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U.S. BANKRUPTCY  
DISTRICT OF ARIZONA

6 UNITED STATES BANKRUPTCY COURT  
7 DISTRICT OF ARIZONA

9 In Re:

10 MORTGAGES, LTD., an  
11 Arizona corporation

12 Debtor.

In Proceedings Under Chapter 11  
Case No. 2-08-bk-07465 RJH

**OBJECTION TO ML MANAGER'S  
MOTION TO AUTHORIZE  
DISTRIBUTIONS OF PROCEEDS TO  
INVESTORS IN ACCORDANCE  
WITH ALLOCATION MODEL**

**Hearing Date: September 4, 2012  
Hearing Time: 2:30 p.m.**

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18  
19 Jan Sterling, an interested party representing herself, objects to ML Manager's Motion to  
20 Authorize Distributions of Proceeds to Investors in Accordance with Allocation Model, for the  
21 reasons set forth below.

- 22  
23  
24 **I. The Liquidating Trust ("LT") and the ML Manager ("MLM") have failed**  
25 **to meet their responsibility to accurately allocate the \$44 M plus cost of**  
26 **the Exit Financing between the two entities, and their respective**  
27 **beneficiaries/creditors, based on the respective usage of the fund by**  
28 **the parties. Failure to allocate could unfairly discriminate against one**  
**of the groups of beneficiaries/creditors.**

1           The Allocation Model cannot accurately reflect the true costs of the Exit Financing that  
2 are being allocated to the investors until the required allocations of Exit Financing costs and  
3 expenses between the Liquidating Trust and ML Manager are done. The Interborrower  
4 Agreement is the controlling document. As relates to the allocation of Exit Financing advances,  
5 costs and expenses, the Interborrower Agreement provides very specific guidance regarding the  
6 timing, methodology and reporting requirements as defined in Operative Provisions 2.1-2.3.

7 (See Exhibit 1)

## 8

## 9           2. Advances under the Loan

10

11           2.1 Advances. All Advances under the Loan will be initiated by a request signed  
12 by the Liquidating Trustee on behalf of the Liquidating Trust and the ML  
13 Manager on behalf of the Loan LLCs, and the Advance Request will request  
14 disbursement of a specific sum to each of the Liquidating Trustee and the ML  
15 Manager on behalf of the Loan LLC.

16           2.2 Allocation of Loan Advances. Each Loan Advance will be specifically  
17 allocated and documented between the Liquidating Trustee and Loan LLC Group  
18 at the time the advanced or as soon there after as possible based upon the purpose  
19 for which the money is drawn. Advances under the Loan may be made to the  
20 Loan LLC Group **solely to pay for Servicing Costs and the Loan LLC Groups  
21 allocated portion of Professions Fees and Allocated Loan Costs, operating  
22 costs of the ML Manager and such amounts will be allocated to and become  
23 part of the Loan LLC Groups Allocated Loan Share. No amounts will be  
24 borrowed by the Loan LLC Group to pay for any Loan LLC Separate Costs.**  
(Emphasis added)

25           2.3 Allocation of Certain Costs and Expenses. The Liquidating Trustee and the  
26 ML Manager shall agree upon a (i) preliminary dollar allocation of all Professions  
27 Fees between the Liquidating Trustee and Loan LLC Group, with the Loan LLC  
28 Group's dollar share being based upon best estimates of Profession Fees that were  
expended solely to defend the holders of Fractional Interests from suits and other  
actions by ML Borrowers based upon breaches by ML of the obligation to fund  
under ML's loan commitments or ML Loan Documents, which preliminary  
allocation will be revised when Professional Fees are approved by the Bankruptcy

