Lane	Phx, 85083
4003	easy	Easy Investments, LLC	4529 E Sharon Dr	Phx, 85032
4004	easy	Easy Investments, LLC	7575 E Indian Bend Rd #2123	Scottsdale, 85250
4011	easy	Easy Investments, LLC	18203 W Ruth Ave	Waddell, 85355
4026	easy	Easy Investments, LLC	12802 W Willow Ave	El Mirage, 85335
4027	easy	Easy Investments, LLC	11106 W Dana Lane	Avondale, 85323
4032	easy	Easy Investments, LLC	10510 E Sunnyside Dr	Scottsdale, 85259
4033	easy	Easy Investments, LLC	10401 N 52nd Street #10	PV, AZ 85253
4034	easy	Easy Investments, LLC	11571 W Hopi St	Avondale, 85323
4035	easy	Easy Investments, LLC	23949 W Hadley St	Buckeye, 85326
4038	easy	Easy Investments, LLC	3150 E Beardsley Rd #1076	Phx, 85050
4061	easy	Easy Investments, LLC	22261 W Moonlight Path	Buckeye, 85326
4069	easy	Easy Investments, LLC	3333 W Apollo Rd	Phx, 85041
4077	easy	Easy Investments, LLC	5357 S Ranger Trail	Gilbert, 85298
4093	easy	Easy Investments, LLC	2360 E Carmel Ave	Mesa, 85204
4094	easy	Easy Investments, LLC	5211 N 193rd Ave	Litchfield, 85340

4109	easy	Easy Investments, LLC	12827 W Desert Mirage Dr	Peoria, 85383
4116	easy	Easy Investments, LLC	6332 W Sonora St	Phx, 85043
4118	easy	Easy Investments, LLC	2048 E Marilyn Ave	Mesa, 85204
4122	easy	Easy Investments, LLC	1431 E Bridgeport Pkwy	Gilbert, 85295
4129	easy	Easy Investments, LLC	2210 W Marco Polo Rd	Phx, 85027
4130	easy	Easy Investments, LLC	18650 N 91st Ave #3301	Peoria, 85382
4136	easy	Easy Investments, LLC	14556 N 154th Lane	Surprise, 85379
4146	easy	Easy Investments, LLC	4627 E Red Range Way	Cave Creek, 85331
4152	easy	Easy Investments, LLC	18131 W Ruth Ave	Waddell, 85355
4180	easy	Easy Investments, LLC	7089 E Andrew Ln	Peoria, 85383
4185	easy	Easy Investments, LLC	3826 E Palmer St	Gilbert, 85298
4201	easy	Easy Investments, LLC	4320 E Encinas Ave	Higley, 85234
4227	easy	Easy Investments, LLC	15677 W Ripple Cir	Goodyear, 85395
4228	easy	Easy Investments, LLC	7389 W Tierra Buena Ln	Peoria, 85382
4229	easy	Easy Investments, LLC	436 N 159th Ave	Goodyear, 85395
4233	easy	Easy Investments, LLC	1262 E Clifton Ave	Gilbert, 85295
4244	easy	Easy Investments, LLC	16832 W Toronto Way	Goodyear, 85395
4253	easy	Easy Investments, LLC	4303 E Cactus Rd., #201	Phx, 85032
4280	easy	Easy Investments, LLC	28922 W Desert Bloom St	Buckeye, 85326
4287	easy	Easy Investments, LLC	4745 W Golden Ln	Glendale, 85302
4289	easy	Easy Investments, LLC	7703 W Lamar Rd	Glendale, 85303
4307	easy	Easy Investments, LLC	2681 S Palm St	Gilbert, 85295
4308	easy	Easy Investments, LLC	711 E Potter Dr	Phx, 85024
4313	easy	Easy Investments, LLC	19296 W Adams St	Buckeye, 85326
4314	easy	Easy Investments, LLC	18159 W Saguaro Ln	Surprise, 85388
4322	easy	Easy Investments, LLC	3354 W Monona Dr	Phx, 85027
4338	easy	Easy Investments, LLC	2945 E Dunbar Dr	Phx, 85047
4342	easy	Easy Investments, LLC	11744 W Hadley St	Avondale, 85323
4343	easy	Easy Investments, LLC	23827 W Gibson Ln	Buckeye, 85326
4344	easy	Easy Investments, LLC	15020 N 133rd Ln	Surprise, 85379
4352	easy	Easy Investments, LLC	3154 W Foothills Dr	Phx, 85027
4361	easy	Easy Investments, LLC	614 W Aire Libre	Phx, 85023
4381	easy	Easy Investments, LLC	4237 W Pleasant Ln	Phx, 85041
4383	easy	Easy Investments, LLC	9423 W McRae Way	Peoria, 85382
4384	easy	Easy Investments, LLC	23819 W Hidalgo Ave	Buckeye, 85326
4386	easy	Easy Investments, LLC	2182 E Arabian Dr	Gilbert, 85296
4393	easy	Easy Investments, LLC	25209 S Saddletree Dr	Sun Lakes, 85248
4395	easy	Easy Investments, LLC	3002 N 70th St #144	Scottsdale, 85251
4397	easy	Easy Investments, LLC	2968 E Lynx Way	Gilbert, 85298
4409	easy	Arizona Home Foreclosures, LLC	3326 E Oriole Dr	Gilbert, 85297
4410	easy	Arizona Home Foreclosures, LLC	9521 E Rosada Ave	Mesa, 85212
4411	easy	Arizona Home Foreclosures, LLC	5335 S Monte Vista St	Chandler, 85249
4417	easy	Arizona Home Foreclosures, LLC	17540 N Estrella Vista Dr	Surprise, 85374
4422	easy	Arizona Home Foreclosures, LLC	8224 S 74th Ave	Laveen, 85339
4430	easy	Arizona Home Foreclosures, LLC	5414 S Heather Dr	Tempe, 85283
4431	easy	Arizona Home Foreclosures, LLC	25852 S Beech Creek Dr	Sun Lakes, 85248
4434	easy	Arizona Home Foreclosures, LLC	2210 S Keene	Mesa, 85209

4438 easy	Arizona Home Foreclosures, LLC	6346 W Valencia Dr	Laveen, 85339
4444 easy	Arizona Home Foreclosures, LLC	11979 N 154th Drive	Surprise, 85379
4446 easy	Arizona Home Foreclosures, LLC	6024 E Wethersfield Rd	Scottsdale, 85254
4454 easy	Arizona Home Foreclosures, LLC	2733 S Ananea	Mesa, 85209
4459 easy	Arizona Home Foreclosures, LLC	1427 W Windsong Dr	Phx, 85045
4481 easy	Arizona Home Foreclosures, LLC	13512 W Marshall Ave	Litchfield, 85340
4482 easy	Arizona Home Foreclosures, LLC	10440 W Hammond Ln	Tolleson, 85353
4483 easy	Arizona Home Foreclosures, LLC	13920 W Maui Ln	Surprise, 85379
4484 easy	Arizona Home Foreclosures, LLC	10020 N 66th Drive	Glendale, 85302
4496 easy	Arizona Home Foreclosures, LLC	16527 W Post Dr	Surprise, 85388
4500 easy	Arizona Home Foreclosures, LLC	10025 W Williams St	Tolleson, 85353
4501 easy	Arizona Home Foreclosures, LLC	2216 W Plata Cir	Mesa, 85202
4503 easy	Arizona Home Foreclosures, LLC	15456 S 47th Place	Phx, 85044
4504 easy	Arizona Home Foreclosures, LLC	39817 N Mesmer Way	Anthe, 85086
4505 easy	Arizona Home Foreclosures, LLC	2105 S 108th Ave	Avondale, 85323
4508 easy	Arizona Home Foreclosures, LLC	11580 W Flores Dr	El Mirage, 85335
4509 easy	Arizona Home Foreclosures, LLC	1561 E Mia Ln	Gilbert 85298
4512 easy	Arizona Home Foreclosures, LLC	11502 W Wood Dr	Phx, 85029
4513 easy	Arizona Home Foreclosures, LLC	16010 N 170th Lane	Surprise, 85388
4514 easy	Arizona Home Foreclosures, LLC	2895 E Millbrae Ln	Gilbert, 85284
4516 easy	Arizona Home Foreclosures, LLC	18425 N 56th Lane	Glendale, 85308
4519 easy	Arizona Home Foreclosures, LLC	28851 W Wier Ave	Buckeye, 85326
4523 easy	Arizona Home Foreclosures, LLC	10125 E Lobo Ave	Mesa, 85209
4524 easy	Arizona Home Foreclosures, LLC	23687 W Wayland Dr	Buckeye, 85326
4530 easy	Arizona Home Foreclosures, LLC	1750 W Potter Dr	Phx, 85027
4532 easy	Arizona Home Foreclosures, LLC	516 W Dublin St	Chandler, 85225
4534 easy	Arizona Home Foreclosures, LLC	3043 S Cortland	Mesa, 85212
4536 easy	Arizona Home Foreclosures, LLC	18915 N Sunsites Dr	Surprise, 85387
4539 easy	Arizona Home Foreclosures, LLC	1355 S Yale	Tempe, 85204
4540 easy	Arizona Home Foreclosures, LLC	839 S Chatsworth	Mesa, 85208
4541 easy	Arizona Home Foreclosures, LLC	31008 W Columbus Ave	Buckeye, 85326
4544 easy	Arizona Home Foreclosures, LLC	17016 S 27th Place	Phx, 85048
4545 easy	Arizona Home Foreclosures, LLC	3150 E Beardsley Rd #1030	Phx, 85050
4546 easy	Arizona Home Foreclosures, LLC	15580 N Frank Lloyd Wright #1005	Scottsdale, 85260
4554 easy	Arizona Home Foreclosures, LLC	2027 S 101st Dr	Tolleson, 85353
4556 easy	Arizona Home Foreclosures, LLC	8987 W Peck Dr	Glendale, 85305
4562 easy	Arizona Home Foreclosures, LLC	4625 W Carson Rd	Laveen, 85339
4569 easy	Arizona Home Foreclosures, LLC	3116 E Onza Ave	Mesa, 85212
4573 easy	Arizona Home Foreclosures, LLC	11634 W Adams St	Avondale, 85323
4574 easy	Arizona Home Foreclosures, LLC	25863 W St James Ave	Buckeye, 85326
4578 easy	Arizona Home Foreclosures, LLC	1040 S 220nd Lane	Buckeye, 85326
4579 easy	Arizona Home Foreclosures, LLC	977 S Colonial Dr	Gilbert, 85296
4584 easy	Arizona Home Foreclosures, LLC	11509 E Pratt Ave	Mesa, 85212
4585 easy	Arizona Home Foreclosures, LLC	3154 W Via Montoya Dr	Phx, 85027
4589 easy	Arizona Home Foreclosures, LLC	16739 W Navajo St	Goodyear, 85395
4591 easy	Arizona Home Foreclosures, LLC	126 S Hasset St	Mesa, 85208
4592 easy	Arizona Home Foreclosures, LLC	2716 S Milburn	Mesa, 85209

4598	easy	Arizona Home Foreclosures, LLC	11603 W Ogilsey Ave	Youngtown, 85363
4599	easy	Arizona Home Foreclosures, LLC	1629 S 85th Dr	Tolleson, 85353
4604	easy	Arizona Home Foreclosures, LLC	707 E Potter Dr	Phx, 85024
4607	easy	Arizona Home Foreclosures, LLC	1942 S Emerson #252	Mesa, 85210
4611	easy	Arizona Home Foreclosures, LLC	14904 W Part Royale Ln	Surprise, 85379
4616	easy	Arizona Home Foreclosures, LLC	25234 W Darrell Dr	Buckeye, 85326
4618	easy	Arizona Home Foreclosures, LLC	15835 N 47th Street	Phx, 85032
4619	easy	Arizona Home Foreclosures, LLC	3740 W Villa Theresa Dr	Glendale, 85308
4624	easy	Arizona Home Foreclosures, LLC	15143 E Ashen Dr	Rtn Hills, 85268
4625	easy	Arizona Home Foreclosures, LLC	114 E Valley View Dr	Phx, 85042
4626	easy	Arizona Home Foreclosures, LLC	12614 N 62nd Street	Scottsdale, 85254
4627	easy	Arizona Home Foreclosures, LLC	10769 W Runion Dr	Sun City, 85373
4628	easy	Arizona Home Foreclosures, LLC	7752 E Obispo Ave	Mesa, 85212
4636	easy	Arizona Home Foreclosures, LLC	4705 N Brookview Terrace	Litchfield, 85340
4637	easy	Arizona Home Foreclosures, LLC	8742 W Pioneer St	Tolleson, 85353
4642	easy	Arizona Home Foreclosures, LLC	11954 W Belmont Dr	Avondale, 85323
4643	easy	Arizona Home Foreclosures, LLC	842 E Sheffield Ave	Gilbert, 85296
4644	easy	Arizona Home Foreclosures, LLC	18146 W Puget Ave	Waddell, 85355
4645	easy	Arizona Home Foreclosures, LLC	14869 W Caribbean Ln	Surprise, 85379
4649	easy	Arizona Home Foreclosures, LLC	3014 W Rose Garden Ln	Phx, 85027
4652	easy	Arizona Home Foreclosures, LLC	4119 W Valley View Dr	Laveen, 85339
4656	easy	Arizona Home Foreclosures, LLC	4906 W Gelding Dr	Glendale, 85306
4658	easy	Arizona Home Foreclosures, LLC	3880 W Anderson Dr	Glendale, 85308
4659	easy	Arizona Home Foreclosures, LLC	4728 W Carson Rd	Laveen, 85339
4662	easy	Arizona Home Foreclosures, LLC	3247 E Maldonado Dr	Phx, 85042
4663	easy	Arizona Home Foreclosures, LLC	978 N 85th Place	Scottsdale, 85257
4665	easy	Arizona Home Foreclosures, LLC	635 S St Paul	Mesa, 85206
4669	easy	Arizona Home Foreclosures, LLC	12602 N 60th Street	Scottsdale, 85254
4670	easy	Arizona Home Foreclosures, LLC	2229 W Steed Rd	Phx, 85085
4671	easy	Arizona Home Foreclosures, LLC	23846 W Gibson Ln	Buckeye, 85326
4672	easy	Arizona Home Foreclosures, LLC	9537 E Alana Ave	Mesa, 85212
4684	easy	Arizona Home Foreclosures, LLC	1791 E Gary Dr	Chandler, 85225
4687	easy	Arizona Home Foreclosures, LLC	7930 W Pontiac Dr	Glendale, 85308
4688	easy	Arizona Home Foreclosures, LLC	9832 E Olla Ave	Mesa, 85212
4689	easy	Arizona Home Foreclosures, LLC	17661 W Marconi Ave	Surprise, 85388
4690	easy	Arizona Home Foreclosures, LLC	4119 W Grovers Ave	Glendale, 85308
4703	easy	Easy Investments, LLC	14365 W Verde Ln	Goodyear, 85395
4710	easy	Arizona Home Foreclosures, LLC	25510 W Whyman St	Buckeye, 85326
4711	easy	Arizona Home Foreclosures, LLC	1697 S 233rd Ln	Buckeye, 85326
4715	easy	Arizona Home Foreclosures, LLC	2507 W Bent Tree Dr	Phx, 85085
4718	easy	Arizona Home Foreclosures, LLC	10836 E Arcadia Ave	Mesa, 85208
4719	easy	Arizona Home Foreclosures, LLC	523 W Sundance Way	Chandler, 85225
4722	easy	Arizona Home Foreclosures, LLC	1820 S 106th Ln	Tolleson, 85353

<i>Amount of Loan</i>	
\$	85,000.00
\$	37,000.00
\$	70,000.00
\$	62,000.00
\$	110,000.00
\$	300,000.00
\$	250,000.00
\$	400,000.00
\$	30,000.00
\$	20,000.00
\$	300,000.00
\$	140,000.00
\$	120,000.00
\$	120,000.00
\$	100,000.00
\$	140,000.00
\$	150,000.00
\$	120,000.00
\$	90,000.00
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\$	150,000.00
\$	120,000.00
\$	150,000.00
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\$	90,000.00
\$	100,000.00
\$	80,000.00
\$	100,000.00
\$	230,000.00
\$	90,000.00
\$	210,000.00

\$ 130,000.00	\$ 60,000.00
\$ 130,000.00	\$ 210,000.00
\$ 100,000.00	\$ 100,000.00
\$ 120,000.00	\$ 290,000.00
\$ 190,000.00	\$ 170,000.00
\$ 160,000.00	\$ 160,000.00
\$ 80,000.00	\$ 100,000.00
\$ 140,000.00	\$ 170,000.00
\$ 110,000.00	\$ 100,000.00
\$ 90,000.00	\$ 60,000.00
\$ 100,000.00	\$ 300,000.00
\$ 130,000.00	\$ 110,000.00
\$ 120,000.00	\$ 80,000.00
\$ 80,000.00	\$ 100,000.00
\$ 110,000.00	\$ 90,000.00
\$ 100,000.00	\$ 140,000.00
\$ 160,000.00	\$ 100,000.00
\$ 110,000.00	\$ 140,000.00
\$ 100,000.00	\$ 50,000.00
\$ 240,000.00	\$ 150,000.00
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\$ 140,000.00	\$ 100,000.00
\$ 170,000.00	\$ 120,000.00
\$ 200,000.00	

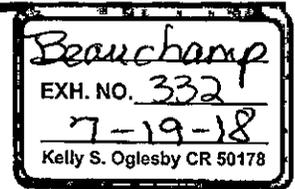
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\$	250,000.00
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\$	110,000.00
<del>\$</del>	<del>230,000.00</del>
\$	100,000.00
<del>\$</del>	<del>120,000.00</del>
\$	160,000.00
<del>\$</del>	<del>90,000.00</del>
\$	100,000.00
<del>\$</del>	<del>90,000.00</del>
\$	120,000.00
<del>\$</del>	<del>140,000.00</del>
\$	130,000.00
<del>\$</del>	<del>120,000.00</del>
\$	80,000.00
<del>\$</del>	<del>140,000.00</del>
\$	100,000.00
<del>\$</del>	<del>220,000.00</del>
\$	100,000.00
<del>\$</del>	<del>120,000.00</del>
\$	100,000.00
<del>\$</del>	<del>110,000.00</del>
\$	100,000.00
<del>\$</del>	<del>80,000.00</del>
\$	90,000.00
<del>\$</del>	<del>140,000.00</del>
\$	140,000.00
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\$	160,000.00
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\$	110,000.00

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\$ 220,000.00
\$ 90,000.00
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\$ 260,000.00
\$ 220,000.00
\$ 120,000.00
\$ 120,000.00
\$ 140,000.00
\$ 130,000.00
\$ 170,000.00
\$ 110,000.00
\$ 150,000.00
\$ 90,000.00
\$ 80,000.00
\$ 160,000.00
\$ 100,000.00
\$ 75,000.00
\$ 90,000.00

DenSco/Winter

**Beauchamp, David G.**

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Tuesday, February 04, 2014 10:25 AM  
**To:** Beauchamp, David G.  
**Subject:** Fw: loans



ok use the spreadsheet, it should incorporate all the loans as of 11/26 or so. keep in mind dozen's of those have been paid off by now.

thx  
dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

----- Forwarded Message -----

**From:** Scott Menaged <smena98754@aol.com>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Tuesday, February 4, 2014 10:17 AM  
**Subject:** Re: loans

I agree that's the best way to do it

Jeff will be sending David his comments today

Sent from my iPhone

On Feb 4, 2014, at 10:00 AM, Denny Chittick <dcmoney@yahoo.com> wrote:

in the agreement, exhibit A is the listing of the loans that are in question. i took a list of loans from the end of the year, added back the loans that closed in dec, i believe this is a complete list. i know we had a dozen to 20 loans that had no 2nds on them, and i know there were some that had what you called an blanket

loan that needed to be released. i rather list more the loans then less of the loans in question. i think this is a full list.

if you think somethingn should be taken out of it, let me know. other wise, i'll have david add it to the agreement.

thx

dc

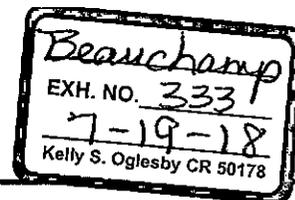
DenSco Investment Corp

[www.denscoinvestment.com](http://www.denscoinvestment.com)

602-469-3001 C

602-532-7737 f\_\_\_\_\_

<Exhibit A Loans.xlsx>



Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 2/4/2014 5:21:53 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** FW: Easy/DenSco - Revised Forbearance Agreement  
**Attachments:** Forbearance Agreement (Revised 2) (2-4-14).DOCX; Forbearance Agreement (Redline 3) (2-4-14).DOCX

Denny:

In Jeff's email, he references that "our clients have already discussed the changes in the business terms." So Jeff is changing the deal again? What has been discussed? This is exactly what I wanted to avoid by having Jeff send me his list of issues so we could discuss before Jeff gave Scott talking points to go over with you.

I just got back to my office and this email and red-line document were on my system. There are significant changes that I need to go through carefully and we will then need to talk. I thought that Scott had said that it was only "word changes?" Again, Scott is trying to make this your workout and at your expense as opposed to it being Scott's workout.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Goulder, Jeffrey [mailto:[jeffrey.goulder@stinsonleonard.com](mailto:jeffrey.goulder@stinsonleonard.com)]  
**Sent:** Tuesday, February 04, 2014 3:20 PM  
**To:** Beauchamp, David G.  
**Subject:** Easy/DenSco - Revised Forbearance Agreement

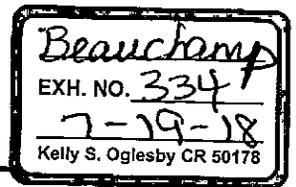
David – Attached is a clean and redlined copy of the revised agreement. I believe our clients have already discussed the changes in the business terms. We will look forward to hearing from you.

**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](mailto:jeffrey.goulder@stinsonleonard.com) | [www.stinsonleonard.com](http://www.stinsonleonard.com)

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

Please consider the environment before printing this e-mail

This communication (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.



Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 2/4/2014 5:39:10 PM  
**To:** Schenck, Daniel A. [dschenck@clarkhill.com]  
**Subject:** FW: Easy/DenSco - Revised Forbearance Agreement  
**Attachments:** Forbearance Agreement (Revised 2) (2-4-14).DOCX; Forbearance Agreement (Redline 3) (2-4-14).DOCX

**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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Goulder, Jeffrey [mailto:jeffrey.goulder@stinsonleonard.com]  
**Sent:** Tuesday, February 04, 2014 3:20 PM  
**To:** Beauchamp, David G.  
**Subject:** Easy/DenSco - Revised Forbearance Agreement

David – Attached is a clean and redlined copy of the revised agreement. I believe our clients have already discussed the changes in the business terms. We will look forward to hearing from you.

**Jeffrey J. Goulder** | Partner | Stinson Leonard Street LLP  
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Please consider the environment before printing this e-mail.

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## 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 ("EI"), 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")

### 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 are evidenced by certain promissory notes, executed by Borrower in favor of Lender (the "Notes") **[DAVID – PLEASE PROVIDE EXHIBIT A]**

B. Guarantor guaranteed the payment and performance of each of the Loans (the "Guaranty"), executed by Guarantor in favor of Lender.

C. The Loans are further evidenced and/or secured by various documents and instruments, including but not limited to certain Deeds of Trust and Assignment of Rents ("Deeds of Trust"), executed by Borrower in favor of Lender. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, "Properties") and referenced in Exhibit A. The Note, 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. Certain of the Properties were also used 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 the respective Property.

E. The Loans are now in default and Lender has provided Borrower with any and all notice required under the Loans Documents concerning such default

F. 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 acknowledge the existing default under the Loans, (2) all liens, security interests, rights and remedies of Lender under the Loans Documents continue in full force and

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effect and (3) Borrower and 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 \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ in principal, \$ \_\_\_\_\_ in accrued interest (through and including \_\_\_\_\_, 2014), \$ \_\_\_\_\_ advanced by Lender in payment of \_\_\_\_\_ 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 \_\_\_\_% per annum as provided in the Notes (as opposed to the default rate set forth in the Notes).

2. **Acknowledgment of Default.** Borrower and 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 and 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 Borrower and Guarantor's knowledge, 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 as described in the Loans Documents.

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 and Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower or Guarantor fails to pay any sum or to perform any covenant, agreement or obligation owed to Lender under this Agreement, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the Loan 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 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, 2016.

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 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.

(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 \$5,000,000, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been full 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. 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 PROVIDE COPIES OF THESE DOCUMENTS.]**

(D) Borrower agrees to provide Lender with a separate personal 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 amount of approximately \$1,000,000 (the "Outside Funds"), which is to be provided to Borrower on or before March 20, 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) Borrower, 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) 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 Lender in connection with this Agreement, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders, up to a total of \$\_\_\_\_\_.

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 advance 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 (the "Additional Loan").

(D) Provided that Borrower complies with its obligations under this Agreement. Lender will waive the right to charge the default rate which is or may be permitted pursuant to the terms of the Loans Documents. If Borrower fails to comply with these obligations, however, it shall then be liable for interest at the default rate set forth in the Loan Documents.

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. [Already covered above]~~

9. **Grace and Cure Periods.** If Borrower fails to comply with any obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the obligation within five (5) business days of receiving written demand from Lender.

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 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. ALREADY COVERED BY ¶ 6(K).~~

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.

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.** 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 and 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 or 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 and Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November \_\_\_\_, 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 \$ \_\_\_\_\_, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower and 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.

[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: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

DB04/1003619.0002/10352141.3

CH\_0006703

**ACKNOWLEDGMENTS**

STATE OF ARIZONA        )  
  ) SS  
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 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  
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 \_\_\_\_ 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  
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  
COUNTY OF MARICOPA    )

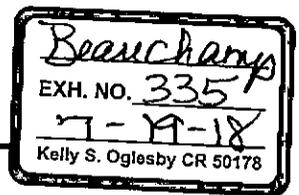
On this \_\_\_\_ day of \_\_\_\_\_, 2014, before me appeared Denny Chittick, to me personally known, who being by me duly sworn, did say that he/she is the President of DENSCO INVESTMENT CORPORATION, an Arizona corporation, and said Denny Chittick acknowledged execution of the foregoing instrument to 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:

\_\_\_\_\_



Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 2/4/2014 6:27:30 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** Attached Redline of Forbearance Agreement  
**Attachments:** 3640\_001.pdf

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 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://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

## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on ~~January~~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 ("EI"), 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, (~~collectively~~, the Borrower, the Guarantor, the New Guarantor, and Lender are each considered a "Party" hereunder and are collectively referred to as the "Parties").

### 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 are evidenced by certain promissory notes, executed by Borrower in favor of Lender (the "Notes"). ~~DAVID - PLEASE PROVIDE EXHIBIT A~~

B. Guarantor guaranteed the payment and performance of each of the Loans ~~as demonstrated on Loans and/or Notes~~ (the "Guaranty"), executed by Guarantor in favor of Lender.

C. The Loans are further evidenced and/or secured by various documents and instruments, including but not limited to certain Deeds of Trust and Assignment of Rents ("Deeds of Trust"), executed by Borrower in favor of Lender. The Deeds of Trust constitute a lien on the respective real properties described therein (individually a "Property" and collectively, "Properties") and referenced in Exhibit A. The Note, 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. Certain of the Properties were also used 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 the respective Property, ~~as required by the Loans Documents~~.

E. The Loans are now in default and Lender has provided Borrower with any and all notice required under the Loans Documents concerning such default.

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290131428.4 43930/168850

F. 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 acknowledge the existing default 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 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 \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ in principal, \$ \_\_\_\_\_ in accrued interest (through and including \_\_\_\_\_, 2014), \$ \_\_\_\_\_ advanced by Lender in payment of \_\_\_\_\_ 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 \_\_\_\_\_% per annum as provided in the Notes (as opposed to the default rate set forth in the Notes).

2. **Acknowledgment of Default.** Borrower and 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 and 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 Borrower and Guarantor's knowledge, all liens and security interests created in favor of Lender under the Loans Documents have been validly created and duly perfected as first and prior encumbrances upon all Properties and collateral of Borrower and/or Guarantor as described in the Loans Documents. ~~Borrower and Guarantor also acknowledge and confirm that the past practice of the Parties included the loan being funded to Borrower for Borrower to pay the previous Trustee of each Property, the recording of the Deeds of Trust as a first priority encumbrance of the respective Properties, pursuant to the terms of each set of the Loans Documents, and that Borrower was not aware of any changes to that practice when the Loans were made to the Borrower.~~

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 and Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower or Guarantor fails to pay any sum or to perform any covenant, agreement or obligation owed to Lender under this Agreement ~~or any Loan Document~~, Lender may cease such forbearance and may immediately commence and pursue any or all rights and remedies Lender may have under the ~~Loans Documents~~ 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 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 or 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 or extend the maturity of the Loans.~~ Notwithstanding this provision, the maturity date of all of the Loans is hereby extended to February 1, 2016.

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 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.

(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~~ \$3,000,000, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been full 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. 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 PROVIDE COPIES OF THESE DOCUMENTS.

(D) Borrower agrees to provide Lender with a separate personal 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.

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(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 amount of approximately \$1,000,000 (the "Outside Funds"), which is to be provided to Borrower on or before February ~~March 20~~, 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) Borrower, 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) 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.~~

~~(J) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create first and prior liens, as applicable, upon and/or security interests in the Additional Collateral.~~ (K) 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 Lender in connection with this Agreement, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders, up to a total of \$\_\_\_\_\_.

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 advance 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 ~~subject~~ 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 (the "Additional Loan").

(D) ~~Provided that Borrower complies with its obligations under this Agreement, Lender will defer (but not waive) the right to charge the default rate which is or may be permitted pursuant to the terms of the Loans Documents. If Borrower fails to comply with these obligations, however, it shall then be liable for interest at the default rate set forth in the Loan Documents.~~

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 ~~or before September 30, 2014~~ February 1, 2016 in any event, without notice or demand.

9. ~~Additional Collateral Required. As one of the conditions to the effectiveness of this Agreement and of Lender's continued forbearance hereunder, the following additional collateral and security shall be furnished to Lender:~~ Already covered above!

~~(A) Guaranty by Furniture King, LLC, secured by its assets;~~

~~(B) Life insurance policy insuring the life of Guarantor, in the amount of \$10,000,000, and~~

~~(C) [what else should be included]~~

~~14. Grace and Cure Periods Eliminated. All provisions of the Loans Documents requiring any 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 any grace period during which non-payment does not constitute a default, or granting any 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 according to~~

Grace and Cure Periods. If Borrower fails to comply with any obligation undertaken by it through this Agreement, Borrower shall be in default of this Agreement if it fails to satisfy the obligation within five (5) business days of receiving written demand from Lender.

~~14.10.~~

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 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,

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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.

~~13.11. 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.

~~13.12. 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.

~~14. 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, and 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. Costs and Expenses - ALREADY COVERED BY 1.6(K).

~~15.11. of the Essence~~ Time is of the essence of all agreements and obligations contained herein. Time.

~~16.14.~~

**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.

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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.

~~17-15. 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.

~~18-16.~~ 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 and 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 or Guarantor under any circumstances.

~~19-17. Ratification of Workout.~~ The parties acknowledge and agree that the terms and conditions of ~~the~~ this Agreement are part of but not the entire body of a mutual workout ~~arrangement/arrangement~~ between the parties for a resolution of a dispute regarding the Loans. Borrower and Guarantor each hereby ratify, consent to, and agree to all of Lender's actions, from November \_\_\_\_, 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 \$ \_\_\_\_\_, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower and 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.

[signatures on following page]

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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

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**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

DB04/1003619.0002/10352141.3

**ACKNOWLEDGMENTS**

STATE OF ARIZONA        )  
  ) SS  
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 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  
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 \_\_\_\_ 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  
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  
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:

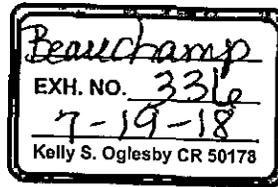
\_\_\_\_\_

Document comparison by Workshare Professional on Tuesday, February 04, 2014 6:44:22 PM

<b>Input:</b>	
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Description	#200131428v4<ClarkHill> - Forbearance_Ag.Densco/AHF,1-23-14
Document 2 ID	interwovenSite://DETDMS1/ClarkHill/200164121/1
Description	#200164121v1<ClarkHill> - Forbearance Agreement (Revised 2) (2-4-14)(OC VERSION)
Rendering set	standard

<b>Legend:</b>	
<u>Insertion</u>	
<del>Deletion</del>	
<del>Moved from</del>	
<u>Moved to</u>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

<b>Statistics:</b>	
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Insertions	28
Deletions	38
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	66



DenSco/Workout

**Beauchamp, David G.**

---

**From:** Beauchamp, David G.  
**Sent:** Tuesday, February 04, 2014 7:07 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com)  
**Subject:** FW: Easy/DenSco - Revised Forbearance Agreement

Denny:

Please see my email to Jeff below. I cannot just send the redline version to you, because he did not send a redline version to me. I am in the process of creating a redline but my system is having problems with his document. I will forward it to you as soon as I can.

I also tried to give you an out from all of the many "business changes" that Jeff made to the agreement. Jeff deleted whole sections of the Forbearance Agreement. Jeff even deleted that Scott is to pay your attorneys' fees in connection with this matter, which Scott offered in the very first meeting with you and me. Jeff also has you waiving many, many rights that are standard in a forbearance agreement, including the right to collect default interest if the Borrower defaults under the Forbearance Agreement, and the CROSS-DEFAULT provision that is referenced as a standard provision in your loans in DenSco's POM for your investors. [BOTTOM LINE: JEFF'S CHANGES ARE NOT JUST WORD CHANGES, BUT SUBSTANTIVE CHANGES THAT CLEARLY TRANSFER SIGNIFICANT RISK TO YOU AND YOUR INVESTORS.]

We will need to review and discuss all of these changes after you get a chance to see the redline. However, if even a portion of these changes are allowed to remain, we can no longer describe this as an industry standard "forbearance agreement" in the description that you HAVE to provide to your investors. This revised agreement leaves the risk of first lien position to you and you accept whatever happens in connection with any other lender. That was never my understanding of what this agreement with Scott was supposed to provide.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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**From:** Beauchamp, David G.  
**Sent:** Tuesday, February 04, 2014 6:37 PM  
**To:** Goulder, Jeffrey  
**Subject:** RE: Easy/DenSco - Revised Forbearance Agreement

Jeff:

Although your email indicates that a redline is attached, I can see several changes that are not redlined, which is not right.

I had also asked twice to know the issues before any meeting or discussions took place. So I could at least have a chance to discuss the issues with my client. Today's changes were presented to my client when I was not available to even discuss them with my client. I went out of my way to make sure you knew the issues and any changes. The "business changes" that you included and were supposedly discussed and agreed upon by our respective clients were relayed to me differently than what you have put into the agreement. That is important give the increase in the amount of the overall loans that has been made extended to your client by DenSco.

Sincerely, David

**David G. Beauchamp**

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**From:** Goulder, Jeffrey [mailto:[jeffrey.goulder@stinsonleonard.com](mailto:jeffrey.goulder@stinsonleonard.com)]  
**Sent:** Tuesday, February 04, 2014 3:20 PM  
**To:** Beauchamp, David G.  
**Subject:** Easy/DenSco - Revised Forbearance Agreement

David – Attached is a clean and redlined copy of the revised agreement. I believe our clients have already discussed the changes in the business terms. We will look forward to hearing from 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](mailto:jeffrey.goulder@stinsonleonard.com) | [www.stinsonleonard.com](http://www.stinsonleonard.com)

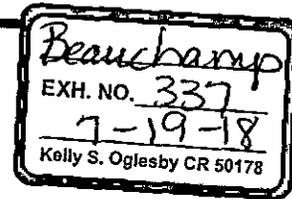
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DenSco / Win Knox

**Beauchamp, David G.**



**From:** Denny <dcmoney@yahoo.com>  
**Sent:** Tuesday, February 04, 2014 9:09 PM  
**To:** Beauchamp, David G.  
**Subject:** 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> 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 been more 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**

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**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**

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**From:** [phxcanoncolor@clarkhill.com](mailto:phxcanoncolor@clarkhill.com) [mailto:[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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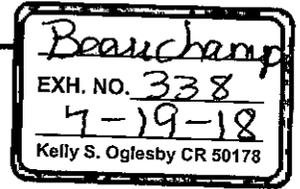
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Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 2/6/2014 2:59:03 PM  
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]  
Subject: new spreadsheet with new title  
Attachments: Exhibit A Loans.xlsx



attached.

