

ML MANAGER LLC

Two North Central Ave., Suite 700

Phoenix, AZ 85004

September 26, 2012

ML MANAGER LLC NEWSLETTER #25

Dear Investors:

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

Next Distribution of Cash

As reported in our last newsletter, a pre-trial conference was held on September 4th in the Bankruptcy Court concerning the motion to approve the next distribution. The Rev Op Group Investors (made up of several entities including entities owned by Bill Hawkins, Louis Murphey and an individual investor entity owned by Jan Sterling) appeared and stated to the court that they had concerns about the allocation of costs in the court approved Cost Allocation Model, but were not able to specify any specific concerns. The Court set a trial for November 5th and the parties agreed to a discovery schedule prior to the trial to allow the Rev Op Investors additional time to determine if they had any specific concerns about the allocation of costs pursuant to the Cost Allocation Model. Unfortunately, the next distribution of approximately \$13 million of cash is now further delayed until the Court makes a decision after the November 5th trial. We plan to make the next distribution as quickly as possible after the ruling by the court is issued. 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.

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.

Centerpoint Lawsuit Against Fidelity National Title

We want to report a successful result in the trial of our lawsuit against Fidelity Title Insurance Company. This is the first step in seeking to recover the amounts from Fidelity that it owes for what we consider to be improper conduct that seriously damaged the investors with regards to the sale of the Centerpoint project.

The litigation against Fidelity is a two-step process. The first step is to have the Court approve the agreement that was entered into to deal with the significant mechanics liens that encumbered the Centerpoint property and allowed us to consummate the sale. That is the step we just finished. This was a hard fight and involved a week-long trial, but we prevailed and the Court found that the agreement was reasonable and enforceable. The next step is to defeat Fidelity's coverage defenses and to prevail on the bad faith claims. There will likely be appeals, but this is the first step in a process of seeking the tens of millions of dollars that were lost by Fidelity's conduct.

4633 Van Buren, LLC (Loan 860506)

The sale of this approximately 6.48 acres of unimproved property in central Phoenix was consummated on September 19th for a price of \$1,100,000

McKinley Lofts, LLC (Loan 860606)

The sale of this approximately 5 acre unimproved property in central Phoenix was consummated on September 20th for a sales price of \$1,123,735.

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 \$100,000 of earnest money has become non-refundable. The sale is scheduled to close on October 10th, however, the buyer has the right to extend the closing date for two additional 30-day periods with the deposit of additional earnest money.

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 was approved by 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 deposited \$50,000 of non-refundable earnest money 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 was approved by 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. An issue relating to the permitted development has been discovered and the buyer is working to resolve this issue. The Feasibility Period extends until November 20th and the sale is scheduled to close on December 21st.

Foothills Plaza (Loan 853106)

A sale agreement for this unimproved industrial land located in Mesa, Arizona, was previously signed, but the buyer elected to terminate the sale agreement and is not proceeding. We have reached an agreement with Sheldon Sternberg, an investor in this

property, whereby we will transfer approximately 20 acres of the property to him. He has agreed to pay \$356,319 (\$22,500/acre for approximately 16 additional acres that he is purchasing), plus the amounts set forth in the sale agreement, The sale agreement is subject to the affirmative vote of the members of FP IV Loan LLC and the approval of the Bankruptcy Court. The hearing at the Bankruptcy Court is scheduled for September 27th. Sternberg has deposited \$10,000 of earnest money and the sale is scheduled to close in mid-October. We continue to market the remaining 291 acres for sale.

De Jong/ABCDW, LLC (Loan 857306)

A sale agreement has been signed for the approximately 316 acres of farm land in Maricopa, Arizona and we are prepared to consent to the short 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 is subject to the affirmative vote of the members of the ABCDW II Loan LLC and the approval of the Bankruptcy Court. The hearing at the Bankruptcy Court is scheduled for September 27th. The buyer has deposited \$20,000 of earnest money and the sale is scheduled to close on October 26th.

Maryland Way, Rightpath I and Rightpath II (Loans 858506, 858406 and 859806)

A sale agreement has been signed for the approximately 23 acre Maryland Way property, the approximately 46 acres of the Rightpath I property and approximately one quarter of an acre (17,000 square feet) of the Rightpath II property. All of these properties are unimproved and are in Glendale. The sales price for Maryland Way property will be \$3,350,000. The sales price for the Rightpath I property will be \$3,421,000 and the sales price for the small portion of Rightpath II will be \$29,000. The sale agreement is subject to the affirmative vote of the members of MWP Loan LLC, RLD I Loan LLC, RLD II Loan LLC and the Bankruptcy Court. The closing would likely occur in early November.

ABCDW, LLC (Loan 861206)

As previously reported, we have identified a potential purchaser of this property consisting of approximately 4,000 acres located on the edge of Sierra Vista, Arizona. Like the De Jong/ABCDW property described above, this sale would likely be a short sale. The potential buyer continues to put considerable effort in determining whether a purchase is feasible.

Central and Monroe (Loan 858606)

The buyer that previously had the property under contract and in escrow has decided not to proceed with the purchase. Additionally, the trial to determine the priority of our deed of trust relative to the mechanics liens was completed, and the judge ruled that the liens of the mechanic lienholders are superior to our Deed of Trust. This judge's decision was just received and we are analyzing the numerous issues resulting from this adverse decision.

Theft Losses

PricewaterhouseCoopers met with IRS representatives in the Washington DC office last week. The IRS has not yet made a decision about the year of discovery, but told our representatives that they hope to make the decision soon. We will, of course, let all investors know as soon as a decision has been made by the IRS.

Closure of our Peoria Office

As part of our continuing efforts to reduce administrative expenses the offices in Peoria were closed effective September 20, 2012. Our remaining two employees, as well as Mark Winkleman and Veronica Sas, will be working from virtual offices. We will maintain certain records and a physical presence at: Sierra Consulting Group LLC, Two North Central Avenue, Ste 700, Phoenix, AZ 85004. All phone numbers and email addresses will remain the same. During the transition we had some disruption in our computer and phone systems. We apologize for any inconvenience this may have caused. The problems appear to have been resolved and we hope to not experience any further disruptions in work as part of this transition.

If you have any questions, you may contact our office at 623-234-9560 or via email at mortgagesinfo@mtqltd.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