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CMR MORTGAGE FUND II, LLC

UNITED STATES BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

In re	Case No. 09-30788
CMR MORTGAGE FUND II, LLC,	Chapter 11
Debtor.	Date: November 6, 2009 Time: 9:30 a.m. Place: Courtroom 23rd Floor 235 Pine Street San Francisco, California

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I. INTRODUCTION

This is the Disclosure Statement for Joint Chapter 11 Plan filed by CMR Mortgage Fund II, LLC ("CMR Fund II"), Debtor-in-Possession in Case No. 09-30788, and CMR Mortgage Fund III, LLC, Debtor-in-Possession in Case No. 09-30802. All exhibits attached hereto are incorporated into and made a part of this Disclosure Statement. A copy of the Joint Chapter 11 Plan (the "Plan"), is served with this Disclosure Statement. Capitalized terms used in this Disclosure Statement shall have the meanings given to them in the Plan.

The statements contained in this Disclosure Statement are made as of the date of the Disclosure Statement, unless another time is specified. Neither delivery of this Disclosure Statement nor any exchange of rights made in connection with the Disclosure Statement or the Plan shall be deemed to imply that there has been no change in the facts set forth since the date this Disclosure Statement was prepared. The contents of this Disclosure Statement are complete and accurate to the best of the Debtors' knowledge, information and belief as of the date of this filing.

NO STATEMENTS OR INFORMATION CONCERNING THE PLAN, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT OR IN THE PLAN ITSELF, HAVE BEEN AUTHORIZED BY THE DEBTORS OR APPROVED BY THE COURT. COURT APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT MEAN THAT THE COURT HAS CONDUCTED AN INQUIRY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

A. Procedural Setting

This Chapter 11 case was commenced by the filing of a voluntary petition by the CMR Fund II and CMR Fund III with the United States Bankruptcy Court, Northern District of California, San Francisco Division (the "Court") on March 31, 2009 (the "Petition Date"). CMR Fund II and CMR Fund III are the Chapter 11 Debtors-in-Possession and the proponents of the Joint Chapter 11 Plan, which envisions that the two Debtors will be jointly administered from and after the Effective Date.

B. Plan Summary

The Debtors were organized for the purpose of making and investing in loans secured by deeds of trust against real property. The loans were arranged and serviced by the Manager of the

Debtors, namely California Mortgage and Realty, Inc., which is currently licensed as a California Finance Lender. The Manager provides general operating and administrative services to the Debtors, subject to the voting rights of the members of each of the Debtors on certain matters.

The real estate market suffered a severe downturn starting in the latter part of 2007, and the value of the Debtors' assets declined dramatically. Simultaneously, most borrowers defaulted upon their obligations to the Debtors. As a result, the Debtors were forced to foreclose upon several pieces of real property, title to which are currently held by primarily by several limited liability companies. Several borrowers also defaulted upon their obligations to senior lienholders, which lienholders threatened the Debtors' collateral with foreclosure. In order to enable the Debtors to conduct an orderly liquidation of its foreclosed properties, preserve the value of the Debtors' liens and protect the Debtors' collateral from foreclosure, the Debtors filed voluntary Chapter 11 petitions on March 31, 2009.

Anticipating that liquidity will begin to return to the real estate markets, this Plan provides that substantially all secured and unsecured creditors will be paid in full over a maximum seven year term, that members of the Debtors will retain their membership interests or voluntarily exchange such interests for debt as provided for in the Plan, and the Debtors will eventually begin to return capital to members of the Debtors. Distributions under this Plan will be funded by sales or Joint Ventures of real property, loans secured by real property and payoffs by borrowers. There are only two secured claims against assets held by CMR Fund II, which claims will be paid from the proceeds of the sale or refinance of the underlying assets or satisfied by forfeiture of the assets. There are no secured claims against assets held by CMR Fund III. Although the Debtors intend to obtain DIP Financing in order to fund business operations, DIP Financing will not be used to make distributions under this Plan.

This Plan further provides that the Debtors will restructure their members' equity interests and reduce the number of members of each Debtor to less than 300 in order to enable the Debtors to terminate the requirement to register their securities with Section 12(g)(4) of the Securities and Exchange Act of 1934 and to file reports as a public company. In order to accomplish said restructuring, the Debtors will offer some or all members the option of exchanging their membership interest for unsecured debt, as provided herein.

C. Court Approval

After notice and a hearing, the Bankruptcy Court approved this Disclosure Statement under Section 1125 of the Bankruptcy Code as containing information of a kind and in sufficient detail in light of the nature and history of the Debtors, that would enable a hypothetical and reasonable investor, typical of creditors of the Debtor, to make an informed judgment to vote to accept or reject the Plan. The approval of this Disclosure Statement by the Bankruptcy Court does not constitute a recommendation by the Court to accept or reject the Plan.

II. VOTING PROCEDURES

A. Persons Entitled to Vote on the Plan

Under the Bankruptcy Code, only classes of Claims that are impaired under the terms and provisions of the Plan are entitled to vote to accept or reject the Plan. Classes of Claims that are not impaired are not entitled to vote on the Plan and are deemed to have accepted the Plan. Impaired classes of Claims or Interests that receive no distributions under the Plan are deemed to have rejected the Plan.

Classes 5A and 3B, consisting of the Equity Interests of the members of CMR Fund II and CMR Fund III, is unimpaired in that holders of Class 5A or Class 3B claims shall retain their membership interests, and they are not entitled to vote on the Plan. All other classes are impaired and will receive a distribution under the Plan, and they are entitled to vote on the Plan.

Creditors whose Claims have been objected to, are not eligible to vote unless such objections are resolved in their favor or, pursuant to Bankruptcy Rule 3018(a), the Court allows the Claim for the purpose of voting to accept or reject the Plan. Any Creditor whose Claim has been objected to that seeks its Claim allowed temporarily for the purpose of voting must take the steps necessary to arrange an appropriate hearing with the Court under Rule 3018(a).

B. Voting Instructions

A vote to accept or reject the Plan must be in writing, and a ballot to be used for voting is enclosed with a copy of the Disclosure Statement sent to each class entitled to vote on the Plan. Creditors are required to indicate on the enclosed ballot whether the Creditor accepts or rejects the Plan, sign and date the ballot, and indicate the name of the Creditor and then mail the ballot in accordance with the instructions set forth on the ballot and instructional materials delivered with the

Disclosure Statement. A vote will not be counted unless a ballot is properly completed, signed, dated, and returned so that it is received no later than _____ p.m., Pacific Daylight Time on _____, 2009, to the Debtors at the following address:

Graham Seel
California Mortgage and Realty, Inc.
62 First Street
San Francisco, CA 94105

A facsimile of a completed ballot will be counted if it is transmitted to (415) 974-1143, attention Graham Seel, but such facsimile must conform to all of the requirements set forth in the instruction sheet that accompanies the ballot and must be received no later than _____ p.m., Pacific Daylight Time, on _____, 2009.

If a ballot is damaged or lost, or the ballot recipient has any questions concerning voting procedures, the recipient should contact the Debtors by email at info@cmrfund.com.

A ballot, once submitted, cannot be changed or withdrawn except for cause shown to the Bankruptcy Court within the time set for voting on the Plan.

III. HISTORY OF THE DEBTOR AND THE CHAPTER 11 CASE

A. Organizational Structure and Operations

The Debtors, which are managed by California Mortgage and Realty, Inc. ("Manager"), a Delaware corporation, are California Limited Liability Companies organized for the purpose of making or investing in business loans secured by deeds of trust against real property Most of the loans are secured by land, which can be income producing (e.g., improved commercial real estate) or may be held for commercial or residential development. The loans were arranged and serviced by the Manager, who is currently licensed as a California Finance Lender. The Manager provides general operating and administrative services to the Debtors and has complete control of their business activities, subject to the voting rights of the members of each of the Debtors on specified matters and on other specific matters which the Manager wishes to submit to a vote. The Manager does not hold any membership interest in either of the Debtors and did not hold any such interest as of March 31, 2009.

