

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1995

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Commission File Number 1-9977

HOMEPLEX MORTGAGE INVESTMENTS CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Maryland
(State or Other Jurisdiction)
of Incorporation or Organization)

86-0611231
(I.R.S. Employer
Identification No.)

5333 North 7th Street, Suite 219
Phoenix, Arizona
(Address of Principal Executive Offices)

85014
(Zip Code)

(602) 265-8541
(Registrant's Telephone Number, Including Area Code)

Not Applicable
Former Name, Former Address and Former Fiscal Year,
if Changed Since Last Report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes No .

As of August 10, 1995; 9,716,517 shares of Homeplex Mortgage Investments Corporation common stock were outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1 Financial Statements

HOMEPLEX MORTGAGE INVESTMENTS CORPORATION
CONSOLIDATED BALANCE SHEETS
As Of June 30, 1995 and December 31, 1994
(Dollars In Thousands Except Share Data)
(Unaudited)

	June 30, 1995	Dec. 31, 1994
	-----	-----
ASSETS		
Real estate loans	\$ 6,095	\$ 9,260
Residual interests	6,554	7,654
Funds held by Trustee	6,246	6,720
Cash and cash equivalents	10,193	6,666
Other assets	543	850
	-----	-----
Total Assets	\$ 29,631	\$ 31,150
	=====	=====

LIABILITIES

Long-term debt	\$ 9,801	\$ 11,783
Accounts payable and other liabilities	1,294	1,416
Accrued interest payable	96	115
Dividend payable	--	194

Total Liabilities	11,191	13,508
Contingencies		
STOCKHOLDERS' EQUITY		
Common stock, par value \$.01 per share; 50,000,000 shares authorized; issued and outstanding - 9,875,655 shares	99	99
Additional paid-in capital	84,046	84,046
Cumulative net loss	(24,056)	(24,854)
Cumulative dividends	(41,239)	(41,239)
Treasury stock - 159,138 shares	(410)	(410)
Total Stockholders' Equity	18,440	17,642
Total Liabilities and Stockholders' Equity	\$ 29,631	\$ 31,150

See notes to consolidated financial statements.

HOMEPLEX MORTGAGE INVESTMENTS CORPORATION
 CONSOLIDATED STATEMENTS OF NET INCOME (LOSS)
 For The Three and Six Months Ended June 30, 1995 and 1994
 (Dollars In Thousands Except Per Share Data)
 (Unaudited)

	Three Months Ended June 30		Six Months Ended June 30,	
	1995	1994	1995	1994
INCOME				
Interest income on real estate loans	\$ 622	\$ 283	\$ 1,197	\$ 401
Income (loss) from residual interests	335	(687)	750	(649)
Other income	121	71	234	87
Total Income (Loss)	1,078	(333)	2,181	(161)
EXPENSES				
Interest	228	363	478	792
General, administrative and other	515	398	905	816
Total Expenses	743	761	1,383	1,608
Net Income (Loss)	\$ 335	\$ (1,094)	\$ 798	\$ (1,769)
SHARE DATA				
Net Income (Loss) Per Share	\$.03	\$ (.11)	\$.08	\$ (.18)
Weighted Average Number Of Shares Of Common Stock And Common Stock Equivalents Outstanding	9,736,320	9,718,000	9,730,905	9,724,708

See notes to consolidated financial statements.

<TABLE>

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For The Six Months Ended June 30, 1995
(Dollars In Thousands)
(Unaudited)

<CAPTION>

	Number Of Shares	Par Value	Additional Paid-In Capital	Cumulative Net Income (Loss)	Cumulative Dividends	Treasury Stock
Total	-----	-----	-----	-----	-----	-----
--	-----					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
<C>						
Balance at December 31, 1994	9,875,655	\$ 99	\$ 84,046	\$ (24,854)	\$ (41,239)	\$
(410) \$ 17,642						
Net income	--	--	--	798	--	--
798	-----	-----	-----	-----	-----	-----
---	-----					
Balance at June 30, 1995	9,875,655	\$ 99	\$ 84,046	\$ (24,056)	\$ (41,239)	\$
(410) \$ 18,440	=====	=====	=====	=====	=====	=====
=====	=====					

See notes to consolidated financial statements.

</TABLE>

HOMEPLEX MORTGAGE INVESTMENTS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Six Months Ended June 30, 1995 and 1994
Increase (Decrease) In Cash
(Dollars In Thousands)

	1994 -----	1995 -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 798	\$ (1,769)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
(Increase) decrease in other assets	250	(52)
Decrease in accounts payable and other liabilities	(122)	(11)
Amortization of debt costs	57	134
Decrease in accrued interest payable	(19)	(53)
Net write-downs on residual interests	--	1,493
Amortization of hedging costs	--	96
	-----	-----
Net Cash Provided by (Used In) Operating Activities	964	(162)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal payments received on real estate loans	5,790	202
Real estate loans funded	(2,625)	(4,978)
Amortization of residual interests	1,100	3,889
Decrease in funds held by Trustee	474	1,583
	-----	-----
Net Cash Provided By Investing Activities	4,739	696
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments made on long-term debt	(1,982)	(5,479)
Dividends paid	(194)	(292)
Repurchases of common stock	--	(17)
	-----	-----
Net Cash Used In Financing Activities	(2,176)	(5,788)
	-----	-----
Net Increase (Decrease) In Cash	3,527	(5,254)

Cash And Cash Equivalents At Beginning Of Period	6,666	16,247
	-----	-----
Cash And Cash Equivalents At End Of Period	\$ 10,193	\$ 10,993
	=====	=====

SUPPLEMENTAL DISCLOSURE OF CASH FLOW
INFORMATION

Cash paid for interest	\$ 440	\$ 711
	=====	=====

See notes to consolidated financial statements.

HOMEPLEX MORTGAGE INVESTMENTS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 1995
(Unaudited)

NOTE 1 - ORGANIZATION

Homeplex Mortgage Investments Corporation, a Maryland corporation, (the Company) commenced operations in July 1988. As described in Note 4 the Company has purchased interests in mortgage certificates securing collateralized mortgage obligations (CMOs) and interests relating to mortgage participation certificates (MPCs) (collectively residual interests). Since December 1993 the Company has originated various loans secured by real estate (see Note 3).

The accompanying interim financial statements do not include all of the information and disclosures generally required for annual financial statements. In the opinion of management, however, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 1995 and 1994 are not necessarily indicative of the results that may be expected for the entire year. These financial statements should be read in conjunction with the December 31, 1994 financial statements and notes thereto.

NOTE 2 - GENERAL AND SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of Homeplex Mortgage Investments Corporation and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Income Taxes

The Company has elected to be taxed as a real estate investments trust (REIT) under the Internal Revenue Code. As a REIT, the Company must distribute annually at least 95% of its taxable income to its stockholders.

At December 31, 1994, the Company has available, for income tax purposes, a net operating loss carryforward of approximately \$58,000,000. Such loss may be carried forward, with certain restrictions, for up to 15 years to offset future taxable income, if any. Until the tax loss carryforward is fully utilized or expires, the Company will not be required to pay dividends to its stockholders except for income that is deemed to be excess inclusion income.

The income (loss) reported in the accompanying financial statements is different than taxable income (loss) because some income and expense items are reported in different periods for income tax purposes. The principal differences relate to the amortization of residual interests and the treatment of stock option expense.

Residual Interests

Interests relating to mortgage participation certificates and residual interest certificates are accounted for as described in Note 4.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and certificates of deposit with maturities of less than three months.

Amortization of Hedging

The cost of the Company's LIBOR ceiling rate agreements (see Note 7) were amortized using the straight-line method over the lives of the agreements. Other expense includes \$47,000 and \$96,000, respectively, related to amortization of hedging costs for the three and six months ended June 30, 1994.

Net Income (Loss) Per Share

Primary net income (loss) per share is calculated using the weighted average shares of common stock outstanding and common stock equivalents. Common stock equivalents consist of dilutive stock options. Net income (loss) per share is the same for both primary and fully diluted calculations.

Reclassification

Certain balances in the prior year have been reclassified to conform to the current year's presentation.

NOTE 3 - REAL ESTATE LOANS

<TABLE>

The following is a summary of real estate loans at June 30, 1995:

<CAPTION>

Description	Interest Rate	Payment Terms	Principal and Carrying Amount (1)
-----	-----	-----	-----
<S>	<C>	<C>	<C>
First Deed of Trust on 33 acres of land in Scottsdale, Arizona.	16%	Interest only monthly, principal due October 31, 1995; may be extended for one year under certain terms and conditions.	\$ 2,360,000
First Deed of Trust on 33 acres of land in Tempe, Arizona.	16%	Interest only monthly, principal due November 21, 1995.	2,272,000
First Deed of Trust on 21.4 acres of land in Tempe, Arizona.	16%	Interest only monthly, principal due January 6, 1996; may be extended for one year under certain terms and conditions.	1,463,000
			\$ 6,095,000

(1) Also represents cost for federal income tax purposes.

</TABLE>

At June 30, 1995, all of the Company's loans are secured by properties located in Arizona. As a result of this geographic concentration, unfavorable economic conditions in Arizona could increase the likelihood of defaults on these loans and affect the Company's ability to protect the principal and interest on such loans following foreclosures upon the real properties securing such loans.

NOTE 4 - RESIDUAL INTERESTS

The Company owns residual interests in collateralized mortgage obligations (CMOs) and residual interests in mortgage participation certificates (MPCs) (collectively residual interests) with respect to which elections to be treated as a real estate mortgage investment conduit (REMIC) have been made.

Residual Interest Certificates

The Company owns 100% of the residual interest certificates representing the residual interests in five series of CMOs secured by mortgage certificates and cash funds held by trustee. The CMOs have been issued through Westam Mortgage Financial Corporation (Westam) or American Southwest Financial Corporation (ASW). The mortgage certificates securing the CMOs all have fixed interest rates. Certain of the classes of CMOs have fixed interest rates and certain have interest rates that are determined monthly based on the London Interbank Offered Rates (LIBOR) for one month Eurodollar deposits, subject to specified maximum interest rates.

Each series of CMOs consists of several serially maturing classes collateralized by mortgage certificates. Generally, principal payments received on the mortgage certificates, including prepayments on such mortgage certificates, are applied to principal payments on the classes of CMOs in accordance with the respective indentures. Scheduled payments of principal and interest on the mortgage certificates securing each series of CMOs and reinvestment earnings thereon are intended to be sufficient to make timely payments of interest on such series and to retire each class of such series by its stated maturity. Certain series of CMOs are subject to redemption according to specific terms of the respective indentures.

The Company's residual interest certificates entitle the Company to

receive the excess, if any, of payments received from the pledged mortgage certificates together with reinvestment income thereon over amounts required to make debt service payments on the related CMOs and to pay related administrative expenses of the REMICs. The Company also has the right, under certain conditions, to cause an early redemption of the CMOs. Under the early redemption feature, the mortgage certificates are sold at the then current market price and the CMOs repaid at par value. The Company is entitled to any excess cash flow from such early redemptions. The conditions under which such early redemptions may be elected vary but generally cannot be done until the remaining outstanding CMO balance is less than 10% of the original balance.

Interests In Mortgage Participation Certificates

The Company owns residual interests in REMICs with respect to three separate series of Mortgage Participation Certificates (MPCs) issued by the Federal Home Loan Mortgage Corporation (FHLMC) or by the Federal National Mortgage Association (FNMA). The Company's MPC residual interests entitle the Company to receive its proportionate share of the excess (if any) of payments received from the mortgage certificates underlying the MPCs over principal and interest required to be passed through to the holders of such MPCs. The Company is not entitled to reinvestment income earned on the underlying mortgage certificates, is not required to pay any administrative expenses related to the MPCs and does not have the right to elect early termination of any of the MPC classes. The mortgage certificates underlying the MPCs all have fixed interest rates. Certain of the classes of the MPCs have fixed interest rates and certain have interest rates that are determined monthly based on LIBOR or based on the Monthly Weighted Average Cost of Funds (COFI) for Eleventh District Savings Institutions as published by the Federal Home Loan Bank of San Francisco, subject to specified maximum interest rates.

The following summarizes the Company's investment in residual interests at June 30, 1995:

Series	Type Of Investments	Company's Amortized Cost	Company's Percentage Ownership
-----	-----	-----	-----
		(In Thousands)	
Westam 1	Residual Interest Certificate	\$ 945	100.00%
Westam 3	Residual Interest Certificate	55	100.00%
Westam 5	Residual Interest Certificate	270	100.00%
Westam 6	Residual Interest Certificate	28	100.00%
ASW 65	Residual Interest Certificate	2,866	100.00%
FHLMC 17	Interest in MPCs	178	100.00%
FNMA 1988-24	Interest in MPCs	1,485	20.20%
FNMA 1988-25	Interest in MPCs	727	45.07%

		\$6,554	
		=====	

The following summarizes the Company's proportionate interest in the aggregate assets and liabilities of the eight residual interests at June 30, 1995 (in thousands):

Assets:		
Outstanding Principal Balance of Mortgage Certificates		\$ 396,766
Funds Held By Trustee and Accrued Interest Receivable		9,442

		\$ 406,208
Range of Stated Coupon of Mortgage Certificates		9.0% - 10.5%
Liabilities:		
Outstanding Principal Balance of CMOs and MPCs:		
Fixed Rate		350,560
Floating Rate - LIBOR Based		44,484
Floating Rate - COFI Based		5,000
	Total	400,044
Accrued Interest Payable		2,680

		\$ 402,724
Range of Stated Interest Rates on CMOs and MPCs		0% to 9.9%

The average LIBOR and COFI rates used to determine income from residual interests were as follows:

Three Months Ended June 30,		Six Months Ended June 30,		June 30, 1995
1995	1994	1995	1994	

	----	----	----	----	-----
LIBOR	6.08%	4.00%	6.07%	3.67%	6.06%
COFI	5.00%	3.66%	4.78%	3.73%	5.06%

The Company accounts for residual interests using the prospective net level yield method. Under this method, a residual interest is recorded at cost and amortized over the life of the related CMO or MPC issuance. The total expected cash flow is allocated between principal and interest as follows:

1. An effective yield is calculated as of the date of purchase based on the purchase price and anticipated future cash flows.
2. In the initial accounting period, interest income is accrued on the investment balance using the effective yield calculated as of the date of purchase.
3. Cash received on the investment is first applied to accrued interest with any excess reducing the recorded principal balance of the investment.
4. At each reporting date, the effective yield is recalculated based on the amortized cost of the investment and the then-current estimate of the remaining future cash flows.
5. The recalculated effective yield is then used to accrue interest income on the investment balance in the subsequent accounting period.
6. The above procedure continues until all cash flows from the investment have been received.

At the end of each period, the amortized balance of the investment should equal the present value of the estimated cash flows discounted at the newly-calculated effective yield.

In May 1993 the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities". SFAS No. 115 is applicable to debt securities including investments in REMIC residual interests and requires all investments to be classified into one of three categories: held to maturity, available for sale, or trading. The Company acquired its residual interests without the intention to resell the assets. The Company has both the intent and ability to hold these investments to maturity and believes these investments meet the "held to maturity" criteria of SFAS No. 115. Under SFAS No. 115, if a residual interest is determined to have other than temporary impairment, the residual interest is written down to fair value. For the three and six months ended June 30, 1994, the Company incurred net charges of \$1,178,000 and \$1,493,000, respectively, to record impaired residual interests at fair value. There were no charges for the three and six months ended June 30, 1995.

At June 30, 1995, the estimated prospective net level yield of the Company's residual interests, in the aggregate, is 20% without early redemptions or terminations being considered and 43% if early redemptions or terminations are considered. At June 30, 1995, the estimated fair value of the Company's residual interests, in the aggregate, approximates the Company's aggregate carrying value.

The projected yield and estimated fair value of the Company's residual interests are based on prepayment and interest rate assumptions at June 30, 1995. There will be differences, which may be material, between the projected yield and the actual yield and the fair value of the residual interests may change significantly over time.

NOTE 5 - LONG-TERM DEBT

On December 17, 1992, a wholly owned, limited purpose subsidiary of the Company issued \$31,000,000 of Secured Notes under an Indenture to a group of institutional investors. The Notes bear interest at 7.81% and require quarterly payments of principal and interest with the balance due on February 15, 1998. In connection with the financing, the Company paid fees of \$635,000 which are included in other assets in the accompanying consolidated balance sheet and are being amortized to interest expense over the life of the financing. The Notes are secured by the Company's residual interests in Westam 1, Westam 3, Westam 5, Westam 6, ASW 65, FNMA 1988-24 and FNMA 1988-25 (see Note 4), and by Funds held by the Note Trustee. The Company used \$3,100,000 of the proceeds to establish a reserve fund. The reserve fund, which has a specified maximum balance of \$7,750,000, is to be used to make the scheduled principal and interest payments on the Notes if the cash flow available from the collateral is not sufficient to make the scheduled payments. Depending on the level of certain specified financial ratios relating to the collateral, the cash flow from the collateral

is required to either prepay the Notes at par, increase the reserve fund up to its \$7,750,000 maximum or is remitted to the Company. At June 30, 1995, Funds held by Trustee consists of \$5,678,000 in the reserve fund and \$568,000 of other funds pledged under the Indenture.

NOTE 6 - SHORT-TERM BORROWINGS

Under a revolving line of credit agreement with a bank, the Company may borrow up to \$5,000,000, upon payment of a 1/2% commitment fee with interest payable monthly at prime plus 1/2%. Such advances are to be secured by certain of the Company's real estate loans with the amount advanced equal to between 40% to 60% of the principal amount of the real estate loans pledged. Only real estate loans approved by the bank are eligible for advances. The agreement contains certain financial covenants and expires on May 5, 1996. Through June 30, 1995, the Company has not drawn upon the line of credit.