1 Court, and (ii) a percentage allocation of Origination Fees and other Loan closing  
2 costs based upon the amount of funds borrowed by each **on the date of the first**  
3 **Advance.(emphasis added)** Interest Payments, Extension Fees, Repayment  
4 Incentive Payments, and Disposition Incentive Payments payment made under the  
5 Loan will be allocated between the Liquidating Trustee and the LLC Group in  
6 accordance with their then **Allocated Loan Share at the time of such payment.**  
7 .....**The Liquidating Trustee an the ML Manager shall jointly file with**  
8 **the Bankruptcy Court a schedule of allocated items which are determined**  
9 **from time to time .(Emphasis added)**

10 The fact that ML Manager has assumed that the Liquidating Trust will never contribute to  
11 the cost of the Bankruptcy is not an excuse for refusing to adhere to the requirements of the  
12 Interborrower Agreement. The allocation has never been done. There is nowhere in the  
13 Interborrower Agreement that represents that Allocation is a suggestion or an option. During my  
14 tenure, as a member of the LT Board (inception-12/2010), I was a strong proponent for the  
15 allocation between the Liquidating Trust and the Loan LLC Group as evidenced by the  
16 documents that I have asked the Courts permission to file under seal.

17 I have had several communications with the Liquidating Trust since my departure from  
18 the LT Board related to the Allocation. In my conversation with Scott Jenkins, counsel for the  
19 Trust, on Friday August 31, 2012, he stated that the Liquidating Trust was waiting until the Loan  
20 LLC Group asked for funds. At that point, they would discuss it. The Liquidating Trust Board  
21 did not want to disrupt a “good working relationship” they had with the ML Manager Board. The  
22 allocation of costs between the MLM and LT is a mathematical calculation. To portray it as  
23 potentially jeopardizing a working relationship causes me great concern and should cause this  
24 Court great concern because the LT Board has a fiduciary responsibility is to do what is in the  
25 best interest of it’s creditors.

1           The Interborrower Agreement (2.2) states that “**No amounts will be borrowed by the**  
2 **Loan LLC Group to pay for any Loan LLC Separate Costs** “. (Emphasis added) A cost or  
3 expense that is appropriately allocated to the Loan LLC Group, and paid by the Loan LLC Group  
4 members, would not be classified as an Overpayment, an occurrence that triggers a 17.5%  
5 interest loan. If all costs and expenses of the Exit Financing are incorrectly allocated to the LT,  
6 it triggers an Overpayment for the LT that accrues interest. If the interest is not paid by the LT it  
7 becomes the burden of the investors. If, during the Allocation between the Boards, it is  
8 determined that some expenses are appropriately allocated to the Loan LLC Group, it will stop  
9 the LT interest accrual as those expenses will no longer be the responsibility of the LT. Millions  
10 of dollars in expenses that are misallocated and are accruing interest at 17.5% can quickly grow  
11 to an impactful amount. Higher accrued interest could result in higher Reserve withholds to  
12 cover the expense. The Replacement Loan Interest Expense could increase, which in turn would  
13 impact the Net Sales Proceeds available for payout to investors.

14  
15           Failure to promptly allocate the Loan LLC cost of the Exit Financing artificially extends  
16 the borrowing period for the Loan LLC members and increases the interest expense to all  
17 investors.

18           This issue is non negotiable. Per the Interborrower Agreement, the allocation was to be  
19 done at the time of the Advance. Further delay will cause unnecessary cost allocation to  
20 investors and an increase in interest paid and accrued.

21  
22           I am asking the Court to require that the allocation of the Exit Financing costs and  
23 expenses be accurately allocated between the two Boards prior to the approval of the Allocation  
24 Model.

25  
26           **II. I object to the lack of financial transparency in the management of the Loans**  
27 **and REO properties.**

1           There are very few resources that an investor can turn to for financial information  
2 regarding their assets. There are no filings, to my knowledge, regarding the final Exit Financing  
3 borrowings and costs and no filings regarding professional fees paid post Bankruptcy to date.  
4 Even this Court does not have knowledge of how much is being spent to perpetuate this fiasco.  
5 There is no apparent oversight or cost control. Annual budgets are required for the Loan LLCs  
6 but an Opt Out investor, who is not a Member of the Loan LLC but with all of the  
7 responsibilities, has no right to review the annual budget. Information is piecemeal at best.