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

#	Who?	Borrower	Property Address	City, Zip
1192	Easy	Easy Investments, LLC	8122 N 32nd Ave	Phx, 85051
1285	easy	Easy Investments, LLC	3628 W Garfield St	Phx, 85009
2120	Easy	Easy Investments, LLC	822 E Orange Ave	Ftn Hills, 85268
2509	Easy	Easy Investments, LLC	196 Leisure World	Mesa, 85206
2672	Easy	Easy Investments, LLC	5126 N 78th Street	Scottsdale, 85250
3364	Easy	Easy Investments, LLC	14894 N 97th Place	Scottsdale, 85260
3610	Easy	Easy Investments, LLC	20802 N Grayhawk Dr #1076	Scottsdale, 85255
3736	easy	Michelle Menaged	9103 E Charter Oak Dr	Scottsdale, 85260
3814	easy	Easy Investments, LLC	18202 N Cave Creek Rd #215	Phx, 85032
3817	easy	Easy Investments, LLC	7513 N 47th Drive	Glendale, 85301
3828	easy	Easy Investments, LLC	1605 W Winter Dr	Phx, 85021
3829	easy	Easy Investments, LLC	702 W Wilshire Dr	Phx, 85007
3882	easy	Easy Investments, LLC	10721 W Laurelwood Ln	Avondale, 85323
3883	easy	Easy Investments, LLC	9555 E Raintree Dr., #1004	Scottsdale, 85260
3885	easy	Easy Investments, LLC	9555 W Raintree Dr #1020	Scottsdale, 85260
3913	easy	Easy Investments, LLC	1892 E Ellis Dr	Tempe, 85282
3914	easy	Easy Investments, LLC	3740 E Sexton St	Gilbert, 85297
3926	easy	Easy Investments, LLC	320 S 70th Street #9	Mesa, 85208
3927	easy	Easy Investments, LLC	7204 W Warner St	Phx, 85043
3929	easy	Easy Investments, LLC	3016 W Laurel Ln	Phx, 85029
3983	easy	Easy Investments, LLC	9451 E Becker Ln #1057B	Scottsdale, 85260
3957	Easy	Easy Investments, LLC	1500 N Markdale #1	Mesa, 85201
3959	Easy	Easy Investments, LLC	5420 W Sunnyside Dr	Glendale, 85304
3975	easy	Easy Investments, LLC	1080 E Redwood Dr	Chandler, 85286
3976	easy	Easy Investments, LLC	2402 E Yucca St	Phx, 85028
3977	easy	Easy Investments, LLC	7771 W Marlette Ave	Glendale, 85303
3987	easy	Easy Investments, LLC	18356 W Mission Ln	Waddell, 85355
3994	easy	Easy Investments, LLC	9016 S 41st Lane	Laveen, 85339
3997	Easy	Easy Investments, LLC	111 N Kenneth Pl	Chandler, 85226
3998	Easy	Easy Investments, LLC	2367 E Balsam Dr	Chandler, 85286
3999	Easy	Easy Investments, LLC	26733 N 53rd Lane	Phx, 85083
4003	easy	Easy Investments, LLC	4529 E Sharon Dr	Phx, 85032
4004	easy	Easy Investments, LLC	7575 E Indian Bend Rd #2125	Scottsdale, 85250
4011	easy	Easy Investments, LLC	18203 W Ruth Ave	Waddell, 85355
4020	easy	Easy Investments, LLC	12802 W Willow Ave	El Mirage, 85335
4027	easy	Easy Investments, LLC	11106 W Dana Lane	Avondale, 85323
4032	easy	Easy Investments, LLC	10510 E Sunnyside Dr	Scottsdale, 85259
4033	easy	Easy Investments, LLC	10401 N 52nd Street #10	PV, AZ 85253
4034	easy	Easy Investments, LLC	11571 W Hopi St	Avondale, 85323
4035	easy	Easy Investments, LLC	23949 W Hadley St	Buckeye, 85326
4038	easy	Easy Investments, LLC	3150 E Beardsley Rd #1076	Phx, 85050
4061	easy	Easy Investments, LLC	22261 W Moonlight Path	Buckeye, 85326
4069	easy	Easy Investments, LLC	3333 W Apollo Rd	Phx, 85041
4077	easy	Easy Investments, LLC	5357 S Ranger Trail	Gilbert, 85298
4093	easy	Easy Investments, LLC	2360 E Carmel Ave	Mesa, 85204
4094	easy	Easy Investments, LLC	5211 N 193rd Ave	Litchfield, 85340

4109 easy	Easy Investments, LLC	12837 W Desert Mirage Dr	Peoria, 85388
4116 easy	Easy Investments, LLC	6332 W Sonora St	Phx, 85043
4118 easy	Easy Investments, LLC	2048 E Marilyn Ave	Mesa, 85204
4122 easy	Easy Investments, LLC	1431 E Bridgeport Pkwy	Gilbert, 85295
4129 easy	Easy Investments, LLC	2210 W Marco Polo Rd	Phx, 85027
4130 easy	Easy Investments, LLC	18650 N 91st Ave #3301	Peoria, 85382
4136 easy	Easy Investments, LLC	14556 N 154th Lane	Surprise, 85379
4146 easy	Easy Investments, LLC	4627 E Red Range Way	Cave Creek, 85331
4152 easy	Easy Investments, LLC	18131 W Ruth Ave	Waddell, 85355
4180 easy	Easy Investments, LLC	7089 E Andrew Ln	Peoria, 85383
4185 easy	Easy Investments, LLC	3826 E Palmer St	Gilbert, 85298
4201 easy	Easy Investments, LLC	4320 E Encinas Ave	Higley, 85234
4227 easy	Easy Investments, LLC	15677 W Ripple Cir	Goodyear, 85395
4228 easy	Easy Investments, LLC	7389 W Tierra Buena Ln	Peoria, 85382
4229 easy	Easy Investments, LLC	436 N 159th Ave	Goodyear, 85395
4233 easy	Easy Investments, LLC	1262 E Clifton Ave	Gilbert, 85295
4241 easy	Easy Investments, LLC	16832 W Toronto Way	Goodyear, 85395
4253 easy	Easy Investments, LLC	4303 E Cactus Rd., #201	Phx, 85032
4280 easy	Easy Investments, LLC	23922 W Desert Bloom St	Buckeye, 85326
4287 easy	Easy Investments, LLC	4745 W Golden Ln	Glendale, 85302
4289 easy	Easy Investments, LLC	7703 W Tamar Rd	Glendale, 85303
4307 easy	Easy Investments, LLC	2681 S Palm St	Gilbert, 85295
4308 easy	Easy Investments, LLC	711 E Potter Dr	Phx, 85024
4313 easy	Easy Investments, LLC	19296 W Adams St	Buckeye, 85326
4314 easy	Easy Investments, LLC	18169 W Saguaro Ln	Surprise, 85388
4322 easy	Easy Investments, LLC	3354 W Monona Dr	Phx, 85027
4338 easy	Easy Investments, LLC	2945 E Dunbar Dr	Phx, 85042
4342 easy	Easy Investments, LLC	11744 W Hadley St	Avondale, 85323
4343 easy	Easy Investments, LLC	23827 W Gibson Ln	Buckeye, 85326
4344 easy	Easy Investments, LLC	15020 N 133rd Ln	Surprise, 85379
4352 easy	Easy Investments, LLC	3154 W Foothills Dr	Phx, 85027
4361 easy	Easy Investments, LLC	614 W Aire Libre	Phx, 85023
4381 easy	Easy Investments, LLC	3237 W Pleasant Ln	Phx, 85041
4383 easy	Easy Investments, LLC	9423 W McRae Way	Peoria, 85382
4384 easy	Easy Investments, LLC	23819 W Hindaigo Ave	Buckeye, 85326
4386 easy	Easy Investments, LLC	2182 E Arabian Dr	Gilbert, 85296
4399 easy	Easy Investments, LLC	25209 S Saddletree Dr	Sun Lakes, 85248
4395 easy	Easy Investments, LLC	3002 N 70th St #144	Scottsdale, 85251
4397 easy	Easy Investments, LLC	2968 E Lynx Way	Gilbert, 85298
4409 easy	Arizona Home Foreclosures, LLC	3326 E Orlole Dr	Gilbert, 85297
4410 easy	Arizona Home Foreclosures, LLC	9521 E Posada Ave	Mesa, 85212
4411 easy	Arizona Home Foreclosures, LLC	5335 S Monte Vista St	Chandler, 85249
4417 easy	Arizona Home Foreclosures, LLC	17540 N Estrella Vista Dr	Surprise, 85374
4422 easy	Arizona Home Foreclosures, LLC	8224 S 74th Ave	Laveen, 85339
4430 easy	Arizona Home Foreclosures, LLC	5414 S Heather Dr	Tempe, 85283
4431 easy	Arizona Home Foreclosures, LLC	25852 S Beech Creek Dr	Sun Lakes, 85248
4434 easy	Arizona Home Foreclosures, LLC	2210 S Keene	Mesa, 85209

4438 easy	Arizona Home Foreclosures, LLC	6346 W Valencia Dr	Laveen, 85339
4444 easy	Arizona Home Foreclosures, LLC	11979 N 154th Drive	Surprise, 85379
4446 easy	Arizona Home Foreclosures, LLC	6024 E Wethersfield Rd	Scottsdale, 85254
4451 easy	Arizona Home Foreclosures, LLC	2733 S Ananea	Mesa, 85209
4459 easy	Arizona Home Foreclosures, LLC	1427 W Windsong Dr	Phx, 85045
4481 easy	Arizona Home Foreclosures, LLC	13512 W Marshall Ave	Glendale, 85340
4482 easy	Arizona Home Foreclosures, LLC	10440 W Hammond Ln	Tolleson, 85353
4483 easy	Arizona Home Foreclosures, LLC	13920 W Maui Ln	Surprise, 85379
4484 easy	Arizona Home Foreclosures, LLC	10020 N 66th Drive	Glendale, 85302
4495 easy	Arizona Home Foreclosures, LLC	16527 W Post Dr	Surprise, 85388
4500 easy	Arizona Home Foreclosures, LLC	10025 W Williams St	Tolleson, 85353
4501 easy	Arizona Home Foreclosures, LLC	2216 W Plata Cir	Mesa, 85207
4503 easy	Arizona Home Foreclosures, LLC	15456 S 47th Place	Phx, 85044
4504 easy	Arizona Home Foreclosures, LLC	39817 N Messner Way	Anthe, 85086
4505 easy	Arizona Home Foreclosures, LLC	2105 S 108th Ave	Avondale, 85323
4508 easy	Arizona Home Foreclosures, LLC	11530 W Hores Dr	El Mirage, 85335
4509 easy	Arizona Home Foreclosures, LLC	1561 E Mia Ln	Gilbert 85298
4512 easy	Arizona Home Foreclosures, LLC	1502 W Wood Dr	Phx, 85029
4513 easy	Arizona Home Foreclosures, LLC	16010 N 170th Lane	Surprise, 85388
4514 easy	Arizona Home Foreclosures, LLC	2895 E Millbrae Ln	Gilbert, 85234
4516 easy	Arizona Home Foreclosures, LLC	18425 N 56th Lane	Glendale, 85308
4519 easy	Arizona Home Foreclosures, LLC	23851 W Wier Ave	Buckeye, 85326
4523 easy	Arizona Home Foreclosures, LLC	10125 E Lobo Ave	Mesa, 85209
4524 easy	Arizona Home Foreclosures, LLC	23687 W Wayland Dr	Buckeye, 85326
4530 easy	Arizona Home Foreclosures, LLC	1750 W Potter Dr	Phx, 85027
4532 easy	Arizona Home Foreclosures, LLC	516 W Dublin St	Chandler, 85225
4534 easy	Arizona Home Foreclosures, LLC	3043 S Cortland	Mesa, 85212
4536 easy	Arizona Home Foreclosures, LLC	18915 N Sunsites Dr	Surprise, 85387
4539 easy	Arizona Home Foreclosures, LLC	1355 S Yale	Tempe, 85204
4540 easy	Arizona Home Foreclosures, LLC	839 S Chatsworth	Mesa, 85208
4541 easy	Arizona Home Foreclosures, LLC	31008 W Columbus Ave	Buckeye, 85326
4544 easy	Arizona Home Foreclosures, LLC	17016 S 27th Place	Phx, 85048
4545 easy	Arizona Home Foreclosures, LLC	3150 E Beardsley Rd #1030	Phx, 85050
4546 easy	Arizona Home Foreclosures, LLC	15550 N Frank Lloyd Wright #1005	Scottsdale, 85260
4554 easy	Arizona Home Foreclosures, LLC	2027 S 101st Dr	Tolleson, 85353
4555 easy	Arizona Home Foreclosures, LLC	8987 W Peck Dr	Glendale, 85305
4562 easy	Arizona Home Foreclosures, LLC	4625 W Carson Rd	Laveen, 85339
4569 easy	Arizona Home Foreclosures, LLC	8116 E Onya Ave	Mesa, 85217
4573 easy	Arizona Home Foreclosures, LLC	11634 W Adams St	Avondale, 85323
4574 easy	Arizona Home Foreclosures, LLC	25863 W St James Ave	Buckeye, 85326
4578 easy	Arizona Home Foreclosures, LLC	1040 S 220nd Lane	Buckeye, 85326
4579 easy	Arizona Home Foreclosures, LLC	977 S Colonial Dr	Gilbert, 85296
4584 easy	Arizona Home Foreclosures, LLC	11509 E Pratt Ave	Mesa, 85212
4585 easy	Arizona Home Foreclosures, LLC	3154 W Via Montoya Dr	Phx, 85027
4589 easy	Arizona Home Foreclosures, LLC	16739 W Navajo St	Goodyear, 85395
4591 easy	Arizona Home Foreclosures, LLC	426 S Bassett St	Mesa, 85208
4592 easy	Arizona Home Foreclosures, LLC	2716 S Milburn	Mesa, 85209

4598 easy	Arizona Home Foreclosures, LLC	14602 W Oglesby Ave	Youngtown, 85363
4599 easy	Arizona Home Foreclosures, LLC	1629 S 85th Dr	Tolleson, 85353
4604 easy	Arizona Home Foreclosures, LLC	707 E Potter Dr	Phx, 85024
4607 easy	Arizona Home Foreclosures, LLC	1942 S Emerson #252	Mesa, 85210
4611 easy	Arizona Home Foreclosures, LLC	14904 W Port Royale Ln	Surprise, 85379
4616 easy	Arizona Home Foreclosures, LLC	25234 W Darrell Dr	Buckeye, 85326
4618 easy	Arizona Home Foreclosures, LLC	15835 N 47th Street	Phx, 85032
4619 easy	Arizona Home Foreclosures, LLC	3740 W Villa Theresa Dr	Glendale, 85308
4622 easy	Arizona Home Foreclosures, LLC	15143 E Aspen Dr	Ftn Hills, 85268
4625 easy	Arizona Home Foreclosures, LLC	114 E Valley View Dr	Phx, 85042
4626 easy	Arizona Home Foreclosures, LLC	12614 N 62nd Street	Scottsdale, 85254
4627 easy	Arizona Home Foreclosures, LLC	10769 W Runion Dr	Sun City, 85373
4628 easy	Arizona Home Foreclosures, LLC	7752 E Obispo Ave	Mesa, 85212
4636 easy	Arizona Home Foreclosures, LLC	4705 N Brookview Terrace	Litchfield, 85340
4637 easy	Arizona Home Foreclosures, LLC	8742 W Pioneer St	Tolleson, 85353
4642 easy	Arizona Home Foreclosures, LLC	11954 W Belmont Dr	Avondale, 85323
4643 easy	Arizona Home Foreclosures, LLC	842 E Sheffield Ave	Gilbert, 85296
4644 easy	Arizona Home Foreclosures, LLC	18146 W Puget Ave	Waddell, 85355
4645 easy	Arizona Home Foreclosures, LLC	14869 W Caribbean Ln	Surprise, 85379
4649 easy	Arizona Home Foreclosures, LLC	3014 W Rose Garden Ln	Phx, 85027
4652 easy	Arizona Home Foreclosures, LLC	4119 W Valley View Dr	Laveen, 85339
4656 easy	Arizona Home Foreclosures, LLC	4906 W Gelding Dr	Glendale, 85306
4658 easy	Arizona Home Foreclosures, LLC	3830 W Anderson Dr	Glendale, 85308
4659 easy	Arizona Home Foreclosures, LLC	4728 W Carson Rd	Laveen, 85339
4662 easy	Arizona Home Foreclosures, LLC	3247 E Maldonado Dr	Phx, 85042
4663 easy	Arizona Home Foreclosures, LLC	978 N 85th Place	Scottsdale, 85257
4665 easy	Arizona Home Foreclosures, LLC	635 S St Paul	Mesa, 85206
4669 easy	Arizona Home Foreclosures, LLC	12602 N 60th Street	Scottsdale, 85254
4670 easy	Arizona Home Foreclosures, LLC	2229 W Steed Rd	Phx, 85085
4671 easy	Arizona Home Foreclosures, LLC	23846 W Gibson Ln	Buckeye, 85326
4672 easy	Arizona Home Foreclosures, LLC	9537 E Piana Ave	Mesa, 85212
4684 easy	Arizona Home Foreclosures, LLC	1791 E Gary Dr	Chandler, 85225
4687 easy	Arizona Home Foreclosures, LLC	7030 W Pontiac Dr	Glendale, 85308
4688 easy	Arizona Home Foreclosures, LLC	9832 E Olla Ave	Mesa, 85212
4689 easy	Arizona Home Foreclosures, LLC	17661 W Marconi Ave	Surprise, 85388
4690 easy	Arizona Home Foreclosures, LLC	4119 W Grovers Ave	Glendale, 85308
4703 easy	Easy Investments, LLC	14365 W Verde Ln	Goodyear, 85395
4710 easy	Arizona Home Foreclosures, LLC	25510 W Whyman St	Buckeye, 85326
4711 easy	Arizona Home Foreclosures, LLC	1697 S 23rd Ln	Buckeye, 85326
4715 easy	Arizona Home Foreclosures, LLC	2507 W Bent Tree Dr	Phx, 85085
4718 easy	Arizona Home Foreclosures, LLC	10836 E Arcadia Ave	Mesa, 85208
4719 easy	Arizona Home Foreclosures, LLC	523 W Sundance Way	Chandler, 85225
4722 easy	Arizona Home Foreclosures, LLC	1826 S 106th Ln	Tolleson, 85353

<i>Amount of Loan</i>	
\$	85,000.00
\$	37,000.00
\$	70,000.00
\$	62,000.00
\$	110,000.00
\$	300,000.00
\$	250,000.00
\$	400,000.00
\$	30,000.00
\$	20,000.00
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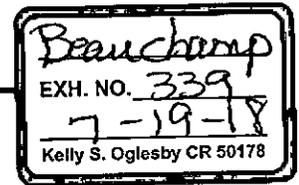


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\$	90,000.00

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 2/6/2014 3:04:43 PM  
**To:** Beauchamp, David G. [dbeauchamp@clarkhill.com]  
**Subject:** new list of problem loans  
**Attachments:** List of Problem Loan.xlsx



attached

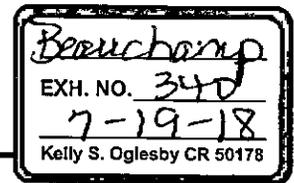
DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

<i>Borrower</i>	<i>Property Address</i>	<i>City, Zip</i>
Easy Investments, LLC	14894 N 97th Place	Scottsdale, 85260
Easy Investments, LLC	5357 S Ranger Trail	Gilbert, 85298
Easy Investments, LLC	2402 E Yucca St	Phx, 85028
Easy Investments, LLC	2681 S Palm St	Gilbert, 85295
Easy Investments, LLC	311 N Kenneth Pl	Chandler, 85226
Arizona Home Foreclosures, LLC	2895 E Millbrae Ln	Gilbert, 85234
Easy Investments, LLC	5211 N 193rd Ave	Litchfield, 85340
Arizona Home Foreclosures, LLC	15143 E Aspen Dr	Ftn Hills, 85268
Arizona Home Foreclosures, LLC	2229 W Steed Rd	Phx, 85085
Easy Investments, LLC	2367 E Balsam Dr	Chandler, 85286
Easy Investments, LLC	9016 S 41st Lane	Laveen, 85339
Easy Investments, LLC	7089 E Andrew Ln	Peoria, 85383
Easy Investments, LLC	18356 W Mission Ln	Waddell, 85355
Easy Investments, LLC	3740 E Sexton St	Gilbert, 85297
Arizona Home Foreclosures, LLC	15835 N 17th Street	Phx, 85032
Easy Investments, LLC	2968 E Lynx Way	Gilbert, 85298
Arizona Home Foreclosures, LLC	10125 E Hobo Ave	Mesa, 85209
Arizona Home Foreclosures, LLC	12602 N 60th Street	Scottsdale, 85254
Easy Investments, LLC	1481 E Bridgeport Pkwy	Gilbert, 85295
Easy Investments, LLC	18203 W Ruth Ave	Waddell, 85355
Easy Investments, LLC	48131 W Ruth Ave	Waddell, 85355
Arizona Home Foreclosures, LLC	4705 N Brookview Terrace	Litchfield, 85340
Easy Investments, LLC	4820 E Encinas Ave	Higley, 85234
Arizona Home Foreclosures, LLC	978 N 85th Place	Scottsdale, 85257
Easy Investments, LLC	1892 E Ellis Dr	Tempe, 85282
Arizona Home Foreclosures, LLC	10769 W Runion Dr	Sun City, 85373
Easy Investments, LLC	4529 E Sharon Dr	Phx, 85032
Arizona Home Foreclosures, LLC	977 S Colonial Dr	Gilbert, 85296
Arizona Home Foreclosures, LLC	7752 E Obispo Ave	Mesa, 85212
Easy Investments, LLC	436 N 159th Ave	Goodyear, 85395
Easy Investments, LLC	9451 E Becker Ln #1057B	Scottsdale, 85260
Easy Investments, LLC	19296 W Adams St	Buckeye, 85326
Arizona Home Foreclosures, LLC	15530 N Frank Lloyd Wright #1005	Scottsdale, 85260
Easy Investments, LLC	10401 N 52nd Street #10	PV, AZ 85253
Arizona Home Foreclosures, LLC	1502 W Wood Dr	Phx, 85029
Easy Investments, LLC	1262 E Clifton Ave	Gilbert, 85295
Arizona Home Foreclosures, LLC	18915 N Sunsites Dr	Surprise, 85387
Easy Investments, LLC	11106 W Dana Lane	Avondale, 85323
Easy Investments, LLC	12827 W Desert Mirage Dr	Peoria, 85383
Easy Investments, LLC	7771 W Marlette Ave	Glendale, 85303
Easy Investments, LLC	14566 N 154th Lane	Surprise, 85379
Arizona Home Foreclosures, LLC	1791 E Gary Dr	Chandler, 85225
Arizona Home Foreclosures, LLC	2507 W Bent Tree Dr	Phx, 85085
Easy Investments, LLC	3333 W Apollo Rd	Phx, 85041
Arizona Home Foreclosures, LLC	1355 S Yale	Tempe, 85204
Easy Investments, LLC	11571 W Hopi St	Avondale, 85323

Arizona Home Foreclosures, LLC	11509 E Pratt Ave	Mesa, 85212
Easy Investments, LLC	1080 E Redwood Dr	Chandler, 85286
Easy Investments, LLC	8237 W Pleasant Ln	Phx, 85041
Arizona Home Foreclosures, LLC	8116 E Onza Ave	Mesa, 85212
Easy Investments, LLC	20802 N Grayhawk Dr #1076	Scottsdale, 85255
Arizona Home Foreclosures, LLC	10836 E Arcadia Ave	Mesa
Arizona Home Foreclosures, LLC	17561 W Marconi Ave	Surprise, 85388
Easy Investments, LLC	10721 W Laurelwood Ln	Avondale, 85323
Easy Investments, LLC	711 E Potter Dr	Phx, 85024
Arizona Home Foreclosures, LLC	15456 S 47th Place	Phx, 85044
Arizona Home Foreclosures, LLC	1561 E Mia Ln	Gilbert, 85298
Easy Investments, LLC	3826 E Palmer St	Gilbert, 85298
Easy Investments, LLC	7575 E Indian Bend Rd #2123	Scottsdale, 85250
Arizona Home Foreclosures, LLC	839 S Chatsworth	Mesa, 85208
Arizona Home Foreclosures, LLC	2105 S 108th Ave	Avondale, 85323
Easy Investments, LLC	1500 N Markdale #1	Mesa, 85201
Easy Investments, LLC	5420 W Sunnyside Dr	Glendale, 85304
Arizona Home Foreclosures, LLC	23846 W Gibson Ln	Buckeye, 85326
Arizona Home Foreclosures, LLC	842 E Sheffield Ave	Gilbert, 85296
Easy Investments, LLC	2048 E Marilyn Ave	Mesa, 85204
Arizona Home Foreclosures, LLC	3014 W Rose Garden Ln	Phx, 85027
Arizona Home Foreclosures, LLC	6024 E Wethersfield Rd	Scottsdale, 85254
Arizona Home Foreclosures, LLC	16739 W Navajo St	Goodyear, 85395
Arizona Home Foreclosures, LLC	9537 E Plana Ave	Mesa, 85212
Arizona Home Foreclosures, LLC	17540 N Estrella Vista Dr	Surprise, 85374
Arizona Home Foreclosures, LLC	5414 S Heather Dr	Tempe, 85283
Arizona Home Foreclosures, LLC	14365 W Verde Ln	Goodyear, 85395
Arizona Home Foreclosures, LLC	635 S St Paul	Mesa, 85206
Easy Investments, LLC	23949 W Hadley St	Buckeye, 85326
Easy Investments, LLC	9423 W McRae Way	Peoria, 85382
Arizona Home Foreclosures, LLC	2733 S Aranea	Mesa, 85209
Arizona Home Foreclosures, LLC	39817 N Messner Way	Anthe, 85086
Arizona Home Foreclosures, LLC	13920 W Maur Ln	Surprise, 85379
Arizona Home Foreclosures, LLC	3326 E Oriole Dr	Gilbert, 85297
Easy Investments, LLC	3150 E Beardley Rd #1076	Phx, 85050
Arizona Home Foreclosures, LLC	114 E Valley View Dr	Phx, 85042
Arizona Home Foreclosures, LLC	2716 S Milburn	Mesa, 85209
Easy Investments, LLC	320 S 70th Street #9	Mesa, 85208
Arizona Home Foreclosures, LLC	2027 S 101st Dr	Tolleson, 85353
Arizona Home Foreclosures, LLC	14869 W Caribbean Ln	Surprise, 85379
Arizona Home Foreclosures, LLC	16010 N 170th Lane	Surprise, 85388
Arizona Home Foreclosures, LLC	126 S Hassett St	Mesa, 85208
Arizona Home Foreclosures, LLC	11954 W Belmont Dr	Avondale, 85323
Arizona Home Foreclosures, LLC	523 W Sundance Way	Chandler, 85225
Arizona Home Foreclosures, LLC	13425 N 56th Lane	Glendale, 85308
Arizona Home Foreclosures, LLC	8742 W Pioneer St	Tolleson, 85353
Arizona Home Foreclosures, LLC	1820 S 106th Ln	

Arizona Home Foreclosures, LLC	14904 W Port Royale Ln	Surprise, 85379
Easy Investments, LLC	4303 E Cactus Rd #204	Phx, 85032
Easy Investments, LLC	23819 W Hidalgo Ave	Buckeye, 85326
Arizona Home Foreclosures, LLC	2210 S Keene	Mesa, 85209
Easy Investments, LLC	2360 E Carmel Ave	Mesa, 85204
Arizona Home Foreclosures, LLC	3043 S Cortland	Mesa, 85212
Arizona Home Foreclosures, LLC	707 E Potter Dr	Phx, 85024
Arizona Home Foreclosures, LLC	3247 E Maldonado Dr	Phx, 85042
Easy Investments, LLC	7703 W Lamar Rd	Glendale, 85303
Arizona Home Foreclosures, LLC	11603 W Ogilsey Ave	Youngtown, 85363
Arizona Home Foreclosures, LLC	8987 W Peck Dr	Glendale, 85305
Easy Investments, LLC	7204 W Warner St	Phx, 85045
Arizona Home Foreclosures, LLC	17016 S 27th Place	Phx, 85048
Arizona Home Foreclosures, LLC	4625 W Carson Rd	Laveen, 85339
Arizona Home Foreclosures, LLC	25863 W St James Ave	Buckeye, 85326
Arizona Home Foreclosures, LLC	9521 E Posada Ave	Mesa, 85212
Arizona Home Foreclosures, LLC	1427 W Windsong Dr	Phx, 85045
Easy Investments, LLC	2182 E Arabian Dr	Gilbert, 85296
Arizona Home Foreclosures, LLC	7030 W Pontiac Dr	Glendale, 85308
Easy Investments, LLC	12802 W Willow Ave	El Mirage, 85335
Arizona Home Foreclosures, LLC	1040 S 220th Lane	Buckeye, 85326
Easy Investments, LLC	2210 W Marco Polo Rd	Phx, 85027
Arizona Home Foreclosures, LLC	6346 W Valencia Dr	Laveen, 85339
Arizona Home Foreclosures, LLC	11634 W Adams St	Avondale, 85323
Arizona Home Foreclosures, LLC	2216 W Plata Cir	Mesa, 85202
Arizona Home Foreclosures, LLC	8224 S 74th Ave	Laveen, 85339
Arizona Home Foreclosures, LLC	9832 E Olla Ave	Mesa, 85212
Arizona Home Foreclosures, LLC	25234 W Darrell Dr	Buckeye, 85326
Arizona Home Foreclosures, LLC	3154 W Via Montoya Dr	Phx, 85027
Arizona Home Foreclosures, LLC	10020 N 66th Drive	Glendale, 85302
Easy Investments, LLC	22261 W Moonlight Path	Buckeye, 85326
Arizona Home Foreclosures, LLC	5335 S Monte Vista St	Chandler, 85249
Arizona Home Foreclosures, LLC	23687 W Wayland Dr	Buckeye, 85326
Easy Investments, LLC	15020 N 133rd Ln	Surprise, 85379
Arizona Home Foreclosures, LLC	18146 W Puget Ave	Waddell, 85355
Arizona Home Foreclosures, LLC	4119 W Valley View Dr	Laveen, 85339
Easy Investments, LLC	3016 W Laurel Ln	Phx, 85029
Easy Investments, LLC	13650 N 91st Ave #3301	Peoria, 85382
Easy Investments, LLC	3354 W Monona Dr	Phx, 85027
Easy Investments, LLC	3154 W Foothills Dr	Phx, 85027
Easy Investments, LLC	23827 W Gibson Ln	Buckeye, 85326
Arizona Home Foreclosures, LLC	25852 S Beech Creek Dr	Sun Lakes, 85248
Easy Investments, LLC	18169 W Saguaro Ln	Surprise, 85388
Easy Investments, LLC	614 W Aire Libre	Phx, 85023
Arizona Home Foreclosures, LLC	4119 W Grovers Ave	Glendale, 85308
Easy Investments, LLC	16832 W Toronto Way	Goodyear, 85395
Arizona Home Foreclosures, LLC	16527 W Post Dr	Surprise, 85388

Arizona Home Foreclosures, LLC	23851 W Wier Ave	Buckeye, 85326
Arizona Home Foreclosures, LLC	3150 E Beardsley Rd #1030	Phx, 85050
Arizona Home Foreclosures, LLC	10440 W Hammond Ln	Tolleson, 85353
Easy Investments, LLC	23922 W Desert Bloom St	Buckeye, 85326
Arizona Home Foreclosures, LLC	1629 S 85th Dr	Tolleson, 85353
Arizona Home Foreclosures, LLC	516 W Dublin St	Chandler, 85225
Arizona Home Foreclosures, LLC	11979 N 154th Drive	Surprise, 85379
Arizona Home Foreclosures, LLC	25510 W Whyman St	Buckeye, 85326
Arizona Home Foreclosures, LLC	4728 W Carson Rd	Laveen, 85339
Easy Investments, LLC	11744 W Hadley St	Avondale, 85323
Arizona Home Foreclosures, LLC	11530 W Flores Dr	El Mirage, 85335
Easy Investments, LLC	15677 W Ripple Cir	Goodyear, 85395
Arizona Home Foreclosures, LLC	1750 W Potter Dr	Phx, 85027
Easy Investments, LLC	26733 N 53rd Lane	Phx, 85083
Arizona Home Foreclosures, LLC	31008 W Columbus Ave	Buckeye, 85326
Arizona Home Foreclosures, LLC	3830 W Anderson Dr	Glendale, 85308
Arizona Home Foreclosures, LLC	3740 W Villa Theresa Dr	Glendale, 85308
Easy Investments, LLC	4745 W Golden Ln	Glendale, 85302
Easy Investments, LLC	25209 S Saddlefree Dr	Sun Lakes, 85248
Easy Investments, LLC	7389 W Tierra Buena Ln	Peoria, 85382
Arizona Home Foreclosures, LLC	4906 W Garding Dr	Glendale, 85306
Arizona Home Foreclosures, LLC	1697 S 233rd Ln	Buckeye, 85326
Arizona Home Foreclosures, LLC	1942 S Emerson #252	Mesa, 85210
Easy Investments, LLC	6332 W Sonora St	Phx, 85043
Arizona Home Foreclosures, LLC	10025 W Williams St	Tolleson, 85353
Arizona Home Foreclosures, LLC	12614 N 62nd Street	Scottsdale, 85254
Arizona Home Foreclosures, LLC	13512 W Marshall Ave	Litchfield, 85340
Easy Investments, LLC	3002 N 70th St #144	Scottsdale, 85251
Easy Investments, LLC	2945 E Dunbar Dr	Phx, 85042



Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 2/6/2014 6:54:20 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** Workshare Professional Document Distribution  
**Attachments:** #200131428v6\_ClarkHill\_ - Forbearance\_Ag.pdf; Forbearance\_Ag Densco\_AHF,1-23-14 - Forbearance\_Ag.Densco\_AHF,1-23-14.pdf

Denny:

Attached is a clean version of the revised Forbearance Agreement. Also attached is a redlined version to show the changes from Jeff's last version. Since Jeff did not want to admit the legal conclusions, I inserted the actual wording from the Loan Documents into the Forbearance Agreement so the legal conclusions are obvious. I kept any of Jeff's changes that you could live with and there were many changes that we accepted. However, I did add back in the section concerning Costs and Expenses, which Jeff deleted under the argument of it "being redundant," but Jeff had deleted the section with more detail and that also applied to other expenses so I added it back in.

Please review and let me know if you are comfortable sharing this with Scott and to allow me to send it to Jeff.

All the best, David

The following files have been attached to this mail by Workshare Professional...

#200131428v6\_ClarkHill\_ - Forbearance\_Ag.DOCX (WORDX)  
Forbearance\_Ag.Densco\_AHF,1-23-14 - Forbearance\_Ag.Densco\_AHF,1-23-14.pdf (PDF)

**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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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## 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 (“**EI**”), 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

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200131428.6 43930/168850

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 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 as required by the Loans Documents as indicated above

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, 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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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 \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ 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 \$ \_\_\_\_\_ 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, Guarantor and New 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. Further, 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, Lender's encumbrance in such Property as evidenced by such Deed of Trust shall be insured by a nationally-recognized title company, reasonably acceptable to Lender, to 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

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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 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 \$5,000,000, 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

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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 in the amount of approximately \$1,000,000 (the "Outside Funds"), which is to be provided to Borrower on or before March 20, 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) 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.