NOTE 7 - HEDGING

On May 12, 1992, the Company entered into a LIBOR ceiling rate agreement with a bank for a fee of \$245,000. The agreement, which had a term of two years beginning July 1, 1992, required the bank to pay a monthly amount to the Company equal to the product of \$175,000,000 multiplied by the percentage, if any, by which actual one-month LIBOR (measured on the first business day of each month) exceeded 9.0%. Through the expiration of the agreement on July 1, 1994, LIBOR remained under 9.0% and, accordingly, no amounts were paid under the agreement.

ITEM 2. Management's Discussion and Analysis of Financial Condition, Results of Operations and Interest Rates and Other Information

Results of Operations For The Three And Six Months Ended June 30, 1995 and 1994

The Company had net income of \$335,000 or \$.03 per share and \$798,000 or \$.08 per share, respectively, for the three and six months ended June 30, 1995 compared to net losses of \$1,094,000 or \$.11 per share and \$1,769,000 or \$.18 per share for the comparable periods in 1994.

The Company's income from mortgage assets was \$1,078,000 and \$2,181,000, respectively, for the three and six months ended June 30, 1995 as compared to losses of \$333,000 and \$161,000 for the comparable periods in 1994. The 1994 amounts are net of charges of \$1,178,000 and \$1,493,000, respectively, for the three and six months ended June 30, 1994, to writedown the Company's residual interests. See "Interest Rates and Prepayments".

Interest income on real estate loans increased from \$283,000 and \$401,000, respectively, for the three and six months ended June 30, 1994 to \$622,000 and \$1,197,000, respectively, for the comparable period in 1995 due to the expansion of the Company's real estate lending programs. See "Liquidity, Capital Resources and Commitments".

The Company's interest expense declined from \$363,000 and \$792,000, respectively, for the three and six months ended June 30, 1994 to \$228,000 and \$478,000 for the comparable periods in 1995 as a result of the Company reducing its long-term debt.

Liquidity, Capital Resources and Commitments

The Company raised \$80,593,000 in connection with its initial public offering on July 27, 1988. The proceeds were immediately utilized to purchase residual interests. Subsequently, through October 1988, the Company purchased an additional \$59,958,000 of residual interests which were initially financed using a combination of borrowings under repurchase agreements and the Company's bank line of credit. The Company has not purchased any residual interests since October 1988.

Since December 1993, the Company has originated real estate loans secured by various first deeds of trust on real properties located in Arizona. The Company's loan program seeks higher returns by targeting loan opportunities to which the Company can respond on a more timely basis than traditional real estate lenders. At June 30, 1995, all of the Company's loans are secured by properties located in Arizona. As a result of this geographic concentration, unfavorable economic conditions in Arizona could increase the likelihood of defaults on these loans and affect the Company's ability to protect the principal and interest on such loans following foreclosures upon the real properties securing such loans. The Company may, in the future, make loans on properties located outside of Arizona. At June 30, 1995 the Company's real estate loans outstanding total \$6,095,000 and bear interest at 16%, payable monthly, with all principal due within one year.

On December 17, 1992, a wholly owned limited-purpose subsidiary of the Company issued \$31,000,000 of Secured Notes under an Indenture to a group of institutional investors. The Notes bear interest at 7.81% and require quarterly payments of principal and interest with the balance due on February 15, 1998.

The Notes are secured by the Company's residual interests in Westam 1, Westam 3, Westam 5, Westam 6, ASW 65, FNMA 1988-24 and FNMA 1988-25 and by funds held by the Note Trustee. The Company used \$3,100,000 of the proceeds to establish a reserve fund. The reserve fund has a specified maximum balance of \$7,750,000, and is to be used to make the scheduled principal and interest payments on the Notes if the cash flow available from the collateral is not sufficient to make the scheduled payments. Depending on the level of certain specified financial ratios relating to the collateral, the cash flow from the collateral is required to either repay the Notes at par, increase the reserve fund up to its \$7,750,000 maximum or is remitted to the Company. At June 30, 1995, \$6,246,000 is held by the Note Trustee in the reserve and other funds under the Indenture.

Under a revolving line of credit agreement with a bank, the Company may borrow up to \$5,000,000, upon payment of a 1/2% commitment fee with interest payable monthly at prime plus 1/2%. Such advances are to be secured by certain of the Company's real estate loans with the amount advanced equal to between 40% to 60% of the principal amount of the real estate loans pledged. Only real estate loans approved by the bank are eligible for advances. The agreement contains certain financial covenants and expires on May 5, 1996. Through June 30, 1995, the Company has not drawn upon the line of credit.

As a real estate investment trust (REIT), the Company is not subject to income tax at the corporate level as long as it distributes 95% of its taxable income to its stockholders. At December 31, 1994, the Company has a net operating loss carryforward, for income tax purposes, of approximately \$58,000,000. This tax loss may be carried forward, with certain restrictions, for up to 15 years to offset future taxable income, if any. Until the tax loss carryforward is fully utilized or expires, the Company will not be required to distribute dividends to its stockholders except for income that is deemed to be excess inclusion income. The Company anticipates that future cash flow from operations will be used for payment of operating expenses and debt service with the remainder, if any, available for investment in mortgage or real estate related assets. At June 30, 1995, the Company has \$10,193,000 of cash and cash equivalents available for investment purposes.

Interest Rates and Prepayments

One of the Company's major sources of income is its income from residual interests which consists of the Company's investment in eight real estate mortgage investment conduits ("REMICs") as described in Note 4 to the financial statements. The Company's cash flow and return on investment from its residual interests are highly sensitive to the prepayment rate on the related mortgage certificates and the variable interest rates on variable rate CMOs and MPCs.

At June 30, 1995, the Company's proportionate share of floating-rate CMOs and MPCs in the eight REMICs is \$44,484,000 in principal amount that pays interest based on LIBOR and \$5,000,000 in principal amount that pays interest based on COFI. Consequently, absent any changes in prepayment rates on the related mortgage certificates, increases in LIBOR and COFI will decrease the Company's net income, and decreases in LIBOR and COFI will increase the Company's net income. The average LIBOR and COFI rates were as follows:

	Three Months		Six Months		
	Ended June 30,	Ended June 30,	Ended June 30,	Ended June 30,	At June 30,
	1995	1994	1995	1994	1995
	----	----	----	----	-----
LIBOR.....	6.08%	4.00%	6.07%	3.67%	6.06%
COFI	5.00%	3.66%	4.78%	3.73%	5.06%

On May 12, 1992, the Company entered into a LIBOR ceiling rate agreement with a bank for a fee of \$245,000. The agreement, which had a term of two years beginning July 1, 1992, required the bank to pay a monthly amount to the Company equal to the product of \$175,000,000 multiplied by the percentage, if any, by which actual one-month LIBOR (measured on the first business day of each month) exceeded 9.0%. Through the expiration of the agreement on July 1, 1994, LIBOR remained under 9.0% and, accordingly, no amounts were paid under the agreement.

The Company's cash flow and return on investment from residual interests also is sensitive to prepayment rates on the mortgage certificates securing the CMOs and underlying the MPCs. In general, slower prepayment rates will tend to increase the cash flow and return on investment on investment from interests. The rate of principal prepayments on mortgage certificates is influenced by a variety of economic, geographic, social and other factors. In general, prepayments of the mortgage certificates should increase when the current mortgage interest rates fall below the interest rates on the fixed rate mortgage loans underlying the mortgage certificates. Conversely, to the extent that then current mortgage interest rates exceed the interest rates on the mortgage loans underlying the mortgage certificates, prepayments of such mortgage certificates should decrease. Prepayment rates also may be affected by the geographic location of the mortgage loans underlying the mortgage certificates, conditions in mortgage loan, housing and financial markets, the assumability of the mortgage loans and general economic conditions.

The low mortgage interest rates in effect during the first six months of

1994 caused significant mortgage refinancings, resulting in a writedown of the Company's residual interests of \$1,178,000 and \$1,493,000, respectively, for the three and six months ended June 30, 1994. Mortgage rates have subsequently increased with a resulting decline in mortgage refinancing activity, therefore, no writedowns were required for the three and six months ended June 30, 1995.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings
Not applicable

ITEM 2. Changes in Securities
Not applicable

ITEM 3. Defaults Upon Senior Securities
Not applicable

ITEM 4. Submission of Matters to a Vote of Security Holders

- (a) The Company's 1995 Annual Meeting of Stockholders was convened on June 13, 1995 and, at the direction of the stockholders of the Company present in person or by proxy, was adjourned and reconvened on June 15, 1995.
- (b) The names of each director elected at the meeting are designated below. There are no other directors whose terms of office as directors continued after the meeting.

Alan D. Hamberlin
Mike Marusich
Mark A. McKinley
Gregory K. Norris

- (c) (i) A vote was cast with respect to the election of the nominated slate of directors to hold office until the annual meeting of stockholders in 1996 and until their successors are elected and qualified.

The following votes were cast for, against and withheld in this matter:

	For ---	Against -----	Withheld -----
Alan D. Hamberlin	3,385,193	0	1,530,969
Mike Marusich	3,382,238	0	1,533,924
Mark A. McKinley	3,384,913	0	1,531,249
Gregory K. Norris	3,383,843	0	1,532,319

- (ii) A vote was cast with respect to the ratification of the appointment of Kenneth Leventhal & Company as the independent auditors of the Company for the fiscal year ending December 31, 1995.

The following votes were cast for, against and withheld in this matter:

	For ---	Against -----	Withheld -----
	4,274,883	315,418	325,861

ITEM 5. Other Information
Not applicable

ITEM 2. Exhibits and Reports on Form 8-K

- (a) Exhibits;

Exhibit
Number

3(b) Bylaws of the Registrant, dated June 30, 1995.

10(j) Revolving Loan Agreement, dated May 5, 1995
between the Registrant and Bank One, Arizona NA.

27 Exhibit 27, Financial Data Schedule

(b) Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on behalf by the undersigned thereunto duly authorized.

HOMEPLEX MORTGAGE INVESTMENTS CORPORATION

August 10, 1995

By \JAY R. HOFFMAN

Jay R. Hoffman, Vice President
Treasurer, Chief Financial Officer
and a Duly Authorized Officer

BYLAWS
OF
HOMEPLEX MORTGAGE INVESTMENTS CORPORATION
A Maryland Corporation

BYLAWS
OF
HOMEPLEX MORTGAGE INVESTMENTS CORPORATION

ARTICLE I.

Stockholders

Section 1. Annual Meetings.

The annual meeting of the stockholders of the Corporation shall be held on such date within the month of June (or such other date within each calendar year) as may be fixed from time to time by the Board of Directors. Not less than ten nor more than 90 days' written or printed notice stating the place, day and hour of each annual meeting shall be given in the manner provided in Section 1 of Article IX hereof. The business to be transacted at the annual meetings shall include the election of directors and any other business within the power of the Corporation. All annual meetings shall be general meetings at which any business may be considered without having been specified as a purpose in the notice unless otherwise required by law.

Section 2. Special Meetings Called by Chairman of the Board, President or Board

of Directors.

At any time in the interval between annual meetings, special meetings of stockholders may be called by the Chairman of the Board, or by the President, or by the Board of Directors. Not less than ten days' nor more than 90 days' written notice stating the place, day and hour of such meeting and the matters proposed to be acted on thereat shall be given in the manner provided in Section 1 of Article IX. No business shall be transacted at any special meeting except that specified in the notice.

Section 3. Special Meeting Called by Stockholders.

Upon the request in writing delivered to the Secretary by the stockholders entitled to cast at least 25% of all the votes entitled to be cast at the meeting, it shall be the duty of the Secretary to call a special meeting of the stockholders. Such request shall state the purpose of such meeting and the matters proposed to be acted on thereat, but no such meeting shall be required to be called for the election of directors except under the circumstances set forth in Section 10 of Article I or Sections 7(b) or 7(c) of Article II of these Bylaws. The Secretary shall inform such stockholders of the reasonably estimated costs of preparing and mailing the notice of the meeting, and upon payment to the Corporation of such costs, the Secretary shall give not less than ten nor more than 90 days' notice of the time, place and purpose of the meeting in the manner provided in Section 1 of Article IX. Unless requested by stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting, a special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any special meeting of the stockholders held during the preceding 12 months.

Section 4. Place of Meetings.

All meetings of stockholders shall be held at the principal executive offices of the Corporation or at such other place within the United States as may be fixed from time to time by the Board of Directors and designated in the notice.

Section 5. Quorum.

At any meeting of stockholders the presence in person or by

proxy of stockholders entitled to cast a majority of the votes entitled to be cast at the meeting shall constitute a quorum. In the absence of a quorum, the Chairman (or other presiding officer) of the meeting, or the stockholders present in person or by proxy acting by majority vote, may adjourn the meeting from time to time without notice other than by announcement at the meeting, but not for a period exceeding 120 days after the record date, until a quorum shall attend. The stockholders present in person or by proxy at a duly organized meeting may continue to conduct business, notwithstanding withdrawal of enough stockholders to leave less than a quorum.

Section 6. Adjourned Meetings.

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A meeting of stockholders convened on the date for which it was called (or one adjourned to achieve a quorum as above provided in Section 5 of this Article) may be adjourned from time to time by the Chairman (or other presiding officer) of the meeting, or by the stockholders present in person or by proxy acting by majority vote, without further notice except by announcement at the meeting, to a date not more than 120 days after the record date, and any business may be transacted at any adjourned meeting which could have been transacted at the meeting as originally called.

Section 7. Voting.

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A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share of stock may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders, duly called and at which a quorum is present, shall be sufficient to take or authorize action upon any other matter which may properly come before the meeting, unless more than a majority of votes cast is required by statute or by the Charter or these Bylaws. The Board of Directors may fix the record date for the determination of stockholders entitled to vote in the manner provided in Article VIII, Section 3 of these Bylaws. Unless otherwise provided in the Charter, each outstanding share of stock, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders.

Section 8. Proxies.

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A stockholder may vote the shares owned of record either in person or by proxy executed in writing and signed by the stockholder or by duly authorized attorney-in-fact. No proxy shall be valid after 11 months from its date, unless otherwise provided in the proxy. In the case of stock held of record by more than one person, any co-owner or co-fiduciary may execute the proxy without the joinder of the co-owner(s) or co-fiduciary(ies), unless the Secretary of the Corporation is notified in writing by any co-owner or co-fiduciary that the joinder of more than one is to be required. At all meetings of stockholders, the proxies shall be filed with and verified by the Secretary of the Corporation, or, if the meeting shall so decide, by the Secretary of the meeting.

Section 9. Order of Business.

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At all meetings of stockholders, any stockholder present and entitled to vote in person or by proxy shall be entitled to require, by written request to the Chairman of the meeting, that the order of business shall be as follows:

(1) Organization

(2) Proof of notice of meeting or of waivers thereof. (The certificate of the Secretary of the Corporation, or the affidavit of any other person who mailed or published the notice or caused the same to be mailed or published, shall be proof of service of notice.)

(3) Submission by Secretary of the Corporation to the Chairman (or other presiding officer) of the meeting of a list of the stockholders entitled to vote, present in person or by proxy.

(4) A reading of unapproved minutes of preceding meetings of stockholders and action thereon.

(5) Reports.

(6) If an annual meeting, or a special meeting called for that purpose, the election of directors.

(7) Unfinished business.

(8) New business.

(9) Adjournment.

Section 10. Removal of Directors.

At any special meeting of the stockholders called in the manner provided for by this Article, the stockholders, by the affirmative vote of a majority of all the votes entitled to be cast for the election of directors, may remove any director or directors from office, with or without cause, and may elect a successor or successors to fill any resulting vacancies for the remainder of the term.

Section 11. Informal Action by Stockholders.

Any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting if a consent in writing setting forth such action is signed by all the stockholders entitled to vote thereon and such consent is filed with the records of stockholders' meetings.

Section 12 Advance Notice of Matters to be Presented at an Annual Meeting of

Stockholders.

At an annual meeting of the stockholders, commencing with the annual meeting to be held in 1996, only such business shall be conducted as shall have been properly brought before the meeting as set forth below. To be properly brought before an annual meeting, such business must (1) be specified in the notice of the meeting (or any supplement thereto) given by the Corporation pursuant to Section 1 of Article IX of these bylaws, or (2) be brought before the meeting by or under the direction of the Board of Directors (or the Chairman of the Board or the President), or (3) be properly brought before the meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary. To be timely, such stockholder's notice must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation, not less than 20 days nor more than 30 days prior to the meeting (or, with respect to a proposal required to be included in the Company's proxy statement pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, or its successor provision, the earlier date such proposal was received); provided, however, that in the event that less than 30 days' notice or prior public disclosure of the date of the meeting is given or made by the Corporation, notice by the stockholder to be timely must be so received by the Secretary not later than the close of business on the 10th day following the earlier of the day on which the Corporation's notice of the date of the annual meeting was mailed or the day on which the Corporation's first public disclosure of the date of the annual meeting was made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address of the stockholder proposing such business, (iii) the class and number of shares of the Corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business.

Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 12.

The Chairman (or other presiding officer) at the meeting shall have the authority, if the facts warrant, to determine that business was not properly brought before the meeting in accordance with the provisions of this Section 12, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Section 13. Advance Notice of Nominees for Directors.

Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors at any meeting of stockholders held after the annual meeting in 1995. Nominations of persons for election to the Board of Directors of the Corporation may be made at an annual meeting of stockholders or at a special meeting of stockholders as to which the notice of meeting provides for election of directors, by or under the direction of the Board of Directors, or by any nominating committee or person appointed by the Board of Directors, or by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 13. Such nominations, other than those made by or under the direction of the Board of Directors or by any nominating committee appointed by the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary. To be timely, such stockholder's notice shall be delivered to or mailed and received by the Secretary at the

principal executive offices of the Corporation not less than 20 days nor more than 30 days prior to the meeting; provided, however, that in the event that less than 30 days' notice or prior public disclosure of the date of the meeting is given or made by the Corporation, notice by the stockholder to be timely must be so received by the Secretary no later than the close of business on the 10th day following the earlier of the day on which the Corporation's notice of the date of the meeting was mailed or the day on which the Corporation's first public disclosure of the date of the meeting was made. Such stockholder's notice shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of stock of the Corporation which are beneficially owned by the person, and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Rule 14a under the Securities Exchange Act of 1934 or any successor rule thereto; and (b) as to the stockholder giving the notice, (i) the name and address of the stockholder and (ii) the class and number of shares of the Corporation which are beneficially owned by the stockholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein.