CMR Fund II currently has 828 members, and CMR Fund III currently has 676 members. Because the Debtors are California limited liability companies, the liability of each member is

limited to the amount of the member's investment. The rights, duties and powers of the members are governed, respectively, by the Operating Agreement of CMR Mortgage Fund II, LLC and the Operating Agreement of CMR Mortgage Fund III, LLC (the "Operating Agreements").

B. The Chapter 11 Case

The real estate market suffered a severe downturn in 2008 and 2009, and the value of the Debtors' assets declined dramatically. Simultaneously, many borrowers defaulted upon their obligations to the Debtors. As a result, the Debtors were forced to foreclose upon several pieces of real property (the "REO Properties"), which are in most cases currently held by certain limited liability companies. Several borrowers also defaulted upon their obligations to senior lienholders, which lienholders threatened the Debtors' collateral with foreclosure. In order to enable the Debtors to conduct an orderly liquidation of the REO Properties, preserve the value of their assets and protect their collateral against foreclosure, the Debtors filed voluntary Chapter 11 petitions on March 31, 2009. As discussed below, the Plan provides for payment in full of all Allowed Claims and retention of membership interests by members of the Debtors.

In the mid to late 2000's, the number of investors in the Debtors grew rapidly, and the Debtors were required to register their membership interests as public securities pursuant to Section 12 of the Securities and Exchange Act of 1934. However, the lack of a viable real estate market made it virtually impossible for the Debtors to obtain accurate appraisals, and they were unable to fulfill their SEC filing requirements. Therefore, the Plan provides that the Debtors shall attempt to reduce the number of members of each of the Debtors to fewer than 300 in order to deregister their securities pursuant to Section 12(g)(4) of the Securities and Exchange Act of 1934. In order to accomplish this, the Debtors will allow a certain number of members to exchange their membership interests for unsecured debt, as provided in the Plan and discussed below.

IV. DESCRIPTION OF THE CHAPTER 11 PLAN

A. Plan Summary

The primary goal of these Chapter 11 Cases is the satisfaction of creditor claims through confirmation of the Joint Chapter 11 Plan, which provides for payment in full of all Allowed Claims of Creditors and a restructuring of the Debtors' equity interest by conversion to unsecured debt.

Payments shall be made in cash based on the legal priority of each class of claims, and the interests of all members of the Debtors shall be preserved without legal impairment.

The Chapter 11 Plan proposed by the Debtors includes definitions of terms used in the Plan and the Disclosure Statement and specifications of the classes of creditor claims and the interests of members created by the Plan. In the event of an inconsistency between the Plan and the Disclosure Statement, the terms of the Plan shall control.

B. Designation of Classes and Interests

The Plan designates Claims into Classified and Non-Classified claims. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest falls within the Class description. The Plan deals with all Claims against the Debtors or property of the Debtors or the Estates of whatever character, whether or not with recourse, whether or not contingent, disputed, or unliquidated and whether or not allowed by the Bankruptcy Court. However, only Allowed Claims will receive Distributions under the Plan.

A Claim or Equity Interest shall be deemed classified in a particular class only to the extent that the Claim or Equity Interest qualifies within the description of that class, and shall be deemed classified in a different class to the extent that any remainder of the Claim or Equity Interest qualifies within the description of such different class. For purposes of voting and distribution, a Claim is in a particular class only to the extent that the Claim is an Allowed Claim in that class.

1. Non-Classified Claims.

The Plan provides that the following Claims shall not be classified (the "Non-Classified Claims"):

Administrative Claims. Administrative Claims, if any, allowed pursuant to Section 503(b) of the Bankruptcy Code and entitled to priority pursuant to Section 507(a)(1) of the Bankruptcy Code, are not classified under this Plan. Said Administrative Claims include advances made by the Manager, Asset Management Fees and DIP Financing, as set forth below. Each of the Debtors shall be liable solely for its own Administrative Claims, and nothing in this Plan shall be construed to require one of the Debtors to pay an Administrative Claim against the other.

Advances and Asset Management Fees. Advances made by the Manager to the Debtors and Asset Management Fees accrued after the Petition Date and before the Effective Date , which

were incurred in the ordinary course of business pursuant to the Operating Agreements, constitute Administrative Claims under Sections 364(a) and 503(b)(1) of the Bankruptcy Code and are not classified under this Plan.

DIP Financing. DIP Financing Claims, whether secured or unsecured, are not classified under this Plan. Any unsecured DIP Financing Claims approved by the Court pursuant to Bankruptcy Code Section 364(b) shall be entitled to administrative priority pursuant to Bankruptcy Code Section 503(b)(1) and shall be treated hereunder as an Administrative Claim. Any security interest obtained pursuant to Bankruptcy Code Section 364(c)(2), (3) or (d) shall not be treated or provided for under this Plan and shall be subject to any agreements between the Debtors and the holder of said security interest and any order of the Court granting or pertaining to said security interest.

Bar Date for Administrative Claims. Except as otherwise provided in this Plan, requests for payment of Administrative Claims including, of professionals or other entities requesting compensation or reimbursement of expenses as an Administrative Claim for services rendered prior to the Effective Date (except statutory fees), must be filed and served on all parties entitled to notice no later than forty-five (45) days after the Effective Date. All such requests for payment of Administrative Claims and applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Bankruptcy Court. Holders of Administrative Claims requesting compensation or reimbursement of expenses that do not file such requests by the administrative bar dates noted above will be forever barred from asserting such Claims against the Debtors and/or the Estates, or any of its property, successors or assigns, unless the Court, upon a duly filed motion, extends the time for filing any such request. No further notice of these bar dates is required to be given.

Priority Tax Claims. All Allowed Claims of governmental units in respect to any demand for payment of a tax entitled to priority pursuant to Section 507(a)(8) of the Code, including any allowable interest or charges.

U.S. Trustee Fees. The Allowed Claim of the Office of the U.S. Trustee in respect of any demand for fees entitled to treatment pursuant to Section 1129(a)(12) of the Code.

2. Classification of Claims and Equity Interests.

All Allowed Claims that are not non-classified claims are classified in two groups of classes, namely Group A and Group B. Group A consists of all classes of claims against and interests in CMR Fund II, consisting of Class 1A, Class 2A, Class 3A, Class 4A and Class 5A. Group B consists of all classes of claims against and interests in CMR Fund III, consisting of Class 1B, Class 2B and Class 3B. The only secured claims against assets held by CMR Fund II are the Class 1A Claim and the Class 2A Claim. There are no secured claims against assets held by CMR Fund III

Group A Classes of Claims Against and Interests in CMR Fund II.

Class 1A: Secured Claim of Imperial Capital Bank: Class 1A consists of the Allowed Secured Claim held by Imperial Capital Bank in the amount of $2,315,725.50 against the Sand City Property, which is an asset of CMR Fund II.

On May 11, 2009, CMR Fund II foreclosed upon its fourth priority lien against, and took possession of, the Sand City Property. Just 45 minutes prior to the foreclosure sale, the borrower Tres Tigres Storage, LLC recorded a lease of the Sand City Property to Ergur Real Estate Group, Inc. Both Tres Tigres Storage, LLC and Ergur Real Estate Group, Inc. were controlled by Koray Ergur. Ergur refused turn over rents and failed to adequately maintain the facilities. On September 23, 2009, Fund II evicted Ergur.

Imperial Capital Bank holds a first priority lien against the Sand City Property. In addition to the lien which was foreclosed upon, CMR Fund II holds a second position lien against the Sand City Property in the amount of $10,000,000. A third position lien against the Sand City Property in the amount of $10,000,000 is jointly held by CMR Fund I (97%) and CMR Fund III (3%).

