

A

Dated: February 4, 2015



Brenda Moody

Brenda Moody Whinery, Bankruptcy Judge

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 8 **IN THE UNITED STATES BANKRUPTCY COURT**
 9 **FOR THE DISTRICT OF ARIZONA**

10 In re:
 11 LUZ ACADEMY OF TUCSON, INC.;
 12 LUZ SOCIAL SERVICES, INC.; and
 13 EL CENTRO FOR THE STUDY OF
 14 PRIMARY AND SECONDARY
 15 EDUCATION, INC.

16 Debtors and Debtors-In Possession.

17 This filing applies to all the Debtors.

Chapter 11

Case No. 4:14-bk-05944-BMW
 Case No. 4:14-bk-05950-BMW
 Case No. 4:14-bk-05954-BMW
 (Jointly Administered)

OMNIBUS STIPULATED ORDER:

- (I) **AUTHORIZING USE OF CASH COLLATERAL;**
- (II) **DENYING MOTION TO ALTER OR AMEND STIPULATED ORDER TERMINATING EXCLUSIVE PERIODS;**
- (III) **GRANTING COMPASS' MOTION FOR RELIEF FROM THE AUTOMATIC STAY; AND**
- (IV) **APPROVING OTHER RELATED RELIEF**

23 THIS MATTER came before the Court pursuant to the hearing held on January 15, 2015 at
 24 11:30 a.m. (the "Hearing") to consider: (i) *Application for Allowance of Compensation for*
 25 *Accountant Firm S.E. Clark & Company, P.C.* (the "Application") (Dkt. 125) filed by Debtors and
 26 Debtors-in-Possession Luz Academy of Tucson, Inc. ("Luz Academy"), Luz Social Services, Inc.
 27 ("Luz Services"), and El Centro for the Study of Primary and Secondary Education ("El Centro")

1 (collectively, the “Debtors”)¹ and objections thereto filed by Bee Line Bus Transportation, LLC (Dkt.
2 132) and Compass Bank (“Compass”) (Dkt. 134); and (ii) *Motion to Compel Performance of Non-*
3 *Residential Real Property Leases Under 11 U.S.C. §365(d)(3)* (“Motion to Compel”) (Dkt. 80) filed
4 by Compass.

5 At that time, the Court and counsel for Debtor, Compass, and Préstamos CDFI, LLC
6 (“Préstamos”) began discussing the following unresolved issues in the case:

- 7 • Debtors’ *Motion to Alter and/or Amend Stipulated Order Terminating Exclusive Periods*
8 *for Plan Confirmation; and for Continuation of School at Current Location* (“Motion to
9 Amend”) (Dkt. 148) and objection thereto by Compass (Dkt. 150);
- 10 • *Compass Bank’s Notice of Non-Consent to Use of Cash Collateral and Use of Real*
11 *Property* filed January 12, 2015 (Dkt. 154) and emergency hearing on Debtors’ *Response*
12 *to Notice of Non-Consent to Use of Cash Collateral and Use of Real Property; and*
13 *Debtor’s Motion for Order to Use Cash Collateral* (“Cash Collateral Motion”) (Dkt 155);
14 and
- 15 • *Compass’ Motion for Relief From the Automatic Stay* (“Stay Relief Motion”) (Dkt. 151).

16 As the Court noted at the Hearing and in the Minute Entry that followed (Dkt. 158), the
17 Motion to Amend, Cash Collateral Motion, and Stay Relief Motion were not before the Court at the
18 Hearing. Counsel for the Debtors requested 48 hours to confer with his clients. The Hearing was
19 continued to January 21, 2015 at 10:00 A.M.

20 In order to resolve the matter as to the facts and circumstances unique to this bankruptcy
21 proceeding, the Parties have stipulated and agreed to the terms set forth in this Stipulated Order.
22 Based on the stipulation and the record as a whole and for good cause appearing,

23 **THE COURT FINDS AND CONCLUDES AS FOLLOWS:**

24 **A. Jurisdiction**

25 1. On April 23, 2014 (“Petition Date”), each of the Debtors filed voluntary
26 petitions for relief under Chapter 11 of Title 11 of the U.S. Code (“Code”), thereby initiating the

27 ¹ Unless otherwise defined herein, all capitalized terms will have the same meaning as
defined in prior Orders of this Court or motions filed by Compass Bank.

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above-captioned Chapter 11 cases. Since the Petition Date, the Debtors have continued to manage their assets as Debtors-in-Possession.

2. The Debtors' bankruptcy estates have been ordered jointly-administered, but not substantively consolidated.

3. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§157(b) and 1334. This matter is a core proceeding as defined in 28 U.S.C. §157(b)(2)(A), (G), (L), (M) & (O).

4. This Court has *in rem* and summary jurisdiction to address property of the Debtors' bankruptcy estates.

5. The Parties to this Stipulated Order have expressly consented to this Court's jurisdiction over all matters that are the subject of this Stipulated Order, as evidenced by the signatures of their counsel below.

B. Debtors' Use of Cash Collateral

6. On April 28, 2014, Debtors filed their first *Emergency Motion to Approve Use of Cash Collateral* (Dkt. 10) (the "First CC Motion").

7. On April 30, 2014, Compass filed its *Limited Objection* to the First CC Motion ("Limited Objection"). After consideration of the First CC Motion at hearings held on May 1, 2014 and June 3, 2014, the Court entered an *Interim Order Approving Use of Cash Collateral* ("Interim Order") on June 4, 2014 (Dkt. 41), and continued the hearing on Debtors' use of cash collateral to July 10, 2014 (Dkt. 57). At the hearing on July 10, 2014, Debtors agreed not to use cash collateral after June 30, 2014, pending either a stipulation of the Parties or further order of the Court at the status hearing set for July 30, 2014. Debtors were ordered to provide a budget to Compass one week prior to the status hearing.

8. Again, on July 28, 2014, Compass filed an *Objection to Debtors' Use of Cash Collateral* ("Objection") (Dkt. 67) asserting that Debtors' proposed budgets were inconsistent and overly optimistic, and Debtors failed to meet the burden of proving that Compass' interest in cash collateral was adequately protected.

1 9. On July 30, 2014, Debtors filed the *Second Emergency Motion for Interim*
2 *Order Authorizing Use of Cash Collateral* (Dkt 70) (the “Second CC Motion,” and collectively with
3 the First CC Motion, the “Cash Collateral Motions”).

4 10. At the hearing on the Cash Collateral Motions on July 30, 2014, the Parties
5 agreed to Debtors’ use of cash collateral. On August 5, 2014, the Court entered a *Stipulated Order*
6 *Approving Use of Cash Collateral* (the “First Stipulated Order”) (Dkt. 77), which authorized Debtors
7 to utilize cash collateral for the limited purpose of operating the Schools subject to the terms and
8 conditions of the First Stipulated Order, including, but not limited to tendering an adequate protection
9 payment of \$10,000.00 to Compass and permitting an appraiser full and complete access to the real
10 property no later than August 15, 2014. Debtors further agreed not to use any of the monies from
11 cash collateral for “legal services,” payment of pre-petition debt to Préstamos or any other secured
12 creditor, and/or any pre-petition obligations.

13 11. On August 12, 2014, Compass filed a *Notice of Debtors’ Default/Non-*
14 *Compliance With Cash Collateral Order* (“Notice of Default”) (Dkt. 78) contending that Debtors
15 failed to tender an adequate protection payment of \$10,000.00 to Compass by 5:00 p.m. on August 8,
16 2014.

17 12. On August 27, 2014, the Court held a continued status hearing on Debtors’
18 Cash Collateral Motions and again authorized Debtors’ use of cash collateral subject to the same
19 terms and conditions as in the First Stipulated Order. On September 7, 2014, the Court entered the
20 second *Stipulated Order Approving Use of Cash Collateral* (the “Second Stipulated Order”) (Dkt.
21 110).

22 13. At the continued status hearing on October 1, 2014, Compass stated that it was
23 agreeable to cash collateral issues riding the calendar, and requested that a mid-November status
24 hearing be set. The Court set a continued status hearing for November 13, 2014.

25 14. On October 17, 2014, the Court entered the third *Stipulated Order Approving*
26 *Use of Cash Collateral* (“Third Stipulated Order” and collectively with the First Stipulated Order and
27 Second Stipulated Order, the “Stipulated Orders”) (Dkt. 130) approving Debtor’s use of cash

1 collateral through and including December 31, 2014, subject to the terms and conditions stated
2 therein.

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4 15. On January 12, 2015, Compass filed *Compass Bank's Notice of Non-Consent*
5 *to Use of Cash Collateral and Use of Real Property* (the "Notice of Non-Consent") (Dkt. 154). On
6 January 14, 2015, Debtors filed a *Response to Notice of Non-Consent to Use of Cash Collateral and*
7 *Use of Real Property* ("Response to Notice of Non-Consent") (Dkt. 155) and requested an expedited
8 hearing. The Court considered the Notice of Non-Consent and Response to Notice of Non-Consent at
9 the hearing on January 15, 2015 and continued the hearing to January 21, 2015.

10 **C. Extension of Exclusivity Periods for Filing a Chapter 11 Plan**

11 16. On August 20, 2014, Debtors filed a *Motion to Extend Exclusivity Period for*
12 *Filing a Chapter 11 Plan and Disclosure Statement* ("Motion to Extend Exclusivity") (Dkt. 84).

13 17. On September 3, 2014, Compass filed *Compass Bank's: (I) Objection to*
14 *Debtors' Motion Pursuant to Section 1121(e) of the Bankruptcy Code to Extend the Exclusivity*
15 *Period During Which the Debtor May File a Plan of Reorganization and Solicit Acceptances*
16 *Thereof; and (II) Alternatively, Motion to Terminate Exclusivity* ("Objection to Exclusivity") (Dkt.
17 104). In its Objection to Exclusivity, Compass contends, among other things, that Debtors have not
18 (i) attempted to negotiate a plan with creditors; (ii) demonstrated any reasonable prospect for
19 reorganization; and/or (iii) made any significant progress in administering Debtors' jointly
20 administered bankruptcy cases.

21 18. On September 8, 2014, the Court set a hearing for October 1, 2014 to consider
22 Debtors' Motion to Extend Exclusivity and Compass' Objection to Exclusivity.

23 19. At the hearing on October 1, 2014, the Court terminated exclusivity, and the
24 Parties agreed, among other things, that the students would be transitioned out of the Property by
25 December 31, 2014. On October 31, 2014, the Court entered the *Stipulated Order: (I) Terminating*
26 *Exclusive Periods for Plan Confirmation and for Authority to File Plan; and (II) Continuing Hearing*
27 *on Motion to Compel Performance of Non-Residential Real Property Leases Under 11 U.S.C.*
§365(d)(3) (Dkt. 135) (the "Exclusivity Order").

1 20. On December 8, 2014, Debtors filed their Disclosure Statement (“Disclosure
2 Statement”) (Dkt. 142) and Chapter 11 Plan (“Plan”) (Dkt. 143).

3 21. On December 22, 2014, Debtors filed the *Motion to Modify Alter and/or*
4 *Amend Stipulated Order Terminating Exclusive Periods for Plan Confirmation; and for Continuation*
5 *of School at Current Location* (Dkt. 148).

6 22. On January 5, 2015, Compass filed *Compass Bank’s Response to Debtors’*
7 *Motion to Modify Alter and/or Amend Stipulated Order Terminating Exclusive Periods for Plan*
8 *Confirmation; and for Continuation of School at Current Location* (Dkt. 150) in which Compass
9 asserts that it agreed to forebear for three (3) months from filing a motion for stay relief and from
10 filing a liquidated plan. In turn, Debtors agreed, among other things, to cease using or operating out
11 of the real property securing Compass’ claim by December 31, 2014 and would move the charter
12 schools to a different location or transition the students to other schools.

13 **D. Compass’ Motion for Relief from the Automatic Stay**

14 23. On January 6, 2015, Compass filed its *Motion for Relief from the Automatic*
15 *Stay* (the “Stay Relief Motion”) (Dkt. 151), seeking relief for an order terminating the automatic stay
16 with respect to the real property located at 2791 and 2797 North Cerrada de Beto, Tucson, Arizona
17 (the “Property”) and to enforce its remedies under its senior deed of trust lien on the Property,
18 including appointment of a receiver, initiating and completing a trustee’s sale, and, to the extent
19 necessary, initiating and prosecuting any actions or proceedings necessary for Compass to take actual
20 possession of the Property.

21 24. In the Stay Relief Motion, Compass alleged, among other things, that the
22 Property was not necessary for an effective reorganization. As evidence, Compass noted that Debtors
23 previously stipulated to vacate the Property on December 31, 2014, which is *prima facie* evidence
24 that the Property is not necessary for an effective reorganization.

25 25. At the Hearing, Debtor’s counsel represented to the Court that the Schools
26 currently have 128 students enrolled, which is a decline from the approximately 240 students that
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1 Debtors allegedly had in Fall of 2014. Debtors previously testified at the Section 341 Meeting of
2 Creditors that it takes 440 students for the Schools to break even.

3 26. On January 20, 2015, Debtors filed the *Response in Opposition to Motion for*
4 *Relief from the Automatic Stay* (the "Response") (Dkt. 162). The Response is not accompanied by an
5 appraisal report, declaration, or any evidence.

6 The Court having reviewed all motions and objections/responses, and having heard the
7 representations of counsel, and for good cause shown,

8 **IT IS HEREBY ORDERED** as follows:

9 **A. Cash Collateral.**

10 1. The Cash Collateral Motion is granted in limited part and subject to the terms and
11 conditions set forth herein.

12 2. Except as provided below, Debtors are authorized to use cash collateral subject to the
13 terms and conditions of this Order and strictly in accordance with the Budgets attached hereto as
14 **Exhibit "A"** through May 29, 2015.

15 3. As adequate protection for the use of its cash collateral, Compass shall retain a
16 continuing and perfected, valid and enforceable first lien and security interest in the Property and
17 personal property collateral (the "Postpetition Replacement Lien"). Debtors grant Compass a
18 Postpetition Replacement Lien in cash collateral, which shall be a continuation of Compass' lien in its
19 collateral.

20 4. The Postpetition Replacement Lien shall be valid, perfected, and non-avoidable
21 without the necessity of additional documents, recordings, filings, or notices.

22 5. To the extent that the above Postpetition Replacement Lien provided to Compass by
23 Debtors is inadequate, Compass shall have an administrative claim as provided for by 11 U.S.C.
24 §507(b).

25 6. Pursuant to 11 U.S.C. §502, the claim of Compass as represented by the Compass
26 POC shall be deemed allowed in all respects.

27 7. On or before May 29, 2015 ("Drop Dead Date"), Debtors shall move the Schools from

1 the Property or transition the students into other schools. As of the date of this Order, Debtors are not
2 obligated to close their doors. Nonetheless, after the Drop Dead Date, the Schools and Debtors
3 cannot use or operate on the Property. If Debtors choose to close the Schools, Debtors shall
4 implement an appropriate transition plan that is in the best interests of the students and their parents.
5 Debtors shall properly communicate with the students, parents, and teachers to ensure a smooth and
6 orderly transition.

7 8. Debtors have knowingly and voluntarily assumed all risk, whether known or unknown,
8 whether foreseeable or unforeseeable, regarding the Drop Dead Date. Debtors previously faced a
9 drop dead date of December 31, 2014. Debtors did not comply with the previous drop dead date and
10 filed the Motion to Amend.

11 9. Debtors shall maintain the Property in good and workable condition, perform all
12 recommended and legally required maintenance, and maintain the Property in a secure fashion.

13 10. Without any further order of the Court, the occurrence of any of the following shall
14 constitute a **termination event** (“Termination Event”) under this final collateral Order:

- 15 a. Debtors fail to tender an adequate protection payment of \$10,000.00 to
16 Compass Bank under 11 U.S.C. §§361 and 363 (the “AP Payment”) each
17 month from January 23, 2015 through May of 2015. If any of the Debtors’
18 checks are returned for insufficient funds, all further payments by Debtors shall
19 be made by cashier’s check or other certified funds. The AP Payment shall be
20 received by Compass c/o Jeff Gunter, 2850 East Camelback Road, Suite 325,
21 Phoenix, Arizona 85016 by 5:00 p.m., on the 5th day of each month, excluding
22 the January 2015 payment. Compass Bank reserves all of its rights and
23 remedies to contend, among other things, that the AP Payment is inadequate or
24 insufficient to protect its interests in these cases. Time is of the essence.
- 25 b. Debtors fail to segregate all revenue and income (from any source), and
26 account for income and expenses in their individual monthly operating reports.
27 Debtors fail to file all monthly operating reports pertaining to the Schools and a

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copy of bank account statements maintained or received by Debtors in the ordinary course of business operations according to the U.S.T. guidelines.

- c. The closure of the School(s) for any reason other than for regular school holidays and vacations.
- d. The cessation of operations for the School(s).
- e. The sale of the School(s).
- f. Conversion, dismissal, and/or the appointment of a trustee in any or all of the jointly administered cases.
- g. The entry of an order for stay relief in favor of a junior lienholder.
- h. Any fraud or gross mismanagement.
- i. Payment or repayment of any insider loans or prepayment of any other loans, unless Debtors obtain written consent from Compass and approval of this Court.
- j. A revocation of the Schools' Charter by the Arizona State Board of Charter Schools or similarly empowered agency or institution.

11. If a Termination Event occurs, Compass is relieved of any further obligations under this Stipulated Order, including, but not limited to, permitting the use of its cash collateral. Without limiting the foregoing, Compass shall be, and hereby is, permitted to complete its trustee's sale if a Termination Event occurs.

12. As a courtesy to Préstamos, Compass shall give notice of a Termination Event; however, only at the sole discretion of Compass, shall the Debtors or Préstamos be given an opportunity to cure. Time remains of the essence.

B. Motion to Amend.

13. The Motion to Amend is denied.

14. The Exclusivity Order is not amended, altered, and/or set aside, except as it may be modified by the terms of this Stipulated Order.

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C. Stay Relief Motion.