The Chairman (or other presiding officer) at the meeting shall have the authority, if the facts warrant, to determine that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

ARTICLE II.

Directors

Section 1. Powers.

The business and affairs of the Corporation shall be managed under the direction of its Board of Directors. All powers of the Corporation may be exercised by or under the authority of the Board of Directors except as conferred on or reserved to the stockholders by law, by the Charter or by these Bylaws. A director need not be a stockholder. The Board of Directors shall keep minutes of its meetings and full and fair accounts of its transactions.

Section 2. Number; Term of Office; Removal.

The number of directors of the Corporation shall be not less than three or the same number as the number of stockholders, whichever is less; provided, however, that such number may be increased and thereafter decreased from time to time by vote of a majority of the entire Board of Directors to a number not exceeding 15. The directors elected at each annual meeting of stockholders shall hold their office until the next annual meeting of stockholders and until their successors are elected and qualify. A director may be removed from office as provided in Article I, Section 10 of these Bylaws. If the Corporation seeks to qualify as a real estate investment trust, a majority of the Board of Directors at all times shall be "Independent Directors." As used herein, the following terms shall have the following meanings: (a) "Independent Director" shall mean a director of the corporation who is not an "Affiliate" of an "Advisor" of the Corporation; (b) "Advisor" shall mean the person(s) or entity responsible for directing or performing the day-to-day business affairs of the corporation, including a person or entity to which an Advisor subcontracts substantially all such functions; (c) "Affiliate" of a person shall mean any person directly or indirectly owning, controlling or holding the power to vote, five percent (5%) or more of the outstanding voting securities of such other person or of any person directly or indirectly controlling, controlled by or under common control with such other person; any person five percent (5%) or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by such other person; any person directly or indirectly controlling, controlled by or under common control with, such other person; and any officer, director, partner or employee of such other person; and (d) "Person" shall mean a natural person, corporation, partnership, trust company or other entity.

Section 3. Annual Meeting; Regular Meetings.

As soon as practicable after each annual meeting of stockholders, the Board of Directors shall meet for the purpose of organization and the transaction of other business. No notice of the annual meeting of the Board of Directors need be given if it is held immediately following the annual meeting of stockholders and at the same place. Other regular meetings of the

Board of Directors may be held at such times and at such places, within or without the State of Maryland, as shall be designated in the notice for such meeting by the party making the call. All annual and regular meetings shall be general meetings, and any business may be transacted thereat.

Section 4. Special Meetings.

Special meetings of the Board of Directors may be called by the Chairman of the Board or the President, or by two or more directors, or by a majority of the members of the executive committee if one be constituted.

Section 5. Quorum; Voting.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at every meeting of the Board of Directors; but, if at any meeting there be less than a quorum present, a majority of those present may adjourn the meeting from time to time, but not for a period exceeding ten days at any one time or 60 days in all, without notice other than by announcement at the meeting, until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called. Except as hereinafter provided or as otherwise provided by the Charter or by law, directors shall act by a vote of a majority of those members in attendance at a meeting at which a quorum is present.

Section 6. Notice of Meetings.

Except as provided in Section 3 of this Article, notice of the time and place of every regular and special meeting of the Board of Directors shall be given to each director in the manner provided in Section 2 of Article IX hereof. Subsequent to each Board meeting, and as soon as practicable thereafter, each director shall be furnished with a copy of the minutes of said meeting. At least 24 hours notice shall be given at all meetings. The purpose of any meeting of the Board of Directors need not be stated in the notice.

Section 7. Vacancies.

(a) If the office of a director becomes vacant for any reason, including increase in the size of the Board, such vacancy may be filled by the Board by a vote of a majority of directors then in office, although such majority is less than a quorum. If the Corporation seeks to remain qualified as a real estate investment trust, then any replacement for an Independent Director shall be nominated by a majority of any Independent Directors remaining on the Board.

(b) If the vacancy occurs as a result of the removal of a director by the stockholders, the stockholders may elect a successor at the meeting at which the removal occurs. Failing such election, the vacancy may be filled by the Board in the manner and by the vote provided for in subsection (a) above.

(c) If the entire Board of Directors shall become vacant, any stockholder may call a special meeting in the same manner that the Chairman of the Board or the President may call such meeting, and directors for the unexpired term may be elected at such special meeting in the manner provided for their election at annual meetings.

(d) A director appointed or elected to fill a vacancy shall serve until the next annual meeting of stockholders and until a successor is elected and qualifies.

Section 8. Rules and Regulations.

The Board of Directors may adopt such rules and regulations for the conduct of its meetings and the management of the affairs of the Corporation as it may deem proper and not inconsistent with the laws of the State of Maryland or these Bylaws or the Charter.

Section 9. Committees.

The Board of Directors may appoint from among its members an executive committee, an audit committee and other committees composed of three or more directors. A majority of the members of any committee so appointed shall be Independent Directors if the Corporation seeks to remain qualified as a real estate investment trust, or to the extent required by applicable rules or policies of any securities exchange or other similar facility. The Board of Directors may delegate to any committee any of the powers of the Board of Directors except those powers specifically denied by law. However, if the Board of Directors has given general authorization for the issuance of stock, a

committee of the board, in accordance with a general formula or method specified by the Board of Directors by resolution or by adoption of a stock option plan, may fix the terms of stock subject to classification or reclassification and the terms on which any stock may be issued.

Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors.

One-third (1/3), but not less than two (2), of the members of any committee shall be present in person at any meeting of such committee in order to constitute a quorum for the transaction of business at such meeting, and the act of a majority present shall be the act of such committee. The Board of Directors may designate a chairman of any committee and such chairman or any two members of any committee may fix the time and place of its meetings unless the Board shall otherwise provide. In the absence or disqualification of any member of any such committee, the members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of such absent or disqualified members; provided, however, that in the event of the absence or disqualification of an Independent Director, such appointee shall be an Independent Director.

Each committee shall keep minutes of its proceedings and shall report the same to the Board of Directors at the meeting next succeeding, and any action by the committees shall be subject to revision and alteration by the Board of Directors, provided that no rights of third persons shall be affected by any such revision or alteration. Action of a committee without a meeting may be taken by unanimous written consent signed by all members of the committee.

Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member, or to dissolve any such committee.

Section 10. Compensation.
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The directors may receive a stated salary for their services, and/or a fixed sum and expenses of attendance may be allowed for attendance at each regular or special meeting. The stated salary and attendance fee, if any, shall be determined by resolution of the Board; provided, however, that nothing herein contained shall be construed as precluding a director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 11. Place of Meetings.
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Regular or special meetings of the Board may be held within or without the State of Maryland, as the Board may from time to time determine. The time and place of meeting may be fixed by the party making the call.

Section 12. Informal Action by the Directors.
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Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting, if a written consent to such action is signed by all members of the Board and such consent is filed with the minutes of the Board.

Section 13. Telephone Conference.
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Members of the Board of Directors or any committee thereof may participate in a meeting of the Board or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at the meeting.

ARTICLE III.
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Officers
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Section 1. In General.
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The Board of Directors may choose a Chairman of the Board from among the directors. The Board of Directors shall elect a President, one or more Vice Presidents, a Treasurer, a Secretary, and such Assistant Secretaries and Assistant Treasurers as the Board may from time to time deem appropriate. All officers shall hold office only during the pleasure of the Board or until their successors are chosen and qualify. Any two of the above offices, except those of President and Vice President, may be held by the same person, but no officer

shall execute, acknowledge or verify any instrument in more than one capacity when such instrument is required to be executed, acknowledged or verified by any two or more officers. The Board of Directors may from time to time appoint such other agents and employees with such powers and duties as the Board may deem proper. In its discretion, the Board of Directors may leave unfilled any offices except those of President, Treasurer and Secretary.

Section 2. Chairman of the Board.

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The Chairman of the Board, if one is elected, shall have the responsibility for the implementation of the policies determined by the Board of Directors and for the administration of the business affairs of the Corporation. The Chairman of the Board shall, if present, preside over the meetings of the Board and of the stockholders and shall be the Chief Executive Officer of the Corporation if so designated by resolution of the Board.

Section 3. President.

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The President shall have the responsibility for the active management of the business and general supervision and direction of all of the affairs of the Corporation. In the absence of a Chairman of the Board the President shall preside over the meetings of the Board and of the stockholders, if present at the meeting, and shall perform such other duties as may be assigned by the Board of Directors or the Executive Committee. The President shall have the authority on the Corporation's behalf to endorse securities owned by the Corporation and to execute any documents requiring the signature of an executive officer. The President shall perform such other duties as the Board of Directors may direct, and shall be the Chief Executive Officer of the Corporation unless the Chairman of the Board is so designated by resolution of the Board.

Section 4. Vice Presidents.

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The Vice Presidents, in the order of priority designated by the Board of Directors, shall be vested with all the power and may perform all the duties of the President in the latter's absence. They may perform such other duties as may be prescribed by the Board of Directors or the Executive Committee or the President.

Section 5. Treasurer.

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The Treasurer shall have general supervision over the finances of the Corporation and shall perform such other duties as may be assigned by the Board of Directors or the President. If required by resolution of the Board, the Treasurer shall furnish bond (which may be a blanket bond) with such surety and in such penalty for the faithful performance of duty as the Board of Directors may from time to time require, the cost of such bond to be defrayed by the Corporation.

Section 6. Secretary.

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The Secretary shall keep the minutes of the meetings of the stockholders and of the Board of Directors and shall attend to the giving and serving of all notices of the Corporation required by law or these Bylaws. The Secretary shall maintain at all times in the principal office of the Corporation at least one copy of the Bylaws with all amendments to date, and shall make the same, together with the minutes of the meetings of the stockholders, the annual statement of affairs of the Corporation and any voting trust or other stockholders agreement on file at the office of the Corporation, available for inspection by any officer, director or stockholder during reasonable business hours. The Secretary shall perform such other duties as may be assigned by the Board of Directors.

Section 7. Assistant Treasurer and Secretary.

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The Board of Directors may designate from time to time Assistant Treasurers and Secretaries, who shall perform such duties as may from time to time be assigned to them by the Board of Directors or the President.

Section 8. Compensation; Removal; Vacancies.

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The Board of Directors shall have power to fix the compensation of all officers of the Corporation. It may authorize any committee or officer, upon whom the power of appointing subordinate officers may have been conferred, to fix the compensation of such subordinate officers. The Board of Directors shall have the power at any regular or special meeting to remove any officer, if in the judgment of the Board the best interests of the Corporation will be served by such removal. The Board of Directors may authorize any officer

to remove subordinate officers. The Board of Directors may authorize the Corporation's employment of an officer for a period in excess of the term of the Board. The Board of Directors at any regular or special meeting shall have power to fill a vacancy occurring in any office for the unexpired portion of the term.

Section 9. Substitutes.

The Board of Directors may from time to time in the absence of any one of its officers or at any other time, designate any other person or persons, on behalf of the Corporation to sign any contracts, deeds, notes or other instruments in the place or stead of any of such officers, and may designate any person to fill any one of said offices, temporarily or for any particular purpose; and any instruments so signed in accordance with a resolution of the Board shall be the valid act of the Corporation as fully as if executed by any regular officer.

ARTICLE IV.

Resignation

Any director or officer may resign from office at any time. Such resignation shall be made in writing and shall take effect from the time of its receipt by the Corporation, unless some time be fixed in the resignation, and then from that date. The acceptance of a resignation shall not be required to make it effective.

ARTICLE V.

Commercial Paper, Etc.

All bills, notes, checks, drafts and commercial paper of all kinds to be executed by the Corporation as maker, acceptor, endorser or otherwise, and all assignments and transfers of stock, contracts, or written obligations of the Corporation, and all negotiable instruments, shall be made in the name of the Corporation and shall be signed by any one or more of the following officers as the Board of Directors may from time to time designate, i.e. the Chairman of the Board, the President, any Vice President, or the Treasurer, or by such other person or persons as the Board of Directors or Executive Committee may from time to time designate.

ARTICLE VI.

Fiscal Year

The fiscal year of the Corporation shall cover such period of 12 months as the Board of Directors may determine. In the absence of any such determination, the accounts of the Corporation shall be kept on a calendar year basis.

ARTICLE VII.

Seal

The seal of the Corporation shall be in the form of two concentric circles inscribed with the name of the Corporation and the year and State in which it is incorporated. The Secretary or Treasurer, or any Assistant Secretary or Assistant Treasurer, shall have the right and power to attest to the corporate seal.

In lieu of affixing the corporate seal to any document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a corporate seal to affix the word "(SEAL)" adjacent to the signature of the person authorized to sign the document on behalf of the Corporation.

ARTICLE VIII.

Stock

Section 1. Issue.

Each stockholder shall be entitled to a certificate or certificates which shall represent and certify the number and class of shares of stock owned in the Corporation. Each certificate shall be signed by the Chairman of the Board, the President or any Vice President, and countersigned by the Secretary or any Assistant Secretary or the Treasurer or any Assistant Treasurer, and sealed with the seal of the Corporation. The signatures of the Corporation's officers and its corporate seal appearing on stock certificates may be facsimiles if each such certificate is authenticated by the manual signature of an officer of a duly authorized transfer agent. Stock certificates shall be in such form not inconsistent with law or with the Charter, as shall be approved by the Board of Directors. In case any officer of the Corporation who has signed any certificate ceases to be an officer of the Corporation, whether by reason of death, resignation or otherwise, before such certificate is issued, then the certificate may nevertheless be issued by the Corporation with the same effect as if the officer had not ceased to be such officer as of the date of such issuance.

Section 2. Transfers.
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The Board of Directors shall have power and authority to make all such rules and regulations as the Board may deem expedient concerning the issue, transfer and registration of stock certificates. The Board of Directors may appoint one or more transfer agents and/or registrars for its outstanding stock, and their duties may be combined. No transfer of stock shall be recognized or binding upon the Corporation until recorded on the books of the Corporation, or, as the case may be, of its transfer agent and/or of its registrar, upon surrender and cancellation of a certificate or certificates for a like number of shares.

Section 3. Record Dates for Dividends and Stockholders' Meeting.
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The Board of Directors may fix a date not exceeding 90 days preceding the date of any meeting of stockholders, any dividend payment date or any date for the allotment of rights, as a record date for the determination of the stockholders entitled to notice of and to vote at such meeting, or entitled to receive such dividends or rights, as the case may be, and only stockholders of record on such date shall be entitled to notice of and to vote at such meeting or to receive such dividends or rights, as the case may be. In the case of a meeting of stockholders, the record date shall be not less than ten days prior to the date of the meeting.

Section 4. New Certificates.
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In case any certificate of stock is lost, stolen, mutilated or destroyed, the Board of Directors may authorize the issue of a new certificate in place thereof upon indemnity to the Corporation against loss and upon such other terms and conditions as it may deem advisable. The Board of Directors may delegate such power to any officer or officers of the Corporation or to any transfer agent or registrar of the Corporation; but the Board of Directors, such officer or officers or such transfer agent or registrar may, in their discretion, refuse to issue such new certificate save upon the order of some court having jurisdiction in the premises.

ARTICLE IX.

Notice

Section 1. Notice to Stockholders.
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Whenever by law or these Bylaws notice is required to be given to any stockholder, such notice shall be in writing and may be given to each stockholder by leaving the same at his or her residence or usual place of business, or by mailing it, postage prepaid, and addressed to such stockholder's address as it appears on the books of the Corporation or its transfer agent. Such leaving or mailing of notice shall be deemed the time of giving such notice.

Section 2. Notice to Directors and Officers.
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Whenever by law or these Bylaws notice is required to be given to any director or officer, such notice may be given in any one of the following ways: by personal notice to such director or officer, by telephone communication with such director or officer personally, by telecopy, by telegram, cablegram or radiogram, or by leaving the notice at his residence or usual place of business, or by mail. The time when such notice shall be consigned to a communication company for delivery shall be deemed to be the time of the giving of such

notice, and four days after the time when such notice shall be mailed shall be deemed to be the time of the giving of such notice by mail.

Section 3. Waiver of Notice.

Notice to any stockholder or director of the time, place and/or purpose of any meeting of stockholders or directors required by these Bylaws may be dispensed with if such stockholder shall either attend in person or by proxy, or if such director shall attend in person, or if such absent stockholder or director shall, in writing filed with the records of the meeting either before or after the holding thereof, waive such notice.

ARTICLE X.

Voting of Stock in Other Corporations

Any stock in other corporations, which may from time to time be held by the Corporation, may be represented and voted at any meeting of stockholders of such other corporations by the President or a Vice-President or by proxy or proxies appointed by the President or a Vice-President, or otherwise pursuant to authorization thereunto given by a resolution of the Board of Directors adopted by a vote of a majority of the directors.

ARTICLE XI.

Indemnification

Section 1. Directors and Officers, Third Party Actions.

The Corporation shall indemnify any director or officer of the Corporation who was or is a party or is threatened to be made a party to any threatened, pending or completed actions, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was serving as an authorized representative of the Corporation (which, for the purposes of this Article, shall mean service, at the Corporation's request, as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise or employee benefit plan) against judgments, fines, amounts paid in settlement and expenses (including attorneys' fees) actually and reasonably incurred by him in connection with such action, suit or proceeding unless it is proved that the act or omission of the director was material to the cause of action adjudicated in the proceeding and: (a) was committed in bad faith; or (b) was the result of active and deliberate dishonesty; or (c) the director actually received an improper personal benefit in money, property or services, or, with respect to any criminal action or proceeding, the director had reasonable cause to believe his act or omission was unlawful. The termination of any action, suit or proceeding by judgment, order or settlement shall not create a presumption that, with respect to any criminal action or proceeding, the director had reasonable cause to believe that his act or omission was unlawful. The termination of any action, suit or proceeding by conviction, or a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the director did not meet that standard of conduct set forth in the immediately preceding sentence.

