

## ML Manager LLC –Rightpath II Loan (Loan #859806)

You are receiving this ballot because you are a member of one or more of the MP Funds or RLD II Loan LLC (Loan #859806) and are entitled to vote. The previous sale which you and the Court approved in the Fall of 2017 is being amended. You are being asked to vote on this amendment.

The borrower, Rightpath Limited Development Group, LLC (Loan #859806) defaulted on its loan. The unpaid principal balance of the loan is about \$37,408,881 and interest and fees also are due. ML Manager foreclosed on the property securing the loan. Pursuant to the Official Investors' Committee's First Plan of Reorganization confirmed by the Bankruptcy Court, RLD II Loan LLC was formed on the effective date and the fractional interests in the note and deed of trust by the MP Funds, Radical Bunny LLC and certain Pass-Through Investors were transferred into RLD II Loan LLC. As a result, 72.978% of the interests in the real property are owned by RLD II Loan LLC and the rest is owned by 19 Pass-Through Investors who did not transfer.

The real property and improvements to be sold consist of approximately 59 acres of real property and personal property located generally north of the northwest corner of 107th Avenue and Camelback Road in Phoenix, Arizona ("Camelback Ranch Property" or "Property"). In the Fall of 2017, ML Manager proposed to sell the Camelback Ranch Property to Mattamy Arizona, LLC (the "Purchaser") for \$6,957,175 subject to adjustments (the "Purchase Price"), as more specifically described in the Sale Agreement as amended from time to time ("Sale Agreement"), but in no event was the Purchase Price be less than \$6,357,175. The Sale was approved by both the Court and by you.

Subsequently, the Purchaser and ML Manager negotiated this Amendment to the Sale Agreement. The Amendment reduces the Purchase Price from \$6,957,175 to \$6,257,175, subject to the adjustments in the Sale Agreement and Amendment. In no event shall the amended Purchase Price be less than \$5,657,175 as provided in the Amendment. In essence, the price is being reduced by \$700,000 based on information which the Purchaser discovered during the Feasibility Period that increased the costs of development for the Purchaser.

In addition, the Closing Date was extended by 4 months so that the Closing, which previously was to be no later than October 30, 2018, will now be the earlier of 10 days after the Final Plat Approval or February 28, 2019. The additional Closing time is needed to obtain the needed approvals of the Final Plat. The Initial Deposit of \$25,000 is non-refundable. A First Additional Deposit of \$250,000 has been deposited by Purchaser and a Second Additional Deposit of \$100,000 shall be deposited by Purchaser after the Rezoning and Preliminary Plat Approval Date.

Further, certain title matters surfaced in the Title Commitment which need to be addressed. ML Manager requests that the Court authorize ML Manager to sign certain deeds of release and reconveyance on this Property based on cross collateralization liens granted by affiliate borrowers to investors in the Maryland Way Loan and to Rightpath I Loan which liens were not previously released upon the closing of the sales of their properties. ML Manager believes that the cross collateralized liens have no market value since even the first lien of the Rightpath II Loan is not being paid in full. The Title Company requires such signed release and reconveyance deeds to clear the title. As the Managers of RLD II Loan LLC, RLD I Loan LLC, MWP Loan LLC, and the Agent for the respective Pass-Through Investors of each loan, ML Manager will include language in the amended Sale Order authorizing it to sign all the necessary documents needed to consummate the Sale at the Closing, including signing the deeds of release and reconveyance.

The amendment is contingent on the approval of the investors of the MP Funds and RLD II Loan LLC by a majority in dollar amount of those voting. With this ballot you, as an investor, are being asked to vote to approve the amendment. It is also contingent on the Exit Financier waiving its right to compete to buy the property and on Bankruptcy Court approval. The Exit Financier has already waived its right to

compete. The motion to approve the amendment has been filed with the Bankruptcy Court and the hearing is set for January 30, 2018 at 10:00 a.m.

Even though the sale price is not enough to pay the full principal and interest on the loan, ML Manager LLC believes the price reflects the current market price for the Property. If the investors do not agree to amend the sale of the Property, additional expenses including taxes, insurance, and other expenses will accrue and burden the Property. Unless the Property value increases significantly, the ongoing holding costs are not likely to be recoverable. The ML Manager Board, after considerable thought, unanimously recommends that the investors agree that the Camelback Ranch Property can be sold in accordance with the terms of the Amendment to Sale Agreement.

The following is a general outline of the distribution of funds. The gross sale price for the Camelback Ranch Property of \$6,257,175 will be reduced by the closing costs, unpaid real estate taxes and reimbursements to ML Manager for loan specific expenses in an amount estimated to be approximately \$725,000, leaving a balance of \$5,532,175. The RLD II Loan LLC owns a 72.978% fractional interest in the properties, which is approximately \$4,037,270 of the net proceeds. Those proceeds will be used to repay remaining expenses provided for in the Court approved Cost Allocation Model. ML Manager will seek to distribute the remaining net proceeds to the investors 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 **Noon, Arizona time, January 19, 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 Amendment to the Sale Agreement with the ballot. If you would like to review the Amendment to the Sale Agreement, contact Cathy Reece via email at [creece@fclaw.com](mailto:creece@fclaw.com) and she will arrange to send a copy to you. Questions can be directed to Mark Winkleman at [mwinkleman@mtgltd.com](mailto:mwinkleman@mtgltd.com).

Regards,  
Elliott Pollack, Chair

Do you agree to accept the amendment to the sale of the Camelback Ranch Property as described on the preceding pages?

- Agreed
- Disagreed

By: \_\_\_\_\_  
Signature

Date:

Please Print Name