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From: Mortgages Info
Sent: Friday, April 30, 2010 2:08 PM
Subject: ML Manager LLC Loan Portfolio Newsletter #9

ML MANAGER LLC
14050 N.83rd Ave., Suite 180
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April 30, 2010

ML MANAGER LOAN PORTFOLIO NEWSLETTER #9

Dear Investors:

Many positive events have occurred since our last newsletter and I would like to bring you up to date on the status of the ML Manager LLC-managed loan portfolio and our activities.

Centerpoint (Loans 861905 and 857605)

We are extremely pleased that about two weeks ago, we were able to successfully foreclose on the Tempe Land Company Centerpoint high-rise condo project. Our borrower and many subcontractors attempted to get an injunction to stop the foreclosure, but we defeated this action in court. We believe that we have eliminated several millions of dollars of liens against the property that will accrue to the benefit of the investors. The property has been listed for sale with CB Richard Ellis, one of the most successful real estate companies in the country. The marketing materials have been sent out and over 100 parties from around the country have expressed interest. Once we determine an acceptable buyer and terms, the investors in the two Loan LLCs will be asked to vote to approve a sale. We will also seek Bankruptcy Court approval.

Chateaux on Central

The sale of the Chateaux on Central project was successfully completed in March. Of the \$7M sales price, approximately 50% of the sales proceeds are being held in escrow until claims by the general and subcontractors can be resolved. We are hopeful that we are close to resolving this dispute and additional funds will be distributed. After the costs of the sale were paid, approximately \$1,100,000 was paid to the ML Liquidating Trust and approximately \$2,400,000 was paid to ML Manager LLC. As required by the Exit Financing Loan Agreement ML Manager LLC paid \$1,338,532 to reduce the amount of the Exit Financing Loan. ML Manager LLC is holding the remaining funds to pay required expenses and the balance will be distributed to the investors as soon as the cost allocation process is adopted.

All State IX (Loan 861506)

We have entered into a sale agreement for the sale of the All State IX properties in Pinal County for the price of \$6,700,000. This offer was accepted after widely marketing the property. The sale is subject to the approval by the members of ASA IX Loan LLC and the Bankruptcy Court. The hearing date for approval by the Bankruptcy Court is May 18th. It is anticipated that the sale would be consummated during the second half of July.

City Lofts (Loan 860806)

We have received an acceptable offer that we are prepared to recommend to the members of Citlo Loan LLC for the sale of the Belleview Estates (City Lofts) project in central Phoenix. We are finalizing a sale agreement. The sale would be subject to the prior approval of the members of the Citlo Loan LLC and the Bankruptcy Court.

VCB (Loan 856805)

We have also received an acceptable offer that we are prepared to recommend to the members of VCB Loan LLC for the sale of the Adobe Meadows (VCB) project in Mesa. We are finalizing a sale agreement. The sale would be subject to the prior approval of the members of the VCB Loan LLC and the Bankruptcy Court.

Arizona Commercial Land Acquisitions (Loan 856206)

As you will recall, we entered into a sale agreement last fall for the sale of the approximately 35 acres of land in southeast Phoenix. The buyer continues to conduct its analysis of the property and requested a 60-day extension of the period to continue its review. In granting this request, we have required that the \$50,000 of earnest money previously deposited into escrow become non-refundable and we now hold that money. We should learn within the next few weeks if the buyer will be able to complete the sale. The sale would not close until the end of the summer.

Vento/Grace Communities Properties (Loans 849606, 851106, 852406, 852606, 858606, and 861706)

Pursuant to the Plan of Reorganization, we were required to participate in mediation in an effort to resolve all disputes relating to the Vento/Grace Communities loans. These loans relate to the Ten Wine Lofts, Hotel Monroe, Portales Place Property, 70th Street Property and 44th Street & Camelback properties. We are pleased to announce that we have signed settlement agreements for each of these loans. We will be seeking the approval of the members of the affected Loan LLCs and the Bankruptcy Court. Once these approvals are obtained we will be in a position to sell these properties.

Zacher - Missouri and Maryland Properties (Loans 857502, 857802, and 861805)

The two projects to which these loans relate are scheduled for foreclosure on May 11th. In anticipation of successfully foreclosing on these properties, we have retained a prominent central Phoenix real estate broker to begin marketing efforts to sell these properties. We have already received substantial interest and anticipate being able to select acceptable offers shortly after the foreclosures are completed. Naturally, all sales will be subject to the prior approval of the affected Loan LLCs and the Bankruptcy Court.

National Retail Property (Loan 860905)

On April 13th, we successfully foreclosed on this property in Goodyear, Arizona, which was intended to be a new Tutor Time facility. We are currently analyzing the potential value of this unfinished, unoccupied facility and are entertaining an offer made to purchase the property. If we are able to reach an acceptable agreement to sell the property, we will seek the required approvals of the members of NRDP Loan LLC and the Bankruptcy Court.

PDG Los Arcos (Loan 859305) and National Retail (Loan 860905)

We won the appeal of the law suit brought against the investors in the National Retail and PDG Los Arcos loans. The Borrower has filed an appeal to the 9th Circuit court of appeals. We have filed a request for attorneys' fees and have a judgment for fees from the Bankruptcy Court which we intend to enforce.