Section 2. Directors and Officers, Actions by or in the Right of the Corporation.

The Corporation shall indemnify any director or officer of the Corporation who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was an authorized representative of the Corporation, to the same extent set forth in Section 1 of this Article, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation, unless and only to the extent that a Court of appropriate jurisdiction determines upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity.

Section 3. Indemnification for Successful Defenses.

To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any

action, suit or proceeding of the type referred to in Section 1 or 2 of this Article or in defense of any claim, issue or matter therein, he shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith. Such a person who is not a director or officer of the Corporation may, at the discretion of the Corporation, be indemnified by the Corporation in any other circumstances to any extent if the Corporation would be required by Section 1 or 2 of this Article to indemnify such person in such circumstances to such extent if he were or had been a director or officer of the Corporation.

Section 4. Procedure.

Indemnification under Section 1 or 2 of this Article may be made in a specific case upon a determination that indemnification of the authorized representative is required or proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 or 2 of this Article. Such determination shall be made:

(a) By the Board of Directors by a majority vote of a quorum consisting of directors not, at the time, parties to the action, suit or proceeding ("disinterested directors"), or if such a quorum cannot be obtained, then by a majority vote of a committee of the Board consisting solely of two or more disinterested directors designated to act in the matter by a majority vote of the full Board (which may include directors who are parties to the action, suit or proceeding); or

(b) By special legal counsel selected by the Board of Directors or a committee of the Board by vote as set forth in (a) above, or if the requisite quorum of the full Board cannot be obtained and the committee cannot be established, by a majority vote of the full Board (which may include directors who are parties to the action, suit or proceeding); or

(c) By the stockholders.

Section 5. Advancing Expenses.

Expenses (including attorneys' fees) incurred by a director or officer of the Corporation in connection with any civil or criminal action, suit or proceeding of the type referred to in Section 1 or 2 of this Article shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding, upon receipt of (i) a written affirmation by the director or officer of his good faith belief that the standard of conduct necessary for indemnification by the Corporation as required by Section 1 of this Article or by law; and (ii) a written undertaking by or on behalf of a director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as required in this Article or authorized by law. Such expenses incurred by an employee or agent who is not a director or officer of the Corporation may be paid by the Corporation in advance when authorized by the Board of Directors upon receipt of a similar undertaking. The repayment obligation represented by an undertaking pursuant to this Section need not be secured and may be accepted without reference to financial ability to make the repayment.

Section 6. Scope of Article.

Each person who shall act as an authorized representative of the Corporation shall be deemed to be doing so in reliance upon such rights of indemnification as are provided in this Article.

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, vote of stockholders or disinterested directors, statute or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office or position, and shall continue as to a person who has ceased to be an authorized representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE XII.

Amendments

These bylaws may be amended or replaced, or new bylaws may be adopted, either (a) by the vote of the stockholders entitled to cast at least a majority of the votes which all stockholders are entitled to cast thereon at any duly organized annual or special meeting of stockholders; or (b) with respect to those matters which are not by statute reserved exclusively to the stockholders, by vote of a majority of the Board of Directors of the Corporation in office at any regular or special meeting of directors. It shall not be necessary to set

forth such proposed amendment, repeal or new bylaws, or a summary thereof, in any notice of such meeting, whether annual, regular or special.

CERTIFICATION

I hereby certify that the foregoing Bylaws were adopted by the Board of Directors of the Corporation at a meeting called for that purpose as of the 30th Day of June 1995.

\Jay R. Hoffman

JAY R. HOFFMAN
Secretary

LOAN AGREEMENT

BANK: BANK ONE, ARIZONA, NA, a national banking association

Mailing Address of Bank:

Real Estate Finance Division
Post Office Box 29542
Phoenix, Arizona 85038
Attention: Dept. A-383

BORROWER: HOMEPLEX MORTGAGE INVESTMENTS CORPORATION, a Maryland corporation

Mailing Address of Borrower:

5333 North 7th Street
Suite 219
Phoenix, Arizona 85014-2803

DATE: May 5, 1995

Background

A. Borrower has applied to Bank for a revolving line of credit of \$5,000,000.00 to finance the making of Mortgage Loans (as hereinafter defined) originated by Borrower. Bank is willing to make Advances as described herein, upon and subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, the parties hereto hereby agree as follows:

I. DEFINITIONS.

1.1 Defined Terms. Capitalized terms defined below or elsewhere in this Agreement (including the Exhibits hereto) shall have the following meanings (defined terms may be used in the singular or the plural, as the context requires):

"A&D Loan" means an Eligible Mortgage Loan which provides for the advancing of funds by Borrower for purposes of reimbursing the obligor thereunder the cost of acquiring real property and the cost of constructing and developing offsite or other improvements thereon.

"Acquisition Advances" means the portion of the Maximum Allowed Advances with respect to an A&D Loan that relate to the cost of acquiring real property, as designated on the Term Sheet for such A&D Loan.

"Acquisition Loan" means an Eligible Mortgage Loan which provides for the advancing of funds by Borrower for purposes of reimbursing the obligor thereunder the cost of acquiring real property.

"Advance" means a disbursement by Bank under the Commitment, including readvances of funds previously advanced to Borrower and repaid to Bank.

"Advance Rate" has the meaning set forth in Section 2.1(c).

"Advance Request" means a request for Advance in such form as Bank may require from time to time.

"Agreement" means this Loan Agreement, either as originally executed or as it may from time to time be supplemented, modified or amended.

"Bank" means Bank One, Arizona, NA, a national banking association.

"Borrower" means Homeplex Mortgage Investments Corporation, a Maryland corporation.

"Business Day" means any day excluding Saturday, Sunday and any day on which national banks are authorized or required to be closed.

"Collateral" means all of the Mortgages, Mortgage Loans, and other collateral pledged by Borrower to Bank from time to time as security for the repayment of the Note.

"Collateral Documents" means the documents and instruments required to be delivered by Borrower pursuant to Section 2.2(a)(v).

"Commitment" has the meaning set forth in Section 2.1(a).

"Commitment Fee" has the meaning set forth in Section 2.4(e) (i).

"Default Rate" has the meaning set forth in Section 2.4(d).

"Development Advances" means the portion of the Maximum Allowed Advances with respect to an A&D Loan that relate to the cost of constructing and developing offsite or other improvements on the real property, as designated on the Term Sheet for such A&D Loan.

"Effective Date" means the date upon which (i) this Agreement has been duly executed and delivered by Borrower and (ii) all conditions precedent to the effectiveness hereof pursuant to Article IV have been satisfied.

"Eligible Mortgage Loan" means a Mortgage Loan which (i) is secured by a Mortgage constituting a first lien on commercial or residential real property located in Arizona, (ii) is either an Acquisition Loan or an A&D Loan, (iii) is not a revolving loan, (iv) has been approved by Bank in its sole and absolute discretion, and (v) otherwise complies with the terms and conditions of this Agreement.

"Event of Default" means any of the conditions or events set forth in Section 7.1 hereof.

"Funding Date" means with respect to each Advance against a specific Eligible Mortgage Loan, the date of the making of such Advance.

"GAAP" means generally accepted accounting principles consistently applied.

"Improvements" has the meaning set forth in Section 2.2(a) (vi) (20).

"Indemnified Liabilities" has the meaning set forth in Article IX.

"Late Fee" has the meaning set forth in Section 2.4(c).

"Lien" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest).

"Loan" means the loans and Advances from time to time made by Bank to Borrower pursuant to this Agreement.

"Loan Documents" shall mean this Agreement, the Note, the Security Agreements, and all other documents and instruments executed and delivered in connection with the Loan.

"Maturity Date" means April 30, 1996.

"Maximum Allowed Advances" means the total Advances approved by Bank with respect to each Eligible Mortgage Loan, as set forth on the Term Sheet for such Eligible Mortgage Loan. The Maximum Allowed Advances with respect to each Eligible Mortgage Loan that is an A&D Loan will be separately allocated on the Term Sheet as Acquisition Advances and Development Advances.

"Mortgage" means a mortgage or deed of trust on improved real property.

"Mortgage Loan" means any loan evidenced by a Mortgage Note and secured by a Mortgage.

"Mortgage Note" means a note secured by a Mortgage.

"Note" has the meaning set forth in Section 2.3.

"Notices" has the meaning set forth in Article VIII.

"Obligations" has the meaning set forth in Section 3.1.

"Officer's Certificate" means a certificate executed on behalf of Borrower by the chief financial officer or such other officer of Borrower approved by Bank.

"Person" means and includes natural persons, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether

or not legal entities, and governments and agencies and political subdivisions thereof.

"Pledged Mortgages" means all promissory notes and mortgages or deeds of trust or security deeds and other documents and instruments evidencing or securing the Eligible Mortgage Loans with respect to which Bank has made an Advance hereunder.

"Prime Rate" means the rate of interest established and publicly announced from time to time by Bank One, Arizona, NA or its successors, as its "Prime Rate" or "Reference Rate", whether or not such rate actually is the lowest rate available to commercial borrowers or other customers of such bank.

"Security Agreements" means the Security Agreements executed and delivered by Borrower to Bank pursuant to Section 2.2(a)(v)(5), as amended, modified, supplemented, renewed and restated from time to time.

"Term Sheet" means a term sheet in the form attached as Exhibit A.

"Unmatured Event of Default" means the occurrence of any event or existence of any condition which, but for the giving of notice, the lapse of time, or both, would constitute an Event of Default.

II. THE CREDIT.

2.1 The Commitment.

(a) Agreement of Bank. Subject to the terms and conditions of this Agreement, Bank agrees, from time to time from and after the Effective Date, to make Advances to Borrower, so long as the total aggregate principal amount outstanding at any one time of all Advances plus the total aggregate principal amount committed but undisbursed under this Agreement shall not exceed \$5,000,000.00 (the "Commitment"). Within the Commitment, Borrower may borrow, repay and reborrow.

(b) Use of Advances; Request for Advances. Advances shall be made to Borrower solely for the purpose of reimbursing Borrower for the origination by Borrower of Eligible Mortgage Loans and can be used by Borrower for any corporate purpose. Advances shall be made at the request of Borrower, in the manner hereinafter provided in Section 2.2 hereof, against the pledge of such Eligible Mortgage Loans as Collateral therefor.

(c) Determination of Maximum Allowed Advances. The Maximum Allowed Advances for each Eligible Mortgage Loan will be determined in accordance with the Advance Rate for such Eligible Mortgage Loan, as set forth on the Term Sheet for such Eligible Mortgage Loan. The Advance Rate, for purposes of this Agreement, means the ratio of the Maximum Allowed Advances to the outstanding principal amount of the Eligible Mortgage Loan. The Advance Rate will not be less than forty percent (40%), and will not exceed sixty percent (60%), of the outstanding principal amount of the Eligible Mortgage Loan, unless otherwise determined by Bank in its sole and absolute discretion.

2.2 Conditions Precedent to Advances and Procedure for Obtaining Advances.

(a) Conditions Precedent. The obligation of Bank to make any Advances is subject to the satisfaction, in the sole discretion of Bank, on or before each Funding Date, of the following conditions precedent:

(i) Effective Date. All of the conditions precedent set forth in Section 4.1 shall have been satisfied and the Effective Date shall have occurred.

(ii) No Defaults. No Default or Event of Default shall have occurred and be continuing.

(iii) Accuracy of Representations and Warranties. All representations and warranties made herein or in any other Loan Document shall be true and correct as of the date of each such Advance as if made on and as of such date.

(iv) Advance Request. Borrower shall have executed and delivered to Bank a properly completed Advance Request.

(v) Collateral Documents. Borrower shall have executed and delivered to Bank the following documents (the "Collateral Documents") with respect to the Mortgage Loan that is the subject of the Advance Request, all of which shall be acceptable to Bank in its sole and absolute discretion; provided, however, that at the request of Bank, the documents listed in items (1) through (5) shall be delivered to the collection agent for the Mortgage Loan, as agent for Bank, and Borrower shall deliver to Bank copies thereof, certified by the collection agent as being true and correct and as

being held in the possession of the collection agent as agent for Bank:

(1) Mortgage Note. The original Mortgage Note evidencing the indebtedness secured by the applicable Eligible Mortgage Loan, duly executed by the mortgagor to Borrower as payee.

(2) Endorsement. An endorsement by Borrower of the Mortgage Note, duly executed by Borrower, endorsed to Bank as follows:

PAY TO THE ORDER OF BANK ONE, ARIZONA, NA, a national banking association, WITH RECOURSE.

(3) Mortgage. The original recorded Mortgage securing the Mortgage Note. The Mortgage must accurately describe the Mortgage Note which it is intended to secure.

(4) Loan Documents. All other originally executed documents and instruments relating to the Mortgage.

(5) Collection Instructions. The originally executed collection instructions relating to the Mortgage.

(6) Assignment. A duly executed assignment to Bank of the Mortgage in the form set forth on Exhibit B. This instrument must accurately describe the Mortgage which it is intended to assign, and be otherwise satisfactory to Bank.

(7) Security Agreement. A duly executed Security Agreement relating to the Mortgage, the indebtedness secured thereby, and all documents and rights related to the applicable Mortgage Loan, in the form set forth on Exhibit C. This instrument must accurately describe the Mortgage and related documents and interests which it is intended to assign, and be otherwise satisfactory to Bank.

(8) Financing Statements. Duly executed Financing Statements in the form set forth on Exhibit D relating to the Mortgage and the indebtedness secured thereby. These instruments must accurately describe the Mortgage and related documents and instruments, and be otherwise satisfactory to Bank.

(9) Bank Account. If an interest reserve account or other pledged bank account has been provided as additional security for the Mortgage Note, duly executed signature cards, pledge agreements, and any other documents and instruments executed by such obligor, Borrower and the depository for such account as Bank may require in order to assign Borrower's interest thereunder to Bank.

(10) Other Documents. Such other documents and instruments as Bank may reasonably request.

(vi) Additional Documents. Borrower, at its expense, shall have obtained and delivered to Bank the documents listed on Exhibit E (except that the appraisal required by Paragraph 2 shall be ordered by Bank at Borrower's expense), all of which shall be in form and content satisfactory to Bank and shall be subject to approval in writing by Bank.

(vii) Fee. Bank shall have received the Commitment Fee relating to such Advance.

(b) Timing of Advance. So long as all conditions precedent to an Advance have been satisfied, Bank will make the Advance within one (1) Business Day thereafter.

(c) Single Advance. Upon satisfaction of the conditions set forth in Section 2.2(a), Bank will make a single Advance with respect to each Eligible Mortgage Loan that is not an A&D Loan. With respect to each A&D Loan, (i) upon satisfaction of the conditions set forth in Section 2.2(a), Bank will initially make a single Advance in the amount of the Acquisition Advances for such A&D Loan, and (ii) upon satisfaction of the conditions set forth in Section 2.2(a) and upon Bank's receipt and approval of the following documents, Bank will make a second Advance in the amount of the Development Advances for such A&D Loan:

(i) Evidence satisfactory to Bank that the Improvements have been completed in accordance with the plans and specifications therefor.

(ii) Paid invoices and full unconditional lien waivers for all labor and materials relating to the construction of the Improvements.

(iii) An affidavit of payment of debts and claims executed by the general contractor.

(iv) Evidence that any inspection required by any state, city or other governmental authority has been completed with results satisfactory to Bank.

(v) The ALTA "as-built" survey, as described in Paragraph 17 of Exhibit E.

(d) Single Indebtedness. All Advances under this Agreement shall constitute a single indebtedness and all of the Collateral shall be security for the Note and for the performance of all obligations of Borrower to Bank.

2.3 Note. Borrower's obligation to pay the principal of, and interest on, all Advances made by Bank shall be evidenced by the promissory note (the "Note") dated as of the date. The term "Note" shall include all extensions, renewals and modifications of the Note and all substitutions or replacements therefor. All terms and provisions of the Note are incorporated herein.

2.4 Interest.

(a) Interest Rate. Subject to the provisions in the Note, the unpaid amount of each Advance shall bear interest from and including the applicable Funding Date until paid in full, at a floating rate of interest (computed on the basis of a 360-day year and applied to the actual number of days elapsed) which is equal to the sum of the Prime Rate plus one-half of one percent (.5%) per annum. The floating rate of interest will be adjusted as of the effective date of each change in the Prime Rate.

(b) Interest Payments. Interest shall be payable monthly in arrears, on the first (1st) day of each month, commencing with the first day of the first month following the date hereof, and on the Maturity Date.

(c) Late Fee. Subject to the provisions in the Note, Borrower shall pay to Bank a late fee ("Late Fee") of four percent (4%) of the amount of any interest payment past due in excess of fifteen (15) days.

(d) Default Rate. Subject to the provisions in the Note, upon and after an Event of Default hereunder, at the option of Bank, the outstanding principal amount of all Advances shall bear interest, payable on demand, at a rate per annum equal to the sum of the floating rate described in Section 2.4(a) plus four percent (4%) (the "Default Rate"). The application of the Default Rate shall not be interpreted or deemed to extend any cure period set forth in this Agreement or otherwise to limit any of Bank's remedies under this Agreement.

(e) Fees and Expenses. In addition to all interest and other fees payable pursuant to the Loan Documents and this Agreement, Borrower agrees to pay:

(i) Commitment Fee. A Commitment Fee of one-half of one percent (.5%) of the Maximum Allowed Advances for each Eligible Mortgage Loan, payable upon execution of the Term Sheet for such Eligible Mortgage Loan.

(ii) Other Fees. All fees and expenses described in Article IX.

2.5 Principal Payments.

(a) Maturity Date. The outstanding principal amount of all Advances and all other amounts outstanding hereunder shall be payable in full on the Maturity Date or upon the earlier expiration or termination of the Commitment.

(b) Prepayment. Borrower shall have the right to prepay the outstanding Advances in whole or in part, from time to time, without premium or penalty.