15. The Stay Relief Motion shall be, and hereby is granted on the terms and conditions set forth below:

- a. Compass shall be, and hereby is, permitted, to commence its trustee's sale and provide notice of a trustee's sale regarding the Property.
- b. No trustee's sale may be completed before May 29, 2015, unless otherwise (i) provided by Order of this Court; (ii) agreed to in writing between and amongst the Debtors, Préstamos, and Compass; or (iii) permitted, due to the occurrence of a Termination Event or a breach by the Debtors of any provision of this Order including, but not limited to, the provisions concerning use of cash collateral; provided, however, Compass shall provide written notice to Debtors and Préstamos of its intent to conduct a trustee's sale prior to May 29, 2015.
- c. Debtors shall be free to bring a sale motion under 11 U.S.C. §363 ("Sale Motion") to the Court before May 29, 2015, assuming the sale contains a bona fide letter of intent with an all cash buyer with no financing contingencies and with sufficient sale proceeds to satisfy the allowed, secured claim of Compass in full;
- d. The Sale Motion must be approved and the sale contemplated therein must close (*i.e.*, fund payment in full to Compass out of escrow) by 5:00 p.m. (Arizona time), June 30, 2015. If the foregoing does not occur, Compass shall be, and hereby is, authorized to complete its trustee's sale.; and
- e. This Court shall retain jurisdiction to review and approve attorneys' fees and costs of all Parties pursuant to the U.S. Bankruptcy Code and Federal Rules of Bankruptcy Procedure.

16. On the aforementioned conditions, the automatic stay of 11 U.S.C. §362(a), and all other bankruptcy stays and injunctions, are hereby terminated immediately with respect to Compass' enforcement of its rights under its deed of trust on the Property, which is legally described in **Exhibit "B"** attached hereto. The validity and enforceability of this Order shall not be affected or

1 impaired by any errors in the legal description. Without limiting the scope of the relief granted
2 herein, Compass is granted relief from the automatic stay to enforce its default remedies under its
3 deed of trust on the Property, including seeking and obtaining the appointment of a receiver for the
4 Property, initiating and completing a trustee's sale and, to the extent necessary, initiating and
5 prosecuting any actions or proceedings (such as forcible entry and detainer proceedings) necessary for
6 Compass to take actual possession of the Property.

7 **D. Disclosure Statement & Plan.**

8 17. Debtors shall not seek the approval of a Disclosure Statement or Plan which is in any
9 way inconsistent with the terms of this Stipulated Order without the express written consent of
10 Compass, which may be withheld by Compass in its sole and absolute discretion. Debtors shall not
11 attempt to alter the terms of this Stipulated Order by any means, including, but not limited to, any
12 bankruptcy plan, without the consent of Compass. Any Plan proposed by Debtors shall incorporate
13 the terms and conditions of this Stipulated Order.

14 **E. The Application & Motion to Compel.**

15 18. This Stipulated Order does not address the Application and the Motion to Compel,
16 which will have to be resolved through additional disclosures, hearings, and orders of this Court.

17 **F. Other Related Relief.**

18 19. Cause exists pursuant to Rule 4001(a)(3) of the Federal Rules of Bankruptcy
19 Procedure, and the Court hereby waives the fourteen (14) day stay of this Order.

20 20. The obligations and liens of Compass shall not be subject to surcharge or marshalling,
21 unless Compass, in its sole and absolute discretion, agrees to surcharge and does so in writing signed
22 by Compass.

23 21. In consideration of the agreements of Compass set forth in this Stipulated Order,
24 Debtors and all of its respective heirs, agents, officers, directors, members, personal representatives,
25 predecessors, successors and assigns (individually and collectively, the "Releasers"), voluntarily,
26 knowingly, unconditionally, and irrevocably, with specific and express intent, hereby fully release,
27 remise, and discharge Compass, the parents of Compass and all other affiliates and predecessors of

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Compass, and all past and present officers, directors, agents, employees, servants, partners, shareholders, attorneys, managers, successors and assigns of Compass, for, from, and against any and all claims, liens, demands, causes of action, controversies, offsets, obligations, losses, damages and liabilities of every kind and character whatsoever, in law or equity, whether now known or unknown, and whether contingent or matured, liquidated or unliquidated, vested or contingent, choate or inchoate, including, without limitation, any action, omission, misrepresentation or other basis of liability founded either in tort or contract and the duties arising thereunder, that the Releasers, or any one or more of them, has had in the past, or now has, by reason of any matter, cause or thing set forth in, relating to or arising out of, or in any way connected with or resulting from, the Loan, the Loan Documents, or this Stipulated Order. Debtors acknowledge that the foregoing release is a material inducement to Compass's decision to extend to Debtors the accommodations hereunder and has been relied upon by Compass in agreeing to enter into this Stipulated Order.

22. This Stipulated Order shall not prejudice any rights or remedies of Compass under the Loan Documents. Compass reserves, without limitation, all of its rights against any indemnitor, guarantors, or endorser of any of the Loan Documents.

23. Except as otherwise specifically set forth herein, the Loan Documents shall each remain unaffected by this Stipulated Order and all such documents shall remain in full force and effect. Debtors' payment and performance of Debtors' various obligations to Compass under the Loan Documents, including all extensions, amendments, renewals or replacements thereof, continue to be and shall be secured by the liens arising under the Loan Documents. Nothing contained herein shall be deemed a waiver of any of the rights and remedies that Compass may have against Debtors, or of any of Compass' rights and remedies arising out of the Loan Documents.

24. The Parties may alter the terms of this Stipulated Order only through a written modification or amendment signed by the party to be bound. Compass must also prove any material amendment in writing.

25. This Stipulated Order shall not be subject to modification, relief, alteration, amendment, reconsideration, or setting aside for any reason, except upon the express, written, signed,

1 and joint request of Compass and Debtors, and shall remain valid and enforceable, whether or not
2 there are "changed circumstances" or other factors which might, absent this provision, constitute
3 cause for granting such relief, including dismissal of this case. Accordingly, Debtors assume all risk
4 associated with this Stipulated Order. Moreover, reconsideration of this Stipulated Order shall not be
5 appropriate as Compass' intervening rights shall become vested in reliance on this Stipulated Order as
6 soon as it executes this Stipulated Order.

7 26. The Parties acknowledge the accuracy of the Court's Findings of Fact as set forth
8 above.

9 27. All of the Parties are deemed to have drafted the Stipulated Order, and the Stipulated
10 Order shall not be interpreted against any party as the draftsman.

11 28. This Stipulated Order may be executed in counterparts, and a facsimile, email,
12 authorization, electronic signature, or photocopy signature shall be as valid as the original.

13 29. The Bankruptcy Court shall retain jurisdiction over any disputes regarding
14 interpretation of this Stipulated Order or defaults hereunder.

15 30. This Stipulated Order is approved on an interim basis pursuant to 11 U.S.C. §363(c)(3)
16 and Fed.R.Bankr.P. 4001. Compass shall immediately serve Notice of the Stipulated Order as
17 Fed.R.Bankr.P. 4001. Objections, if any, shall be due seventeen (17) days after counsel for Compass
18 mails a copy to creditors and parties-in-interest. In the event no timely objections are filed, the
19 Stipulated Order shall become a final order upon the deadline for the filing of such objections
20 pursuant to Fed.R.Proc. 4001(d)(2).

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22 **ORDERED, SIGNED AND DATED ABOVE.**
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Approved as to Form and Content:

ERIC SLOCUM SPARKS P.C.

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EXHIBIT "A"

**EI Centro for the Study Of Primary Secondary Education
Cash Flow and Budget Projections Worksheet
FY 2014-2015**

		<u>PROJECTED:</u>				
		Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015
		BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
REVENUE						
Administration (G&A) Funding						
	E-Rate					
	Contributions From Related Parties LAOT					
	Contributions From Related Parties LSSI					
	Other Misc. Income					
	Total Administration (G&A) Funding	-	-	-	-	-
Federal Funding						
	AZ DOE Title 1					
	IDEA Basic (SPED)					
	Nat'l School Lunch Prog					
	DHHS/HRSA AJC Proj STOP					
	Total Federal Funding	-	-	-	-	-
State Funding						
**	AZ DOE State Equalization	35,740	43,939	43,939	43,939	43,939
	<i>**\$38,410 actual rec'd in Aug/Jul, Sep & Oct Accrued A/R</i>					
	Instructional Improvement	-				
	Classroom Site Fund	2,494	2,494	2,494	2,494	2,494
	Total State Funding	38,234	46,433	46,433	46,433	46,433
Other Local Sources						
	Donations/Fund Raising					
	Total Other Local Sources	-	-	-	-	-
TOTAL REVENUE		38,234	46,433	46,433	46,433	46,433
EXPENSES						
No. Staff	Salaries					
1	Instructional - 1 Teacher/1 Aide	3,443	3,443	3,443	3,443	3,443
-	Student Support	-				
	Administration	-				
	Business	-				
	Operations & Maint Plant Svc	-				
1	Total Salaries	3,443	3,443	3,443	3,443	3,443
Benefits						
	Health & Dental	-				
	Life & Disability	8	8	8	8	8
**	ASRS - State Required Pension Plan	389	389	389	389	389
	Social Security	213	213	213	213	213
	Medicare	50	50	50	50	50
	State Unemployment	63	63	63	63	63
	Workers Comp	1,732	1,732	1,732	1,732	1,732
	Payroll Tax Liabilities Due (Nov-Dec)	-	2,136	-	-	-
	Total Benefits	2,455	4,591	2,455	2,455	2,455
Supplies						
	General Office Supplies	-	100	100	100	100
	Instructional Aids	-				
	Textbooks	-				
	Program Activity Supplies	721	120	120	120	120
	Postage	-	49	49	49	49
	Printing (copy paper) & Binding	-	111	111	111	111
	Equipment	-				
	Total Supplies	721	380	380	380	380

**EI Centro for the Study Of Primary Secondary Education
Cash Flow and Budget Projections Worksheet
FY 2014-2015**

	PROJECTED				
	Jan 2015 BUDGET	Feb 2015 BUDGET	Mar 2015 BUDGET	Apr 2015 BUDGET	May 2015 BUDGET
Operating Expenses					
** Accounting Services (Payroll Fees)	54	54	54	54	54
Advertising	-	-	-	-	-
Audit Expenses	-	-	-	-	-
Bank Charges/Interest Expense	-	-	-	-	-
Tele Communications - CenturyLink/Verizon	111	111	111	111	111
Deprecation	-	-	-	-	-
Dues & Fees	975	975	975	975	975
Internet Service - CenturyLink	-	890	890	890	890
Lease/Rental of Equipment - Copiers	-	-	-	-	-
Legal Services	-	-	-	-	-
** Misc Purchase Service - Accounting Consultants	350	350	350	350	350
Other Misc Rent/Building Space	5,000	5,000	5,000	5,000	5,000
Other Professional Svcs - Special Education Consultants/Contractors	4,000	4,000	4,000	4,000	4,000
Prop/Liability Insurance - SSCIP	-	-	-	-	-
Prop/Taxes San Manuel Off	-	-	-	-	-
Repair & Maint Building	1,200	200	200	200	200
School Lunch Program	-	-	-	-	-
Student Transportation (Gas)	550	550	550	550	550
Travel	225	-	-	-	-
Utilities	711	711	711	711	711
Other Misc Expense:	-	-	-	-	-
Drug Testing/Fingerprint Fees	-	-	-	-	-
Registration Fees	-	-	-	-	-
Stipends	790	500	500	500	500
Subscriptions	2,542	500	500	500	500
Contr. to Related Parties/LAOT & LSSI	17,000	24,000	26,000	26,000	26,000
Total Operating Expenses	33,607	37,841	39,841	39,841	39,841
Total Expenses	40,126	46,255	46,119	46,119	46,119
NET INCOME	(1,892)	179	314	314	314

Luiz Academy of Tucson, Inc.
Cash Flow and Budget Projections Worksheet
FY 2014-2015

PROJECTED

	Jan 2015 BUDGET	Feb 2015 BUDGET	Mar 2015 BUDGET	Apr 2015 BUDGET	May 2015 BUDGET
REVENUE					
Administration (G&A) Funding					
E-Rate USAC					
Contributions From Related Parties El Centro	1,500	-	-	-	-
Contributions From Related Parties LSSI					
Other Misc. Income					
Total Administration (G&A) Funding	1,500	-	-	-	-
Federal Funding					
AZ DOE Title 1					
IDEA Basic (SPED)					
Nat'l School Lunch Prog	5,894	5,894	5,894	5,894	5,894
Total Federal Funding	5,894	5,894	5,894	5,894	5,894
State Funding					
** AZ DOE State Equalization	45,327	55,689	55,689	55,689	55,689
A/R					
Instructional Improvement	-	-	-	-	-
Classroom Site Fund	3,202	3,202	3,202	3,202	3,202
Total State Funding	48,529	58,891	58,891	58,891	58,891
Other Local Sources					
Donations/Fund Raising					
Total Other Local Sources	-	-	-	-	-
TOTAL REVENUE	55,923	64,785	64,785	64,785	64,785
EXPENSES					
No. Staff	Salaries				
2	Instructional - 1 Teacher/1 Aide	7,572	7,572	7,572	7,572
2	Student Support	6,400	4,016	4,016	4,016
1	Administration	5,917	5,917	5,917	5,917
	Business	-	-	-	-
	Operations & Maint Plant Svc	-	-	-	-
5	Total Salaries	19,889	17,505	17,505	17,505
Benefits					
	Health & Dental	-	-	-	-
	Life & Disability	48	42	42	42
**	ASRS - State Required Pension Plan	2,247	1,978	1,978	1,978
	Social Security	1,233	1,085	1,085	1,085
	Medicare	288	254	254	254
	State Unemployment	320	320	320	320
	Workers Comp	-	-	-	-
	Payroll Tax Liabilities Due (Nov-Dec)	1,891	1,891	1,891	1,891
	Total Benefits	6,028	5,571	5,571	5,571
Supplies					
	General Office Supplies	769	340	340	340
	Instructional Aids	-	-	-	-
	Textbooks	-	-	-	-
	Program Activity Supplies	-	-	-	-
	Postage	49	49	49	49
	Printing (copy paper) & Binding	180	180	180	180
	Equipment	-	-	-	-
	Total Supplies	998	569	569	569

Luz Academy of Tucson, Inc.
Cash Flow and Budget Projections Worksheet
FY 2014-2015

PROJECTED

	Jan 2015 BUDGET	Feb 2015 BUDGET	Mar 2015 BUDGET	Apr 2015 BUDGET	May 2015 BUDGET
Operating Expenses					
** Fees)	87	87	87	87	87
Advertising	-	-	-	-	-
Audit Expenses	-	-	-	-	-
Bank Charges/Interest Expense	-	-	-	-	-
Tele Communications - CenturyLink/Verizon	483	483	483	483	483
Depreciation	-	-	-	-	-
Dues & Fees	126	126	126	126	126
Internet Service - CenturyLink	697	697	697	697	697
Lease/Rental of Equipment - Copiers	-	-	-	-	-
Legal Services	-	-	-	-	-
** Consultants	350	350	350	350	350
Other Misc Rent/Building Space	5,000	5,000	5,000	5,000	5,000
Other Professional Svcs - Special Education	-	-	-	-	-
** Consultants/Contractors	1,100	1,100	1,100	1,100	1,100
Prop/Liability Insurance - SSCIP	5,547	5,547	5,547	5,547	5,547
Repair & Maint Building	500	500	500	500	500
School Lunch Program	3,495	4,000	4,000	4,000	4,000
Student Transportation (Gas)	1,200	1,200	1,200	1,200	1,200
Travel	-	-	-	-	-
Utilities	3,181	3,181	3,181	3,181	3,181
Other Misc Expense:	-	-	-	-	-
Drug Testing/Fingerprint Fees	-	-	-	-	-
Registration Fees	-	-	-	-	-
Stipends	360	360	360	360	360
Subscriptions	-	-	-	-	-
Contr. to Related Parties/El Centro & LSS)	9,000	15,000	15,000	15,000	15,000
	-	-	-	-	-
Total Operating Expenses	31,126	37,631	37,631	37,631	37,631
Total Expenses	58,042	61,276	61,276	61,276	61,276
NET INCOME	(2,119)	3,509	3,509	3,509	3,509

Luz Social Services, Inc.
Cash Flow and Budget Projections Worksheet
FY 2014-2015

		PROJECTED				
		Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015
		BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
REVENUE						
Administration (G&A) Funding						
	Rental Income	10,000	10,000	10,000	10,000	10,000
	Contributions From Related Parties EI Centro	17,000	26,000	26,000	26,000	26,000
	Contributions From Related Parties LAOT	9,000	15,000	15,000	15,000	15,000
	Other Misc. Income					
	Total Administration (G&A) Funding	36,000	51,000	51,000	51,000	51,000
Federal Funding						
	Nat'l School Lunch Prog					
	Total Federal Funding	-	-	-	-	-
State Funding						
	Community Partnership of Southern AZ (CPSA Funding increased for new fiscal yr)	8,417	8,417	8,417	8,417	8,417
	Total State Funding	8,417	8,417	8,417	8,417	8,417
Other Local Sources						
	Donations/Fund Raising					
	Total Other Local Sources	-	-	-	-	-
TOTAL REVENUE		44,417	59,417	59,417	59,417	59,417
EXPENSES						
No. Staff	Salaries					
10.00	Instructional	23,755	23,055	23,055	23,055	23,055
1.00	Youth & Families Program	3,167	3,167	3,167	3,167	3,167
1.00	Clerical Assistant	1,838	1,838	1,838	1,838	1,838
1.00	Business	4,108	2,054	2,054	2,054	2,054
3.00	Operations & Maint Plant Svc	4,500	4,500	4,500	4,500	4,500
16.00	Total Salaries	37,368	34,614	34,614	34,614	34,614
Benefits						
	Health & Dental	-	-	-	-	-
	Life & Disability	-	-	-	-	-
	TIAA - CREF Pension	-	-	-	-	-
	Social Security	2,317	2,146	2,146	2,146	2,146
	Medicare	542	502	502	502	502
	State Unemployment	404	374	374	374	374
	Workers Comp	-	-	-	-	-
	Payroll Taxes Due (Oct-Dec)	-	8,804	8,804	8,804	8,804
	Total Benefits	3,262	11,826	11,826	11,826	11,826
Supplies						
	General Office Supplies	500	500	500	500	500
	Instructional Aids	-	-	-	-	-
	Textbooks	-	-	-	-	-
	Program Activity Supplies	-	-	-	-	-
	Postage	-	-	-	-	-
	Printing (copy paper) & Binding	-	-	-	-	-
	Equipment	-	-	-	-	-
	Total Supplies	500	500	500	500	500

Luz Social Services, Inc.
Cash Flow and Budget Projections Worksheet
FY 2014-2015

	PROJECTED				
	Jan 2015 BUDGET	Feb 2015 BUDGET	Mar 2015 BUDGET	Apr 2015 BUDGET	May 2015 BUDGET
Operating Expenses					
** Accounting Services (ADP Payroll Fees)	-	-	-	-	-
Advertising	-	-	-	-	-
Audit Expenses	-	-	-	-	-
BBVA Compass Bank	10,000	10,000	10,000	10,000	10,000
Bank Charges/Interest Expense	-	99	99	99	99
Tele Communications - CenturyLink/Verizon	-	-	-	-	-
Depreciation	-	-	-	-	-
Dues & Fees	-	-	-	-	-
Internet Service - CenturyLink	-	-	-	-	-
Lease/Rental of Equipment - Copiers	-	427	427	427	427
Legal Services	-	-	-	-	-
** Consultants	-	-	-	-	-
Other Misc Rent/Building Space	-	-	-	-	-
Other Professional Svcs - Special Education	-	-	-	-	-
** Consultants/Contractors	-	-	-	-	-
Prop./Liability Insurance - SSCIP	-	-	-	-	-
Repair & Maint Building	-	-	-	-	-
School Lunch Program	-	-	-	-	-
Student Transportation - Grayline	-	-	-	-	-
Travel	-	-	-	-	-
Utilities	173	-	-	-	-
Other Misc Expense:	-	-	-	-	-
Program Incentives	-	-	-	-	-
Child Care	-	-	-	-	-
Drug Testing/Fingerprint Fees	-	-	-	-	-
Community & Staff Mtgs	85	85	85	85	85
Transportation	-	-	-	-	-
Contr. to Related Parties/LAOT & EC	-	-	-	-	-
Total Operating Expenses	10,258	10,611	10,611	10,611	10,611
Total Expenses	51,388	57,550	57,550	57,550	57,550
NET INCOME	(6,971)	1,866	1,866	1,866	1,866

EXHIBIT "B"

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F. ANN RODRIGUEZ, RECORDER
RECORDED BY: LLW
DEPUTY RECORDER
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TSTTI
SNELL & WILMER
ONE S CHURCH AVE
1500 UNISOURCE ENERGY TOWER
TUCSON AZ 85701

DOCKET: 13580
PAGE: 3386
NO. OF PAGES: 32
SEQUENCE: 20091150587
06/16/2009
DOTFS 18:00
MAIL
AMOUNT PAID \$ 40.00

SNELL & WILMER L.L.P.
One South Church Avenue
1500 Unisource Energy Tower
Tucson, Arizona 85701-1630
Attention: Curt D. Reimann, Esq.

