

ML MANAGER LLC
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ML MANAGER LLC NEWSLETTER #40

Dear Investors:

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

Next Distribution

The Rev Op group timely filed their stay motion with the 9th Circuit Court of Appeals, therefore, we will not be permitted to make the 8th distribution until the 9th Circuit Court rules upon the stay motion. It is not possible to know when the 9th Circuit will take up the Rev Op group motion, but it could be quite a while. We intend to continue to attempt to sell the few remaining properties and collect funds from the various lawsuits that we have commenced, but there will not be any further distributions until the legal actions taken by the Rev Op group are resolved or the Bankruptcy Court otherwise rules distributions can be made.

Tax Update

In ML Manager Newsletter #37, dated November 19, 2014, we informed investors that each of the nine MP Funds filed with the IRS an amended tax return (administrative adjustment request) for the 2010 tax year. Among other matters, the amended returns: (i) eliminated the MP Funds' respective shares of 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; and (iii) reported the MP Funds' respective shares of capital losses from sales of property by Loan LLCs that were not reported on the MP Funds' original 2010 tax returns. Additional details regarding the 2010 Amendments are included in Newsletter #37.

The IRS has now approved the MP Funds' 2010 amended tax returns in the forms in which they were filed. The IRS has indicated that it will process amendments to the MP Fund investors' individual tax returns, to reflect their shares of items reported on the MP Funds' 2010 amendments, without further action being required from the investors. The IRS has three years from the dates on which the amended returns were filed to complete such processing. The IRS has stated that it expects to issue refunds to a number of the MP Fund investors, based on the 2010 amended returns, assuming that investors correctly reported theft losses for the 2009 tax year and thereafter filed tax returns that were consistent with the information provided to them by the MP Funds. The MP Funds will provide informational Schedule K-1s to investors by mid-November of this year, so they can determine the anticipated effect of the 2010 amendments on their own tax circumstances. Investors should nevertheless wait for the IRS to process adjustments to their returns, as described above, rather than filing amended tax returns

based on the informational Schedule K-1s, unless investors determine with the assistance of their tax advisors that it is desirable to file their own administrative adjustments requests for the 2010 tax year.

The table below shows the filing dates for the 2010 amendments, based on the IRS's records, and the IRS's informal target dates for processing amendments to investors' returns with respect to the 2010 amendments:

<u>MP Fund Name</u>	<u>Amendment Filing Date</u>	<u>Targeted IRS Processing Date</u>
MP062011 LLC	April 11, 2014	May 27, 2016
MP 122009 LLC	April 14, 2014	August 10, 2016
Mortgages Ltd. Opportunity Fund MP11 LLC	April 14, 2014	August 10, 2016
Mortgages Ltd. Opportunity Fund MP12 LLC	April 14, 2014	May 27, 2016
Mortgages Ltd. Opportunity Fund MP13 LLC	April 14, 2014	May 27, 2016
Mortgages Ltd. Opportunity Fund MP14 LLC	April 14, 2014	August 10, 2016
Mortgages Ltd. Opportunity Fund MP15 LLC	March 3, 2014	May 27, 2016
Mortgages Ltd. Opportunity Fund MP16 LLC	April 14, 2014	May 27, 2016
Mortgages Ltd. Opportunity Fund MP17 LLC	April 14, 2014	May 27, 2016

If you are expecting a refund, based on the Schedule K-1 that you will receive from any MP Fund in which you hold an interest, and if you have not received a refund by the target date set forth above, you should contact the IRS.

ML Manager, LLC ("ML Manager"), as the tax matters partner for the MP Funds, has the right under applicable tax laws to sue for refunds on behalf of investors based on the 2010 amendments, if the IRS fails to issue any required refunds. Ordinarily, the period for bringing a suit would expire two years following the date on which the 2010 amendments were filed. ML Manager expects to obtain extensions of its right to sue for refunds until various dates in 2017, ranging from as early as January 28, 2017 to as late as April 11, 2017. Investors may preserve their own right to sue for refunds for the 2010 tax year by filing their own administrative adjustment requests, and should consult their tax advisors regarding whether, how and when to process an administrative adjustment request.