(c) Other Mandatory Principal Payments. In addition, Borrower shall be obligated to pay to Bank, without the necessity of prior demand or notice from Bank, the amount of any outstanding Advance against a specific Eligible Mortgage Loan as shown on Bank's records, upon the occurrence of any of the following events:

(i) Ineligible Mortgage Loans. Any Mortgage Loan with respect to which Bank has made an Advance ceases to comply with the provisions of this Agreement;

(ii) Inaccuracy of Representations and Warranties. If any of the representations and warranties set forth in Sections 5.6, 6.7 or 3.14(c) or (d) with respect to an Eligible Mortgage Loan are untrue or incorrect in any material respect, or if any of the representations and warranties set forth in Sections 5.12 or 6.14(a) or (b) with respect to an Eligible Mortgage Loan remain untrue or incorrect in any material respect for a period of five (5) Business Days after notice thereof to Borrower;

(iii) Commitment Exceeded. If the aggregate amount of all Advances plus the aggregate principal amount committed but undisbursed under this Agreement exceeds the available Commitment; or

(iv) Defaults. Such Eligible Mortgage Loan is defaulted and remains in default after expiration of any applicable cure periods for sixty (60) days.

III. COLLATERAL.

3.1 Collection Agent. Borrower will cause all Pledged Mortgages to be serviced by a collection agent approved by Bank. All original Mortgage Notes in connection with Pledged Mortgages shall be held by the collection agent as agent for Bank.

3.2 Payments by Obligor.

(a) Principal Payments. All principal amounts paid by the obligor under the Pledged Mortgages shall be paid directly to the collection agent, and the collection agent shall promptly remit all such amounts directly to Bank, after first deducting the collection agent's reasonable and customary costs of collection, as approved by Bank. So long as no Event of Default or Unmatured Event of Default has occurred and is continuing, Bank will retain a portion of such amounts received by Bank from the collection agent with respect to a Pledged Mortgage (not to exceed the outstanding indebtedness under the Note), and shall remit the balance of such amounts to Borrower. The amount retained by Bank shall be calculated as follows:

Amount received by Bank from collection agent multiplied by the Advance Rate for the applicable Pledged Mortgage equals the amounts retained by Bank.

If an Event of Default or Unmatured Event of Default has occurred and is continuing, Bank will have no obligation to remit any portion of such amounts to Borrower. Any amounts paid by collection agent to Bank, and retained by Bank, under this paragraph shall be applied against the outstanding indebtedness under the Note, in the manner set forth in the Note.

(b) Interest Payments. So long as no Event of Default or Unmatured Event of Default has occurred and is continuing, all interest paid by the obligor under the Pledged Mortgages (including any payments disbursed from an interest reserve account or other pledged account) shall be remitted and disbursed directly to Borrower. If an Event of Default or Unmatured Event of Default has occurred and is continuing, all such interest shall be paid directly to Bank (or to the collection agent, who shall promptly remit all such amounts directly to Bank), and Bank will have no obligation to remit any portion of such amounts to Borrower. Any amounts so retained by Bank under this paragraph shall be applied against the outstanding indebtedness under the Note, in the manner set forth in the Note.

3.3 Release of Collateral. Provided no Event of Default has occurred and is continuing, Bank will release a Pledged Mortgage from the pledge created hereby, upon receipt by Bank of the amount advanced by Bank under this Agreement with respect to such Pledged Mortgage as shown on Bank's records. Upon payment to Bank of the applicable release price set forth in the documents related to the Pledged Mortgage and performance by the obligor of any other conditions for release, and upon request of Borrower, Bank will execute and deliver to Borrower (without recourse, representation or warranty) deeds of partial release and reconveyance, releasing from the Pledged Mortgage and reconveyance to "the person legally entitled thereto" portions of the property encumbered thereby.

3.4 Return of Collateral at End of Commitment. If (i) the Commitment shall have expired or been terminated and (ii) no Advances, interest or other amounts evidenced by the Note or due under this Agreement shall be outstanding and unpaid, Bank shall deliver or release all Collateral in its possession to Borrower or as directed in writing by Borrower. The receipt by Borrower of any Collateral released or delivered to Borrower pursuant to any provision of this Agreement shall be a complete and full acquittance for the Collateral so returned, and Bank shall thereafter be discharged from any liability or responsibility therefor.

3.5 No Duty to Protect Collateral. Bank shall have no duty to Borrower or any other Person as to the collection or protection of Collateral held hereunder or any income thereon, nor as to the preservation of any rights pertaining thereto, beyond the reasonable care and confidentiality thereof during the time the Collateral is in the actual possession of Bank. Such care and confidentiality as Bank gives to the safekeeping of its own property of like kind shall constitute reasonable care and confidentiality of Collateral when in Bank's actual possession; but Bank is not required to make presentment, demand or protest, or give notice, and need not take action to preserve any rights against prior parties, obligors, account debtors, or others, in connection with any obligation or evidence of indebtedness held as Collateral or in connection with Borrower's obligations. Notwithstanding any provision hereof or of any

other document to the contrary, the transmittal and delivery of any Pledged Mortgages, Collateral Documents and other documents or instruments shall be at the sole risk and expense of Borrower and Bank shall not be liable or obligated in any respect in the event of the loss, damage, or destruction of any Collateral Documents, Pledged Mortgages and other documents or instruments or any delay in the transmission or delivery thereof.

3.6 Default Under Mortgage Loan. Borrower shall use best efforts to cure or caused to be cured any default under any Eligible Mortgage Loan in accordance with commercially reasonable standards. Borrower will reasonably promptly take all legal action to cause any defaults to be cured under any Eligible Mortgage Loan. Bank will reasonably cooperate with Borrower, at Borrower's expense, in the enforcement of remedies by Borrower under the Eligible Mortgage Loan.

IV. CONDITIONS PRECEDENT.

4.1 Closing. The obligation of Bank to make Advances and the other provisions of this Agreement that are binding upon Bank shall become effective upon the receipt by Bank of the following, all of which must be satisfactory in form and content to Bank, in its sole discretion:

(a) Note. The Note, duly executed by Borrower;

(b) Articles and Bylaws. Certified copies of articles of incorporation and bylaws of Borrower, and current certificates of good standing for Borrower for Arizona and Maryland;

(c) Resolutions. A resolution of the board of directors of Borrower, certified as of the date thereof by its corporate secretary or assistant secretary, authorizing the execution, delivery and performance of this Agreement and the Note, as applicable, and all other instruments or documents to be delivered by Borrower pursuant to this Agreement;

(d) Incumbency Certificate. A certificate of the corporate secretary or assistant secretary of Borrower as to the incumbency and authenticity of the signatures of the officers of such corporation executing this Agreement and the Note and each Advance Request and all other instruments or documents to be delivered pursuant hereto (Bank being entitled to rely thereon until a new such certificate has been furnished to Bank);

(e) Financial Statement. Financial statements of Borrower for the period which ended on December 31, 1994 (company prepared);

(f) Licenses and Approvals. Evidence satisfactory to Bank that Borrower has all necessary licenses and approvals to conduct its business and engage in the activities contemplated hereby;

(g) Opinion of Counsel. An opinion of Borrower's counsel, from an attorney reasonably satisfactory to Bank; and

(h) Indenture. Evidence satisfactory to Bank that Borrower has no liability under that Indenture dated December 1, 1992 between EMIC Finance Corporation and State Street Bank and Trust Company, as Trustee.

V. REPRESENTATIONS.

Borrower hereby represents and warrants to Bank, as of the date of this Agreement and as of the date of each Advance Request, that:

5.1 Organization and Good Standing. Borrower is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation or incorporation, has the full legal power and authority to own its properties and to carry on its businesses as currently conducted and is duly qualified as a foreign corporation to do business and is in good standing in each jurisdiction in which the transaction of its business makes such qualification necessary.

5.2 Authorization and Enforceability. Borrower has the power and authority to execute, deliver and perform this Agreement, the Note and all other documents contemplated hereby or thereby. The execution, delivery and performance by Borrower of this Agreement, and all other documents contemplated hereby and the borrowing hereunder and thereunder, have been duly and validly authorized by all necessary corporate action on the part of Borrower (none of which actions have been modified or rescinded, and all of which actions are in full force and effect) and do not and will not conflict with or violate any provision of law or of the articles of incorporation or bylaws of Borrower, conflict with or result in a breach of or constitute a default or require any consent under, or result in the creation of any Lien upon any property or assets of Borrower, or result in or require the acceleration of any indebtedness of Borrower pursuant to, any agreement, instrument or indenture to which Borrower is a party or by which Borrower or its property may be bound or affected. This Agreement, the Note and all other documents contemplated hereby or thereby constitute legal, valid, and binding obligations of Borrower, enforceable in accordance with their respective terms.

5.3 Approvals. The execution and delivery of this Agreement, the Note, and all other documents contemplated hereby or thereby and the performance of Borrower's obligations hereunder and thereunder do not require any license, consent, approval or other action of any state or federal agency or governmental or regulatory authority.

5.4 Financial Condition. The financial statements of Borrower furnished to Bank are complete and accurate and fairly present the financial condition of Borrower in accordance with GAAP as of the date of such financial statements. Since the date of such financial statements, there has been no material adverse change in the financial condition of Borrower.

5.5 Litigation. There are no actions, claims, suits or proceedings pending, or to the knowledge of Borrower, threatened or reasonably anticipated against or affecting Borrower in any court or before any arbitrator or before any government commission, board, bureau or other administrative agency which, if adversely determined, may reasonably be expected to result in any material and adverse change in the business, operations, assets or financial condition of Borrower.

5.6 Licenses and Approvals. Borrower has all necessary licenses and approvals to conduct its business and engage in the activities contemplated hereby.

5.7 Compliance with Laws. Borrower is not in violation of any provision of any law, or of any judgment, award, rule, regulation, order, decree, writ or injunction of any court or public regulatory body or authority which might have a material adverse effect on the business, operations, assets or financial condition of Borrower.

5.8 Regulation U. Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any Advances will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. If requested by Bank, Borrower shall furnish to Bank a statement in conformity with the requirements of Federal Reserve Form U-1 referred to in said Regulation U.

5.9 Investment Company Act. Borrower is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5.10 Payment of Taxes. Borrower has filed or caused to be filed all federal, state and local income, excise, property and other tax returns which are required to be filed, all such returns are true and correct, and Borrower has paid or caused to be paid all taxes as shown on such returns or on any assessment, to the extent that such taxes have become due.

5.11 Agreements. Borrower is not a party to any agreement, instrument or indenture or subject to any restriction materially and adversely affecting its business, operations, assets or financial condition, except as disclosed to Bank. Borrower is not in known default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement, instrument, or indenture, which default could have a material adverse effect on the business, operations, properties or financial condition of Borrower. No holder of any indebtedness of Borrower has given notice of any asserted default thereunder, and no liquidation or dissolution of Borrower, and no receivership, insolvency, bankruptcy, reorganization or other similar proceedings relative to Borrower or any of its properties is pending, or to the knowledge of Borrower, threatened (excluding any such proceedings relating to defaults, by obligors under notes held by Borrower that are not pledged to Bank).

5.12 Special Representations Concerning Collateral. Borrower hereby represents and warrants to Bank, as of the date of this Agreement and as of the date of each Advance Request, that:

(a) Ownership. Borrower is the legal and equitable owner and holder, free and clear of all Liens, of the Pledged Mortgages. All Pledged Mortgages have been and will continue to be validly pledged or assigned to Bank, subject to no other Liens.

(b) Perfection. Bank has and will at all times have a valid, enforceable and perfected first priority security interest in each Pledged Mortgage and all Collateral relating thereto.

(c) Borrower's Authority. Borrower has, and will continue to have, the full right, power and authority to pledge the Collateral pledged and to be pledged by it hereunder.

(d) Mortgage Loans. All Mortgage Loans and related documents included in the Pledged Mortgages, (i) as of any date of determination, have been duly executed and delivered by the parties thereto, (ii) have been made in compliance with all applicable laws and regulations,

(iii) are and will continue to be valid and enforceable in accordance with their terms, without defense or offset, (iv) have not been modified or amended nor have any requirements thereof waived, (v) comply and will continue to comply with the terms of this Agreement, (vi) except for A&D Loans, have been fully advanced by Borrower in the face amount thereof, (vii) are first Liens on the premises described therein (except for permitted encumbrances in the title policy, as approved by Bank, and (viii) are not in default beyond the time period provided in Section 2.5(c)(iv).

(h) Insurance Policies. All fire and casualty policies covering the premises encumbered by each Mortgage included in the Pledged Mortgages (1) name and will continue to name Borrower as the insured under a standard mortgagee clause, (2) are and will continue to be in full force and effect, and (3) afford and will continue to afford insurance against fire and such other risks as are usually insured against in the broad form of extended coverage insurance from time to time available.

(i) Flood Insurance. Pledged Mortgages secured by premises located in a special flood hazard area are and shall continue to be covered by special flood insurance under the National Flood Insurance Program.

VI. AFFIRMATIVE COVENANTS.

Borrower agrees that so long as the Commitment is outstanding or there remain any obligations of Borrower to be paid or performed under this Agreement or under the Note, Borrower will comply with the following covenants.

6.1 Payment of Note. Borrower shall punctually pay or cause to be paid the principal of, interest on and all other amounts payable hereunder and under the Note in accordance with the terms thereof.

6.2 Financial Statements and Other Reports. Borrower shall deliver to Bank:

(a) Quarterly Statements. (i) Within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of Borrower, consolidated financial statements of Borrower as contained in Borrower's Form 10-Q quarterly report filed with the Securities and Exchange Commission, and (ii) within sixty (60) days after the end of each of the first three (3) fiscal quarters of each fiscal year of Borrower, consolidating financial statements, which include separate financial statements of Borrower on a non-consolidated basis (parent only), all of which shall be certified by the chief financial officer or such other officer of Borrower approved by Bank and prepared in accordance with GAAP.

(b) Annual Statements. (i) Within ninety (90) days after the end of each fiscal year of Borrower, consolidated financial statements as contained in Borrower's Form 10-K annual report filed with the Securities and Exchange Commission, and (ii) within one hundred (100) days after the end of each fiscal year of Borrower, consolidating financial statements, which include separate financial statements of Borrower on a non-consolidated basis (parent only), all of which shall be audited by independent certified public accountants reasonably acceptable to Bank and shall include the statement of such independent accountants that such financial statements present fairly the financial position and results of operations of Borrower, and have been prepared in accordance with GAAP. Borrower's annual financial statements shall also be accompanied by Borrower's budget and business plan for the upcoming fiscal year, all in reasonable detail and containing such information as Bank may reasonably request.

(c) Registration Statements, etc. Promptly after the same become publicly available, copies of such registration statements, annual, periodic and other reports, such as proxy statements and other information, if any, as shall be filed by Borrower with the Securities and Exchange Commission pursuant to the requirements of the Securities Act of 1933 or the Securities Exchange Act of 1934.

(d) Regulatory Notices, etc. Within thirty (30) days after receipt thereof, copies of all notices, audits, filings, disclosures, responses, reports, orders, claims, and other information filed with or made by or from any regulatory authority (federal, state or local) having regulatory jurisdiction over any part of Borrower's business.

(e) Status Report. Within ten (10) days after the end of each calendar month, a status report reflecting the condition of all Collateral, including the payments received, advances made, inspections performed, balance outstanding, releases requested, and other information required by Bank.

(f) Officer's Certificates. Together with each delivery of financial statements pursuant to Sections 6.2(a) and 6.2(b), an Officer's certificate of Borrower in the form of Exhibit F hereto.

(g) Other Information. From time to time, with reasonable promptness, such further information regarding the business,

operations, properties or financial condition of Borrower and Mortgage Loans as Bank may reasonably request.

6.3 Maintenance of Existence; Conduct of Business. Borrower shall preserve and maintain its corporate existence in good standing and all of its rights, privileges, licenses and franchises necessary or desirable in the normal conduct of its business; conduct its business in an orderly and efficient manner; and make no material and adverse change in the nature or character of its business. Borrower shall not permit Borrower's net investment in EMIC to be less than zero, as shown on Borrower's non-consolidated balance sheet, and as determined in accordance with GAAP.

6.4 Sale of Assets; Merger. Borrower shall not, without the consent of Bank, sell, transfer, lease, lend (except as contemplated in this Agreement) or otherwise dispose of (whether in one transaction or in a series of related transactions) all of its assets or any substantial part of its assets, and Borrower will not consolidate with or merge into any other Person without the consent of Bank, which consent may be granted or withheld in Bank's reasonable discretion.

6.5 Compliance with Applicable Laws. Borrower shall comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, a breach of which could materially adversely affect its business, operations, assets, or financial condition; Borrower shall maintain all other permits, licenses and approvals reasonably necessary or desirable for Borrower to maintain and conduct the business of Borrower.

6.6 Inspection of Properties and Books. Borrower shall permit authorized representatives of Bank, upon request by Bank to Borrower, to discuss the business and operations of Borrower with its officers and employees, to discuss the assets and financial condition of Borrower with its officers and employees, and to examine its books and records and make copies or extracts thereof, all at such reasonable times as Bank may request.

6.7 Financial Covenants.

(a) Net Worth Ratio. Borrower shall not permit the ratio of (i) Borrower's Debt to (ii) Borrower's Tangible Net Worth to be greater than .75:1.

(i) "Borrower's Debt" means, without limitation, (A) any indebtedness of Borrower for borrowed money, (B) all indebtedness of Borrower evidenced by bonds, debentures, notes, letters of credit, drafts or similar instruments, (C) all indebtedness of Borrower to pay the deferred purchase price of property or services received, including accounts payable and accrued expenses arising in the ordinary course of business, (D) all capitalized lease obligations of Borrower, (E) all debt of others secured by a lien on any asset of Borrower, whether or not such debt is assumed by Borrower or guaranteed by Borrower, (F) all debt of others guaranteed by Borrower, and (G) all other indebtedness that would appear as a liability upon a balance sheet of Borrower prepared in accordance with GAAP.

(ii) "Tangible Net Worth" means, as of any date, Borrower's net worth as determined in accordance with GAAP, less Intangible Assets reflected on the balance sheet of Borrower.

