

ML MANAGER LLC
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June 22, 2011

ML MANAGER LLC LOAN PORTFOLIO NEWSLETTER #18

Dear Investors:

We have had a great deal of sales activity since our last newsletter. We have completed several sales and the principal balance of the Exit Loan has been reduced to approximately \$7,363,000 and we are working on making another distribution of cash to the investors. The following is an update of the sales activities and other important matters.

All State IX (Loan 861506)

The sale of these properties in Pinal County was consummated on April 5, 2011 for a sales price of \$3,987,525. Approximately, 80 acres of desert land were not sold as part of this transaction and remain available for sale.

Rodeo Ranch (Loan 857906)

The sales of two of the houses within this subdivision in Casa Grande were consummated for \$225,000 and \$275,000 on May 6, 2011. We have just entered into escrow for the sale of one of the two remaining houses at a price of \$225,000 and we are continuing to market the final house for sale.

University & Ash (Loan 858905)

The sale of this property in downtown Tempe was consummated on May 23, 2011 for a sales price of \$3,240,000.

Roosevelt Gateway (Loans 856605 and 859205)

The sale of these properties in downtown Phoenix was consummated on June 10, 2011 for a combined sales price of \$3,085,138.

Zacher Rio Salado (Loan 855102)

The sale of this property in Tempe was consummated on June 13, 2011 for a sales price of \$4,600,000.

Bisontown (Loan 852806)

A Sale Agreement of this land near Heber, Arizona has been signed for the sales price of \$450,000. The sales price will be paid \$225,000 at the closing and the balance paid on the 2nd anniversary of the closing. Interest will accrue on the unpaid portion of the sales price at 8% interest per annum and will be paid monthly. The sale was approved by the members of Bison Loan LLC and Bankruptcy Court. The closing is scheduled to occur around June 30, 2011.

Portales (Loan 852606)

The investors in PPP Loan LLC and the Bankruptcy Court approved the sale of this property in downtown Scottsdale, which was scheduled to close on June 14, 2011. The buyer, however, could not resolve all of the due diligence issues by that date. We have amended the sale agreement to extend the due diligence period and increase the sales price to \$14,665,000. The closing is now scheduled for August 5, 2011. The buyer forfeited \$250,000 in earnest money as part of the extension.

Central & Monroe, LLC (Hotel Monroe) (Loan 858606)

The buyer of this property elected to terminate the sale agreement. We resumed marketing the property and have selected a new buyer at the same price for which the property was previously under contract. The sale will be subject to the approval of the members of C&M Loan LLC and the Bankruptcy Court.

CS11 (Loan 832705)

The potential buyer of this property elected not to proceed. This property continues to be marketed by Nathan and Associates and we are reviewing several pending offers.

Metropolitan Lofts, L.L.C. (Loan 860706)

The Sale Agreement for this partially improved property in central Phoenix was approved by the members of Metro Loan LLC and the Bankruptcy Court. Unfortunately, the buyer terminated the sale agreement. ML Manager LLC and the bankruptcy trustee reached a settlement agreement regarding the validity of our lien, however, the settlement is conditioned upon the sale of the property. We are working with the bankruptcy trustee to determine how best to proceed in attempting to sell this property.

PDG Los Arcos, LLC (Los Arcos Crossing) (Loan 859305)

A Sale Agreement for this property in Scottsdale has been signed by the ML Manager LLC for the sales price of \$6,400,000. The buyer has deposited \$400,000 into escrow. The closing is currently scheduled for December, 2011, but is subject to further acceleration or extension depending upon the rezoning process. The sale is subject to the affirmative vote of the members of PDG LA Loan LLC and the approval of the Bankruptcy Court.

Centerpoint (Loans 861905 and 857605)

We received an interim distribution of \$2,017,537.59 from the bankruptcy trustee in the Tempe Land bankruptcy matter on June 8, 2011. We are continuing to pursue additional distributions from the bankruptcy estate.