(J) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create first and prior liens, as applicable, upon and/or security interests in the Properties or to create a security interest in any Additional Collateral.

(K) Borrower agrees to reimburse all costs and expenses, including without limitation title reports, amendments or title insurance, investigation fees, and / or attorneys' fees, reasonably incurred by Lender in connection with this Agreement, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders.

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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

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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; and 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. **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.

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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 \$\_\_\_\_\_, 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'

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Loans or in connection with Lender's rights or obligations pursuant to the Loans Documents as modified by this Agreement.

[signatures on following page]



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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 \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By \_\_\_\_\_  
Denny Chittick  
Its: President

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**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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 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:

\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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 \_\_\_\_ 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  
\_\_\_\_\_

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**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.

\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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.

\_\_\_\_\_

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## 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 ("**EI**"), 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 certain promissory notes, 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.~~ ~~{DAVID PLEASE PROVIDE EXHIBIT A}~~

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 ~~Deeds~~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 ~~Note, 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. ~~Certain of the Properties were also used 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 the respective~~

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Property 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 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 as required by the Loans Documents as indicated above.

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, 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.

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~~HI.~~ The Loans are now in ~~default~~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~~Default.

~~FJ.~~ 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 ~~default~~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 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 \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ 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 \$ \_\_\_\_\_ 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~~Default 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 ~~default~~Default, and that as a result of such ~~default~~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 and 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 and New Guarantor~~ in accordance with their respective terms, and that ~~to the collective knowledge of Borrower and Guarantor's knowledge 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~~. Further 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, Lender's encumbrance in such Property as evidenced by such Deed of Trust shall be insured by a nationally-recognized title company, reasonably acceptable to Lender, to constitute a valid and enforceable first and prior lien to any other encumbrance on the respective Property.

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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 and Guarantor and New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower or Guarantor fails 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 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 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 \$5,000,000, insuring the life of Guarantor with Lender named as the sole beneficiary, until all obligations pursuant to the Agreement have been fully satisfied.

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(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. ~~[DAVID PLEASE PROVIDE COPIES OF THESE DOCUMENTS.]~~

(D) Borrower agrees to provide Lender with a separate ~~personal~~ 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 in the amount of approximately \$1,000,000 (the "Outside Funds"), which is to be provided to Borrower on or before March 20, 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) 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.~~

(J) ~~Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create first and prior liens, as applicable.~~

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upon and/or security interests in the Properties or to create a security interest in any Additional Collateral.

(K) Borrower agrees to reimburse all costs and expenses, including without limitation title reports, amendments or title insurance, investigation fees, and / or attorneys' fees, reasonably incurred by Lender in connection with this Agreement, or the existing and / or any future lien disputes with the Other Lenders or any other similarly situated lenders, up to a total of \$ \_\_\_\_\_

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 ~~advance~~ 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 waive/defer the right to charge the default/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 these its respective obligations, however, it under this Agreement, Borrower shall then be liable for interest/Default Interest at the default/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. **Additional Collateral Required.** ~~{Already covered above}~~

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

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~~receiving written demand from Lender, 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 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 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).~~ 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; and 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.

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~~13-14.~~ **Time of the Essence.** Time is of the essence of all agreements and obligations contained herein

~~14-15.~~ **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

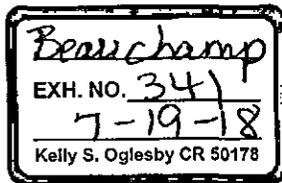
No inference in favor of, or against, any party shall be drawn from the fact that such party has drafted all or any portion of this Agreement, any other document required hereunder or in connection with any Loans Documents

~~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.

~~16-17.~~ **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 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 or Guarantor or New Guarantor under any circumstances

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Den Sco / workout

Tom Denny Chittick (2/7/14)

2

- Scott & Denny talked
  - Jeff does not want Scott admitting to any fraud
- went through language

Conf Call w/ Scott Menaged & Denny Chittick (2/7/14)

0.8

- Denny - explained conversation w/ DGB & Scott
  - Scott - cannot
- DGB - explained problem
- Scott -

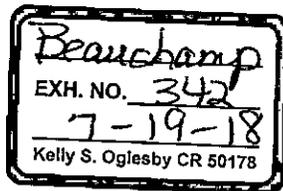
How much time to pay off Greg's loans

- Greg's houses are the problem:
  - still about 80 houses that will need to get paid off

- Denny - probably about 9 months to get ~~the~~ all of these houses resolved

example	120,000	House
	100,000	
	70,000	- lien #1
	70,000	- lien #2

- explain in email to Jeff what are the charges
- no conclusions -> so reference of from documents



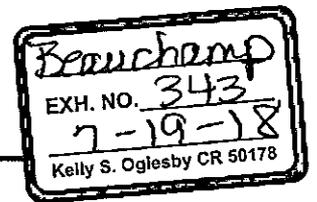
DenSco / workout

TOW Denny Chittick (2/7/14)

602 469-3001

14

- explained the concern from conf call
- title insurance on a requirements basis
- Greg's loans → did not ~~plan~~ plan to be required to buy ~~the~~ title ins on all of these
- 25 of 40 properties are currently in escrow to be sold



Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 2/7/2014 6:44:53 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** FW: Workshare Professional Document Distribution  
**Attachments:** #200131428v8\_ClarkHill\_ - Forbearance Agreement (8).DOCX; Forbearance\_Ag.Densco(5) - Forbearance Agreement (8).pdf; Forbearance\_Ag.Densco(6) - Forbearance Agreement (8).pdf

Denny:

Please note that I changed my previous parenthetical change to Recital G as follows: (though Guarantor acknowledged no fault). The previous language could be construed that you also agreed that Scott was not at fault. Since Jeff will not allow us to put the facts of what happened in this document, you need to be protected if you subsequently learn that something different happened. You should not waive your rights without having a sworn set of facts that you can rely upon.

So do not send the previous draft to Scott, please send the attached version of the redline from 6 to 8, which is the last document listed above.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Beauchamp, David G.  
**Sent:** Friday, February 07, 2014 7:37 PM  
**To:** Goulder, Jeffrey (jeffrey.goulder@stinsonleonard.com)  
**Cc:** Denny J. Chittick (dcmoney@yahoo.com)  
**Subject:** Workshare Professional Document Distribution

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 concerned. 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\_ClarkeHill\_ - Forbearance Agreement (8).DOCX (WORDX)  
Forbearance\_Ag.Densco(5) - Forbearance Agreement (8).pdf (PDF)

**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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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## 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 (“**EI**”), 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

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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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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 \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ 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 \$\_\_\_\_\_ 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 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

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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 \_\_\_\_ 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

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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 \$\_\_\_\_\_ 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 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

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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.

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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

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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.

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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 \$\_\_\_\_\_, 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.

[signatures on following page]

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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

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**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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 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:

\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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:

\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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

\_\_\_\_\_

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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:

\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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:

\_\_\_\_\_

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## 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 ("EI"), 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 certain promissory notes, 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. ~~{DAVID PLEASE PROVIDE EXHIBIT A}~~

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 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 Note, 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. ~~Certain of the Properties were also used 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 the respective~~

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Property 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.

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~~EJ.~~ The Loans are now in ~~default~~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~~Default.

~~FJ.~~ 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~~ Borrower and Guarantor and New Guarantor acknowledge the existing ~~default~~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 and Guarantor and New Guarantor~~ 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 \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ 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 \$ \_\_\_\_\_ 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~~Default Interest rate set forth in the Notes).

2. **Acknowledgment of Default.** ~~Borrower and Guarantor and New Guarantor~~ Borrower and Guarantor and New Guarantor hereby acknowledge and agree that the Loans are in ~~default~~Default, and that as a result of such ~~default~~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 and Guarantor and New Guarantor~~ Borrower and 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 knowledge 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~~ 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.

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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 ~~and~~ Guarantor ~~and~~ New Guarantor pay all sums, perform all covenants and agreements and do all acts and things required of them hereunder. If Borrower ~~or~~ Guarantor ~~fails~~ 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 ~~Loan~~ 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~~ 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, ~~2016~~ 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 \_\_\_\_\_ 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 fully satisfied.

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(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. ~~[DAVID PLEASE PROVIDE COPIES OF THESE DOCUMENTS.]~~

(D) Borrower agrees to provide Lender with a separate ~~personal~~ 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 in the amount of approximately \$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 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.~~

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(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, up to a total of \$ \_\_\_\_\_

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 advanced/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 waive/defer the right to charge the default/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 these/its

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~~respective obligations, however, it under this Agreement. Borrower shall then be liable for interest~~  
Default Interest at the default 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. ~~Additional Collateral Required. [Already covered above]~~

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 ~~written demand from Lender~~ 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 ~~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  
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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).~~ 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.

~~13-14~~ **Time of the Essence**. Time is of the essence of all agreements and obligations contained herein

~~14-15~~ **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.

~~16-17~~ **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

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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 or, 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 and, 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 \$ \_\_\_\_\_, in the aggregate, with said funds being used towards satisfaction of certain loans from the Other Lenders. Borrower and, 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]

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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 \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its President

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EXHIBIT A

LENDER LOANS AND ENCUMBERED PROPERTIES

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ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) SS  
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 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:

\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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:

\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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

.....

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**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:

\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA        )  
                                  ) SS  
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:  
\_\_\_\_\_

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Document comparison by Workshare Compare on Friday, February 07, 2014  
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Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved-deletion	
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

## 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 (“**EI**”), 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 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 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, ~~as required by the Loans Documents as indicated above.~~

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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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 \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ 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 \$ \_\_\_\_\_ 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 and New 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

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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 \_\_\_\_ 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

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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 \$ \_\_\_\_\_ 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

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Lender and to secure the additional obligations that Lender is agreeing to provide pursuant to this Agreement.

(JK) Execution, delivery and filing or recording (with all costs thereof paid by Borrower) of all documents and instruments required to create ~~first and prior liens, as applicable, upon and/or security interests in the~~ required liens on the respective Properties as required by the Loans Documents or to create a security interest in any Additional Collateral

(KL) Borrower agrees to reimburse all costs and expenses, including without limitation title reports, amendments or title insurance, investigation fees, and / or reasonable attorneys' fees, reasonably 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.

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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

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foregoing costs and expenses pursuant to their respective guarantees. Lender shall have no liability whatsoever for any of the foregoing

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

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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 \$ \_\_\_\_\_, 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.

[signatures on following page]

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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

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**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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.  
  
\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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:

\_\_\_\_\_

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**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

\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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

\_\_\_\_\_

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Document comparison by Workshare Compare on Friday, February 07, 2014  
7:43:06 PM

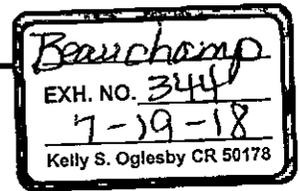
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Legend	
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Deletion	
Moved from	
Moved to	
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Format change	
Moved deletion	
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Split/Merged cell	
Padding cell	

Statistics	
	Count
Insertions	15
Deletions	9
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	24

Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 2/7/2014 7:38:15 AM  
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]  
Subject: agreement



paragraph 6 b, it's 10million

paragraph F h'es got money coming end of this month and he gave me a schedule over the next 3 months of bringing in more. he would have to give that to you for the specifics.

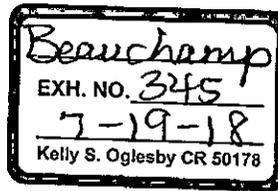
these are the only two changes i'm aware of. i have to run to my son's school in a few mins.

i'll be available any time after 10.

thx

dc

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



DenSco / Workout

**Beauchamp, David G.**

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**From:** Denny <dcmoney@yahoo.com>  
**Sent:** Sunday, February 09, 2014 9:17 PM  
**To:** Beauchamp, David G.  
**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 | Phoenix, Arizona 85254  
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [<mailto: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](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

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**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 8:56 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 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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**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

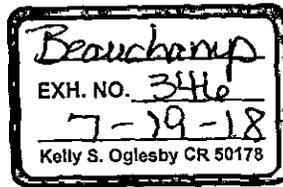
DenSco Investment Corp  
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602-532-7737 f

---

**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 I gave away the store? Other than the business points that Jeff tried to change, I do

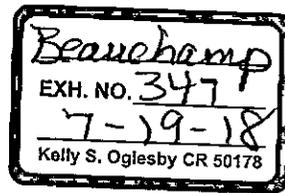


DenSio / workout

TOW Denny Clittick (2/10/14)

(0.2)

- 1 year of renewal — has to be 1 yr of renewal — shorter term to be consistent w/ forbearance
- cap — problem — because we do not know
- 10 to 5 days
- have L refer to 13
- fraud → won't initiate a fraud civil case



Dan Seo / workout

TW Denny Chittick (2/11/14)

Discussed the request for Release Form Scott / Jeff w Litigators

- cannot agree to anything so long as performance of agent
- can only agree that upon satisfaction in full of the

with adjustments from the email

- add the Release language

another 22 will be closed by end of 1

in 2 weeks?

- Dan done

- Greg's & will be less than \$5MM

→ so far - only dealing w sales; but when ~~Greg~~ Scott gets

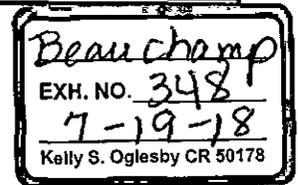
"Material Disclosure"

→ exceeds 10% of the overall portfolio

*DenSco/Workout*

**Beauchamp, David G.**

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Thursday, February 13, 2014 4:59 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: Forbearance Agreement



forward it to them and copy me plz

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602-532-7737 f

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:**  
**Subject:** RE: Forbearance Agreement

Denny:

Do you want it to go to you, Scott and Jeff? Or should I send it to you and let you send it to 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Thursday, February 13, 2014 4:18 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: Forbearance Agreement

circulate it with out the dates and dollars and i'll remind him again to get them to us.

thx

dc

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602-532-7737 f

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>  
**Sent:**  
**Subject:** Forbearance Agreement

Denny:

Were you able to obtain the information from Scott for the dates and amounts for his additional funding so that I can insert it with my other changes? Or did you want me to circulate the other changes prior to getting Scott's input concerning his other funding?

I also need your input for the Loan Balances (as of a specific date) for me to insert into Section 1.

Best, David

David G. Beauchamp

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attachment.

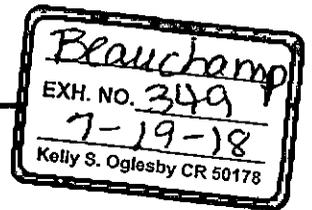
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Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 2/13/2014 3:55:21 PM  
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]  
CC: Yomtov Menaged [smena98754@aol.com]  
Subject: scott's dollars



1 mill 3/20

1 mill 5/25

1 mill 7/15

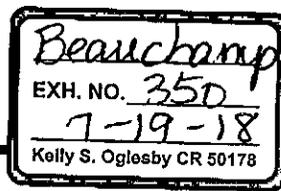
1.2 mill 9/15

this is what he gave me.

dc

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**Beauchamp, David G.**



*Dr. Sen/worlent*

**From:** Denny <dcmoney@yahoo.com>  
**Sent:** Saturday, February 15, 2014 7:38 AM  
**To:** Beauchamp, David G.  
**Subject:** 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 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [<mailto:dcmoney@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 responsiblity 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

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www.denscoinvestment.com  
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602-532-7737 f

---

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

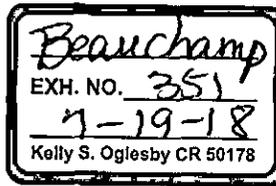
Denny:

Since I did not talk to either Jeff or Scott 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 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 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 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



Denny / workout

**Beauchamp, David G.**

---

**From:** Beauchamp, David G.  
**Sent:** Saturday, February 15, 2014 10:03 AM  
**To:** 'dcmoney@yahoo.com'  
**Cc:** Beauchamp, David G.  
**Subject:** Re: Ever ending

Thank you. Sorry, I do not want to add to your frustration level.

Best, David

David G. Beauchamp  
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14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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**From:** Denny [mailto:dcmoney@yahoo.com]  
**Sent:** Saturday, February 15, 2014 09:51 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: Ever ending

I asked

Sent from my iPad

On Feb 15, 2014, at 8:18 AM, "Beauchamp, David G." <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)> wrote:

Denny:

The 10 days was added.

Reasonable attorneys fees is standard and that is what is in the agreement. What they really want to change is to make you pay any future legal fees that could come up from this and that is not normal for a lender's Forbearance Agreement. That is very important to you when there are significant third party issues that could come up and you will be required to resolve those issues to protect yourself.

We need to know what is the problem with the language in that paragraph. You cannot agree to a waiver now, which is what Jeff wants.

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)

---

**From:** Denny [mailto:[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)]  
**Sent:** Saturday, February 15, 2014 08:46 AM  
**To:** Beauchamp, David G.  
**Subject:** Fwd: Ever ending

Here is the response

Sent from my iPad

Begin forwarded message:

**From:** Scott Menaged <[smena98754@aol.com](mailto:smena98754@aol.com)>  
**Date:** February 15, 2014 at 7:11:33 AM PST  
**To:** Denny <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Subject:** Re: Ever ending

Nothing really changed

Still have me paying whatever David says on attorney fees. He could charge me 150,000 for this and I can't say anything!

We said we could change default time to 10 days on any default. Not done

Wording of new paragraph Jeff said is not acceptable

Maturity extensions. Jeff asked for 2 years . David said a year. I said let's meet In the middle to accommodate everyone.

Still at one year.

I guess nothing really changed from the last version and we wasted another few days and probably 10k more in fees!

I really at this point think it is a good idea to all sit down and figure it out and sign!

Sent from my iPhone

On Feb 15, 2014, at 7:39 AM, Denny <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)> wrote:

David would like to know what the points of contention r. He feels like he put in there everything we agreed to

Sent from my iPad

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DenSco /

Mtg w/ Jeff Coulter, Scott Mangel, Jerry Chittid, JCB (2/20/14)

Recital A

→ EX A → need to show loans as of Nov + now  
outstanding → clean up Recital language

#1 → need to fill in the  
— default int

open — 9.5 — term of agmt  
— 1 yr w/ extension (need to tie to performance)  
→ need to have double-encumbered loan down to  
30

— 6 (F) —  
→ info from Scott to insert \$ coming in  
— also allow Scott to use these funds for interest payments  
— interest, rehab, operation costs

open (J) — does not want to give more collateral  
→ negative equity for 122 loans is ~~the~~ \$ 8 MM

open (L) attorneys' fees

(DGB) → send info RE: other liens on Furniture King

→ (7D) → Default Interest

→ <sup>D</sup>Interest prior to agmt is waived

— if default, then Default Int from time of Agmt

(NO) → (7E) — they want full Release now

open

— 98 — fold in 0/15

— 99 — notice for payment default

— 913 — atty's fees

Scott → offered to not have Release be effective if Scott files (BK)

Approx \$31 MM outstanding to Scott's entities:

→ total fund up to \$62-63 MM

→ problem loans down to about \$~~17~~<sup>17</sup> MM for 122 loans

When started

35-40 - Chris

→ down to 18

approx 153 - Greg (AFL) ~~153~~

183 - when started

↳ down to 122 loans - double encumbered

→ ~~183~~ → <sup>loans</sup> 30 are now at 95% LTV

Total outstanding loans

→ 35 at 95%  
→ 15 <sup>7 total loans</sup> + 30 → total of 187 loans outstanding

↳ 65 to 75% LTV

↳ 122 - double encumbered (\$17 MM)

↳ 18 - Chris

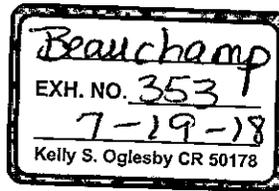
↳ 104 - Greg (\$13.6M)

→ did get the life ins done (contacted last Thursday)

Jeff

← commitments — <sup>loan</sup> will not be sold

— wants full release ~~of~~ NOW — w/ the  
right to sue for fraud being resurrected



DenSco/Wrkbk

**Beauchamp, David G.**

---

**From:** Beauchamp, David G.  
**Sent:** Thursday, February 20, 2014 4:18 PM  
**To:** Denny Chittick  
**Subject:** RE: the 9th inning release paragraph

Thank you.

David

**David G. Beauchamp**

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[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [<mailto:dcmoney@yahoo.com>]  
**Sent:** Thursday, February 20, 2014 3:59 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: the 9th inning release paragraph

scott said he'd take all three of the issues, the legal fees, the 1 yr and the extra collateral, so the last issue is the release. he was hoping that you two would check with your BK counsel and would figure out how to re-word is based on how we left it.  
dc

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---

**From:** "Beauchamp, David G." <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)>  
**To:** Denny Chittick <[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)>  
**Sent:** Thursday, February 20, 2014 3:52 PM  
**Subject:** RE: the 9th inning release paragraph

Denny:

Thanks for the email. I appreciate the comments, but I had previously explained the magnitude to Jeff and he simply had said that is Denny's problem. Either Jeff did not believe me or he did not care.

What did you and Scott discuss and agree upon? Am I supposed to rework the agreement or wait until we understand how the Release issue is to be resolved?

Best, David  
David G. Beauchamp

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dbeauchamp@clarkhill.com | www.clarkhill.com

---

From: Denny Chittiek [mailto:dcmoney@yahoo.com]  
Sent: Thursday, February 20, 2014 3:34 PM  
To: Beauchamp, David G.  
Subject: the 9th inning release paragraph

i asked scott about that, saying that is a sore subject and the whole relationship between you and jeff has gone bad, he swears it was not intentional. jeff didn't understand the whole magnitude of the situation and then added it when he did. i don't know if that changes your opinion, but i thought it was worth asking about.

thx for the time today.

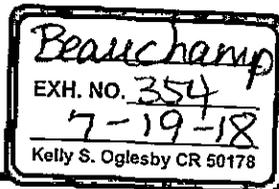
two more loans paid off while we were sitting there.

dc

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Dea.50/Worhamit

**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Thursday, February 20, 2014 9:35 PM  
**To:** Gordon, Robert D.; Wakim, Kimberly L.; Applebaum, Joel D.  
**Cc:** Beauchamp, David G.  
**Subject:** 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 I am 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

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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 PLC  
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 \$31 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 non-dischargeable. 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 attorney (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

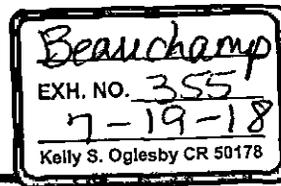
**David G. Beauchamp**

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14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
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[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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DenSca/Workout

**Beauchamp, David G.**

**From:** Price, William C.  
**Sent:** Thursday, February 20, 2014 9:43 PM  
**To:** Wakim, Kimberly L.; Beauchamp, David G.; Gordon, Robert D.; Applebaum, Joel D.  
**Subject:** Re: Fwd: Bankruptcy Help

Has there been a suggestion by the owner/guarantor that the release from lender be made solely with respect to the owner/guarantor on the basis that the loan is a mess due to activities while he was tending to his ailing spouse and the lender did nothing to monitor its own credit that ballooned to \$8 million over the collateral base and the underlying guaranty agreement is potentially unenforceable (both taken together with the issues while he was gone and on the standalone basis that it is simply unenforceable)?

I could see the owner/guarantor saying "the value of the enterprise is gone (including any equity, ever), the lender is underwater, I am working to optimize the value of your collateral, I didn't create this mess, the agreement is unenforceable, I can file my own bankruptcy and move on with my life while letting the lender clean up the mess since a non-discharge for me is sticky as I didn't perpetrate the fraud (my cousin did) and I will gladly work with you to get as much as possible -- but you are going to release me from any obligation I may have on a personal level."

I cannot see a basis for a release by the lender to the enterprise. Also, I think the lender should stand firm that a release of the owner/guarantor is out of the question since he simply deputized the bad actor.

In any event, that is the only thing I can come up with on the facts. The guarantor/owner wants a release to cooperate with collateral protection. Otherwise, he'll file bankruptcy and see what happens while he makes a living elsewhere.

Bill

William C. Price  
CLARK HILL  
One Oxford Centre | 301 Grant Street, 14th Fl. | Pittsburgh, PA 15219  
Direct Dial: 412.394.7776 | Fax: 412.394.2555 | Cell: 412.463.5079  
wprice@clarkhill.com | www.clarkhillthorpreed.com

---

**From:** Wakim, Kimberly L.  
**Sent:** Thursday, February 20, 2014 10:39 PM  
**To:** Price, William C.  
**Subject:** Fwd: Bankruptcy Help

FYI- chime in if you have any thoughts.

Sent from my iPhone

Begin forwarded message:

**From:** "Gordon, Robert D." <RGordon@ClarkHill.com>  
**Date:** February 20, 2014, 10:36:29 PM EST  
**To:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>, "Wakim, Kimberly L." <kwakim@ClarkHillThorpReed.com>, "Applebaum, Joel D." <JApplebaum@ClarkHill.com>  
**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 PLC

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 \$31 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 non-dischargeable. 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 attorney (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**

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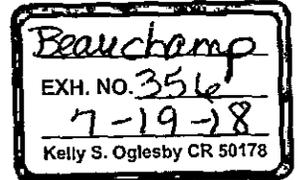
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DenSco/Woroot

**Beauchamp, David G.**

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Thursday, February 20, 2014 9:22 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: Bankruptcy Help



i would say that is accurate.  
thx  
dc

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

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**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>  
**Sent:** Thursday, February 20, 2014 8:00 PM  
**Subject:** FW: Bankruptcy Help

Denny:

This is just for an FYI to you.

Please see the email below that I have sent to the heads of our national bankruptcy group asking for an experienced bankruptcy attorney be assigned to help resolve this issue.

I thought you might want to know that I have reached out for help and how I have characterized the issue. I will keep you fully informed.

Best, David  
David G. Beauchamp

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dbeauchamp@clarkhill.com | www.clarkhill.com

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**From:** Beauchamp, David G.  
**Sent:** Thursday, February 20, 2014 7:51 PM  
**To:** Gordon, Robert D.; Wakim, Kimberly L.; Applebaum, Joel D.  
**Subject:** Bankruptcy Help

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 getting 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 non-dischargeable. 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 (over the objection of his attorney) 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.

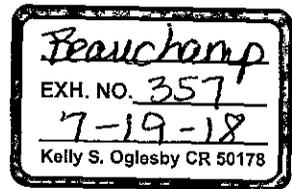
Thank you for your assistance with this matter.

Best, David

David G. Beauchamp

**CLARK HILL PLC**

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DenSco / Workout

TCW Denny Clitnick (2/21/14)

602-469-3001

(0.8) — relayed info from Bill Price concerning the "Springing Rights"  
+ that it is "highly unlikely" that a court would allow Denny to be protected  
by that procedure  
— asked both attys — so need to wait until Jeff gets back to Scott

— Denny wants Scott to hear answer from

— Denny talked to Scott a couple of times today

- received 3 loan payoffs back (from the 95%)
- another 2 — ~~loan~~ <sup>Pay's</sup> loans — were payoff; eliminated 2 of Greg's loans
- did overages on some loans — up to 95%
- wired in \$180,000 + received back \$220,000

— another 20 to close in the next couple of weeks

— Resolved for 8 loans that were double leveraged  
— to do that had to put out more money → so higher leveraged

Annual  
DenSco mtg

— DenSco — Sat @ 3:00 — cannot be ready to sell everything

— What to put in notice to the investors

- explain concentration to Scott to help Scott package homes to sell to a Hedge Fund in \$5M ~~or~~ groups
- then problem was discovered — but to resolve the loans with double leverage — came up w/ a plan → but that required DenSco to ~~make higher leveraged loans~~ <sup>make higher leveraged loans</sup>
- DenSco also make advances on new homes purchased

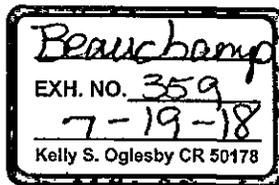
DIC0005442

Dea Sco / workout

Tad Denny Chittide (2/24/14)

602-469-3001

- DGB relayed phone call from Jeff Coulter's office
- Denny talked to Scott a few ~~days~~<sup>hours</sup> ago
  - only changes from Jeff are to be to the last 9 for Release
- Jeff talked to his BK lawyers & there is a way to write the release without binding Dea Sco if there is a BK
- Denny said that Jeff was to only focus on the BK issue & not the rest of the document



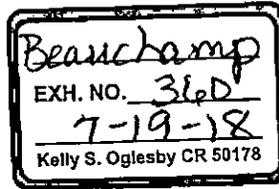
DenSco / workout

Taw Denny Chittick (2/25/14)

602-469-3001

- explained problem w/ email
  - several emails from Denny did not go through
- DGB relayed changes
- Denny said not to send the revised documents
- Scott & Denny talked several times today
- Denny will talk to Scott

DIC0005440



Denny/workout

**Beauchamp, David G.**

---

**From:** Beauchamp, David G.  
**Sent:** 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  
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---

**From:** Denny Chittick [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?

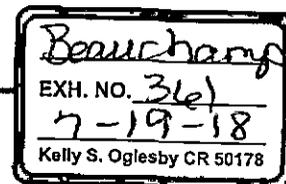
he's throwing out all sorts of ideas in how this can be done. i would be willing release the UCC if he was able to secure the funds and use them to pay some of these loans. we've got about 3 more ideas, but what both of us are really concerned about is that when i tell my investors the situation, they 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

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602-532-7737 f

Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 2/26/2014 1:39:26 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** FW: Revised Forbearance Agreement  
**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

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480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.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

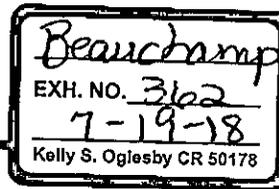
David – Attached is a clean and redlined copy of a revised version of the Forbearance. In an effort to bring these negotiations to a close, you will see that we agreed to your language on several of the points we debated at your office. I will be leaving on country on March 4, so we'll need to conclude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

**Jeffrey J. Goulder** | Partner | 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](mailto:jeffrey.goulder@stinsonleonard.com) | [www.stinsonleonard.com](http://www.stinsonleonard.com)

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**Beauchamp, David G.**



*/workout*

**From:** Beauchamp, David G.  
**Sent:** Wednesday, February 26, 2014 3:22 PM  
**To:** Denny Chittick  
**Subject:** 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**

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**From:** Denny Chittick [mailto:[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)]  
**Sent:** Wednesday, February 26, 2014 3:07 PM  
**To:** Beauchamp, David G.  
**Subject:** 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 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 i'll be profitable next

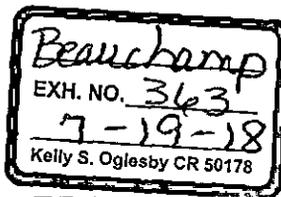
yr, the problem is gone, Scott will be paying me back interest and principle of the loss that i took.

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, i've 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 gurantee) 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

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602-532-7737 f



Den Sco / workout

Beauchamp, David G.

From: Denny Chittick <dcmoney@yahoo.com>  
Sent: Wednesday, February 26, 2014 3:07 PM  
To: Beauchamp, David G.  
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- 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.

if Greg has title in name holding he is in first position why would he take a hit?  
 → if Greg is willing to share in the loss then this makes sense - but you will lose a lot more \$ now - due to all of the \$ you have now loaned to Scott

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 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.

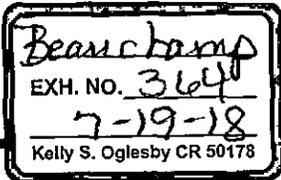
now i know there are 100 legal things here, but now i'm thinking this is the best way to get the problem solved from a fiduciary standpoint. i need to secure the positions in teh properties, i've done that on as many properties as i can, i have a dozen them of dan's to do. i don't have enough funds to take out gregg's loans. if gregg and i both agree to take short term hits, get the money back to work, i've 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 gurantee) 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](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f



/workout

**Beauchamp, David G.**

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

Bill:

You just sent the email I needed to let our client 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 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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**From:** 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 Dial: 412.394.7776 | Fax: 412.394.2555 | Cell: 412.463.5079  
[wprice@clarkhill.com](mailto:wprice@clarkhill.com) | [www.clarkhillthorpreed.com](http://www.clarkhillthorpreed.com)

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**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 HILL  
One Oxford Centre | 301 Grant Street, 14th Fl. | Pittsburgh, PA 15219  
Direct Dial: 412.394.7776 | Fax: 412.394.2555 | Cell: 412.463.5079  
[wprice@clarkhill.com](mailto:wprice@clarkhill.com) | [www.clarkhillthorpreed.com](http://www.clarkhillthorpreed.com)

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**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**

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[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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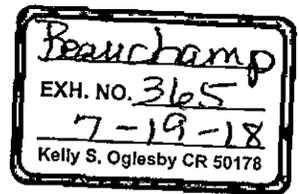
**From:** Goulder, Jeffrey [mailto:[jeffrey.goulder@stinsonleonard.com](mailto:jeffrey.goulder@stinsonleonard.com)]  
**Sent:** Tuesday, February 25, 2014 1:28 PM  
**To:** Beauchamp, David G.  
**Subject:** Revised Forbearance Agreement

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 | 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](mailto:jeffrey.goulder@stinsonleonard.com) | [www.stinsonleonard.com](http://www.stinsonleonard.com)

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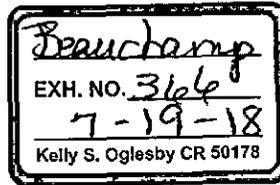
DenSec / workout

Tow Denny Chittick (2/27/14)

602-469-3001

- Denny has talked to Scott for hours over last 2 days
  - Scott just wants to get this resolved - cannot drag out
- ~~Dr~~ Jeff told Scott that Jeff can beat every argument why this is a fraud → so Jeff should not worry about it
- Scott does not want to fight this + go to court
- Denny has not talked to Greg + there is no assurance that Greg ~~will~~ would be willing to participate in any shortfall
  - Denny explained procedure + Denny is taking all of the shortfall
  - Scott wants this resolved → so he doesn't worry about Greg
  - Denny needs this resolved. because Denny is losing money to make payments to his investors if DenSec is not getting paid interest from Scott
  - Denny willing to take loss this year - so long as DenSec gets some cash back - so DenSec can return cash to investors + reduce interest obligation
- How to write this up for investors - discussed
- Do we still need Forbearance Agmt → yes but it will be less problematic
  - will need Forbearance Agmt to explain procedure + protect Denny for previous decisions
  - will need multiple advance note (unsecured) so DenSec can advance cash on basis of double loans to be sold

DIC0005439



*DeSoo/Winkler*

**Beauchamp, David G.**

---

**From:** Beauchamp, David G.  
**Sent:** Thursday, February 27, 2014 9:20 PM  
**To:** Denny Chittick  
**Subject:** RE: agreements

Denny:

That makes sense.

Best, David

**David G. Beauchamp**

CLARK HILL PLC  
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
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**From:** Denny Chittick [<mailto:dcmoney@yahoo.com>]  
**Sent:** Thursday, February 27, 2014 9:16 PM  
**To:** Beauchamp, David G.  
**Subject:** agreements

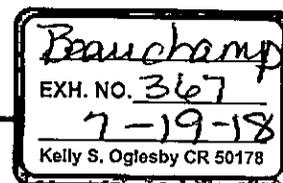
what i was thinking was lets go back to about rev 9. i think that was the one that we met with jeff and scott with.

scott agreed to the three paragraphs (after jeff left) we eliminate the release paragraph jeff added, and only give release once problem is over.

the we have separate promissory note, can't give you the terms or numbers right now, but basically he's agreeing to pay back any shortage on any loan that gets paid off as we sell these properties that are in question. there will be monthly interest and principle payments scheduled.

then we can be done with this back and forth.

thx  
dc



Message

From: Kay Beauchamp [dbeauchamp5@cox.net]
Sent: 3/2/2014 8:41:08 PM
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]
Subject: Fwd: Evite Invitation: DenSco Dinner Party

Sent from my NOOK

----- Original Message -----

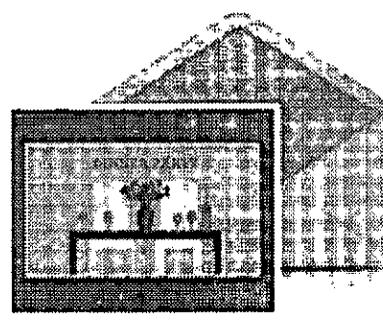
Subject: Evite Invitation: DenSco Dinner Party
From: Denny Chittick <info@mailva.evite.com>
To: dgbeauchamp@cox.net
CC:

Denny Chittick invited you to

DenSco Dinner Party

Sat, Mar 08, 2014 at 03:00 PM

WHERE
6132 W Victoria Pl
Chandler AZ 85226



WILL YOU ATTEND?