(iii) "Intangible Assets" means all unamortized debt discount and expense, unamortized deferred charges, goodwill, patents, trade marks, service marks, trade names, copyrights, write-ups of assets over their carrying value, and all other items which would be treated as intangibles on the consolidated balance sheet of Borrower in accordance with GAAP. Intangible Assets shall specifically exclude any investments by Borrower in any subsidiary which are accounted for under GAAP by the so-called "equity method."

(b) Minimum Tangible Net Worth. Borrower shall not permit Borrower's Tangible Net Worth to be less than \$14,500,000.00. For purposes hereof, Tangible Net Worth means, as of any date, Borrower's net worth as determined in accordance with GAAP, less Intangible Assets reflected on the balance sheet of Borrower.

(c) Liquidity. Borrower shall maintain Liquid Assets of not less than \$2,000,000.00. For purposes hereof, Liquid Assets means cash, certificates of deposits, marketable securities of publicly traded entities, and the unadvanced principal balance under the Note to the extent not encumbered by choate liens granted to third parties to secure indebtedness or other obligations.

Borrower's compliance with the requirements in this Section 6.7 shall be measured with respect to the separate non-consolidated financial statements of Borrower (except that compliance with Paragraph 6.7(c) shall be measured with respect to consolidated financial statements of Borrower) and shall be measured quarterly (as of the end of each fiscal quarter) pursuant to the Officer's Certificates provided under Section 6.2(f).

6.8 Notice. Borrower shall give prompt written notice to Bank

of Borrower's obtaining knowledge of (a) any action, suit or proceeding instituted by or against Borrower in any federal or state court or before any commission or other regulatory body (federal, state or local, domestic or foreign), or any such proceedings threatened against Borrower, the outcome of which could have a material adverse effect upon Borrower's business, operations, assets or financial condition, (b) the filing, recording or assessment of any federal, state or local tax lien for delinquent taxes against Borrower or any of its assets, (c) the occurrence of any Event of Default hereunder or the occurrence of any Unmatured Event of Default, or (d) the occurrence of any material adverse change in the business, operations, assets or financial condition of Borrower.

6.9 Payment of Debt, Taxes, etc. Borrower shall pay and perform all obligations of Borrower promptly and in accordance with the terms thereof and pay and discharge or cause to be paid and discharged promptly all taxes, assessments and governmental charges or levies imposed upon Borrower or upon its income, receipts or properties before the same shall become past due, as well as all lawful claims for labor, materials and supplies or otherwise which, if unpaid, might become a Lien or charge upon such properties or any part thereof and which, in each case, may reasonably be expected to result in any material and adverse change in the business, operations, assets, or financial condition of Borrower; provided, however, that Borrower shall not be required to pay taxes, assessments or governmental charges or levies or claims for labor, materials or supplies for which Borrower shall have obtained an adequate bond or adequate insurance or Borrower shall have set aside reasonable reserves on its books or which are being contested in good faith and by proper proceedings which are being reasonably and diligently pursued.

6.10 Payment of Expenses. Borrower hereby authorizes Bank to pay any reasonable expenses, charges and levies required to be paid hereunder (other than such expenses, charges and levies as are being contested in good faith and by proper proceedings in accordance with Section 6.9 hereof), notwithstanding that Borrower may not have requested Bank to make such payments, to the extent that if not paid such expenses, charges and levies could, in Bank's reasonable opinion, have a material and adverse affect on the Collateral or on the existence, perfection or priority of Bank's security interest therein. Bank may make such payments notwithstanding the fact that Borrower is in default under the terms of this Agreement. Such payments shall be added to the outstanding principal balance of the Note and shall be due and payable on demand. The authorization hereby granted shall be irrevocable, and no further direction or authorization from Borrower shall be necessary for Bank to make such payments.

6.11 Insured Closings. If available, Borrower shall obtain and maintain in effect at all times an insured closing letter from each title insurance company from which mortgagee title insurance is procured, indemnifying and holding Borrower harmless from and against the failure of the agents of such title insurance companies to comply with the written closing instructions of Borrower as to the Pledged Mortgages hereunder and will provide Bank with evidence of the same from time to time upon request. Borrower agrees to indemnify and hold harmless Bank of, from, for and against any loss, claim, or damages, including reasonable attorneys' fees and costs, attributable to the failure of such title insurance company, agent or approved attorney to comply with the disbursement or instruction letter or letters of Borrower or Bank relating to such Mortgage Loan.

6.12 Other Loan Obligations. Borrower shall perform all obligations under the terms of each loan agreement, note, mortgage, security agreement or debt instrument by which Borrower is bound or to which any of its property is subject and which may reasonably be expected to result in any material and adverse change in the business, operations, assets, or financial condition of Borrower, and will promptly notify Bank in writing of the cancellation or reduction of any of its other lines of credit or agreements with any other lender.

6.13 Use of Proceeds of Advances. Each Advance shall be made solely for the purpose of financing the origination of Eligible Mortgage Loans, and the proceeds of each Advance shall be used by Borrower for any corporate purpose.

6.14 Special Covenants Concerning Collateral.

(a) Ownership; Perfection of Liens. Borrower warrants and will defend the right, title and interest of Bank in and to the Pledged Mortgages against the claims and demands of all persons whomsoever and shall take all action necessary to assure that Bank has and will at all times have a valid and perfected first priority security interest in each Pledged Mortgage.

(b) Financing Statements; Further Assurances. Borrower shall execute and deliver to Bank such Uniform Commercial Code financing statements with respect to the Collateral as Bank may request. Borrower also shall execute and deliver to Bank such further instruments of sale, pledge or assignment or transfer, and such powers of attorney exercisable upon the occurrence and during the continuation of an Event of Default, as reasonably required by Bank, and shall do and perform all matters and things

necessary or desirable to be done or observed, for the purpose of effectively creating, maintaining and preserving the security and benefits intended to be afforded Bank under this Agreement and the Security Agreements. Bank shall have all the rights and remedies of a secured party under the Uniform Commercial Code of the State of Arizona, or any other applicable law, in addition to all rights provided for herein.

(c) No Amendments. Borrower shall not amend or modify, or waive any of the terms and conditions of, or settle or compromise any claim in respect of, any Pledged Mortgages or any related rights except upon the written consent of Bank, such consent not to be unreasonably withheld or delayed.

(d) No Sale, Assignment or Encumbering. Borrower shall not sell, assign, transfer or otherwise dispose of, or grant any option with respect to, or pledge or otherwise encumber (except pursuant to this Agreement), any of the Collateral or any interest therein.

6.15 Loan Servicing. So long as no Event of Default or Unmatured Event of Default has occurred and is continuing, Borrower shall service all Pledged Mortgages in accordance with the terms of the documents related thereto and in the exercise of reasonably prudent lending and servicing practices. Borrower shall hold any interest reserve, tax, insurance, or other impound accounts in respect of the Pledged Mortgages in trust, without commingling them with other funds, and shall apply the same for the purposes for which such funds were collected.

6.16 Appraisals. Borrower acknowledges that Bank as a federally regulated institution is required to meet certain regulations regarding appraisals of loans secured by real estate. Borrower agrees that it shall be Bank's agent for the purpose of ordering such appraisals and that upon request, Borrower shall make available to Bank all information regarding such appraisals, including, without limitation, identification of the appraisers, copies of all appraisals, copies of all instruction letters regarding such appraisals, and copies of all other applicable policies and procedures of Borrower related to obtaining appraisals. In the event Bank shall ever reasonably determine that appraisals obtained by Borrower are not in compliance with such regulations or Bank's internal policies, Borrower shall change Borrower's appraisal policies to Bank's reasonable satisfaction.

VII. DEFAULTS; REMEDIES.

7.1 Events of Default. The occurrence of any of the following conditions or events shall be an event of default ("Event of Default"):

(a) Failure to Pay.

(i) Failure of Borrower to pay the principal of any Advance due pursuant to Section 2.5 and such failure continues for five (5) Business Days after notice to Borrower; or

(ii) Failure of Borrower to pay any installment of interest on any Advance and such failure continues for ten (10) days after notice to Borrower (except no notice shall be required on the Maturity Date); or

(iii) Failure of Borrower to pay any other amount due under this Agreement or any other Loan Document within ten (10) days after the date it is due and such failure continues for five (5) Business Days after notice to Borrower; or

(b) Breach of Representations and Warranties. Any of Borrower's representations or warranties made herein, in any other Loan Document, or in any statement or certificate at any time given by Borrower in writing pursuant hereto or in connection herewith shall be false or misleading in any material respect on the date made or renewed; or

(c) Specified Defaults. Borrower shall default in the performance of or compliance with Sections 6.4, 6.7, 6.13, or 6.14 hereof; or

(d) Section 5.12 Default. Borrower shall default in the performance of or compliance with Section 5.12 hereof and such default shall not be cured within five (5) Business Days after notice to Borrower; or

(e) Other Defaults. Borrower shall default in the performance of or compliance with any other covenant or other term contained in this Agreement or any other Loan Document and such default shall not be cured within thirty (30) days after notice by Bank to Borrower of, if such default cannot reasonably be cured within thirty (30) days, Borrower shall have failed to promptly commence curing the default or to diligently pursue curing the default thereafter, or to cure the default within sixty (60) days after notice by Bank to Borrower; or

(f) Insolvency, etc. Borrower shall admit in writing its inability to pay its debts as they mature, or make an assignment for the benefit of creditors; or Borrower shall apply for or consent to the appointment

of any receiver, trustee or similar officer for Borrower or for all or substantially all of its property; or Borrower shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debts, dissolution, liquidation, or similar proceedings relating to Borrower under the laws of any jurisdiction; or

(g) Receivership, etc. A receiver, trustee or similar officer shall be appointed for Borrower or for all or substantially all of its property without the application or consent of Borrower and such appointment shall continue undischarged for a period of sixty (60) days; or any bankruptcy, insolvency, reorganization, arrangements, readjustment of debt, dissolution, liquidation or similar proceedings shall be instituted (by petition, application or otherwise) against Borrower without its consent, and shall remain undischarged for a period of sixty (60) days; or

(h) Judgments. Any money judgment, writ or warrant of attachment, or similar process involving in any case an amount in excess of \$200,000.00 shall be entered or filed against Borrower or any of its assets and shall remain undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days or in any event later than five (5) days prior to the date of any proposed execution sale thereunder; or

(i) Dissolution. Any order, judgment or decree shall be entered against Borrower decreeing the dissolution or split up of Borrower and such order shall remain undischarged or unstayed for a period in excess of thirty (30) days; or

(j) Challenge to Borrower's Obligations. Borrower shall purport to disavow its obligations hereunder or shall contest the validity or enforceability hereof; or Bank's security interest on any portion of the Collateral shall become unenforceable or otherwise impaired; or

(k) Other Default. An Event of Default shall occur under any other Loan Document.

7.2 Remedies.

(a) Acceleration. Upon the occurrence of an Event of Default, at Bank's option, the unpaid principal amount of and accrued interest on the Note shall become due and payable automatically, without presentment, demand or other requirements of any kind, all of which are hereby expressly waived by Borrower.

(b) Other Remedies. Upon the occurrence of an Event of Default (and in the case of subparagraph (b)(vi) below upon the occurrence of an Unmatured Event of Default), Bank may also do any of the following:

(i) Enforcement of Security Interest. Foreclose upon or otherwise enforce its security interest in and the Lien on the Collateral to secure all payments and performance of obligations owed by Borrower under this Agreement.

(ii) Notification of Obligors. Notify all obligors of the Collateral that the Collateral has been assigned to Bank and that all payments thereon are to be made directly to Bank or such other party as may be designated by Bank; settle, compromise, or release, in whole or in part, any amounts owing on the Collateral, or by any such obligor on terms acceptable to Bank; enforce payment and prosecute any action or proceeding with respect to any and all the Collateral; and where any such Collateral is in default, foreclose on and enforce security interests in such Collateral by any available judicial process and sell property acquired as a result of any such foreclosure.

(iii) Servicing. Act, or contract with a third party to act, as servicer of each item of Collateral requiring servicing, such third party's reasonable fees to be paid by Borrower.

(iv) Direct Action. Proceed against Borrower on the Note.

(v) Suspension of Advances. Cease making any further Advances.

(vi) Other Commitments. Terminate any commitments contained in any agreement between Bank and Borrower to make any further loans or advances.

(vii) Other Acceleration. Declare immediately due and payable any one or more of all other debts or obligations of Borrower to Bank.

(viii) Other Remedies. Otherwise exercise its rights and remedies available hereunder, under any other Loan Document, or under applicable law, except that Bank shall not have the right to offset against the Obligation any amounts held by Borrower in accounts at or with Bank that are not related to the Pledged Mortgages.

(ix) Receiver. Obtain the appointment of a receiver of the business and assets of Borrower.

(c) Waivers. Borrower waives any right to require Bank to (i) proceed against any Person, (ii) proceed against or exhaust any of the Collateral or pursue its rights and remedies as against the Collateral in any particular order, or (iii) pursue any other remedy in its power.

(d) Protection of Lien. Bank may, but shall not be obligated to, advance any sums or do any act or thing necessary to uphold and enforce the Lien and priority of, or the security intended to be afforded by, any Mortgage included in the Collateral, including, without limitation, payment of delinquent taxes or assessments and insurance premiums, to the extent permitted by such Mortgage. All advances, charges, costs and expenses, including reasonable attorneys' fees and disbursements, incurred or paid by Bank in exercising any right, power or remedy conferred by this Agreement, or in the enforcement hereof, shall become a part of the principal balance outstanding under the Note and shall accrue interest at the rate or rates specified in the Note.

(e) No Waivers. No failure on the part of Bank to exercise, and no delay in exercising, any right, power or remedy provided hereunder, at law or in equity shall operate as a waiver thereof; nor shall any single or partial exercise by Bank of any right, power or remedy provided hereunder, at law or in equity preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and are not exclusive of any remedies provided at law or in equity.

7.3 Binding Arbitration. All controversies and claims of any nature arising directly or indirectly out of any and all loan transactions between Borrower and Bank and any related agreements, instruments or documents, shall at the written request of Borrower or Bank be arbitrated pursuant to the applicable rules of the American Arbitration Association. The arbitration shall occur in the State of Arizona. Judgment upon any award rendered by the arbitrator(s) may be entered in any court having jurisdiction. The Federal Arbitration Act shall apply to the construction and interpretation of this arbitration agreement.

(a) Arbitration Panel. A single arbitrator shall have the power to render a maximum award of one hundred thousand dollars. When any party files a claim in excess of this amount, the arbitration decision shall be made by the majority vote of three arbitrators. No arbitrator shall have the power to restrain any act of any party.

(b) Provisional Remedies, Self-Help, and Foreclosure. No provision of this Section 7.3 shall limit the right of any party to exercise self-help remedies, to foreclose against any real or personal property collateral, or to obtain any provisional or ancillary remedies (including but not limited to injunctive relief or the appointment of a receiver) from a court of competent jurisdiction. At Bank's option, it may enforce its rights under a security agreement by private or public sale, a mortgage by judicial foreclosure, and under a deed of trust either by exercise of power of sale or by judicial foreclosure. The institution and maintenance of any remedy permitted above shall not constitute a waiver of the right to submit any controversy or claim to arbitration. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding.

VIII. NOTICES.

All notices, demands, consents, requests and other communications required or permitted to be given or made hereunder (collectively, "Notices") shall, except as otherwise expressly provided hereunder, be in writing and shall be delivered (i) in person, (ii) mailed, first class, return receipt requested, postage prepaid, addressed to the respective parties hereto at their respective addresses hereinafter set forth or, as to any such party, at such other address as may be designated by it in a notice to the other or (iii) by telecopier to the respective parties hereto at their respective telecopier numbers hereinafter set forth or, as to any such party, at such other telecopier number as may be designated by it in a notice to the other. All Notices shall be conclusively deemed to have been properly given or made two (2) Business Days after being duly deposited in the mails, addressed as set forth below or, in the case of notices delivered personally or by telecopier, upon actual receipt thereof by the party to whom such notice is directed:

if to Borrower: Homeplex Mortgage Investments Corporation
5333 North 7th Street
Suite 219
Phoenix, Arizona 85014-2803
Telecopier: (602) 230-1690

with a copy to: Mariscal, Weeks, McIntyre & Friedlander, P.A.

2901 North Central Avenue, Suite 200
Phoenix, Arizona 85012-2705
Attn: Fred Fathe
Telecopier: (602) 279-2128

if to Bank: Bank One, Arizona, NA
Real Estate Finance Division
Post Office Box 29542
Phoenix, Arizona 85038
Attn: Dept. A-383
Telecopier: (602) 221-1372

IX. REIMBURSEMENT OF EXPENSES; INDEMNITY.

Borrower shall:

(a) pay all out-of-pocket costs and expenses of Bank, including reasonable attorneys' fees, in connection with the negotiation, documentation, and enforcement of this Agreement, the Note, and other documents and instruments related hereto and the making and repayment of the Advances and the payment of interest thereon;

(b) upon demand, pay, and hold Bank and any holder of the Note harmless of, from, for and against, any and all present and future stamp, documentary and other similar taxes with respect to the foregoing matters and save Bank and the holder or holders of the Note harmless from and against any and all liabilities with respect to or resulting from any delay or omission to pay such taxes;

(c) upon demand, indemnify, pay and hold harmless Bank and any of its officers, directors, employees or agents and any subsequent holder of the Note of, from, for and against any and all liabilities, obligations losses, damages, penalties, judgments, suits, costs, expenses (including reasonable attorney's fees) and disbursements of any kind whatsoever arising out of or relating to this Agreement, including without limitation,

(i) any suit, claim or demand on account of any action or failure to act by Borrower,

(ii) any suit, claim or demand arising from or relating to the failure of any Mortgage Loans to be made in full compliance with all applicable laws and regulations,

(iii) any other claims, defenses or offsets with respect to any Mortgage Loans or the failure of any Mortgage Loan to otherwise comply with the provisions of this agreement, and

(iv) any suit, claim or demand arising out of any actual or alleged disposal, generation, manufacture, presence, processing, production, release, storage, transportation, treatment, or use of any and all nuclear, toxic, radioactive or other hazardous waste on any property encumbered by any of the Mortgages regardless of whether intentional, negligent, or accidental.