Recently, the Sand City Property was appraised at a value in excess of the Allowed Claim of Imperial Capital Bank. CMR Fund II has received an unsolicited offer to purchase the Sand City Property, and CMR Fund II hopes to negotiate a sale within the next few weeks. If the sale fails, CMR Fund II is confident that it will be able to market and sell the property for at least the appraised value now that Ergur has been evicted and the facilities can be rehabilitated.

The Debtors believe the value of the Sand City Property is sufficient to satisfy Imperial Capital Bank's lien in full and to pay a portion of CMR Fund II's lien. The Claim held jointly by CMR Fund I and CMR Fund III is wholly unsecured, and it shall be classified under Class 3A. To

the extent that Fund II is entitled to receive any funds on account of its lien against the Sand City Properties, said funds shall be property of Fund II's Estate.

Class 2A: Secured Claim of Income Fund and Wells Fargo Foothill: Class 2A consists of the Allowed Secured Claim jointly held by Income Fund and Wells Fargo Foothill in the amount of $$23,333,777 against CMR Fund II's lien against the Wheatland Property and its membership interest in Wheatland Holdings.

In 2006, CMR Fund II desired to obtain a loan from Wells Fargo Foothill in order to partially fund a loan to a third party borrower. Wells Fargo Foothill approved of the loan and suggested that the loan be made to Income Fund pursuant to its existing line of credit. In May 2006, Income Fund obtained a loan in the amount of $23,000,000 from Wells Fargo Foothill in order to make a loan to CMR Fund II, which allowed CMR Fund I, CMR Fund II and CMR Fund III to make loans to a third party borrower in the aggregate amount of $48,000,000. The loans were secured by three deeds of trust against the Wheatland Property, as follows: (a) a first priority lien in favor of CMR Fund II securing the amount of $10,000,000; (b) a second priority lien in favor of CMR Fund I, CMR Fund III and certain additional individual investors securing the amount of $20,000,000; and (c) a third priority lien in favor of CMR Fund I, CMR Fund II and CMR Fund III securing the amount of $18,000,000.

The borrower defaulted and the third priority lien was foreclosed on October 10, 2008. Thereafter, the property has been held by Wheatland Holdings, of which CMR Fund I, CMR Fund II and CMR Fund III are members, which membership interests are in accordance with their relative interests in the third priority lien. Income Fund and Wells Fargo Foothill jointly hold a lien against CMR Fund II's first priority lien and against its interest in Wheatland Holdings.

Although it is not possible to obtain an accurate appraisal of the value of the Wheatland Property, CMR Fund II believes it can sell or refinance the Wheatland Property for an amount sufficient to satisfy the lien of Income Fund and Wells Fargo Foothill. In the meantime, it is necessary to for Fund II to make payments to Income Fund in the amount of approximately $70,000 per month in order to keep current Income Fund's obligations to Wells Fargo Foothill and prevent Wells Fargo Foothill from foreclosing its lien. CMR Fund I and CMR Fund III have given their

consent to allow CMR Fund II to sell or refinance the property and to take all other actions set forth herein.

Class 3A: General Unsecured Claims: Class 3A consists of Allowed Claims against CMR Fund II which are unsecured, not entitled to priority and not included in any other class designated in this Plan. As discussed above, Class 3A also includes the Allowed Unsecured Claims of CMR Fund I and CMR Fund III, against CMR Fund II, on account of their jointly-held deed of trust against the Sand City Property, which is wholly unsecured.

Class 4A: Unsecured Claims of Manager: Class 4A consists of the Allowed Claims of the Manager against CMR Fund II for advances made prior to the Petition Date and unpaid Asset Management Fees accrued prior to the Petition Date, as provided for in the Operating Agreement of CMR Mortgage Fund II, LLC. Advances made and Asset Management Fees accrued after the Petition Date are not classified under this Plan.

Class 5A: Equity Interest Holders. Class 5A consists of the Equity Interests of the members of CMR Fund II.

Group B Classes of Claims Against and Interests in CMR Fund III.

Class 1B: General Unsecured Claims: Class 1B consists of Allowed Claims against CMR Fund III which are unsecured, not entitled to priority and not included in any other class designated in this Plan.

Class 2B: Unsecured Claims of Manager: Class 2B consists of the Allowed Claims of the Manager against CMR Fund III for advances made prior to the Petition Date and unpaid Asset Management Fees accrued prior to the Petition Date, as provided for in the Operating Agreement of CMR Mortgage Fund III, LLC. Advances made and Asset Management Fees accrued after the Petition Date are not classified under this Plan.

Class 3B: Equity Interest Holders. Class 3B consists of the Equity Interests of the members of CMR Fund III.

Effect of Claims Bar Date. The general deadline for filing a Proof of Claim was July 27, 2009. In the event that any claim is filed after the Claims Bar Date, unless otherwise ordered by the Bankruptcy Court at the request of a Creditor, the Late-Filed Claim shall be barred and not entitled to receive any distribution under the Plan.

C. Treatment of Non-Classified Claims

The Non-Classified Claims shall be treated as follows: The holders of Allowed Administrative Claims shall receive payment in full, in cash, on the Effective Date, unless the claimant agrees to a different treatment. With respect to U.S. Trustee Fees, to the extent, if any, that such a Claim has become due prior to the Confirmation Date and has not heretofore been paid, then, within fifteen (15) days after the Effective Date, the holder of the Claim shall receive cash equal to the allowed amount of such Claim. Holders of Non-Classified Claims shall not be entitled to receive any payment on account of any post-Petition Date interest on, or penalties with respect to or arising in connection with such Claims, except as allowed by the Bankruptcy Court at the hearing on Confirmation of the Plan.

D. Treatment of Classified Claims and Interests

GROUP A
CLAIMS AGAINST AND INTERESTS IN CMR FUND II

Class 1A (Secured Claim of Imperial Capital Bank). The Class 1A Claim is impaired under this Plan. Imperial Capital Bank shall retain its lien against the Sand City Property. CMR Fund II intends to sell or refinance the Sand City Property and pay Imperial Capital Bank's Allowed Secured Claim in full. In the event of any sale of the Sand City Property, CMR Fund II shall pay to Imperial Capital Bank an amount equal to Imperial Capital Bank's Allowed Secured Claim. If CMR Fund II elects to refinance the San City Property, CMR Fund II shall obtain a loan or loans in an amount equal to or greater than Imperial Capital Bank's Allowed Secured Claim, and CMR Fund II shall use the proceeds of said loan or loans to pay Imperial Capital Bank's Allowed Secured Claim in full. The proceeds of said sale or refinance up to the amount of Imperial Capital Bank's Allowed Secured Claim shall be paid directly to Imperial Capital Bank; said proceeds shall not constitute Net Profits and shall not be deposited to the Plan Account held by CMR Fund II. CMR Fund II may forfeit the Sand City Property to Imperial Capital Bank in full satisfaction of the Allowed Secured Claim at any time. CMR Fund II shall retain legal title and possession of the Sand City Property until it is sold, refinanced or forfeited, as provided herein. Until the Sand City Property is sold, refinanced or forfeited, as provided herein, CMR Fund II shall make monthly payments to Imperial Capital Bank in an amount equal to the interest payments provided in the loan agreements

supporting Imperial Capital Bank's lien against the Sand City Property, and all defaults, default interest, acceleration of the amounts due and owing thereunder shall be deemed waived. CMR Fund II shall sell, refinance or forfeit the Sand City Property, as provided herein, on or before November 30, 2010 or at such later time as agreed to by Imperial Capital Bank.

