

ML MANAGER LLC
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August 8, 2012

ML MANAGER LLC LOAN PORTFOLIO NEWSLETTER #24

Dear Investors:

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

Pending Appeals By Certain Rev Op Group Investors

As you know, over the last 3 years certain Rev Op Group Investors have challenged most of the motions filed by ML Manager and their objections have consistently been overruled by the Bankruptcy Court. The Rev Op Group Investors have appealed 9 of the Bankruptcy Court rulings. The appellate court dismissed 1 of the appeals early on as moot. The appellate court has ruled on 7 of the appeals and affirmed and agreed with the decision of the Bankruptcy Court in all 7 appeals. The Rev Op Group Investors have now appealed these 7 decisions to the 9th Circuit Court of Appeals. Briefing will take place over the next few months but oral argument and the decisions are likely to take another year. Meanwhile the Bankruptcy Court orders are in full force and effect and have not been stayed. One appeal concerning the Second Distribution was returned by the appellate court to the Bankruptcy Court for further proceedings. Concerning the Second Distribution, the Bankruptcy Court is to review the procedure it established, consider the monetary objections of the Rev Op Group Investors to the Second Distributions and hold what hearings if any that are needed. The Bankruptcy Court has set a pre-trial conference on the objections to the Second Distribution for September 4, 2012. Through their persistent objections and appeals the Rev Op Group Investors continue to assert that they should not be responsible for paying their share of the costs and expenses related to the Exit Financing and other general costs thus shifting their share to the remaining investors.

Next Distribution of Cash

Unfortunately, the next distribution of cash has been delayed due to the hearings on the Second Distribution described above. The Bankruptcy Court will address the next distribution at the September 4, 2012 hearing. During the month of August, the Rev Op Group is taking discovery and has requested that ML Manager produce a significant amount of documents seeking to support their objections to the Second

Distribution. While the exact timing of the next distribution is uncertain, we will be asking the Bankruptcy Court for as prompt a distribution as possible.

CGSR (Loan 861105)

This property is 789 acres of raw desert in Pinal County and is subject to a Sale Agreement for the sales price of \$1,577,720. The sale agreement received the affirmative vote of the members of the CGSR Loan LLC and the Bankruptcy Court. The buyer has completed its analysis of the property and \$50,000 of earnest money has become non-refundable. The sale is scheduled to close on September 10th, however, the buyer has the right to extend the closing date for two 30-day periods with the deposit of additional earnest money. The buyer has indicated that it intends to deposit additional earnest money and extend the closing date.

4633 Van Buren, LLC (Loan 860506)

We entered into a Sale Agreement for this approximately 6.48 acres of unimproved property in central Phoenix for a sales price of \$1,100,000. The sale agreement is subject to the affirmative vote of the members of the 4633 VB Loan LLC and the Bankruptcy Court. The buyer has deposited \$50,000 of earnest money and has until August 17th to determine if it is going to proceed with the purchase and deposit an additional \$50,000 of earnest money. The sale is scheduled to close in September.

All State XVI (Loan 859506) and All State IX (Loan 861506)

We entered into a Sale Agreement for this approximately 585 acres of raw desert located in Eloy, Arizona for a sales price of \$922,950. The sale agreement is subject to the affirmative vote of the members of the ASA XVI Loan LLC and the ASA IX Loan LLC and the Bankruptcy Court. The buyer has until August 27th to determine if it is going to proceed with the purchase. The sale is scheduled to close on October 11th.

70th Street Property, L.L.C. (Loan No. 861706)

We entered into a Sale Agreement for this approximately 1.58 acres of unimproved land near Osborn on 70th Street in Scottsdale, Arizona for a sales price of \$875,000. The sale agreement is subject to the affirmative vote of the members of the 70 SP Loan LLC and the Bankruptcy Court. The buyer has deposited \$25,000 of earnest money and has until September 15th to determine if it is going to proceed with the purchase. The sale is scheduled to close on October 29th.

Foothills Plaza (Loan 853106)

A sale agreement for approximately 291 acres of unimproved industrial land located in Mesa, Arizona, was signed for a price of \$6,547,500. Additionally, Sheldon Sternberg has agreed to purchase the remaining portion of the property for the price of \$356,319, which is the same price per acre as the primary buyer. The sale agreements are subject to the affirmative vote of the members of FP IV Loan LLC and the approval of the Bankruptcy Court. The buyer has deposited \$25,000 of earnest money and has until September 24th to determine if it is going to proceed with the purchase and deposit an additional \$175,000 of earnest money. The sale is scheduled to close on October 4th.

