

**Newsletter of the Official Committee of Investors of Mortgages Ltd.**

March 26, 2009—Newsletter #21

The members of the Official Investors Committee want to let you know about the current events regarding the bankruptcy of the Debtor Mortgages Ltd. (“Debtor”). The Committee has been extremely active since the last newsletter trying to move this bankruptcy to a conclusion.

**1. REVISIONS TO INVESTORS COMMITTEE’S DISCLOSURE**

**STATEMENT** On March 12, 2009 and again on March 24, 2009 the Committee made revisions to the Disclosure Statement and Plan which is very common in large bankruptcy cases. Redline versions were filed with the Court. The Committee at the Judge’s request also filed forms of ballots for review on March 18, 2009. On March 24, 2009 the Court entered an order indicating what additional changes need to be made in the Committee’s Disclosure Statement and the ballots and indicated what objections he was sustaining so that additional information could be added. The Court overruled all other objections to the Committee’s Disclosure Statement. This is also very common in large bankruptcy cases. The Committee is in the process of making these changes and will be filing a redline version in the next day or two. There are about 10 areas to be changed and supplemented in the Committee’s Disclosure Statement. Hopefully at that time the Court will approve the additional changes and will allow the Committee to go forward on confirmation of the Committee’s Plan. A copy of the prior redlines are posted on the website along with the form of ballots and the additional exhibits. The Order dated March 24, 2009 is also posted. Go to [www.fclaw.com/mortgages-ltd-investors](http://www.fclaw.com/mortgages-ltd-investors). Remember that these are only redlines and until the Court approves the Disclosure Statement nothing is final.

The Committee has interviewed candidates for the proposed Liquidating Trustee, has interviewed candidates for the various Board positions to include in its amended Disclosure Statement, and has been negotiating exit financing for its Plan. These are all reflected in the redlines filed on March 12, 2009 and in the exhibits filed at that time.

**Remember the Committee and other plan proponents cannot solicit your vote in favor of or against a plan until after the adequacy of the Disclosure Statement has been approved by the Court.**

**2. THE DEBTOR FILED A DISCLOSURE STATEMENT AND PLAN OF REORGANIZATION ON MARCH 4, 2009.**

As you are aware, the Debtor filed its own Plan and Disclosure Statement on March 4, 2009, hours before the hearing on the Committee’s Disclosure Statement. Objections to the adequacy of the Debtor’s Disclosure Statement need to be filed on or before March 30, 2009. The Court set a hearing on the adequacy of the information in the Debtor’s Disclosure Statement for April 6, 2009 at 3 pm. The Committee will be filing an objection to the adequacy of the Debtor’s Disclosure Statement on March 30, 2009. We will post it on the website. We have been informed that others will also be filing objections and we will also post those objections.

**As we stated again in this Newsletter, remember that during this period, the Committee and other plan proponents cannot solicit your vote in favor of or against the Committee’s Plan or the Debtor’s Plan until after the adequacy of the Disclosure Statement has been approved by the Court.**