

ML MANAGER LLC
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August 31, 2018

ML MANAGER LLC NEWSLETTER #46

Dear Investors:

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

Next Distribution

We recently received \$5M from ML Servicing and the ML Liquidating Trust resulting from a settlement with Greenberg Traurig and are combining that amount with the Sojac and HH20 proceeds described below and other receipts to make a distribution in the amount of approximately \$9.1M. We are seeking Bankruptcy Court approval of this distribution and, upon receiving court approval, expect to make the distribution near the end of September or in early October. The hearing on the Tenth Distribution Motion will be held on September 20, 2018 at 9:30 a.m.

SOJAC I (Loan 857106)

As you may recall, pursuant to a settlement agreement with Dale and Vicki Jensen and other parties, we received the assignment of a promissory note in the amount of \$3,000,000. This note, including accrued interest, was paid in full at the end of May 2018. The net proceeds of the settlement payment will be included in the upcoming distribution.

HH20 (Loan 858305)

The sale of this property was consummated on April 23, 2018 for a price of \$380,000.

Rightpath II (Loan 859806)

We previously entered into a Purchase and Sale Agreement with Mattamy Homes for this 60 acre parcel. For the past several months, the buyer has been working to re-zone and entitle the property. We are pleased to inform you that the re-zoning effort was successful and the buyer is continuing with the balance of the entitlement work. The sales price is \$6,257,175. We recently amended the sale agreement to redefine a potential slight price increase that we will receive if the total number of lots exceeds 190, which appears likely to be the case. We are seeking the approval of the amendment by the investors in RLD II and the Bankruptcy Court. Additionally, the closing date has been accelerated to no later than December 21, 2018. The hearing on the Amendment will be held September 20, 2018 at 9:30 a.m.

A few months ago we entered into a sale agreement for the remaining 16.7 acres of this property with Taylor Morrison Homes. During the Feasibility Period, Taylor Morrison

elected to terminate the escrow. We have subsequently reached an agreement to sell the property to Richmond American Homes for a price of \$2,788,900. We are in the process of negotiating and finalizing the purchase and sale agreement. The property lacks entitlements and faces several development challenges, including its proximity to the runway to the Glendale airport. The buyer will attempt to rezone and entitle the property, which will take an extended period of time. The closing would likely not occur until early 2020. If the sale does proceed, we will seek approval by the investors in RLD II Loan LLC and the Bankruptcy Court.

Vistoso II (Loan 858006)

We entered into a Purchase and Sale Agreement with Pulte Homes for an approximately 58.3 acre parcel of property for a price of \$4,900,000. The buyer is completing the entitlement process and it appears likely that the closing will occur at the end of November or in December, but in no event later than December 31, 2018. This sale was approved by the investors in VP II Loan LLC and the Bankruptcy Court.

We have entered into a Purchase and Sale Agreement with TerraWest Communities LLC for the sale of 190 acres (approximately 84.5 acres are developable) for the price of \$6,300,000. The buyer has deposited \$100,000 of earnest money and is required to deposit an additional \$300,000 upon the expiration of the Feasibility Period on August 31, 2018. The sale is scheduled to close on September 5, 2018, but the sale requires the approval of the investors in VP II Loan LLC and the Bankruptcy Court, which we will seek and will likely cause the closing date to not occur until early October.

We obtained the approval of the VP II Loan LLC investors and the Bankruptcy Court in to comply with a Conservation Easement, Zoning Ordinance and Development Agreement that will require us to dedicate, grant and convey certain parcels (located in washes and otherwise undevelopable) to Pima County and Oro Valley. We will be making these conveyances in the coming weeks.

Centerpoint Litigation

The litigation against Fidelity National Title and Commonwealth Title continues to move forward towards a trial. The period for discovery ended 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 National 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 attorneys' 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. We will be participating in a court sponsored settlement process on September 24, 2018.

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