It is critical that you read this notice in it's entirety as it directly impacts your recovery.

ML MANAGER LLC
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March 1, 2010

ML MANAGER LLC LOAN PORTFOLIO NEWSLETTER #8

Last month we sent you Newsletter #7 which provided information primarily about our loans and borrowers. In this newsletter we want to update you on the financial details of the operation of ML Manager LLC.

In order for us to emerge from bankruptcy in June 2009, it was necessary to obtain funding to pay the costs of the bankruptcy, replace the temporary bankruptcy financing, and to provide operating capital to allow for the Plan of Reorganization to be carried out. The Plan of Reorganization provided for us to borrow $20,000,000. The proceeds from the $20,000,000 loan have been spent by ML Servicing Co. Inc. and ML Manager LLC as follows:

Total Financing Available		**20,000,000**
Expenses:		
Loan Origination Fee		1,600,000
Lender Costs		254,745
Interest		1,968,666
Foreclosure, REO, Legal		940,584
D&O Insurance		335,642
Operations		1,138,704
Repayment of Bankruptcy Financing		5,809,213
Pre-Confirmation Professional Fee Claims		7,199,249
Total Expenses		**19,246,802**

The bulk of the loan proceeds were used to pay interest and upfront lender costs and fees, repay the bankruptcy financing, and to pay the professional fees incurred during the bankruptcy process, which were mostly legal fees. The expenses do not include an additional $1.2 million in legal and professional fees from the bankruptcy process that we are obligated to pay and another $1.7 million in legal and professional fees incurred, but not yet paid, in connection with the operations of ML Manager LLC and ML Servicing Co, Inc. since confirmation of the Plan.

While most of the money spent to date relates to financing and pre-confirmation expenses, the ongoing business of our operations requires substantial sums. We have and are continuing to minimize our operating expenses as much as possible. We have moved our operations to a small office in Peoria, and are understaffed, with only 8 remaining employees from the approximately 65 Mortgages Ltd. had previously. The work they continue to perform is too vast to list in this newsletter, but some of their more significant tasks have included handling the massive amount of paperwork related to the transferring of interests into Loan LLC's, carefully reviewing the timesheets and files of the professional fee applications sought to be paid for their work during the bankruptcy process, responding to constant questions by investors and their professional advisors, and working with the title companies and lawyers as we deal with our numerous loans, borrowers, and guarantors.

Our primary business is dealing with our numerous non-performing loans, foreclosing on properties, and pursuing borrowers and guarantors. Most of this work requires the use of lawyers and the costs are substantial. Unfortunately, many borrowers and guarantors are using inefficiencies and delays inherent in our legal system to cost us significant time and money. We continue to be cost effective in pursuing our remedies against borrowers and guarantors while aggressively asserting our rights in collecting the amounts owed.

We require additional funds to continue our business through 2010. The Plan of Reorganization included a budget based upon assumptions made from information available at the time that indicated that the $20,000,000 loan would provide sufficient funds to implement the Plan. This budget was prepared before ML Manager LLC came into existence and our Board had nothing to do with its preparation. Unfortunately, the revenues projected in the original budget have been lower than expected and the expenses have been higher than anticipated. For example, the budget provided for the payment of professional fees in the amount of $7,000,000, but the professionals in the bankruptcy applied for over $13,000,000 in fees. Over the past 8 months we have been successful in reducing the amount of professional fees down to approximately $9,500,000. While this amount represents a substantial reduction, it is $2,500,000 more than was originally budgeted. These unbudgeted expenses have seriously reduced the amount of money available for operations.

Additionally, the original budget assumed that 37 loans would be extended and that extension fees in the amount of over $3.3 million would be paid to ML Manager LLC by the borrowers over time. Unfortunately, due to the borrowers' declining financial positions and the depressed real estate market, borrowers are not paying extension fees or making any other payments. Only one borrower negotiated for loan extensions on two very small loans and no extension fees were paid. The original budget also assumed that some of the borrowers would start making payments or the ML Manager LLC would be able to start recovering funds on the sales of property within 6 months. This has not happened and the workouts and sales have been delayed.

Also, no one contemplated that a group of investors in the Revolving Opportunity Fund Loan Program ("Rev Op Group") would file legal actions in the Bankruptcy Court attempting to avoid paying their fair share of the expenses and challenging the authority of ML Manager LLC to act on their behalf under existing agency agreements. The bankruptcy judge has ruled against the Rev Op Group, but subsequently they filed an appeal that will not be heard for many months. Because of this legal action by the Rev Op Group we have been forced to delay specific foreclosures and actions relating to our loans, borrowers and guarantors.