09004403-17

Recorder's Use

DEED OF TRUST AND FIXTURE FILING
(With Assignment of Rents and Security Agreement)

THIS DOCUMENT SERVES AS A FIXTURE FILING UNDER THE UNIFORM COMMERCIAL CODE OF ARIZONA.

TRUSTOR'S ORGANIZATIONAL IDENTIFICATION NUMBER: F-0962560-9.

THIS DEED OF TRUST AND FIXTURE FILING (With Assignment of Rents and Security Agreement) (as it may be amended and modified from time to time, the "Deed of Trust") is made as of June 16, 2009, by and among LUZ SOCIAL SERVICES, INC., a District of Columbia nonprofit corporation ("Trustor"), whose mailing address is 2797 North Introspect Drive, Tucson, Arizona 85745; COMPASS BANK, an Alabama banking corporation ("Trustee"), whose mailing address is Real Estate Banking Group, 5285 East Williams Circle, Suite 3700, Tucson, Arizona 85711; and COMPASS BANK, an Alabama banking corporation ("Beneficiary"), whose mailing address is Real Estate Banking Group, 5285 East Williams Circle, Suite 3700, Tucson, Arizona 85711.

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE AND RIGHT OF ENTRY AND POSSESSION, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, that certain real property located in the County of Pima, State of Arizona, more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Premises");

TOGETHER WITH any and all buildings and other improvements now or hereafter erected on the Premises including, without limitation, fixtures, attachments, appliances, equipment, machinery, and other personal property attached to such buildings and other improvements (the "Improvements"), all of which shall be deemed and construed to be a part of the real property;

TOGETHER WITH all rents, issues, profits, damages, royalties, income and other benefits now or hereafter derived from the Premises and the Improvements (collectively the "Rents"), subject to the terms and provisions of Article II of this Deed of Trust with respect to all

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leases and subleases of the Premises or Improvements now or hereafter existing or entered into, or portions thereof, granted by Trustor, and further subject to the right, power and authority hereinafter given to Trustor to collect and apply such Rents;

TOGETHER WITH all interests, estates or other claims, both in law and in equity, which Trustor now has or may hereafter acquire in the Premises or the Improvements;

TOGETHER WITH all easements, rights-of-way and other rights now owned or hereafter acquired by Trustor used in connection with the Premises or the Improvements or as a means of access thereto (including, without limitation, all rights pursuant to any trackage agreement and all rights to the nonexclusive use of common drive entries, and all tenements, hereditaments and appurtenances thereof and thereto) and all water and water rights and shares of stock evidencing the same;

TOGETHER WITH all leasehold estate, right, title and interest of Trustor in and to all leases or subleases covering the Premises or the Improvements or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder including, without limitation, all rights of Trustor against guarantors thereof, all cash or security deposits, advance rentals, and deposits or payments of similar nature (collectively, the "Leases");

TOGETHER WITH all right, title and interest now owned or hereafter acquired by Trustor in and to any greater estate in the Premises or the Improvements;

TOGETHER WITH all right, title, and interest of Trustor in (i) the property and interests in property described on Exhibit B attached hereto and incorporated herein by reference, (ii) all other personal property now or hereafter owned by Trustor that is now or hereafter located on or used in connection with the Premises or the Improvements, (iii) all other rights and interests of Trustor now or hereafter held in personal property that is now or hereafter located on or used in connection with the Premises or the Improvements, (iv) all personal property and rights and interests in personal property of similar type or kind hereafter acquired by Trustor, and (v) all proceeds thereof (such personal property and proceeds are referred to herein collectively as the "Personal Property");

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Premises, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Premises;

TOGETHER WITH all the estate, interest, right, title, other claim or demand, both in law and in equity (including, without limitation, claims or demands with respect to the proceeds of insurance in effect with respect thereto) that Trustor now has or may hereafter acquire in the Premises, the Improvements, the Personal Property, or any other part of the Trust Estate (as defined below), and any and all awards made for the taking by eminent domain, or by any proceeding of purchase in lieu thereof, of the whole or any part of the Trust Estate (including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages);

TOGETHER WITH all proceeds of the foregoing.

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The entire estate, property, right, title and interest hereby conveyed to Trustee may hereafter be collectively referred to as the "Trust Estate."

FOR THE PURPOSE OF SECURING (in such order of priority as Beneficiary may elect) the following (the "Obligations"):

(a) payment of indebtedness in the total principal amount of up to Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00) ("Loan"), with interest thereon, evidenced by that certain Secured Promissory Note of even date herewith (as it may be amended, modified, extended, and renewed from time to time, the "Note"), executed by Trustor, as Maker, pursuant to that certain Loan Agreement between Trustor, as Borrower, and Beneficiary, as Lender, of even date herewith (as it may be amended, modified, extended, and renewed from time to time, the "Loan Agreement"). The Loan Agreement contains a provision providing for a fixed rate of interest under the Note;

(b) payment of all sums advanced by Beneficiary to protect the Trust Estate, with interest thereon at all times equal to twenty-four percent (24%) per annum (which rate of interest is hereinafter referred to as the "Agreed Rate");

(c) payment of all other sums, with interest thereon, that may hereafter be loaned to Trustor, or its successors or assigns, by Beneficiary, or its successors or assigns when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust;

(d) performance of every obligation of Trustor contained in the Loan Documents (as defined below);

(e) performance of every obligation of Trustor contained in any agreement, document, or instrument now or hereafter executed by Trustor reciting that the obligations thereunder are secured by this Deed of Trust, including, without limitation, all other obligations, agreements or indebtedness between Trustor and any affiliate of Beneficiary;

(f) for the benefit of Beneficiary, compliance with and performance of each and every provision of any declaration of covenants, conditions and restrictions, any maintenance, easement and party wall agreement, or any other agreement, document, or instrument by which the Trust Estate is bound or may be affected;

(g) all obligations incurred by Trustor under any agreement between Trustor and Beneficiary or any affiliate of Beneficiary, whether now existing or after entered into, which provides for an interest rate currency, equity, credit or commodity swap, cap, floor or collar, spot or foreign currency exchange transaction, cross currency rate swap, currency option, any combination of, or option with respect to, any of the foregoing or similar transactions, for the purpose of hedging Trustor's exposure to fluctuations in interest rates, exchange rates, currency, stock, portfolio or loan valuations or commodity prices (each, a "Hedge Agreement"); and

(h) all modifications, extensions and renewals of any of the obligations secured thereby, however evidenced, including, without limitation: (i) modifications of the required principal payment dates or interest payment dates or both, as the case may be, deferring or accelerating payment dates wholly or partly; or (ii) modifications, extensions or renewals at a different rate of interest whether or not, in the case of a note, the modification, extension or renewal is evidenced by a new or additional promissory note.

This Deed of Trust, the Note, the Loan Agreement, any Hedge Agreement, and any other deeds of trust, mortgages, agreements, guaranties or other instruments given to evidence or further secure the payment and performance of any or all of the Obligations, as the foregoing may be amended, modified, extended, or renewed from time to time may hereinafter be collectively referred to as the "Loan Documents." Any term used or defined in the Uniform Commercial Code of Arizona, as in effect from time to time ("Uniform Commercial Code of Arizona"), and not defined in this Deed of Trust, has the meaning given to the term in the Uniform Commercial Code of Arizona, when used in this Deed of Trust.

TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

ARTICLE I
COVENANTS AND AGREEMENTS OF TRUSTOR

1.01 Payment and Performance of Secured Obligations. Trustor shall pay when due and/or perform each of the Obligations.

1.02 Maintenance, Repair, Alterations. Trustor shall keep the Trust Estate in good condition and repair. Trustor shall not remove, demolish, or substantially alter any of the Improvements, except with the prior written consent of Beneficiary. Trustor shall complete promptly and in a good and workmanlike manner any Improvements that may be now or hereafter constructed on the Premises and promptly restore in like manner any Improvements that may be damaged or destroyed from any cause whatsoever and pay when due all claims for labor performed and materials furnished therefor. Trustor shall comply with all Requirements (as defined below) and shall not suffer to occur or exist any violation of any Requirement. Trustor shall not commit or permit any waste or deterioration of the Trust Estate, and, to the extent allowed by law, shall keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair. Trustor shall perform its obligations under each Lease. "Requirement" and "Requirements" mean, respectively, each and all obligations and requirements now or hereafter in effect by which Trustor or the Trust Estate are bound or which are otherwise applicable to the Trust Estate, construction of any Improvements on the Trust Estate, or operation, occupancy or use of the Trust Estate (including, without limitation (i) such obligations and requirements imposed by common law or any law, statute, ordinance, regulation, or rule (federal, state, or local), and (ii) such obligations and requirements of, in, or in respect of (A) any consent, authorization, license, permit, or approval relating to the Trust Estate, (B) any condition, covenant, restriction, easement, or right-of-way reservation applicable to the Trust Estate, (C) any Lien or Encumbrance, (D) any other agreement, document, or instrument to which Trustor is a party or by which Trustor or the Trust Estate is bound or affected, and (E) any order, writ, judgment, injunction, decree, determination, or award of any arbitrator, other private

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adjudicator, court, government, or governmental authority (federal, state, or local) to which Trustor is a party or by which Trustor or the Trust Estate is bound or affected).

1.03 Required Insurance. Trustor shall at all times provide, maintain and keep in force or cause to be provided, maintained and kept in force with respect to the Trust Estate, at no expense to Trustee or Beneficiary, policies of insurance in forms and amounts and issued by companies reasonably satisfactory to Beneficiary covering such casualties, risks, perils, liabilities and other hazards as is required under the Loan Agreement. All such policies of insurance required by the terms of this Deed of Trust or the Loan Agreement shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Trustor or any party holding under Trustor that might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of setoff, counterclaim or deductions against Trustor.

1.04 Delivery of Policies, Payment of Premiums.

(a) At Beneficiary's option all policies of insurance shall either have attached thereto a lender's loss payable endorsement for the benefit of Beneficiary in form satisfactory to Beneficiary or shall name Beneficiary as an additional insured. Trustor shall furnish Beneficiary with certificates of insurance for each required policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number and the period of coverage. If Beneficiary consents, Trustor may provide any of the required insurance through blanket policies carried by Trustor and covering more than one location, or by policies procured by a tenant or other party holding under Trustor; provided, however, all such policies shall meet the requirements referred to in Section 1.03. At least thirty (30) days prior to the expiration of each required policy, Trustor shall deliver to Beneficiary evidence reasonably satisfactory to Beneficiary of the payment of premium and the renewal or replacement of such policy continuing insurance in form as required by this Deed of Trust. All such policies shall contain a provision that, notwithstanding any contrary agreement between Trustor and insurance company, such policies will not be cancelled, allowed to lapse without renewal, surrendered or materially amended, which term shall include any reduction in the scope or limits of coverage, without at least thirty (30) days' prior written notice to Beneficiary.

(b) In the event Trustor fails to obtain, maintain, or deliver to Beneficiary the policies of insurance with respect to the Trust Estate required by this Deed of Trust, Beneficiary may, at Beneficiary's election, but without any obligation so to do, procure such insurance or single-interest insurance for such risks covering Beneficiary's interest, and Trustor will pay all premiums thereon promptly upon demand by Beneficiary, and until such payment is made by Trustor, the amount of all such premiums shall bear interest at the Agreed Rate. Upon the occurrence and during the continuation of an Event of Default and request by Beneficiary, Trustor shall deposit with Beneficiary in monthly installments, an amount equal to one-twelfth (1/12) of the estimated aggregate annual insurance premiums on all policies of insurance required by this Deed of Trust (funds deposited for this purpose are referred to as "Insurance Impounds"). In such event Trustor further agrees to cause all bills, statements, or other documents relating to the foregoing insurance premiums to be sent or mailed directly to Beneficiary. Upon receipt

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of such bills, statements, or other documents evidencing that a premium for a required policy is then payable, and provided there are sufficient Insurance Impounds, Beneficiary shall timely pay such amounts as may be due thereunder out of the Insurance Impounds. If at any time and for any reason the Insurance Impounds are or will be insufficient to pay such amounts as may be then or subsequently due, Beneficiary shall notify Trustor and Trustor shall immediately deposit an amount equal to such deficiency with Beneficiary. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of Insurance Impounds or to be obligated to pay any amounts in excess of the amount of the Insurance Impounds, nor shall anything contained herein modify the obligation of Trustor set forth in Section 1.03 to obtain and maintain insurance. Beneficiary may commingle Insurance Impounds with its own funds, and Trustor shall not be entitled to interest thereon. Beneficiary may reserve for future payments of premiums such portion of Insurance Impounds as Beneficiary in its absolute and sole discretion deems proper. If Trustor fails to deposit with Beneficiary sums sufficient to pay fully such premiums at least thirty (30) days before delinquency thereof, Beneficiary may, at Beneficiary's election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Beneficiary upon demand with interest from the date advanced at the Agreed Rate, or at the option of Beneficiary the latter may, without making any advance whatever, apply any Insurance Impounds to payment of the Obligations in such order as Beneficiary may determine, notwithstanding that such Obligations may not yet be due. Upon the occurrence of an Event of Default, Beneficiary may, at any time, at Beneficiary's option, apply any Insurance Impounds or Impositions Impounds under this Section 1.04 or Section 1.08, any funds paid as Rents, and any other funds of Trustor held by Beneficiary to payment of any of the Obligations, in such manner and order as Beneficiary may elect, notwithstanding that such Obligations may not yet be due.

1.05 Casualties; Insurance Proceeds.

(a) Trustor shall give prompt written notice thereof to Beneficiary after the happening of any casualty to or in connection with the Trust Estate or any part thereof, whether or not covered by insurance. All proceeds of insurance shall be payable to Beneficiary, and Trustor hereby authorizes and directs any affected insurance company to make payment of such proceeds directly to Beneficiary. If Trustor receives any proceeds of insurance resulting from such casualty, Trustor shall promptly pay over such proceeds to Beneficiary.

(b) Trustor shall not be excused from repairing or maintaining the Trust Estate as provided in Section 1.02 hereof or restoring all damage or destruction to the Trust Estate, regardless of whether or not there are insurance proceeds available to Trustor or whether any such proceeds are sufficient in amount, and the application or release by Beneficiary of any insurance proceeds shall not cure or waive any default or notice of default under this Deed of Trust or invalidate any act done pursuant to such default or notice of default.

1.06 Assignment of Policies Upon Foreclosure. In the event of foreclosure of this Deed of Trust as a mortgage, a sale under the power of sale, or any other transfer of title or

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assignment of the Trust Estate in extinguishment, in whole or in part, of the Obligations, all right, title and interest of Trustor in and to all policies of insurance required by Section 1.03 shall inure to the benefit of and pass to the successor in interest to Trustor or the purchaser or grantee of the Trust Estate, to the extent such policies are assignable pursuant to the terms thereof.

1.07 Indemnification; Subrogation; Waiver of Offset.

(a) If Beneficiary is made a party to any litigation concerning the Note, this Deed of Trust, any of the Loan Documents, the Trust Estate or any part thereof or interest therein, or the occupancy of the Trust Estate by Trustor, then Trustor shall indemnify, defend (with counsel reasonably approved by Beneficiary) and hold Beneficiary harmless for, from and against all liability by reason of said litigation, including reasonable attorneys' fees and expenses incurred by Beneficiary as a result of any such litigation, whether or not any such litigation is prosecuted to judgment. If at any time Beneficiary (as determined by Beneficiary in its sole and absolute discretion) is not satisfied with the defense conducted on Trustor and/or Beneficiary's behalf, Beneficiary may employ an attorney or attorneys to protect its rights hereunder, and in the event of such employment following any breach by Trustor, Trustor shall pay Beneficiary actual reasonable attorneys' fees and expenses incurred by Beneficiary, whether or not an action is actually commenced against Trustor by reason of its breach.