Form with three columns for attendance response

VIEW THIS INVITATION

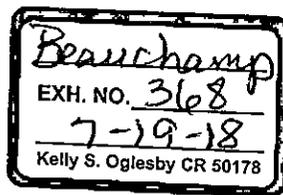


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Note: Replies to this email will go directly to the person who sent this message, not to Evite.



*DeSio/Workout*

**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 PLC

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[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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**From:** Denny Chittick [mailto:[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)]  
**Sent:** Tuesday, March 04, 2014 10:01 AM  
**To:** Beauchamp, David G.  
**Subject:** I was thinking

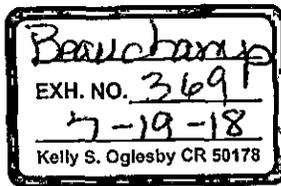
about what you said. i have no idea of the timing of that person you talked as to when he spoke to Jeff about our situation. i don't doubt perhaps that he was positioning himself in some way, seems logical for him to think that way. however, now that scott has agreed to sign the terms sheet that we originally 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 hte 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

○ CYA as broad as the grand canyon, i think that is pretty advantages.

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[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

○

○



Dennis / Robert

Tow Denny Chittick (3/7/14)

(0.8)

— Confidentiality — yes

— Conveyance of Notes — NO

— \$80,000/cap — just for this Agent & work as investors

— need new Promissory Note for  
from Scott + Borrowers

— open ended & amount

→

— guaranteed by FK —

— principal + interest @ 2% — monthly

— 2 year note — up to the maximum of \$

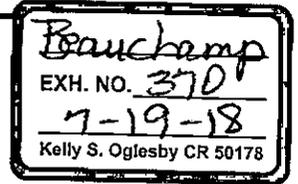
— 7 more of properties — pd off  
4 left in question

— <sup>Just</sup> ~~has~~ should be done by next Friday

— Scott talking to Greg — but nothing has been resolved

Message

**From:** Stringer, Lindsay L. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=LSTRINGER]  
**Sent:** 3/7/2014 3:43:52 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) | 480.684.1199 (fax)  
[lstringer@clarkhill.com](mailto:lstringer@clarkhill.com) | [www.clarkhill.com](http://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 (“EI”), 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 \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ in principal, \$\_\_\_\_\_ 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 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 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.

(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 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 \$ \_\_\_\_\_ 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. **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. **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 \$ \_\_\_\_\_, 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:**

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: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA        )  
                                  ) SS  
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 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  
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  
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  
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:

\_\_\_\_\_

## FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT ("Agreement") is executed on February ~~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 ("EI"), 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

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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 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)

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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 \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ in principal, \$ \_\_\_\_\_ in accrued interest (through and including ~~February~~ 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 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 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~~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

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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 \$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 ~~(and any balance to: 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 ~~transaction~~ 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~~ 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.

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(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 agrees to increase has increased the Loan amount of each 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 shall 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 \$ \_\_\_\_\_ 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.

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(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~~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. 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 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.

**10.9. 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,

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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 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.

**14-13. Time of the Essence.** Time is of the essence of all agreements and obligations contained herein.

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**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.

**16.15. 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 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.

**18.17. 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

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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 \$ \_\_\_\_\_, 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]

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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

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**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA        )  
  ) SS  
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 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:

\_\_\_\_\_

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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:

\_\_\_\_\_

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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:

\_\_\_\_\_

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Document comparison by Workshare Compare on Friday, March 07, 2014  
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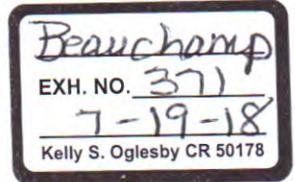
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Format change	
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Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Insertions	31
Deletions	28
Moved from	3
Moved to	3
Style change	0
Format changed	0
Total changes	65

DenSw/Workout

**Beauchamp, David G.**

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, March 10, 2014 10:21 PM  
**To:** Beauchamp, David G.  
**Subject:** 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 i'm 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.

thx  
dc

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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**From:** Denny Chittick [mailto:[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)]

**Sent:** Monday, March 10, 2014 10:28 AM

**To:** Beauchamp, David G.

**Subject:** 3 changes

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?

paragraph 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

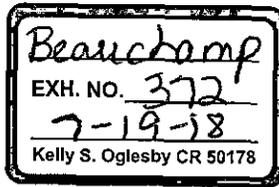
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602-532-7737 f

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Den Sco / Workout

Tow Denny Chittick (3/11/14)

602-469-3001

0.1

- left message

Tow Denny Chittick (3/11/14)

602-469-3001

0.2

- Scott is on the other line → go through issues + then have a conf call of the 3 people

- Waiver

- \$ 1 million at 3% - to be secured

\$ \_ million at 18% -

- Confidentiality

Conf Call w/ Denny Chittick + Scott Menozzi (3/11/14)

0.8

#9 - Release → both released when everything is done

Scott is very concerned about this

- Confidentiality -

- info to investors → cover email to POM

→ materiality requires disclosure of the risks

- Workout Loan

3% \$1 Million loan → provide option for other security

- LTV in portfolio

- concentration of loans to Scott → which is being addressed

— Scott plans to get another 50 homes under contract for sale  
to get sold (on top of the 20 currently being sold)

— timing

Tew Denny Chittick (3/11/14)

(8.1)

→ key is confidentiality

Beauchamp
EXH. NO. 373
7-19-18
Kelly S. Oglesby CR 50178

Dan/Sa/without

**Beauchamp, David G.**

---

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Wednesday, March 12, 2014 1:16 PM  
**To:** Beauchamp, David G.  
**Subject:** thoughts

scott and i have been talking on what would be the best way and quickest way to solve this not only for him, but for me in terms of ratio, ltv, work out loan etc.

we are down to about 90 properties of gregg's. we are going to concentrate on those now.

we have some options based on the work out agreement and business practices.

1. we could sell them all as quickly as possible, then i would have that big personal note for millions.

2. we thought what might be better not only from a ratio issue, but from a business prospective

he sells, say 40 of them, that creates a loss, secured by the note defined in the work out agreement. the remaining 50, he buys personally. i get all my interest and principle back on the loans outstanding. greg is paid off. the difference that is short, he comes in with money and i give him a new loan at a higher LTV. now i have 50 high LTV loans that are paying me interest and he's renting, which is what we did for years during the bust. i didn't necessarily do it on purpose, but hell, i can tell you for a fact that are large percent of the loans that he held (and many others) were high LTV if not upside down by 50%! however, it was their goal and his to wait it out and allow appreciation to get it right and then sell it.

3. this would shrink the personally secured note by a lot, and allow for the loans that were in question all cleaned up.

just so you know, the dan's/chris's list of loans that i've been slowly

paying off will be done this week - 3 are left. there are about 34 loans that now have high LTV, 1/2 of them will be sold in the next 30 days they are currently in escrow. he's got 1/2 of the remaining loans listed, it make take some time to sell the remaining houses, which might stretch out a few months. however, all that money comes back to me and that lowers the amount of money i have out to him.

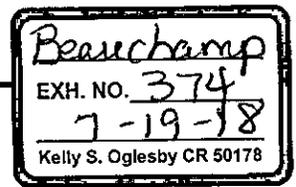
i know you are nervous for me on these loans and the others, but we are making great progress, just never fast enough.  
let me know your thoughts. i would like to know if number 2 is the best strategy in your mind.

thx  
dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

Message

**From:** Stringer, Lindsay L. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=LSTRINGER]  
**Sent:** 3/12/2014 2:46:31 PM  
**To:** dcmoney@yahoo.com  
**CC:** Beauchamp, David G. [dbeauchamp@clarkhill.com]  
**Subject:** Forbearance Agreement  
**Attachments:** Forbearance Agreement - Forbearance Agreement.pdf



Denny,

Attached please find the latest Forbearance Agreement with David's most recent changes.

**Lindsay L. Stringer**

Legal assistant to David G. Beauchamp, Benjamin E. Quayle  
and Daniel A. Schenck

CLARK HILL PLC

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480.684.1133 (direct) | 480.684.1199 (fax)  
[lstringer@clarkhill.com](mailto:lstringer@clarkhill.com) | [www.clarkhill.com](http://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 ("EI"), 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 \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ in principal, \$\_\_\_\_\_ 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 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

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.

(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 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 applicable~~ to 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 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 ~~the such~~ 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 \$ \_\_\_\_\_ 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 and Guarantor 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~~ 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, earn 3% annual interest to be secured by a first lien position against certain real property in Paradise valley, AZ. Upon the sale of such Property, Borrower and Guarantor will arrange for the new loan to be secured by a first lien position against certain real properties 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 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 ~~unconditionally and irrevocably release and forever discharge~~ represent and warrant to Lender and all of its principals, directors, officers, employees, agents, attorneys, affiliates and subsidiaries ~~from all 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 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 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.

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 \$ \_\_\_\_\_, 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 (which Lender agrees to limit such disclosure as much as legally possible, and to provide Borrower with a copy of the applicable disclosure prior to dissemination to Lender's 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:**

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: \_\_\_\_\_

Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_

Denny Chittick  
Its: President

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

200131428.11200131428.12 43930/168850

ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) SS  
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 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  
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 \_\_\_\_ 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  
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  
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 Wednesday, March 12, 2014  
2:46:00 PM

Input:	
Document 1 ID	interwovenSite://DETDMS1/ClarkHill/200131428/11
Description	#200131428v11<ClarkHill> - Forbearance Agreement
Document 2 ID	interwovenSite://DETDMS1/ClarkHill/200131428/12
Description	#200131428v12<ClarkHill> - Forbearance Agreement
Rendering set	Standard

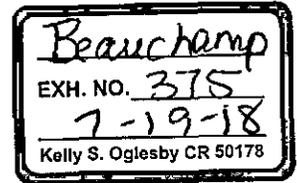
Legend:	
<u>Insertion</u>	
<del>Deletion</del>	
<del>Moved from</del>	
<u>Moved to</u>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	15
Deletions	10
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	25

*DenSco / Not kept*

**Beauchamp, David G.**

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Wednesday, March 12, 2014 3:10 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: release paragraph



ok lets try it, send me a pretty one.  
thx  
dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Wednesday, March 12, 2014 3:09 PM  
**Subject:** RE: release paragraph

Borrower says he has no claims against you. But there are no releases.

**David G. Beauchamp**

CLARK HILL PLC  
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5692 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Wednesday, March 12, 2014 2:59 PM  
**To:** Beauchamp, David G.  
**Subject:** release paragraph

so now there is no release for either party we just agree that there aren't any claims against each other?

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)

602-469-3001 C

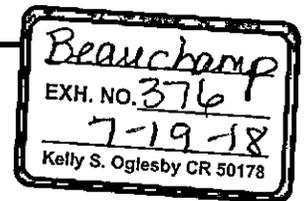
602-532-7737 f

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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.

Message

**From:** Stringer, Lindsay L. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=LSTRINGER]  
**Sent:** 3/12/2014 3:39:05 PM  
**To:** dcmoney@yahoo.com  
**CC:** Beauchamp, David G. [dbeauchamp@clarkhill.com]  
**Subject:** Pretty Forbearance Agreement  
**Attachments:** Forbearance Agreement.pdf



Denny,

Attached please find the "pretty one" hopefully this is what you were referring to... ☺

Have a great day!

**Lindsay L. Stringer**

Legal 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) | 480.684.1199 (fax)  
[lstringer@clarkhill.com](mailto:lstringer@clarkhill.com) | [www.clarkhill.com](http://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 ("EI"), 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 \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ in principal, \$ \_\_\_\_\_ 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 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 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.

(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 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 applicable to 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 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 and Guarantor, jointly and severally, in an amount up to \$\_\_\_\_\_ 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 and Guarantor 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 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, earn 3% annual interest to be secured by a first lien position against certain real property in Paradise valley, AZ. Upon the sale of such Property, Borrower and Guarantor will arrange for the new loan to be secured by a first lien position against certain real properties or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by 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. **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.

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 \$ \_\_\_\_\_, 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 (which Lender agrees to limit such disclosure as much as legally possible, and to provide Borrower with a copy of the applicable disclosure prior to dissemination to Lender's 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:**

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: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

200131428.12 43930/168850

CH\_0002603

**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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 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  
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 \_\_\_ 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  
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  
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:

\_\_\_\_\_

Beauchamp  
EXH. NO. 377  
7-19-18  
Kelly S. Oglesby CR 50178

DenSis / Without

**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Wednesday, March 12, 2014 10:28 PM  
**To:** 'dcmoney@yahoo.com'  
**Cc:** Beauchamp, David G.  
**Subject:** Re: changes

Denny:

Since I was driving to a meeting with another client, I did not get a chance to write up my notes immediately after our call as I usually do. I will work on the "Confidential" paragraph in the morning. Did your references below to page 7, paragraph C cover the only other changes necessary? I thought there was one more change.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Wednesday, March 12, 2014 04:20 PM  
**To:** Beauchamp, David G.  
**Subject:** changes

page 7, paragraph C

this 1 million dollars, is actually a 2nd position, but i have the first position on the property too, so i'm not at risk.

we need to add that it will be either on properties or added to the work out loan amount. i want to have that discretion.

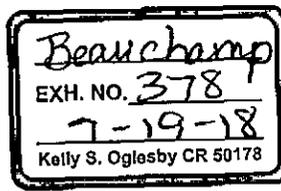
he's ok with paragraph 9

so now we are just worried about confidentially

thx

dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f



Denny/Workout

**Beauchamp, David G.**

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**From:** Denny <dcmoney@yahoo.com>  
**Sent:** Wednesday, March 12, 2014 11:34 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: changes

Just below and the confidentially r our two last issues

Sent from my iPad

On Mar 12, 2014, at 10:27 PM, "Beauchamp, David G." <DBeauchamp@ClarkHill.com> wrote:

Denny:

Since I was driving to a meeting with another client, I did not get a chance to write up my notes immediately after our call as I usually do. I will work on the "Confidential" paragraph in the morning. Did your references below to page 7, paragraph C cover the only other changes necessary? I thought there was one more change.

Thanks, David.

David G. Beauchamp  
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---

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**Sent:** Wednesday, March 12, 2014 04:20 PM  
**To:** Beauchamp, David G.  
**Subject:** changes

page 7, paragraph C

this 1 million dollars, is actually a 2nd position, but i have the first position on the property too, so i'm not at risk.

we need to add that it will be either on properties or added to the work out loan amount. i want to have that discretion.

he's ok with paragraph 9

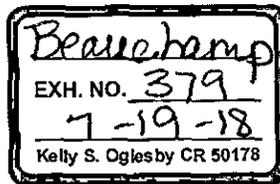
so now we are just worried about confidentially

thx  
dc

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Don, Sep/Wahout

Tow Denny Chittick (3/12/14)

602-469-3001

(0.3)

- discussed changes to the Forbearance Agreement

- discussed Denny's (1.19) + the new structure

- DGB to make <sup>more</sup> changes to the loans in Forbearance Agreement

- Lindsay to send revised Agreement

- 1

Den Sco / Workout

Tow Denny Chittick (3/12/14)

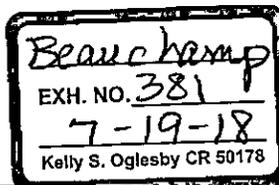
(0.2)

- has Scott on hold
  - need to talk first
  - ~~Den~~ Denny to call Scott back
- explained Forbearance charges & reasons

~~Conf~~ Conf Call Denny Chittick & Scott Merges (3/12/14)

(0.2)

- explained Confidentiality
- explained R 9 - Release
- Scott wants Confidentiality to provide no names to be disclosed



*DenSco / workout*

**Beauchamp, David G.**

**From:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Thursday, March 13, 2014 5:36 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: your opinon

lets circulate the confidentiality part, that's the one part we have to get past.

scott just called me he said he might be able to get inventory financing at 78% of value, if he gets that he'll use that pay down his debt on the work out loan. this could be huge! his rate is 5.5% he rather borrow from the bank and pay me down then run at 18% . now this isn't for sure, but it looks promissing. i know we keep changing the way we are doing this, but ignoring some of the legal stuff, we are trying to figure out the best way to do this for us.

thx  
dc

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

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Thursday, March 13, 2014 4:46 PM  
**Subject:** RE: your opinon

Denny:

I have not circulated the revised document until we could discuss the idea below to make the unsecured not to be from Borrowers, Scott and Furniture King. Do you want to discuss that or just have me get the current version black-lined and send it to you?

In the alternative, should I just circulate the language for the Confidentiality provision in an email?

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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**From:** Beauchamp, David G.  
**Sent:** Thursday, March 13, 2014 3:53 PM  
**To:** Denny Chittick  
**Subject:** RE: your opinon

Denny:

Although I mentioned this before, we only added Scott on the note. Do you want to have Furniture King also sign the unsecured note as a primary borrower? That way your security interest will be a primary security interest and not a contingent interest that could easily get wiped out. This helps you a lot from a legal standpoint.

Best, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [<mailto:dcmoney@yahoo.com>]  
**Sent:** Thursday, March 13, 2014 3:49 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: your opinon

presently the assets we have between the life insurance and furniture king is it.  
to me it's 6 or 1/2 dozen. i think it sounds better to have properties over encumbered than to have a gigantic note. just trying to strike a balance or go about it with specific plan of ratios  
dc

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[www.denscoinvestment.com](http://www.denscoinvestment.com)

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

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Thursday, March 13, 2014 3:42 PM  
**Subject:** RE: your opinon

Denny:

I have some concern about the overall plan and how much is shifted to being unsecured or over-encumbered on Scott's other properties. However, I think the plan definitely has some merit that still needs to be clarified. Is there any way to limit the amount that will be advanced to Scott pursuant to the unsecured note? Is there any other asset for security?

Best, David

**David G. Beauchamp**

CLARK HILL PLC

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[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [mailto:[dcmoney@yahoo.com](mailto:dcmoney@yahoo.com)]  
**Sent:** Thursday, March 13, 2014 3:30 PM  
**To:** Beauchamp, David G.  
**Subject:** your opinon

the way we plan to go about this is simple. scott will buy 50 properties, i'll lend to a high LTV, and he'll make payments on those. the remaining properties he sells and we have this giant note out there. which he'll pay on principle and interest.

does it make any more sense to just over encumber all the properties with a lien that exceeds the value, he makes the payments on them, helped by the fact that he has rent coming in, with the demand of making principle payments too. we would have a smaller unsecured note and then over encumbered properties.

trying to strike a middle ground on what makes biz sense, bookkeeping sense and if need be explanation to

investors on what was the best thing to do.

any thoughts?

thx

dc

DenSCO Investment Corp

[www.denscoinvestment.com](http://www.denscoinvestment.com)

602-469-3001 C

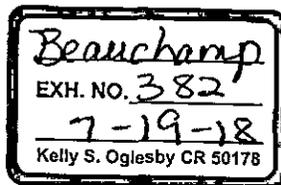
602-532-7737 f

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DenSco/Workout

**Beauchamp, David G.**

---

**From:** Beauchamp, David G.  
**Sent:** Thursday, March 13, 2014 5:38 PM  
**To:** Denny Chittick  
**Subject:** RE: your opinon

Denny:

That change could be huge. The Confidentiality changes will circulate soon.

Thanks, David

**David G. Beauchamp**

**CLARK HILL PLC**

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---

**From:** Denny Chittick [<mailto:dcmoney@yahoo.com>]  
**Sent:** Thursday, March 13, 2014 5:36 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: your opinon

lets circulate the confidentiality part, that's the one part we have to get past.

scott just called me he said he might be able to get inventory financing at 78% of value, if he gets that he'll use that pay down his debt on the work out loan. this could be huge! his rate is 5.5% he rather borrow from the bank and pay me down then run at 18% . now this isn't for sure, but it looks promissing. i know we keep changing the way we are doing this, but ignoring some of the legal stuff, we are trying to figure out the best way to do this for us.

thx  
dc

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[www.denscoinvestment.com](http://www.denscoinvestment.com)

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

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Thursday, March 13, 2014 4:46 PM  
**Subject:** RE: your opinon

Denny:

I have not circulated the revised document until we could discuss the idea below to make the unsecured not to be from Borrowers, Scott and Furniture King. Do you want to discuss that or just have me get the current version black-lined and send it to you?

In the alternative, should I just circulate the language for the Confidentiality provision in an email?

Best, David

**David G. Beauchamp**

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---

**From:** Beauchamp, David G.  
**Sent:** Thursday, March 13, 2014 3:53 PM  
**To:** Denny Chittick  
**Subject:** RE: your opinon

Denny:

Although I mentioned this before, we only added Scott on the note. Do you want to have Furniture King also sign the unsecured note as a primary borrower? That way your security interest will be a primary security interest and not a contingent interest that could easily get wiped out. This helps you a lot from a legal standpoint.

Best, David

**David G. Beauchamp**

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**From:** Denny Chittick [<mailto:dcmoney@yahoo.com>]  
**Sent:** Thursday, March 13, 2014 3:49 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: your opinon

presently the assets we have between the life insurance and furniture king is it.

to me it's 6 or 1/2 dozen. i think it sounds better to have properties over encumbered than to have a gigantic note. just trying to strike a balance or go about it with specific plan of ratios  
dc

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

---

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
To: Denny Chittick <dcmoney@yahoo.com>  
Sent: Thursday, March 13, 2014 3:42 PM  
Subject: RE: your opinon

Denny:

I have some concern about the overall plan and how much is shifted to being unsecured or over-encumbered on Scott's other properties. However, I think the plan definitely has some merit that still needs to be clarified. Is there any way to limit the amount that will be advanced to Scott pursuant to the unsecured note? Is there any other asset for security?

Best, David

David G. Beauchamp

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dbeauchamp@clarkhill.com | [www.clarkhill.com](http://www.clarkhill.com)

---

From: Denny Chittick [mailto:dcmoney@yahoo.com]  
Sent: Thursday, March 13, 2014 3:30 PM  
To: Beauchamp, David G.  
Subject: your opinon

the way we plan to go about this is simple. scott will buy 50 properties, i'll lend to a high LTV, and he'll make payments on those. the remaining properties he sells and we have this giant note out there. which he'll pay on principle and interest.

does it make any more sense to just over encumber all the properties with a lien that exceeds the value, he makes the payments on them, helped by the fact that he has rent coming in, with the demand of making principle payments too. we would have a smaller unsecured note and then over encumbered properties.

trying to strike a middle ground on what makes biz sense, bookkeeping sense and if need be explanation to investors on what was the best thing to do.

any thoughts?

thx

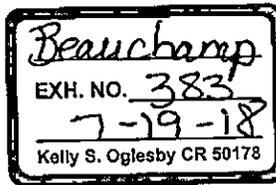
dc

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DenSco/Workout

**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Thursday, March 13, 2014 6:06 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com)  
**Subject:** 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 \_\_\_\_ (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 attorney any time to cause further delay in getting this Forbearance Agreement finished and the necessary disclosure prepared and circulated.

\*\*\*\*\*

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 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

raties 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 \_\_ hours to review and comment upon such disclosure.

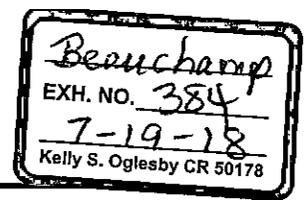
Best, David  
David G. Beauchamp

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Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 3/13/2014 7:14:17 PM  
**To:** Denny Chittick [dcmoney@yahoo.com]  
**Subject:** RE: Changes to Confidentiality Section

Thank you

**David G. Beauchamp**

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[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Thursday, March 13, 2014 7:11 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: Changes to Confidentiality Section

scott says it works forhim.  
dc

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

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>  
**Sent:** Thursday, March 13, 2014 6:05 PM  
**Subject:** 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 \_\_\_\_ (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 attorney any time to cause further delay in getting this Forbearance Agreement finished and the necessary disclosure prepared and circulated.

\*\*\*\*\*

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Best, David  
David G. Beauchamp

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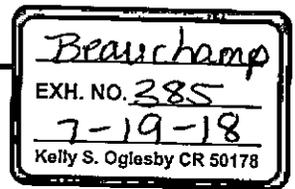
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Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 3/14/2014 3:22:53 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** Revisions to Forbearance Agreement  
**Attachments:** #200131428v13\_ClarkHill\_ - Forbearance Agreement.DOCX; Forbearance Agreement - Forbearance Agreement.pdf



Denny:

Attached is the red-line version of the Forbearance Agreement to evidence the changes. Also enclosed is a clean copy that you and Scott can use to fill in the blanks so we can hopefully get this agreement finalized.

Please review the changes carefully and call with any questions before you send it to Scott. If you are fine with these changes, please send it to Scott and copy me so that I know it has been sent.

Thanks, David

**David G. Beauchamp**

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## 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 (“**EI**”), 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 \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ in principal, \$\_\_\_\_\_ 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 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 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 (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.

(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 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.

(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 \$\_\_\_\_\_ 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, Guarantor and New Guarantor (the "Additional Funds Loan"). 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, earn 3% annual interest to be secured by a first lien position against certain real property in Paradise Valley, AZ. Upon the sale of such Property, Borrower and Guarantor will arrange for the new loan 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 New Guarantor (the "Additional Loan").

(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 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. **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.

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 \$ \_\_\_\_\_, 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 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 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 \_ \_ hours to review and comment upon such disclosure.

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

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA        )  
                                  ) SS  
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 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  
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 \_\_\_\_ 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  
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  
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:

\_\_\_\_\_

## 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 ("EI"), 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 \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ in principal, \$ \_\_\_\_\_ 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 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

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 (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.

(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 13.12, 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 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.

(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 \$ \_\_\_\_\_ 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 and Guarantor on an unsecured basis and New Guarantor (the "Additional Funds Loan"). Full Payment of the Additional Funds Loan shall be guaranteed by New Guarantor and this additional guaranty 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 for a guaranty to secure 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.

(BC) 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.

(CD) 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, earn 3% annual interest to be secured by a first lien position against certain real property in Paradise valley, Valley, AZ. Upon the sale of such Property, Borrower and Guarantor will arrange for the new loan to be secured by a first lien position against certain real ~~properties~~ property or properties to be approved by Lender, in its sole discretion, and the obligation is to be personally guaranteed by New Guarantor (the "Additional Loan").

(DE) 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.

(EF) 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~~ 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 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. **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~~Party shall be drawn from the fact that such ~~party~~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 partiesParties 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 \$ \_\_\_\_\_, 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~~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 partyParty's outside professionals, or d) except as may be necessary for Lender to disclose to Lender's current or future investors (which Lender agreesdisclosure 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, and to 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 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 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); 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, and allow Borrower to have \_\_\_\_\_ hours to review and comment upon such disclosure.

[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

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

~~200131428.12~~200131428.13 43930/168850

**ACKNOWLEDGMENTS**

STATE OF ARIZONA        )  
                                  ) SS  
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 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  
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 \_\_\_\_ 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  
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  
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 14, 2014  
3:15:14 PM

Input:	
Document 1 ID	interwovenSite://DETDMS1/ClarkHill/200131428/12
Description	#200131428v12<ClarkHill> - Forbearance Agreement
Document 2 ID	interwovenSite://DETDMS1/ClarkHill/200131428/13
Description	#200131428v13<ClarkHill> - Forbearance Agreement
Rendering set	Standard

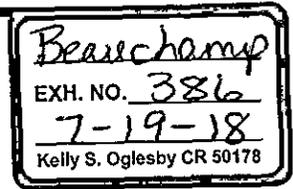
Legend:	
<u>Insertion</u>	
<del>Deletion</del>	
<del>Moved from</del>	
<u>Moved to</u>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics		
	Count	
Insertions		31
Deletions		25
Moved from		2
Moved to		2
Style change		0
Format changed		0
Total changes		60

DeSis/Winkov

**Beauchamp, David G.**

**From:** Beauchamp, David G.  
**Sent:** Monday, March 17, 2014 10:31 AM  
**To:** Denny Chittick  
**Subject:** RE: Revisions to Forbearance Agreement



Denny:

Glad you had a good weekend. You deserve it.

I will make the changes and get it circulated.

Have you run the numbers to see how the loans at 120% of LTV and the unsecured loans will affect your overall ratios?

Best, David

**David G. Beauchamp**

CLARK HILL PLC  
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
480.684.1126 (direct) | 480.684.1168 (fax) | 602.319.5602 (cell)  
dbeauchamp@clarkhill.com | www.clarkhill.com

---

**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Monday, March 17, 2014 10:10 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: Revisions to Forbearance Agreement

ok i hope these are the last of the changes, and we can start filling in all the blanks:

paragraph 7, A, i'm going to extend funds up to 120% of the value

paragraph B, i think the max number will be 5 million and i'm not sure what the amortization will be , i think we'll instead ask for outstanding interest to be paid plus X\$'s of principle a month, with any outstanding principle to be paid at 2/1/16.

paragraph D , it's Scottsdale, not PV., the note will be secured against properties or allow me to allocate funds on the workout loan at 3%

paragraph 18, 48 hours.

that's all the changes i have for now. we do these, i think that we will just need to fill in the blanks and add the addendum.

it's important that we have the assets secured as part of this agreement from furniture king. scott is going to try to get inventory financing, he does that, that will free up 1-2 million of cash at 5.5% and pay me down, i rather have him do that instead of a ucc. plus he's expanding and adding another store in Gilbert.

i hope you had a nice weekend, i feel like i had my first good one since Nov!

thx  
dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

---

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
To: "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>  
Sent: Friday, March 14, 2014 3:22 PM  
Subject: Revisions to Forbearance Agreement

Denny:

Attached is the red-line version of the Forbearance Agreement to evidence the changes. Also enclosed is a clean copy that you and Scott can use to fill in the blanks so we can hopefully get this agreement finalized.

Please review the changes carefully and call with any questions before you send it to Scott. If you are fine with these changes, please send it to Scott and copy me so that I know it has been sent.

Thanks, David

**David G. Beauchamp**

**CLARK HILL PLC**

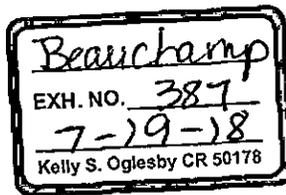
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
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dbeauchamp@clarkhill.com | www.clarkhill.com

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DenSco/Workhard

**Beauchamp, David G.**

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**From:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, March 17, 2014 10:43 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: Revisions to Forbearance Agreement

so am i but hte details of the agreement are confidential, how my ratios end up, i can explain without giving details.

dc

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

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, March 17, 2014 10:41 AM  
**Subject:** RE: Revisions to Forbearance Agreement

Denny:

I completely agree that it makes a lot of sense, but I am concerned about the disclosure to your investors.

Best, David

David G. Beauchamp

CLARK HILL PLC  
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
480.684.1128 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Monday, March 17, 2014 10:37 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: Revisions to Forbearance Agreement

we are banking on about 50 properties, it will obviously pull it up, however, as the other loans that i have at 95% sell off and replace them with 60-70% LTV loans during my normal course

of business, i feel like i should be ok. plus, as we get appreciation, what might start out to be 120% might be 105% or less by years end. i know this is a bit of a risk, however, i feel like, one, getting rid of gregg's loans is 100% necessary. i rather control a property at 120% LTV worse case, then have no control and be in a second position totally exposed, as i am today on 90 loans, secondly, i lower the workout loan amount , which is much more risky than a 120% ltv loan on a house. i've spent a lot of time thinking about it and i really think it makes more sense.

dc

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[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** Denny Chittick <dcmoney@yahoo.com>  
**Sent:** Monday, March 17, 2014 10:31 AM  
**Subject:** RE: Revisions to Forbearance Agreement

Denny:

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I will make the changes and get it circulated.

Have you run the numbers to see how the loans at 120% of LTV and the unsecured loans will affect your overall ratios?

Best, David

David G. Beauchamp

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14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
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[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

---

**From:** Denny Chittick [<mailto:dcmoney@yahoo.com>]  
**Sent:** Monday, March 17, 2014 10:10 AM

To: Beauchamp, David G.  
Subject: Re: Revisions to Forbearance Agreement

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paragraph 18, 48 hours.

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i hope you had a nice weekend, i feel like i had my first good one since Nov!

thx  
dc

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602-469-3001 C  
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**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>  
**Sent:** Friday, March 14, 2014 3:22 PM  
**Subject:** Revisions to Forbearance Agreement

Denny:

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Please review the changes carefully and call with any questions before you send it to Scott. If you are fine with these changes, please send it to Scott and copy me so that I know it has been sent.

Thanks, David

David G. Beauchamp

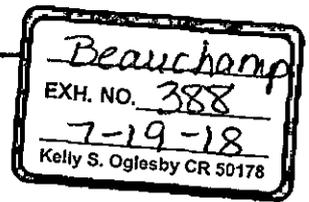
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Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 3/17/2014 5:02:07 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** Forbearance Agreement  
**Attachments:** #200131428v14\_ClarkHill\_ - Forbearance Agreement.DOCX; Forbearance Agreement - Forbearance Agreement.pdf



Denny:

Attached is a clean and a red-line version of the Forbearance Agreement. These changes include all of your changes, except for the last reference in your email concerning paragraph 7 (D). Since this subsection concerns security for the \$1 Million loan, I do not know what you mean by "or allow me to allocate funds on the workout loan at 3%." I tried two or three different things and finally gave up and am sending it to you without that change.

Please review the other changes and let me know what you wanted done in paragraph 7 (D).

Sorry for the delay in getting it to you today. Kind of a crazy Monday.

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)  
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## 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 ("EI"), 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 \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ in principal, \$\_\_\_\_\_ 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 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 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 (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.

(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 \_\_\_% of outstanding principal), all unpaid interest and outstanding principal shall be 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, Guarantor and New Guarantor (the "Additional Funds Loan"). 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, earn 3% annual interest to be secured by a first lien position against certain real property in Scottsdale, AZ. Upon the sale of such Property, Borrower and Guarantor will arrange for the new loan 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 New Guarantor (the "Additional Loan").

(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 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. **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.

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 \$ \_\_\_\_\_, 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.

**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: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

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ACKNOWLEDGMENTS

STATE OF ARIZONA        )  
                                  ) SS  
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 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  
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 \_\_\_\_ 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  
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  
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:  
\_\_\_\_\_

## 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 ("EI"), 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 \$ \_\_\_\_\_, consisting of \$ \_\_\_\_\_ in principal, \$ \_\_\_\_\_ 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 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

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 (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.

(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 95.120% 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 (on a ~~year~~ amortization), calculated pursuant to a formula consisting of all outstanding interest and ~~%~~ of outstanding principal), all unpaid interest and outstanding principal shall be 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, Guarantor and New Guarantor (the "Additional Funds Loan"). 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, earn 3% annual interest to be secured by a first lien position against certain real property in ~~Paradise Valley~~ Scottsdale, AZ. Upon the sale of such Property, Borrower and Guarantor will arrange for the new loan 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 New Guarantor (the "Additional Loan").

(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 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. **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.

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 \$ \_\_\_\_\_, 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 95.120% 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.