Furthermore, many of the attorneys representing our borrowers and guarantors are using the Rev Op Group's actions to delay or oppose our efforts to take actions. This has caused a substantial increase in our expenses and has delayed our ability to generate revenue to provide funds for our operations and to pay down our financing.

We now require substantial additional funds to continue our efforts to deal with the non-performing loans, the borrowers, and guarantors. We believe that our work will generate substantial cash and it is critical that we obtain this additional funding. If this is not secured, we could find ourselves in a situation where we would need to liquidate properties in a “Fire Sale” type of atmosphere. This could significantly reduce everyone’s recovery.

The sale of Chateaux on Central was approved last week by the Bankruptcy Court and will be consummated during the middle of March. We are in the process of closing the sale of the AZCL property at 50th Street, which has been approved by the investors and the court.

We currently have 5 properties listed for sale and are reviewing offers. Trustee's sales scheduled for Centerpoint, Hotel Monroe, Ten Wine Lofts (also known as the Osborn III loan), Zacher-Missouri and Zacher-Maryland, National Retail Development, and 70th Street Property in April and May. The subsequent sale of some of these properties should produce substantial revenues which the ML Manager LLC Board believes can resolve the current lack of funds for operations. Rest assured that none of these properties will be sold unless we first obtain the required approvals of the members of the Loan LLC's

While we anticipate substantial revenues in the coming months, we are experiencing a near term shortfall of cash. The ML Manager LLC Board has spent a great deal of time analyzing the various options to bridge this problem and has concluded the only viable option is to borrow additional funds. Our current lender is willing to provide the additional funds necessary until some of our properties are sold.

The ML Manager Board is currently working on a joint budget for 2010 with ML Servicing Co. Inc. It is likely that based on the joint 2010 budget we will need approximately $6 million dollars in additional funds in order to operate through the end of 2010. Much of this amount is for expenses that will not be reoccurring and includes approximately $2.7 million of professional fees that have already been incurred. This also includes funds for ML Servicing Co. Inc.'s operating costs. We intend to provide this money through a combination of selling properties, suing the professionals that provided advice to Mortgages, Ltd before the bankruptcy and borrowing additional funds.

Be assured that our goal is to return as much money as possible to the investors. It is important to keep in mind that the amount of additional borrowing would be a relatively small percentage of the value of the loans and properties. ML Manager LLC Board believes that the funds would likely be repaid in a relatively short period of time. We also believe that access to these additional funds could greatly increase our ultimate recovery.

We are currently negotiating the right to borrow more funds from our existing lender. The ML Manager LLC Board hopes to be able to exercise discretion during the course of 2010 and only borrow enough money to offset any deficiencies arising due to delays in selling properties. The Board very much hopes that substantial additional borrowing will not be necessary and, in fact, that the revenues produced by the sales of the foreclosed properties will allow us to pay down or off the existing financing. There are, however, no guarantees that these revenues will occur at the time we need them and the Board has no choice but to arrange for another alternative to secure the funds it needs to conduct its business.

While we are aware of the cost of borrowing additional funds, there does not appear to be a better option. If we don't come up with a source of capital, we will run out of money and may be forced to go back into bankruptcy, which could potentially result in a liquidation. The ML Manager LLC Board believes that is a terrible result for several reasons.

First, as we experienced the first time around, bankruptcy is a very expensive process and the only parties that truly benefit are the attorneys. Second, with the Rev Op Group's legal actions and other dynamics it is likely that the approval of a modified plan would take a long time and would be appealed. Third, there is a significant risk that the result would be a liquidation, which would result in all of the loans and properties being sold off into a terrible real estate market at prices below market which would not maximize the returns to the investors.

We trust this information will be helpful to you in understanding our current financial challenges and we will request the approval of the Loan LLC members as soon as we are able to reach a satisfactory agreement with our existing lender. Our over-riding goal is to return as much money as possible to the investors, but we need to be able to fund the operations necessary to do so. We will continue to adhere to the processes prescribed in the Operating Agreements for each of the 48 Loan LLC's, including the voting processes. You should be hearing from us again shortly. In the meantime, if you have any questions, please address them to Mark Winkleman at mwinkleman@mtgltd.com.

Sincerely,

Elliott Pollack, Chair
ML Manager LLC