(all of the above are collectively the "Indemnified Liabilities").

X. MISCELLANEOUS.

10.1 Terms Binding Upon Successors; Survival of Representations. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. All representations, warranties, covenants and agreements herein contained on the part of Borrower shall survive the making of any Advance and the execution of the Note, and shall be effective so long as the Commitment is outstanding or there remains any obligation of Borrower hereunder or under the Note to be paid or performed.

10.2 Assignment. This Agreement may not be assigned by Borrower. This Agreement and the Note, along with Bank's security interest in any or all of the Collateral, may, at any time, be transferred or assigned, in whole or in part, by Bank, and any assignee thereof may enforce this Agreement, the Note and such interest. Bank shall use its reasonable efforts to provide Borrower with notice of any such transfer or assignment; provided, however, that Bank's failure to provide such notice shall not in any way invalidate such transfer or assignment or otherwise constitute a breach by Bank of its obligations pursuant to this Agreement, and any payments made or performance rendered by Borrower to Bank prior to Borrower's receipt of such notice shall be deemed to have been duly made or rendered under this Agreement.

10.3 Participation. Borrower agrees that Bank may enter into agreements with other financial institutions to participate in this credit accommodation. Borrower agrees to execute all documents and instruments reasonably requested by Bank in order to facilitate said participation. Bank shall use reasonable efforts to notify Borrower of any such participation.

10.4 Amendments. This Agreement may not be amended, modified or supplemented except in a writing signed by the parties hereto.

10.5 Governing Law. This Agreement and the Note shall be governed and construed by the laws of the State of Arizona.

10.6 Entire Agreement. This Agreement and the documents referred to in this Agreement represent the entire agreement between, and reflect the reasonable expectations of, Borrower and Bank with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date set forth above.

BORROWER:

HOMEPLEX MORTGAGE INVESTMENTS CORPORATION,
a Maryland corporation

By: _____
Name: _____
Title: _____

BANK:

BANK ONE, ARIZONA, NA, a national banking
association

By: _____
Name: _____
Title: _____

LIST OF EXHIBITS

- A Form of Term Sheet
- B Form of Assignment of Beneficial Interest
- C Form of Security Agreement
- D Form of UCC-1 Financing Statements
- E List of Additional Documents
- F Form of Officer's Certificate

EXHIBIT A

TERM SHEET

This Term Sheet is executed pursuant to that Loan Agreement between BANK ONE, ARIZONA, NA, a national banking association ("Bank") and HOMEPLEX MORTGAGE INVESTMENTS CORPORATION, a Maryland corporation ("Borrower"), dated _____, 1995, as amended, modified, extended, renewed, restated or supplemented from time to time. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Loan Agreement.

Maker of Mortgage Note: _____

Amount of Mortgage Note: _____

Interest Rate: _____

Payment Schedule: _____

Type of Loan: A&D Loan _____ Acquisition Loan _____

Description of Property Subject to Deed of Trust _____

Improvements to be Constructed Under A&D Loan: _____

_____, 19____, by _____, the
_____ of HOMEPLEX MORTGAGE INVESTMENTS
CORPORATION, a Maryland corporation, on behalf of that corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My commission expires:

- -----

EXHIBIT C

SECURITY AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

THIS SECURITY AGREEMENT is made and entered into as of the ____ day of _____, 19____, by HOMEPLEX MORTGAGE INVESTMENTS CORPORATION, a Maryland corporation (hereinafter called "Assignor"), whose chief executive office is located at 5333 North 7th Street, Suite 219, Phoenix, Arizona 85014-2803, in favor of BANK ONE, ARIZONA, NA, a national banking association, and its successors and assigns (hereinafter called "Assignee"), whose address is Real Estate Finance Division, Post Office Box 29542, Phoenix, Arizona 85038, Attention: Dept. A-383. Assignor does hereby grant, bargain, sell, assign, transfer, convey, mortgage and pledge to Assignee, and does hereby grant to Assignee a security interest in, all of Assignor's right, title and interest, legal and equitable, in and to the following:

(a) That Promissory Note dated _____, made by _____ (hereinafter called the "Obligor") payable to the order of Assignor, in the original principal amount of \$_____, and the indebtedness and obligations evidenced thereby, all monies due and to become due thereunder, all interest thereon and all rights arising therefrom or with respect thereto (hereinafter called the "Collateral Note");

(b) That Deed of Trust dated _____, made, executed and delivered by _____ for the use and benefit of Assignor, and recorded on _____, at Recorder's No. _____, in the records of Maricopa County, Arizona (hereinafter called the "Collateral Deed of Trust");

(c) All rights, liens and security interests existing with respect to, or as security for, the Collateral Note or any part thereof;

(d) All hazard and liability insurance policies, title insurance policies, (or any binders or commitments to issue any of such policies) and all condemnation proceeds and insurance proceeds with respect to or relating to the Collateral Deed of Trust;

(e) All insurance and guarantees with respect to the Collateral Note, or any binders or commitments or agreements to issue any such insurance or guarantees, and all insurance proceeds, with respect to Collateral Note;

(f) All files, surveys, certificates, correspondence, appraisals, computer programs, tapes, discs, cards, accounting records, and other records, information, and data of Assignor relating to the Collateral Note, including all information, records, data, programs, tapes, discs and cards necessary to administer and service the Collateral Note;

(g) All insurance proceeds and condemnation awards which may be payable in respect of the premises encumbered by the Collateral Deed of Trust;

(h) All other indebtedness and obligations secured by the Collateral Deed of Trust, all monies due and to become due under the Collateral Note or the Collateral Deed of Trust, all interest thereon and all rights arising therefrom or with respect thereto, and all right, title and interest, legal and equitable, present and future, of Assignor, and its successors and assigns, in and to the real property described in the Collateral Deed of Trust;

[(i) _____ Account No. _____
maintained at _____, together with all
shares, deposits, investments, proceeds and interest of every kind
evidenced by such Account, and together with all sums of money now or
hereafter deposited therein and all monies and claims for money now or
hereinafter due or payable thereon or with respect thereto ("Account");

(j) describe the pledge agreement, signature card, and other
information signed and/or provided by Obligor in connection with the
Account]; and

(k) All products and proceeds of any of the foregoing

(all of the foregoing are hereinafter collectively called the "Collateral").

FOR THE PURPOSE OF SECURING, in such order of priority as Assignee may
elect:

(a) Payment of the sum of FIVE MILLION AND NO/100 DOLLARS
(\$5,000,000.00) according to the terms of that Revolving Line of Credit
Promissory Note dated _____, 1995, made by Assignor,
payable to the order of Assignee, evidencing a revolving line of
credit, all or any part of which may be advanced to Assignor, repaid by
Assignor and readvanced to Assignor, from time to time, subject to the
terms and conditions thereof, with interest thereon, extension and
other fees, late charges, prepayment premiums and attorneys' fees,
according to the terms thereof, and all extensions, modifications,
renewals or replacements thereof (hereinafter called the "Note");

(b) Payment, performance and observance by Assignor of each
covenant, condition, provision and agreement contained herein and of
all monies expended or advanced by Assignee pursuant to the terms
hereof, or to preserve any right of Assignee hereunder, or to protect
or preserve the Collateral or any part thereof;

(c) Payment, performance and observance by Assignor of each
covenant, condition, provision and agreement contained in that Loan
Agreement of even date with the Note by and between Assignor and
Assignee (hereinafter called the "Loan Agreement") and in any other
document or instrument related to the indebtedness hereby secured and
of all monies expended or advanced by Assignee pursuant to the terms
thereof or to preserve any right of Assignee thereunder;

(d) Payment and performance of any and all other indebtedness,
obligations and liabilities of Assignor to Assignee of every kind and
character, direct and indirect, absolute or contingent, due or to
become due, now existing or hereafter incurred, whether such
indebtedness is from time to time reduced and thereafter increased or
entirely extinguished and thereafter reincurred.

All of the indebtedness and obligations secured hereby are hereinafter
collectively called the "Obligation."

PROVIDED, HOWEVER, that, if Assignor shall fully pay and perform the Obligation
according to the terms thereof, then Assignee shall release its interest in the
Collateral.

1. Assignor represents and warrants that:

(a) Assignor is the true and lawful owner of the Collateral
and has full power, right and authority to execute and deliver this
Agreement;

(b) The Collateral, as of the date hereof, is valid and in
good and current standing, not having been altered, amended, changed,
terminated or cancelled in any way by Assignor, and no breach or
default exists therein or thereunder;

(c) The Collateral represents a bona fide, valid and legally
enforceable obligation of the person or entity named therein in
accordance with its terms. No payments have been made, collected or
remitted under the Collateral in advance of the accrual thereof;

(d) No known defense, setoff, claim or counterclaim exists
against Assignor that could be asserted against Assignee, whether in
any proceeding to enforce Assignee's interest in the Collateral or
otherwise;

(e) Assignor has not conveyed, transferred, or assigned the
Collateral or any of its rights or interest therein and has not
executed any other document or instrument that might prevent or limit
Assignee from operating under the terms, conditions and provisions of
this Agreement; and

(f) Assignor will make no other assignment of the Collateral

or of any right or interest therein.

2. Upon the execution of this Agreement, Assignor shall endorse the Collateral Note to Assignee and deliver it immediately to Assignee or Assignee's agent. If the Collateral Note is held or to be held by a collection agent or other third party, then, after the execution of this Agreement, the collection agent or other third party shall hold the Collateral Note solely for the benefit of and as agent for Assignor and Assignee; provided, however, that if an Event of Default or an Unmatured Event of Default has occurred and is continuing, the collection agent or other third party shall hold the Collateral Note solely for the benefit of and as agent for Assignee. In addition, Assignor shall assign the Collateral Deed of Trust to Assignee and Assignee may record such assignment. Assignor hereby authorizes and directs each obligor under the Collateral, on and after the date of this Agreement, (i) to remit directly to Assignee (or to a collection agent designated by Assignee) all principal and other amounts (except interest) arising out of the Collateral, and (ii) upon demand of Assignee after an Event of Default or an Unmatured Event of Default has occurred and is continuing, to remit directly to Assignee (or to a collection agent designated by Assignee) all interest payments arising out of the collateral. Assignor hereby relieves each obligor under the Collateral from any liability to Assignor by reason of the remittance of such proceeds directly to Assignee. Assignor agrees that, within two (2) business days of the receipt of such demand, it will remit to Assignee all such funds coming into its possession. If the Collateral Note is to be held by a collection agent, that collection agent is hereby instructed to remit promptly to Assignee all payments received by the collection agent, less normal and customary servicing fees. Assignee may apply all proceeds received to the payment of the Obligation, whether or not then due, in such order and manner as Assignee in its sole discretion may determine, subject to the provisions of the Loan Agreement.

3. Assignor does hereby make, constitute and appoint Assignee, and its successors and assigns, Assignor's true and lawful attorney in fact, in Assignor's name, place and stead, or otherwise, upon the occurrence of any Event of Default or Unmatured Event of Default, as those terms are defined in the Loan Agreement, and at any time while such Event of Default or Unmatured Event of Default is continuing:

(a) To do all acts and to execute, acknowledge, obtain and deliver any and all instruments, documents, items or things necessary, proper or required as a term, condition or provision of the Collateral or in order to exercise any rights of Assignor under the Collateral or to receive and enforce any performance due Assignor under the Collateral;

(b) To give any notices, instructions, or other communications to any other parties to the Collateral or to any person or entity in connection therewith;

(c) To demand and receive all performances due under or with respect to the Collateral and to take all lawful ways and means for the enforcement thereof and to compromise and settle any claim or cause of action in Assignor arising from or related to the Collateral and give acquittances and other sufficient discharges relating thereto; and

(d) To file any claim or to take any other action or proceeding, either in its own name or in that of its nominee, or in the name of Assignor or otherwise, to enforce performances due under or related to the Collateral or to protect and preserve the right, title and interest of Assignee hereunder.

The power of attorney given herein is a power coupled with an interest and shall be irrevocable so long as any part of the Obligation remains unpaid or unperformed. Assignee shall have no obligation to exercise any of the foregoing rights and powers in any event.

4. No change, amendment or modification shall be made to the Collateral or to the instructions of Assignor contained herein without the prior written approval of Assignee, which approval will not be unreasonably withheld or delayed.

5. Assignor shall promptly notify Assignee after Assignor obtained knowledge of any default or breach of or under the Collateral or of any failure of performance or other condition that, after notice or lapse of time, or both, could become a default or breach under the Collateral.

6. The occurrence of any of the following events or conditions shall constitute and is hereby defined to be an "Event of Default":

(a) Any Event of Default under the Loan Agreement, the Note or any other document or instrument executed or delivered in connection with the Obligation.

(b) Any levy or execution upon, or judicial seizure of, any portion of the Collateral or any other collateral or security for the Obligation.

(c) Any attachment or garnishment of, or the existence or filing of any lien or encumbrance against, any portion of the Collateral or any other collateral or security for the Obligation that is not removed and released within fifteen (15) days after its creation.

(d) The institution of any legal action or proceedings to enforce any lien or encumbrance upon any portion of the Collateral or any other collateral or security for the Obligation, that is not dismissed within fifteen (15) days after its institution.

(e) The abandonment by Assignor of all or any part of the Collateral.

(f) The loss, theft or destruction of, or any substantial damage to, any portion of the Collateral or any other collateral or security for the Obligation that is not adequately covered by insurance.

7. Upon the occurrence of any Event of Default, and at any time while such Event of Default is continuing, Assignee may do one or more of the following:

(a) Declare the entire Obligation to be immediately due and payable, and the same, with all costs and charges, shall be collectible thereupon by action at law.

(b) To the extent that the rights, title and interests covered hereby shall consist of personal property rights and interests, exercise any or all of the remedies of a secured party under the Uniform Commercial Code with respect to such personal property covered hereby. If Assignee should proceed to dispose of such personal property in accordance with the provisions of the Uniform Commercial Code, ten (10) days' notice by Assignee to Assignor shall be deemed to be commercially reasonable notice under any provision of the Uniform Commercial Code requiring notice.

(c) If applicable, commence proceedings for foreclosure of this Agreement in the manner provided by law for the foreclosure of realty mortgages.

8. In the event proceedings are commenced for foreclosure of this Agreement in the manner provided by law for the foreclosure of realty mortgages, then at any time after the institution of such foreclosure proceedings, upon application of Assignee, a receiver may be appointed by any court of competent jurisdiction to take charge of all of Assignor's rights, title and interest assigned hereunder; to collect payments with respect to, and enforce any or all rights of security in connection with, the Collateral; and to apply the same to protect and preserve such rights, title and interest, to the payment of its own compensation and to the payment of Obligation.

9. In addition to any remedies provided herein for an Event of Default, Assignee shall have all the rights and remedies afforded a secured party under the Uniform Commercial Code and all other legal and equitable remedies allowed under applicable law. No failure on the part of Assignee to exercise any of its rights hereunder arising upon any Event of Default shall be construed to prejudice its rights upon the occurrence of any other or subsequent Event of Default. No delay on the part of Assignee in exercising any such rights shall be construed to preclude it from the exercise thereof at any time while that Event of Default is continuing. Assignee may enforce any one or more remedies or rights hereunder successively or concurrently. By accepting payment or performance of any of the Obligation after its due date, Assignee shall not thereby waive the agreement contained herein that time is of the essence, nor shall Assignee waive either its right to require prompt payment or performance when due of the remainder of the Obligation or its right to consider the failure to so pay or perform an Event of Default.

10. The proceeds of any sale or any other enforcement of Assignee's security interest in all or any part of the Collateral shall be applied by Assignee:

First, to the payment of the costs and expenses of such sale or enforcement, including reasonable compensation to Assignee's agents and counsel, and all expenses, liabilities and advances made or incurred by or on behalf of Assignee in connection therewith;

Second, to the payment of any other amounts due (other than principal and interest) under the Note or this Agreement;

Third, to the payment of interest accrued and unpaid on the Note;

Fourth, to the payment of the outstanding principal balance of the Note; and

Finally, to the payment to Assignor or to its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining from such proceeds.

If the proceeds of any such sale are insufficient to cover the costs and expenses of such sale, as aforesaid, and the payment in full of the Note and all other amounts due hereunder, Assignor shall remain liable for any deficiency.

11. Assignee, by accepting this Agreement, shall not be subject to any obligation or liability under the Collateral, including, without limitation, any duty to perform any of the covenants, conditions, provisions or agreements thereof, but all such obligations and liabilities shall continue to rest upon Assignor as though this Agreement had not been made.

12. In addition to all of its other rights hereunder, Assignee shall have the right at any time to appear in and defend and be represented by counsel of its own choice in any action or proceeding purporting to affect Assignor's rights under the Collateral or Assignee's rights under this Agreement.

13. Assignor shall indemnify and hold Assignee harmless from any and all damages and losses arising as a result of or related to the Collateral, this Agreement or the exercise by Assignee of any of its rights under this Agreement, including, without limitation, any judgment, amounts paid in settlement, and all costs and expenses, including reasonable attorneys' fees, incurred in defending or settling any action, suit or proceeding in connection with the foregoing, but excluding any and all damages and losses arising from Assignee's gross negligence or willful malfeasance.

14. All sums advanced or paid by Assignee under the terms hereof, all amounts paid, suffered or incurred by Assignee in exercising any authority granted herein, including reasonable attorneys' fees, and all other amounts due Assignee from Assignor in connection with this Agreement shall be added to the Obligation, shall be secured by all deeds of trust and other lien and security documents securing the Obligation, shall bear interest at the highest rate payable on any of the Obligation until paid, and shall be due and payable by Assignor to Assignee immediately without demand.

15. Neither the execution and delivery of this Agreement nor any failure on the part of any obligor under the Collateral to comply with, honor, and perform in accordance with the terms thereof shall affect the liability of any party to pay and perform the Obligation.