Foreclosures

We have 20 foreclosures scheduled for between now and the beginning of August. The scheduled sales are as follows:

May 4, 2010

Foothills Plaza IV, L.L.C. (Loan No. 853106) is scheduled at 2:00 PM
Northern 120, L.L.C. (Loan No. 849206) is scheduled at 10:00 AM
Citrus 278, L.L.C (Loan No. 849306) is scheduled at 10:00 AM
70th Street Property, L.L.C. (Loan No. 861706) is scheduled at 10:00 AM

May 5, 2010

Central & Monroe, L.L.C. (Loan No. 858606) is scheduled at 10:00 AM

May 6, 2010

MK Custom Residential Construction, L.L.C (Loan No. 845006) is scheduled at 10:00 AM
Metropolitan Lofts, L.L.C. (Loan No. 860706) is scheduled at 10:00 AM

May 11, 2010

The Zacher Development Company, L.L.C. (Loan No. 857502) is scheduled at 10:00 AM
The Zacher Development Company, L.L.C. (Loan No. 857802) is scheduled at 10:00 AM

June 8, 2010

HH 20, L.L.C. (Loan No. 858305) is scheduled at 10:00 AM
CGSR, L.L.C. (Loan No. 861105) is scheduled at 10:00 AM

June 16, 2010

SOJAC I, L.L.C. (Loan No. 857106) is scheduled at 10:00 AM

June 24, 2010

Town Lake Development Partners, L.L.C. (Loan No. 861305) is scheduled at 10:00 AM
Roosevelt Gateway L.L.C. (Loan No. 856605) is scheduled at 10:00 AM
Roosevelt Gateway II L.L.C. (Loan No. 859205) is scheduled at 10:00 AM

July 2, 2010

43rd Avenue & Olney, LLC and SH Land Holdings (Loan No. 854706) is scheduled at 10:00 AM

July 20, 2010

Vanderbilt Farms, L.L.C (Loan No. 859606) is scheduled at 10:00 AM

July 22, 2010

Osborn III Partners, L.L.C. (Loan No. 851106) is scheduled at 10:00 AM

August 5, 2010

PDG Los Arcos, L.L.C. (Loan No. 859305) will be scheduled at 10:00 AM and the official Notice of Trustee's Sale should be recorded the week of May 3, 2010
Portales Place Property, L.L.C. (Loan No. 852606) will be scheduled at 10:00 AM and the official Notice of Trustee's Sale should be recorded the week of May 3, 2010

Some of these foreclosures are likely to be postponed due to bankruptcies by the borrowers and other legal proceedings, but we anticipate completing the bulk of the foreclosures.

New Board Member

We have selected Mr. Bruce Etkin to fill the vacancy created by the removal of William Hawkins in February. He is an investor in Mortgages Ltd and has substantial experience in real estate investments. Additionally, Bruce Buckley resigned from the Board last month and we are reviewing resumes and talking with potential replacements. If you are interested in applying to be on the Board of Managers for ML Manager LLC, please contact Mark Winkleman at mwinkleman@mtgltd.com.

Update on Litigation to be Brought on Behalf of Investors

Pursuant to the Plan of Reorganization, we are cooperating with counsel who may be representing investors in connection with potential claims against several individuals and entities, including the debtor's pre-bankruptcy advisors, professionals, insurance companies and other third parties. In addition, ML Manager LLC has contacted several of these third parties and obtained tolling agreements on behalf of the MP Funds to protect against the expiration of any statute of limitations for claims of the MP Funds.

Additional Borrowings

Last month we explained in the newsletter that we may need to borrow additional funds to allow ML Manager LLC to continue its job of working on the loans and collections. We are not desirous of borrowing additional funds and are working hard to minimize any borrowings that may become necessary. In an effort to keep you informed about our operations we had provided a specific breakdown of the use of the \$20M in borrowed funds in newsletter #8. A few investors expressed some confusion and misunderstanding about the use of those funds. **The vast majority of those funds were used to pay costs and fees associated with the bankruptcy of Mortgages Ltd and will not be recurring.** In short, approximately \$13 million of the \$20 million of exit financing has been used by the ML Liquidating Trust to pay for administrative expenses and professional fees from the bankruptcy (approximately 85% of which, the ML Liquidating Trust is obligated to repay to the investors if they are able to recover funds through lawsuits and the sale of a few interests in properties), about \$3.6 million has been paid to the exit financier for upfront fees, costs and interest through December 31, 2009, about \$1 million has been used by the ML Liquidating Trust for its operating costs and expenses and about \$2 million has been used by ML Manager LLC for its expenses. We continue to try to efficiently and aggressively pursue the borrowers and the guarantors.

As you can see, we are making great progress in getting control of the properties and selling them to provide funds to pay off our exit financing and return monies to the investors. We will keep you posted as this progress continues.

If you have any questions, do not hesitate to contact Karen Epstein at kme818@cox.net or (480) 948-6777. You may also contact Erica Jacob at 623-234-9569 for further assistance. Thank you for your support of our efforts.

Best Regards,

Elliott Pollack, Chair
ML Manager LLC
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