(b) Trustor waives any and all right to claim or recover against Beneficiary, its successors and assigns, their directors, officers, employees, agents and representatives, for loss of or damage to Trustor, the Trust Estate, Trustor's property or the property of others under Trustor's control from any cause insured against or required to be insured against by this Deed of Trust.

(c) All sums payable by Trustor pursuant to this Deed of Trust shall be paid without notice (except for such notice as may be expressly required hereunder or under the other Loan Documents), demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Trustor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Trust Estate or any part thereof; (ii) any restriction or prevention of or interference by any Person (as defined below) with any use of the Trust Estate or any part thereof; (iii) any title defect or encumbrance or any eviction from the Premises or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, or any action taken with respect to this Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (v) any claim that Trustor has or might have against Beneficiary; (vi) any default or failure on the part of Beneficiary to perform or comply with any of the terms of the Loan Documents or of any other agreement with Trustor; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Trustor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein, Trustor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment,

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diminution or reduction of any sum secured hereby and payable by Trustor. "Person" means any natural person, any unincorporated association, any corporation, any partnership, any joint venture, any trust, any other legal entity, or any governmental authority (federal, state, local or foreign).

1.08 Impositions.

(a) Trustor shall pay, or cause to be paid, prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, (including, without limitation, non-governmental levies or assessments such as maintenance charges, levies, or charges resulting from covenants, conditions and restrictions affecting the Trust Estate) that are assessed or imposed upon the Trust Estate or become due and payable and that create, may create, or appear to create a lien upon the Trust Estate (the above are sometimes referred to herein individually as an "Imposition" and collectively as "Impositions"), provided, however, that if by law any Imposition is payable, or may at the option of the taxpayer be paid, in installments, Trustor may pay the same or cause it to be paid, together with any accrued interest on the unpaid balance of such Imposition, in installments as the same becomes due and before any fine, penalty, interest, or cost may be added thereto for the nonpayment of any such installment and interest.

(b) If at any time after the date hereof there shall be assessed or imposed a fee, tax, or assessment on Beneficiary and measured by or based in whole or in part upon this Deed of Trust or the outstanding amount of the Obligations, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined in Section 1.08(a) and Trustor shall pay and discharge the same as herein provided with respect to the payment of Impositions. If Trustor fails to pay such Impositions prior to delinquency, Beneficiary may, at its option, declare all or part of the Obligations, immediately due and payable. If Trustor is prohibited by law from paying such Impositions, Beneficiary may, at its option, declare all or part of the Obligations due and payable on a date which is not less than six (6) months from the date such prohibition is imposed on Trustor.

(c) Subject to the provisions of Section 1.08(d) and upon request by Beneficiary, Trustor shall deliver to Beneficiary within thirty (30) days after the date upon which any Imposition is due and payable by Trustor official receipts of the appropriate taxing authority, or other proof satisfactory to Beneficiary, evidencing the payment thereof.

(d) Trustor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Imposition by appropriate proceedings, but this shall not be deemed or construed in any way as relieving, modifying, or extending Trustor's covenant to pay any such Imposition at the time and in the manner provided in this Section 1.08, unless Trustor has given prior written notice to Beneficiary of Trustor's intent to so contest or object to an Imposition, and unless, in Beneficiary's absolute and sole discretion, (i) Trustor shall demonstrate to Beneficiary's satisfaction that the proceedings to be initiated by Trustor shall conclusively operate to prevent the sale of the

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Trust Estate or any part thereof or interest therein to satisfy such Imposition prior to final determination of such proceedings, (ii) Trustor shall furnish a good and sufficient bond or surety as requested by and satisfactory to Beneficiary, or (iii) Trustor shall demonstrate to Beneficiary's satisfaction that Trustor has provided a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale.

(e) Upon the occurrence and during the continuation of an Event of Default and upon request by Beneficiary, Trustor shall pay to Beneficiary an initial cash deposit in an amount adequate to pay all Impositions for the ensuing tax fiscal year and shall thereafter continue to deposit with Beneficiary, in monthly installments, an amount equal to one-twelfth (1/12) of the sum of the annual Impositions reasonably estimated by Beneficiary, for the purpose of paying the installment of Impositions next due (funds deposited for this purpose are referred to as "Impositions Impounds"). In such event, Trustor further agrees to cause all bills, statements, or other documents relating to Impositions to be sent or mailed directly to Beneficiary. Upon receipt of such bills, statements, or other documents, and providing there are sufficient Impositions Impounds, Beneficiary shall timely pay such amounts as may be due thereunder out of the Impositions Impounds. If at any time and for any reason the Impositions Impounds are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary may notify Trustor and upon such notice Trustor shall deposit immediately an amount equal to such deficiency with Beneficiary. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of Impositions Impounds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary pursuant to this Section 1.08(e). Beneficiary may commingle Impositions Impounds with its own funds and shall not be obligated to pay any interest on any Impositions Impounds. Beneficiary may reserve for future payment of Impositions such portion of Impositions Impounds as Beneficiary may in its absolute and sole discretion deem proper. If Trustor fails to deposit with Beneficiary sums sufficient to fully pay such Impositions at least thirty (30) days before delinquency thereof, Beneficiary may, at Beneficiary's election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall be secured hereby and shall be repayable to Beneficiary upon demand together with interest thereon at the Agreed Rate from the date of such advance, or at the option of Beneficiary the latter may, without making any advance whatever, apply any Impositions Impounds held by it upon any of the Obligations in such order as Beneficiary may determine, notwithstanding that such Obligations may not yet be due.

(f) Trustor shall not initiate or suffer to occur or exist the joint assessment of any real and personal property included in the Trust Estate or any other procedure whereby the lien of real property taxes and the lien of personal property taxes shall be assessed, levied, or charged to the Trust Estate as a single lien.

1.09 Utilities. Trustor shall pay when due all charges that are incurred by Trustor for the benefit of the Trust Estate or that may become a charge or lien against the Trust Estate for gas, electricity, water, sewer, or other services furnished to the Trust Estate.

1.10 Actions Affecting Trust Estate. Trustor shall appear in and contest any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and shall pay all costs and expenses (including, without limitation, costs of evidence of title, litigation, and attorneys' fees) in any such action or proceeding in which Beneficiary or Trustee may appear.

1.11 Actions By Trustee or Beneficiary. If Trustor fails to make any payment or to do any act as and in the manner provided in any of the Loan Documents, Beneficiary and/or Trustee, each in its absolute and sole discretion, without obligation so to do, without releasing Trustor from any obligation, and with only such notice to or demand upon Trustor as may be reasonable under the then existing circumstances, but in no event exceeding ten (10) days prior written notice, may make or do the same in such manner and to such extent as either may deem necessary or appropriate. In connection therewith (without limiting their general powers, whether conferred herein, in another Loan Document or by law), Beneficiary and Trustee shall have and are hereby given the right, but not the obligation, (a) to enter upon and take possession of the Trust Estate; (b) to make additions, alterations, repairs and improvements to the Trust Estate that they or either of them may consider necessary or appropriate to keep the Trust Estate in good condition and repair; (c) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Beneficiary or Trustee; (d) to pay, purchase, contest or compromise any Lien or Encumbrance (as defined below) or alleged Lien or Encumbrance whether superior or junior to this Deed of Trust; and (e) in exercising such powers, to pay necessary expenses (including, without limitation, expenses of employment of counsel or other necessary or desirable consultants). Trustor shall, immediately upon demand therefor by Beneficiary and Trustee or either of them, pay to Beneficiary and Trustee an amount equal to all respective costs and expenses incurred by them in connection with the exercise by either Beneficiary or Trustee or both of the foregoing rights (including, without limitation, costs of evidence of title, court costs, appraisals, surveys and receiver's, trustee's and attorneys' fees) together with interest thereon from the date of such expenditures at the Agreed Rate.

1.12 Transfer of Trust Estate by Trustor. In order to induce Beneficiary to make the Loan, Trustor agrees that, in the event of any Transfer (as hereinafter defined), without the prior written consent of Beneficiary, Beneficiary shall have the absolute right, at its option, without prior demand or notice, to declare all sums secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. Beneficiary may grant or deny such consent in its sole discretion and, if consent should be given, any such Transfer shall be subject to this Deed of Trust, and such transferee shall assume all obligations hereunder and agree to be bound by all provisions contained herein. Such assumption shall not, however, release Trustor or any maker or guarantor (if any) of the Note from any liability thereunder without the prior written consent of Beneficiary. As used herein, "Transfer" shall mean:

(i) any sale, transfer, conveyance, hypothecation, encumbrance, lease or vesting of the Trust Estate or any part thereof or interest therein to or in any Person, whether voluntary, involuntary, by operation of law, or otherwise, except the Permitted Exceptions (as such term is defined in Exhibit C attached hereto and incorporated herein by reference);

(ii) any sale, transfer, assignment, conveyance, hypothecation, encumbrance or vesting of any general partnership interest in Trustor or any shareholder, member or partner in Trustor to or in any Person (if Trustor or any shareholder, member or partner in Trustor is a partnership) whether voluntary, involuntary, by operation of law, or otherwise, except the Permitted Exceptions;

(iii) any sale, transfer, assignment, conveyance, hypothecation, encumbrance or vesting of any shares of stock in Trustor or any shareholder, member or partner in Trustor to or in any Person or any consolidation or merger of Trustor or any shareholder, member or partner in Trustor into or with any Person (if Trustor or any shareholder, member or partner in Trustor is a corporation) whether voluntary, involuntary, by operation of law, or otherwise, except the Permitted Exceptions;

(iv) any sale, transfer, assignment, conveyance, hypothecation, encumbrance or vesting of any membership interest in Trustor or any shareholder, member or partner in Trustor to or in any Person (if Trustor or any shareholder, member or partner in Trustor is a limited liability company) whether voluntary, involuntary, by operation of law, or otherwise, except the Permitted Exceptions; or

(v) the execution of any agreements to do any of the foregoing, except the Permitted Exceptions.

1.13 Eminent Domain.

(a) In the event that any proceeding or action be commenced for the taking of the Trust Estate, or any part thereof or interest therein, for public or quasi-public use under the power of eminent domain, condemnation (including, without limitation, inverse condemnation) or otherwise (hereinafter collectively referred to as a "Taking"), or if the same be taken or damaged by reason of any public improvement or Taking, or should Trustor receive any notice or other information regarding such Taking or damage, Trustor shall give prompt written notice thereof to Beneficiary. All compensation, awards, damages, rights of action and proceeds awarded to Trustor by reason of any such Taking or damage or received by Trustor as the result of a transfer in lieu of a Taking (the "Condemnation Proceeds") are hereby assigned to Beneficiary, and Trustor agrees to execute such further assignments of the Condemnation Proceeds as Beneficiary or Trustee may require. If Trustor receives any Condemnation Proceeds Trustor shall promptly pay over such proceeds to Beneficiary. Beneficiary is hereby authorized and empowered by Trustor, at Beneficiary's option and in Beneficiary's sole discretion, as attorney-in-fact for Trustor, to settle, adjust, or compromise any claim for loss or damage in connection with any Taking or proposed Taking and, without regard to the adequacy of its security, to commence, appear in and prosecute in its own name and/or on behalf of Trustor any such action or proceeding arising out of or relating to a Taking or proposed Taking.

(b) Trustor shall not be excused from repairing or maintaining the Trust Estate as provided in Section 1.02 or restoring all damage or destruction to the Trust Estate, regardless of whether, or not there are Condemnation Proceeds available to Trustor or

whether any such Condemnation Proceeds are sufficient in amount. The application or release of the Condemnation Proceeds shall not cure or waive any default or notice of default hereunder or under any other Loan Document or invalidate any act done pursuant to such default or notice of default.

1.14 Additional Security. No other security now existing, or hereafter taken, to secure the obligations secured hereby shall be impaired or affected by the execution of this Deed of Trust. All security for the Obligations from time to time shall be taken, considered and held as cumulative. Any taking of additional security, execution of partial releases of the security, or any extension of the time of payment of, or modification of other terms of any of the Obligations shall not diminish the force, effect or lien of this Deed of Trust and shall not affect or impair the liability of any maker, guarantor, surety or endorser for the payment or performance of any of the Obligations. In the event Beneficiary at any time holds additional security for any of the Obligations, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before, concurrently with, or after a sale or realization is made hereunder.

1.15 Appointment of Successor Trustee. Beneficiary may, from time to time, by a written instrument executed and acknowledged by Beneficiary, mailed to Trustor and recorded in the county in which the Trust Estate is located and by otherwise complying with the provisions of applicable law, substitute a successor or successors to any Trustee named herein or acting hereunder, and such successor(s) shall, without conveyance from the Trustee predecessor, succeed to all title, estate, rights, powers and duties of such predecessor.

1.16 Inspections. Beneficiary, and its agents, representatives officers, and employees, are authorized to enter at any reasonable time upon or in any part of the Trust Estate for the purpose of inspecting the same and for the purpose of performing any of the acts Beneficiary is authorized to perform hereunder or under the terms of any of the Loan Documents.

1.17 Ownership and Liens and Encumbrances. Trustor is, and as to any portion of the Trust Estate acquired hereafter will upon such acquisitions be, and shall remain the owner of the Trust Estate free and clear of any Liens and Encumbrances. Trustor shall not grant, shall not suffer to exist, and shall pay and promptly discharge, at Trustor's cost and expense, all Liens and Encumbrances and any claims thereof upon the Trust Estate, or any part thereof or interest therein. Trustor shall notify Beneficiary immediately in writing of any Lien or Encumbrance or claim thereof. Trustor shall have the right to contest in good faith the validity of any involuntary Lien or Encumbrance, provided Trustor shall first deposit with Beneficiary a bond or other security satisfactory to Beneficiary in such amount as Beneficiary shall reasonably require, but not more than one hundred fifty percent (150%) of the amount of the claim, and provided further that if Trustor loses such contest, Trustor shall thereafter diligently proceed to cause such Lien or Encumbrance to be removed and discharged. If Trustor shall fail to remove and discharge any Lien or Encumbrance or claim thereof, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, after only such notice to Trustor as may be reasonable under the then existing circumstances, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such Lien or Encumbrance by depositing in a court a bond or the amount claimed or otherwise giving security for such claim, or by procuring such discharge in such manner as is or may be prescribed by law. Trustor shall, immediately upon demand therefor by Beneficiary, pay to Beneficiary an amount equal to all

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costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing right to discharge any Lien or Encumbrance or claim thereof, together with interest thereon from the date of each such expenditure at the Agreed Rate. Such costs and expenses shall be secured by this Deed of Trust. "Lien or Encumbrance" and "Liens and Encumbrances" mean, respectively, each and all of the following in respect of the Trust Estate: leases, other rights to occupy or use, mortgages, deeds of trust, pledges, security agreements, assignments, assignments as security, conditional sales, title retention arrangements or agreements, conditions, covenants, and restrictions, and other charges, liens, encumbrances, or adverse interests, whether voluntarily or involuntarily created and regardless of whether prior or subordinate to any estate, right, title, or interest granted to Trustee or Beneficiary in this Deed of Trust, excluding from the foregoing the Permitted Exceptions.

1.18 Trustee's Powers. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed of Trust and without affecting the personal liability of any person for payment of the Obligations or the effect of this Deed of Trust upon the remainder of said Trust Estate, Trustee may (a) reconvey any part of said Trust Estate, (b) consent in writing to the making of any map or plat thereof, (c) join in granting any easement thereon, or (d) join in any extension agreement or any agreement subordinating the lien or charge hereof.

1.19 Beneficiary's Powers. Without affecting the liability of any Person liable for the payment of the Obligations herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any portion of the Trust Estate not then or theretofore released as security for the Obligations, Beneficiary may, from time to time and without notice (a) release any person so liable, (b) extend the Obligations, (c) grant other indulgences, (d) release or reconvey, or cause to be released or reconveyed, at any time at Beneficiary's option any parcel, portion or all of the Trust Estate, (e) take or release any other or additional security or any guaranty for any Obligation herein mentioned, or (f) make compositions or other arrangements with debtors in relation thereto.

1.20 Financial Statements. Trustor shall deliver to Beneficiary such financial statements, balance sheets, profit and loss statements, operating statements, income and expense statements and other financial information in such detail and at the times required by the Loan Agreement. All such statements shall be prepared in accordance with the requirements of the Loan Agreement. Beneficiary shall have the right to audit, inspect and copy all of Trustor's books and records, relating thereto.

1.21 Trade Names. At the request of Beneficiary from time to time, Trustor shall execute a certificate in form satisfactory to Beneficiary listing the trade names or fictitious business names under which Trustor intends to operate the Trust Estate or any business located thereon and representing and warranting that Trustor does business under no other trade names or fictitious business names with respect to the Trust Estate. Trustor shall immediately notify Beneficiary in writing of any change in said trade names or fictitious business names, and will, upon request of Beneficiary, authorize any additional financing statements and execute any other certificates necessary to reflect the change in trade names or fictitious business names.

1.22 Leasehold. If a leasehold estate constitutes a portion of the Trust Estate, Trustor agrees not to amend, modify, extend, renew or terminate such leasehold estate, any interest therein, or the lease granting such leasehold estate without the prior written consent of Beneficiary, which consent may be withheld by Beneficiary in its absolute and sole discretion. Consent to one amendment, modification, extension or renewal shall not be deemed to be a waiver of the right to require consent to other, future or successive amendments, modifications, extensions or renewals. Trustor agrees to perform all obligations and agreements under said leasehold and shall not take any action or omit to take any action which would effect or permit the termination of said leasehold. Trustor agrees to promptly notify Beneficiary in writing with respect to any default or alleged default by any party thereto and to deliver to Beneficiary copies of all notices, demands, complaints or other communications received or given by Trustor with respect to any such default or alleged default. Beneficiary shall have the option to cure any such default and to perform any or all of Trustor's obligations thereunder. All sums expended by Beneficiary in curing any such default shall be secured hereby and shall be immediately due and payable without demand or notice and shall bear interest from date of expenditure at the Agreed Rate.