1.1.1 Class 2A (Secured Claim of Income Fund and Wells Fargo Foothill). The Class 2A Claim is impaired under this Plan. Income Fund and Wells Fargo Foothill shall retain their jointly-held lien against Fund II's lien against the Wheatland Property and its membership interests in Wheatland Holdings. CMR Fund II intends to sell or refinance the Wheatland Property and pay the Allowed Class 2A Claim in full. In the event of any sale of the Wheatland Property, CMR Fund II shall pay to Income Fund an amount equal to the Allowed Class 2A Claim. If CMR Fund II elects to refinance the Wheatland Property, CMR Fund II shall obtain a loan or loans in an amount equal to or greater than the Allowed Class 2A Claim, and CMR Fund II shall use the proceeds of said loan or loans to pay said Claim in full. The proceeds of said sale or refinance up to the amount of the Allowed Class 2A Claim shall be paid directly to Income Fund; said proceeds shall not constitute Net Profits and shall not be deposited to the Plan Account held by CMR Fund II. CMR Fund II may forfeit the Wheatland Property to Income Fund and Wells Fargo Foothill in full satisfaction of the Allowed Class 2A Claim at any time. CMR Fund II shall retain legal title and possession of the Wheatland Property until it is sold, refinanced or forfeited, as provided herein. Until the Wheatland Property is sold, refinanced or forfeited, as provided herein, CMR Fund II shall make monthly payments to Income Fund in an amount equal to the payments due from Income Fund to Wells Fargo Foothill, and all defaults, default interest, acceleration of the amounts due and owing thereunder shall be deemed waived. CMR Fund II shall sell, refinance or forfeit the Wheatland Property, as provided herein, on or before November 30, 2012, or at such later time as agreed to by Income Fund and Wells Fargo Foothill.

Class 3A (General Unsecured Claims). Class 3A Claims are impaired under this Plan. Allowed Class 3A Claim holders shall receive full payment of their Allowed Claims, as follows: Allowed Class 3A Claims shall be paid in full on or before the last day of the Plan Term from the Net Profit deposited to the Plan Account held by CMR Fund II. A distribution to a holder of an Allowed Class 3A Claim may be made at any time. In no event shall any of the proceeds of the sale

of the Sand City Property be distributed to a holder of an Allowed Class 3A Claim unless the Allowed Class 1A Claim is paid in full, nor shall any of the proceeds of the sale of the Wheatland Property be distributed to a holder of an Allowed Class 3A Claim unless the Allowed Class 2A Claim is paid in full. No interest shall accrue on account of the Allowed Class 3A Claims.

Class 4A (Unsecured Claims of Manager). The Class 4A Claims are impaired under this Plan. CMR Fund II shall pay all Allowed Class 4A Claims, as follows: Allowed Class 4A Claims shall be paid in full on or before the last day of the Plan Term from the Net Profit deposited to the Plan Account held by CMR Fund II. A distribution to a holder of an Allowed Class 4A Claim may be made at any time, provided that no distribution to a holder of an Allowed Class 4A Claim shall be made until all Allowed Class 3A Claims are paid in full. Advances made by the Manager and Asset Management Fees accrued after the Petition Date and before the Effective Date are administrative priority claims and are not classified under this Plan (see Section 3.3). All advances from the Manager, and all Asset Management Fees, made or incurred after the Effective Date shall be paid in the ordinary course of business pursuant to the Operating Agreement of CMR Mortgage Fund II, LLC and shall not be classified, treated or provided for under this Plan.

Class 5A (Equity Interest Holders). The interests of Class 5A are unimpaired under this Plan. Holders of Class 5A Interests will retain their membership in the CMR Fund II without modification under the Plan. Holders of Class 5A Interests shall not receive a distribution under this Plan. CMR Fund II intends to reduce the number of its members to fewer than 300 by granting all qualified holders of Class 5A Claims the option to exchange their membership interests for unsecured debt. Within thirty (30) days after the Effective Date, CMR Fund II shall serve each holder of a Class 5A Interest with notice of said option, which notice shall state that the holder is entitled to exchange its membership interest for an unsecured claim against CMR Fund II; the material terms of said exchange; and all actions necessary to effectuate said exchange. CMR Fund II shall determine the terms of said exchange, in its sole discretion, which shall be consistent with the terms used in the market for similar exchanges at the time of the exchange. Requests for exchanges shall be honored in the order in which they are received, and CMR Fund II may cease honoring said requests at any time if the number of its members is fewer than 300 or at such time that it appears to CMR Fund II, in its sole discretion, that it is not possible to reduce the number of its members to

fewer than 300. Said exchanges are exempt from Section 5 of the Securities Act of 1933 and any State or local laws requiring registration for offer of sale of a security pursuant to Bankruptcy Code Section 1145(a). Unsecured claims which are created pursuant to the aforesaid exchanges are not classified under this Plan and shall be paid in the ordinary course of business pursuant to the terms of said exchanges.

GROUP A
CLAIMS AGAINST AND INTERESTS IN CMR FUND II

Class 1B (General Unsecured Claims). Class 1B Claims are impaired under this Plan. Allowed Class 1B Claim holders shall receive full payment of their Allowed Claims, as follows: Allowed Class 1B Claims shall be paid in full on or before the last day of the Plan Term from the Net Profit deposited to the Plan Account held by CMR Fund III. A distribution to a holder of an Allowed Class 1B Claim may be made at any time. No interest shall accrue on account of the Allowed Class 1B Claims.

Class 2B (Unsecured Claims of Manager). The Class 2B Claims are impaired under this Plan. CMR Fund III shall pay all Allowed Class 2 B Claims, as follows: Allowed Class 2B Claims shall be paid in full on or before the last day of the Plan Term from the Net Profit deposited to the Plan Account held by CMR Fund III. A distribution to a holder of an Allowed Class 2B Claim may be made at any time, provided that no distribution to a holder of an Allowed Class 2B Claim shall be made until all Allowed Class 1B Claims are paid in full. Advances made by the Manager and Asset Management Fees accrued after the Petition Date and before the Effective Date are administrative priority claims and are not classified under this Plan. All advances from the Manager, and all Asset Management Fees, made or incurred after the Effective Date shall be paid in the ordinary course of business pursuant to the Operating Agreement of CMR Mortgage Fund III, LLC and shall not be classified, treated or provided for under this Plan.

Class 3B (Equity Interest Holders). The interests of Class 3B are unimpaired under this Plan. Holders of Class 3B Interests will retain their membership in the CMR Fund III without modification under the Plan. Holders of Class 3B Interests shall not receive a distribution under this Plan. CMR Fund III intends to reduce the number of its members to fewer than 300 by granting all qualified holders of Class 3B Claims the option to exchange their membership interests for

unsecured debt. Within thirty (30) days after the Effective Date, CMR Fund III shall serve each holder of a Class 3B Interest with notice of said option, which notice shall state that the holder is entitled to exchange its membership interest for an unsecured claim against the CMR Fund III; the material terms of said exchange; and all actions necessary to effectuate said exchange. CMR Fund III shall determine the terms of said exchange, in its sole discretion, which shall be consistent with the terms used in the market for similar exchanges at the time of the exchange. Requests for exchanges shall be honored in the order in which they are received, and CMR Fund III may cease honoring said requests at any time if the number of its members is fewer than 300 or at such time that it appears to CMR Fund II, in its sole discretion, that it is not possible to reduce the number of its members to fewer than 300. Said exchanges are exempt from Section 5 of the Securities Act of 1933 and any State or local laws requiring registration for offer of sale of a security pursuant to Bankruptcy Code Section 1145(a). Unsecured claims which are created pursuant to the aforesaid exchanges are not classified under this Plan and shall be paid in the ordinary course of business pursuant to the terms of said exchanges.

E. Means for Implementation of Plan

1. Funding of Distributions.

Payments under this Plan shall be made from the proceeds of the sale or Joint Venture of real property owned by the Debtors or an entity in which the Debtors hold an interest, the proceeds of the sale of real property against which the Debtors hold liens, interest payments made by borrowers, principal payments made by borrowers and loans secured by real property owned by the Debtors or an entity in which the Debtors hold an interest. Payments under this Plan shall not be made from the proceeds of DIP Financing.

2. Post-Effective Date Operations and Management.

On and after the Effective Date, the Reorganized Debtor will conduct its business and operations and manage its assets and affairs as the ordinary course in accordance with the provisions of the Operating Agreements with their Manager without further Order of the Court and subject to the provisions of the Plan.

