

ML MANAGER LLC
530 E. McDowell Road, Suite 107-601
Phoenix, AZ 85004

March 21, 2018

ML MANAGER LLC NEWSLETTER #45

Dear Investors:

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

ML Liquidating Trust Newsletter

You recently received a newsletter from the ML Liquidating Trust dated March 9, 2018 regarding the wrap up of their activities. The ML Liquidating Trust is a separate entity from ML Manager and has different responsibilities in the resolution of the Mortgages Ltd. bankruptcy. As they reported, their final activity was to resolve claims that they had against the Greenberg Traurig law firm. They reached a settlement with Greenberg Traurig, which was approved by the Bankruptcy Court and which resulted in three settlement payments in the collective amount of approximately \$10,000,000. We understand that the first two payments have been received by the ML Liquidating Trust and the final payment is due in July of this year. Pursuant to an Inter-Borrower Agreement, the ML Liquidating Trust is obligated to pay all of its remaining funds to ML Manager. After the payment of its attorney's fees by the ML Liquidating Trust, ML Manager expects to receive approximately \$6,000,000 from the ML Liquidating Trust. Any questions about the settlement with Greenberg Traurig should be directed to the ML Liquidating Trustee, Matt Hartley, at matt@hartleylawpllc.com and 602-769-0999. ML Manager expects to receive these funds when the ML Liquidating Trust files its final report with the Bankruptcy Court, presumably late this summer.

Next Distribution

ML Manager anticipates making its next distribution after receiving the above described funds from the ML Liquidating Trust. Additionally, the distribution should include significant funds for the Sojac loan as described below. There is a significant cost in making each distribution so we attempt to accumulate funds until the amount justifies the cost. The exact timing of this distribution is not known yet, but we will attempt to make the distribution promptly after receipt of the funds from the ML Liquidating Trust and approval by the Bankruptcy Court.

SOJAC I (Loan 857106)

As you may recall, a settlement agreement with Dale and Vicki Jensen and other parties was approved by the Sojac Loan LLC investors and the Bankruptcy Court. The initial \$2,000,000 payment was made in 2015. The net settlement proceeds have been held in our account since then. As part of the settlement, we received the assignment of a promissory note in the amount of \$3,000,000. This note, including accrued interest,

becomes due and payable on May 31, 2018. We expect to include the net proceeds of the settlement payments in the next distribution after approval by the Bankruptcy Court.

Future Distributions

As stated above, we anticipate making a distribution later this year. It is not possible to know when subsequent distributions will occur. The timing and amounts of subsequent distributions will depend upon when the properties and lawsuits described in this newsletter are sold and resolved. When all the remaining properties have been sold and the ongoing litigation resolved, we will perform a final reconciliation and make a final distribution. It appears that the Centerpoint litigation, including all appeals, may continue for a few more years. We cannot perform a final reconciliation and distribution until this litigation is resolved. Depending upon the outcome of the Centerpoint litigation, it is possible that significant amounts could be distributed to the investors. We are seeking tens of millions of dollars from Fidelity National Title, but the outcome of the litigation remains uncertain.

Rightpath II (Loan 859806)

We entered into a Purchase and Sale Agreement with Mattamy Homes for this 60 acre parcel. During the buyer's investigation period, several items were discovered that would substantially increase the cost of re-zoning and developing the site. It was subsequently agreed to amend the sale agreement to reduce the sales price to \$6,257,175, but the price can be adjusted upward or downward depending upon the number and sizes of lots that are approved for the property by the City of Phoenix. In no event can the sales price decrease below \$5,657,175. The buyer is in the process of re-zoning the property and this process is expected to take several months. As expected, there is opposition to the re-zoning by nearby property owners and the ultimate outcome remains uncertain. If the re-zoning effort is successful, the closing would occur around February 28, 2019. The sale was approved by a vote of the investors in the RDL II Loan LLC and the Bankruptcy Court.

We entered into a sale agreement for the remaining 16.7 acres of this property with Taylor Morrison Homes. The property lacks entitlements and faces several development challenges, including its proximity to the runway to the Glendale airport. During the early stages of the buyer's investigation period a significant new drainage issue was discovered that may materially affect the transaction. It is uncertain at this time if the buyer will be willing to proceed with the sale and upon what terms the sale could proceed. If the sale does proceed, we will seek approval by the investors in RDL II Loan LLC and the Bankruptcy Court and the escrow is scheduled to close approximately April 30, 2019.

