

ML MANAGER LLC

530 E. McDowell Road, Suite 107-601

Phoenix, AZ 85004

November 19, 2014

ML MANAGER LLC NEWSLETTER #37

Dear Investors:

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

Next Distribution

Unfortunately, the Eighth Distribution has been delayed by the U.S. District Court as a result of an appeal filed by the Rev Op Group. Additional briefs must be filed with the court and the last brief is due December 9, 2014. The Judge indicated he would rule after reviewing the briefs without an additional hearing. The delay is largely as a result of the Ninth Circuit Court of Appeals finally issuing three decisions based on other Rev Op Group appeals. The Ninth Circuit dismissed five of the appeals by the Rev Op Group, including their appeal of certain sales and the Allocation Model. The results are, among other things, that all prior sales of properties and the Allocation Model are final and non-reviewable and that the Rev Op investors, like all other investors, are responsible for their fair share of the exit financing. The Ninth Circuit also decided that the Bankruptcy Court prematurely issued an order confirming ML Manager as the agent of the Rev Op Group and sent the proceeding back to the Bankruptcy Court to continue the judicial process for the transactions that have not yet been consummated. We hope that the next distribution can be made before the end of the year, but there is no certainty as to when the District Court will rule.

Theft Loss Information

MANY MP FUND INVESTORS RECENTLY RECEIVED A LETTER FROM THE IRS, IDENTIFIED ON THE BOTTOM RIGHT-HAND CORNER OF PAGE 1 AS LETTER 3904, WHICH REFERS TO AN ADMINISTRATIVE ADJUSTMENT REQUEST ("AAR") FILED BY ML MANAGER AS THE TAX MATTERS PARTNER FOR THE MP FUNDS. IT IS ANTICIPATED THAT ALL MP FUND INVESTORS WILL RECEIVE SUCH A LETTER (REFERRED TO HEREIN AS "OBJECTION LETTERS") IF THEY HAVE NOT DONE SO ALREADY. THE FOLLOWING PARAGRAPHS PROVIDE BACKGROUND INFORMATION RELATING TO THE OBJECTION LETTERS AND SUGGEST ACTIONS TO BE TAKEN BY INVESTORS BEFORE THEY RESPOND TO THE OBJECTION LETTERS.

THE OBJECTION LETTERS NOTIFY THE MP FUND INVESTORS OF THEIR RIGHT TO OBJECT TO ASSESSMENTS OF TAXES, IF ANY, THAT WOULD ARISE FROM

THE AARS THAT WERE FILED BY ML MANAGER LLC WITH RESPECT TO THE MP FUNDS' 2010 TAX RETURNS. AARS ARE COMMONLY REFERRED TO AS AMENDMENTS TO PARTNERSHIP TAX RETURNS AND ARE FILED FOR THE EXPRESS PURPOSE OF AMENDING TAX ITEMS REPORTED ON PREVIOUSLY-FILED TAX RETURNS. THE DISCUSSION BELOW USES THE TERM "2010 AMENDMENTS" TO REFER TO THE AARS FILED BY THE MP FUNDS WITH RESPECT TO THE 2010 TAX YEAR.

The MP Funds' 2010 Amendments are closely associated with the letters that the IRS issued to the MP Funds when the IRS allowed the theft losses claimed by the MP Funds for the 2009 tax year (the "Allowance Letters"). The need and purpose for the 2010 Amendments were described in ML Manager LLC's Newsletter #32, dated September 24, 2013, which read in part as follows:

The issuance of the Allowance Letters should conclude matters relating to the MP Funds' 2009 tax returns. Amendments will be required to the MP Funds' 2010 tax returns, to the extent they are inconsistent with the allowance of theft losses for 2009. For example, the MP Funds' 2010 tax returns reported capital losses that are duplicative of some of the theft losses that have been allowed for 2009, so the excess capital losses will need to be reversed. The 2010 amendments will be processed later this year. The IRS has indicated that it plans to review investor returns to ensure that they have not claimed both theft losses and capital losses for the same economic losses (a matter that has been described in greater detail in prior posting to our webpage).

The general nature of adjustments to be made pursuant to the MP Funds' 2010 Amendments was further described in ML Manager LLC's Newsletter #34, dated April 1, 2014, which read in part as follows:

Included with each MP Fund's Allowance Letter is an IRS Form 886-A which, among other matters, confirms the allowance of theft losses claimed by the MP Fund and addresses the reporting of additional theft losses (or the reporting of theft loss recoveries) as a result of post-2009 foreclosures by Loan LLCs. In this regard, the IRS Form 886-A provided to each MP Fund reads in part as follows:

The MP Funds are entitled to claim theft losses in accordance with Revenue Procedure 2009-20, as amended by Revenue Procedure 2011-58, with 2009 as the year of discovery and allowing a 75% theft loss on their loan interests (investments). The MP Funds reduce their basis in the loan interests by the 75% theft loss.

The MP Funds' theft losses are increased or decreased by their allocable shares of the Loan LLCs' gains or losses on foreclosures of property. A Loan LLC's foreclosure gain or loss is equal to (i) the Loan LLC's respective share of the bid price at foreclosure, minus (ii) the Loan LLC's basis in the loan (after reduction for the 75% theft loss). A foreclosure terminates the calculation of the theft loss.