The Reorganized Debtors shall jointly serve as the Disbursing Agent, to serve without bond, to make Distributions to Holders of Allowed Claims in accordance with the provisions of the Plan.

In the event that the Reorganized Debtors are unable or unwilling to serve as Disbursing Agent, the Reorganized Debtors shall promptly notify the Office of the United States Trustee who shall appoint a successor Disbursing Agent on such terms and conditions as the Court shall order.

The Reorganized Debtor may employ any person on any terms in the ordinary course after the Effective Date. The Disbursing Agent may employ any Professional authorized to be employed by the Debtor during the Chapter 11 Cases for any purpose necessary to implementation of the Plan and may employ any other Professional subject to authorization by an Order of the Bankruptcy Court. Any Professional employed by the Reorganized Debtor or the Disbursing Agent may be paid for Post Effective Date services in the ordinary course. All compensation paid to Professionals post-Effective Date by the Reorganized Debtor or the Disbursing Agent shall, in connection with the implementation of the Plan or the Confirmation Order, be interim and subject to final Court approval as reasonable before entry of a Final Decree.

3. Post Effective Date Vesting of Property.

Subject to the provisions of this Plan and the Confirmation Order, the Estates shall remain in existence after the Effective Date until the entry of a Final Decree. On the Effective Date, all property of the Estates shall vest in the Reorganized Debtor pursuant to Section 1141(b) of the Bankruptcy Code, and shall be free and clear of all claims and interests of creditors, equity security holders, and members of the Debtor pursuant to Section 1141(c) of the Bankruptcy Code, except as otherwise provided in the Plan.

4. Discharge of the Responsible Individuals.

As of the Effective Date, the Responsible Individuals shall be deemed to have fulfilled their duties in administering the Debtors' Estates and shall be released and discharged from all further responsibilities to the Debtors.

5. Plan Accounts.

On or as soon as practical after the Effective Date, the Disbursing Agent shall open the Plan Accounts, and said accounts shall be promptly funded, from time to time, with all available Net Profits which, in the sole discretion of the Debtors, are not required to operate the Debtors' businesses. The Net Profits of CMR Fund II and CMR Fund III shall be segregated and deposited to separate accounts. Any interest, dividends or other income earned from funds deposited to the Plan

Accounts shall constitute Net Profits. All distributions and payments made pursuant to this Plan shall be from the Plan Accounts, whether on account of Non-Classified Claims, Allowed Claims, or otherwise.

6. Distributions.

Distributions to the holders of Allowed Claims shall be made in such priority and such amount as are provided by this Plan or in such lesser priority and amount as agreed to by the holder of an Allowed Claim. No Distributions may be made to the holders of Allowed Claims until adequate reserves are established for the payment of then anticipated operating expenses, including U.S. Trustee Fees and Professional Fees of the Reorganized Debtor and the Disbursing Agent and of Disputed Claims of equal and higher priority.

Distributions to the holders of Allowed Claims shall be made at such time as is provided by this Plan or at such later time as agreed to by the holder of an Allowed Claim. If the time for or amount of a Distribution is not fixed, the Distribution shall be made as the Disbursing Agent determines in its discretion, in a reasonably prudent manner, and may be made in full or on a Pro Rata basis, or on an interim or final basis, depending on (i) the amount of allowed Non- Classified Claims, Allowed Claims and Disputed Claims, (ii) the then available funds in the Plan Accounts and (iii) the then anticipated income and expenses of the Reorganized Debtors. Interim distributions may be made to holders of Allowed Claims prior to the resolution by Final Order or otherwise of all Disputed Claims. Interim Distributions shall not be required if the aggregate amount of Cash to be Distributed is less than the anticipated cost of such Distribution.

Distributions shall be in U.S. Dollars and shall be made, in the Disbursing Agent's discretion, by check, draft or warrant drawn on a domestic bank delivered by first-class mail, or by other equivalent or superior means as determined by the Disbursing Agent.

Notwithstanding any other provision of the Plan, the Disbursing Agent may provide notice of rights to a Distribution in place of a Distribution to any holder of an Allowed Claim if (a) a prior distribution to the holder was returned as undeliverable without a proper forwarding address and (b) the holder has not subsequently provided a new address to the Disbursing Agent. Such a notice shall be treated as a cash distribution for purposes of determining whether it becomes unclaimed property.

7. Disputed Claims.

No Distributions shall be made on account of Disputed Claims unless such Claims become Allowed Claims and then only to the extent of such allowance. Notwithstanding any contrary provision of the Plan, no portion of any Disputed Claims shall become allowed and eligible for treatment under this Plan until the full and final conclusion of all judicial proceedings that may, at any time on or after the Effective Date, be pending or timely commenced with respect to such Claims (regardless of whether such proceedings are pending as of the Effective Date), including, any applicable appellate or similar proceedings.

Upon each Distribution to holders of Allowed Claims of equal or junior priority, the Disbursing Agent also shall compute the amount of the Distribution that would have been made to holders of Disputed Claims had the Disputed Claims been Allowed Claims by using the Disputed Claims Amount. The amount computed shall be retained in the Plan Accounts for the Disputed Claims as a "Disputed Claims Reserve." No holder of a Disputed Claim shall have any right to Cash reserved with respect to such Claim unless such Disputed Claim shall become an Allowed Claim. No holder of a Disputed Claim shall be entitled to receive (a) any Distribution greater than the amount reserved for such Claim as part of the Disputed Claims Reserve or (b) any interest or other compensation for delays in making a Distribution except, and only to the extent that, this Plan expressly authorizes payment of interest on an Allowed Claim.

Promptly after a Disputed Claim is finally resolved, a Distribution shall be made to said Creditor based on the amount of its Allowed Claim from the Plan Accounts in an amount equal to Distributions to date on account of Allowed Claims in the same class. The amount of the Disputed Claims Reserve retained in the Plan Accounts for the resolved Disputed Claim shall be used to make such Distribution and any remaining amount of such reserve shall then be available for Distributions to holders of Allowed Claims pursuant to the Plan.

For the purposes of effectuating the provisions of the Plan, the Court may estimate the amount of any Disputed Claim pursuant to section 502(c) and the amount fixed or liquidated by a Final Order shall be deemed to be an Allowed Claim pursuant to section 502(c) for purposes of making Distributions.

Under no circumstances will Distributions be made on account of Claims that are not allowed.

8. De Minimis Distributions and Rounding.

Notwithstanding any other provision of the Plan, the Disbursing Agent shall not make a Distribution to a holder of an Allowed Claim if the amount of cash otherwise due is less than $10. All cash not so distributed from the Plan Accounts shall constitute Net Profits and shall be distributed in accordance with this Plan. The Disbursing Agent may round the amount of all distributions that otherwise call for a fraction of a dollar down to the nearest dollar.

9. Disputes Regarding Distributions.

In the event of a dispute as to the right to receive any payment or Distribution to be made under this Plan, the Disbursing Agent may either defer such payment or Distribution until the dispute is resolved or interplead the amount of the payment or Distribution for resolution of the dispute by the Court. In either event no interest or compensation shall be due as a result of any delay in the making or receipt of the payment or Distribution.

10. Objections to Claims.

Except as to Claims allowed, disallowed, or settled under this Plan or pursuant to Final Orders entered before the Effective Date, the Disbursing Agent (acting for the Reorganized Debtor), and only the Disbursing Agent, may object to Claims. The Disbursing Agent shall be authorized to settle, or withdraw any objections to, any Disputed Claim.

11. Retained Claims and Defenses.

All claims, rights, interests, causes of action, defenses, counterclaims, cross-claims, third-party claims, or rights of setoff, recoupment, subrogation or subordination held by the Debtors or the Estates as of Confirmation, shall be preserved and retained unless released or settled pursuant to a Final Order entered before the Effective Date (collectively, the "Retained Claims and Defenses"). None of the Retained Claims or Defenses shall be barred or be subject to estoppel because this Plan or the Disclosure Statement does not specifically identify a Retained Claim or Defense or the person against or by whom a Retained Claim or Defense may be asserted. The Court shall retain jurisdiction to determine any Retained Claims or Defenses that remain property of the Reorganized Debtors.

