

ML Manager LLC – HH Loan (Loan #858305)

You are receiving this ballot because you are a member of one or more of the MP Funds or HH Loan LLC (Loan # 858305) and are entitled to vote on this matter. This vote involves the sale of the remaining approximate 13.12 acres of the Hunt Highway property.

Pursuant to the Official Investors' Committee's First Plan of Reorganization confirmed by the Bankruptcy Court, HH Loan LLC was formed on the effective date and the fractional interests in the note and deed of trust by the MP Funds and certain Pass-Through Investors were transferred into HH Loan LLC. As a result, 60.936% of the interest in the real property is owned by HH Loan LLC and the rest is owned by 6 Pass-Through Investors who did not transfer.

In 2012, ML Manager sold 5 acres of the Hunt Highway property in Pinal County, Arizona to Sun Life Family Health Centers, Inc. after obtaining your approval and Court approval. Then late in 2012, ML Manager sold the frontage portion to Pinal County for street work after obtaining your approval and Court approval. ML Manager has been actively marketing the remaining 13.12 acres for over six years. There have been ongoing holding costs, including real property taxes which accrue interest at the rate of 16% per annum, insurance, and other costs.

After completing substantial marketing efforts, the ML Manager Board accepted the offer of Morris Family Investment Group, LLC, an Arizona limited liability company, who has no connection to the investors or ML Manager or the Exit Lender, of \$380,000 for the approximate 13.12 acres and entered into an Agreement of Sale and Purchase (Sale Agreement). The Purchaser has deposited \$25,000 into escrow at Fidelity National Title Agency. The balance of the purchase price will be payable in cash at the close of escrow. ML Manager reserves the right to sell to a different buyer for the same or a higher price without any further balloting. It is contemplated that the sale will close about April 12, 2018.

Even though the sale price is not enough to pay the full principal and interest on the loan, ML Manager LLC believes it reflects the current market price for the property and it is unlikely to increase substantially in the foreseeable future. The property has been actively marketed for over six years and has previously been in and out of escrow and has been the subject of several offers over the last six years. Each time the prospective buyers identified significant issues with the Property that caused them to back away. Among the issues were (1) the lack of vested commercial zoning; (2) the need and the cost to amend the Pinal County General Plan; (3) the expense of constructing an access bridge over the adjoining drainage canal; (4) the lack of any ability to connect to a sewer system; (5) the potential for soil fissures; and (6) the existence of drainage issues. The property has been hard to sell and is worth less than the prior two parcels that were sold. It is being sold "as-is" and "where-as" and "with all faults". The sale will close quickly. If the investors do not agree to sell the property, additional expenses including taxes and insurance will accrue and burden the property. Unless the property value increases significantly, the ongoing holding costs are not likely to be recoverable. It is not certain that marketing and holding the property for a longer period of time will result in a higher net price. The ML Manager Board, after considerable thought, unanimously recommends that the investors agree that the property can be sold in accordance with the terms of the Sale Agreement or a better offer.

The sale is contingent on the approval of the investors of the MP Funds and HH Loan LLC (by a majority in dollar amount of those voting). With this ballot you, as an investor, are being asked to vote. It is also contingent on the Exit Financier waiving its right to compete to buy the property but the Exit Financier has waived its right already. It is also contingent on Court approval. The motion has been filed and the hearing is set for April 3, 2018 at 10:00 a.m.

The following is a general outline of the distribution of funds. The gross sale price of \$380,000 will be reduced by the closing costs, real estate taxes, commission and reimbursements to ML Manager for loan specific expenses in an amount estimated to be approximately \$140,000, leaving a balance of net proceeds of

approximately \$240,000. The HH Loan LLC owns a 60.936% fractional interest in the property, which is \$146,246 of the net proceeds. The net sale proceeds will only pay a portion of the costs allocated to the Property pursuant to the Court Approved Cost Allocation Model. Although a portion of the allocated costs could be paid from the net sale proceeds, no funds will remain for distribution to the investors. It is not the desire of ML Manager to sell properties for amounts that will not return funds to the investors, however, ML Manager does not think there is a likelihood of the Property appreciating to this value without resolution of the issues raised above. In the meantime, the holding costs will continue to accrue and any future increase in value is uncertain. Under the Cost Allocation Model, if a property cannot cover its allocated costs, then such uncovered costs are reallocated and become the burden of the other properties. This sale will generate funds to reduce some of the allocated costs owed by this Property which in turn will help investors who are in other loans by covering what would otherwise be uncovered costs for which they will be responsible. ML Manager will seek to distribute net proceeds in accordance with the approved Plan of Reorganization and Confirmation Order in a way that fulfills their obligations to all of the investors. The discussions of the distributions and net proceeds are estimates and are not determinable at this time. We have included this information to alert you to the process.

You have until 5 p.m. Arizona time March 28, 2018 to submit your vote. Once the results of the voting are tallied, we will inform you of the vote. We have not attached a link to the Sale Agreement with the ballot. If you would like to review the Sale Agreement, contact Cathy Reece at (602) 916-5343 or via email at creece@fclaw.com and she will arrange to send a copy to you. Questions can be directed to Mark Winkleman at mwinkleman@mtg ltd.com.

Regards,
Elliott Pollack, Chair

Do you agree to accept the recommendation of ML Manager to sell HH Loan LLC property as described on the preceding pages?

- Agreed
- Disagreed

By: _____
Signature

Date: _____

Please Print Name