

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

January 15, 2019

ML MANAGER LLC NEWSLETTER #47

Dear Investors:

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

**Vistoso II (Loan 858006)**

The sale of 190 acres (approximately 84.5 acres are developable) to TerraWest Communities LLC was consummated on October 23, 2018 for the price of \$6,300,000. Additionally, the sale of the remaining approximately 58.3 acre parcel to Pulte Homes was consummated on January 2, 2019 for the price of \$4,900,000. These two parcels were the final remaining properties in this loan.

**Rightpath II (Loan 859806)**

The sale of the approximately 60-acre parcel to Mattamy Homes was consummated on December 21, 2018 at a sales price of \$6,312,175.

We entered into a sale agreement for the remaining 16.7 acres of this property with Richmond American Homes for a price of \$2,788,900. Unfortunately, during the Feasibility Period, Richmond American elected to terminate the escrow. The property lacks entitlements and faces several development challenges, including its proximity to the runway to the Glendale airport. Our broker, Land Advisors Organization, has resumed its efforts to market the property for sale.

**Next Distribution**

We are working on the accounting in order to make a distribution of the funds described above. When we are ready, we will seek Bankruptcy Court approval of this distribution and, upon receiving court approval, expect to make the distribution this Spring.

**ML Servicing Wind Up**

Our sister organization, ML Servicing, is in the process of winding up their operations, including preparing final accounting. They intend to seek Bankruptcy Court approval of their wind up and will pay all remaining funds to ML Manager at such time as Bankruptcy Court approval is granted. The wind up will likely not occur for a few more months and it is unknown at this time how much money will be paid to ML Manager.

**Centerpoint Litigation**

The litigation against Fidelity National Title Insurance Company ("Fidelity") and Commonwealth Land Title Insurance Company ("Commonwealth") continues to move

forward. The period for discovery ended on June 15, 2018, and all of our discovery has been completed. Due to adverse summary judgment rulings by the Court relating to the claims against Fidelity, those rulings will now have to be reviewed and reversed by the Arizona Court of Appeals before proceeding further on those claims. With regard to the claims against Commonwealth, there is a trial scheduling conference set for March 7, 2019, and a trial against Commonwealth may be set at that time, perhaps during the summer of 2019, but the actual timing is uncertain at this point. Prior trial scheduling conferences were delayed due to various pending motions by Fidelity and/or Commonwealth that the Court wanted to be resolved before setting a trial. There is one such motion that is still pending, but we are hopeful that it will be resolved prior to the March 7, 2019, scheduling conference.

### **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 declined to pay the judgment, and has appealed. We are defending their appeal, and have cross-appealed as to certain issues. We participated in a court sponsored settlement process on September 24, 2018, but that was unsuccessful.

### **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](mailto: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