Distribution to Investors

Funds are being held in separate accounts for the Centerpoint, All State IX, Rodeo Ranch, University & Ash, Roosevelt Gateway (2), and Zacher Rio Salado loans and are available for distribution. It is necessary to deduct the appropriate share of costs from the proceeds prior to distribution. A hearing has been scheduled with the Bankruptcy Court on July 19, 2011 seeking approval of the distributions. If no objections are filed, ML Manager LLC will make the distributions through our servicing agent, Canyon State Servicing Co., LLC, as soon as practical after the approval is granted. If objections are filed, ML Manager LLC will respond to such objections and abide by the Bankruptcy Court's decision on how distributions are to be made. We are anxious to distribute the funds to the investors and will do so as soon as we are permitted.

Wolfswinkel (Loans 850206, 857306, 857406, 858006, 859606, 861206)

What we believe are the final changes to the settlement agreement with the borrowers and guarantors of these loans are being made. The settlement agreement will be subject to the approval of the members of the Loan LLCs holding each of these loans and the Bankruptcy Court. It is anticipated that the foreclosures of these properties will occur immediately after approval of the settlement agreement.

Recent Foreclosures

We successfully foreclosed upon Foothills Plaza IV, L.L.C. (Loan **853106**) on April 14th. This industrial zoned property in southeast Mesa is currently being marketed for sale. Douglas and Elizabeth Dragoo stipulated to a judgment in the amount of \$20,740,000, which has been recorded. The Dragoos have other significant judgments against them and it is uncertain as to whether we will ultimately be able to collect additional sums from them.

We successfully foreclosed upon Northern 120, L.L.C. (Loan **849206**) and Citrus 278, L.L.C (Loan **849306**) (Steve Kohner is the principal of both borrowers) on May 3, 2011. These residentially planned properties in the far northwest valley are being marketed for sale. We are pursuing the personal guarantees of Mr. Kohner and his wife.

Borrower's Bankruptcies:

Riverfront Commons LLC/Cottonwood (Loan **853705**) and SOJAC I, L.L.C. (Loan **857106**) have previously filed for bankruptcy. Foreclosures cannot be completed until permitted by the Bankruptcy Courts. We continue to attempt to obtain permission from the bankruptcy court to complete the foreclosures, but the timing is uncertain at this time. Notwithstanding the bankruptcies, we are pursuing judgments against all of the guarantors of both loans.

Zacher Maryland (Loan 857802)

This loan related to a subdivision located in north central Phoenix. We successfully foreclosed on the lots in the subdivision last year, and are currently working to resolve the issues relating to the common area tracts and establish that we own clear title to this property. We recently remarketed the property and selected the highest and best offer. We are attempting to finalize a Sale Agreement with the selected purchaser. We anticipate that the closing would occur in the fall. The sale is subject to the affirmative vote of the members of ZDCIII Loan LLC and the approval of the Bankruptcy Court.

Requests for Information by Title Companies

As we proceed with closing sales, it is common for the escrow companies to request information and/or documentation from owners. The most common requests are certifications and declarations of trusts from those investors who hold their investments in trusts. It is critical that the escrow companies receive the information requested, often on a short deadline. We understand it may not always be convenient to complete forms and have them notarized and we appreciate your cooperation in meeting any requirements as quickly as possible. If you have any questions about this, please feel free to contact us.

Staffing Changes

Brian Blaylock is no longer working for ML Manager; additionally, Erica and Nancy have decided to pursue an outside opportunity and will no longer be working for ML Manager, LLC after June 24, 2011. We would like to thank Erica, Nancy and Brian for their service to ML Manager and wish them well in their future endeavors. Our former employee, Diana Duhacek, will be rejoining us to assist with accounting as of June 29, 2011. We will have four staff members working on our matters and we appreciate your understanding of our limited resources as we continue our service to the investors.

If you have any questions, do not hesitate to contact Karen Epstein at 480-948-6777 or kme818@cox.net or our office at 623-234-9569 or mortgagesinfo@mtgltd.com . It is much more efficient for us to respond to written questions and we ask that if at all possible you send email messages to Karen or our office.

Thank you for your support of our efforts.

Best Regards,

Elliott Pollack
Chairman