8           I went to the ML web site for information regarding the Allocation Model. My review  
9 focused on the Chateaux on Central sale to try and discern what information is readily available  
10 to an investor. Other than the ML Newsletters and one Allocation Model representing 6 property  
11 sales in 2010, there is little financial information on the ML web site.

12           Chateaux on Central was an REO property for which the Plan gave the Liquidating Trust  
13 responsibility. The LT managed and sold the property. Exhibit 4 of the Allocation Model shows  
14 that the Chateaux Loan LLC owns 100% of the asset (Exhibit 2). Based on my experience and  
15 knowledge, the Liquidating Trust has in excess of a 30% ownership. This significant  
16 discrepancy in ownership interest could impact the allocation of costs and expenses and unfairly  
17 harm one or more of the ownership groups. It causes me to question the accuracy of the  
18 Allocation Model.

19           Further investigation highlighted an entry on Exhibits 9B (Exhibit 3) which show a  
20 deduction for \$264,504.41 under the "Other" category of "Actual Specific Costs Incurred". A  
21 reasonable person would expect that a cost titled "Actual" would be a reliable number. This is a  
22 large number that equals over 10% of the Loan LLC's share of the Adjusted Net Sales Price.  
23 There is no footnote or explanation. This lack of documentation is an example of a gross lack of  
24 transparency. Because the data is spread over so many complex documents, it is also not easily  
25 discoverable by investors.

26           Exhibit 3 of the Allocation Model (Exhibit 4) shows, for the Chateaux Loan, a Specific  
27 Loan Cost of \$2,237 in contradiction to the \$264,504.41 in Exhibit 9A, again with no  
28

1 explanation or footnote. The Model also revealed a category called Allocated Uncovered  
2 Specific Loan Costs with an amount of \$31,918.(Exhibit 4) The source of this expense is not  
3 documented, explained, or footnoted. There is no provision in the Plan or Interborrower  
4 Agreement that allows an investor to be charged the Loan Specific Costs of another Loan, to act,  
5 in effect, as a financial safety net. This practice is in complete contradiction to the Plan and the  
6 Interborrower Agreement. This Plan was set up as an individual Loan Plan as evidenced by the  
7 individual Loan LLCs. This is not a pooled Plan. Yet ML Manger is taking such liberties with  
8 their expense allocations that it is turning into a pooled Plan.

9 The Plan clearly provides authority for a Loan LLC to borrow from a member, a 3<sup>rd</sup> party  
10 or liquidate the asset to pay a loan specific cost.. The Interborrower Agreement only allows for  
11 the sharing of Exit Financing related costs and expenses and clearly defined servicing costs. It is  
12 the responsibility of the MLM in the annual budgeting process to prevent the financial  
13 overextension of a Loan LLC that creates the inability to pay loan specific costs. This is yet  
14 another flagrant disregard of the Plan and Contracts that the investors voted on and rely on  
15 protect their assets. These are but a few examples for one loan sale. They are not isolated  
16 instances.

17 Investors have been forced to pay significant, unknown amounts of money for the  
18 development of this model. At a minimum it should provide consistent, transparent,  
19 accurate information that is understandable to investors. The proposed Allocations Model,  
20 with its lack of transparency, perpetuates a gross cost-sharing model that was never anticipated  
21 or approved by the investors.

