

ML MANAGER LLC
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October 24, 2011

ML MANAGER LLC LOAN PORTFOLIO NEWSLETTER #20

Dear Investors:

With the closing of the sale of the Arizona Commercial property, we are pleased to inform you that the \$20,000,000 principal balance of the Exit Loan has been paid down to \$150,000. The remaining balance should be paid off within the next few weeks upon the closing of any of the sales described below. There is a remaining Disposition Fee that must be paid to the Exit Lender; however, no further interest will accrue on the amounts owed to the lender.

The following are the significant events that have occurred since our last newsletter.

Arizona Commercial Land Acquisitions (Loan 856206)

The sale of this property was consummated on October 20th for the sales price of \$10,400,000. Approximately \$5M was paid to reduce the principal balance of the Exit Loan.

MK Custom (Loans 839506 and 845006)

The sale of this property was consummated on September 30th for \$2,900,000. There is a dispute regarding the validity of the lien of the first loan that will have to be resolved before any funds can be distributed to investors. Approximately \$1.2M was used to reduce the principal balance of the exit loan.

Portales Place (Loan 852606)

We continue to work with the buyer to resolve some outstanding issues. At this time the closing of the sale is uncertain.

Foothills Plaza (Loan 853106)

A sale agreement for this property was signed for a price of approximately \$6,000,000. The sale agreement was approved by the affirmative vote of the members of FP IV Loan LLC and the Bankruptcy Court. The exit lender elected to exercise its right to complete and has agreed to purchase the property for a price of \$6,754,000. The sale is scheduled to close on November 15th.

Northern 120 (Loan 849206) and Citrus 278 (Loan 849306)

We have selected a purchaser of these adjoining properties consisting of 392 acres northwest of Phoenix. We are in the process of negotiating and signing the Sale Agreement. The sales price will be approximately \$5.79M. The sale agreement will be subject to the affirmative vote of the members of Citno Loan LLC, the Nocit Loan LLC and the Bankruptcy Court. The closing would likely occur in January.

National Retail (Loan 860905)

We have selected a purchaser of this property and are in the process of negotiating and signing the Sale Agreement. The sales price will be \$2,300,000. The sale agreement

will be subject to the affirmative vote of the members of NRDP Loan LLC and the Bankruptcy Court. The closing would likely occur in January.

VCB (Loan 856805)

After resolving several issues affecting this property we remarketed the property for sale. After negotiating with several prospective borrowers we selected the highest and best offer and entered into a Sale Agreement at a sales price of \$1,200,000. The sale agreement will be subject to the affirmative vote of the members of VCB Loan LLC and the Bankruptcy Court. The hearing to obtain Bankruptcy Court approval is scheduled for November 22nd. The closing is scheduled in December.

Zacher Maryland (Loan 857802)

We entered into a Sale Agreement for this property at a price of \$2,160,000. The sale is subject to the affirmative vote of the members of ZDCIII Loan LLC and the approval of the Bankruptcy Court. The hearing to obtain Bankruptcy Court approval is scheduled for November 1st. The closing should occur in December.

Rodeo Ranch Estates (Loan 857906)

We have entered into a sale agreement of the fourth house within this subdivision in Casa Grande for a price of \$250,000. The closing is scheduled for November 30th.

HH20 (Loan 858305)

We have accepted an offer to sell 5 of the 20 acres of this property located in Pinal County. We are in the process of negotiating the Sale Agreement. The sales price will be \$300,000. The sale agreement will be subject to the affirmative vote of the members of the HH Loan LLC and the Bankruptcy Court.

Metropolitan Lofts (Loan 860706)

Unfortunately, the prospective buyer did not sign the Sale Agreement. We are working on reaching a settlement with the bankruptcy trustee that would allow us to continue our efforts to market the property for sale.

Riverfront Commons/Cottonwood (Loan 853705)

The trustee's sale for this property is scheduled for November 10th. A receiver has been appointed to oversee the management of the property until we can foreclose.

All State Associates of Pinal XVI and IX (Loans 859506 and 861506)

Unfortunately the buyer elected to terminate the Sale Agreement prior to the end of the Feasibility Period. We continue our efforts to market the property.

If you have any questions, you may contact our office at 623-234-9560 or via email at mortgagesinfo@mtgltd.com. Please also feel free to contact Karen Epstein at 480-948-6777 or kme818@cox.net. It is much more efficient for us to respond to written questions and we ask whenever possible, please communicate with us via email.

Thank you for your support of our efforts.

Best Regards,

Elliott Pollack
Chairman