16. The taking of this security by Assignee shall not effect the release of any other collateral now or hereafter held by Assignee as security for the Obligation, nor shall the taking of additional security for the Obligation hereafter effect a release or termination of this instrument or any terms, conditions or provisions hereof.

17. Assignor, upon request of Assignee, will execute and deliver such additional documents, including but not limited to financing statements, and do such other acts as may be reasonably necessary to fully implement the intent of this Agreement and to perfect and preserve the rights and interests of Assignee hereunder and the priority thereof.

18. Time is of the essence hereof. This Agreement shall be binding upon Assignor and its successors and assigns and shall inure to the benefit of Assignee and its successors and assigns; this Agreement, however, is not intended to confer any right or remedies upon any person other than the parties hereto and their successors and assigns.

19. Assignor shall pay all costs and expenses, including without limitation costs of Uniform Commercial Code searches, court costs and reasonable attorneys' fees, incurred by Assignee in enforcing payment and performance of the Obligation or in exercising the rights and remedies of Assignee hereunder. All such costs and expenses shall be secured by this Agreement and by all deeds of trust and other lien and security documents securing the Obligation. In the event of any court proceedings, court costs and attorneys' fees shall be set by the court and not by jury and shall be included in any judgment obtained by Assignee.

20. No failure or delay on the part of Assignee in exercising any right, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights, powers and remedies hereunder are cumulative and may be exercised by Assignee either independently of or concurrently with any other right, power, or remedy contained herein or in any instrument executed in connection with the Obligation.

21. At such time as Assignor is entitled to the release by Assignee of its interest in the Collateral, Assignee shall re-endorse the Collateral Note to Assignor, without recourse, and shall reassign the Collateral Deed of Trust to Assignor.

22. By executing this Agreement, Assignor acknowledges receipt of a copy hereof. A carbon, photographic or other reproduced copy of this Agreement and/or any financing statement relating hereto shall be sufficient for filing and/or recording as a financing statement. This Agreement shall be governed by and construed according to the laws of the State of Arizona.

IN WITNESS WHEREOF, these presents are executed as of the date indicated above.

HOMEPLEX MORTGAGE INVESTMENTS CORPORATION,
a Maryland corporation

By: _____
Name: _____
Title: _____
ASSIGNOR

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 19__, by _____, the _____ of HOMEPLEX MORTGAGE INVESTMENTS CORPORATION, a Maryland corporation, on behalf of that corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My commission expires:
- _____

ACKNOWLEDGMENT OF COLLECTION AGENT

The undersigned has received a copy of the foregoing Security Agreement (the "Security Agreement") and hereby acknowledges, confirms and agrees as follows:

1. The undersigned, as collection agent, holds the original of the Collateral Note in its collection escrow no. _____. The Collateral Note is made by _____, dated _____, and is in the original principal amount of \$_____. The unpaid principal balance of the Collateral Note, as shown in the records of the undersigned, is \$_____. The Collateral Note has been endorsed to the order of Assignee and the undersigned has provided Assignee with a true and correct copy of the Collateral Note, as endorsed.

2. From and after the date of the Security Agreement, the undersigned shall hold the Collateral Note solely for the benefit of and as agent for Assignee and Assignor. If an Event of Default or an Unmatured Event of Default has occurred and is continuing, the undersigned shall hold the Collateral Note solely for the benefit of and as agent for Assignee.

3. All payments or proceeds received by the undersigned under or in connection with the Collateral Note (except interest), less normal and customary servicing fees, shall be promptly remitted to Assignee. After an Event of Default or an Unmatured Event of Default has occurred and is continuing, all interest payments shall be promptly remitted to Assignee.

4. The undersigned shall accept no modification or amendment to its collection escrow described above without the prior written consent of Assignee.

The capitalized terms used in this Acknowledgment have the same meaning as in the Security Agreement.

IN WITNESS WHEREOF, these presents are executed as of the ____ day of _____, 19__.

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 19__, by _____, the _____ of _____, a(n) _____ corporation, on behalf of that corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My commission expires:

EXHIBIT D

STATE OF ARIZONA, County of _____ ss.)
on _____, 19__ at _____ o'clock __.M.)
)
I hereby certify that the within instrument was filed)
(recorded) at the request of _____)
Docket _____, Page _____, File number _____,)
Records of this office.)
)
WITNESS my hand and official seal the day and year first)
above written. _____ By _____)
County Recorder) Secretary of State

ARIZONA UNIFORM COMMERCIAL CODE FINANCING STATEMENT--FORM UCC-1

Return copy or recorded original to: Bank One, Arizona, NA
Post Office Box 29542
Phoenix, Arizona 85038
Attn: Real Estate Finance Division
Department A-567

This FINANCING STATEMENT is presented for filing (recording) pursuant to the Arizona Uniform Commercial Code.

1. Debtor(s): HOMEPLEX MORTGAGE INVESTEMENTS
(last name first & address) CORPORATION, a Maryland corporation
5333 North 7th Street
Suite 219
Phoenix, Arizona 85014-2803

2. Secured Party(ies): BANK ONE, ARIZONA, NA, a national
(and address) banking association
Real Estate Finance Division
Post Office Box 29542
Phoenix, Arizona 85038
Attention: Dept. A-383

3. Assignee of Secured Party(ies):
(and address)

4. Proceeds of collateral (X) If checked, products of collateral
are also covered. are also covered.

5. This Financing Statement covers the following types (or items) of
property:
See Schedule "A" attached hereto and by this reference incorporated
herein.

6. If the collateral is crops, the crops are growing or to be grown on the following described real estate:

7. If the collateral is (a) goods which are or are to become fixtures; (b) timber to be cut; or (c) minerals or the like (including oil and gas), or accounts resulting from the sale thereof at the wellhead or minehead to which the security interest attaches upon extraction, the legal description of the real estate concerned is:

See Schedule "A" attached hereto and by this reference incorporated herein as if fully set forth.

And, this Financing Statement is to be recorded in the office where a mortgage on such real estate would be recorded. If the Debtor does not have an interest of record, the name of a record owner is:

8. This Financing Statement is signed by the Secured Party instead of the Debtor to perfect or continue perfection of a security interest in:

- () collateral already subject to a security interest in another another jurisdiction when it was brought into this state.
- () proceeds of collateral because of a change in type or use.
- () collateral as to which the filing has lapsed or will lapse.
- () collateral acquired after a change of name, identity, or corporate structure of the Debtor.

	(Use	Dated: _____
Signature(s) of Debtor(s) or Assignor	whichever is applicable)	Signature of Secured Party or Assignee
HOMEPLEX MORTGAGE INVESTMENTS CORPORATION, a Maryland corporation		BANK ONE, ARIZONA, NA, a national banking association
By: _____		By: _____
Name: _____		Name: _____
Title: _____		Title: _____

SCHEDULE "A"

All of Debtor's right, title and interest, legal and equitable, in and to the following:

(a) That Promissory Note dated _____, made by _____ (hereinafter called the "Obligor") payable to the order of Debtor, in the original principal amount of \$ _____, and the indebtedness and obligations evidenced thereby, all monies due and to become due thereunder, all interest thereon and all rights arising therefrom or with respect thereto (hereinafter called the "Collateral Note"); and

(b) That Deed of Trust dated _____, made, executed and delivered by _____ for the use and benefit of Debtor, and recorded on _____, at Recorder's No. _____, in the records of Maricopa County, Arizona (hereinafter called the "Collateral Deed of Trust");

(c) All rights, liens and security interests existing with respect to, or as security for, the Collateral Note or any part thereof;

(d) All hazard and liability insurance policies, title insurance policies, (or any binders or commitments to issue any of such

policies) and all condemnation proceeds and insurance proceeds with respect to or relating to the Collateral Deed of Trust;

(e) All insurance and guarantees with respect to the Collateral Note, or any binders or commitments or agreements to issue any such insurance or guarantees, and all insurance proceeds, with respect to Collateral Note;

(f) All files, surveys, certificates, correspondence, appraisals, computer programs, tapes, discs, cards, accounting records, and other records, information, and data of Debtor relating to the Collateral Note, including all information, records, data, programs, tapes, discs and cards necessary to administer and service the Collateral Note;

(g) All insurance proceeds and condemnation awards which may be payable in respect of the premises encumbered by the Collateral Deed of Trust;

(h) All other indebtedness and obligations secured by the Collateral Deed of Trust, all monies due and to become due under the Collateral Note or the Collateral Deed of Trust, all interest thereon and all rights arising therefrom or with respect thereto, and all right, title and interest, legal and equitable, present and future, of Debtor, and its successors and assigns, in and to the real property described in the Collateral Deed of Trust;

[(i) _____ Account No. _____ maintained at _____, together with all shares, deposits, investments, proceeds and interest of every kind evidenced by such Account, and together with all sums of money now or hereafter deposited therein and all monies and claims for money now or hereinafter due or payable thereon or with respect thereto ("Account");

(j) describe the pledge agreement, signature card, and other information signed and/or provided by Obligor in connection with the Account]; and

(k) All products and proceeds of any of the foregoing.

EXHIBIT "E"

LIST OF ADDITIONAL DOCUMENTS

1. Title Policy. An ALTA title insurance loan policy in favor of Borrower and its successors and assigns, in the amount of the original principal balance of the Mortgage Loan, with only exceptions permitted by Bank, with endorsements 3R/5, 6.1 and 8, with an endorsement naming Bank as the insured thereunder, or the unconditional commitment of the title company to issue such endorsement on recordation of the Assignment described above.

2. Appraisal. A current appraisal of the premises subject to the Mortgage and, if applicable, the Improvements, by an appraiser acceptable to Bank and showing a value for the premises and, if applicable, completed Improvements, satisfactory to Bank. Bank may require a reappraisal at Borrower's expense no more often than annually.

3. Liability Insurance. Policies of insurance evidencing personal liability and property damage liability coverages in amounts designated by Bank for each occurrence, and for injury or death of any person and for property damage that shall be in effect with respect to the obligor under the Mortgage Note, Borrower and its assigns, and the contractor (with respect to A&D Loans).

4. Casualty Insurance. Original policies of fire and extended coverage insurance on the improvements issued by insurance companies approved by Bank in an amount not less than the full insurable value on a replacement-cost basis of the insured Improvements with standard, without contribution, mortgagee's loss payable endorsements in favor of Borrower and its assigns.

5. Flood Area. Evidence whether the premises covered by the Mortgage, or any part thereof, lies within a "special flood hazard area" as designated on maps prepared by the Department of Housing and Urban Development.

6. Closing Draft. If applicable and if required by Bank, a certified copy of Borrower's draft for the funds evidenced by the Mortgage Loan.

7. Environmental. An environmental questionnaire and disclosure statement completed and signed by the obligor under the Mortgage Note covering the current and former condition and uses of the premises covered by the Mortgage and adjacent property, followed by a current preliminary environmental assessment (Phase I assessment) of such premises and adjacent property, plus any sampling and analysis (Phase II assessment) or special limited assessment that Bank may

require after review of the Phase I assessment, together with any other environmental investigations and reports that Bank may require, all of which shall be by an environmental consulting firm acceptable to Bank and shall be certified by separate letter to Bank and none of which shall reveal any existing or potential environmental condition adversely affecting the use or value of such premises.

8. Zoning. Evidence that the premises covered by the Mortgage are properly zoned for the improvements located or to be located thereon and their intended use and that such zoning is final and not subject to challenge.

9. Utilities. Evidence that all utilities and services to the premises covered by the Mortgage and any improvements located or to be located thereon, including without limitation water, sewer, gas, electric and telephone, are available, or will be available as required, and will be provided in amounts that are sufficient to service future onsite improvements for their intended use.

10. Leases. Copies of all lease agreements affecting the premises covered by the Mortgage and any improvements located or to be located thereon.

11. Agreements. If required by Bank, copies of all other agreements between the obligor under the Mortgage Loan and any architects, engineers, managers or supervisors related to the construction and maintenance of the premises covered by the Mortgage and any improvements located or to be located thereon, together with written agreements by such persons or entities that they will perform for Bank the services contracted to such obligor, notwithstanding the occurrence of any default under the Mortgage Loan and any trustee's sale or foreclosure of the Mortgage (provided that such persons or entities continue to receive payments under their respective contracts), and the consent of such persons or entities to the collateral assignment to Bank of their respective contracts.

12. CC&Rs. Copies of any Declaration of Covenants, Conditions and Restrictions and related documents pertaining to the premises covered by the Mortgage and any improvements located or to be located thereon.

13. Taxes. Evidence that all taxes and assessments levied against or affecting the premises covered by the Mortgage have been paid current.

14. Partnership Documents. If required by Bank, a copy of the executed Partnership Agreement for the obligor under such Mortgage Note, together with copies of recorded/filed Certificates of Limited Partnership, recorded fictitious name certificates and such other documents as Bank may require relating to the existence and good standing of such obligor and the authority of any person executing documents on behalf of such obligor.

15. Corporate Documents. If required by Bank, a copy of the Articles of Incorporation of the obligor under the Mortgage Note and all amendments thereto, together with evidence of good standing in the state of incorporation and evidence of qualification to do business and good standing in the State of Arizona (if Arizona is not the state of incorporation), together with proper corporate resolutions and certificates and such other documents as Bank may require relating to the existence and good standing of such obligor and the authority of any person executing documents on behalf of obligor.

16. ALTA Survey. If required by Bank, with respect to loans that are not A&D Loans, an ALTA survey showing the location of all improvements upon the premises covered by the Mortgage and showing all easements and other matters affecting the site. All surveys shall be certified to Borrower and its assigns and the title company issuing the title policy required by Subparagraph 1 hereof.

17. Boundary Survey. If required by Bank, with respect to A&D Loans, a current survey of the premises covered by the Mortgage by a licensed surveyor acceptable to Bank describing the boundaries of the Real Property and showing all means of ingress and egress, rights-of-way, easements (each of which shall be identified by docket and page or recording number where recorded) and all other customary and relevant information pursuant to ALTA standards and any title company requirements. Following completion of the Improvements, Borrower shall furnish to Bank an ALTA "as built" survey showing the location of the Improvements upon the Real Property and showing all easements and other matters affecting the site. All surveys shall be certified to Borrower and its assigns and the title company issuing the title policy required by Subparagraph (1) hereof.

18. Soils. If required by Bank, a soils report, including drainage, boring and compacting data, together with such hydrology and other engineering reports that Bank may require, all of which shall be dated no earlier than sixty (60) days prior to the date of the Term Sheet for such Mortgage Loan, shall be by engineers acceptable to Bank and shall indicate that the condition of the premises subject to the Mortgage is suitable for construction of the Improvements without extraordinary land preparation. Any recommendations in the approved soils, hydrology and other engineering reports must be complied with and incorporated into the plans and specifications for the improvements to be constructed on the premises.

19. Plans and Specifications. With respect to A&D Loans, the plans and specifications for the improvements to be constructed thereunder

("Improvements").

20. Cost Breakdown. With respect to A&D Loans, a cost breakdown itemizing the gross costs, including direct and indirect costs, for the Improvements, certified to be correct to the best knowledge and belief of Borrower.

21. Price Contract. With respect to A&D Loans, copies of a firm and binding maximum fixed price contract for construction of the Improvements with a contractor that has been approved in writing by Bank.

22. Financial statements. If required by Bank, with respect to A&D Loans, financial statements for the general contractor covering the two-year period immediately preceding the date of this Agreement.

23. Permits. If required by Bank, with respect to A&D Loans, copies of all grading permits and all building permits issued by the municipality having jurisdiction over the premises and the Improvements and permitting construction of the Improvements in accordance with the plans and specifications therefor.

24. Contractor. If required by Bank, with respect to A&D Loans, certificate of Compliance (Good Standing) for the general contractor.

25. Job Progress Schedule. With respect to A&D Loans, a Job Progress Schedule showing the planned timing, progress of construction and completion date for the Improvements.

26. Worker's Compensation Insurance. With respect to A&D Loans, evidence of worker's compensation insurance coverages satisfactory to Bank.

27. Other Documents. Such other documents and instruments as Bank may reasonably request.

EXHIBIT F

[FORM OF OFFICER'S CERTIFICATE]

TO: Bank One, Arizona, NA

Reference is hereby made to that certain Loan Agreement, dated as of _____, 1995 (the "Loan Agreement"), between HOMEPLEX MORTGAGE INVESTMENTS CORPORATION, a Maryland corporation ("Borrower") and BANK ONE, ARIZONA, NA ("Bank"). All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Loan Agreement.

Based on the financial statements delivered in connection herewith, the following are the financial covenant ratios determined in accordance with Section 6.7 of the Loan Agreement as of _____:

1. Net Worth Requirement

GAAP Net Worth	\$	-----
Less: Intangible Assets	\$	-----
Total Tangible Net Worth	\$	=====
Minimum Tangible Net Worth Required	\$14,500,000	=====

2. Leverage Ratio Requirements

Debt	\$	-----
Tangible Net Worth	\$	=====
Ratio of Debt to Tangible Net Worth	\$	-----
Maximum Ratio Permitted		.75:1 -----

3. Liquid Assets

Cash	\$	-----
Certificates of Deposits	\$	-----
Marketable Securities	\$	-----
Unadvanced Loan Proceeds	\$	

Total Liquid Assets	----- \$
Minimum Liquid Assets Required	----- \$2,000,000

In connection with the Loan Agreement, the undersigned hereby certifies as follows:

- (a) The undersigned is the _____ of Borrower.
- (b) The undersigned has reviewed the terms of the Loan Agreement and has made, or caused to be made under the undersigned's supervision, a review in reasonable detail of the transactions and conditions of Borrower during the accounting period covered by financial statements delivered to Bank in connection with this Certificate.
- (c) Such review has not disclosed the existence, during or at the end of such accounting period, and the undersigned does not have any knowledge of the existence as of the date hereof, of any Event of Default or Unmatured Event of Default.

Date: _____, _____.

HOMEFLEX MORTGAGE INVESTMENTS CORPORATION,
a Maryland corporation

By: _____
Name: _____
Title: _____

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