ML MANAGER LLC

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ML MANAGER LLC LOAN PORTFOLIO NEWSLETTER #22

Dear Investors:

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

Next Distribution

We are in the process of updating and adding the actual prices and expenses to the cost allocation model based upon the past two and one half years of operating history. The updated Cost Allocation Model has just been reviewed by the ML Manager Board. We will now begin working with Canyon State in order to make the next distribution to investors.   We hope to have the distribution checks out by the end of March. We will do our best to make the distributions as soon as possible.

Portales Place (Loan 852606)

The sale of this property near downtown Scottsdale was consummated on February 28th for a sales price of $13,877,500.

Recently Mr. Hawkins sent out two emails to various investors critical of ML Manager's decision to sell for this price and accusing ML Manager of selling the property at significantly below market and ignoring comparable sales. Such accusations are without merit and we believe we need to address them.

As most of you are aware, ML Manager filed a motion sell this property in April 2011. Mr. Hawkins filed an objection on the same grounds raised in his emails. The Court overruled his objections and expressly ruled that the price was fair and that the decision to sell was a valid exercise of ML Manager's business judgment consistent with its fiduciary duties. The Loan LLC and MP Fund investors were asked to vote on that decision and 88.03% of the dollars that voted agreed with the sale. ML Manager reported this vote to the Court in its pleadings. Contrary to Mr. Hawkins statement, ML Manager did not tell the Court the decision was unanimous but accurately reported the vote. In November 2011 ML Manager filed a motion to modify the price. Mr. Hawkins did not file an objection. The Court expressly ruled that the modified price was fair and that the decision by ML Manager was a valid exercise of its business judgment consistent with its fiduciary duties. The Loan LLC and MP Funds were asked to vote on the modification and 94.71% of the dollars which voted agreed to the modification.

ML Manager hired a prominent and successful real estate professional firm to market the property that is typically paid on a commission to provide an incentive to maximize the price. The professionals hired by ML Manager were fully aware of the two sales cited by Mr. Hawkins and the many other comparable sales. Assumedly, most if not all of the buyers making offers on this property were aware of those sales. We received offers from most of the apartment developers active in our marketplace. These buyers are sophisticated companies that are well aware of the transactions occurring in our marketplace. If Mr. Hawkins believed the buyers were offering less than fair market value he was welcome to offer to purchase the property or produce a willing buyer himself. He did neither.

Two specific sales are mentioned in his emails-- Waterfront and Gray Development. The Waterfront property is along Goldwater in a very high traffic area. It was sold in February 2012 for $13.5 million. The site is fully zoned to permit the development of an apartment project and allows for building heights of approximately 150 feet. The buyer of the Waterfront property had previously made an offer on the Portales property but it was significantly less than the offer made by the buyer of Portales. The firm that marketed the Waterfront property was the same firm that marketed Portales. The Gray Development is along Scottsdale Road and is a high rise development which is fully zoned for an apartment development of 128 feet in height and for approximately 749 units. It sold in May 2011 for $15 million (approx. $20,027 per unit).

The Portales property is not zoned to permit the development of apartments. The current entitlements are for only 126 condominium units and for a maximum height of only 65 feet. There is no assurance that our buyer will receive approval to build 369 units. In addition, Portales while at a good location is not along a well traveled street and set behind office buildings and is blocked from view from Scottsdale Road. Portales also has very onerous CCRs and has restrictions imposed by the adjoining land owner. Further the Portales property is irregularly shaped and a significant portion is undevelopable. We sold the property for $13,877,500 (approx. $37,608 per unit based on 369 planned units). This price in the broker's opinion and based on our experience is a fair price.

Our brokers were also aware of other sales which justified the Portales price. For example, The DC Ranch property at 91st Street and Union Hills sold in November 2011 for $8 million (approx. $32,389 per unit) and was fully entitled for 247 units. The Zocolla property at Scottsdale Road and Greenway sold in December 2011 for $10,250,000 (approx. $42,708 per unit) and was fully entitled for 240 units.

Lastly, although Mortgages Ltd. made a loan of $32 million on the Portales property, the borrower only paid $11 million for the property.

Zacher Maryland (Loan 857802)

The sale of this property in central Phoenix was consummated on January 12th for a sales price of $2,160,000.

Northern 120 (Loan 849206) and Citrus 278 (Loan 849306)

The sale of these properties northwest of Phoenix was consummated on January 20th for the sales price of $5,776,000.

National Retail (Loan 860905)

The sale of this property near Dysart and Camelback was consummated on January 26th for a sales price of $2,300,000.

