

IMPORTANT MESSAGE FROM ML MANAGER RE: POTENTIAL THEFT LOSSES

ML Manager has received an opinion letter (the “Opinion Letter”) from PricewaterhouseCoopers (“PWC”) relating to potential theft loss deductions in connection with investments in Mortgages Ltd. A copy of the Opinion Letter, together with a copy of PWC’s “Notice to Readers of the Following Opinion” (the “PWC Notice”), have been posted on our web page and can be accessed by clicking on the following link:

<http://www.mtg ltd.com/webs/MLMNews/IRS%20Theft%20Loss%20Tax%20Information/>

In reliance on the Opinion Letter, ML Manager plans to file amended tax returns for the MP Funds claiming a theft loss for the 2009 tax year in accordance with Revenue Procedure 2009-20, as amended by Revenue Procedure 2011-58. PWC is conferring with the IRS regarding matters relating to the amended returns and ML Manager will provide further information to investors in the MP Funds once the amended returns have been prepared.

Based on the advice of PWC, ML Manager will not file amended tax returns on behalf of any of the Loan LLCs. Pass-through investors (regardless of whether they opted to become members of the Loan LLCs or not) and RB Liquidation LLC might be able to claim theft losses as well, but they will have to amend their own returns, as ML Manager can not amend their returns for them. Pass-through investors should consult their personal tax advisors and are welcome to provide their advisors with a copy of the PWC Opinion Letter and PWC Notice. The ability of pass-through investors to successfully claim theft losses will be based on facts that are specific to each pass-through investor, but we believe the analysis contained in the PWC Opinion Letter and PWC Notice will be helpful to the pass-through investors and their tax advisors. Similarly, RB Liquidation will also need to determine its ability to claim a theft loss.

The issues concerning the theft loss deduction are complex and important, including the issues relating to the year in which the theft loss deduction can be taken. We continue to urge all investors, whether they are investors in the MP Funds or pass-through investors, to discuss the theft loss deduction with their own professional tax advisors. We are aware that several investors have previously filed amended tax returns to claim the theft loss deductions for years as early as 2008, and that many investors have actually received tax refunds. However, we are also aware that the IRS has audited the amended tax returns filed by several investors who claimed theft losses (including the returns of some investors who have already received refunds) and is challenging the amount of the theft losses that were claimed as well as the years for which those losses were claimed. In at least some of these audits, the IRS is seeking to assess penalties.