22  
23  
24 **III. The ML Manager asserts that the Allocation Model has been approved. The**  
25 **prior ruling by the Court was that the Allocation Model presented in Sept**  
26 **2010 would be allowed as a “test drive”.**

27 ML Manager continues to assert that the Court has approved the Allocation Model and  
28 that the only issues not yet resolved relate to the actual figures. The Trust had someone attend

1 the hearing and the Trustee relayed to us that the Court had approved a test drive of the  
2 Allocation model. To the best of my knowledge, the Court never established metrics for  
3 determining when the "test drive" would be considered successful and there has not been an  
4 affirmative statement by the Court that the evaluation was completed. It is my belief that the  
5 evaluation of the Allocation Model should include the disclosures beyond the actual  
6 spreadsheets. I have attached as Exhibit 5 and Exhibit 6, two statements that I received with  
7 settlement checks. Exhibit 5 is a letter from the Thomas Title that I received with a payment.  
8 There was no settlement doc with detail regarding interest calculation for tax purposes or even  
9 the source of the funds. The letter referenced Pearce Farm but the Loan was to ABCDW LLC.  
10 There was no Loan number to which I could tie the payment. This is an unacceptable  
11 documentation standard in any situation but especially given the average age of ML investors. At  
12 a minimum the investors should not have to struggle to reconcile their payments.

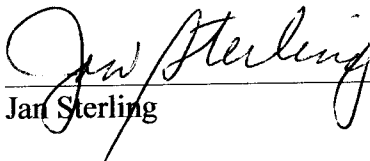
13  
14 Exhibit 6 is another loan payment that had no identifying information other than  
15 percentage of ownership that would assist me in identifying the source of the funds. This loan  
16 had a Gross Sales Price of \$313,800 and \$185,683.75 in unspecified costs. The unspecified costs  
17 represented 76% of the total costs. There is not an example of transparency.

18  
19 Investors who have entrusted their assets to ML Manager are entitled to a complete and  
20 accurate accounting of the funds that were expended to service, foreclose, market and sell their  
21 assets. Any standard of disclosure less than that challenges the integrity of the Bankruptcy  
22 process. While no investor should expect the Bankruptcy process to add value to their assets, no  
23 investor should walk away from this experience feeling like the Bankruptcy system had let them  
24 down by failing to monitor the process.

25  
26 The Motion of the ML Manager should be denied. ML Manager and the Liquidating  
27 Trust should be required to allocate the Exit Financing cost and expenses per the Interborrower  
28 Agreement prior to approval of the Model. In the spirit of disclosure and transparency, within 60

1 days, ML Manager should post on the ML web site the ML Manager's legal, professional, and  
2 operational post Confirmation expenses, both paid and accrued. On a going forward basis the  
3 expense disclosures should be monthly. ML Manager should post annually on the ML website  
4 the annual budgets for all of the Loan LLCs. ML Manager should update the ML website with  
5 the Allocation Models used for each Loan/REO settlement. They should also be required to  
6 demonstrate to the Court a standardized format that will be used consistently to document, for  
7 the investor, the revenues and expenses associate with a loan settlement. The document should  
8 significantly limit the use of non-specific expense classification to no more than 10% of a Loan's  
9 total costs/expenses.

10  
11 DATED this 4<sup>th</sup> day of September, 2012

12  
13   
14 Jan Sterling

15  
16 Copies of the foregoing via e-mail  
17 this 4<sup>th</sup> day of September, 2012, upon

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19 Cathy L. Reese Esq.  
20 3003 N. Central Avenue, Suite 2600  
21 Phoenix AZ 85012-2913  
22 Attorneys For ML Manager LLC  
23 Manager LLC  
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# EXHIBIT 1

"Recovery" means the gross cash or non-cash consideration received by the Liquidating Trust or the Loan LLC by settlement or judgment collection, on Liquidating Trustee Causes of Action and Loan LLC Causes of Action, respectively.

"REO Property" means any real property to which the Liquidating Trust presently has title or to which a Loan LLC receives title by reason of a judicial or non-judicial foreclosure of a ML Deed of Trust, a deed-in-lieu of foreclosure under a ML Deed of Trust or payment on an ML Note in kind consisting of real or personal property.

"Servicer" shall mean ML Servicing Co., Inc (formerly Mortgages, Ltd) or any other entity engaged to service the ML Loans.