ARTICLE II ASSIGNMENT OF RENTS

2.01 Assignment of Rents. Trustor hereby absolutely and irrevocably assigns and transfers to Beneficiary all the Rents of the Trust Estate, and hereby gives to and confers upon Beneficiary the right, power and authority to collect the Rents. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at the option of Beneficiary at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Trustor or Beneficiary, for all Rents and apply the same to the payment of the Obligations in such order as Beneficiary shall determine. Trustor hereby authorizes and directs the lessees, tenants and occupants to make all payments under the Leases directly to Beneficiary upon written demand by Beneficiary, without further consent of Trustor; provided, however, that Trustor shall have the right to collect such Rents (but not more than one (1) month in advance unless the written approval of Beneficiary is first obtained), and to retain and enjoy same, so long as an Event of Default shall not have occurred hereunder or under the other Loan Documents. The assignment of the Rents of the Trust Estate in this Article II is intended to be an absolute and unconditional present assignment from Trustor to Beneficiary and not merely the passing of a security interest. Beneficiary's rights to the Rents are not contingent upon and may be exercised without possession of the Trust Estate

2.02 Collection Upon an Event of Default. Upon the occurrence of an Event of Default, Beneficiary may, at any time without notice, either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the Obligations, enter upon and take possession of the Trust Estate, or any part thereof, and, with or without such entry or taking possession, in its own name sue for or otherwise collect the Rents (including, without limitation, those past due and unpaid) and apply the same, less costs and expenses of operation and collection (including, without limitation, attorneys' fees) upon payment of the Obligations in such order as Beneficiary may determine. The collection of such Rents, or the entering upon and taking possession of the Trust Estate, or the application of the Rents as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act

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done in response to such default or pursuant to such notice of default. Trustor also hereby authorizes Beneficiary upon such entry, at its option, to take over and assume the management, operation and maintenance of the Trust Estate and to perform all acts Beneficiary in its sole discretion deems necessary and proper and to expend such sums out of Rents as may be needed in connection therewith, in the same manner and to the same extent as Trustor theretofore could do (including, without limitation, the right to enter into new leases, to cancel, surrender, alter or amend the terms of, and/or renew existing leases collectively, the "Leases", and/or to make concessions to tenants). Trustor hereby releases all claims of any kind or nature against Beneficiary arising out of such management, operation and maintenance, excepting the liability of Beneficiary to account as hereinafter set forth.

2.03 Application of Rents. Upon such entry, Beneficiary shall, after payment of all property charges and expenses (including, without limitation, reasonable compensation to such managing agent as it may select and employ) and after the accumulation of a reserve to meet requisite amounts, credit the net amount of the Rents received by it to the Obligations, but the manner of the application of such net income and which items shall be credited shall be determined in the sole discretion of Beneficiary. Beneficiary shall not be accountable for more monies than it actually receives from the Trust Estate; nor shall it be liable for failure to collect Rents. Beneficiary shall make reasonable efforts to collect Rents, reserving, however, within its own absolute and sole discretion, the right to determine the method of collection and the extent to which enforcement of collection of Rents shall be prosecuted and Beneficiary's judgment shall be deemed conclusive and reasonable.

2.04 Mortgagee in Possession. It is not the intention of the parties hereto that an entry by Beneficiary upon the Premises under the terms of this instrument shall make Beneficiary a party in possession in contemplation of the law, except at the option of Beneficiary.

2.05 Indemnity. Trustor hereby agrees to indemnify and hold harmless Beneficiary for, from and against any and all losses, liabilities, obligations, claims, demands, damages, penalties, judgments, costs, and expenses, including legal fees and expenses, howsoever and by whomsoever asserted, arising out of or in any way connected with this assignment; and all such losses, liabilities, obligations, claims, demands, damages, penalties, judgments, costs and expenses shall be deemed added to the indebtedness secured hereby and shall be secured by any and all other instruments securing said indebtedness.

2.06 No Obligation to Perform. Nothing contained herein shall operate or be construed to obligate Beneficiary to perform any obligations of Trustor under any Lease (including, without limitation, any obligation arising out of any covenant of quiet enjoyment therein contained in the event the lessee under any such Lease shall have been joined as a party defendant in any action to foreclose and the estate of such lessee shall have been thereby terminated). Prior to actual entry into and taking possession of the Premises by Beneficiary, this assignment shall not operate to place upon Beneficiary any responsibility for the operation, control, care, management or repair of the Trust Estate or any portion thereof, and the execution of this assignment by Trustor shall constitute conclusive evidence that all responsibility for the operation, control, care, management and repair of the Trust Estate is and shall be that of Trustor, prior to such actual entry and taking of possession.

ARTICLE III
SECURITY AGREEMENT

3.01 Creation of Security Interest. Trustor hereby grants to Beneficiary, a security interest in and to all the Personal Property.

3.02 Representations, Warranties and Covenants of Trustor. Trustor hereby represents, warrants and covenants (which representations, warranties and covenants shall survive creation of any indebtedness of Trustor to Beneficiary and any extension of credit thereunder) as follows:

(a) The Personal Property is not used or bought for personal, family or household purposes.

(b) The tangible portion of the Personal Property will be kept on or at the Premises or Improvements and Trustor will not, without the prior written consent of Beneficiary, remove the Personal Property or any portion thereof therefrom except such portions or items of Personal Property which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Trustor with similar items of greater value.

(c) At the request of Beneficiary, Trustor will authorize Beneficiary to file one or more financing statements and/or execute one or more fixture filings pursuant to the Uniform Commercial Code of Arizona as in effect in the State of Arizona (Arizona Revised Statutes ("A.R.S.") Sections 47-1101 through 47-10102, as amended from time to time ("Uniform Commercial Code of Arizona"), in form satisfactory to Beneficiary and will pay the cost of recording and filing the same in all public offices wherever recording or filing is deemed by Beneficiary to be necessary or desirable.

(d) Trustor's principal place of business in the State of Arizona is at 2797 North Introspect Drive, Tucson, Arizona 85745. Trustor does not do business under any trade name except as previously disclosed in writing to Beneficiary. Trustor will immediately notify Beneficiary in writing of any change in its place of business or the adoption or change of any organizational name, trade name or fictitious business name, and will upon request of Beneficiary, authorize any additional financing statements or execute any other certificates necessary to reflect the adoption or change in trade name or fictitious business name. Trustor will also promptly notify Beneficiary (i) of any change of Trustor's organizational identification number or (ii) if Trustor does not now have an organizational identification number and later obtains one, of such organizational identification number.

(e) Trustor shall immediately notify Beneficiary of any claim against the Personal Property adverse to the interest of Beneficiary therein.

3.03 Use of Personal Property by Trustor. Until the occurrence of an Event of Default hereunder or under any other Loan Document, Trustor may have possession of the Personal Property and use it in any lawful manner not inconsistent with this Deed of Trust and not inconsistent with any policy of insurance thereon.

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3.04 Remedies Upon an Event of Default.

(a) In addition to the remedies provided in Section 4.02 hereof, upon the occurrence of an Event of Default hereunder, Beneficiary may, at its option, do any one or more of the following:

(i) Either personally, or by means of a court appointed receiver, take possession of all or any of the Personal Property and exclude therefrom Trustor and all others claiming under Trustor, and thereafter hold, store, use, operate, manage, maintain and control, make repairs, replacements, alterations, additions and improvements to and exercise all rights and powers of Trustor with respect to the Personal Property or any part thereof. In the event Beneficiary demands, or attempts to take possession of the Personal Property in the exercise of any rights under this Deed of Trust, Trustor agrees to promptly turn over and deliver possession thereof to Beneficiary;

(ii) Without notice to or demand upon Trustor, make such payments and do such acts as Beneficiary may deem necessary to protect its security interest in the Personal Property (including, without limitation, paying, purchasing, contesting or compromising any Lien or Encumbrance, whether superior or inferior to such security interest) and in exercising any such powers or authority to pay all expenses (including, without limitation, litigation costs and reasonable attorney's fees) incurred in connection therewith;

(iii) Require Trustor from time to time to assemble the Personal Property, or any portion thereof, at a place designated by Beneficiary and reasonably convenient to both parties, and deliver promptly such Personal Property to Beneficiary, or an agent or representative designated by Beneficiary. Beneficiary, and its agents and representatives, shall have the right to enter upon any or all of Trustor's premises and property to exercise Beneficiary's rights hereunder;

(iv) Realize upon the Personal Property or any part thereof as herein provided or in any manner permitted by law and exercise any and all of the other rights and remedies conferred upon Beneficiary by this Deed of Trust, any other Loan Document, or by law, either concurrently or in such order as Beneficiary may determine;

(v) Sell or cause to be sold in such order as Beneficiary may determine, as a whole or in such parcels as Beneficiary may determine, the Personal Property and the remainder of the Trust Estate;

(vi) Sell, lease, or otherwise dispose of the Personal Property at public sale, upon terms and in such manner as Beneficiary may determine. Beneficiary may be a purchaser at any sale; and

(vii) Exercise any remedies of a secured party under the Uniform Commercial Code of Arizona or any other applicable law.

(b) Unless the Personal Property is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Beneficiary shall give Trustor at least five (5) days' prior written notice of the time and place of any public sale of the Personal Property or other intended disposition thereof to be made. Such notice may be mailed to Trustor at the address set forth in Section 5.05. If Beneficiary fails to comply with this Section 3.04 in any respect, its liability for such failure shall be limited to the liability (if any) imposed on it as a matter of law under the Uniform Commercial Code of Arizona (or under the Uniform Commercial Code, enforced from time to time, in any other state to the extent the same is the applicable law).

(c) The proceeds of any sale under Section 3.04(a)(vi) shall be applied as follows:

(i) To the repayment of the reasonable costs and expenses of taking, holding, and preparing for the sale and the selling of the Personal Property (including, without limitation, costs of litigation and attorneys' fees) and the discharge of all Impositions, Liens and Encumbrances, and claims thereof, if any, on the Personal Property prior to the security interest granted herein (except any Impositions or Liens and Encumbrances subject to which such sale shall have been made);

(ii) To the payment of the Obligations in such order as Beneficiary shall determine; and

(iii) The surplus, if any, shall be paid to the Trustor or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(d) Beneficiary shall have the right to enforce one or more remedies hereunder, successively or concurrently, and such action shall not operate to estop or prevent Beneficiary from pursuing any further remedy that it may have. Any repossession or retaking or sale of the Personal Property pursuant to the terms hereof shall not operate to release Trustor until full payment of any deficiency has been made in cash.

(e) Beneficiary may comply with any applicable state or federal law or regulatory requirements in connection with a disposition of the Personal Property and such compliance will not be considered to affect adversely the commercial reasonableness of any sale of the Personal Property.

(f) Beneficiary may sell the Personal Property without giving any warranties as to such property, and may specifically disclaim any warranties of title, merchantability, fitness for a particular purpose or the like, and this procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Personal Property. Trustor acknowledges that a private sale of the Personal Property may result in less proceeds than a public sale.

(g) Trustor acknowledges that the Personal Property may be sold at a loss to Trustor and that, in such event, Beneficiary shall have no liability or responsibility to Trustor for such loss.

3.05 Security Agreement. This Deed of Trust constitutes and shall be deemed to be a "security agreement" for all purposes of the Uniform Commercial Code of Arizona and Beneficiary shall be entitled to all the rights and remedies of a "secured party" under such Uniform Commercial Code of Arizona.

3.06 Fixture Filing. Upon its recording in the real property records, this Deed of Trust shall be effective as a financing statement filed as a fixture filing. This Deed of Trust shall also be effective as a financing statement covering as extracted collateral (including oil and gas), accounts and general intangibles under the Uniform Commercial Code of Arizona and the Uniform Commercial Code as in effect from time to time in any other state where the Property the situated. In addition, a carbon, photographic or other reproduced copy of this Deed of Trust and/or any financing statement relating hereto shall be sufficient for filing and/or recording as a financing statement. The filing of any other financing statement relating to any personal property, rights or interests described herein shall not be construed to diminish any right or priority hereunder.

3.07 Authorization to File Financing Statements; Power of Attorney. Trustor hereby authorizes Beneficiary at any time and from time to time to file any initial financing statements, amendments thereto, and continuation statements with or without signature of Trustor as authorized by applicable law, as applicable to the Trust Estate. For purposes of such filing, Trustor agrees to furnish any information requested by Beneficiary promptly upon request by Beneficiary. Trustor also ratifies its authorization for Beneficiary to have filed any like initial financing statements, amendments thereto, or continuation statements if filed prior to the date of this Deed of Trust. Trustor hereby irrevocably constitutes and appoints Beneficiary and any officer or agent of Beneficiary, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Trustor or in Trustor's own name to execute in Trustor's name any such documents and to otherwise carry out the purposes of this Section 3.07, to the extent that Trustor's authorization above is not sufficient. To the extent permitted by law, Trustor hereby ratifies and affirms all acts said attorneys-in-fact shall lawfully do, have done in the past, or caused to be done in the future by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

ARTICLE IV REMEDIES UPON DEFAULT

4.01 Events of Default. Each of the following shall constitute an event of default ("Event of Default"):

(a) Failure by Trustor or Guarantor (as defined in the Loan Agreement) to pay any monetary amount when due under any Loan Document and the expiration of five (5) days after written notice of such failure by Beneficiary to Trustor.

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(b) Failure by Trustor or Guarantor to perform any of their respective obligations not involving the payment of money, or to comply with any other term or condition applicable to Trustor and/or Guarantor (as applicable), under any Loan Document and the expiration of ten (10) days after written notice of such failure by Beneficiary to Trustor.

(c) Any representation or warranty by Trustor and/or Guarantor in any Loan Document is materially false, incorrect, or misleading as of the date made.

(d) The occurrence of any event (including, without limitation, a change in the financial condition, business, or operations of Trustor or Guarantor for any reason whatsoever) that materially and adversely affects the ability of Trustor or Guarantor to perform any of its respective obligations under the Loan Documents.

(e) Trustor or Guarantor (i) is unable or admits in writing Trustor's or Guarantor's inability to pay Trustor's or Guarantor's monetary obligations as they become due, (ii) fails to pay when due any monetary obligation, whether such obligation be direct or contingent, to any Person in excess of Ten Thousand Dollars (\$10,000), (iii) makes a general assignment for the benefit of creditors, or (iv) applies for, consents to, or acquiesces in, the appointment of a trustee, receiver, or other custodian for Trustor or Guarantor or the property of Trustor or Guarantor or any part thereof, or in the absence of such application, consent, or acquiescence a trustee, receiver, or other custodian is appointed for Trustor or Guarantor or the property of Trustor or Guarantor or any part thereof, and such appointment is not discharged within sixty (60) days.

(f) Commencement of any case under the Bankruptcy Code, Title 11 of the United States Code, or commencement of any other bankruptcy arrangement, reorganization, receivership, custodianship, or similar proceeding under any federal, state, or foreign law by or against Trustor or Guarantor and with respect to any such case or proceeding that is involuntary, such case or proceeding is not dismissed with prejudice within sixty (60) days of the filing thereof.

(g) Any litigation or proceeding is commenced before any arbitrator, other private adjudicator, court, government, or governmental authority (federal, state, local, or foreign) against or affecting Trustor or Guarantor or the property of Trustor or Guarantor or any part thereof and such litigation or proceeding is not defended diligently and in good faith by Trustor or Guarantor (as applicable).

(h) A final judgment or decree for monetary damages or a monetary fine or penalty (not subject to appeal or as to which the time for appeal has expired) is entered against Trustor or Guarantor by any arbitrator, other private adjudicator, court, government, or governmental authority (federal, state, local, or foreign), which together with the aggregate amount of all other such judgments and decrees against Trustor or Guarantor that remain unpaid or that have not been discharged or stayed, exceeds Five Thousand Dollars (\$5,000), is not paid and discharged or stayed within thirty (30) days after the entry thereof.

(i) Commencement of any action or proceeding which seeks as one of its remedies the dissolution of Trustor or Guarantor.

(j) All or any part of the property of Trustor or Guarantor is attached, levied upon, or otherwise seized by legal process, and such attachment, levy, or seizure is not quashed, stayed, or released within twenty (20) days of the date thereof.

(k) The occurrence of any Transfer, unless prior to such Transfer the holder of the Note has delivered to Trustor the written consent of such holder to such Transfer.

(l) The occurrence of any Event of Default, as such term is defined in other any Loan Document.

(m) The occurrence of any event of default under any Hedge Agreement or Hedge Obligation (as defined in the Loan Agreement).

4.02 Acceleration Upon Default: Additional Remedies. Upon the occurrence of an Event of Default, Beneficiary may, at its option, declare all or any part of the Obligations immediately due and payable without any presentment, demand, protest or notice of any kind. Beneficiary may, in addition to the exercise of any or all of the remedies specified in Section 3.04:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Trust Estate, or any part thereof, in its own name or in the name of Trustee, and do any acts that it deems necessary or desirable to preserve the value, marketability or rentability of the Trust Estate, or any part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Trust Estate, sue for or otherwise collect the Rents, or any part thereof, including, without limitation, those past due and unpaid, and apply the same, less costs and expenses of operation and collection (including, without limitation, attorneys' fees) upon the Obligations, all in such order as Beneficiary may determine. The entering upon and taking possession of the Trust Estate, the collection of such Rents and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of all or any portion of the Trust Estate or the collection, receipt and application of Rents, Trustee or Beneficiary shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon occurrence of any Event of Default, including, without limitation, the right to exercise the power of sale;

(b) Commence an action to foreclose the lien of this Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Exercise of the power of sale herein contained and deliver to Trustee a written statement of breach, notice of default and election to cause Trustor's interest in the Trust Estate to be sold; or

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(d) Exercise all other rights and remedies provided herein, in any Loan Document or other document or agreement now or hereafter securing or guarantying all or any portion of the Obligations, or by law, including, without limitation, the rights and remedies provided in A.R.S. Section 33-702.B.

4.03 Exercise of Power of Sale. If Beneficiary elects to exercise the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

(a) Upon receipt of such statement and notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Sale as then required by law. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Sale and Notice of Sale having been given as required by law, sell the Trust Estate at the time and place of sale fixed by it in said Notice of Sale, either as a whole, or in separate lots or parcels or items as Trustee shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof its good and sufficient deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale and Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all costs, fees and expenses of Trustee and of this Trust, including, without limitation, Trustee's fees and reasonable attorneys' fees, and costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale in the following priority, to payment of: (i) first, all sums expended under the terms of the Loan Documents, not then repaid, with accrued interest at the Agreed Rate; (ii) second, all sums due under the Note; (iii) all other sums, then secured hereby; and (iv) the remainder, if any, to the person or persons legally entitled thereto or as provided in A.R.S. Section 33-812 or any similar or successor statute.

