

ML Manager LLC –VP II Loan LLC (Loan #858006)

You are receiving this ballot because you are a member of one or more of the MP Funds or VP II Loan LLC (Loan # 858006) and are entitled to vote on this matter. ML Manager has approved an offer and negotiated the sale agreement of a part of the VP II property. This ballot is for the sale of approximately 58.3 acres. There are additional acres that are not being sold at this time and ML Manager will continue to market the remaining property. ML Manager previously obtained Investor and Court approval to sell a portion of the Vistoso II property and closed on that sale.

The borrower Vistoso Partners, LLC, (Loan #858006), defaulted on the loan. The unpaid principal balance of the loan was about \$12.3 million plus interest and fees also are due. ML Manager foreclosed on the property securing the loan.

The property to be sold consists of approximately 58.3 acres of real property and improvements located in Oro Valley, Pima County, Arizona, known as Vistoso II. ML Manager listed the property for sale with Land Advisors Organization, a leading real estate brokerage firm that are familiar with this local area and the market, to widely market the property for sale. After completing substantial marketing efforts, the ML Manager Board determined that the offer of Pulte Home Company, LLC (“Purchaser”), of \$4.9 million (“Purchase Price”) was the best price for the property and entered into an Agreement of Sale and Purchase and amendments (“Sale Agreement”). The Purchaser has deposited \$125,000 into escrow and an escrow has been set up with Fidelity National Title Agency. Purchaser will deposit an additional \$150,000 into escrow as provided in the Sale Agreement. The balance of the purchase price will be payable in cash at the close of escrow. Purchaser has no connection to the investors or ML Manager or the Exit Lender. The Purchaser, at its sole cost and expense, is going to process and seek to obtain approval by the Town of Oro Valley of a Final Plat. We anticipate closing on or before December 31, 2018. ML Manager reserves the right to sell to a different buyer for the same or a higher price without any further balloting.

Pursuant to the Official Investors’ Committee’s First Plan of Reorganization confirmed by the Bankruptcy Court, VP II 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 transferred their interests into VP II Loan LLC. As a result, 71.221% of the undivided fractional interests in the real property are owned by VP II Loan LLC. Certain Pass-Through Investors who did not transfer their interests hold a 28.779% undivided fractional interest in the property.

The sale is contingent on the approval of the investors of the MP Funds and VP II Loan LLC (by a majority in dollar amount of those voting). With this ballot you, as an investor, are being asked to vote. Also, another contingency is the waiver of the right to compete by the Exit Lender which has already been waived. Bankruptcy Court approval is also being sought. The motion has been filed and the hearing is set for May 15, 2018 at 11:00 a.m.

Even though the sale price is not enough to pay the full amount of principal, interest and fees on the loan, it does pay a significant portion of the principal on the loan. Plus there are additional acres remaining subject to the deed of trust that will continue to be marketed. ML Manager believes this offer reflects the current market price for the property and it is unlikely to increase substantially in the foreseeable future. Under the Sale Agreement, the property is being sold “as is”, “where is” and “with all faults”. 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 to another buyer for the same or better offer.

The following is a general outline of the distribution of funds. The gross sale price of \$4.9 million will be reduced by the closing costs, real estate taxes and commission in an amount estimated to be approximately \$725,000 leaving a balance of net proceeds of approximately \$4,175,000. The VP II Loan LLC owns a 71.221% fractional interest in the property, which is approximately \$2,973,477 of the net proceeds. Those proceeds would be used to pay its share of the ML Manager expenses and to other expenses provided for in the Court approved Cost Allocation Model. ML Manager will seek to distribute the 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 5 p.m., Arizona time, May 8, 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 creece@fclaw.com and she will arrange to send a copy to you. Questions can be directed to Mark Winkleman at mwinkleman@mtgld.com.

Regards,
Elliott Pollack, Chair

Do you agree to accept the recommendation of ML Manager to sell the VP II property to a buyer as described on the preceding pages?

- Agreed
- Disagreed

By: _____
Signature

Date: _____

Please Print Name