**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

**EXHIBIT A**  
**LENDER LOANS AND ENCUMBERED PROPERTIES**

| ~~200131428-13200131428.14~~ 43930/168850

**ACKNOWLEDGMENTS**

STATE OF ARIZONA        )  
  ) SS  
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 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  
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 \_\_\_\_ 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  
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  
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:

\_\_\_\_\_

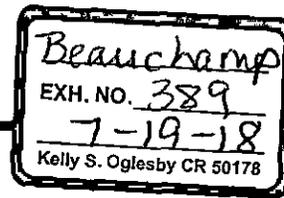
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Description	#200131428v13<ClarkHill> - Forbearance Agreement
Document 2 ID	interwovenSite://DETDMS1/ClarkHill/200131428/14
Description	#200131428v14<ClarkHill> - Forbearance Agreement
Rendering set	Standard

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Deletions	7
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	15

**Beauchamp, David G.**



*DenSco / Washington*

**From:** Beauchamp, David G.  
**Sent:** Tuesday, March 18, 2014 10:01 AM  
**To:** Denny Chittick  
**Subject:** RE: Forbearance Agreement

Denny:

Were you thinking that upon the initial pay-off of the \$1 Million line that the \$1 Million line would be merged into the other \$5 million line? In the alternative, should we reduce the other line from \$5 million to \$4 million and have the \$1 million be a completely separate line? If there is going to be a rate adjustment (based on your costs of capital) that really should be a completely separate line to avoid any confusion. We can also provide that any payments should first be applied to the \$1 million line at 3% rather than the \$5 million line.

What do you think?

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

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**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Tuesday, March 18, 2014 9:56 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: Forbearance Agreement

ok look at it this way. he's going to be selling the house that i have the million dollars on it in less than 2 weeks. so besides the detail that are in the paragraph explaining that i have a lien on the property, i think that in the paragraph that explains the work out loan with principle and interest payments that will be made, 1 million of the outstanding balance will be at 3% , and will rise if my costs rise . so if i my line goes up by 1/2 % his costs go up by the same.

dc

**DenSco Investment Corp**  
[www.denscoinvestment.com](http://www.denscoinvestment.com)

602-469-3001 C

602-532-7737 f

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From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
To: "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>  
Sent: Monday, March 17, 2014 5:02 PM  
Subject: Forbearance Agreement

Denny:

Attached is a clean and a red-line version of the Forbearance Agreement. These changes include all of your changes, except for the last reference in your email concerning paragraph 7 (D). Since this subsection concerns security for the \$1 Million loan, I do not know what you mean by "or allow me to allocate funds on the workout loan at 3%." I tried two or three different things and finally gave up and am sending it to you without that change.

Please review the other changes and let me know what you wanted done in paragraph 7 (D).

Sorry for the delay in getting it to you today. Kind of a crazy Monday.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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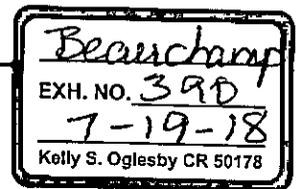
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Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 3/18/2014 2:12:02 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** Forbearance Agreement  
**Attachments:** #200131428v14\_ClarkHill\_ - Forbearance Agreement.DOCX; Forbearance Agreement - Forbearance Agreement.pdf



Denny:

The attached Forbearance Agreement has the changes from last night as well as the additional changes that you requested in your emails this morning. Both sets of changes are reflected in the red-line version which is also attached.

Please review and call me if you have any further questions.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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## 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 (“**EI**”), 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 \$\_\_\_\_\_, consisting of \$ \_\_\_\_\_ in principal, \$ \_\_\_\_\_ 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 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 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 (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.

(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 \_\_\_% 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 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 ½%) to be secured by a first lien position against certain real property in Scottsdale, AZ (the "Additional Loan"). Upon the sale of such Property, Borrower and Guarantor will arrange for the Additional Loan 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 New Guarantor.

(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 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. **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.

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 \$\_\_\_\_\_, 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.

**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: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

**EXHIBIT A**  
**LENDER LOANS AND ENCUMBERED PROPERTIES**



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**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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 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  
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 \_\_\_\_ 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  
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:  
\_\_\_\_\_

## 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 ("EI"), 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 \$\_\_\_\_\_, consisting of \$\_\_\_\_\_ in principal, \$\_\_\_\_\_ 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 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

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 (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.

(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 ~~95~~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 ~~(on a \_\_\_\_\_ year amortization), calculated pursuant to a formula consisting of all outstanding interest and \_\_\_\_\_% of outstanding principal), and all unpaid interest and outstanding principal shall be~~ all due and payable on or before February 1, 2016; ~~and (the "Additional Funds Loan").~~ 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 (the "Additional Funds Loan"). 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, ~~earn 3% annual interest 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%)~~ to be secured by a first lien position against certain real property in ~~Paradise Valley, AZ~~ Scottsdale, AZ (the "Additional Loan"). Upon the sale of such Property, Borrower and Guarantor will arrange for the ~~new loan~~ Additional Loan 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 New Guarantor (the "Additional Loan").

(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 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. **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.

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 \$ \_\_\_\_\_, 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 95.120% 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.

**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: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

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**ACKNOWLEDGMENTS**

STATE OF ARIZONA        )  
                                  ) SS  
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 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  
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 \_\_\_ \_ 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  
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  
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.

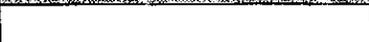
\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

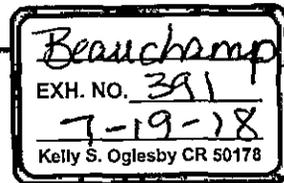
Document comparison by Workshare Compare on Tuesday, March 18, 2014  
2:00:23 PM

Input:	
Document 1 ID	interwovenSite://DETDMS1/ClarkHill/200131428/13
Description	#200131428v13<ClarkHill> - Forbearance Agreement
Document 2 ID	interwovenSite://DETDMS1/ClarkHill/200131428/14
Description	#200131428v14<ClarkHill> - Forbearance Agreement
Rendering set	Standard

Legend:	
<u>Insertion</u>	
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Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	12
Deletions	11
Moved from	1
Moved to	1
Style change	0
Format changed	0
Total changes	25

Message



**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 3/20/2014 4:54:03 PM  
**To:** Schenck, Daniel A. [dschenck@clarkhill.com]  
**Subject:** FW: Forbearance Agreement  
**Attachments:** Forbearance Agreement - Redlined Version 16.pdf

FYI

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Garza-O'Neil, Ermila  
**Sent:** Thursday, March 20, 2014 11:23 AM  
**To:** 'dcmoney@yahoo.com'  
**Cc:** Beauchamp, David G.  
**Subject:** Forbearance Agreement

This email is sent on behalf of David Beauchamp:

Dear Mr. Chittick:

Attached please find Redlined Version 16 of the Forbearance Agreement.

Thank you for your attention to this matter.

Sincerely,

Ermila Garza-O'Neil, Certified PP  
Assistant to Darrell E. Davis,  
Joshua J. McClatchey and Sean M. Carroll

CLARK HILL PLC

480.684.1130 (direct) | 480.684.1199 (fax)

**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 ("EI"), 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

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payment of the Loan... 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."

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.

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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 \$\_\_\_\_\_, consisting of \$ \_\_\_\_\_ in principal, \$ \_\_\_\_\_ 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 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.

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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 (with a rating of \_\_\_\_\_ or better from \_\_\_\_\_) and reasonably approved by Lender, in the amount of \$10,000,000, insuring

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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

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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 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. 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.

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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.

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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 \$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

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By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

EASY INVESTMENTS, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member

Guarantor:

\_\_\_\_\_  
Yomtov "Scott" Menaged

New Guarantor:

FURNIFURE KING, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

Lender:

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

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EXHIBIT A

LENDER LOANS AND ENCUMBERED PROPERTIES



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ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) SS  
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 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:

\_\_\_\_\_

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ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) SS  
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:  
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ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) SS  
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:  
\_\_\_\_\_

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ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) SS  
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:

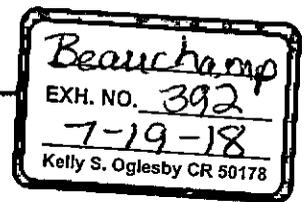
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Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 3/21/2014 9:46:06 AM  
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]  
Subject: \$'s blanks



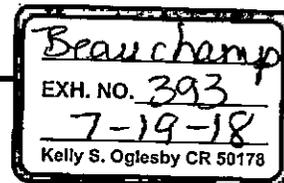
total due \$39,116,888  
principle \$37,133,019  
interest \$1,983,869  
advanced: 1,100,100  
costs \$38,000

i think this is all you need.  
thx  
dc

DenSco Investment Corp  
[www.denscoinvestment.com](http://www.denscoinvestment.com)  
602-469-3001 C  
602-532-7737 f

Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 3/24/2014 4:52:27 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** Forbearance Agreement  
**Attachments:** #200131428v17\_ClarkHill\_ - Forbearance Agreement.DOCX; Forbearance Agreement - Forbearance Agreement.pdf



Denny:

I had hoped to circulate these changes after inserting the calculation formula for the principal payments under the Additional Funds Loan and the Additional Loan. Since you probably need to send this to Scott, I am forwarding it to you now. We will send the form of notes, guarantees and the security agreement either later tonight or in the morning.

If you have any questions, please contact me.

Best regards, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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## 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 (“**EI**”), 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 \$39,116,888, consisting of \$ 37,133,019 in principal, \$1,983,869 in accrued interest (through and including March 1, 2014), \$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 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 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 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.

(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 \_\_\_% 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"). 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 ½%) with monthly principal and interest payments (calculated pursuant to a formula consisting of all outstanding interest and \_\_ % 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 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 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. **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.

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 \$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.

**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: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President

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**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

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CH\_0003622

**ACKNOWLEDGMENTS**

STATE OF ARIZONA     )  
  ) SS  
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 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  
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 \_\_\_\_ 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  
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  
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.

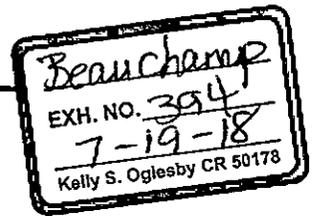
\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 3/25/2014 7:13:28 PM  
**To:** Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
**Subject:** Promissory Note \$1M & \$5M  
**Attachments:** Promissory Note (\$5 million).doc; Promissory Note (\$1 million).doc



Denny:

Attached are drafts of the Promissory Notes for the \$1 Million Additional Loan (as a revolving loan) and the \$5 Million Additional Funds Loan (also as a revolving loan). These notes are "in commercially reasonable form for a lender loaning a similar aggregate amount of money" as is specified in the Forbearance Agreement.

Please review these notes carefully. We still need to insert the principal payment formula into these notes as well as the amounts already advanced under these notes. I will forward the other closing documents as soon as I finish some changes to make them in compliance with the tone of the Forbearance Agreement.

Best regards, 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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.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 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.

SECURED LINE OF CREDIT PROMISSORY NOTE

\$5,000,000.00

Phoenix, Arizona  
\_\_\_\_\_, 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 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: \_\_\_ percent (\_\_\_%) per annum above the Interest Rate.

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, Menaged, Furniture King, and Lender, dated \_\_\_\_\_, 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 Menaged in the principal amount of One Million and 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 (*i.e.*, the Principal Amount) under the Loan at any time in its sole discretion. As of the date first stated above, Borrowers have previously requested and Lender has previously advanced to Borrowers, pursuant to the terms of this Note, the sum of \_\_\_\_\_ AND \_\_\_\_/100 DOLLARS (\$ \_\_\_\_\_).

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) \_\_\_% 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 \_\_\_ percent (\_\_\_%) of the amount of the regularly scheduled payment or \$25.00, whichever is greater, up to the maximum amount of \$\_\_\_\_\_ per late charge 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 Real Estate Collateral, and (ii) a lien against all of Furniture King's inventory, accounts, and assets. 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: [\_\_\_\_\_]

If to AHF: Arizona Home Foreclosures, LLC  
7320 W. Bell Road  
Glendale, Arizona 85308  
Attention: Scott Menaged  
Email: [\_\_\_\_\_]

If to EI: Easy Investments, LLC  
7320 W. Bell Road  
Glendale, Arizona 85308  
Attention: Scott Menaged  
Email: [\_\_\_\_\_]

If to Menaged: Scott Menaged  
10510 East Sunnyside Drive

Scottsdale, Arizona 85259

Email: [ ]

If to Furniture King:

Arizona Furniture King

303 N. Central Avenue, Suite 603

Phoenix, Arizona 85012

Attention: Scott Menaged

Email: [ ]

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.

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.

[SIGNATURE PAGE FOLLOWS]

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

DENSCO INVESTMENT  
CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President  
"Lender"

ARIZONA HOME FORECLOSURES,  
LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member  
"Borrower"

EASY INVESTMENTS, LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
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}

Exhibit A

Property

Amount Advanced

Additional Loan

SECURED LINE OF CREDIT PROMISSORY NOTE

\$1,000,000.00

Phoenix, Arizona

\_\_\_\_\_, 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
- 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: \_\_\_ percent ( \_\_%) per annum above the Interest Rate. The Default Interest Rate shall change from time to time as and when the Interest Rate changes as a result of changes in the Base Rate.
- Base Rate: 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..

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 (or will be recorded as a lien) against certain real property to secure the obligations of Borrower to Lender.

Loan: The loan from Lender to Borrower 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, Menaged, Furniture King, LLC, an Arizona limited liability Company, whose address is 303 N. Central Avenue, Suite 603, Phoenix, AZ 85012 ("Furniture King"), and Lender, dated \_\_\_\_\_, 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.

Initial 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 this Note.

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 (*i.e.*, the Principal Amount) under the Loan at any time in its sole discretion. As of the date first stated above, Borrowers have previously requested and Lender has previously advanced to Borrowers, pursuant to the terms of this Note, the sum of \_\_\_\_\_ AND \_\_\_\_/100 DOLLARS (\$ \_\_\_\_\_).

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) \_\_\_% 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 \_\_\_ percent (\_\_\_%) of the amount of the regularly scheduled payment or \$25.00, whichever is greater, up to the maximum amount of \$\_\_\_\_\_ per late charge 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 \_\_\_\_ \_\_\_\_, 2014, wherein Furniture King is the guarantor.

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 amounts 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 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, 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  
Attention: Denny Chittick  
Email: [ ]

If to AHF: Arizona Home Foreclosures, LLC  
7320 W. Bell Road  
Glendale, Arizona 85308  
Attention: Scott Menaged  
Email: [ ]

If to EI: Easy Investments, LLC  
7320 W. Bell Road

Glendale, Arizona 85308  
Attention: Scott Menaged  
Email: [ ]

If to Menaged: Scott Menaged  
10510 East Sunnyside Drive  
Scottsdale, Arizona 85259  
Email: [ ]

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.

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.

[SIGNATURE PAGE FOLLOWS]

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

DENSCO INVESTMENT  
CORPORATION

By: \_\_\_\_\_  
Denny Chittick  
Its: President  
"Lender"

ARIZONA HOME FORECLOSURES,  
LLC

By: \_\_\_\_\_  
Yomtov "Scott" Menaged  
Its: Member  
"Borrower"

EASY INVESTMENTS, LLC

By: \_\_\_\_\_  
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

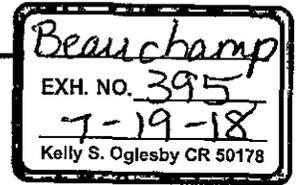
Property

(Scottsdale Property)

Amount Advanced

Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 4/2/2014 9:27:17 AM  
**To:** Beauchamp, David G. [dbeauchamp@clarkhill.com]  
**Subject:** Re: DenSco - Representation and Disclaimer Agreement



i talked to Scott last night, he's going to get it signed and add what needs to be added.

thx

dc

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

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "dcmoney@yahoo.com" <dcmoney@yahoo.com>  
**Cc:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**Sent:** Tuesday, April 1, 2014 5:12 AM  
**Subject:** Re: DenSco - Representation and Disclaimer Agreement

Denny:

We need to know about any major assets that you plan or need to rely upon to back up Scott's guaranty. Anything that adds material value to Scott's net worth.

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:** Tuesday, April 01, 2014 12:53 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: DenSco - Representation and Disclaimer Agreement

your questinos are about bank adn brokerage accounts, are those suposed to be listed too? are we talking about listing all assets as collateral or just the 2 llc and furniture king?

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

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "Denny J. Chittick (dcmoney@yahoo.com)" <dcmoney@yahoo.com>  
**Sent:** Monday, March 31, 2014 4:57 PM  
**Subject:** FW: DenSco - Representation and Disclaimer Agreement

Denny:

As a follow up to our emails yesterday, attached is a Representation and Disclaimer Agreement for Scott and Francine to sign. Please note that there are several questions for you to answer (and blanks to fill in) before we can send this to Scott. On the list of Assets at Exhibit A, we need some input from you (or from Scott) as to his major assets that he can represent that he owns as his sole and separate property. We should also identify the address of the Scottsdale Property that has been the security for the \$1 Million loan. We need to make sure that we describe these Assets as clearly as possible so there can be no argument that this agreement is ambiguous, which would undermine the whole intent of this agreement.

Under separate cover, I had Dan send the revised Forbearance Agreement and the other closing documents to you. These documents have been revised to delete Francine's name and the references to Francine in these documents.

**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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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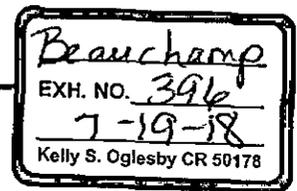
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Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 4/3/2014 3:40:13 PM  
**To:** Denny Chittick [dcmoney@yahoo.com]  
**Subject:** RE: agreement



Denny:

I was very surprised to get signed documents from you. We had previously discussed that you would let me know when the documents were approved. I had then intended to go through and get all of the blanks completed and filled in. In addition, I had planned to put tabs at all of the signature places so that everything was signed and dated correctly. Please understand that Jeff referenced incomplete and mistakes in the previous documents when he said that he could get around those documents anytime he wants.

When I looked through the documents, I found several blanks still needing to be filled in and some dates have not been filled in correctly. (For example, the Furniture King Security Agreement is dated April 4, 2014, which is tomorrow and yet the other documents reference it as of the same date.) I am extremely concerned that the current condition of the documents could impact the likelihood of being able to completely enforce them. In a follow up email, I will send you a list of items in the documents that we recommend be corrected.

This is not a simple \$75,000 note being secured by a house being remodeled. These are major documents for a series of loans (some unsecured) that collectively constitute an investment of almost half of your fund. I fully understand that you are tired of this and just want it done and completed, but we really recommend that we finish this at a very complete level because that will decrease the likelihood of it being challenged.

Please let me know how you want to proceed.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

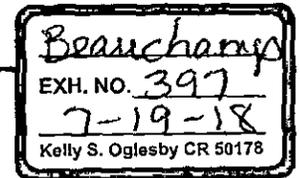
**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Thursday, April 03, 2014 10:27 AM  
**To:** Beauchamp, David G.  
**Subject:** agreement

it's attached, i know i owe you spreadsheets. let me know what and i'll create them and send them. i think i already have them.

thx  
dc

Message

From: Denny [dcmoney@yahoo.com]  
Sent: 4/3/2014 3:43:53 PM  
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]  
Subject: Re: agreement



Do what u need to do to get the docs ready and I am sure we can have him sign them again. Sorry for not doing this correctly

Sent from my iPad

On Apr 3, 2014, at 3:40 PM, "Beauchamp, David G." <[DBeauchamp@ClarkHill.com](mailto:DBeauchamp@ClarkHill.com)> wrote:  
Denny:

I was very surprised to get signed documents from you. We had previously discussed that you would let me know when the documents were approved. I had then intended to go through and get all of the blanks completed and filled in. In addition, I had planned to put tabs at all of the signature places so that everything was signed and dated correctly. Please understand that Jeff referenced incomplete and mistakes in the previous documents when he said that he could get around those documents anytime he wants.

When I looked through the documents, I found several blanks still needing to be filled in and some dates have not been filled in correctly. (For example, the Furniture King Security Agreement is dated April 4, 2014, which is tomorrow and yet the other documents reference it as of the same date.) I am extremely concerned that the current condition of the documents could impact the likelihood of being able to completely enforce them. In a follow up email, I will send you a list of items in the documents that we recommend be corrected.

This is not a simple \$75,000 note being secured by a house being remodeled. These are major documents for a series of loans (some unsecured) that collectively constitute an investment of almost half of your fund. I fully understand that you are tired of this and just want it done and completed, but we really recommend that we finish this at a very complete level because that will decrease the likelihood of it being challenged.

Please let me know how you want to proceed.

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](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

**From:** Denny Chittick [<mailto:dcmoney@yahoo.com>]  
**Sent:** Thursday, April 03, 2014 10:27 AM  
**To:** Beauchamp, David G.  
**Subject:** agreement

it's attached, i know i owe you spreadsheets. let me know what and i'll create them and send them. i think i already have them.

thx

dc

DenSco Investment Corp

[www.denscoinvestment.com](http://www.denscoinvestment.com)

602-469-3001 C

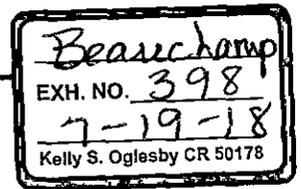
602-532-7737 f

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Message

From: Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
Sent: 4/3/2014 5:47:36 PM  
To: Denny J. Chittick (dcmoney@yahoo.com) [dcmoney@yahoo.com]  
Subject: Forbearance Documents (Action Required)



Denny:

Set forth at the bottom of this email is the list of items that require attention / correction for the Forbearance Agreement and related closing documents. We will be able to insert this information in the documents, but we need some of this information in order to do that.

1. What date should be used for all of the documents? Right now, some are dated with one date but the notary is another date. That will put the whole document into question of validity.
2. The Forbearance Agreement and the other documents did not provide that the documents could be signed in counterpart, so both you and Scott either need to sign the same document instead of exchanging signature pages or we need to add a counterpart authorization to the documents.
3. We will insert your email address into the notices provisions.
4. We need Scott to agree (email evidence is okay), that we can use the email address that you have been using for Scott as the email address to be referenced in the documents as the email address for him and for his other entities and we will then insert that into the notice provisions.
5. We also need to correct the language for the notary. I had the notaries copied and inserted as the notaries for the drafts, but we now need to clean up a few wording issues.

Please see the list of clean-up items that we identified in a quick review.

Forbearance Agreement: Page 1 - Need to date the Agreement "April 3" or "April 4"  
Exhibit A - Need the list of Lender Loans and Encumbered Properties (this list should reflect the full \$39M owed, listing each property and the amount loaned for each property).

Promissory Note \$5M: Page 1 - Need to re-date the Note to "April 3" or "April 4"  
Page 2 - Add date "April 3" or "April 4" to description of Forbearance Agreement  
Page 2 - Add amount advanced of \$5M revolving loan, as of April 3<sup>rd</sup> or "April 4"  
Page 4 - Add late penalty details (need % and max \$ amount of late fee)  
Page 4 - Re-date Security & Guaranty to "April 3" or "April 4"  
Page 7-8 - Need email addresses for DenSco, Arizona Home Foreclosure, Easy Invest,

Scott and Furniture King

Exhibit A - we need a list of Property and Loan for \$5M loan (this list should reflect the full \$ currently owed on the \$5M line of credit, listing each property and the amount loaned for each property).

Promissory Note \$1M: Page 1- Need to re-date the Note to "April 3" or "April 4"

Page 2 - Add date "April 3<sup>rd</sup>" or "April 4" to description of Forbearance Agreement

Page 3 - Add amount advanced of \$1M revolving loan, as of April 3<sup>rd</sup> or "April 4"

Page 4 - Add late penalty details (need % and max \$ amount of late fee)

Page 5 - Re-date the descriptions of the Note and Security Agreement to "April 3" or

"April 4"

Page 7-8 - Add email addresses for DenSco, Arizona Home Foreclosures, Easy

Investments and Scott

Exhibit A - we need a list of Property and Loan for \$1M loan (this list should reflect the full \$ currently owed on the \$1 line of credit, listing each property and the amount loaned for each property).

Guaranty Agreement (FK): Page 10- Need email address of DenSco & Furniture King

Exhibit A – (this will be copy of the Exhibit A from Forbearance Agreement)

Guaranty Agreement (Scott): Page 1 - Need to date the Agreement to "April 3" or "April 4"

Page 9 - Need email addresses of DenSco & Scott

Exhibit A – (this will be copy of the Exhibit A from Forbearance Agreement)

Security Agreement: Page 1 - Change date of Security Agreement to "April 3" or "April 4"

Page 1 - Insert date of Forbearance Agreement to "April 3" or "April 4"

Page 2 - Insert date of "April 3" or "April 4" to descriptions of \$5M and \$1M Loan

Documents.

Representation and Disclosure Agreement: Page 1 - Re-date document to "April 3" or "April 4"

Page 2 - Add address of "10510 E. Sunnyside Dr." to description of

Scottsdale Property

Best, David

**David G. Beauchamp**

CLARK HILL PLC

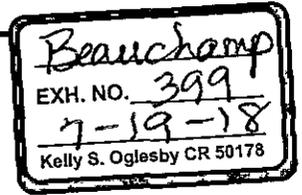
14850 N Scottsdale Rd | Suite 500 | Phoenix, Arizona 85254  
480.684.1126 (direct) | 480.684.1166 (fax) | 602.319.5602 (cell)  
[dbeauchamp@clarkhill.com](mailto:dbeauchamp@clarkhill.com) | [www.clarkhill.com](http://www.clarkhill.com)

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Message

**From:** Beauchamp, David G. [/O=CLARKHILL/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=DBEAUCHAMP]  
**Sent:** 4/11/2014 5:24:04 PM  
**To:** 'dcmoney@yahoo.com' [dcmoney@yahoo.com]  
**CC:** Beauchamp, David G. [dbeauchamp@clarkhill.com]  
**Subject:** Re: agreement



Denny:

The documents were sent to you by Federal Express for Saturday delivery. Please confirm when you get them.

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 | www.clarkhill.com

**From:** Denny Chittick [mailto:dcmoney@yahoo.com]  
**Sent:** Friday, April 11, 2014 11:07 AM  
**To:** Beauchamp, David G.  
**Subject:** Re: agreement

yes

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

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "dcmoney@yahoo.com" <dcmoney@yahoo.com>  
**Cc:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**Sent:** Friday, April 11, 2014 9:53 AM  
**Subject:** Re: agreement

Denny:

Unfortunately, I am at my doctor's office for my cough, so I have limited availability today. Should we get everything dated for Monday and get documents to you on Monday morning. Then you and Scott can get

together on Monday afternoon to sign the documents. Would that work?

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:** Friday, April 11, 2014 09:44 AM  
**To:** Beauchamp, David G.  
**Subject:** agreement

we are ready to sign, what do you want to do?  
dc

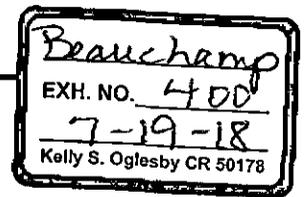
DenSco Investment Corp  
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Message

From: Denny Chittick [dcmoney@yahoo.com]  
Sent: 4/13/2014 11:08:50 AM  
To: Beauchamp, David G. [dbeauchamp@clarkhill.com]  
Subject: Re: Docs



ok i'll plan on that .  
dc

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

---

From: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
To: "dcmoney@yahoo.com" <dcmoney@yahoo.com>  
Cc: "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
Sent: Sunday, April 13, 2014 11:06 AM  
Subject: Re: Docs

Denny:

If possible, I would suggest you and Scott get together and meet with a notary. Have Scott bring the representation document already signed by Francine with her signature notarized. Then you and Scott sign the other documents and have the applicable signatures notarized. Make copies for Scott or we can do that and send a set to Scott and have a set at my office for any reference that might be needed.

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, April 13, 2014 09:01 AM  
To: Beauchamp, David G.  
Subject: Re: Docs

do you hve a specific request on how we go about getting this signed?  
dc

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

---

**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "dcmoney@yahoo.com" <dcmoney@yahoo.com>  
**Cc:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**Sent:** Saturday, April 12, 2014 2:03 PM  
**Subject:** Re: Docs

Thank you.

Sorry, if I was feeling better, I would have delivered them.

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:** Saturday, April 12, 2014 01:25 PM  
**To:** Beauchamp, David G.  
**Subject:** Docs

Received

Sent from Yahoo Mail for iPhone

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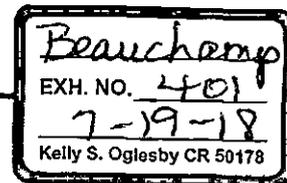
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Message

**From:** Denny Chittick [dcmoney@yahoo.com]  
**Sent:** 4/15/2014 4:41:13 PM  
**To:** Beauchamp, David G. [dbeauchamp@clarkhill.com]  
**Subject:** Re: agreement to sign  
**Attachments:** Work Out Loan Balance.xlsx; Easy Loans 4-16.xlsx



attached are the spreadsheets showing what is owed as of 4/16/14 starting in the morning.

i have also added what is owed on the work out agreement.

we are not meeting until the afternoon, but we'll have it signed as of tomorrow.

including his wife. then i'll send it over to you.

thx

dc

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

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**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "dcmoney@yahoo.com" <dcmoney@yahoo.com>  
**Cc:** "Schenck, Daniel A." <DSchenck@ClarkHill.com>; "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**Sent:** Tuesday, April 15, 2014 2:43 PM  
**Subject:** Re: agreement to sign

Denny:

You are right to only send the insurance company the sections explaining the unsecured loans.

The spreadsheet at the beginning of the day will be more appropriate. How will the exhibits to the notes be affected by the delay? We might need to get everything signed and then double-check the attachments. If we need to replace an attachment, we will just need Scott's consent.

Best, David

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:** Tuesday, April 15, 2014 02:33 PM  
**To:** Beauchamp, David G.  
**Subject:** Re: agreement to sign

he and i are meeting tomorrow, we'll change the date to the 16th and then deliver to your office.

i can then email you the spreadsheet as of tomorrow, do you want it at the end of the day or the beginning?

the insurance policy, they won't issue it until they see the agreement! so after we get it all signed i'm going to scan it in and send them the secured line of credit part not the forbearance part, because that may scare them.

thx  
dc

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

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**From:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>  
**To:** "dcmoney@yahoo.com" <dcmoney@yahoo.com>  
**Cc:** "Beauchamp, David G." <DBeauchamp@ClarkHill.com>

**Sent:** Tuesday, April 15, 2014 12:06 PM

**Subject:** Re: agreement to sign

Denny:

Without Francine's express permission to use her signature from before with this set of documents, there is a BIG RISK that you could never enforce that document.

That is why I had said last Thursday to have Scott get Francine's signature to the document (ahead of the signing) with the intention for the document to be used when the rest of the documents are signed.

Is Francine physically able to have a conversation with the notary? If so, could Francine authorize the notary to change the dates in the previous document and to deliver the changed document to you? If you do that, then the notary will need to write out what Francine authorizes the notary to do. You will need to keep that written instruction.