(c) Subject to A.R.S. Section 33-810.B, Trustee may postpone sale of all or any portion of the Trust Estate by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

4.04 Personal Property. It is the express understanding and intent of the parties that as to any personal property interests subject to Chapter 9 of the Uniform Commercial Code of Arizona, Beneficiary, upon an Event of Default, may proceed under such Uniform Commercial Code of Arizona or may proceed as to both real and personal property interests in accordance with the provisions of this Deed of Trust and its rights and remedies in respect to real property, as specifically permitted under A.R.S. Section 47-9604, and treat both real and personal property interests as one parcel or package of security.

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4.05 Appointment of Receiver. Upon the occurrence of an Event of Default, Beneficiary, as a matter of right and without notice to Trustor or any one claiming under Trustor, and without regard to the then value of the Trust Estate or the interest of Trustor therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate, and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided herein and shall continue as such and exercise all such powers until the later of the date of confirmation of sale of the Trust Estate or the date of expiration of any redemption period unless such receivership is sooner terminated.

4.06 Remedies Not Exclusive. Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any and all of the Obligations and to exercise all rights and powers under the Loan Documents and under the law now or hereafter in effect, notwithstanding some or all of the Obligations may now or hereafter be otherwise secured or guaranteed. Neither the acceptance of this Deed of Trust nor its enforcement, whether by court action or pursuant to the power of sale or other rights herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security or guaranty now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them shall be entitled to enforce this Deed of Trust and any other security or any guaranty now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing under the law. Every power or remedy given by any of the Loan Documents or by law to Trustee or Beneficiary or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and, to the extent permitted by law, either of them may pursue inconsistent remedies.

4.07 Request for Notice. Trustor hereby requests a copy of any notice of default and that any notice of sale hereunder be mailed to it at the address set forth in Section 5.05.

ARTICLE V MISCELLANEOUS

5.01 Change, Discharge, Termination, or Waiver. No provision of this Deed of Trust 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 Beneficiary to exercise and no delay by Beneficiary in exercising any right or remedy under the Loan Documents or under the law shall operate as a waiver thereof.

5.02 Trustor Waiver of Rights. Trustor waives, to the extent permitted by law, (a) the benefit of all laws now existing or that may hereafter be enacted providing for any appraisalment before sale of any portion of the Trust Estate, and (b) all rights of redemption, valuation, appraisalment, stay of execution, notice of election to mature or declare due the Obligations and marshaling in the event of foreclosure of the liens hereby created, and (c) all rights and remedies

that Trustor may have or be able to assert by reason of the laws of the State of Arizona pertaining to the rights and remedies of sureties including, without limitation, A.R.S. Sections 12-1641 through 12-1646, and Arizona Rules of Civil Procedure 17(f).

5.03 Statements by Trustor. Trustor shall, within ten (10) days after written notice thereof from Beneficiary, deliver to Beneficiary a written statement stating the unpaid principal of and interest on the Note and any other amounts secured by this Deed of Trust and stating whether any offset or defense exists against such principal and interest or such other amounts.

5.04 Reconveyance by Trustee. Upon written request of Beneficiary stating that all Obligations have been satisfied in full, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention and upon payment by Trustor of Trustee's fees, Trustee shall reconvey to Trustor, or to the person or persons legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as "the person or persons legally entitled thereto."

5.05 Notices. All notices, requests and demands to be made hereunder to the parties hereto shall be in writing and shall be delivered by hand or sent by registered or certified mail, return receipt requested, through the United States Postal Service to the addresses shown below or such other address which the parties may provide to one another in accordance herewith. Such notices, requests and demands, if sent by mail, shall be deemed given two (2) days after deposit in the United States mail, and if delivered by hand, shall be deemed given when delivered.

To Beneficiary: Compass Bank
Real Estate Banking Group
5285 East Williams Circle, Suite 3700
Tucson, Arizona

To Trustor: Luz Social Services, Inc.
2797 North Introspect Drive
Tucson, Arizona 85745

5.06 Acceptance by Trustee. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

5.07 Captions and References. The headings at the beginning of each section of this Deed of Trust are solely for convenience and are not part of this Deed of Trust. Unless otherwise indicated, each reference in this Deed of Trust to a section or an exhibit is a reference to the respective section herein or exhibit hereto.

5.08 Invalidity of Certain Provisions. If any provision of this Deed of Trust is unenforceable, the enforceability of the other provisions shall not be affected and they shall remain in full force and effect. If the lien of this Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Trust Estate, the unsecured or partially secured portion of the debt shall be completely paid prior to the

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payment of the remaining and secured or partially secured portion of the debt, and all payments made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the debt which is not secured or fully secured by the lien of this Deed of Trust.

5.09 Subrogation. To the extent that proceeds of the Note are used to pay any outstanding lien, charge or prior encumbrance against the Trust Estate, such proceeds have been or will be advanced by Beneficiary at Trustor's request and Beneficiary shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released.

5.10 Attorneys' Fees. If any or all of the Obligations are not paid when due or if an Event of Default occurs, Trustor agrees to pay all costs of enforcement and collection and preparation therefore (including, without limitation, reasonable attorney's fees) whether or not any action or proceeding is brought (including, without limitation, all such costs incurred in connection with any bankruptcy, receivership, or other court proceedings (whether at the trial or appellate level)), together with interest therein from the date of demand at the Agreed Rate.

5.11 Governing Law. THIS DEED OF TRUST SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARIZONA, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES.

5.12 Joint and Several Obligations. If this Deed of Trust is signed by more than one party as Trustor, all obligations of Trustor herein shall be the joint and several obligations of each party executing this Deed of Trust as Trustor.

5.13 Number and Gender. In this Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter gender and vice versa, if the context so requires.

5.14 Loan Statement Fees. Trustor shall pay the amount demanded by Beneficiary or its authorized loan servicing agent for any statement regarding the Obligations, provided, however, that such amount may not exceed the maximum amount allowed by law at the time request for the statement is made.

5.15 Counterparts. This document may be executed and acknowledged in counterparts, all of which executed and acknowledged counterparts shall together constitute a single document. Signature and acknowledgment pages may be detached from the counterparts and attached to a single copy of this document to form physically one document, which may be recorded.

5.16 No Merger of Lease. If both the lessor's and lessee's estate under any lease or any portion thereof which constitutes a part of the Trust Estate shall at any time become vested in one owner, this Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger unless Beneficiary so elects as evidenced by recording a written declaration executed by Beneficiary so stating, and, unless and until Beneficiary so elects, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary as to the separate estates. In addition, upon the foreclosure of the lien created by this Deed of

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Trust on the Trust Estate pursuant to the provisions hereof, any leases or subleases then existing and affecting all or any portion of the Trust Estate shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice thereof to such tenant or subtenant.

5.17 Representations and Warranties. Trustor represents and warrants to Beneficiary that:

(a) it is the lawful owner of the Trust Estate free and clear of all Liens and Encumbrances and holds a fee simple estate in the Premises and Improvements, subject only to the Permitted Exceptions and that Trustor has full right, power and authority to convey and mortgage the same and to execute this Deed of Trust;

(b) Trustor's exact legal name is correctly set forth in the introductory paragraph of this Deed of Trust;

(c) if Trustor is not an individual, Trustor is an organization of the type and (if not an unregistered entity) is incorporated in or organized under the laws of the state specified in the introductory paragraph of this Deed of Trust;

(d) if Trustor is an unregistered entity (including, without limitation, a general partnership), it is organized under the laws of the state specified in the introductory paragraph of this Deed of Trust; and

(e) Trustor's organizational identification number, if any, assigned by the state of incorporation or organization is correctly set forth on the first page of this Deed of Trust.

5.18 Integration. The Loan Documents contain the complete understanding and agreement of Trustor and Beneficiary and supersede all prior representations, warranties, agreements, arrangements, understandings, and negotiations.

5.19 Binding Effect. The Loan Documents will be binding upon, and inure to the benefit of, Trustor, Trustee and Beneficiary and their respective successors and assigns. Trustor may not delegate its obligations under the Loan Documents.

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

5.21 Survival. The representations, warranties, and covenants of the Trustor and the Loan Documents shall survive the execution and delivery of the Loan Documents and the making of the Loan.

[Signatures Begin on Next Page]

IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

LUZ SOCIAL SERVICES, INC., a District of Columbia nonprofit corporation

By: _____

Name: JOSE "PEPE" BARRO

Title: Director

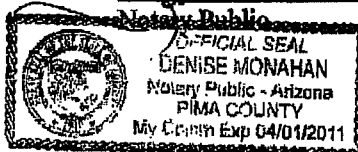
"TRUSTOR"

STATE OF ARIZONA)
) ss.
County of Pima)

The foregoing instrument was acknowledged before me this 16 day of June, 2009, by Jose Pepe Barro Director of Luz Social Services, Inc., a District of Columbia nonprofit corporation, on behalf of the corporation.

My commission expires:

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EXHIBIT A

Legal Description

[See Attached]

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Exhibit "A"

All that property described in instrument recorded in Docket 7404, Page 1046, more particularly described as follows:

A portion of the Southwest Quarter of Section 33, Township 13 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona, more particularly described as follows:

BEGINNING at the interior quarter corner of said Section 33, said point begin a 2 ½ inch open pipe;

THENCE South 89°51'41" West, a distance of 990.55 feet to the **TRUE POINT OF BEGINNING**;

THENCE South 00°11'19" West, a distance of 1,320.69 feet;

THENCE South 89°58'11" West, a distance of 330.00 feet to a 1 inch open pipe;

THENCE South 89°56'21" West, a distance of 669.98 feet to a 1 inch open pipe;

THENCE North 00°12'53" East, a distance of 1,321.45 feet;

THENCE South 89°56'27" East, a distance of 660.38 feet to a 1 inch open pipe;

THENCE North 89°51'41" East, a distance of 330.00 feet to the **POINT OF BEGINNING**.

(JV ARBS, 31,34 and 64)

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EXHIBIT B

DESCRIPTION OF PERSONAL PROPERTY

(a) All personal property (including, without limitation, all goods, supplies, equipment, furniture, furnishings, fixtures, machinery, inventory, and construction materials and software embedded in any of the foregoing) in which Trustor now or hereafter acquires an interest or right, which is now or hereafter located on or affixed to the Premises or the Improvements or used or useful in the operation, use, or occupancy thereof or the construction of any Improvements thereon, together with any interest of Trustor in and to personal property which is leased or subject to any superior security interest, and all books, records, leases and other agreements, documents, and instruments of whatever kind or character, relating to the Premises, Improvements, or such personal property;

(b) All fees, income, rents, issues, profits, earnings, receipts, royalties, and revenues which, after the date hereof and while any portion of the Obligations remains unpaid or unperformed, may accrue from such personal property or any part thereof or from the Premises, the Improvements or any other part of the Trust Estate, or which may be received or receivable by Trustor from any hiring, using, letting, leasing, subhiring, subletting, subleasing, occupancy, operation, or use thereof;

(c) All of Trustor's present and future rights to receive payments of money, services, or property, including, without limitation, rights to all deposits from tenants of the Premises or Improvements, rights to receive capital contributions or subscriptions from Trustor's partners or shareholders, amounts payable on account of the sale of partnership interests in Trustor or the capital stock of Trustor, accounts and other accounts receivable, deposit accounts maintained with Beneficiary and its affiliates, chattel paper (whether tangible or electronic), notes, drafts, contract rights, instruments, general intangibles, all as defined in A.R.S. §47-9101, et. seq., as presently or hereafter in effect, and principal, interest and payments due on account of goods sold or leased, services rendered, loans made or credit extended, together with title to or interest in all agreements, documents, and instruments, evidencing, securing or guarantying the same;

(d) All other intangible property (and related software) and rights relating to the Premises, the Improvements, the personal property described in Section (a) above or the operation, occupancy, or use thereof, including, without limitation, all governmental and non-governmental permits, licenses, and approvals relating to construction on or operation, occupancy, or use of the Premises or Improvements, all names under or by which the Premises or Improvements may at any time be operated or known, all rights to carry on business under any such names, or any variant thereof, all trade names and trademarks relating in any way to the Premises or the Improvements, and all good will and software in any way relating to the Premises or the Improvements;

(e) All as-extracted collateral produced from or allocated to the Premises, including, without limitation, oil, gas, and other hydrocarbons and other minerals;

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(f) Trustor's rights under all insurance policies covering the Premises, the Improvements, the Personal Property, and the other parts of the Trust Estate and any and all proceeds, loss payments, and premium refunds payable regarding the same;

(g) All reserves, deferred payments, deposits, refunds, cost savings, and payments of any kind relating to the construction of any Improvements on the Premises;

(h) All water stock relating to the Premises;

(i) All causes of action, claims, compensation, and recoveries for any damage to, destruction of, or condemnation or taking of the Premises, the Improvements, the Personal Property, or any other part of the Trust Estate, or for any conveyance in lieu thereof, whether direct or consequential, or for any damage or injury to the Premises, the Improvements, the Personal Property, or any other part of the Trust Estate, or for any loss or diminution in value of the Premises, the Improvements, the Personal Property, or any other part of the Trust Estate;

(j) All architectural, structural, mechanical, and engineering plans and specifications prepared for construction of Improvements or extraction of minerals or gravel from the Premises and all studies, data, and drawings related thereto; and also all contracts and agreements of the Trustor relating to the aforesaid plans and specifications or to the aforesaid studies, data, and drawings or to the construction of Improvements on or extraction of minerals or gravel from the Premises;

(k) All commercial tort claims Trustor now has or hereafter acquires relating to the properties, rights, titles, and interests referred to in this Exhibit B or elsewhere in the Deed of Trust;

(l) All letter of credit rights (whether or not the letter or credit is evidenced by a writing) Trustor now has or hereafter requires relating to the properties, rights, titles and interest referred to in this Deed of Trust;

(m) All proceeds from sale or disposition of any of the aforesaid collateral and all supporting obligations ancillary thereto or arising in any way in connection therewith; and

(n) All Trustor's rights in proceeds of the loan evidenced by the Note.

As used in this Exhibit B the terms "Obligations", "Note", "Trust Estate", "Premises", "Improvements", and "Personal Property" shall have the meanings set forth in the Deed of Trust to which this Exhibit B is attached.

EXHIBIT C

"Permitted Exceptions" means the following:

1. Sale, transfer, or other disposition of any Personal Property that is consumed or worn out in ordinary usage and that is promptly replaced with similar items of equal or greater value.
2. Liens and Encumbrances being contested in accordance with Section 1.17 of this Deed of Trust.
3. Impositions being contested in accordance with Section 1.08(d) of this Deed of Trust.
4. This Deed of Trust.
5. Items as acceptable to Beneficiary and set forth in that certain commitment for title insurance issued by Stewart Title & Trust of Tucson, an Arizona corporation, as agent for and on behalf of Stewart Title Guaranty company, a Texas corporation, as its Order No. 09004403, dated April 22, 2009.

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B

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2 BRADLEY D. PACK, SBA #023973
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6 Attorneys for Compass Bank

7 **IN THE ARIZONA SUPERIOR COURT**
8 **IN AND FOR THE COUNTY OF PIMA**

9 COMPASS BANK,

10 Plaintiff,

11 v.

12 LUZ SOCIAL SERVICES, INC., a
13 Washington D.C. corporation; LUZ
14 ACADEMY OF TUCSON, INC., an
15 Arizona corporation; and EL CENTRO
16 FOR THE STUDY OF PRIMARY
AND SECONDARY EDUCATION, an
Arizona corporation.

17 Defendants.

Case No. C20152297

ORDER APPOINTING RECEIVER

18 This matter came before the Court on the *Verified Complaint and Application for*
19 *Appointment of Receiver With Notice* filed by Plaintiff Compass Bank, N.A. ("Plaintiff").
20 Good cause appearing for appointment of a Receiver for the purpose of preserving, protecting
21 and controlling all real and personal property securing the indebtedness of Luz Social
22 Services, Inc. ("Luz Services") to Plaintiff identified in the Application.

23 The Court having further determined that R.O.I. Properties, LLC, by and through Beth
24 Jo Zeitzer, its principal (the "Receiver"), is qualified to be appointed receiver for the
25 Collateral described herein, pursuant to A.R.S §12-1241 and Ariz. R. Civ. P. 66(b)(1), and
26 that upon posting a bond in the sum of \$1,000.00 (One Thousand and 00/100 dollars)
27 pursuant to Ariz. R. Civ. P. 66(b)(2) (the "Bond"), Receiver is empowered by the Court to act
as a receiver for the Collateral,

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IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. That Receiver is hereby appointed as receiver of the Collateral (as that term is defined herein).

2. This Order shall become effective upon the later of: (a) May 30, 2015; or (b) the posting of the Bond with the Clerk of the Court.

3. That, once this Order has become effective, the Receiver shall take immediate possession of and control over all of the Collateral.

4. The Receiver is granted the following powers and authority:

(a) To enter on and take possession of the real properties located at 2791 and 2797 North Cerrada de Beto, Tucson, Arizona, legally described in Exhibit "A" hereto (the "Real Property") and the personal property related thereto (the "Personal Property"), which are more particularly described in the *Deed of Trust* with the Pima County Recorder on June 16, 2009 at Book 13580, page 3386. The Real Property and the Personal Property are sometimes referred to collectively herein as the "Collateral."