The MP Funds are in the process of filing amendments to their 2010 tax returns that will report additional theft losses and/or theft loss recoveries consistently with the foregoing excerpts from the IRS Form 886-A. There are a number of pending issues with the IRS relating to the MP Funds' 2010 tax returns and amendments thereto, which will not be resolved until after April 15 of this year. Amended Schedule K-1s will not be issued with respect to the MP Funds' amended 2010 tax returns until these issues have been resolved.

Consistent with the IRS Form 886-As referred to above, each of the MP Funds filed a 2010 Amendment that (i) eliminated capital losses that had previously been reported with respect to foreclosures by Loan LLCs that occurred in 2010, (ii) replaced such capital losses with additional theft losses or theft loss recoveries that were computed in the manner described in language quoted above from the IRS Form 886-As, and (iii) reported capital losses from sales of property by Loan LLCs that were not reported on the MP Funds original 2010 tax returns. Taking into account all applicable adjustments, the 2010 Amendment for each MP Fund reported a net additional theft loss, no capital losses from Loan LLC foreclosures that occurred during the 2010 tax year and relatively small amounts of previously unreported capital losses from sales of property by Loan LLCs during the 2010 tax year.

The IRS has reviewed the 2010 Amendments filed by the MP Funds for the 2010 tax year and, in accordance with applicable law, the IRS proposes to adjust each MP Fund investor's individual tax return to take into account that investor's share of the adjustments reflected in the 2010 Amendments without starting a partnership proceeding. The Objection Letters notify investors that if the MP Funds' 2010 Amendments would result in an assessment of additional taxes against an investor, the investor has the right to object to the assessment, by taking certain actions within 60 days, as described in the Objection Letters. If any MP Fund investor makes a timely objection, the IRS will conduct a partnership examination with respect to the applicable MP Fund prior to making any adjustments.

Each MP Fund will mail to its investors, by early December, a draft Schedule K-1 showing the investor's share of partnership items, determined in accordance with the 2010 Amendment for such MP Fund, so the investor can determine whether the 2010 Amendment would result in the assessment of taxes against the investor (thereby enabling the investor to determine whether or not to file an objection to such assessment, if any). The Schedule K-1s will be provided for informational purposes only (to allow investors to make the determinations described in the immediately preceding sentence) and investors should not file amendments to their individual tax returns based on the informational Schedule K-1s. If no investor objects to the adjustments resulting from the 2010 Amendments, the IRS will process amendments to the investors' individual returns, in accordance with the 2010 Amendments, without further action being required from the investors. By statute, the IRS has up to two years to make the adjustments to the investors' returns, and there is generally nothing that investors can do to accelerate that process. If any investor objects to the IRS's proposal to process adjustments based on the 2010 Amendments, the IRS will start a partnership examination with respect to any affected MP Fund.

Partnership examinations can be expensive and time consuming. ML Manager anticipates that few, if any, investors will have taxes assessed against them as a result of the 2010 Amendments, and that few, if any, investors will object to such assessments if they occur. Accordingly, we are requesting that any investors who plan to file objections to the 2010 Amendments contact Veronica Sas at 623-234-9560 before doing so.

AS HAS BEEN THE CASE WITH MOST OF OUR PRIOR COMMUNICATIONS REGARDING TAX MATTERS, WE NOTE THAT THE ISSUES REFERRED TO ABOVE ARE COMPLEX. MP FUND INVESTORS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS REGARDING THE MATTERS SET FORTH ABOVE, TO DETERMINE HOW AND WHETHER TO RESPOND TO THE OBJECTION LETTERS, AS WELL AS REGARDING ALL OTHER TAX MATTERS RELATING TO THEIR INTERESTS IN THE MP FUNDS.

Vistoso II (Loan 858006)

The Tucson office of Land Advisors Organization continues to market the remaining two parcels for sale.

Rightpath II (Loan 859806)

The prospective buyer of this property, Bela Flor Communities, has encountered difficulties in attempting to rezone this property for single family residential use. The property is approximately 60 acres unimproved in far west Phoenix, just north of the Dodgers/White Sox spring training facilities. It appears that the buyer will not be able to proceed with the purchase upon the terms that were previously negotiated. We are working with the buyer to analyze the impact of the rezoning process and potential solutions to the problems that have arisen. At this point it is uncertain whether or not this transaction will proceed. There is also a 16.7 acre property to the west of the stadium facilities. We are working with the City of Phoenix and the City of Glendale to attempt to address some of the issues surrounding the potential sale of this property. We hope to resume our efforts to re-market the property for sale in the coming weeks.

Vanderbilt Farms, L.L.C (Loan No. 859606)

The prospective buyer of this property elected to terminate the sale agreement due to development and infrastructure requirements being imposed by the Town of Queen Creek. Nathan and Associates is using this new information in connection with marketing the property for sale.

HH20 (Loan 858305)

We continue our efforts to market this property for sale.

SOJAC I (Loan 857106)

The terms of a settlement agreement with Dale and Vicki Jensen are being finalized, whereby over \$5,000,000 would be paid to satisfy their obligations. Any settlement would be subject to the approval of SOJ Loan LLC and the Bankruptcy Court.

Account Information.

Many investors have changed their addresses, phone numbers, and e-mail addresses. Please make sure that our records reflect your current information. In order to update your information it is necessary to complete an account change request form. These forms can be obtained by contacting us at mortgagesinfo@mtgltd.com.

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

Thank you for your support of our efforts.

Best Regards,

Elliott Pollack

Chairman