"Servicing Expenses" means the actual expenses of engaging a servicer to service the ML Loans from and after the Effective Date, including all normal and customary services that are normally by loan servicers, including but not limited to collecting payments, fees and other charges from ML Borrowers, maintaining accounting records with respect to the ML Loans, sending notices to ML Borrowers, paying taxes and insurance from impounds; confirming insurance coverage; making distributions of principal and interest to holders of interest in the ML Notes, providing custody services to hold the ML Notes and ML Loan Documents as agent for the benefit of the holders of the interests in the ML Notes, providing accountings and year end tax statements to holders of the ML Notes, answering inquiries from holders of the ML Notes or from ML Borrowers with respect to the ML Loans, and other services reasonable requested by the ML Manager to be provided to the holders of the ML Notes but excluding from Servicing Expenses those amounts charged to and collected from the Non-Conveying ML Note Holders for servicing under the Agency Agreements.

## 2. Advances under the Loan.

2.1 Advances. All Advances under the Loan will be initiated by a Advance Request signed by the Liquidating Trustee on behalf of the Liquidating Trust and the ML Manager on behalf of the Loan LLCs, and the Advance Request will request disbursement of a specific sum to each of the Liquidating Trustee and the ML Manager on behalf of the Loan LLCs.

2.2 Allocation of Loan Advances. Each Loan Advance will be specifically allocated and documented between the Liquidating Trustee and Loan LLC Group at the time advanced or as soon thereafter as possible based upon the purpose for which the money is drawn. The funds allocated to each will be deposited in accounts held by the Liquidating Trustee and the ML Manager on behalf of the Loan LLC Group. Advances under the Loan may be made to the Liquidating Trustee solely for the purpose of paying Claims Required to be Paid and Liquidating Trustee Costs and Expenses and such amounts advanced will be allocated to and become part of the Liquidating Trustee's Allocated Loan Share. Advances under the Loan may be made to the Loan LLC Group solely to pay for Servicing Costs and the Loan LLC Group's allocated portion of

Professional Fees and Allocated Loan Costs, operating costs of the ML Manager and such amounts will be allocated to and become part of the Loan LLC Group's Allocated Loan Share. No amounts will be borrowed by the Loan LLC Group to pay any Loan LLC Separate Costs.

2.3 Allocation of Certain Costs and Expenses. The Liquidating Trustee and the ML Manager shall agree upon a (i) preliminary dollar allocation of all Professional Fees between the Liquidating Trustee and Loan LLC Group, with the Loan LLC Group's dollar share being based upon best estimates of Professional Fees that were expended solely to defend the holders of Fractional Interests from suits and other actions by ML Borrowers based upon breaches by ML of the obligation to fund under ML's loan commitments or ML Loan Documents, which preliminary allocation will be revised when the Professional Fees are approved by the Bankruptcy Court, and (ii) a percentage allocation of Origination Fees and other Loan closing costs based upon the amount of funds borrowed by each on the date of the first Advance. Interest payments, Extension Fees, Repayment Incentive Payments and Disposition Incentive Payments payment made under the Loan will be allocated between the Liquidating Trustee and the LLC Group in accordance with their then Allocated Loan Share at the time of such payment. To the extent that the Non-Conveying ML Note Holders are required to pay and do pay their fair share of the Loan Costs and other costs funded with Loan proceeds under the Agency Agreements, the amount so paid shall reduce the amount to be allocated among the Loan LLCs for repayment purposes. The Liquidating Trustee and the ML Manager shall jointly file with the Bankruptcy Court a schedule of allocated items which are determined from time to time.

2.4 Responsibility to Repay Lender. The Liquidating Trustee and Loan LLC Group will be responsible, as between themselves, to repay to the Lender its then Allocable Loan Share at each point in time.