Pursuant to Section 1123(b), the Reorganized Debtors shall have and may enforce all powers and authority of a debtor-in-possession or trustee under the Bankruptcy Code to the extent of and

consistent with its authority under this Plan. The Reorganized Debtors may investigate Retained Claims and Defenses and may assert, settle or enforce any such claims or defenses in their discretion to the extent of and consistent with its authority under this Plan. Any proceeds received from or on account of the Retained Claims and Defenses shall constitute Net Profit and shall be distributed in accordance with this Plan.

Without limiting the generality of the foregoing, (a) the Reorganized Debtors shall have all the powers of a trustee to request determinations of tax liability under Section 505, and (b) all rights and benefits available to the Debtors under Section 108 are preserved.

12. Unclaimed Property.

For a period of ninety (90) days following the date on which the related Distribution was first attempted, unclaimed property shall be held solely for the benefit of the holders of Allowed Claims who have failed to claim such property. During such period, Unclaimed Property due the holder of an Allowed Claim shall be released from the Plan Accounts, without any interest, and disbursed to such holder upon presentation of proper proof of entitlement. At the end of such period, the holders of Allowed Claims theretofore entitled to Unclaimed Property shall cease to be entitled thereto, and such Unclaimed Property shall constitute Net Profit and shall be distributed in accordance with this Plan. The Reorganized Debtors shall have no liability to any person for any unclaimed property that reverts to being a Plan Asset.

13. U.S. Trustee Quarterly Fees.

At all times on and after the Effective Date until the Chapter 11 Cases have been closed, converted or dismissed, the Disbursing Agent shall pay quarterly fees due to the U.S. Trustee pursuant to the provisions of section 1930(a)(6) of Title 28 of the United States Code, from the Plan Accounts, *provided* that such fees owing to the U.S. Trustee shall be measured solely by distributions or payments from the Plan Accounts on account of Allowed Claims, as required by the provisions of the Plan.

14. Undisbursed/Returned Funds.

All funds which are not disbursed by the Disbursing Agent or are returned to the Reorganized Debtors, including unclaimed Distributions, and any other undistributable cash, including de minimis distributions, shall be retained by the Reorganized Debtors.

15. Surplus Funds.

After all Allowed and disputed Claims of Class 3A and Class 4A have been satisfied or reserved for under the terms of the Plan, all remaining funds in the Plan Account held by CMR Fund II shall be distributed to CMR Fund II to be retained and administered for the benefit of the holders of Allowed Class 5A Interests in accordance with the provisions of the Operating Agreement of CMR Mortgage Fund II, LLC . After all Allowed and disputed Claims of Class 1B and Class 2B have been satisfied or reserved for under the terms of the Plan, all remaining funds in the Plan Account held by CMR Fund III shall be distributed to CMR Fund III to be retained and administered for the benefit of the holders of Allowed Class 3B Interests in accordance with the provisions of the Operating Agreement of CMR Mortgage Fund III, LLC.

16. Property.

The Reorganized Debtors shall have sole and exclusive control over property of the Estates on or after the Effective Date. Pursuant to Section 1141(c) of the Bankruptcy Code, all Claims and Equity Interests that are not expressly provided for and preserved herein shall be extinguished upon Confirmation. On the Effective Date, property dealt with by the Plan shall be free and clear of any and all liens, claims, interests, and encumbrances, except as otherwise expressly provided under the Plan.

F. Preservation of Litigation Claims

1. No Waiver.

After Confirmation, all powers granted by the Bankruptcy Code, the Rules and the Local Rules, including without limitation, those with respect to preferences, fraudulent transfers and obligations, recovery of property, and objections to, and/or subordination of, Claims and Equity Interests and those described in the Disclosure Statement shall be vested in the Reorganized Debtors.

2. Preservation of Litigation Claims.

The Debtors reserve for the Estates all rights to commence and pursue, as appropriate, any and all litigation claims, whether arising prior to or after the Petition Date, in any court or other tribunal, including without limitation, in an adversary proceeding filed in the Bankruptcy Court. The failure to list any potential or existing litigation claim, generally or specifically, is not intended to limit the rights of the Reorganized Debtors to pursue any such action. Unless a litigation claim

against any person is expressly waived, relinquished, released, compromised or settled as provided or identified in a prior Bankruptcy Court order, the Debtors expressly reserve litigation claims for later adjudication. Therefore, no preclusion doctrine, including, without limitation, the doctrine of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to such litigation claim upon or after Confirmation or consummation of the Plan. In addition, the Reorganized Debtors expressly reserves the right to pursue or adopt any claim alleged in any lawsuit in which the Reorganized Debtors is a defendant or an interested party.

G. Modification

Pursuant to the provisions of Section 1127 of the Code, the Debtors reserves the right to modify or alter the provisions of the Plan at any time prior to Confirmation.

H. Executory Contracts and Unexpired Leases

Nothing in the Plan is to be construed to cause the rejection, whether such contract is deemed executory or otherwise, of (i) any contract, settlement or agreement that was entered by the Debtors after the Petition Date with the approval, if required, of the Bankruptcy Court, (ii) any insurance policy and any documents related thereto that provided, provides or may provide any coverage to the Debtors or their affiliates or representatives, or (iii) any contract or agreement constituting an organizational document of a Debtors, such as a limited liability company operating agreement, a charter or bylaws. Nothing contained in the Plan is to constitute or to be deemed a waiver of any cause of action that the Debtors may hold against any entity, including, without limitation, an insurer under any insurance policy.

I. Retention of Jurisdiction

The Bankruptcy Court shall retain and have jurisdiction over the Case for all purposes provided by the Code, including, without limitation, for the following purposes:

1. To determine any and all objections to the allowance of Claims and to allow, disallow, estimate, subordinate, liquidate, determine, or subordinate any Claim;

2. To determine any and all motions for compensation and reimbursement of expenses and any other fees and expenses authorized to be paid or reimbursed under the Plan, including post-Confirmation fees and expenses, if necessary;

3. To determine any and all requests for the rejection of Executory Contracts or unexpired leases to which either of the Debtors or the Estates is a party, and to hear and determine, and if need be to liquidate, any and all Claims arising from such rejection, pursuant to Sections 365 and 502 of the Bankruptcy Code;

4. To determine any and all applications, adversary proceedings and contested or litigated matters that may be pending on the Effective Date, except as provided in the Confirmation Order, or which shall be commenced on or after the Effective Date and be properly before the Bankruptcy Court;

5. To consider any modifications of the Plan, any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order, to the extent authorized by the Bankruptcy Code;

6. To implement the provisions of the Plan and to issue orders in aid of execution of the Plan to the extent authorized by Section 1142 of the Bankruptcy Code;

7. To hear and adjudicate any and all claims made by the Reorganized Debtors, which the Bankruptcy Court would have jurisdiction to hear if asserted by a trustee or debtor-in-possession prior to the Effective Date, including, without limitation, any and all claims made pursuant to Sections 108, 501 through 553, inclusive, of the Bankruptcy Code; and

8. To determine post-Confirmation objections to requests for compensation which are subject to Court approval under the Plan.

J. General Plan Provisions

1. Successors and Assigns.

The rights, benefits, and objections of any Person referred to in this Plan will be binding on, and will inure to the benefit of, any heir, executor, administrator, successor, or assign of that Person.

2. Plan Supplement.

The Debtors may file other documents relating to the Plan, which shall be contained in the Plan Supplement, with the Bankruptcy Court at least seven (7) calendar days prior to the Ballot Date; provided however, that the Debtors may amend such documents through and including the Effective Date in a manner consistent with the Plan and Disclosure Statement. Holders of Claims or Equity Interests may obtain a copy of the Plan Supplement upon written request to the Debtors if the

request is submitted at least seven (7) days prior to the Ballot Date.