Vistoso II (Loan 858006)

We entered into a Purchase and Sale Agreement with Pulte Homes for an approximately 46 acre parcel of property. During the buyer's investigation period it was discovered that an improvement required by Pima County was going to cost substantially more than originally anticipated. After significant analysis and negotiation, a new agreement was reached with Pulte Homes. The sales price is \$4,900,000, which

amount could increase somewhat if development costs are less than anticipated. The closing is scheduled for December 31, 2018. This sale still must be approved by the investors in VP II Loan LLC and the Bankruptcy Court.

We have received a letter of intent from Mattamy Homes for the purchase of the remaining 84.5 acres. We are attempting to determine whether a final agreement can be reached and a sale agreement signed.

HH20 (Loan 858305)

We entered into a sale agreement for this approximately 13.25 acre parcel with Morris Family Investment Group, LLC. The sales price is \$380,000. The buyer has completed its analysis of the property and has deposited \$25,000 of non-refundable earnest money into escrow. This property has been very difficult to sell. We have had substantial negotiations with numerous potential purchasers. Among the challenges of selling this property are the lack of vested commercial zoning, the need and cost to amend the Pinal County general plan, the cost of constructing an access bridge over an adjoining drainage canal and issues relating to soil fissures and drainage. This sale must be approved by a vote of the investors in HH Loan LLC and the Bankruptcy Court. A hearing to approve the sale is scheduled on April 3, 2018 at the Bankruptcy Court. The closing is scheduled for April 12, 2018.

Centerpoint Litigation

The litigation against Fidelity National Title and Commonwealth Title continues to move forward towards a trial. The period for discovery ends on June 15, 2018 and there is a Scheduling Hearing set for September 21, 2018. It is anticipated that the judge will set the trial for the 1st quarter of 2019, but the actual timing is uncertain.

Osborn III Litigation

We obtained a final judgment against Fidelity Title in the amount of \$1,750,000 and attorneys' fees and costs in the amount of \$827,229. Interest on both of these amounts is accruing at 5.25% per annum. The interest on the \$1,750,000 has been accruing since December 2011, and the interest on the attorney's fees and costs has been accruing since November, 2017. Fidelity National Title has declined to pay this judgment and has appealed. We are defending their appeal. Recently, Fidelity National Title agreed to participate with us in a court sponsored settlement process. The date of the settlement process has not yet been established.

Final Reconciliation and Distribution

When all of the remaining properties have been sold and the ongoing litigation resolved, we will perform a final reconciliation and make a final distribution. It is not possible to know when this will occur at this time, but it appears that the Centerpoint litigation may continue for a few more years. We cannot perform a final reconciliation and distribution until this litigation is resolved. Depending upon the outcome of the Centerpoint litigation, it is possible that significant amounts could be distributed to the investors. We are seeking tens of millions of dollars from Fidelity National Title, but the outcome of the litigation remains uncertain.

Mainstar (formerly know as First Trust of Onaga) Accounts

As a reminder to those investors holding IRA or Roth IRA accounts with Mainstar, you were previously notified that Mainstar is no longer willing to serve as the custodian of those accounts. Many of you have not yet transferred your accounts to a new custodian and you need to do so. Mainstar has indicated that any future distribution checks sent to them will not be deposited, but will instead be rejected and returned to ML Manager. IRA and Roth IRA accounts are governed by complex federal regulations and there are rules and consequences to closing, transferring and opening IRA and Roth IRA accounts. You should consult your tax and financial advisors for assistance with this situation. ML Manager cannot and will not advise you about how to deal with your IRA and Roth IRA accounts. Because the Mortgages Ltd. assets are interests in loans, not stocks, bonds or other more readily marketed securities, many security companies will not serve as custodians for IRAs that will hold Mortgages Ltd. assets. It is completely in your discretion as to with whom you choose to open IRA or Roth IRA accounts or whether or not you choose to open an IRA or Roth IRA account at all. Many of our investors have had difficulty in finding companies that are willing to accept Mortgages Ltd. investments. If you need further assistance, please feel free to contact our representatives using the contact information below.

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