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:** Tuesday, April 15, 2014 11:44 AM

**To:** Beauchamp, David G.

**Subject:** agreement to sign

to make this efficient. we have the signed page from his wife and notarized, can't we still use it? i checked it, the signed page is the same, except there is an extra sentence on it, the one that is signed versus the one that you sent me. so we lose nothing by still using that sig page. scott and i can get all over our pages signed and then i can send them to you.

does that work.

dc

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Address of Property	\$ Amount	Date of draw	Total \$	Int Per day	Days
Interest Payment to Gregg	\$ 100,000.00	2/28/2014	\$ 100,000.00	\$ 50.00	5
Legal Bill Inv#528891	\$ 38,224.00	3/6/2014	\$ 38,224.00	\$ 19.11	21
2105 S 108th Ave	\$ 95,864.00	3/7/2014	\$ 134,088.00	\$ 47.93	20
2027 S 101st Drive	\$ 79,380.98	3/7/2014	\$ 213,468.98	\$ 39.69	20
1697 S 233rd Ln	\$ 67,353.16	3/7/2014	\$ 280,822.14	\$ 33.68	20
4119 W Valley View Dr	\$ 88,896.00	3/7/2014	\$ 369,718.14	\$ 44.45	20
14869 W Caribbean Ln	\$ 79,252.00	3/7/2014	\$ 448,970.14	\$ 39.63	20
4906 W Gelding Dr	\$ 69,082.27	3/7/2014	\$ 518,052.41	\$ 34.54	20
1942 S Emerson St #252	\$ 41,382.56	3/7/2014	\$ 559,434.97	\$ 20.69	20
4119 W Grovers Ave	\$ 78,538.63	3/10/2014	\$ 637,973.60	\$ 39.27	17
23846 W Gibson Ln	\$ 92,372.15	3/14/2014	\$ 730,345.75	\$ 46.19	13
1040 S 220th Ln	\$ 68,127.63	3/14/2014	\$ 798,473.38	\$ 34.06	13
18146 W Puget Ave	\$ 63,861.07	3/14/2014	\$ 862,334.45	\$ 31.93	13
15456 S 47th Place	\$ 181,653.80	3/21/2014	\$ 1,043,988.25	\$ 90.83	6
Payment		3/26/2014	\$ 1,715.65		
			\$ 1,042,272.60		3/26/2014
Balance Forward	\$ 1,042,272.60	3/27/2014	\$ 1,042,272.60	\$ 521.14	21
6024 E Wethersfield Rd	\$ 112,625.27	3/28/2014	\$ 1,154,897.87	\$ 56.31	20
13920 W Maui Ln	\$ 38,414.70	3/31/2014	\$ 1,193,312.57	\$ 19.21	17
1820 S 106th Ln	\$ 63,544.61	3/31/2014	\$ 1,256,857.18	\$ 31.77	17
25852 S Beech Creek Dr	\$ 138,235.26	4/4/2014	\$ 1,395,092.44	\$ 69.12	13
707 E Potter Dr	\$ 184,619.56	4/4/2014	\$ 1,579,712.00	\$ 92.31	13
16739 W Navajo St	\$ 20,000.00	4/10/2014	\$ 1,599,712.00	\$ 10.00	7
4745 W Golden Ln	\$ 63,805.73	4/14/2014	\$ 1,663,517.73	\$ 31.90	3
635 S St Paul	\$ 27,783.84	4/14/2014	\$ 1,691,301.57	\$ 13.89	3
9832 E Olla Ave	\$ 37,589.85	4/14/2014	\$ 1,728,891.42	\$ 18.79	3
3154 W Via Montoya Dr	\$ 21,082.34	4/14/2014	\$ 1,749,973.76	\$ 10.54	3
Legal Bill	\$ 30,266.00	4/15/2014	\$ 1,780,239.76	\$ 15.13	2
Totals since last payment	\$ 1,780,239.76				

4/16/2014

Payment	Interest \$	Date	Total Int & Debt Balance
\$ 100,000.00	\$ 250.00	3/5/2014	\$ -
	\$ 401.35		\$ 38,625.35
	\$ 958.64		\$ 96,822.64
	\$ 793.81		\$ 80,174.79
	\$ 673.53		\$ 68,026.69
	\$ 888.96		\$ 89,784.96
	\$ 792.52		\$ 80,044.52
	\$ 690.82		\$ 69,773.09
	\$ 413.83		\$ 41,796.39
	\$ 667.58		\$ 79,206.21
	\$ 600.42		\$ 92,972.57
	\$ 442.83		\$ 68,570.46
	\$ 415.10		\$ 64,276.17
	\$ 544.96		\$ 182,198.76
\$ 10,000.00	\$ 8,284.35		\$ 1,052,272.60
	\$ 10,943.86		\$ 1,053,216.46
	\$ 1,126.25		\$ 113,751.52
	\$ 326.52		\$ 38,741.22
	\$ 540.13		\$ 64,084.74
	\$ 898.53		\$ 139,133.79
	\$ 1,200.03		\$ 185,819.59
	\$ 70.00		\$ 20,070.00
	\$ 95.71		\$ 63,901.44
	\$ 41.68		\$ 27,825.52
	\$ 56.38		\$ 37,646.23
	\$ 31.62		\$ 21,113.96
	\$ 30.27		\$ 30,296.27
	\$ 15,360.98		\$ 1,795,600.74

#	Note Holder	Property Address	City, Zip
1192	Easy Investments, LLC	8122 N 32nd Ave	Phx, 85051
2120	Easy Investments, LLC	822 E Orange Ave	Ftn Hills, 85268
2509	Easy Investments, LLC	156 Leisure World	Mesa, 85206
3364	Easy Investments, LLC	14894 N 97th Place	Scottsdale, 85260
3610	Easy Investments, LLC	20802 N Grayhawk Dr #1076	Scottsdale, 85255
3736	Michelle Managed	9103 E Charter Oak Dr	Scottsdale, 85260
3817	Easy Investments, LLC	7513 N 47th Drive	Glendale, 85301
3828	Easy Investments, LLC	1605 W Winter Dr	Phx, 85021
3829	Easy Investments, LLC	702 W Wilshire Dr	Phx, 85007
3832	Easy Investments, LLC	10721 W Laurelwood Ln	Avondale, 85323
3883	Easy Investments, LLC	9555 E Raintree Dr., #1004	Scottsdale, 85260
3885	Easy Investments, LLC	9555 E Raintree Dr #1020	Scottsdale, 85260
3913	Easy Investments, LLC	1892 E Ellis Dr	Tempe, 85282
3914	Easy Investments, LLC	3740 E Saylor St	Gilbert, 85297
3926	Easy Investments, LLC	320 S 70th Street #9	Mesa, 85208
3927	Easy Investments, LLC	7204 W Warner St	Phx, 85043
3933	Easy Investments, LLC	9451 E Becker Ln #B1057	Scottsdale, 85260
3957	Easy Investments, LLC	1300 N Markdale #1	Mesa, 85204
3959	Easy Investments, LLC	5420 W Sunnyside Dr	Glendale, 85304
3975	Easy Investments, LLC	1030 E Redwood Dr	Chandler, 85286
3976	Easy Investments, LLC	2402 E Yucca St	Phx, 85028
3977	Easy Investments, LLC	7771 W Marietta Ave	Glendale, 85303
3987	Easy Investments, LLC	18356 W Mission Ln	Waddell, 85355
3994	Easy Investments, LLC	9016 S 41st Lane	Laveen, 85339
3997	Easy Investments, LLC	311 N Kenneth Pl	Chandler, 85226
3998	Easy Investments, LLC	2357 E Balsam Dr	Chandler, 85286
3999	Easy Investments, LLC	26733 N 53rd Lane	Phx, 85083
4003	Easy Investments, LLC	4529 E Sharon Dr	Phx, 85032
4004	Easy Investments, LLC	7575 E Indian Bend Rd #2123	Scottsdale, 85250
4020	Easy Investments, LLC	12802 W Willow Ave	El Mirage, 85335
4027	Easy Investments, LLC	11106 W Dana Lane	Avondale, 85323
4032	Easy Investments, LLC	10510 E Sunnyside Dr	Scottsdale, 85259
4033	Easy Investments, LLC	10401 N 52nd Street #10	PV, AZ 85253
4034	Easy Investments, LLC	11571 W Hop St	Avondale, 85323
4035	Easy Investments, LLC	23949 W Hadley St	Buckeye, 85326
4038	Easy Investments, LLC	3150 E Beardsley Rd #1076	Phx, 85050
4061	Easy Investments, LLC	22261 W Moonlight Path	Buckeye, 85326
4069	Easy Investments, LLC	3383 W Apollo Rd	Phx, 85041
4077	Easy Investments, LLC	5357 S Ranger Trail	Gilbert, 85298
4093	Easy Investments, LLC	2360 E Carmel Ave	Mesa, 85204
4109	Easy Investments, LLC	12827 W Desert Mirage Dr	Peoria, 85383
4116	Easy Investments, LLC	6332 W Sonora St	Phx, 85043
4118	Easy Investments, LLC	2048 E Marilyn Ave	Mesa, 85204
4122	Easy Investments, LLC	1431 E Bridgeman Pkwy	Gilbert, 85295
4129	Easy Investments, LLC	2210 W Marco Polo Rd	Phx, 85027
4130	Easy Investments, LLC	18650 N 91st Ave #3301	Peoria, 85382

4136	Easy Investments, LLC	14556 N 154th Lane	Surprise, 85379
4146	Easy Investments, LLC	4627 E Red Range Way	Cave Creek, 85331
4152	Easy Investments, LLC	18131 W Ruth Ave	Waddell, 85355
4180	Easy Investments, LLC	7089 E Andrew Ln	Peoria, 85383
4185	Easy Investments, LLC	3826 E Palmer St	Gilbert, 85298
4227	Easy Investments, LLC	15677 W Ripple Cir	Goodyear, 85395
4228	Easy Investments, LLC	7389 W Tierra Buena Ln	Peoria, 85382
4229	Easy Investments, LLC	436 N 159th Ave	Goodyear, 85395
4241	Easy Investments, LLC	16832 W Toronto Way	Goodyear, 85395
4253	Easy Investments, LLC	4303 E Cactus Rd, #204	Phx, 85032
4280	Easy Investments, LLC	23922 W Desert Bloom St	Buckeye, 85326
4289	Easy Investments, LLC	7703 W Lamar Rd	Glendale, 85303
4307	Easy Investments, LLC	2681 S Palm St	Gilbert, 85295
4308	Easy Investments, LLC	711 E Potter Dr	Phx, 85024
4313	Easy Investments, LLC	19296 W Adams St	Buckeye, 85326
4322	Easy Investments, LLC	3354 W Monona Dr	Phx, 85027
4338	Easy Investments, LLC	2945 E Dunbar Dr	Phx, 85042
4342	Easy Investments, LLC	11744 W Hadley St	Avondale, 85323
4343	Easy Investments, LLC	23827 W Gibson Ln	Buckeye, 85326
4352	Easy Investments, LLC	3154 W foothills Dr	Phx, 85027
4361	Easy Investments, LLC	614 W Aire Libre	Phx, 85023
4381	Easy Investments, LLC	3237 W Pleasant Ln	Phx, 85041
4383	Easy Investments, LLC	9423 W McRae Way	Peoria, 85382
4384	Easy Investments, LLC	23819 W Hidalgo Ave	Buckeye, 85326
4386	Easy Investments, LLC	2182 E Arabian Dr	Gilbert, 85296
4393	Easy Investments, LLC	25209 S Saddletree Dr	Sun Lakes, 85248
4395	Easy Investments, LLC	3002 N 70th St #144	Scottsdale, 85251
4397	Easy Investments, LLC	2968 E Lynx Way	Gilbert, 85298
4409	Arizona Home Foreclosures, LLC	3326 E Oriole Dr	Gilbert, 85297
4410	Arizona Home Foreclosures, LLC	9521 E Posada Ave	Mesa, 85212
4411	Arizona Home Foreclosures, LLC	5335 S Monte Vista St	Chandler, 85249
4417	Arizona Home Foreclosures, LLC	17540 N Estrella Vista Dr	Surprise, 85374
4422	Arizona Home Foreclosures, LLC	Arizona Home Foreclosures, LLC	Laveen, 85339
4430	Arizona Home Foreclosures, LLC	5414 S Heather Dr	Tempe, 85283
4434	Arizona Home Foreclosures, LLC	2210 S Keene	Mesa, 85209
4438	Arizona Home Foreclosures, LLC	6346 W Valencia Dr	Laveen, 85339
4444	Arizona Home Foreclosures, LLC	11979 N 154th Drive	Surprise, 85379
4454	Arizona Home Foreclosures, LLC	2733 S Ananea	Mesa, 85209
4459	Arizona Home Foreclosures, LLC	1427 W Windsong Dr	Phx, 85045
4481	Arizona Home Foreclosures, LLC	13512 W Marshall Ave	Litchfield, 85340
4482	Arizona Home Foreclosures, LLC	10440 W Hammond Ln	Tolleson, 85353
4484	Arizona Home Foreclosures, LLC	10020 N 66th Drive	Glendale, 85302
4495	Arizona Home Foreclosures, LLC	16527 W Post Dr	Surprise, 85388
4500	Arizona Home Foreclosures, LLC	10025 W Williams St	Tolleson, 85353
4501	Arizona Home Foreclosures, LLC	2216 W Plata Cir	Mesa, 85202
4504	Arizona Home Foreclosures, LLC	39817 N Messner Way	Anthe, 85086
4508	Arizona Home Foreclosures, LLC	14530 W Flores Dr	Ft Mirage, 85385

4509	Arizona Home Foreclosures, LLC	1561 E Mia Ln	Gilbert 85298
4512	Arizona Home Foreclosures, LLC	1592 W Wood Dr	Phx, 85029
4513	Arizona Home Foreclosures, LLC	16010 N 170th Lane	Surprise, 85388
4514	Arizona Home Foreclosures, LLC	2895 E Millbrae Ln	Gilbert, 85234
4519	Arizona Home Foreclosures, LLC	23851 W Wier Ave	Buckeye, 85326
4525	Arizona Home Foreclosures, LLC	10125 E Lobo Ave	Mesa, 85209
4530	Arizona Home Foreclosures, LLC	1750 W Potter Dr	Phx, 85027
4534	Arizona Home Foreclosures, LLC	3643 S Cortland	Mesa, 85212
4536	Arizona Home Foreclosures, LLC	18915 N Sunsites Dr	Surprise, 85387
4540	Arizona Home Foreclosures, LLC	839 S Chatsworth	Mesa, 85208
4541	Arizona Home Foreclosures, LLC	31008 W Columbus Ave	Buckeye, 85326
4544	Arizona Home Foreclosures, LLC	17016 S 27th Place	Phx, 85048
4546	Arizona Home Foreclosures, LLC	15550 N Frank Lloyd Wright #1005	Scottsdale, 85260
4554	Arizona Home Foreclosures, LLC	2027 S 101st Dr	Tolleson, 85353
4574	Arizona Home Foreclosures, LLC	25863 W St James Ave	Buckeye, 85326
4578	Arizona Home Foreclosures, LLC	1040 S 220th Lane	Buckeye, 85326
4579	Arizona Home Foreclosures, LLC	977 S Colonial Dr	Gilbert, 85296
4604	Arizona Home Foreclosures, LLC	707 E Potter Dr	Phx, 85024
4611	Arizona Home Foreclosures, LLC	14904 W Port Royale Ln	Surprise, 85379
4616	Arizona Home Foreclosures, LLC	25234 W Darrell Dr	Buckeye, 85326
4618	Arizona Home Foreclosures, LLC	15835 N 47th Street	Phx, 85032
4619	Arizona Home Foreclosures, LLC	3740 W Villa Theresa Dr	Glendale, 85308
4624	Arizona Home Foreclosures, LLC	15143 E Aspen Dr	Ftn Hills, 85268
4625	Arizona Home Foreclosures, LLC	114 E Valley View Dr	Phx, 85042
4627	Arizona Home Foreclosures, LLC	10769 W Runion Dr	Sun City, 85373
4636	Arizona Home Foreclosures, LLC	4705 N Brookview Terrace	Litchfield, 85340
4637	Arizona Home Foreclosures, LLC	8742 W Pioneer St	Tolleson, 85353
4642	Arizona Home Foreclosures, LLC	11954 W Belmont Dr	Avondale, 85328
4643	Arizona Home Foreclosures, LLC	842 E Sheffield Ave	Gilbert, 85296
4644	Arizona Home Foreclosures, LLC	18146 W Puget Ave	Waddell, 85355
4645	Arizona Home Foreclosures, LLC	14869 W Caribbean Ln	Surprise, 85379
4652	Arizona Home Foreclosures, LLC	4119 W Valley View Dr	Laveen, 85339
4658	Arizona Home Foreclosures, LLC	3830 W Anderson Dr	Glendale, 85308
4659	Arizona Home Foreclosures, LLC	4728 W Carson Rd	Laveen, 85339
4662	Arizona Home Foreclosures, LLC	3247 W Maldonado Dr	Phx, 85042
4663	Arizona Home Foreclosures, LLC	576 N 85th Place	Scottsdale, 85257
4665	Arizona Home Foreclosures, LLC	635 S St Paul	Mesa, 85206
4669	Arizona Home Foreclosures, LLC	12602 N 60th Street	Scottsdale, 85254
4670	Arizona Home Foreclosures, LLC	2229 W Steed Rd	Phx, 85085
4671	Arizona Home Foreclosures, LLC	23846 W Gibson Ln	Buckeye, 85326
4672	Arizona Home Foreclosures, LLC	9537 E Plana Ave	Mesa, 85212
4684	Arizona Home Foreclosures, LLC	1791 E Gary Dr	Chandler, 85225
4687	Arizona Home Foreclosures, LLC	7030 W Pontiac Dr	Glendale, 85308
4689	Arizona Home Foreclosures, LLC	17669 W Marconi Ave	Surprise, 85388
4703	Easy Investments, LLC	14365 W Verde Ln	Goodyear, 85395
4710	Arizona Home Foreclosures, LLC	25510 W Whyman St	Buckeye, 85326
4711	Arizona Home Foreclosures, LLC	1697 S 233rd Ln	Buckeye, 85326

4718	Arizona Home Foreclosures, LLC	10836 E Arcadia Ave	Mesa, 85208
4719	Arizona Home Foreclosures, LLC	521 W Sundance Way	Chandler, 85225
4727	Arizona Home Foreclosures, LLC	23805 W Papago St	Buckeye, 85326
4729	Arizona Home Foreclosures, LLC	8742 W Grovers Ave	Peoria, 85382
4731	Arizona Home Foreclosures, LLC	28730 N Nobel Rd	Phx, 85085
4732	Arizona Home Foreclosures, LLC	5916 W Ferlock Trl	Phx, 85085
4737	Arizona Home Foreclosures, LLC	13033 W Columbine Dr	El Mirage, 85335
4738	Arizona Home Foreclosures, LLC	17732 W Desert Bloom St	Goodyear, 85338
4740	Arizona Home Foreclosures, LLC	1070 N Robins Way	Chandler, 85225
4753	Arizona Home Foreclosures, LLC	4749 N 108th Ave	Phx, 85037
4754	Arizona Home Foreclosures, LLC	3450 W Crocus Dr	Phx, 85053
4755	Arizona Home Foreclosures, LLC	40370 N High Noon Way	Phx, 85086
4777	Arizona Home Foreclosures, LLC	1119 E Potter Dr	Phx, 85024
4779	Arizona Home Foreclosures, LLC	4073 S Wayne Pl	Chandler, 85249
4791	Arizona Home Foreclosures, LLC	711 W Stottler Dr	Chandler, 85225
4796	Arizona Home Foreclosures, LLC	6132 W Charter Oak Rd	Glendale, 85304
4804	Arizona Home Foreclosures, LLC	16550 W Taylor St	Goodyear, 85338
4845	Arizona Home Foreclosures, LLC	19700 N 76th Street #1101	Scottsdale, 85255
4849	Arizona Home Foreclosures, LLC	1351 N Pleasant Dr #1175	Chandler, 85225
4863	Arizona Home Foreclosures, LLC	1416 E Del Rio Dr	Tempe, 85282
4870	Arizona Home Foreclosures, LLC	4063 W Runion Dr	Glendale, 85308
4884	Arizona Home Foreclosures, LLC	503 W Duke Dr	Tempe, 85283
4885	Arizona Home Foreclosures, LLC	12786 W Pasaro Dr	Peoria, 85383
	Arizona Home Foreclosures, LLC	Overage	Phx, 85017
4903	Arizona Home Foreclosures, LLC	8739 N 182nd Ln	Waddell, 85355
4913	Arizona Home Foreclosures, LLC	9003 W Encanto Blvd	Phx, 85051
4917	Arizona Home Foreclosures, LLC	7717 W North Ln	Peoria, 85345
4924	Arizona Home Foreclosures, LLC	3418 E Desert Trumpet Rd	Phx, 85044
4938	Arizona Home Foreclosures, LLC	1426 W Missouri Ave	Phx, 85013
4944	Arizona Home Foreclosures, LLC	136 W Juanita Ave	Gilbert, 85233
4948	Arizona Home Foreclosures, LLC	10222 N 54th Drive	Glendale, 85302
4952	Arizona Home Foreclosures, LLC	2446 W Portobello Ave	Mesa, 85202
4955	Arizona Home Foreclosures, LLC	2219 W Bethany Home Rd	Phx, 85015
4962	Arizona Home Foreclosures, LLC	5306 S Alder Dr	Tempe, 85283
4964	Arizona Home Foreclosures, LLC	4739 W Bloomfield Rd	Glendale, 85304
4965	Arizona Home Foreclosures, LLC	3705 W Cat Balje Dr	Glendale, 85308
4966	Arizona Home Foreclosures, LLC	2435 W Park Ave	Chandler, 85224
4967	Arizona Home Foreclosures, LLC	7020 E Hermosa Vista Dr	Mesa, 85207
4969	Arizona Home Foreclosures, LLC	364 W Linda Ln	Gilbert, 85233
4970	Arizona Home Foreclosures, LLC	4528 E Mockingbird Dr	Gilbert, 85234
4971	Arizona Home Foreclosures, LLC	10850 E Carol Ave	Mesa, 85208
4972	Arizona Home Foreclosures, LLC	4014 W Shangri La Rd	Phx, 85029
4974	Arizona Home Foreclosures, LLC	21551 N Casa Royale Dr	Surprise, 85387
4975	Arizona Home Foreclosures, LLC	34715 E Red Bird Rd	Lave Creek, 85381
4976	Arizona Home Foreclosures, LLC	5704 E Aire Libre Ave #1048	Scottsdale, 85254
4977	Arizona Home Foreclosures, LLC	2502 W Memorial Dr	Anthem, 85086
4978	Arizona Home Foreclosures, LLC	12399 W Roberta Ln	Peoria, 85383

4979	Arizona Home Foreclosures, LLC	2932 N Casa Tomas Ct	Phx, 85016
4981	Arizona Home Foreclosures, LLC	10237 W Westwind Dr	Peoria, 85383
4987	Arizona Home Foreclosures, LLC	7357 E Drummer Ave	Mesa, 85208
4983	Arizona Home Foreclosures, LLC	8832 W Lawrence Ln	Peoria, 85345
4984	Arizona Home Foreclosures, LLC	3298 S 162nd Lane	Goodyear, 85338
4985	Arizona Home Foreclosures, LLC	10364 W Atlantis Way	Tolleson, 85353
4988	Arizona Home Foreclosures, LLC	4230 E Windsong Dr	Phx, 85048
4989	Arizona Home Foreclosures, LLC	1149 W Sherri Dr	Gilbert, 85233

Amount of Loan	Est. Value	LTV	Date	Note Due	Int Due	Int per Day	Days
\$ 85,000.00	\$ 135,000.00	62.96%	3/17/2008	9/17/2008	12/17/2013	\$ 42.50	150
\$ 115,000.00	\$ 125,000.00	92.00%	9/21/2010	3/21/2011	12/21/2013	\$ 57.50	146
\$ 147,000.00	\$ 125,000.00	93.66%	5/11/2011	11/11/2011	12/11/2013	\$ 58.50	156
\$ 344,702.12	\$ 375,000.00	91.92%	5/9/2012	11/9/2012	12/9/2013	\$ 172.35	159
\$ 366,474.60	\$ 375,000.00	97.73%	8/20/2012	2/20/2013	12/20/2013	\$ 183.24	148
\$ 400,000.00	\$ 650,000.00	61.54%	10/4/2012	4/4/2013	12/4/2013	\$ 200.00	156
\$ 20,000.00	\$ 50,000.00	40.00%	11/6/2012	5/6/2013	12/6/2013	\$ 10.00	162
\$ 477,352.68	\$ 450,000.00	86.79%	11/13/2012	5/13/2013	12/13/2013	\$ 238.68	155
\$ 204,276.99	\$ 265,000.00	77.09%	11/13/2012	5/13/2013	12/13/2013	\$ 102.14	155
\$ 164,920.40	\$ 190,000.00	86.80%	12/13/2012	6/13/2013	12/13/2013	\$ 82.46	155
\$ 152,000.00	\$ 160,000.00	95.00%	12/13/2012	6/13/2013	12/13/2013	\$ 76.00	155
\$ 152,000.00	\$ 160,000.00	95.00%	12/13/2012	6/13/2013	12/13/2013	\$ 76.00	155
\$ 210,971.79	\$ 235,000.00	89.78%	12/28/2012	6/28/2013	12/28/2013	\$ 105.49	140
\$ 194,051.84	\$ 265,000.00	73.23%	12/28/2012	6/28/2013	12/28/2013	\$ 97.03	140
\$ 155,000.00	\$ 165,000.00	93.94%	1/3/2013	7/3/2013	12/3/2013	\$ 77.50	165
\$ 160,000.00	\$ 170,000.00	94.12%	1/3/2013	7/3/2013	12/3/2013	\$ 80.00	165
\$ 136,196.70	\$ 160,000.00	85.12%	1/4/2013	7/4/2013	12/4/2013	\$ 68.10	164
\$ 190,000.00	\$ 205,000.00	92.68%	1/16/2013	7/16/2013	12/16/2013	\$ 95.00	157
\$ 130,000.00	\$ 140,000.00	92.86%	1/16/2013	7/16/2013	12/16/2013	\$ 65.00	152
\$ 170,000.00	\$ 210,000.00	80.95%	1/24/2013	7/24/2013	12/24/2013	\$ 85.00	144
\$ 292,084.39	\$ 325,000.00	89.87%	1/24/2013	7/24/2013	12/24/2013	\$ 146.04	144
\$ 166,867.99	\$ 198,000.00	84.28%	1/24/2013	7/24/2013	12/24/2013	\$ 83.43	144
\$ 190,000.00	\$ 220,000.00	86.36%	1/28/2013	7/28/2013	12/28/2013	\$ 95.00	140
\$ 229,213.96	\$ 265,000.00	86.50%	1/30/2013	7/30/2013	12/30/2013	\$ 114.64	138
\$ 289,274.40	\$ 340,000.00	85.08%	1/31/2013	7/31/2013	12/30/2013	\$ 144.64	138
\$ 343,078.80	\$ 355,000.00	96.64%	1/31/2013	7/31/2013	12/30/2013	\$ 171.54	138
\$ 130,340.24	\$ 165,000.00	78.99%	1/31/2013	7/31/2013	12/30/2013	\$ 65.17	138
\$ 195,997.87	\$ 240,000.00	81.67%	2/1/2013	8/1/2013	12/1/2013	\$ 98.00	167
\$ 160,000.00	\$ 175,000.00	91.43%	2/1/2013	8/1/2013	12/1/2013	\$ 80.00	167
\$ 140,000.00	\$ 120,000.00	91.67%	2/7/2013	8/7/2013	12/7/2013	\$ 55.00	161
\$ 175,000.00	\$ 195,000.00	89.74%	2/11/2013	8/11/2013	12/11/2013	\$ 87.50	157
\$ 2,515,167.89	\$ 3,200,000.00	78.60%	2/14/2013	8/14/2013	12/14/2013	\$ 1,257.58	154
\$ 100,000.00	\$ 120,000.00	83.33%	2/14/2013	8/14/2013	12/14/2013	\$ 50.00	154
\$ 148,280.94	\$ 170,000.00	87.22%	2/14/2013	8/14/2013	12/14/2013	\$ 74.14	154
\$ 130,000.00	\$ 150,000.00	86.67%	2/14/2013	8/14/2013	12/14/2013	\$ 65.00	154
\$ 135,000.00	\$ 145,000.00	93.10%	2/15/2013	8/15/2013	12/15/2013	\$ 67.50	153
\$ 80,000.00	\$ 125,000.00	64.00%	2/27/2013	8/27/2013	12/27/2013	\$ 40.00	141
\$ 140,000.00	\$ 150,000.00	93.33%	2/28/2013	8/28/2013	12/28/2013	\$ 70.00	140
\$ 313,002.32	\$ 340,000.00	92.06%	3/1/2013	9/1/2013	12/1/2013	\$ 156.50	167
\$ 124,012.14	\$ 155,000.00	80.01%	3/5/2013	9/5/2013	12/5/2013	\$ 62.01	163
\$ 198,254.24	\$ 210,000.00	94.41%	3/8/2013	9/8/2013	12/8/2013	\$ 99.13	160
\$ 100,000.00	\$ 115,000.00	86.96%	3/11/2013	9/11/2013	12/11/2013	\$ 50.00	157
\$ 184,446.84	\$ 215,000.00	85.79%	3/12/2013	9/12/2013	12/12/2013	\$ 92.22	156
\$ 263,514.13	\$ 310,000.00	85.00%	3/14/2013	9/14/2013	12/14/2013	\$ 131.76	154
\$ 155,181.92	\$ 175,000.00	88.68%	3/18/2013	9/18/2013	12/18/2013	\$ 77.59	150
\$ 161,589.22	\$ 200,000.00	80.79%	3/18/2013	9/18/2013	12/18/2013	\$ 80.79	150

\$ 160,000.00	\$ 170,000.00	94.12%	3/19/2013	9/19/2013	12/19/2013	\$ 80.00	149
236,417.80	363,000.00	92.68%	3/21/2013	9/21/2013	12/21/2013	\$ 168.71	147
\$ 270,000.00	\$ 285,000.00	94.74%	3/25/2013	9/25/2013	12/25/2013	\$ 135.00	143
\$ 213,668.91	\$ 250,000.00	85.47%	4/3/2013	10/3/2013	12/3/2013	\$ 106.89	165
\$ 210,000.00	\$ 220,000.00	95.45%	4/5/2013	10/5/2013	12/5/2013	\$ 105.00	163
\$ 110,000.00	\$ 125,000.00	88.00%	4/19/2013	10/19/2013	12/19/2013	\$ 55.00	149
\$ 150,000.00	\$ 160,000.00	93.75%	4/19/2013	10/19/2013	12/19/2013	\$ 75.00	149
\$ 203,377.73	\$ 225,000.00	90.39%	4/19/2013	10/19/2013	12/19/2013	\$ 101.69	149
\$ 177,861.35	\$ 185,000.00	96.14%	4/23/2013	10/23/2013	12/23/2013	\$ 88.93	145
\$ 142,968.30	\$ 160,000.00	89.65%	4/29/2013	10/29/2013	12/29/2013	\$ 71.48	139
\$ 120,000.00	\$ 145,000.00	82.76%	5/6/2013	11/6/2013	12/6/2013	\$ 60.00	162
\$ 146,225.35	\$ 156,000.00	93.73%	5/13/2013	11/13/2013	12/13/2013	\$ 73.11	159
\$ 330,000.00	\$ 350,000.00	94.29%	5/21/2013	11/21/2013	12/21/2013	\$ 165.00	147
\$ 180,000.00	\$ 190,000.00	94.74%	5/21/2013	11/21/2013	12/21/2013	\$ 90.00	147
\$ 150,000.00	\$ 160,000.00	93.75%	5/23/2013	11/23/2013	12/23/2013	\$ 75.00	145
\$ 93,406.82	\$ 125,000.00	74.73%	5/29/2013	11/29/2013	12/29/2013	\$ 46.70	139
\$ 100,000.00	\$ 120,000.00	83.33%	6/5/2013	12/5/2013	12/5/2013	\$ 50.00	163
\$ 140,000.00	\$ 160,000.00	87.50%	6/6/2013	12/6/2013	12/6/2013	\$ 70.00	162
\$ 150,000.00	\$ 170,000.00	88.24%	6/6/2013	12/6/2013	12/6/2013	\$ 75.00	162
\$ 138,019.19	\$ 155,000.00	89.04%	6/10/2013	12/10/2013	12/10/2013	\$ 69.01	158
\$ 180,000.00	\$ 210,000.00	85.71%	6/12/2013	12/12/2013	12/12/2013	\$ 90.00	156
\$ 160,000.00	\$ 225,000.00	71.11%	6/21/2013	12/21/2013	12/21/2013	\$ 80.00	147
\$ 100,000.00	\$ 135,000.00	74.07%	6/21/2013	12/21/2013	12/21/2013	\$ 50.00	147
\$ 145,000.00	\$ 160,000.00	90.63%	6/21/2013	12/21/2013	12/21/2013	\$ 72.50	147
\$ 170,000.00	\$ 200,000.00	85.00%	6/24/2013	12/24/2013	12/24/2013	\$ 85.00	144
\$ 100,000.00	\$ 140,000.00	71.43%	6/26/2013	12/26/2013	12/26/2013	\$ 50.00	142
\$ 69,741.00	\$ 85,000.00	82.05%	6/26/2013	12/26/2013	12/26/2013	\$ 34.87	142
\$ 315,113.62	\$ 350,000.00	89.75%	6/27/2013	12/27/2013	12/27/2013	\$ 157.56	141
\$ 135,000.00	\$ 215,000.00	86.05%	7/3/2013	1/3/2014	12/3/2013	\$ 67.50	165
\$ 147,573.65	\$ 173,000.00	85.30%	7/3/2013	1/3/2014	12/3/2013	\$ 73.79	165
\$ 260,000.00	\$ 400,000.00	65.00%	7/5/2013	1/5/2014	12/5/2013	\$ 130.00	163
\$ 170,000.00	\$ 200,000.00	85.00%	7/9/2013	1/9/2014	12/9/2013	\$ 85.00	159
\$ 100,000.00	\$ 135,000.00	74.07%	7/10/2013	1/10/2014	12/10/2013	\$ 50.00	158
\$ 190,000.00	\$ 225,000.00	84.44%	7/12/2013	1/12/2014	12/12/2013	\$ 95.00	156
\$ 250,000.00	\$ 315,000.00	79.37%	7/15/2013	1/15/2014	12/15/2013	\$ 125.00	153
\$ 100,000.00	\$ 140,000.00	71.43%	7/17/2013	1/17/2014	12/17/2013	\$ 50.00	151
\$ 142,621.19	\$ 165,000.00	86.44%	7/18/2013	1/18/2014	12/18/2013	\$ 71.31	150
\$ 200,000.00	\$ 240,000.00	83.33%	7/22/2013	1/22/2014	12/22/2013	\$ 100.00	146
\$ 250,000.00	\$ 340,000.00	73.53%	7/23/2013	1/23/2014	12/23/2013	\$ 125.00	145
\$ 188,756.07	\$ 225,000.00	83.89%	7/29/2013	1/29/2014	12/29/2013	\$ 94.38	139
\$ 145,000.00	\$ 155,000.00	93.55%	7/29/2013	1/29/2014	12/29/2013	\$ 72.50	139
\$ 109,000.00	\$ 115,000.00	94.78%	7/29/2013	1/29/2014	12/29/2013	\$ 54.50	139
\$ 122,128.76	\$ 150,000.00	81.42%	8/4/2013	2/1/2014	12/1/2013	\$ 61.06	167
\$ 90,000.00	\$ 135,000.00	66.67%	8/2/2013	2/2/2014	12/2/2013	\$ 45.00	166
\$ 143,065.50	\$ 180,000.00	82.26%	8/2/2013	2/2/2014	12/2/2013	\$ 71.53	166
\$ 215,000.00	\$ 230,000.00	93.48%	8/6/2013	2/6/2014	12/6/2013	\$ 107.50	162
\$ 90,000.00	\$ 135,000.00	66.67%	8/7/2013	2/7/2014	12/7/2013	\$ 45.00	161

\$ 255,000.00	\$ 300,000.00	85.00%	8/7/2013	2/7/2014	12/7/2013	\$ 127.50	161
\$ 155,000.00	\$ 180,000.00	86.11%	8/8/2013	2/8/2014	12/8/2013	\$ 77.50	160
\$ 156,000.00	\$ 165,000.00	94.55%	8/8/2013	2/8/2014	12/8/2013	\$ 78.00	160
\$ 327,000.00	\$ 345,000.00	94.78%	8/8/2013	2/8/2014	12/8/2013	\$ 163.50	160
\$ 164,348.66	\$ 185,000.00	88.84%	8/12/2013	2/12/2014	12/12/2013	\$ 82.17	156
\$ 210,000.00	\$ 220,000.00	95.45%	8/14/2013	2/14/2014	12/14/2013	\$ 105.00	154
\$ 100,000.00	\$ 155,000.00	64.52%	8/19/2013	2/19/2014	12/19/2013	\$ 50.00	149
\$ 150,000.00	\$ 160,000.00	93.75%	8/21/2013	2/21/2014	12/21/2013	\$ 75.00	147
\$ 195,000.00	\$ 205,000.00	95.12%	8/22/2013	2/22/2014	12/22/2013	\$ 97.50	146
\$ 120,000.00	\$ 150,000.00	80.00%	8/23/2013	2/23/2014	12/23/2013	\$ 60.00	145
\$ 80,000.00	\$ 130,000.00	61.54%	8/23/2013	2/23/2014	12/23/2013	\$ 40.00	145
\$ 140,000.00	\$ 210,000.00	66.67%	8/25/2013	2/25/2014	12/26/2013	\$ 70.00	142
\$ 220,000.00	\$ 315,000.00	69.84%	8/27/2013	2/27/2014	12/27/2013	\$ 110.00	141
\$ 125,000.00	\$ 145,000.00	86.21%	8/30/2013	2/28/2014	12/30/2013	\$ 62.50	138
\$ 123,500.00	\$ 130,000.00	95.00%	9/12/2013	3/12/2014	12/12/2013	\$ 61.75	156
\$ 120,000.00	\$ 140,000.00	85.71%	9/16/2013	3/16/2014	12/16/2013	\$ 60.00	152
\$ 205,000.00	\$ 220,000.00	93.18%	9/16/2013	3/16/2014	12/16/2013	\$ 102.50	152
\$ 170,000.00	\$ 300,000.00	56.67%	9/25/2013	3/25/2014	12/25/2013	\$ 85.00	143
\$ 142,500.00	\$ 150,000.00	95.00%	9/27/2013	3/27/2014	12/27/2013	\$ 71.25	141
\$ 150,000.00	\$ 175,000.00	85.71%	10/1/2013	4/1/2014	12/1/2013	\$ 75.00	157
\$ 220,000.00	\$ 335,000.00	65.67%	10/2/2013	4/2/2014	12/2/2013	\$ 110.00	166
\$ 90,000.00	\$ 150,000.00	60.00%	10/3/2013	4/3/2014	12/3/2013	\$ 45.00	165
\$ 210,000.00	\$ 300,000.00	70.00%	10/4/2013	4/4/2014	12/4/2013	\$ 105.00	164
\$ 120,000.00	\$ 180,000.00	66.67%	10/4/2013	4/4/2014	12/4/2013	\$ 60.00	164
\$ 195,000.00	\$ 215,000.00	90.70%	10/7/2013	4/7/2014	12/7/2013	\$ 97.50	161
\$ 160,000.00	\$ 225,000.00	71.11%	10/11/2013	4/11/2014	12/11/2013	\$ 80.00	157
\$ 100,000.00	\$ 156,000.00	64.10%	10/11/2013	4/11/2014	12/11/2013	\$ 50.00	157
\$ 100,000.00	\$ 145,000.00	68.97%	10/15/2013	4/15/2014	12/14/2013	\$ 50.00	154
\$ 100,000.00	\$ 200,000.00	50.00%	10/15/2013	4/15/2014	12/14/2013	\$ 50.00	154
\$ 125,000.00	\$ 150,000.00	83.33%	10/15/2013	4/15/2014	12/16/2013	\$ 62.50	152
\$ 125,000.00	\$ 145,000.00	86.21%	10/16/2013	4/16/2014	12/16/2013	\$ 62.50	152
\$ 140,000.00	\$ 175,000.00	80.00%	10/18/2013	4/18/2014	12/18/2013	\$ 70.00	150
\$ 150,000.00	\$ 175,000.00	85.71%	10/22/2013	4/22/2014	12/22/2013	\$ 75.00	146
\$ 180,000.00	\$ 190,000.00	94.74%	10/22/2013	4/22/2014	12/22/2013	\$ 90.00	146
\$ 165,000.00	\$ 180,000.00	91.67%	10/23/2013	4/23/2014	12/23/2013	\$ 82.50	145
\$ 270,000.00	\$ 285,000.00	94.74%	10/24/2013	4/24/2014	12/24/2013	\$ 135.00	144
\$ 180,000.00	\$ 190,000.00	94.74%	10/25/2013	4/25/2014	12/25/2013	\$ 90.00	143
\$ 349,982.40	\$ 375,000.00	93.09%	10/29/2013	4/29/2014	12/29/2013	\$ 174.54	139
\$ 305,000.00	\$ 320,000.00	95.31%	10/30/2013	4/30/2014	12/30/2013	\$ 152.50	138
\$ 150,000.00	\$ 175,000.00	85.71%	10/30/2013	4/30/2014	12/30/2013	\$ 75.00	138
\$ 150,000.00	\$ 165,000.00	90.91%	10/30/2013	4/30/2014	12/30/2013	\$ 75.00	138
\$ 120,000.00	\$ 170,000.00	70.59%	11/1/2013	5/1/2014	12/1/2013	\$ 60.00	167
\$ 140,000.00	\$ 235,000.00	59.57%	11/5/2013	5/5/2014	12/5/2013	\$ 70.00	163
\$ 170,000.00	\$ 250,000.00	68.00%	11/6/2013	5/6/2014	12/6/2013	\$ 85.00	162
\$ 150,000.00	\$ 210,000.00	71.43%	11/13/2013	5/13/2014	12/13/2013	\$ 75.00	155
\$ 142,000.00	\$ 150,000.00	94.67%	11/18/2013	5/18/2014	12/18/2013	\$ 71.00	150
\$ 180,000.00	\$ 225,000.00	80.00%	11/18/2013	5/18/2014	12/18/2013	\$ 90.00	150