McKinley Lofts, LLC (Loan 860606)

We have selected a purchaser of this approximately 5 acre unimproved property in central Phoenix and are in the process of negotiating and signing the Sale Agreement. The sales price will be \$1,121,670. The sale agreement will be subject to the affirmative

vote of the members of MCKIN Loan LLC and the Bankruptcy Court. The closing would likely occur in late September.

De Jong/ABCDW, LLC (Loan 857306)

We have selected a purchaser for the approximately 316 acres of farm land in Maricopa, Arizona and are prepared to consent to the sale for a price of approximately \$1,900,140. We have not yet foreclosed on this property, but we have agreed to release our lien on the property provided that all of the net sales proceeds are paid to us. This is essentially a short sale. The sale will be subject to the affirmative vote of the members of the ABCDW II Loan LLC and the approval of the Bankruptcy Court. If a Sale Agreement is finalized and signed and the buyer elects to proceed with the purchase, the sale is scheduled to close in late September.

ABCDW, LLC (Loan 861206)

We have identified a potential purchaser of this property consisting of approximately 4,000 acres located on the edge of Sierra Vista, Arizona. The potential sale is in the early stages, but the buyer is putting considerable effort in determining whether a purchase is feasible.

Central and Monroe (Loan 858606)

We previously entered into a Sale Agreement for this property in downtown Phoenix. The buyer elected to terminate the escrow. We are discussing several issues with the buyer to determine if there is a means to reinstate the Sale Agreement, In the meantime, a four day trial began on August 6th to determine the priority of our deed of trust relative to the mechanics liens filed by the general and subcontractors that worked on this project.

Rightpath II (Loan 859806)

We entered into a Sale Agreement for approximately 60 acres of this property located north of the Dodgers/White Sox spring training stadium in west Phoenix for a sales price of approximately \$5,220,000. The buyer just notified us that they have elected to terminate the sale agreement and not proceed with the purchase of the property.

44th & Camelback Property, LLC (Loan 849606 and 852406)

These loans are in second position behind a loan by Parkway Bank. We filed bankruptcy for the two 44th street Loan LLCs to prevent Parkway Bank from foreclosing its Deed of Trust and are exploring potential options to deal with the property.

Theft Losses

PricewaterhouseCoopers ("PWC") has stayed in contact with the Washington DC office of the IRS. The IRS has confirmed that its National Office has received the request for technical advice from the Phoenix IRS office, all necessary information, including the PwC opinion, and is working as a team to process and consider the year of discovery issue so that they can respond to the Phoenix office of the IRS. The IRS has confirmed they understand the urgency and the number of taxpayers affected by this issue, but could not provide a time frame within which the decision might be reached.

K-1s

The 2011 tax returns for the following Loan LLCs have been filed and the K-1s have been issued: ABCDW I (#850206), ABCDW II (#857306), ABCDW III (#861206), 44 CP I (#849606), 44 CP II (#852406), 300 EC (#794402), 4633 VB (#860506), 70 SP

(#861706), ASA XVI (#859506), C & M (#858606), CGSR (#861105), CS (#832705), HH (#858305), MCKIN (#860606) , METRO (#860706), MK I (#839506), NRDP (#860905), PPP (#852606), SOJ (#857106), VF I (#859606), VP I (#857406), VP II (#858006) , ZDC III (#857802) , and ZDC IV (#861805).

The 2011 tax returns for the following Loan LLCs will be filed by **August 15th** and the K-1s will be sent out:: ASA IX (#861506), Bison (#852806) , PDG LA (#859305), RG I (#856605), RG II (#859205), RRE I (#857906) , U&A (#858905), VCB (#856805), ZDC I (#855102), AZ CL (#856206), CITLO (#860806), Osborn (#851106), and ZDC II (#857502).

The 2011 tax returns for the all of the MP Funds and the following Loan LLCs will be filed by **September 13th** and the K-1s will be sent out: Citno, CP, FP IV, MWP, Nocit Loan, RLD I Loan, RLD II, and TLDP.

Amended 2010 and original 2011 tax returns for Centerpoint I Loan LLC, Centerpoint II Loan LLC and MK II Loan LLC will be filed and K-1s will be sent out by **September 13th**.

Claims Against Greenberg Traurig and Quarles and Brady

You may have read or been told about potential settlements of claims against two law firms, Greenberg Traurig and Quarles & Brady, that previously represented Mortgages Ltd and Radical Bunny. Please be aware that ML Manager is not involved with these claims and that we have no information about the potential settlements or the status of the potential settlements. Most of the investors have been certified as part of a class in pursuing these claims and the class is represented by the law firm of Tiffany Bosco. If you have questions about these claims and any potential settlements, please contact attorney, James Christian, at (602) 255-6038.

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