Exit Loan Balance

As reported previously, the principal balance of the exit loan, together with all accrued interest, has been paid down to zero. We are in the process of paying off the Disposition Fee payable under the terms of the original loan agreement. The current remaining balance of this fee is $516,466. No additional interest is payable on this remaining balance to the exit lender. Because all accrued amounts payable to the exit lender have been paid current, we are only obligated to pay 10% of the net sales proceeds from each sale to the exit lender, instead of 70%. However, recall that most of the funds otherwise payable to the Loan LLCs upon the prior sales of each property were used to pay down the exit loan. The amounts that exceed the proportionate share of each Loan LLCs share of the exit loan will be repaid to the investors in the Loan LLCs. We generally refer to these obligations as replacement loans. These amounts will be repaid to the Loan LLCs as future properties are sold and interest is accruing on these loans at a rate of 17.5%. The next distribution to the investors will include the partial repayment of the replacement loans.

SOJAC I (Loan 857106)

We have entered into a Sale Agreement for this property in downtown Phoenix for a price of $4,750,000. The Sale Agreement has been approved by the members of the SOJ Loan LLC and the Bankruptcy Court. If the buyer elects to proceed with the purchase, the sale is scheduled to close on March 26th.

Pearce Farm (ABCDW I Loan 850206)

We have consented to a Sale Agreement for this 1,800 acre property in Pinal County for a price of $5,500,000. This property is part of the 12,000 acre La Osa Ranch. The Pearce Farm is the only portion of the ranch that is farmed and it in not contiguous to the remainder of the La Osa Ranch property. We have not yet foreclosed on the Las Osa Ranch property, but we have agreed to release our lien on the Pearce Farm provided that all of the next sales proceeds are paid to us. This is essentially a short sale. The sale received the affirmative vote of the members of the ABCDW I Loan LLC and the approval of the Bankruptcy Court. If the buyer elects to proceed with the purchase, the sale is scheduled to close on March 26th.

HH20 (Loan 858305)

We have entered into a sale agreement to sell 5 of the 20 acres of this property located in Pinal County. The sales price is $300,000. The sale agreement was approved by the members of the HH Loan LLC and the Bankruptcy Court. If the buyer elects to proceed with the purchase, the sale is scheduled to close in early April.

Riverfront Commons/Cottonwood (Loan 853705)

We have selected a buyer for this unfinished retail property in Cottonwood, Arizona. The sales price is $2,850,000. The sale has been approved by the affirmative vote of the members of the CP Loan LLC and the Bankruptcy Court. If the buyer elects to proceed with the purchase, the sale is scheduled to close in May.

<u>CS11 (Loan 832705)</u>

We have selected a buyer for this approximately 835 acre property in Pinal County and have entered into a Sale Agreement. The sales price is $3.6M. The sale agreement will be subject to the affirmative vote of the members of the CS Loan LLC and the Bankruptcy Court. The Bankruptcy Court hearing is scheduled for March 8th at 11:30. If the buyer elects to proceed with the purchase, the sale is scheduled to close on April 19th.

<u>Central and Monroe (Loan 858606)</u>

We have selected a buyer for this building in downtown Phoenix and have entered into a Sale Agreement for the sales price of $7,000,000. The sale agreement will be subject to the affirmative vote of the members of the C&M Loan LLC and the Bankruptcy Court. A hearing is scheduled for March 8th at 11:30 in front of the Bankruptcy Judge. If the buyer elects to proceed with the purchase, the sale is scheduled to close in late June. Significant disputes remain with the general and subcontractors that worked on this project regarding the priority of liens. The net sales proceeds will remain in escrow until these disputes are resolved, which may take many months.

<u>Metropolitan Lofts (Loan 860706)</u>

We have completed our marketing efforts and selected a buyer for this property. We have entered into a Sale Agreement for a sales price of $2,700,000. The sale agreement will be subject to the affirmative vote of the members of the Metro Loan LLC and the Bankruptcy Court. The Bankruptcy Court hearing is scheduled for March 8th at 11:30. If the buyer elects to proceed with the purchase, the sale is scheduled to close in April.

<u>Staffing</u>

Sarah Petrauschke gave birth to a baby son earlier this month and is not working at the office at this time. Chris Welsh is now handling all requests to transfer investor interests. We now have only three staff members and we appreciate your understanding of our limited resources as we continue our service to the investors.

<u>PWC Opinion</u>

Recently we notified you of the issuance of the opinion of PricewaterhouseCoopers ("PWC") regarding potential theft loss deductions in connection with investments in Mortgages Ltd. The information is available on our web page by clicking on the following link:

http://www.mtgltd.com/webs/MLMNews/IRS%20Theft%20Loss%20Tax%20Information/

PWC is meeting with local representatives of the IRS to discuss their opinion and the issues related there to. We will keep you updated as more information becomes available. We again urge you to use caution as you continue to receive solicitations from groups such as FRG Nevada to represent you in connection with potential theft loss deductions and, as always, we urge you to discuss this and all tax matters with your own professional tax advisors.

If you have any questions, you may contact our office at 623-234-9560 or via email at mortgagesinfo@mtgltd.com. Please also feel free to contact Karen Epstein at 480-948-6777 or kme818@cox.net. It is much more efficient for us to respond to written questions and we ask whenever possible, please communicate with us via email.

Thank you for your support of our efforts.

Best Regards,

Elliott Pollack

Chairman