\$ 135,000.00	\$ 143,500.00	94.08%	11/21/2013	5/21/2014	12/21/2013	\$ 67.50	147
\$ 115,000.00	\$ 125,000.00	92.00%	11/21/2013	5/21/2014	12/21/2013	\$ 57.50	147
\$ 150,000.00	\$ 165,000.00	90.91%	12/3/2013	6/3/2014	1/3/2014	\$ 75.00	135
\$ 147,500.00	\$ 150,000.00	78.33%	12/4/2013	6/4/2014	1/4/2014	\$ 58.75	134
\$ 288,900.00	\$ 335,000.00	86.24%	12/5/2013	6/5/2014	1/5/2014	\$ 144.45	133
\$ 329,000.00	\$ 415,000.00	79.28%	12/5/2013	6/5/2014	1/5/2014	\$ 164.50	133
\$ 125,000.00	\$ 130,000.00	96.15%	12/11/2013	6/11/2014	1/11/2014	\$ 62.50	127
\$ 125,500.00	\$ 155,000.00	80.97%	12/11/2013	6/11/2014	1/11/2014	\$ 62.75	127
\$ 158,100.00	\$ 195,000.00	81.08%	12/12/2013	6/12/2014	1/12/2014	\$ 79.05	135
\$ 152,500.00	\$ 199,000.00	76.63%	12/18/2013	6/18/2014	1/18/2014	\$ 76.25	120
\$ 154,000.00	\$ 200,000.00	77.00%	12/18/2013	6/18/2014	1/18/2014	\$ 77.00	120
\$ 244,200.00	\$ 315,000.00	77.52%	12/18/2013	6/18/2014	1/18/2014	\$ 122.10	120
\$ 236,100.00	\$ 289,000.00	81.70%	12/26/2013	6/26/2014	1/26/2014	\$ 118.05	112
\$ 276,700.00	\$ 340,000.00	81.38%	12/27/2013	6/27/2014	1/27/2014	\$ 138.35	111
\$ 139,200.00	\$ 180,000.00	77.33%	1/3/2014	7/3/2014	2/3/2014	\$ 69.60	104
\$ 168,000.00	\$ 220,000.00	76.36%	1/6/2014	7/6/2014	2/6/2014	\$ 84.00	101
\$ 111,000.00	\$ 145,000.00	76.55%	1/10/2014	7/10/2014	2/10/2014	\$ 55.50	97
\$ 274,000.00	\$ 325,000.00	84.31%	2/5/2014	8/5/2014	3/5/2014	\$ 137.00	71
\$ 87,800.00	\$ 115,000.00	76.35%	2/6/2014	8/6/2014	3/6/2014	\$ 43.90	70
\$ 178,000.00	\$ 230,000.00	77.39%	2/20/2014	8/10/2014	3/20/2014	\$ 89.00	56
\$ 168,100.00	\$ 225,000.00	74.71%	2/27/2014	8/27/2014	3/27/2014	\$ 84.05	49
\$ 89,000.00	\$ 115,000.00	77.39%	3/5/2014	9/6/2014	4/6/2014	\$ 44.50	42
\$ 176,500.00	\$ 225,000.00	78.44%	3/6/2014	9/6/2014	4/6/2014	\$ 88.25	42
\$ 1,780,239.76	\$ 5,000,000.00	35.60%	3/6/2014	9/6/2014	4/6/2014	\$ 890.12	42
\$ 170,000.00	\$ 215,000.00	79.07%	3/13/2014	9/13/2014	4/13/2014	\$ 85.00	35
\$ 118,300.00	\$ 155,000.00	76.32%	3/18/2014	9/18/2014	4/18/2014	\$ 59.15	30
\$ 143,789.00	\$ 195,000.00	73.74%	3/19/2014	9/19/2014	4/19/2014	\$ 71.89	29
\$ 237,907.00	\$ 300,000.00	79.30%	3/20/2014	9/20/2014	4/20/2014	\$ 118.70	28
\$ 144,101.00	\$ 220,000.00	65.50%	3/26/2014	9/26/2014	4/26/2014	\$ 72.05	22
\$ 150,751.00	\$ 225,000.00	67.00%	3/28/2014	9/28/2014	4/28/2014	\$ 75.38	20
\$ 136,000.00	\$ 185,000.00	73.51%	4/1/2014	10/1/2014	5/1/2014	\$ 68.00	16
\$ 175,000.00	\$ 225,000.00	77.78%	4/2/2014	10/2/2014	5/2/2014	\$ 87.50	15
\$ 102,600.00	\$ 140,000.00	73.29%	4/3/2014	10/3/2014	5/3/2014	\$ 51.30	14
\$ 192,500.00	\$ 250,000.00	77.00%	4/7/2014	10/7/2014	5/7/2014	\$ 96.25	10
\$ 118,000.00	\$ 150,000.00	78.67%	4/7/2014	10/7/2014	5/7/2014	\$ 59.00	10
\$ 128,500.00	\$ 155,000.00	82.90%	4/9/2014	10/9/2014	5/9/2014	\$ 64.25	8
\$ 164,300.00	\$ 200,000.00	82.15%	4/9/2014	10/9/2014	5/9/2014	\$ 82.15	8
\$ 131,300.00	\$ 165,000.00	79.58%	4/9/2014	10/9/2014	5/9/2014	\$ 65.65	8
\$ 142,300.00	\$ 185,000.00	76.92%	4/9/2014	10/9/2014	5/9/2014	\$ 71.15	8
\$ 177,800.00	\$ 215,000.00	82.70%	4/9/2014	10/9/2014	5/9/2014	\$ 88.90	8
\$ 127,000.00	\$ 155,000.00	81.94%	4/9/2014	10/9/2014	5/9/2014	\$ 63.50	8
\$ 158,800.00	\$ 195,000.00	81.44%	4/9/2014	10/9/2014	5/9/2014	\$ 79.40	8
\$ 184,300.00	\$ 235,000.00	78.43%	4/10/2014	10/10/2014	5/10/2014	\$ 92.15	7
\$ 253,400.00	\$ 310,000.00	81.74%	4/10/2014	10/10/2014	5/10/2014	\$ 126.70	7
\$ 118,900.00	\$ 150,000.00	79.27%	4/11/2014	10/11/2014	5/11/2014	\$ 59.45	6
\$ 153,200.00	\$ 180,000.00	85.11%	4/11/2014	10/11/2014	5/11/2014	\$ 76.60	6
\$ 186,200.00	\$ 230,000.00	80.96%	4/11/2014	10/11/2014	5/11/2014	\$ 93.10	6

\$ 94,800.00	\$ 125,000.00	75.84%	4/11/2014	10/11/2014	5/11/2014	\$ 47.40	6	
\$ 378,500.00	\$ 474,000.00	79.85%	4/14/2014	10/14/2014	5/14/2014	\$ 189.25	3	
\$ 140,100.00	\$ 180,000.00	77.83%	4/14/2014	10/14/2014	5/14/2014	\$ 70.05	3	
\$ 113,000.00	\$ 150,000.00	75.33%	4/14/2014	10/14/2014	5/14/2014	\$ 56.50	3	
\$ 115,800.00	\$ 145,000.00	79.86%	4/14/2014	10/14/2014	5/14/2014	\$ 57.90	3	
\$ 153,000.00	\$ 185,000.00	82.70%	4/14/2014	10/14/2014	5/14/2014	\$ 76.50	3	
\$ 225,400.00	\$ 275,000.00	81.96%	4/15/2014	10/15/2014	5/15/2014	\$ 112.70	2	
\$ 289,600.00	\$ 345,000.00	83.94%	4/15/2014	10/15/2014	5/15/2014	\$ 144.80	2	
<hr/>								
\$ 37,456,620.47							4/16/2014	

<i>Int Amount</i>	<i>Total Owed</i>
\$ 6,375.00	\$ 91,375.00
\$ 8,395.00	\$ 123,395.00
\$ 9,126.00	\$ 126,126.00
\$ 27,403.82	\$ 372,105.94
\$ 27,119.12	\$ 399,598.72
\$ 31,200.00	\$ 431,200.00
\$ 1,620.00	\$ 21,620.00
\$ 36,994.83	\$ 514,947.51
\$ 15,831.47	\$ 220,108.46
\$ 12,781.33	\$ 177,701.73
\$ 11,780.00	\$ 163,780.00
\$ 11,780.00	\$ 163,780.00
\$ 14,768.03	\$ 225,739.82
\$ 13,583.63	\$ 207,635.47
\$ 12,787.50	\$ 167,787.50
\$ 13,200.00	\$ 173,200.00
\$ 11,168.13	\$ 147,364.83
\$ 14,440.00	\$ 204,440.00
\$ 9,880.00	\$ 139,880.00
\$ 12,240.00	\$ 162,240.00
\$ 21,030.08	\$ 313,114.47
\$ 12,014.50	\$ 178,882.49
\$ 13,300.00	\$ 203,300.00
\$ 15,815.76	\$ 245,029.72
\$ 19,959.93	\$ 309,234.33
\$ 23,672.44	\$ 366,751.24
\$ 8,993.48	\$ 139,333.72
\$ 13,365.82	\$ 173,360.00
\$ 13,360.00	\$ 173,360.00
\$ 8,855.00	\$ 118,855.00
\$ 13,737.50	\$ 188,737.50
\$ 93,667.93	\$ 1,708,895.82
\$ 7,700.00	\$ 107,700.00
\$ 11,417.63	\$ 159,698.57
\$ 10,010.00	\$ 140,010.00
\$ 10,327.50	\$ 145,327.50
\$ 5,640.00	\$ 85,640.00
\$ 9,800.00	\$ 149,800.00
\$ 26,135.69	\$ 339,138.01
\$ 10,106.99	\$ 134,119.13
\$ 15,860.34	\$ 214,114.58
\$ 7,850.00	\$ 107,850.00
\$ 14,386.85	\$ 198,833.69
\$ 20,290.76	\$ 283,801.49
\$ 11,638.64	\$ 166,820.56
\$ 12,119.10	\$ 173,708.41

\$ 11,920.00	\$ 171,920.00
\$ 24,726.71	\$ 361,144.51
\$ 19,305.00	\$ 289,305.00
\$ 17,627.69	\$ 231,296.60
\$ 17,115.00	\$ 227,115.00
\$ 8,195.00	\$ 118,195.00
\$ 11,175.00	\$ 161,175.00
\$ 15,151.64	\$ 213,529.37
\$ 12,894.95	\$ 190,756.30
\$ 9,936.30	\$ 152,904.60
\$ 9,720.00	\$ 129,720.00
\$ 11,332.46	\$ 157,557.81
\$ 24,255.00	\$ 354,255.00
\$ 13,230.00	\$ 193,230.00
\$ 10,875.00	\$ 160,875.00
\$ 6,491.77	\$ 99,898.59
\$ 8,150.00	\$ 108,150.00
\$ 11,340.00	\$ 151,340.00
\$ 12,150.00	\$ 162,150.00
\$ 10,903.52	\$ 148,922.71
\$ 14,040.00	\$ 194,040.00
\$ 11,760.00	\$ 171,760.00
\$ 7,350.00	\$ 107,350.00
\$ 10,657.50	\$ 156,657.50
\$ 12,240.00	\$ 182,240.00
\$ 7,100.00	\$ 107,100.00
\$ 4,951.61	\$ 74,692.61
\$ 20,074.86	\$ 335,193.48
\$ 15,262.50	\$ 200,762.50
\$ 12,174.83	\$ 159,748.48
\$ 21,190.00	\$ 281,190.00
\$ 13,515.00	\$ 183,515.00
\$ 7,900.00	\$ 107,900.00
\$ 14,820.00	\$ 204,820.00
\$ 19,125.00	\$ 269,125.00
\$ 7,550.00	\$ 107,550.00
\$ 10,696.59	\$ 153,317.78
\$ 14,600.00	\$ 214,600.00
\$ 18,125.00	\$ 268,125.00
\$ 13,118.55	\$ 201,874.62
\$ 10,077.50	\$ 155,077.50
\$ 7,575.50	\$ 116,575.50
\$ 10,197.75	\$ 132,376.51
\$ 7,470.00	\$ 97,470.00
\$ 12,289.44	\$ 160,357.94
\$ 17,415.00	\$ 232,415.00
\$ 7,245.00	\$ 97,245.00

\$ 20,527.50	\$ 275,527.50
<del>\$ 12,400.00</del>	<del>\$ 167,400.00</del>
\$ 12,480.00	\$ 168,480.00
<del>\$ 25,160.00</del>	<del>\$ 353,160.00</del>
\$ 12,819.20	\$ 177,167.86
<del>\$ 16,170.00</del>	<del>\$ 226,170.00</del>
\$ 7,450.00	\$ 107,450.00
<del>\$ 11,025.00</del>	<del>\$ 161,025.00</del>
\$ 14,235.00	\$ 209,235.00
<del>\$ 8,700.00</del>	<del>\$ 128,700.00</del>
\$ 5,800.00	\$ 85,800.00
<del>\$ 9,940.00</del>	<del>\$ 149,940.00</del>
\$ 15,510.00	\$ 235,510.00
<del>\$ 8,625.00</del>	<del>\$ 133,625.00</del>
\$ 9,633.00	\$ 133,133.00
<del>\$ 9,170.00</del>	<del>\$ 129,170.00</del>
\$ 15,580.00	\$ 220,580.00
<del>\$ 12,155.00</del>	<del>\$ 182,155.00</del>
\$ 10,046.25	\$ 152,546.25
<del>\$ 12,525.00</del>	<del>\$ 162,525.00</del>
\$ 18,260.00	\$ 238,260.00
<del>\$ 7,425.00</del>	<del>\$ 97,425.00</del>
\$ 17,220.00	\$ 227,220.00
<del>\$ 9,840.00</del>	<del>\$ 129,840.00</del>
\$ 15,697.50	\$ 210,697.50
<del>\$ 12,560.00</del>	<del>\$ 172,560.00</del>
\$ 7,850.00	\$ 107,850.00
<del>\$ 7,700.00</del>	<del>\$ 107,700.00</del>
\$ 7,700.00	\$ 107,700.00
<del>\$ 9,500.00</del>	<del>\$ 134,500.00</del>
\$ 9,500.00	\$ 134,500.00
<del>\$ 10,500.00</del>	<del>\$ 150,500.00</del>
\$ 10,950.00	\$ 160,950.00
<del>\$ 13,140.00</del>	<del>\$ 193,140.00</del>
\$ 11,962.50	\$ 176,962.50
<del>\$ 12,440.00</del>	<del>\$ 229,440.00</del>
\$ 12,870.00	\$ 192,870.00
<del>\$ 24,261.23</del>	<del>\$ 373,343.63</del>
\$ 21,045.00	\$ 326,045.00
<del>\$ 10,350.00</del>	<del>\$ 160,350.00</del>
\$ 10,350.00	\$ 160,350.00
<del>\$ 10,020.00</del>	<del>\$ 130,020.00</del>
\$ 11,410.00	\$ 151,410.00
<del>\$ 13,770.00</del>	<del>\$ 183,770.00</del>
\$ 11,625.00	\$ 161,625.00
\$ 10,650.00	\$ 152,650.00
<del>\$ 7,500.00</del>	<del>\$ 107,500.00</del>

\$ 9,922.50	\$ 144,922.50
\$ 8,452.50	\$ 123,452.50
\$ 10,125.00	\$ 160,125.00
\$ 7,872.50	\$ 125,872.50
\$ 19,211.85	\$ 308,111.85
\$ 21,878.50	\$ 350,878.50
\$ 7,937.50	\$ 132,937.50
\$ 7,969.25	\$ 133,469.25
\$ 10,671.75	\$ 168,771.75
\$ 9,150.00	\$ 161,650.00
\$ 9,240.00	\$ 163,240.00
\$ 14,652.00	\$ 258,852.00
\$ 13,221.60	\$ 249,321.60
\$ 15,356.85	\$ 292,056.85
\$ 7,238.40	\$ 146,438.40
\$ 8,484.00	\$ 176,484.00
\$ 5,383.50	\$ 116,383.50
\$ 9,727.00	\$ 283,727.00
\$ 3,073.00	\$ 90,873.00
\$ 4,984.00	\$ 182,984.00
\$ 4,118.45	\$ 172,218.45
\$ 1,869.00	\$ 90,869.00
\$ 3,706.50	\$ 180,206.50
\$ 57,385.03	\$ 1,817,624.79
\$ 2,975.00	\$ 172,975.00
\$ 1,774.50	\$ 120,074.50
\$ 2,084.94	\$ 145,873.94
\$ 3,323.70	\$ 240,730.70
\$ 1,585.11	\$ 145,686.11
\$ 1,507.51	\$ 152,258.51
\$ 1,088.00	\$ 137,088.00
\$ 1,312.50	\$ 176,312.50
\$ 718.20	\$ 103,318.20
\$ 1,962.50	\$ 198,462.50
\$ 590.00	\$ 118,590.00
\$ 514.00	\$ 129,014.00
\$ 657.20	\$ 164,957.20
\$ 525.20	\$ 131,825.20
\$ 569.20	\$ 142,869.20
\$ 711.20	\$ 178,511.20
\$ 508.00	\$ 127,508.00
\$ 635.20	\$ 159,435.20
\$ 645.05	\$ 184,945.05
\$ 386.90	\$ 254,286.90
\$ 356.70	\$ 119,256.70
\$ 459.60	\$ 153,659.60
\$ 558.60	\$ 186,758.60

\$ 284.40	\$ 95,084.40
\$ 567.75	\$ 379,067.75
\$ 210.15	\$ 140,310.15
\$ 169.50	\$ 113,169.50
\$ 173.70	\$ 115,973.70
\$ 229.50	\$ 153,229.50
\$ 225.40	\$ 225,625.40
\$ 289.60	\$ 289,889.60

Boauchamp  
EXH. NO. 402  
7-19-18  
Kelly S. Oglesby CR 50178

## 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 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 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 ½%) 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 Road  
Glendale, AZ 85308  
Attention: Scott Menaged  
Email: smena98754@aol.com

Easy Investments, LLC  
7320 West Bell Road  
Glendale, AZ 85308  
Attention: Scott Menaged  
Email: smena98754@aol.com

Yomotov, "Scott" Menaged  
7320 west Bell Road  
Glendale, AZ 85308  
Email: smena98754@aol.com

Furniture King, LLC  
303 North Central Avenue, Suite 603  
Phoenix, AZ 85012  
Attention: Scott Menaged  
Email: smena98754@aol.com

DenSco Investment Corporation  
6132 West Victoria Place  
Chandler, AZ 85226  
Attention: Denny Chittick  
Email: dcmoney@yahoo.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]

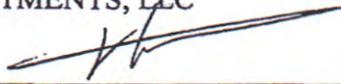
IN WITNESS WHEREOF, the undersigned Parties have executed this Agreement on the date first above written.

**Borrower:**

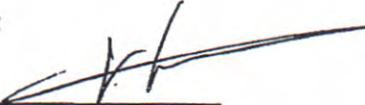
ARIZONA HOME FORECLOSURES, LLC

By:   
Yomtov "Scott" Menaged  
Its: Member

EASY INVESTMENTS, LLC

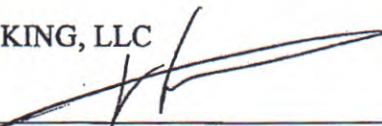
By:   
Yomtov "Scott" Menaged  
Its: Member

**Guarantor:**

  
Yomtov "Scott" Menaged

**New Guarantor:**

FURNITURE KING, LLC

By:   
Yomotov "Scott" Menaged  
Its: Manager

**Lender:**

DENSCO INVESTMENT CORPORATION

By:   
Denny Chittick  
Its: President

{Signature Page of Forbearance Agreement}

**EXHIBIT A**

**LENDER LOANS AND ENCUMBERED PROPERTIES**

200131428.20 43820/170082

DIC0010745

#	Name/Holder	Property Address	City/Zip	Amount of Loan	Est. Value	1TV	Date	Note Due	Int Due	Int Per Day	Days	Int Amount	Total Owed
1192	Easy Investments, LLC	8122 N 52nd Ave	Phx, 85045	\$ 185,000.00	\$ 135,000.00	67.96%	3/17/2008	9/17/2013	\$ 42.50	\$ 6,375.00	150	\$ 6,375.00	\$ 191,375.00
2120	Easy Investments, LLC	822 E Orange Ave	Ftn Hills, 85268	\$ 115,000.00	\$ 125,000.00	92.00%	5/11/2011	11/11/2013	\$ 75.50	\$ 8,395.00	146	\$ 8,395.00	\$ 123,395.00
2509	Easy Investments, LLC	196 LeRoux World	Mesa, 85206	\$ 344,702.13	\$ 375,000.00	91.94%	5/11/2011	11/11/2013	\$ 88.50	\$ 9,126.00	156	\$ 9,126.00	\$ 374,126.00
3610	Easy Investments, LLC	14850 N 97th Place	Scottsdale, 85260	\$ 375,000.00	\$ 375,000.00	100.00%	11/9/2012	12/9/2013	\$ 172.35	\$ 27,403.82	159	\$ 27,403.82	\$ 402,403.82
3614	Easy Investments, LLC	20802 N Grayhawk Dr #1076	Scottsdale, 85255	\$ 375,000.00	\$ 375,000.00	100.00%	8/10/2012	12/10/2013	\$ 183.24	\$ 27,119.12	148	\$ 27,119.12	\$ 402,119.12
3736	Michelle Meniged	9103 E Charter Oak Dr	Scottsdale, 85260	\$ 650,000.00	\$ 650,000.00	100.00%	10/12/2012	11/12/2013	\$ 200.00	\$ 31,200.00	156	\$ 31,200.00	\$ 681,200.00
3817	Easy Investments, LLC	7513 N 47th Drive	Glendale, 85301	\$ 20,000.00	\$ 50,000.00	40.00%	11/6/2012	5/6/2013	\$ 10.00	\$ 1,620.00	167	\$ 1,620.00	\$ 21,620.00
3828	Easy Investments, LLC	1605 W Winter Dr	Phx, 85021	\$ 477,352.68	\$ 550,000.00	86.79%	11/13/2012	5/13/2013	\$ 123.68	\$ 16,954.83	155	\$ 16,954.83	\$ 494,307.51
3829	Easy Investments, LLC	702 W Wilshire Dr	Phx, 85007	\$ 204,276.99	\$ 265,000.00	77.09%	11/13/2012	5/13/2013	\$ 102.14	\$ 15,831.47	155	\$ 15,831.47	\$ 220,108.46
3882	Easy Investments, LLC	10721 W Laurelwood Ln	Avondale, 85323	\$ 164,920.40	\$ 190,000.00	86.80%	12/13/2012	6/13/2013	\$ 82.46	\$ 12,781.33	155	\$ 12,781.33	\$ 177,701.73
3883	Easy Investments, LLC	9555 E Rainree Dr #1004	Scottsdale, 85260	\$ 152,000.00	\$ 160,000.00	95.00%	12/13/2012	6/13/2013	\$ 76.00	\$ 11,780.00	155	\$ 11,780.00	\$ 163,780.00
3885	Easy Investments, LLC	9555 E Rainree Dr #1020	Scottsdale, 85260	\$ 152,000.00	\$ 160,000.00	95.00%	12/13/2012	6/13/2013	\$ 76.00	\$ 11,780.00	155	\$ 11,780.00	\$ 163,780.00
3913	Easy Investments, LLC	1892 E Ellis Dr	Tempe, 85287	\$ 210,971.79	\$ 235,000.00	89.78%	12/28/2012	6/28/2013	\$ 105.49	\$ 14,768.03	140	\$ 14,768.03	\$ 225,739.82
3914	Easy Investments, LLC	3740 E Saxon St	Gilbert, 85232	\$ 194,051.84	\$ 210,000.00	92.41%	12/28/2012	6/28/2013	\$ 97.03	\$ 13,583.63	140	\$ 13,583.63	\$ 207,635.47
3926	Easy Investments, LLC	320 S 70th Street #9	Mesa, 85208	\$ 155,000.00	\$ 165,000.00	93.94%	1/3/2013	7/3/2013	\$ 77.50	\$ 12,787.50	165	\$ 12,787.50	\$ 167,787.50
3927	Easy Investments, LLC	7204 W Warner St	Phx, 85043	\$ 160,000.00	\$ 170,000.00	94.12%	1/3/2013	7/3/2013	\$ 80.00	\$ 13,200.00	165	\$ 13,200.00	\$ 173,200.00
3933	Easy Investments, LLC	9451 E Becker Ln #B1057	Scottsdale, 85260	\$ 136,196.70	\$ 160,000.00	85.17%	1/4/2013	7/4/2013	\$ 68.10	\$ 11,568.13	164	\$ 11,568.13	\$ 147,764.83
3957	Easy Investments, LLC	1500 N Markdale #1	Mesa, 85701	\$ 205,000.00	\$ 205,000.00	100.00%	1/16/2013	7/16/2013	\$ 85.00	\$ 14,440.00	152	\$ 14,440.00	\$ 209,440.00
3959	Easy Investments, LLC	5420 W Sunnyside Dr	Glendale, 85304	\$ 130,000.00	\$ 140,000.00	92.86%	1/16/2013	7/16/2013	\$ 65.00	\$ 9,880.00	152	\$ 9,880.00	\$ 139,880.00
3975	Easy Investments, LLC	1080 E Redwood Dr	Chandler, 85286	\$ 170,000.00	\$ 210,000.00	80.95%	1/24/2013	7/24/2013	\$ 85.00	\$ 12,740.00	144	\$ 12,740.00	\$ 182,740.00
3976	Easy Investments, LLC	2402 E Yucca St	Phx, 85028	\$ 292,084.99	\$ 325,000.00	89.87%	1/24/2013	7/24/2013	\$ 146.04	\$ 21,030.08	144	\$ 21,030.08	\$ 313,114.47
3977	Easy Investments, LLC	7771 W Marlette Ave	Glendale, 85303	\$ 156,867.99	\$ 198,000.00	84.28%	1/24/2013	7/24/2013	\$ 83.43	\$ 12,014.50	144	\$ 12,014.50	\$ 178,882.49
3987	Easy Investments, LLC	18356 W Mission Ln	Waddell, 85355	\$ 190,000.00	\$ 220,000.00	86.36%	1/28/2013	7/28/2013	\$ 95.00	\$ 13,300.00	140	\$ 13,300.00	\$ 203,300.00
3994	Easy Investments, LLC	9016 S 41st Lane	Laveen, 85339	\$ 272,229.213.96	\$ 265,000.00	86.50%	1/30/2013	7/30/2013	\$ 114.61	\$ 15,815.76	138	\$ 15,815.76	\$ 288,145.02
3997	Easy Investments, LLC	311 N Kenneth Pl	Chandler, 85226	\$ 289,274.40	\$ 340,000.00	85.08%	1/31/2013	7/31/2013	\$ 144.64	\$ 19,959.93	138	\$ 19,959.93	\$ 309,234.33
3999	Easy Investments, LLC	2367 E Ballfarm Dr	Chandler, 85286	\$ 343,078.80	\$ 355,000.00	96.64%	1/31/2013	7/31/2013	\$ 177.50	\$ 23,672.44	138	\$ 23,672.44	\$ 366,751.24
4003	Easy Investments, LLC	26733 N 53rd Lane	Phx, 85083	\$ 130,340.24	\$ 165,000.00	78.99%	1/31/2013	7/31/2013	\$ 65.17	\$ 8,993.48	138	\$ 8,993.48	\$ 139,333.72
4009	Easy Investments, LLC	4529 E Sharon Dr	Phx, 85032	\$ 195,997.87	\$ 240,000.00	81.67%	2/1/2013	8/1/2013	\$ 98.00	\$ 16,365.82	167	\$ 16,365.82	\$ 211,663.69
4004	Easy Investments, LLC	7575 E Indian Bend Rd #2123	Scottsdale, 85250	\$ 160,000.00	\$ 175,000.00	91.43%	2/1/2013	8/1/2013	\$ 80.00	\$ 13,860.00	167	\$ 13,860.00	\$ 173,860.00
4020	Easy Investments, LLC	12802 W Willow Ave	El Mirage, 85333	\$ 170,000.00	\$ 200,000.00	85.00%	2/1/2013	8/1/2013	\$ 55.00	\$ 8,850.00	161	\$ 8,850.00	\$ 178,850.00
4027	Easy Investments, LLC	11106 W Dena Lane	Avondale, 85323	\$ 175,000.00	\$ 195,000.00	89.74%	2/11/2013	8/11/2013	\$ 87.50	\$ 13,737.50	157	\$ 13,737.50	\$ 188,737.50
4032	Easy Investments, LLC	10510 E Sunnyside Dr	Scottsdale, 85259	\$ 515,167.89	\$ 3,200,000.00	78.60%	2/14/2013	8/14/2013	\$ 1,257.58	\$ 193,667.93	154	\$ 193,667.93	\$ 709,835.82
4033	Easy Investments, LLC	10401 N 52nd Street #10	PV, AZ 85253	\$ 100,000.00	\$ 120,000.00	83.33%	2/14/2013	8/14/2013	\$ 50.00	\$ 7,700.00	154	\$ 7,700.00	\$ 107,700.00
4034	Easy Investments, LLC	31171 W Hopi St	Avondale, 85323	\$ 148,180.94	\$ 170,000.00	87.22%	2/14/2013	8/14/2013	\$ 74.14	\$ 11,417.63	154	\$ 11,417.63	\$ 159,598.57
4035	Easy Investments, LLC	23949 W Hadley St	Buckeye, 85326	\$ 130,000.00	\$ 150,000.00	86.67%	2/14/2013	8/14/2013	\$ 85.00	\$ 10,010.00	154	\$ 10,010.00	\$ 140,010.00
4038	Easy Investments, LLC	31150 E Beardley Rd #1076	Phx, 85050	\$ 135,000.00	\$ 145,000.00	93.10%	2/15/2013	8/15/2013	\$ 67.50	\$ 10,327.50	153	\$ 10,327.50	\$ 145,327.50
4061	Easy Investments, LLC	22261 W Moonlight Path	Buckeye, 85326	\$ 80,000.00	\$ 125,000.00	64.00%	2/27/2013	8/27/2013	\$ 40.00	\$ 5,640.00	141	\$ 5,640.00	\$ 85,640.00
4069	Easy Investments, LLC	3333 W Apollo Rd	Phx, 85041	\$ 140,000.00	\$ 150,000.00	93.33%	2/28/2013	8/28/2013	\$ 70.00	\$ 9,800.00	140	\$ 9,800.00	\$ 149,800.00
4077	Easy Investments, LLC	5357 S Ranger Trail	Gilbert, 85298	\$ 313,002.32	\$ 340,000.00	92.06%	3/1/2013	9/1/2013	\$ 62.01	\$ 26,135.69	167	\$ 26,135.69	\$ 339,138.01
4093	Easy Investments, LLC	2360 E Camel Ave	Mesa, 85204	\$ 124,012.14	\$ 155,000.00	80.11%	3/5/2013	9/5/2013	\$ 62.01	\$ 10,106.99	163	\$ 10,106.99	\$ 134,119.13
4109	Easy Investments, LLC	12827 W Desert Mirage Dr	Peoria, 85383	\$ 198,254.24	\$ 210,000.00	94.41%	3/8/2013	9/8/2013	\$ 99.13	\$ 15,860.34	160	\$ 15,860.34	\$ 214,114.58
4116	Easy Investments, LLC	6332 W Sonora St	Phx, 85043	\$ 100,000.00	\$ 115,000.00	86.96%	3/11/2013	9/11/2013	\$ 50.00	\$ 7,850.00	157	\$ 7,850.00	\$ 107,850.00
4118	Easy Investments, LLC	2048 E Marilyn Ave	Mesa, 85204	\$ 184,446.84	\$ 215,000.00	85.79%	3/12/2013	9/12/2013	\$ 92.22	\$ 14,386.85	156	\$ 14,386.85	\$ 198,833.69
4129	Easy Investments, LLC	1431 E Bridgeport Pkwy	Gilbert, 85295	\$ 263,511.13	\$ 310,000.00	85.00%	3/14/2013	9/14/2013	\$ 131.76	\$ 20,290.36	154	\$ 20,290.36	\$ 283,801.49
4129	Easy Investments, LLC	2210 W Marco Polo Rd	Phx, 85027	\$ 155,181.92	\$ 175,000.00	88.68%	3/18/2013	9/18/2013	\$ 77.59	\$ 11,638.64	150	\$ 11,638.64	\$ 166,820.56
4130	Easy Investments, LLC	18650 N 91st Ave #3301	Peoria, 85342	\$ 161,589.22	\$ 200,000.00	80.79%	3/18/2013	9/18/2013	\$ 80.79	\$ 12,119.19	150	\$ 12,119.19	\$ 173,708.41
4136	Easy Investments, LLC	14556 N 154th Lane	Surprise, 85379	\$ 160,000.00	\$ 170,000.00	94.12%	3/19/2013	9/19/2013	\$ 80.00	\$ 11,920.00	149	\$ 11,920.00	\$ 171,920.00
4146	Easy Investments, LLC	4827 E Red Range Way	Waddell, 85355	\$ 336,417.80	\$ 363,000.00	92.68%	3/25/2013	9/25/2013	\$ 168.21	\$ 24,726.71	147	\$ 24,726.71	\$ 361,144.51
4152	Easy Investments, LLC	18131 W Ruth Ave	Waddell, 85355	\$ 270,000.00	\$ 320,000.00	84.38%	3/25/2013	9/25/2013	\$ 135.00	\$ 19,305.00	143	\$ 19,305.00	\$ 289,305.00
4180	Easy Investments, LLC	7089 E Andrew Ln	Peoria, 85383	\$ 213,668.91	\$ 250,000.00	85.47%	4/3/2013	10/3/2013	\$ 106.83	\$ 17,627.69	165	\$ 17,627.69	\$ 231,296.60
4185	Easy Investments, LLC	3826 E Palmer St	Gilbert, 85298	\$ 210,000.00	\$ 220,000.00	95.45%	4/9/2013	10/9/2013	\$ 105.00	\$ 17,115.00	163	\$ 17,115.00	\$ 227,115.00
4227	Easy Investments, LLC	15677 W Ripple Cir	Goodyear, 85395	\$ 110,000.00	\$ 120,000.00	88.00%	4/9/2013	10/9/2013	\$ 55.00	\$ 8,195.00	149	\$ 8,195.00	\$ 118,195.00
4228	Easy Investments, LLC	7389 W Tierra Buena Ln	Peoria, 85382	\$ 150,000.00	\$ 160,000.00	93.75%	4/19/2013	10/19/2013	\$ 75.00	\$ 11,175.00	149	\$ 11,175.00	\$ 161,175.00
4241	Easy Investments, LLC	436 N 159th Ave	Goodyear, 85395	\$ 203,377.73	\$ 225,000.00	90.39%	4/19/2013	10/19/2013	\$ 101.69	\$ 15,151.64	149	\$ 15,151.64	\$ 218,529.37
4241	Easy Investments, LLC	16832 W Toronto Way	Goodyear, 85395	\$ 173,861.35	\$ 185,000.00	96.14%	4/23/2013	10/23/2013	\$ 88.93	\$ 12,894.95	145	\$ 12,894.95	\$ 196,756.30
4253	Easy Investments, LLC	4303 E Camel Rd #201	Phx, 85032	\$ 142,668.30	\$ 165,000.00	86.45%	4/29/2013	10/29/2013	\$ 71.48	\$ 9,836.30	139	\$ 9,836.30	\$ 152,504.60
4280	Easy Investments, LLC	2392 W Desert Bloom St	Buckeye, 85326	\$ 20,000.00	\$ 145,000.00	87.76%	5/6/2013	11/6/2013	\$ 60.00	\$ 9,720.00	162	\$ 9,720.00	\$ 129,720.00
4280	Easy Investments, LLC	146,225.35 15th	Glendale, 85303	\$ 146,225.35	\$ 165,000.00	93.73%	5/13/2013	11/13/2013	\$ 78.11	\$ 11,332.46	155	\$ 11,332.46	\$ 157,557.81
4307	Easy Investments, LLC	2681 S Palm St	Gilbert, 85295	\$ 330,000.00	\$ 350,000.00	94.29%	5/21/2013	11/21/2013	\$ 165.00	\$ 24,255.00	147	\$ 24,255.00	\$ 354,255.00