3. Destruction and Storage of Books, Records and Papers.

All books, records, or papers, electronic or otherwise required to be maintained by law, including all federal and state tax returns, shall be stored and maintained by the Reorganized Debtors, or their designees, at their sole discretion.

4. Post-Confirmation United States Trustee Quarterly Fees.

Quarterly fees shall be paid by the Reorganized Debtors to the U. S. Trustee for each quarter (including any fraction thereof) until this Bankruptcy Case is converted, dismissed or closed pursuant to a Final Decree, as required by 28 U.S.C. § 1930(a)(6). The Reorganized Debtors will provide post-Confirmation reports as may be requested or required by the U. S. Trustee.

5. Final Decree.

After the Plan is substantially consummated, the Reorganized Debtors shall file an application for a Final Decree, and shall serve the application on the U. S. Trustee together with a proposed Final Decree. The Estates shall remain and be preserved until the final acts required under the Plan have been performed and the Final Decree has been entered, at which time the Estates shall terminate.

V. CLAIMS AGAINST THE ESTATE

A. Unclassified Claims.

1. Administrative Claims.

The Debtors believe that at the time of the confirmation hearing of the Plan, the total amount of unpaid administrative expenses will be approximately $_____. Those expenses include estimated legal fees and costs for counsel.

B. Classes of Claims.

1. General Unsecured Claims.

The Claims Bar Date was July 27, 2009. According to the Claims Register in the Debtors' respective cases, the total amount of filed general unsecured claims, as of the claims bar date, against CMR Fund II is $25,026,410.40, and against CMR Fund III is $9,760,452.34, which includes disputed, unliquidated, contingent and late filed claims and proofs of equity interest filed by members of the Debtors. The total amount of scheduled general unsecured claims, excluding

contingent, unliquidated or disputed claims, against CMR Fund II is approximately $1,593,715.00, and against CMR Fund III is approximately $3,841,098.22.

2. Secured Claims.

According to the Claims Register in the Debtors' respective cases, the total amount of filed secured claims, as of the claims bar date, against CMR Fund II assets is $38,394,772.10, and against CMR Fund III assets is $4,841,979.49. The Debtors believe that, except for the claims classified in Class 1A and Class 2A, no creditor holds a claim secured by property of the Estates, and that all other claims filed as secured claims are in error.

3. Late Filed Claims.

Any Claim filed after the Claims Bar Date, unless otherwise ordered by the Bankruptcy Court at the request of a Creditor, shall be barred.

C. Acceptance or Rejection of Plan By Claimants

Claims (other than Administrative Expense Claims and Priority Tax Claims) and Equity Interests are classified for all purposes, including voting, confirmation and distribution pursuant to the Plan, as follows:

GROUP A – CLAIMS AGAINST AND INTERESTS IN CMR FUND II

Class	Designation	Impairment	Entitled To Vote
1A	Secured Claim of Imperial Capital Bank	Yes	Yes
2A	Secured Claim of Income Fund and Wells Fargo Foothill	Yes	Yes
3A	General Unsecured Claims Against CMR Fund II	Yes	Yes
4A	Unsecured Claims of Manager Against CMR Fund II	Yes	Yes
5A	Equity Interest Holders	No	No

GROUP B – CLAIMS AGAINST AND INTERESTS IN CMR FUND III

Class	Designation	Impairment	Entitled To Vote
1B	General Unsecured Claims Against CMR Fund III	Yes	Yes
2B	Unsecured Claims of Manager Against CMR Fund III	Yes	Yes
3B	Equity Interest Holders	No	No

VI. LEGAL STANDARDS FOR CONFIRMATION

A. Confirmation Hearing and Objections to Confirmation.

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a Confirmation hearing on whether the Plan satisfies the requirements of Bankruptcy Code Section 1129. The confirmation hearing is presently scheduled for _____, 2009 at _____a.m., before the Honorable Thomas E. Carlson, United States Bankruptcy Judge for the Northern District of California, San Francisco Division. The Confirmation hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation hearing. At the Confirmation hearing, the Bankruptcy Court will determine whether the requirements of Bankruptcy Code Section 1129 have been satisfied and, if appropriate, the Bankruptcy Court will enter the Confirmation Order.

Any objection to Confirmation of the Plan must be made in writing and must provide the name and address of the objector, grounds for the objection, evidentiary support for the objection, and the amount of the claim of the objector or such other grounds that give the objector standing to assert an objection to the Plan. Any objection must be filed with the Bankruptcy Court and served on Counsel for the Debtor in the manner described in the notice of the Confirmation hearing.

B. Conditions to Confirmation Under the Bankruptcy Code.

1. Generally.

Bankruptcy Code Section 1129(a) sets forth the requirements that must be satisfied for the Plan to be confirmed. Those provisions which are most appropriate in this case are as follows:

(a) The Plan must comply with the applicable provisions of the Bankruptcy Code;

(b) The Debtors, as proponents of the Plan, must comply with the applicable provisions of the Bankruptcy Code;

(c) The Plan must be proposed in good faith and not by any means forbidden by law;

(d) Each Creditor or interest holder in an impaired class must accept the Plan, or must receive or retain under the Plan on account of its Claim or interest, property of a value, as of the Effective Date, that is not less than the amount that such Creditor or interest holder would so

receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date;

(e) Subject to the provisions for non-consensual Plan confirmation with respect to each class of Claims and interests, each class must accept the Plan or the class must not be impaired under the Plan.

(f) Except to the extent that the holder has agreed to a different treatment, the Plan must provide that (a) with respect to a class of priority wage, employee benefit, consumer deposit, and certain other priority unsecured Claims described in Bankruptcy Code sections 507(a)(3) (7), each holder of a Claim of such class must receive (i) if such class has accepted the Plan, deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such Claim, or (ii) if such class has not accepted the Plan, cash on the Effective Date of the Plan equal to the allowed amount of such claim; and (b) with respect to a Priority Tax Claim of a kind specified in Bankruptcy Code section 507(a)(8), the holder of such Claim must receive on account of such Claim deferred cash payments, over a period not exceeding six years after the date of assessment of such Claim, of a value, as of the Effective Date of the Plan, equal to the allowed amount of such Claim;

(g) If a class of Claims is impaired under the Plan, at least one class of impaired Claims must accept the Plan, without including any acceptance of the Plan by any insider;

(h) Confirmation must not be likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors, Reorganized Estates, or any successor thereto, unless such liquidation or reorganization is proposed in the Plan; and

(i) All fees payable under 28 U.S.C. §1930, as determined by the Bankruptcy Court at the hearing on Confirmation, must have been paid, or the Plan must provide for the payment of all such fees on the effective date of the Plan.

2. Acceptance by Impaired Classes.

Except as described below, pursuant to Bankruptcy Code Section 1129(a)(8), the Plan may not be confirmed unless it is accepted by each impaired class of Creditors eligible to vote on the Plan. A class of Allowed Claims accepts the Plan if holders of at least two-thirds in dollar amount and a majority in number of Claims of that class vote to accept the Plan, counting only the votes of

those holders of Claims that actually vote on the Plan, and excluding certain Claims, if any, designated under Bankruptcy Code section 1126(e). Creditors who fail to vote are not counted as either accepting or rejecting the Plan. (*See* above at Section II "Plan Voting Procedures" section for a description of voting procedures with respect to the Plan by Creditors in impaired classes that are eligible to vote on the Plan.)

Classes of Allowed Claims that are not impaired under the Plan are deemed to have accepted the Plan. Thus, only those Persons who hold Allowed Claims designated as impaired Classes that will retain or receive property under the Plan are generally entitled to vote on the Plan. As noted above, a class is impaired if the legal, equitable, or contractual rights attaching to the Allowed Claims of that Class are modified other than, in the case of a class of Allowed Claims, by payment in full in Cash on the Effective Date.