2.5 Overpayments and Repayments. To the extent that either of the Liquidating Trustee or the Loan LLC Group shall pay more than their Allocable Loan Share, or their share of Allocated Loan Costs, to Lender ("Overpaying Party") because of the requirements of the Loan Documents or otherwise, the overpayment ("Overpayment") shall be accounted for as a debt due to the Overpaying Party for underpayment ("Underpayment") from the other party ("Underpaying Party") which shall bear interest until repaid at the same rate of interest then borne by the Loan. To the extent that the Loan LLC Group is the Underpaying Party, the Loan LLCs will allocate the underpayment among the Loan LLCs in the ratio of their then Allocated Loan Shares to the total Allocated Loan Share of all Loan LLCs. or in the case of Underpayment of Allocated Loan Costs which are not paid from an Advance of Loan proceeds on the basis of the ratio of their Allocated Loan Costs under Section 2.3 or other method deemed fair by the ML Manager. In the event that the Underpaying Party is the Liquidating Trust or the Loan LLC Group, to the extent that funds are available to the Liquidating Trust if the Underpaying Party or from a Loan LLC if the Loan LLC Group is the Underpaying Party, from Net Proceeds from Disposition by such Underpaying Party, the funds shall first be used to pay off such Underpaying Party's share of the Underpayment owed based

EXHIBIT 2

Starr Consulting, LLC  
Distribution Model

Print Date: 3/14/2011

Manager, LLC  
Net Payout to Loan LLCs by Entity Based on Model Assumptions (Sorted by Loan Name) - Excludes 401K as Participants in ML Manager Cost Allocation

Loan No.	Loan Name	Loan LLC % of Total Loan	Step 1 - Total Estimated Cost										Step 2 - Repayment of Permitted Reserve & Replacement Ln		Step 10 - True UP		Protected Payout Based on Model Assumptions
			Adjusted Net Sales Proceeds	Minus Permitted Reserve	Minus Specific Costs	Allocated Uncovered Specific Costs	Minus Pre Plan Confirmation General Costs	Minus Post Plan Confirmation General Costs	Minus Est Loan Interest & Costs	Plus Repayment of Permitted Reserve	Plus Replacement Loan Interest	Minus Replacement Loan Interest Payments	Other Recoveries	Allocation of Other Recoveries			
860896	Chunxun on Central City Leds, LLC	100.00	3,318,020	(483,245)	(2,237)	(31,918)	(509,158)	(308,728)	(597,068)	483,245	488,764	(2,340)	-	-	2,357,475		
856500	Michael C. Newman	86.80	1,403,562	(192,500)	(12,200)	(12,757)	(203,588)	(123,397)	(278,446)	192,500	122,144	-	-	-	892,058		
798752	Michael C. Newman & Darlene Newman	64.39	8,895,175	(1,950,000)	(60,877)	(32,073)	(511,838)	(310,231)	(714,047)	1,950,000	1,407,344	(7,563)	-	-	8,645,880		
851106	Oborn IT Partners, LLC	75.29	1,403,745	(211,200)	(27,859)	(11,075)	(176,747)	(107,129)	(240,619)	211,200	142,244	(1,280)	-	-	980,629		
857902	Zelner - Mission																
			\$ 15,020,502	\$ (2,836,949)	\$ (103,493)	\$ (87,823)	\$ (1,401,531)	\$ (849,485)	\$ (1,820,189)	\$ 2,836,945	\$ 2,160,495	\$ (11,822)	\$ -	\$ -	\$ 12,896,652		