ML MANAGER WILL NOT RECEIVE NOTICE OF WHEN REFUNDS ARE ISSUED TO MP FUND INVESTORS OR WHEN AMENDMENTS TO INVESTORS' INDIVIDUAL TAX RETURNS HAVE BEEN PROCESSED. ACCORDINGLY, ML MANAGER ASSUMES NO RESPONSIBILITY FOR MONITORING DEADLINES OR PROVIDING ANY FURTHER UPDATES ON THESE MATTERS TO INVESTORS. THE TAX CIRCUMSTANCES OF EACH MP FUND INVESTOR ARE UNIQUE TO THAT INVESTOR. MP FUND INVESTORS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS REGARDING THE MATTERS SET FORTH ABOVE, TO DETERMINE WHETHER ADDITIONAL ACTION IS NEEDED TO PROTECT THEIR INTERESTS. IF INVESTORS WHO ARE EXPECTING TO RECEIVE REFUNDS BASED ON THE 2010 AMENDMENTS HAVE NOT RECEIVED THEM BY JANUARY 1, 2017, THEY SHOULD CONTACT ML MANAGER IN WRITING IF THEY WANT ML MANAGER TO TAKE ANY

ACTION ON THEIR BEHALF. INVESTORS MAY BE REQUIRED TO BEAR THE COST OF ANY SUCH ACTION.

Rightpath II (Loan 859806)

The prospective buyer of this property, Bella Flora Communities, was not successful in obtaining the zoning it needed in order to purchase the 60 acre property. The buyer is discussing zoning issues with the City of Phoenix and is working with the representative of the adjoining homeowners to determine what kind of development could be approved. At this time it is uncertain if the transaction will continue.

Regarding the 16.7 acre property to the west of the stadium facilities, we continue to attempt to work with the City of Phoenix and the City of Glendale 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.

SOJAC I (Loan 857106)

The settlement agreement with Dale and Vicki Jensen and other parties was implemented and the initial \$2,000,000 payment was made. The net settlement proceeds are being held in a separate account until the Rev Op group legal actions are resolved or the Bankruptcy Court otherwise rules the distributions can be made.

Vistoso II (Loan 858006)

We have entered into a sale agreement with Mattamy Homes to sell an approximately 100 acre portion of the property for a price of \$3,675,000. Only approximately 34.4 acres of the property is developable. The sale is subject to the affirmative vote of the members of VP II Loan LLC and the Bankruptcy Court. The Rev Op Group is opposing the sale of the property. The hearing is scheduled for October 1, 2015 at 10:00. The buyer has deposited \$25,000 of refundable earnest money into escrow and the closing is scheduled for March 10, 2016. Land Advisors Organization continues to market the remaining portion of the property for sale.

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

We have entered into a sale agreement with Communities Southwest Properties, LLC for the sale of this property containing approximately 120 acres located in Queen Creek, Arizona for a price of \$12,000,000. The sale is subject to the affirmative vote of the members of VF I Loan LLC and the approval of the Bankruptcy Court. The hearing is scheduled for September 23rd at 10:00. Mortgages Ltd. 401(k) Plan owns a 64.08% interest in this property. The trustees of the Mortgages Ltd. 401(k) Plan have approved the sale. The buyer has deposited \$50,000 of refundable earnest money into escrow and the closing is scheduled for January 18, 2016.

HH20 (Loan 858305)

Arizona Commercial Real Estate continues to market this property for sale.

Centerpoint/Fidelity Litigation

The litigation against Fidelity National Title Company moves forward, albeit very slowly. As we reported to you over two years ago, the case is complex and has several components. One component is our bad faith claim against Fidelity for its actions in pulling the title commitment, and reneging on its agreement to provide the buyer of the Centerpoint property a clean title insurance policy. Another aspect of the case is an action to bind Fidelity to the settlement agreement that was entered into when the Centerpoint project was sold. This is sometimes referred to as a Morris Agreement. In the Morris Agreement portion of the case, the trial court initially ruled in favor of the investors. The Court of Appeals has just recently reversed that decision and sent it back to the trial court for further proceedings. An further appeal to the Arizona Supreme Court is being considered. There are also separate bad faith and Morris Agreement actions pending against Commonwealth - a sister insurance company of Fidelity. The Commonwealth Morris Agreement appeal was dismissed, but this victory has been clouded by the fact that the trial court has allowed Commonwealth to raise additional arguments. The bad faith actions against Fidelity and Commonwealth are still at the trial court stage. In short, at the present time, some of the claims are moving forward in the trial court, and some of the claims have been considered by the Court of Appeals. The Court of Appeals has affirmed some decisions in the investors' favor, and reversed others. Additional appeals are likely. It will likely still be several more years before all the cases are resolved.

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