4308	Easy Investments, LLC	711 E Potter Dr	180,000.00	94.74%	5/17/2013	11/21/2013	12/21/2013	90.00	147	\$ 13,230.00	\$ 1,193,230.00
4313	Easy Investments, LLC	Buckeye, 85326	150,000.00	91.75%	5/13/2013	11/23/2013	12/23/2013	75.00	145	\$ 10,875.00	\$ 1,60,875.00
4322	Easy Investments, LLC	3354 W Monobia Dr	93,406.87	74.73%	5/29/2013	11/29/2013	12/29/2013	46.70	139	\$ 6,491.77	\$ 99,898.64
4338	Easy Investments, LLC	7945 E Dunbar Dr	100,000.00	83.33%	6/5/2013	12/5/2013	12/5/2013	50.00	163	\$ 8,150.00	\$ 108,150.00
4342	Easy Investments, LLC	11744 W Hadley St	140,000.00	87.50%	6/6/2013	12/6/2013	12/6/2013	70.00	162	\$ 11,340.00	\$ 151,340.00
4343	Easy Investments, LLC	Buckeye, 85326	150,000.00	88.24%	6/6/2013	12/6/2013	12/6/2013	75.00	162	\$ 12,150.00	\$ 162,150.00
4352	Easy Investments, LLC	3154 W Foothills Dr	138,019.19	89.04%	6/20/2013	12/10/2013	12/10/2013	69.01	158	\$ 10,903.52	\$ 148,922.71
4361	Easy Investments, LLC	614 W Aire Libre	180,000.00	85.71%	6/12/2013	12/12/2013	12/12/2013	80.00	156	\$ 14,040.00	\$ 194,040.00
4381	Easy Investments, LLC	3237 W Pleasant Ln	160,000.00	71.11%	6/21/2013	12/21/2013	12/21/2013	90.00	147	\$ 11,760.00	\$ 171,760.00
4383	Easy Investments, LLC	9423 W McIrae Way	100,000.00	74.07%	6/21/2013	12/21/2013	12/21/2013	50.00	147	\$ 7,350.00	\$ 107,350.00
4384	Easy Investments, LLC	23819 W Hidalgo Ave	145,000.00	90.63%	6/21/2013	12/21/2013	12/21/2013	72.50	147	\$ 10,657.50	\$ 155,657.50
4386	Easy Investments, LLC	Gilbert, 85796	170,000.00	85.00%	6/24/2013	12/24/2013	12/24/2013	85.00	144	\$ 12,240.00	\$ 182,240.00
4393	Easy Investments, LLC	25209 S Saddle Creek Dr	140,000.00	71.43%	6/26/2013	12/26/2013	12/26/2013	50.00	142	\$ 7,100.00	\$ 147,100.00
4395	Easy Investments, LLC	3002 N 70th St #144	69,741.00	82.03%	6/26/2013	12/26/2013	12/26/2013	34.87	142	\$ 4,951.61	\$ 74,692.61
4397	Easy Investments, LLC	2968 E Lynx Way	313,118.62	89.49%	6/27/2013	12/27/2013	12/27/2013	156.56	141	\$ 22,074.86	\$ 335,193.48
4409	Arizona Home Foreclosures, LLC	3326 E Oriole Dr	185,000.00	86.05%	7/1/2013	1/3/2014	1/3/2014	92.50	165	\$ 15,262.50	\$ 200,262.50
4411	Arizona Home Foreclosures, LLC	9521 E Posada Ave	147,571.65	85.30%	7/9/2013	1/9/2014	1/9/2014	73.79	165	\$ 12,174.83	\$ 159,746.48
4417	Arizona Home Foreclosures, LLC	5355 S Montie Vista St	260,000.00	85.00%	7/5/2013	1/5/2014	1/5/2014	130.00	163	\$ 21,900.00	\$ 281,900.00
4422	Arizona Home Foreclosures, LLC	17540 N Estrella Vista Dr	170,000.00	85.00%	7/9/2013	1/9/2014	1/9/2014	85.00	159	\$ 13,515.00	\$ 183,515.00
4423	Arizona Home Foreclosures, LLC	Arizona Home Foreclosures, LLC	100,000.00	74.07%	7/10/2013	1/10/2014	1/10/2014	50.00	158	\$ 7,900.00	\$ 107,900.00
4430	Arizona Home Foreclosures, LLC	5414 S Heather Dr	190,000.00	84.44%	7/12/2013	1/12/2014	1/12/2014	95.00	156	\$ 14,820.00	\$ 204,820.00
4434	Arizona Home Foreclosures, LLC	2210 S Kéna	250,000.00	79.37%	7/15/2013	1/15/2014	1/15/2014	75.00	153	\$ 19,125.00	\$ 269,125.00
4444	Arizona Home Foreclosures, LLC	11979 N 154th Drive	100,000.00	71.43%	7/17/2013	1/17/2014	1/17/2014	50.00	151	\$ 7,500.00	\$ 107,500.00
4454	Arizona Home Foreclosures, LLC	2735 S Ananea	200,000.00	83.33%	7/22/2013	1/22/2014	1/22/2014	100.00	146	\$ 14,600.00	\$ 214,600.00
4481	Arizona Home Foreclosures, LLC	13512 W Marshall Ave	188,756.07	81.89%	7/29/2013	1/29/2014	1/29/2014	94.38	139	\$ 13,118.55	\$ 201,874.62
4482	Arizona Home Foreclosures, LLC	10440 W Hammond Ln	145,000.00	93.55%	7/29/2013	1/29/2014	1/29/2014	72.50	139	\$ 10,775.00	\$ 155,775.00
4484	Arizona Home Foreclosures, LLC	10020 N 66th Drive	109,000.00	94.78%	7/29/2013	1/29/2014	1/29/2014	54.50	139	\$ 7,575.50	\$ 116,575.50
4493	Arizona Home Foreclosures, LLC	16527 W Post Dr	122,278.76	81.42%	8/1/2013	2/1/2014	2/1/2014	61.06	167	\$ 10,197.75	\$ 132,476.51
4500	Arizona Home Foreclosures, LLC	10025 W Williams St	90,000.00	66.67%	8/2/2013	2/2/2014	2/2/2014	45.00	166	\$ 7,470.00	\$ 97,470.00
4501	Arizona Home Foreclosures, LLC	2216 W Plaza Cir	148,065.50	82.26%	8/2/2013	2/2/2014	2/2/2014	74.03	166	\$ 12,289.44	\$ 160,354.94
4504	Arizona Home Foreclosures, LLC	39817 N Messner Way	215,000.00	93.48%	8/6/2013	2/6/2014	2/6/2014	107.50	162	\$ 17,415.00	\$ 232,415.00
4509	Arizona Home Foreclosures, LLC	1561 E Mia Ln	90,000.00	66.67%	8/7/2013	2/7/2014	2/7/2014	45.00	161	\$ 7,245.00	\$ 97,245.00
4512	Arizona Home Foreclosures, LLC	21502 W Wood Dr	255,000.00	85.00%	8/7/2013	2/7/2014	2/7/2014	127.50	161	\$ 20,572.50	\$ 275,572.50
4513	Arizona Home Foreclosures, LLC	16010 N 170th Lane	155,000.00	81.11%	8/8/2013	2/8/2014	2/8/2014	77.50	160	\$ 12,400.00	\$ 167,400.00
4519	Arizona Home Foreclosures, LLC	2895 E Millbrae Ln	156,000.00	94.55%	8/8/2013	2/8/2014	2/8/2014	163.50	160	\$ 26,160.00	\$ 182,160.00
4523	Arizona Home Foreclosures, LLC	10125 E Lobo Ave	164,348.66	88.84%	8/12/2013	2/12/2014	2/12/2014	82.17	156	\$ 12,819.20	\$ 177,167.86
4530	Arizona Home Foreclosures, LLC	750 W Potter Dr	210,000.00	85.45%	8/14/2013	2/14/2014	2/14/2014	105.00	154	\$ 16,770.00	\$ 226,770.00
4534	Arizona Home Foreclosures, LLC	3043 S Cortland	100,000.00	64.52%	8/19/2013	2/19/2014	2/19/2014	50.00	149	\$ 7,450.00	\$ 107,450.00
4536	Arizona Home Foreclosures, LLC	18915 N Sunites Dr	150,000.00	93.75%	8/21/2013	2/21/2014	2/21/2014	75.00	177	\$ 11,025.00	\$ 161,025.00
4540	Arizona Home Foreclosures, LLC	839 S Chatsworth	195,000.00	95.12%	8/22/2013	2/22/2014	2/22/2014	97.50	146	\$ 14,235.00	\$ 209,235.00
4541	Arizona Home Foreclosures, LLC	31008 W Columbus Ave	120,000.00	80.00%	8/23/2013	2/23/2014	2/23/2014	60.00	145	\$ 8,700.00	\$ 128,700.00
4546	Arizona Home Foreclosures, LLC	17016 S 27th Place	80,000.00	61.54%	8/23/2013	2/23/2014	2/23/2014	40.00	145	\$ 5,800.00	\$ 85,800.00
4554	Arizona Home Foreclosures, LLC	15550 N Frank Lloyd Wright #1005	140,000.00	66.67%	8/26/2013	2/26/2014	2/26/2014	70.00	142	\$ 9,940.00	\$ 149,940.00
4557	Arizona Home Foreclosures, LLC	2027 S 101st Dr	220,000.00	69.84%	8/27/2013	2/27/2014	2/27/2014	110.00	141	\$ 15,510.00	\$ 235,510.00
4574	Arizona Home Foreclosures, LLC	25863 W St James Ave	125,000.00	86.21%	8/30/2013	2/28/2014	12/30/2013	63.50	138	\$ 8,625.00	\$ 133,625.00
4578	Arizona Home Foreclosures, LLC	1040 S 220th Lane	123,500.00	95.00%	9/1/2013	3/1/2014	12/16/2013	61.75	156	\$ 9,633.00	\$ 133,133.00
4579	Arizona Home Foreclosures, LLC	977 S Colonial Dr	130,000.00	85.71%	9/16/2013	3/16/2014	12/16/2013	103.50	152	\$ 15,880.00	\$ 205,880.00
4604	Arizona Home Foreclosures, LLC	707 E Potter Dr	205,000.00	98.18%	9/16/2013	3/16/2014	12/16/2013	163	142	\$ 12,155.00	\$ 187,155.00
4611	Arizona Home Foreclosures, LLC	14904 W Port Royale Ln	170,000.00	56.67%	9/25/2013	3/25/2014	12/25/2013	85.00	141	\$ 10,046.25	\$ 152,046.25
4618	Arizona Home Foreclosures, LLC	25234 W Darrell Dr	142,500.00	95.00%	9/25/2013	3/25/2014	12/25/2013	71.25	167	\$ 12,525.00	\$ 165,025.00
4619	Arizona Home Foreclosures, LLC	3740 W Villa Theresa Dr	220,000.00	65.67%	10/7/2013	4/7/2014	1/7/2014	110.00	166	\$ 18,260.00	\$ 238,260.00
4624	Arizona Home Foreclosures, LLC	15143 S Aspen Dr	90,000.00	60.00%	10/3/2013	4/3/2014	1/3/2014	45.00	165	\$ 7,425.00	\$ 97,425.00
4625	Arizona Home Foreclosures, LLC	1146 Valley View Dr	210,000.00	70.00%	10/4/2013	4/4/2014	1/4/2014	105.00	164	\$ 17,200.00	\$ 227,200.00
4627	Arizona Home Foreclosures, LLC	132000000 S	130,000.00	63.49%	10/4/2013	4/4/2014	1/4/2014	60.00	164	\$ 17,200.00	\$ 147,200.00
4636	Arizona Home Foreclosures, LLC	10769 W Runion Dr	195,000.00	90.70%	10/7/2013	4/7/2014	1/7/2014	97.50	161	\$ 15,697.50	\$ 210,697.50
4636	Arizona Home Foreclosures, LLC	4705 N Brookview Terrace	160,000.00	71.11%	10/11/2013	4/11/2014	1/11/2014	80.00	157	\$ 12,560.00	\$ 172,560.00

4637	Arizona Home Foreclosures, LLC	8742 W Pioneer St	Tolleson, 85358	\$ 100,000.00	\$ 156,000.00	64.10%	10/11/2013	4/11/2014	12/11/2013	\$ 50.00	157	\$ 7,850.00	\$ 107,850.00
4643	Arizona Home Foreclosures, LLC	1954 W Belmont Dr	Avondale, 85323	\$ 100,000.00	\$ 145,000.00	68.97%	10/15/2013	4/15/2014	12/14/2013	\$ 50.00	154	\$ 7,700.00	\$ 107,700.00
4644	Arizona Home Foreclosures, LLC	842 E Sheffield Ave	Gilbert, 85799	\$ 100,000.00	\$ 200,000.00	50.00%	10/15/2013	4/15/2014	12/14/2013	\$ 50.00	154	\$ 7,700.00	\$ 107,700.00
4645	Arizona Home Foreclosures, LLC	18146 W Pluet Ave	Waddell, 85385	\$ 125,000.00	\$ 150,000.00	83.33%	10/16/2013	4/16/2014	12/16/2013	\$ 62.50	152	\$ 9,500.00	\$ 134,500.00
4645	Arizona Home Foreclosures, LLC	14869 W Caribbean Ln	Surprise, 85379	\$ 125,000.00	\$ 145,000.00	86.21%	10/16/2013	4/16/2014	12/16/2013	\$ 62.50	152	\$ 9,500.00	\$ 134,500.00
4652	Arizona Home Foreclosures, LLC	4119 W Valley View Dr	Lavender, 85339	\$ 140,000.00	\$ 215,000.00	80.00%	10/18/2013	4/18/2014	12/18/2013	\$ 70.00	150	\$ 10,500.00	\$ 150,500.00
4658	Arizona Home Foreclosures, LLC	3830 W Anderson Dr	Glandale, 85308	\$ 150,000.00	\$ 175,000.00	85.71%	10/22/2013	4/22/2014	12/21/2013	\$ 75.00	146	\$ 10,950.00	\$ 160,950.00
4659	Arizona Home Foreclosures, LLC	3247 W Carlson Rd	Lavender, 85339	\$ 180,000.00	\$ 240,000.00	90.00%	10/22/2013	4/22/2014	12/21/2013	\$ 90.00	146	\$ 13,140.00	\$ 193,140.00
4662	Arizona Home Foreclosures, LLC	9387 E Plana Ave	Phx, 85042	\$ 165,000.00	\$ 190,000.00	91.67%	10/23/2013	4/23/2014	12/23/2013	\$ 82.50	145	\$ 11,962.50	\$ 176,962.50
4663	Arizona Home Foreclosures, LLC	978 N 85th Place	Scottsdale, 85257	\$ 270,000.00	\$ 285,000.00	94.74%	10/24/2013	4/24/2014	12/24/2013	\$ 135.00	144	\$ 19,440.00	\$ 285,440.00
4665	Arizona Home Foreclosures, LLC	635 S St Paul	Mesa, 85206	\$ 180,000.00	\$ 190,000.00	94.74%	10/25/2013	4/25/2014	12/25/2013	\$ 90.00	143	\$ 12,870.00	\$ 192,870.00
4669	Arizona Home Foreclosures, LLC	2602 N 60th Street	Scottsdale, 85254	\$ 349,082.40	\$ 375,000.00	93.09%	10/29/2013	4/29/2014	12/29/2013	\$ 174.54	139	\$ 24,261.23	\$ 373,343.63
4670	Arizona Home Foreclosures, LLC	2229 W Steed Rd	Phx, 85085	\$ 305,000.00	\$ 320,000.00	95.31%	10/30/2013	4/30/2014	12/30/2013	\$ 152.50	138	\$ 21,045.00	\$ 326,045.00
4671	Arizona Home Foreclosures, LLC	23846 W Gibbon Ln	Buckeye, 85326	\$ 150,000.00	\$ 175,000.00	85.71%	10/30/2013	4/30/2014	12/30/2013	\$ 75.00	138	\$ 10,350.00	\$ 160,350.00
4672	Arizona Home Foreclosures, LLC	9387 E Plana Ave	Mesa, 85212	\$ 165,000.00	\$ 190,000.00	90.91%	10/30/2013	4/30/2014	12/30/2013	\$ 75.00	138	\$ 10,350.00	\$ 160,350.00
4684	Arizona Home Foreclosures, LLC	1791 E Gary Dr	Chandler, 85225	\$ 120,000.00	\$ 170,000.00	70.59%	11/1/2013	5/1/2014	12/1/2013	\$ 60.00	167	\$ 10,020.00	\$ 130,020.00
4687	Arizona Home Foreclosures, LLC	7030 W Pontiac Dr	Glandale, 85308	\$ 140,000.00	\$ 235,000.00	59.57%	11/5/2013	5/5/2014	12/5/2013	\$ 70.00	163	\$ 11,410.00	\$ 151,410.00
4689	Arizona Home Foreclosures, LLC	7661 W Maricopa Ave	Surprise, 85388	\$ 170,000.00	\$ 250,000.00	68.00%	11/6/2013	5/6/2014	12/6/2013	\$ 85.00	162	\$ 13,720.00	\$ 183,720.00
4703	Easy Investments, LLC	14365 W Verde Ln	Goodyear, 85395	\$ 150,000.00	\$ 210,000.00	71.43%	11/13/2013	5/13/2014	12/13/2013	\$ 75.00	155	\$ 11,625.00	\$ 161,625.00
4710	Arizona Home Foreclosures, LLC	2510 W Whyman St	Buckeye, 85326	\$ 142,000.00	\$ 150,000.00	94.67%	11/18/2013	5/18/2014	12/18/2013	\$ 71.00	150	\$ 10,650.00	\$ 152,650.00
4711	Arizona Home Foreclosures, LLC	1697 S 233rd Ln	Buckeye, 85326	\$ 50,000.00	\$ 80,000.00	80.00%	11/18/2013	5/18/2014	12/18/2013	\$ 50.00	150	\$ 7,500.00	\$ 107,500.00
4718	Arizona Home Foreclosures, LLC	10836 E Arcadia Ave	Mesa, 85208	\$ 135,000.00	\$ 143,500.00	94.08%	11/21/2013	5/21/2014	12/21/2013	\$ 67.50	147	\$ 9,922.50	\$ 144,922.50
4719	Arizona Home Foreclosures, LLC	523 W Sundance Way	Arizona Home Foreclosures, LLC	\$ 115,000.00	\$ 125,000.00	92.00%	11/21/2013	5/21/2014	12/21/2013	\$ 57.50	147	\$ 8,452.50	\$ 123,452.50
4727	Arizona Home Foreclosures, LLC	23605 W Papago St	Buckeye, 85326	\$ 150,000.00	\$ 165,000.00	90.91%	12/3/2013	6/3/2014	1/3/2014	\$ 75.00	135	\$ 10,125.00	\$ 160,125.00
4729	Arizona Home Foreclosures, LLC	3742 W Groves Ave	Peoria, 85382	\$ 117,500.00	\$ 150,000.00	78.33%	12/4/2013	6/4/2014	1/4/2014	\$ 58.25	134	\$ 7,872.50	\$ 125,372.50
4731	Arizona Home Foreclosures, LLC	28730 N Nobel Rd	Phx, 85085	\$ 288,000.00	\$ 335,000.00	86.24%	12/5/2013	6/5/2014	1/5/2014	\$ 144.45	133	\$ 19,211.85	\$ 308,111.85
4732	Arizona Home Foreclosures, LLC	5916 W Felock Trl	Phx, 85085	\$ 415,000.00	\$ 415,000.00	79.26%	12/5/2013	6/5/2014	1/5/2014	\$ 164.50	133	\$ 21,878.50	\$ 350,878.50
4737	Arizona Home Foreclosures, LLC	13033 W Columbine Dr	El Mirage, 85335	\$ 125,000.00	\$ 130,000.00	96.15%	12/11/2013	6/11/2014	1/11/2014	\$ 62.80	127	\$ 7,937.50	\$ 132,937.50
4738	Arizona Home Foreclosures, LLC	17732 W Desert Bloom St	Goodyear, 85328	\$ 135,500.00	\$ 155,000.00	80.97%	12/11/2013	6/11/2014	1/11/2014	\$ 62.75	127	\$ 7,969.25	\$ 133,469.25
4740	Arizona Home Foreclosures, LLC	1070 N Robins Way	Chandler, 85225	\$ 158,100.00	\$ 195,000.00	81.04%	12/12/2013	6/12/2014	1/12/2014	\$ 79.05	135	\$ 10,671.75	\$ 168,771.75
4753	Arizona Home Foreclosures, LLC	4769 N 108th Ave	Phx, 85034	\$ 152,500.00	\$ 199,000.00	76.63%	12/18/2013	6/18/2014	1/18/2014	\$ 76.25	120	\$ 9,150.00	\$ 161,650.00
4754	Arizona Home Foreclosures, LLC	3450 W Cactus Dr	Phx, 85053	\$ 154,000.00	\$ 200,000.00	77.00%	12/18/2013	6/18/2014	1/18/2014	\$ 77.00	120	\$ 9,400.00	\$ 163,400.00
4755	Arizona Home Foreclosures, LLC	40320 N High Noon Way	Phx, 85088	\$ 244,000.00	\$ 315,000.00	77.52%	12/18/2013	6/18/2014	1/18/2014	\$ 122.00	120	\$ 14,652.00	\$ 258,652.00
4777	Arizona Home Foreclosures, LLC	1119 E Porter Dr	Phx, 85024	\$ 236,100.00	\$ 289,000.00	81.70%	12/26/2013	6/26/2014	1/26/2014	\$ 118.05	112	\$ 13,221.60	\$ 249,321.60
4779	Arizona Home Foreclosures, LLC	4073 S Wayne Pl	Chandler, 85249	\$ 276,700.00	\$ 340,000.00	81.38%	12/27/2013	6/27/2014	1/27/2014	\$ 138.35	111	\$ 15,356.85	\$ 292,056.85
4796	Arizona Home Foreclosures, LLC	6132 W Chair Oak Rd	Glandale, 85304	\$ 168,000.00	\$ 220,000.00	76.36%	1/6/2014	7/6/2014	2/6/2014	\$ 84.00	104	\$ 8,484.00	\$ 176,484.00
4804	Arizona Home Foreclosures, LLC	16550 W Taylor St	Goodyear, 85388	\$ 111,000.00	\$ 145,000.00	76.55%	1/10/2014	7/10/2014	2/10/2014	\$ 55.80	97	\$ 5,383.50	\$ 116,383.50
4815	Arizona Home Foreclosures, LLC	19700 N 76th Street #1101	Scottsdale, 85255	\$ 274,000.00	\$ 325,000.00	84.31%	2/5/2014	8/5/2014	3/5/2014	\$ 137.00	71	\$ 9,727.00	\$ 283,727.00
4849	Arizona Home Foreclosures, LLC	1351 N Pleasant Dr #1175	Chandler, 85225	\$ 87,800.00	\$ 115,000.00	76.35%	2/6/2014	8/6/2014	3/6/2014	\$ 43.90	70	\$ 3,073.00	\$ 90,873.00
4853	Arizona Home Foreclosures, LLC	1416 E Del Rio Dr	Tempe, 85282	\$ 178,000.00	\$ 230,000.00	77.39%	2/20/2014	8/20/2014	3/20/2014	\$ 89.00	56	\$ 4,984.00	\$ 182,984.00
4870	Arizona Home Foreclosures, LLC	4063 W Runion Dr	Glandale, 85308	\$ 168,100.00	\$ 225,000.00	74.71%	2/27/2014	8/27/2014	3/27/2014	\$ 84.05	49	\$ 4,118.45	\$ 172,118.45
4884	Arizona Home Foreclosures, LLC	503 W Duke Dr	Tempe, 85283	\$ 89,000.00	\$ 115,000.00	77.39%	3/6/2014	9/6/2014	4/6/2014	\$ 44.50	42	\$ 3,669.00	\$ 90,669.00
4885	Arizona Home Foreclosures, LLC	12786 W Pasero Dr	Peoria, 85389	\$ 176,500.00	\$ 235,000.00	78.44%	3/6/2014	9/6/2014	4/6/2014	\$ 88.25	42	\$ 7,065.00	\$ 180,206.50
4955	Arizona Home Foreclosures, LLC	Overage	Phx, 85012	\$ 1,780,239.76	\$ 3,000,000.00	35.69%	3/6/2014	9/6/2014	4/6/2014	\$ 690.12	42	\$ 37,385.03	\$ 1,817,624.79
4963	Arizona Home Foreclosures, LLC	8739 N 182nd Ln	Waddell, 85355	\$ 170,000.00	\$ 215,000.00	79.07%	3/13/2014	9/13/2014	4/13/2014	\$ 85.00	35	\$ 2,975.00	\$ 172,975.00
4973	Arizona Home Foreclosures, LLC	9003 W Encanto Blvd	Phx, 85051	\$ 118,300.00	\$ 155,000.00	76.32%	3/18/2014	9/18/2014	4/18/2014	\$ 59.15	30	\$ 4,724.50	\$ 120,074.50
4917	Arizona Home Foreclosures, LLC	7717 W North Ln	Peoria, 85345	\$ 143,789.00	\$ 300,000.00	79.44%	3/20/2014	9/20/2014	4/20/2014	\$ 118.70	28	\$ 3,323.70	\$ 140,233.70
4924	Arizona Home Foreclosures, LLC	3418 E Desert Truumb Rd	Phx, 85044	\$ 237,407.00	\$ 300,000.00	79.14%	3/20/2014	9/20/2014	4/20/2014	\$ 118.70	28	\$ 3,323.70	\$ 140,233.70
4938	Arizona Home Foreclosures, LLC	1426 W Missouri Ave	Phx, 85013	\$ 144,101.00	\$ 200,000.00	65.90%	3/26/2014	9/26/2014	4/26/2014	\$ 72.05	22	\$ 5,885.11	\$ 145,686.11
4944	Arizona Home Foreclosures, LLC	180 W Juana Ave	Gilbert, 85233	\$ 150,751.00	\$ 225,000.00	67.00%	3/28/2014	9/28/2014	4/28/2014	\$ 75.38	20	\$ 3,073.50	\$ 152,258.51
4948	Arizona Home Foreclosures, LLC	10222 N 54th Drive	Glandale, 85302	\$ 136,000.00	\$ 185,000.00	73.51%	4/1/2014	10/1/2014	5/1/2014	\$ 68.00	16	\$ 1,084.00	\$ 137,084.00
4952	Arizona Home Foreclosures, LLC	2446 W Portobello Ave	Mesa, 85202	\$ 175,000.00	\$ 225,000.00	77.78%	4/2/2014	10/2/2014	5/2/2014	\$ 87.50	15	\$ 1,112.50	\$ 176,312.50
4953	Arizona Home Foreclosures, LLC	2219 W Beatty Home Rd	Phx, 85015	\$ 102,600.00	\$ 140,000.00	73.29%	4/9/2014	10/9/2014	5/9/2014	\$ 51.30	14	\$ 710.20	\$ 103,310.20
4952	Arizona Home Foreclosures, LLC	5806 S Alder Dr	Tempe, 85283	\$ 192,500.00	\$ 250,000.00	77.00%	4/7/2014	10/7/2014	5/7/2014	\$ 96.25	10	\$ 962.50	\$ 193,462.50
4964	Arizona Home Foreclosures, LLC	4739 W Bloomfield Rd	Glandale, 85304	\$ 118,000.00	\$ 150,000.00	78.67%	4/7/2014	10/7/2014	5/7/2014	\$ 59.00	10	\$ 990.00	\$ 118,990.00
4965	Arizona Home Foreclosures, LLC	3705 W Cat Balce Dr	Gilbert, 85308	\$ 128,500.00	\$ 155,000.00	82.90%	4/9/2014	10/9/2014	5/9/2014	\$ 64.25	8	\$ 514.00	\$ 129,014.00
4966	Arizona Home Foreclosures, LLC	2435 W Park Ave	Chandler, 85224	\$ 164,300.00	\$ 200,000.00	82.15%	4/9/2014	10/9/2014	5/9/2014	\$ 67.20	8	\$ 657.20	\$ 164,957.20
4967	Arizona Home Foreclosures, LLC	2020 E Harmonia Vista Dr	Mesa, 85207	\$ 131,300.00	\$ 165,000.00	79.58%	4/9/2014	10/9/2014	5/9/2014	\$ 65.65	8	\$ 525.20	\$ 131,825.20
4969	Arizona Home Foreclosures, LLC	364 W Linda Ln	Gilbert, 85233	\$ 142,300.00	\$ 185,000.00	76.92%	4/9/2014	10/9/2014	5/9/2014	\$ 71.15	8	\$ 569.20	\$ 142,869.20

4970	Arizona Home Foreclosures, LLC	4528 E Mockingbird Dr	215,000.00	82.70%	4/9/2014	10/9/2014	5/9/2014	188.90	8	711.20	178,511.20
4971	Arizona Home Foreclosures, LLC	10850 E Carol Ave	127,000.00	81.94%	4/9/2014	10/9/2014	5/9/2014	63.50	8	508.00	127,508.00
4972	Arizona Home Foreclosures, LLC	4014 W Shangri-La Rd	158,800.00	81.44%	4/9/2014	10/9/2014	5/9/2014	79.40	8	635.20	159,435.20
4974	Arizona Home Foreclosures, LLC	21551 N Casa Royale Dr	184,800.00	78.43%	4/10/2014	10/10/2014	5/10/2014	92.15	7	645.05	184,945.05
4975	Arizona Home Foreclosures, LLC	4715 E Red Bird Rd	253,400.00	81.74%	4/10/2014	10/10/2014	5/10/2014	126.70	7	886.90	254,286.90
4976	Arizona Home Foreclosures, LLC	5704 E Aire Libre Ave #1048	118,900.00	79.27%	4/11/2014	10/11/2014	5/11/2014	59.45	6	356.70	119,256.70
4977	Arizona Home Foreclosures, LLC	2502 W Memorial Dr	153,200.00	85.11%	4/11/2014	10/11/2014	5/11/2014	76.60	6	459.60	153,659.60
4978	Arizona Home Foreclosures, LLC	12399 W Robert Ln	186,200.00	80.96%	4/11/2014	10/11/2014	5/11/2014	93.10	6	558.60	186,758.60
4979	Arizona Home Foreclosures, LLC	2932 N Casa Tomas Ct	94,800.00	75.86%	4/11/2014	10/11/2014	5/11/2014	47.40	6	284.40	95,084.40
4981	Arizona Home Foreclosures, LLC	10237 W Westwind Dr	378,500.00	79.85%	4/14/2014	10/14/2014	5/14/2014	189.25	3	567.75	379,067.75
4982	Arizona Home Foreclosures, LLC	2352 E Drummer Ave	160,100.00	77.83%	4/14/2014	10/14/2014	5/14/2014	70.05	3	210.15	160,310.15
4983	Arizona Home Foreclosures, LLC	8832 W Lawrence Ln	113,000.00	75.39%	4/14/2014	10/14/2014	5/14/2014	56.50	3	169.50	113,169.50
4984	Arizona Home Foreclosures, LLC	3208 S 162nd Lane	115,800.00	79.86%	4/14/2014	10/14/2014	5/14/2014	57.90	3	173.70	115,973.70
4985	Arizona Home Foreclosures, LLC	10364 W Atlantis Way	153,000.00	82.70%	4/14/2014	10/14/2014	5/14/2014	76.50	3	229.50	153,229.50
4988	Arizona Home Foreclosures, LLC	4290 E Windsong Dr	225,400.00	81.96%	4/15/2014	10/15/2014	5/15/2014	112.70	2	225.40	225,625.40
4989	Arizona Home Foreclosures, LLC	1149 W Sherri Dr	289,600.00	83.94%	4/15/2014	10/15/2014	5/15/2014	144.80	2	289.60	289,889.60

4/16/2014 \$ 2,296,272.81 \$ 39,752,893.28

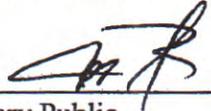
\$ 37,456,620.47

ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) SS  
COUNTY OF MARICOPA )

On this 16<sup>th</sup> 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 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.

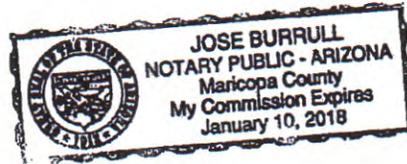
IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal the day and year last above written.



\_\_\_\_\_  
Notary Public

My Commission Expires:

01-10-2018



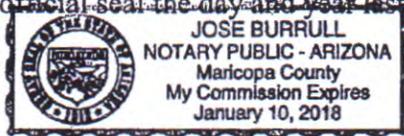
{Acknowledgments for Forbearance Agreement - AHF}

ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) SS  
COUNTY OF MARICOPA )

On this 16<sup>th</sup> 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 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.



[Signature]  
Notary Public

My Commission Expires:

01-10-2018

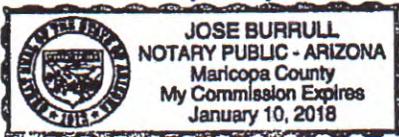
{Acknowledgments for Forbearance Agreement - EI}

ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) SS  
COUNTY OF MARICOPA )

On this 16<sup>th</sup> 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.



[Signature]  
Notary Public

My Commission Expires:

01-10-2018

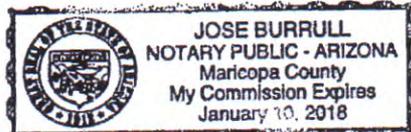
{Acknowledgments for Forbearance Agreement - Menaged}

ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) SS  
COUNTY OF MARICOPA )

On this 16<sup>th</sup> 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 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.



[Signature]  
Notary Public

My Commission Expires:

01-10-2018 2018

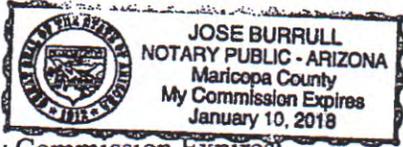
{Acknowledgments for Forbearance Agreement -Furniture King}

ACKNOWLEDGMENTS

STATE OF ARIZONA )  
 ) SS  
COUNTY OF MARICOPA )

On this 16<sup>th</sup> 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 and affixed my official seal the day and year last above written.



[Signature]  
Notary Public

My Commission Expires:

01-10-2018

{Acknowledgments for Forbearance Agreement - DenSco}