Date - Subject to Change

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EXHIBIT 3

Simon Consulting, LLC  
Distribution Model

Print Date: 3/14/2011

ML Manager, LLC  
Summary of Actual Specific Costs Incurred

Exhibit 9B

Loan #	Loan Name	Actual Specific Costs Incurred													Total Actual			
		Income	Borrower Bankruptcy	Consulting	Executive Management	Guarantee	Insurance	Legal	Misc Charges	Operating Expense	Property Management	Title	Trustee Sale	Other				
REG	Chateau on Canal	(1,257.37)	-	-	4,675.00	-	-	67,658.22	-	-	-	-	-	-	-	1,211.00	264,504.41	335,578.06
860806	City Lights, LLC	-	-	-	9,384.60	-	49,177.66	40,416.98	-	-	-	-	-	-	-	-	2,120.06	102,310.30
796782	Michael C. Newman & Darlene Newman	-	-	-	50.00	-	-	-	-	-	-	-	-	-	-	-	-	50.00
856590	Newman, Michael C.	-	-	22,084.21	22,446.16	-	55,109.62	100,920.42	10.00	6,351.86	276.40	821.00	892.50	762.77	-	-	307.46	190,039.92
831106	Osborn III, Patricia, LLC	-	-	-	8,414.66	-	68.18	78,992.04	-	-	2,532.61	3,167.50	247.86	-	-	-	-	93,150.31
837502	Zadler - Missouri	-	-	22,084.21	44,970.42	-	104,355.46	287,385.66	10.00	6,351.86	2,829.01	3,088.50	2,351.36	267,694.70	-	-	-	721,128.57
		\$ (20,892.50)	\$ -	\$ 22,084.21	\$ 44,970.42	\$ -	\$ 104,355.46	\$ 287,385.66	\$ 10.00	\$ 6,351.86	\$ 2,829.01	\$ 3,088.50	\$ 2,351.36	\$ 267,694.70	\$ -	\$ -	\$ -	\$ 721,128.57

Draft - Subject to Change

Attorney Work Product - Privileged & Confidential

Page 1 of 1

EXHIBIT 4

Blue Country, LLC  
20000 Lakeside Blvd  
Dallas, Texas 75241

Page 1 of 1  
Print Date: 09/05/12

ML Manager, LLC  
Projected Payroll by Asset Class as of 09/04/12 (Report Generated by Loan Wizard) - Exhibits and/or as Participants in ML Manager, Loan Adjustment

Loan No.	Loan Name	Step 1: Gross Loan Proceeds		Step 2: Gross Loan Proceeds - Cash or Adjusted Net Cash Proceeds		Step 3: Mortgage of Property Interest & Replacement		Step 4: Total Projected Cash		Step 5: Mortgage of Property Interest & Replacement		Step 6: Total	
		20% Adjustment to Gross Proceeds (over application)	Minus: Minimum Yield	Minus: Minimum Yield	Minus: Minimum Yield	Minus: Minimum Yield	Minus: Minimum Yield	Minus: Minimum Yield	Minus: Minimum Yield	Minus: Minimum Yield	Minus: Minimum Yield	Minus: Minimum Yield	Minus: Minimum Yield
BDO	Chadwick on Canal	7,000,000	(1,600,000)	(43,461)	(43,461)	(43,461)	(43,461)	(43,461)	(43,461)	(43,461)	(43,461)	(43,461)	(43,461)
BDO	Coy Lake, LLC	1,292,000	(6,250)	(8,250)	(8,250)	(8,250)	(8,250)	(8,250)	(8,250)	(8,250)	(8,250)	(8,250)	(8,250)
BDO	Chadwick on Canal	1,222,200	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)	(6,250)
787852	Melburn C. Stevens & Nelson Marshall	19,500,000	(3,442,000)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)
851106	Chadwick on Canal, LLC	19,500,000	(3,442,000)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)
851262	Chadwick on Canal	21,100,000	(3,442,000)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)	(46,173)
		\$ 30,812,200	\$ (6,886,000)	\$ (712,329)	\$ (712,329)	\$ (712,329)	\$ (712,329)	\$ (712,329)	\$ (712,329)	\$ (712,329)	\$ (712,329)	\$ (712,329)	\$ (712,329)

(1) Estimated Property Value as provided by ML Manager. Property description provided only. Does not include other possible revenues used as loan guarantees in the loan report (M47) by requesting firm.  
 (2) Other Side Proceeds to 20%  
 (3) Other Side Proceeds to 20%  
 (4) Estimated per ML Manager  
 (5) Loan Specific Statement of Agreement used. Loan applied to by and through the Program  
 (6) Loan Specific Statement of Agreement used. Loan applied to by and through the Program  
 (7) Net Sales Proceeds to Shareholding Community  
 (8) Net Sales Proceeds to Shareholding Community  
 (9) = (1) + (2) - (3) - (4) - (5) - (6) - (7) - (8)