(b) To operate, repair, restore, manage, maintain, list, market, sell, convey or transfer the Collateral, in whole or in part, provided a sale, conveyance or transfer of the Collateral, if any, is approved and confirmed by this Court;

(c) To lease, negotiate leases, modify leases, terminate leases or let the Collateral upon such terms as the Receiver deems appropriate;

(d) To demand, collect and receive all Rents and Profits derived from the Collateral, or any part thereof;

(e) To bring and prosecute all proper actions for the (i) collection of Rents and Profits derived from the Collateral; (ii) removal from the Collateral of persons not entitled to entry thereon; (iii) protection of the Collateral; (iv) recovery of damage caused to the Collateral; and (v) recovery of possession of the Collateral;

1 (f) To employ any person or firm to collect, manage, lease, list market, sell,
2 maintain and operate the Collateral if the Receiver deems it necessary or appropriate;

3 (g) To hire, employ and retain attorneys, certified public accountants,
4 investigators, security guards, consultants, property management companies, brokers and any
5 other personnel or employees which the Receiver deems necessary to assist in the discharge
6 of the Receiver's activities;

7 (h) To retain environmental specialists to perform environmental inspections
8 and assessments of the Collateral and, if deemed necessary or advisable in the discretion of
9 the Receiver, to remediate the Collateral or remove and dispose of contaminants, if any,
10 affecting the Collateral;

11 (i) To confirm that the Collateral is adequately insured and in proper repair,
12 to promptly report any evidence or findings to the contrary to the parties and to the Court and,
13 if necessary, to disburse funds for the maintenance of fire, hazard, liability and other
14 insurance for the Collateral;

15 (j) To take possession and control of all the records, correspondence,
16 insurance policies, books and accounts of defendants which disclose or refer to the assets,
17 Rents and Profits and/or liabilities pertaining to the Collateral, whether in the possession and
18 control of Defendants or the agents, servants or employees of Defendants; provided, however,
19 that such books and records shall be made available at a reasonable cost for the use of
20 Defendants' agents, servants and employees in the normal course of the performance of their
21 duties;

22 (k) To obtain copies of any and all plans, specifications and drawings
23 pertaining to or affecting any part or all of the Collateral and to be authorized to obtain such
24 plans, specifications and drawings from Defendants, from architects and contractors retained
25 or formerly retained by Defendants or from the city, municipality, county or state in which
26 such Collateral is situated if the Receiver deems it necessary or advisable;

1 (l) To continue in effect any contracts or agreements presently existing and
2 not in default relating to the Collateral;

3 (m) To enter into, modify or terminate any contracts or agreements affecting
4 any part or all of the Collateral including, without limitation, any and all leases affecting the
5 Collateral;

6 (n) To construct tenant improvements and/or make any repairs to the
7 Collateral that the Receiver deems necessary or appropriate;

8 (o) To pay and discharge out of the funds coming into the possession of the
9 Receiver, in the following order of priority: (i) all the expenses of the receivership and the
10 costs of operating and maintaining the Collateral; (ii) the indebtedness owing to Plaintiff
11 secured by the loan and security documents on the Collateral; and (iii) all taxes and other
12 assessments or charges against the Collateral which becomes due during the term of this
13 Receivership, except real property taxes, unless Receiver in its reasonable discretion
14 determines that such real property taxes should be paid in order to avoid a tax sale of the
15 Collateral;

16 (p) To expend funds to purchase merchandise, materials, supplies and
17 services as the Receiver deems necessary and advisable to assist in performing the Receiver's
18 duties hereunder and to pay the ordinary and usual rates and prices out of the funds that may
19 come into the possession of the Receiver;

20 (q) To apply for, obtain and pay any reasonable fees for any lawful license,
21 permit, or other governmental approval relating to the Collateral or the operation thereof;
22 confirm the existence of and, to the extent permitted by law, exercise the privileges of any
23 existing license or permit, and do all things necessary to protect and maintain such licenses,
24 permits and approvals;

25 (r) If the net Rents and Profits are insufficient to pay the ordinary,
26 necessary, and reasonable costs and expenses of the management and operation of the
27 Collateral as described herein Plaintiff may, but is not obligated to, advance to the Receiver

1 sufficient funds to pay such ordinary, necessary and reasonable costs and expenses
2 (hereinafter the "Receivership Advances"). The Receivership Advances made by Plaintiff
3 shall be advances of principal under Plaintiff's Loan Documents (as described in the
4 Complaint), and shall be secured by real property deed of trust liens, personal property
5 security interests, and assignments of rents, issues, and profits encumbering the Collateral
6 with the same priority as Plaintiff's existing Deed of Trust liens, personal property liens and
7 security interests and assignments of rents, issues, and profits encumbering the Collateral. If
8 it is ever determined that Plaintiff's existing liens, security interests, and assignments
9 encumbering the Collateral are not in first secured positions, the Receivership Advances made
10 pursuant to this Order shall nevertheless be secured by first liens, security interests, and
11 assignments of rents, issues, and profits encumbering the Collateral and enforceable pursuant
12 to the remedies provided by Arizona law and Plaintiff's loan and security documents. The
13 Receiver shall be, and hereby is, authorized and directed to issue Receivership Certificate(s)
14 to Plaintiff, at Plaintiff's request, reflecting the amount and priority of the Receivership
15 Advances and to cause such Receivership Certificates to be recorded in the real property
16 records;

17 (s) Issue demands upon public utilities which the Receiver determines
18 provide services to the Collateral Property, to transfer such services together with any
19 deposits held by the utility to the exclusive control of the Receiver;

20 (t) Issue demands in the name of the Receiver upon the U.S. Postal service
21 to gain exclusive possession and control of such postal boxes as may have been utilized by
22 Defendant for the receipt of rents or other mail;

23 (u) To open and utilize bank accounts, including existing bank accounts of
24 Defendants, for Receivership funds; Receiver shall be empowered to request financial institutions
25 to freeze account(s) and request turnover of funds on deposit, which Receiver has reason to believe is
26 in possession of funds belonging to or arising from the operation of the Collateral.
27

1 (v) To present for payment any checks, money orders and other forms of
2 payment made payable to Defendants which constitute Rents and Profits of the Collateral,
3 endorse same and collect the proceeds thereof, such proceeds to be used and maintained as
4 elsewhere provided herein;

5 (w) To prepare an inventory setting forth a list of all personal property of
6 which the Receiver has taken possession by virtue of the appointment within thirty (30) days
7 after the effective date of this appointment, and to prepare a supplemental inventory if the
8 Receiver later takes possession of other personal property;

9 (x) To provide Plaintiff with monthly profit/loss statements, rent rolls and
10 balance sheets pertaining to the Collateral, which Plaintiff will file with the Court and serve
11 on all parties hereto;

12 (y) To generally do such other things as may be necessary or incidental to
13 the foregoing specific powers, directions and general authorities and to take such actions
14 relating to the Collateral which are provided in Plaintiff's loan and security documents and
15 provided by law.

16 (z) To pay, in full or in part, any claims of creditors other than Compass
17 relating to the Collateral that arose prior to the Receiver taking possession of the Collateral;
18 however, Receiver will not file returns or pay amounts due for federal or state income taxes

19 5. That in order to fulfill its duties, the Receiver, at all reasonable times, shall be
20 given access by Defendants, for purposes of review, inspection and copying, Defendants'
21 records, including but not limited to: accounts receivable, accounts payable, deposit and
22 checking account records, customer records, invoices, income and expense records,
23 compensation, personnel, and all other records relating to the Collateral including passwords.

24 6. That the Receiver is empowered, upon appropriate application to and approval
25 from the Court (as described herein), to sell all or any part of the Collateral, subject to the
26 following conditions and restrictions:
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(a) The Receiver may appoint R.O.I. Properties, LLC, or any other licensed real estate broker, as the exclusive listing broker (through a signed listing agreement) in the event all or any part of the Collateral is to be listed for sale.

(b) The Receiver is authorized to pay such broker a 6% commission, to be divided with any buyer's broker as is customary in the industry. This commission shall be in addition to the Receiver's fees and costs allowed elsewhere in this Order. However, the Receiver shall not bill for costs and fees associated with the marketing and sale of the Collateral.

(c) The Receiver shall provide the terms of any purchase contract approved by the Receiver to the parties, through their attorneys. The Receiver shall file a motion (the "Sale Motion") with the Court for approval of any such purchase contract and shall provide a copy of the Sale Motion and notice of any hearing on the same to all parties in this action (including without limitation Intervenor Prestamos CDFI, LLC) and to all persons with a recorded interest in the Real Property as disclosed by a title search prepared within 60 days prior to the filing of the Sale Motion. Receiver shall give notice that if no objection is timely filed within fourteen (14) days of the service of the Sale Motion, the Court may resolve the Sale Motion without a hearing and enter an order approving the sale and authorizing the Receiver to execute all documents necessary to effect a sale of the subject property on the terms and conditions of the proposed purchase contract and make minor modifications to any purchase contract as necessary to complete a sale of the Property and without further application or notice.

7. That the Receiver is empowered by the Court to do any other acts which may be reasonably necessary and proper to carry out the present Order. The specific powers enumerated in this Order shall not exclude the general authority granted to the Receiver for any reasonable purpose relating to the proper and efficient operation and maintenance of the Collateral.

1 8. The Court hereby Orders that Defendants, and their officers, agents, partners,
2 servants, employees and attorneys, and all other persons in active concert or participation with
3 Defendants, or their officers, agents, partners, servants, employees and attorneys (collectively,
4 the "Defendants"), to deliver to the Receiver:

5 (a) All personal property, equipment, accounts, inventory, keys, bank
6 accounts, cash, records, documents, leases and other material relating to the Collateral that are
7 in their possession, custody or control, including, but not limited to, all accounting records,
8 ledgers, journals, books and records, computer data, and all materials and documents relating
9 to the Collateral;

10 (b) All documents which constitute or pertain to all licenses, permits or
11 governmental approvals relating to the Collateral;

12 (c) All appraisals, surveys, tax assessments, photographs, and any and all
13 other documents relating or pertaining to the value and condition of the Collateral;

14 (d) All documents which constitute or pertain to insurance policies, whether
15 currently in effect or lapsed, which relate to the Collateral;

16 (e) All leases and subleases, side agreements, renewals, broker leasing
17 agreements, royalty agreements, licenses, franchise agreements, licensing agreements,
18 property management agreements, assignments or other agreements of any kind whatsoever,
19 whether currently in effect or lapsed, which relate to any interests in the Collateral;

20 (f) All documents pertaining to past, present or future construction of any
21 type with respect to all or any part of the Collateral;

22 (g) All documents of any kind pertaining to any and all toxic chemicals or
23 hazardous materials, if any, ever brought, used and/or remaining upon the Collateral,
24 including, without limitation, all reports, inventories, surveys, inspections, checklists,
25 proposals, orders, citations, fines, warnings and notices; and

26 (h) All rents and profits derived from the Collateral and all accounts,
27 including bank accounts, operating accounts, security deposit accounts (including, without

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1 limitation, all security deposits, advances, prepaid rents, late fees, and parking fees) wherever
2 and in whatsoever mode maintained.

3
4 9. The Court also orders the Defendants to cooperate fully with the Receiver and
5 abide by the Receiver's request for information and documentation so that the Receiver may
6 perform its function with full information and knowledge, and not to interfere with or hinder
7 the operations of the Receiver.

8
9 10. The Court hereby enjoins and restrains the Defendants from collecting any
10 rents, profits, income, receivables or other monies from the Collateral and from otherwise
11 interfering with the Collateral in any manner during the course of the Receivership. The
12 Court orders the Defendants to turn over to the Receiver all income or monies held by or
13 received by them from and after the date of the Court Order in response to this Application
14 and grant a constructive trust over all such income in favor of Plaintiff.

15
16 11. The Court orders that the Receiver maintain books and records of account for
17 the Collateral, and account to the Court and all parties periodically with respect to the receipt
18 of income and the expenditure of funds in connection with the Receiver's expenses and the
19 Collateral. Expenses incurred by the Receiver should be reasonable and directly related to the
20 operation of the Collateral. The Receiver should maintain receipts and verification of the
21 expenses incurred, showing that they are related to the Collateral. The Receiver's books and
22 records should be maintained at the Receiver's notice address. The Receiver should ensure
23 such control over accounting and financial transactions as is reasonably required to protect the
24 Collateral from theft, negligence or fraudulent activity on the part of the Receiver's
25 employees, contractors, subcontractors, service vendors or agents.

26
27 12. The Court directs and empowers the Receiver to deposit all income collected
from the Collateral in an account (the "Operating Account") at a federally-insured bank, in
the name of the Receiver in trust for Plaintiff. The parties should be given notice of the
account number and location of the Operating Account.

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13. The Court orders that the Receiver will receive, as compensation for its services: hourly fees for preparing monthly reports and performing other administrative services, including providing testimony and preparing for and attending court appearances capped at \$150 per hour for work performed by Beth Jo Zeitzer (President and Designated Broker of ROI); \$125 per hour for work performed by Dianne Hustad; and \$75 per hour for work performed by other employees of ROI. In addition, the Receiver shall be entitled to receive monthly property management fees capped at the greater of 6% of gross revenues or \$0.05 per square foot of the Property managed. The Court further orders that the Receiver, in its sole discretion, may use other professionals in its office at a lower billing rate to perform its services. Receiver shall also be reimbursed for direct expenses incurred in connection with its duties as receiver.

14. The Court orders that **ANY PERSON WHO INTERFERES WITH THE RECEIVER, WILLFULLY OBSTRUCTS THE CONDUCT OF THE RECEIVER, OR DAMAGES OR CONCEALS THE PROPERTY OF THE RECEIVERSHIP ESTATE MAY BE SUBJECT TO CIVIL OR CRIMINAL CONTEMPT.**

15. The Court orders that in addition to the powers set forth herein, the Receiver will have and enjoy the powers otherwise provided by law.

16. No person or entity shall file suit against the Receiver, or take other action against the Receiver, without an order of this Court permitting the suit or action provided, however, no prior Court order is required to file a motion in this action to enforce the provisions of this Order or any other order of this Court in this action.

17. The receivership estate and its employees, agents, attorneys and all professionals and management companies retained by the Receiver shall have no liability for any obligations, or debts incurred, by Defendants. The Receiver and its employees, agents and attorneys shall have no personal liability, and they shall have no claim asserted against them relating to the Receiver's duties under this Order, without prior authority from this court.

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Phoenix, Arizona 85012

18. Nothing contained in this Order shall be construed as obligating or permitting the Receiver to advance its own funds to pay any costs and expense of the receivership estate.

19. The Receiver or Plaintiff may at any time apply to this Court for further or other instructions and powers necessary to enable the Receiver to properly perform the Receiver's duties.

20. The Receivership shall terminate at such other time as determined by the Court or upon application by Plaintiff, or by agreement of the parties or upon request by the Receiver if the Receiver determines it is not economically feasible to perform its duties hereunder.

DATED this 15th day of June, 2015.

 /s/
HON. CHRISTOPHER P. STARING
(ID: 1379db2f-c5fd-4c7b-a48c-32b1587e76f4)

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10 *Attorneys for Receiver*

11 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
12 **IN AND FOR THE COUNTY OF PIMA**

13 COMPASS BANK,

14 Plaintiff,

15 vs.

16 LUZ SOCIAL SERVICES, INC., a
17 Washington D.C. corporation; LUZ
18 ACADEMY OF TUCSON, INC., an
19 Arizona corporation; and EL CENTRO
20 FOR THE STUDY OF PRIMARY AND
21 SECONDARY EDUCATION, an Arizona
22 corporation,

23 Defendants.

Case No. C20152297

**ORDER APPROVING RECEIVER'S
MOTION TO APPROVE SALE OF
RECEIVERSHIP PROPERTY**

**2791 AND 2797 North Cerrada de
Beto, Tucson, Arizona**

**(Assigned to Hon. Catherine M.
Woods)**

24 Upon the Motion to Approve Sale of Receivership Property, and Notice of 14-day Deadline
25 to Object filed by the Receiver, following due notice, there being no objection filed within the time
26 allowed and good cause appearing therefor:

27 IT IS HEREBY ORDERED as follows:

- 28
- 29 A. Approving the Receiver's *Motion to Approve Sale of Receivership Property*
30 and granting the terms and conditions set forth therein, and subject to the IRS
31 claim waiver and release from Prestamos CDFI, LLC described more fully
32 therein;
 - 33 B. Authorizing Receiver to sell the real property, located at 2791 and 2797 North
34 Cerrada de Beto, Tucson, Arizona (APNs 103-20-75B, 103-20-76, and 103-

1 20-77) to VETM, LLC and VETM Land, LLC for a purchase price of
2 \$2,250,000.00 on the terms and conditions set forth in the Purchase Contract;

- 3 C. The legal description of the Receivership Property is set forth on Exhibit "1",
4 which is attached hereto as incorporated herein by this reference;
- 5 D. Authorizing such sale on an as-is/where-is basis without any representations,
6 warranties or guarantees and free and clear of liens, encumbrances, and claims
7 of creditors or interests of third parties with any such liens, encumbrances,
8 claims or interests to attach to proceeds;
- 9 E. Authorizing the sale subject to Compass Bank's approval of the final HUD-1 /
10 Settlement Statement prior to close of escrow;
- 11 F. Authorizing Receiver to make any such minor modifications to the Purchase
12 Contract and to execute such other documents as Receiver deems necessary
13 and appropriate to effect the sale of the Receivership Property;
- 14 G. Authorizing the payment of pro-rated fees and costs (including taxes, county
15 and municipal assessments, unpaid Transaction Privilege Tax assessments,
16 title fees and escrow costs) from escrow as is customary in the industry and as
17 provided in the Purchase Contract;
- 18 H. Authorizing the payment from Escrow of the commissions to the Brokers;
- 19 I. Authorizing the payment to Compass from Escrow of all of the proceeds of the
20 sale of the Receivership Property, less approved closing costs;
- 21 J. Authorizing Receiver to execute a Receiver's Deed on behalf of the titled
22 owner conveying the Receivership Property and to execute any and all
23 documents required to complete the sale of the Receivership Property without
24 further application or notice;
- 25 K. Finding that the Receiver and its counsel has properly served all persons and
26 parties who are required to be served with the Motion to Approve Sale of
27 Receivership Property and with the Receivership Order; and
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L. This Order is a final, non-appealable Order and the thirty (30) day stay of the Order is hereby waived.