EXHIBIT 5



Thomas Title & Escrow  
Promenade Corporate Center  
16435 N. Scottsdale Rd., Ste. 405  
Scottsdale, AZ 85254  
P | 480.222.1116  
F | 480.222.1117  
[www.thomastitle.com](http://www.thomastitle.com)

June 01, 2012

VIA OVERNIGHT DELIVERY

Jan Sterling  
125 Fox Hollow Road  
Woodside, CA 94062

Regarding: Escrow No. 115947 / Pearce Farm – Penal County

Dear Jan:

In connection with the above referenced escrow we are enclosing the following documents:

- Check number # 12329 in the amount of \$25,168.00

**Please negotiate any enclosed checks immediately. This is a Note Payment from ML Manager LLC for the Pear Farm sale.**

In the event you have any questions regarding the above or enclosed, please feel free to call.

Sincerely,

Julia Mendoza Escrow Assistant to Diane Carpenter

encl.

THIS DOCUMENT HAS A GRADUATED BACKGROUND DARKER AT THE TOP AND LIGHTER AT THE BOTTOM TO PREVENT SIDE TO SIDE ROTATION

**Thomas Title & Escrow, LLC**  
16435 N. Scottsdale Rd., Ste. 405  
Scottsdale, AZ 85254

*EXHIBIT 5*  
File No 115947

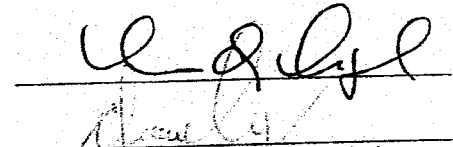
Wells Fargo Bank  
100 West Washington  
Phoenix, Arizona 85003

12329  
91-527  
1221

DATE 06/01/2012 AMOUNT \$25,168.00

**PAY** *Twenty Five Thousand One Hundred Sixty Eight and 00/100*

TO THE ORDER OF **JAN STERLING**  
125 Fox Hollow Rd.  
Woodside, CA 94062

  
Two Authorized Signatures Required

Memo:

⑈ 12329⑈ ⑆ 122105278⑆ 7000388467⑈

16435 N. Scottsdale Rd., Ste. 405  
Scottsdale, AZ 85254

12329

06/01/2012 115947 \$25,168.00  
PAYEE: Jan Sterling  
SELLER: ABCDW, L.L.C., an Arizona limited liability company, as to an undivided 59.5520% interest  
BUYER: Arnaldo B. Burruel and Judith K. Burruel, husband and wife  
ADDRESS: vacant land, , AZ / 409-01-001A 8

Line Items	Description	Amount
	note payment	\$25,168.00

# EXHIBIT 6

Total Gross Sales Price		1 200 000 00
Pass-Through Ownership Percentage:		26.1500%
Pass Through Share of Gross Sales Price	\$	315,800.00
Less Pass-Through Share of Closing Costs:		
Mechanic Liens		(41,139.58)
Property Taxes		(16,778.36)
Selling Costs (Title, Escrow, Broker Fees, other Property Specific Costs)		(24,889.53)
Required Pay-offs of Loans and or Settlement Agreements or Other		(2,057.44)
Other Selling Costs Advanced by ML Manager, LLC		(84,864.73)
<b>Total Closing Costs</b>		119,939.64
Pass Through Share of Net Sales Proceeds		195,860.36
Less Pass throughs Share of ML Manager Costs		(116,661.85)
<b>Net Available for Initial Distribution</b>		<b>79,198.51</b>

Investor Code	Check Payee Name	Percentage of Ownership	Distribution Amount
ST37	Jan M. Sterling, Trustee of The Jan M. Sterling Living Trust dated January 4, 1995	14.916517798824600	\$10,471.17