DATED this 15 day of March, 2016


HON. CATHERINE WOODS
(ID: dd523b5d-fc03-4ca6-bc23-f4e4f6d2686)

Exhibit "1"

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1 **LEGAL DESCRIPTION**

2 THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF PIMA, STATE
3 OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:
4

5 **All that property described in instrument recorded in Docket 7404, page 1046, and more particularly**
6 **described as follows:**

7 **A portion of the Southwest quarter of Section 33, Township 13 South, Range 13 East of the Gila and**
8 **Salt River Base and Meridian, Pima County, Arizona described as follows:**

9 **Beginning at the interior quarter corner of said Section 33, said point being a 2 ½ inch open pipe;**

10 **Thence South 89 degrees 51 minutes 41 seconds West a distance of 990.55 feet to the True Point of**
11 **Beginning;**

12 **Thence South 00 degrees 11 minutes 19 seconds West a distance of 1320.69 feet;**

13 **Thence South 89 degrees 58 minutes 11 seconds West a distance of 330.00 feet to a 1 inch open pipe;**

14 **Thence South 89 degrees 56 minutes 21 seconds West a distance of 660.98 feet to a 1 inch open pipe;**

15 **Thence North 00 degrees 12 minutes 53 seconds East a distance of 1321.45 feet;**

16 **Thence South 89 degrees 56 minutes 27 seconds East a distance of 660.38 feet to a 1 inch open pipe;**

17 **Thence North 89 degrees 51 minutes 41 seconds East a distance of 330.00 feet to the True Point of**
18 **Beginning.**
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D

GRAND CANYON TITLE AGENCY, A DIVISION OF FNTA

3900 E. Camelback Road, Suite #250, Phoenix, AZ 85018

Phone: (602) 343-3420 Fax: (602) 343-3430

**Combined Closing Statement
Final**

Escrow No: 45006203 - 045 JT3 **Close Date:** 04/28/2016 **Proration Date:** 04/28/2016 **Disbursement Date:** 04/29/2016

Buyer(s)/Borrower(s): VETM, LLC, an Arizona limited liability company
5644 N. Via Laigo Road
Tucson, AZ 85704
VETM LAND, LLC, an Arizona limited liability company
5644 N. Via Laigo Road
Tucson, AZ 85704

WE DO HEREBY CERTIFY THAT THIS IS A TRUE
AND CORRECT COPY OF THE ORIGINAL


GRAND CANYON TITLE AGENCY

Seller(s): R.O.I. Properties, LLC, an Arizona limited liability company, by and through Beth Jo Zeitzer, as Court Appointed Receiver in Pima County Superior Court Case No. C 2015-2297
2001 E. Campbell Avenue #202
Phoenix, AZ 85016

Lender: Bank of Tucson, a division of Grandpoint Bank **Loan #:** 164360933
Lender: Bank of Tucson, a division of Grandpoint Bank **Loan #:** 144150959

Property: 2791 & 2797 North Cerrada De Beto
Tucson, AZ 85745

Brief Legal: See Exhibit A attached hereto and made a part of.

Seller Debit	Seller Credit	Description	Buyer Debit	Buyer Credit
	2,250,000.00	TOTAL CONSIDERATION:		
		Total Consideration	2,250,000.00	
		Earnest Money Deposit		20,000.00
		Add'l Earnest Money Deposit		30,000.00
		Buyer Closing Costs		1,203,353.25
		NEW AND EXISTING ENCUMBRANCES:		
		New Loan from Bank of Tucson, a division of Grandpoint Bank		690,000.00
		New Loan from Bank of Tucson, a division of Grandpoint Bank		260,000.00
		NEW LOAN CHARGES: - Bank of Tucson, a division of G		
		Loan Origination Fee to Bank of Tucson, a division of Grandpoint Bank	6,900.00	
		Documentation Fee to Bank of Tucson, a division of Grandpoint Bank	500.00	
		Flood Fee to Bank of Tucson, a division of Grandpoint Bank	25.00	
		Lenders Wire Fee to Bank of Tucson, a division of Grandpoint Bank	30.00	
		Tax Service Fee to Bank of Tucson, a division of Grandpoint Bank	72.00	
		Appraisal Fee to Bank of Tucson, a division of Grandpoint Bank	3,500.00	
		Appraisal Review Fee to Bank of Tucson, a division of Grandpoint Bank	700.00	
		Adm Fee to Bank of Tucson, a division of Grandpoint Bank	105.00	
		Good Faith Deposit to Bank of Tucson, a division of Grandpoint Bank (Buyer POC 5,000.00)		
		NEW LOAN CHARGES: - Bank of Tucson, a division of G		
		Loan Origination Fee to Bank of Tucson, a division of Grandpoint Bank	2,600.00	
		Documentation Fee to Bank of Tucson, a division of Grandpoint Bank	500.00	
		Flood Fee to Bank of Tucson, a division of Grandpoint Bank	25.00	
		Lenders Wire Fee to Bank of Tucson, a division of Grandpoint Bank	30.00	
		Tax Service Fee to Bank of Tucson, a division of Grandpoint Bank	72.00	
		Appraisal Fee to Bank of Tucson, a division of Grandpoint Bank (Buyer POC 2,800.00)		
		Appraisal Review Fee to Bank of Tucson, a division of Grandpoint Bank (Buyer POC 600.00)		
		Adm Fee to Bank of Tucson, a division of Grandpoint Bank (Buyer POC 84.00)		
		Credit Report Fee to Bank of Tucson, a division of Grandpoint Bank	30.00	
		ESCROW CHARGES:		
784.00		Escrow Fees to Grand Canyon Title Agency, A division of FNTA	784.00	
		TITLE CHARGES:		
	2,524.00	\$2,250,000.00 Extended Owners Policy to Fidelity National Title Agency		1,388.00
		OP Endorsements to Fidelity National Title Agency		850.00
		\$690,000.00 Extended Loan Policy to Fidelity National Title Agency		150.00
		1st LP Endorsements: LTAA 5; 6; 8.2; 3R to Fidelity National Title Agency		300.00
		\$260,000.00 Extended Loan Policy to Fidelity National Title Agency		150.00
		2nd LP Endorsements: LTAA 5; 6; 8.2; 3R to Fidelity National Title Agency		300.00
75.00		Inspection Fee to Fidelity National Title Agency	75.00	

GRAND CANYON TITLE AGENCY, A DIVISION OF FNTA

3900 E. Camelback Road, Suite #250, Phoenix, AZ 85018

Phone: (602) 343-3420 Fax: (602) 343-3430

Combined Closing Statement Final

Escrow No: 45006203 - 045 JT3 Close Date: 04/28/2016 Proration Date: 04/28/2016 Disbursement Date: 04/29/2016

Seller Debit	Seller Credit	Description	Buyer Debit	Buyer Credit
50.00		RECORDING FEES: Recording Fees to Fidelity National Title Agency	50.00	
87,561.21		ADDITIONAL CHARGES: Receivership/PM Legal Expenses to R.O.I. Properties, LLC		
8,064.01		Credit to Buyer for Ins. Claim Proceeds, per Addendum #2		8,064.01
46,220.05		PRORATIONS AND ADJUSTMENTS: 2016 Tax Proration APN 103-20-075B from 12/31/2015 to 4/28/2016 based on the Annual amount of \$141,767.39		46,220.05
9,286.14		2016 Tax Proration APN 103-20-0760 from 12/31/2015 to 4/28/2016 based on the Annual amount of \$28,482.69		9,286.14
2,212.55		2016 Tax Proration APN 103-20-0770 from 12/31/2015 to 4/28/2016 based on the Annual amount of \$6,786.40		2,212.55
56,250.00		COMMISSIONS: \$56,250.00 to R.O.I. Properties, LLC		
56,250.00		\$56,250.00 to GRE Partners, LLC		
1,796,605.09		PAYOFFS: Compass Bank Net Sale Proceeds	1,796,605.09	
147,438.09		PROPERTY TAXES Full 2015 Taxes APN 103-20-075B w/Interest to Pima County Treasurer		
29,622.00		Full 2015 Taxes APN 103-200-760 w/Interest to Pima County Treasurer		
7,057.86		Full 2015 Taxes APN 103-20-0770 w/Interest to Pima County Treasurer		
2,250,000.00	2,250,000.00	Sub Totals	2,269,136.00	2,269,136.00
		Balance Due From Seller Balance Due From Buyer		
2,250,000.00	2,250,000.00	Totals	2,269,136.00	2,269,136.00

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Real Property Tax Inquiry

STATE CODE:	10320075B	TAX YEAR:	2015	TOTAL TAX:	\$ 141,767.39	AS OF DATE:	03/10/2017	TRC NO:	
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CURRENT STATUS AND SUMMARY			
	FIRST INSTALLMENT	SECOND INSTALLMENT	TOTALS
TAX DUE:	\$ 70,883.70	\$ 70,883.69	\$ 141,767.39
INTEREST DUE:	\$ 5,670.70		\$ 5,670.70
TAX PAID:	(\$ 70,883.70)	(\$ 70,883.69)	(\$ 141,767.39)
INTEREST PAID:	(\$ 5,670.70)		(\$ 5,670.70)
PAID DATE:	04/29/2016	04/29/2016	
REMAINING AMOUNT:	\$ 0.00	\$ 0.00	\$ 0.00
TOTAL DUE:			\$ 0.00

HISTORY	
TAX YEAR	TAX AMOUNT
2014	
2013	
2012	
2011	

PROPERTY INFORMATION	
PROPERTY TYPE:	Real Property
TAX AREA:	0150
TAXPAYER NAME/ADDRESS	
NO DATA AVAILABLE	
PROPERTY ADDRESS	
NO DATA AVAILABLE	
LEGAL DESCRIPTION	
NO DATA AVAILABLE	
PAID BY	
Impound	
ON BEHALF OF	
NO DATA AVAILABLE	

If you have any questions, please call our office at (520) 724-8341.



Real Property Tax Inquiry

STATE CODE:	103200760	TAX YEAR:	2015	TOTAL TAX:	\$ 28,482.69	AS OF DATE:	03/10/2017	TRC NO:	
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CURRENT STATUS AND SUMMARY			
	FIRST INSTALLMENT	SECOND INSTALLMENT	TOTALS
TAX DUE:	\$ 14,241.35	\$ 14,241.34	\$ 28,482.69
INTEREST DUE:	\$ 1,139.31		\$ 1,139.31
TAX PAID:	(\$ 14,241.35)	(\$ 14,241.34)	(\$ 28,482.69)
INTEREST PAID:	(\$ 1,139.31)		(\$ 1,139.31)
PAID DATE:	04/29/2016	04/29/2016	
REMAINING AMOUNT:	\$ 0.00	\$ 0.00	\$ 0.00
TOTAL DUE:			\$ 0.00

HISTORY	
TAX YEAR	TAX AMOUNT
2014	
2013	
2012	
2011	

PROPERTY INFORMATION	
PROPERTY TYPE:	Real Property
TAX AREA:	0150
TAXPAYER NAME/ADDRESS	
NO DATA AVAILABLE	
PROPERTY ADDRESS	
NO DATA AVAILABLE	
LEGAL DESCRIPTION	
NO DATA AVAILABLE	
PAID BY	
Impound	
ON BEHALF OF	
NO DATA AVAILABLE	

If you have any questions, please call our office at (520) 724-8341.



Real Property Tax Inquiry

STATE CODE:	103200770	TAX YEAR:	2015	TOTAL TAX:	\$ 6,786.40	AS OF DATE:	03/10/2017	TRC NO:	
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CURRENT STATUS AND SUMMARY			
	FIRST INSTALLMENT	SECOND INSTALLMENT	TOTALS
TAX DUE:	\$ 3,393.20	\$ 3,393.20	\$ 6,786.40
INTEREST DUE:	\$ 271.46		\$ 271.46
TAX PAID:	(\$ 3,393.20)	(\$ 3,393.20)	(\$ 6,786.40)
INTEREST PAID:	(\$ 271.46)		(\$ 271.46)
PAID DATE:	04/29/2016	04/29/2016	
REMAINING AMOUNT:	\$ 0.00	\$ 0.00	\$ 0.00
TOTAL DUE:			\$ 0.00

HISTORY	
TAX YEAR	TAX AMOUNT
2014	
2013	
2012	
2011	

PROPERTY INFORMATION	
PROPERTY TYPE:	Real Property
TAX AREA:	0150
TAXPAYER NAME/ADDRESS	
NO DATA AVAILABLE	
PROPERTY ADDRESS	
NO DATA AVAILABLE	
LEGAL DESCRIPTION	
NO DATA AVAILABLE	
PAID BY	
Impound	
ON BEHALF OF	
NO DATA AVAILABLE	

If you have any questions, please call our office at (520) 724-8341.

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Dated: February 9, 2017

Brenda Moody Whinery
Brenda Moody Whinery, Bankruptcy Judge

1 SCOTT B. COHEN, SBA #014377
2 BRADLEY D. PACK, SBA #023973
3 **ENGELMAN BERGER, P.C.**
3636 NORTH CENTRAL AVENUE
PHOENIX, ARIZONA 85012

4 Ph: (602) 271-9090
4 Fax: (602) 222-4999
5 Email: sbc@eblawyers.com
5 Email: bdp@eblawyers.com

6 Attorneys for Compass Bank

7 **IN THE UNITED STATES BANKRUPTCY COURT**
8 **FOR THE DISTRICT OF ARIZONA**

9 In re:

10 LUZ ACADEMY OF TUCSON, INC.;
11 LUZ SOCIAL SERVICES, INC.; and
12 EL CENTRO FOR THE STUDY OF
12 PRIMARY AND SECONDARY
12 EDUCATION, INC.,

13 Debtors.

14 COMPASS BANK,

15 Movant,

16 v.

17 TRUDY NOWAK, Chapter 7 Trustee;
18 LUZ ACADEMY OF TUCSON, INC.;
19 LUZ SOCIAL SERVICES, INC.; and
20 EL CENTRO FOR THE STUDY OF
20 PRIMARY AND SECONDARY
20 EDUCATION, INC.,

21 Respondents.

Chapter 7

Case No. 4:14-bk-05944-BMW
Case No. 4:14-bk-05950-BMW
Case No. 4:14-bk-05954-BMW
(Jointly Administered Under
Case No. 4:14-bk-05944-BMW)

**ORDER GRANTING MOTION TO
COMPEL ABANDONMENT OF
ESTATE'S INTEREST IN PROPERTY
TAX REFUND AND TO CONFIRM
NON-APPLICABILITY OF
AUTOMATIC STAY AS TO CERTAIN
ACTIONS RELATED THERETO; AND**

**ALTERNATIVE MOTION FOR
RELIEF FROM AUTOMATIC STAY**

21 This matter came before the Court on the *Motion to Compel Abandonment of Estate's*
22 *Interest in Property Tax Refund and to Confirm Non-Applicability of Automatic Stay as to*
23 *Certain Actions Related Thereto; and Alternative Motion for Relief from Automatic Stay* (the
24 "Abandonment Motion"). Due and proper notice of the Abandonment Motion and of the
25 deadline for objecting to the same was given to Chapter 7 Trustee Trudy Nowak ("Trustee")
26 and to all other creditors and parties-in-interest entitled to receive such notice. The
27 Abandonment Motion pertains to any right, title, or interest that the bankruptcy estates of the

1 above-captioned debtors may have to receive a refund or payment (the "Refund Claim") on
2 account of the real property taxes, interest, and penalties assessed against the real property
3 located at 2791 and 2797 N. Cerrada de Beto, Tucson, AZ, Pima County Assessor Parcel
4 Numbers 103-20-075B, 103-20-0760, and 103-20-0770 (the "Property"). No timely
5 objections were filed. Accordingly, and for good cause appearing,

6 **IT IS HEREBY ORDERED** compelling Trustee to abandon any right, title, or
7 interest the bankruptcy estates of the above-captioned debtors may have in the Refund Claim,
8 and deeming any such right, title, or interest in the Refund Claim to be abandoned as of the
9 date of this Order.

10 **IT IS FURTHER ORDERED** confirming that the automatic stay of 11 U.S.C. §
11 362(a), and all other bankruptcy stays and injunctions, have terminated and do not apply to
12 any actions by Compass (either personally or through a court-appointed receiver) to collect or
13 recover on the Refund Claim, including without limitation the signing of any documents
14 necessary to reinstate Luz's D.C. corporate charter and authority to conduct business in
15 Arizona, and the filing of the tax refund petition pursuant to A.R.S. § 42-11104(G).

16 **DATED AND SIGNED ABOVE.**
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1 SCOTT B. COHEN, SBA #014377
2 BRADLEY D. PACK, SBA #023973
3 **ENGELMAN BERGER, P.C.**
3636 NORTH CENTRAL AVENUE
PHOENIX, ARIZONA 85012

4 Ph: (602) 271-9090
4 Fax: (602) 222-4999
5 Email: sbc@eblawyers.com
5 Email: bdp@eblawyers.com

6 Attorneys for Compass Bank

7 **IN THE ARIZONA SUPERIOR COURT**
8 **IN AND FOR THE COUNTY OF PIMA**

9 COMPASS BANK,

10 Plaintiff,

11 v.

12 LUZ SOCIAL SERVICES, INC., a
13 Washington D.C. corporation; LUZ
14 ACADEMY OF TUCSON, INC., an
15 Arizona corporation; and EL CENTRO
FOR THE STUDY OF PRIMARY
AND SECONDARY EDUCATION, an
Arizona corporation.

16 Defendants.

Case No. C20152297

**ORDER REOPENING RECEIVERSHIP
TO ADMINISTER ASSETS OF
RECEIVERSHIP ESTATE**

17 This matter came before the Court on the *Emergency Motion To Reopen Receivership*
18 *To Administer Assets Of Receivership Estate* (the "Motion to Reopen") filed by Compass
19 Bank ("Compass"). Due and proper notice of the Motion to Reopen and of the hearing on the
20 same was provided to all parties entitled to receive such notice. For good cause appearing,

21 **IT IS HEREBY ORDERED** re-opening this case and reappointing R.O.I. Properties,
22 LLC, by and through its agent Beth Jo Zeitzer ("Receiver"). Receiver shall have the same
23 powers, authorities, and duties set forth in the *Order Appointing Receiver* entered by the
24 Court on June 15, 2015 (the "Receivership Order").

25 **IT IS FURTHER ORDERED** that, to the extent such powers are not already
26 expressly or inherently provided for in the Receivership Order, Receiver shall have the
27 additional authority to take any actions on behalf of Luz Social Services, Inc. ("Luz") that

ENGELMAN ERGER, P.C.
3636 North Central Avenue, Suite 700
Phoenix, Arizona 85012

1 may be necessary or appropriate to enforce Luz's rights under A.R.S. § 42-11104 to a
2 property tax exemption or to obtain a refund or repayment of any real property taxes
3 previously paid by or on behalf of Luz, including without limitation filing the documents
4 necessary to reinstate Luz's corporate charter in the District of Columbia and its authority to
5 transact business in Arizona, filing and serving a refund petition on behalf of Luz, and taking
6 any actions on behalf of Luz as may be necessary to prosecute a petition under A.R.S. § 42-
7 11104(G), and responding to any objections thereto.

8
9 **DATED** this 22 day of February 2017.

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12 
13 **LORI PATWEDDING WIN**
14 (ID: 83b61cc6-bae2-4194-9f22-757052729df9)

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