3. Confirmation Without Acceptance by All Impaired Classes.

The Plan may be confirmed even if not accepted by all impaired classes if at least one impaired class of Claims has accepted it and the Plan meets certain standards. Furthermore, in order for any holder of an equity interest to retain its interest, all classes of unsecured creditors must accept the Plan. *In re Outlook/Century, Ltd.*, 127 B.R. 650, 657 (Bankr. N.D.Cal. 1991). In other words, in order to confirm the Plan, at least Class 3A, Class 4A, Class 1B and Class 2B must vote to accept the Plan.

4. Feasibility.

The Bankruptcy Code permits a plan to be confirmed if it is not likely to be followed by liquidation or the need for further financial reorganization. For purpose of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet the obligations under the Plan. Because the Plan provides that the Debtors will sell the REO Properties and continue to operate in the ordinary course of business, the Debtors believe they will be able to satisfy all obligations under the Plan and that confirmation of the Plan is not likely to be followed by liquidation or the need for further reorganization.

5. The "Best Interests" Test: Liquidation Analysis and Alternatives to the Plan.

Unless the Plan is accepted by each impaired class, in order for the Bankruptcy Court to

confirm the Plan it must find, pursuant to Code section 1129(a)(7), that the Plan is in the "best interests" of each holder of a Claim or interest in any such impaired class who has not voted to accept the Plan. Accordingly, if an impaired class does not unanimously accept the Plan, the "best interests" test requires the Bankruptcy Court to find that the Plan provides to each member of such class, on account of each holder' Claim or interest within that class, a recovery that has a value, as of the Effective Date, at least equal to the value of the distribution that each such holder would receive if the Debtors were liquidated under Chapter 7 of the Code on such date.

The Plan provides for payment in full of all Allowed Claims. The Debtors believe that holders of Allowed Claims would receive less in a Chapter 7 liquidation. If the Cases were converted to Chapter 7 of the Bankruptcy Code, a Chapter 7 Trustee would be appointed to conduct the liquidation of the Estates, and the expenses of the Chapter 7 case would be an additional senior charge against Estates' assets before a distribution could be made to creditors. The Debtors' assets consist mainly of commercial loans and REO Properties, and the knowledge, experience and expertise of the Debtors' Manager is necessary in order to effectively dispose of these assets. Furthermore, several of the Debtors' assets are development properties, the value of which would be greatly diminished by a liquidation sale; the value of these assets will be maximized by retaining them and selling them in an orderly fashion.

THE DEBTORS' ASSETS

The Debtors' principal assets are notes secured by liens on real and personal property, other receivables and interests in limited liability corporations that own real property acquired by foreclosure. The following tables summarize the secured notes which are assets of the Debtors.

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Secured Notes
CMR Fund II

Loan Number	Legal Balance (Note 1)	Interest Income and fee not recognized per GAAP	Allowance for Loan Losses	Book Balance
05-018	513	(513)		
05-020	905			905
05-024	231,350	(18,600)		212,750
05-032	2,286			2,286
05-052B	10,939,511	(10,939,511)		
05-058	704,763	(204,576)	(206,190)	293,997
05-061A	13,078			13,078
05-061B	1,204,448	(247,066)		957,382
05-061C	14,992,839	(3,033,367)	(8,000,000)	3,959,472
05-062	81,896	(81,896)		
05,068	74,881	(74,881)		
06-013	50,698	(983)		49,715
06-023	6,477,830	(82,778)		6,395,052
06-027	899,538	(178,613)	(342,000)	378,925
06-032	3,290,542	(197,450)	(481,000)	2,612,092
06-038A	54,156,659	(54,156,659)		
06-038B	24,825	(6,825)		18,000
06-038C (Note 2)	3,295,561	(3,104,198)	392,518	583,881
06-044	13,502	(141)	(5,000)	8,361
06-057	1,708,830	(254,442)	(337,000)	1,117,388
06-058	15,088,932	(2,319,296)	(2,734,000)	10,035,636
06-071B	23,218	98		23,316
07-004 (Note 3)	4,361,038	(1,103,942)	(3,257,096)	Unknown
07-017	106,943	(8,943)	(98,000)	
08-012	477,274	3,736		481,010
Loan Loss Reserve			(1,383,000)	(1,383,000)
Total	118,221,860	(76,010,846)	(16,450,768)	25,760,246

Note: Scheduled Values for Loans and advances secured by DOT may not be in accordance with GAAP: they are based on the face amounts of the loans, taking into account the most recent available appraisals and internal valuations, without adjustment for litigation or foreclosure action risk contingencies.

Note 1: Refers to legal balance adjusted for REO principal and interest not recorded on a GAAP basis.

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Secured Notes
CMR Fund III

Loan Number	Legal Balance (Note 1)	Interest Income and fee not recognized per GAAP	Allowance for Loan Losses	Book Balance
04-005	1,877,385	(164,215)	(199,000)	1,514,170
05-024	115,675	(9,453)		106,222
05-052A	287,817	(245,648)		42,169
05-061B	5,221,382	(1,071,327)		4,150,055
05-016C	3,407,975	(546,533)	(1,976,000)	855,442
05-062	11,354	(534)		10,820
05-064	4,185			4,185
06-012	(68)	178		110
06-013	254,567	(4,917)		249,650
06-017	61,220			61,220
06-021	1,289			1,289
06-023	3,746,138	(47,179)		3,698,959
06-027	3,233,644	(643,533)	(1,231,000)	1,359,111
06-038A	12	6		18
06-038B (Note 2)	4,694,177	(4,677,285)	829,345	846,237
06-038C (Note 2)	7,835,269	(7,425,164)	943,448	1,353,553
06-057	7,391,628	(1,104,180)	(1,462,000)	4,825,448
06-058	3,894,252	(548,557)	(719,000)	2,626,695
06-060		1,950		1,950
06-061	2,887	(1,469)		1,418
06-065	789	15,648		16,437
06-071B	5,020			5,020
07-004	9,578,745	(2,297,771)	(7,280,974)	unknown
07-017	1,898,856	(164,147)	(1,685,000)	49,709
07-037	2,261,326	(28,650)		2,232,676
Loan Loss Reserve			(256,000)	(256,000)
Total	55,785,524	(18,962,780)	(13,036,181)	23,786,563

Note: Scheduled Values for Loans and advances secured by DOT may not be in accordance with GAAP: they are based on the face amounts of the loans, taking into account the most recent available appraisals and internal valuations, without adjustment for litigation or foreclosure action risk contingencies.

Note 1: Refers to legal balance adjusted for REO principal and interest not recorded on a GAAP basis.

The following tables summarize the Debtors' accounts receivable.

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Accounts Receivable
CMR Fund II

	Total
CMR Mortgage Fund, LLC	1,216,197
CMR Mortgage Fund III, LLC	1,415,746
First Street Commercial Mortgage Fund	152,127
721 5th Street, LLC	228
1007 University, LLC	3,144
2 Antioch, LLC	192
3202 Thirty-Fifth Ave, LLC	142
5 Casa Grande, LLC	36,473
724 Glenwood, LLC	12,569
Volta, LLC	41,470
Total	**2,878,288**

Accounts Receivable
CMR Fund III

	Total
CMR Mortgage Fund, LLC	1,913,922
Hanauma One	288
Pearl One	288
721 5th Street, LLC	1,178
15 SSDEV, LLC	126
3 CCAM, LLC	11,261
2 LINCDEV, LLC	919
151 Leaven, LLC	247
Total	**1,928,229**

The following table summarizes the amounts owed pursuant to CMR Fund II's loans to affiliates; CMR Fund III has no outstanding loans to affiliates.

Loans to Affiliates
CMR Fund II

Affiliate	Total
California Mortgage and Realty, Inc. – Note	3,140,541
California Mortgage and Realty, Inc. – Note	670,145
Total	**3,810,686**

The following tables summarize the Debtors' interests in limited liability companies which acquired real property through foreclosure.

Investment in Real Estate Owned
CMR Fund II

	Appraisal Date	Acquisition Value	Allowance	Total
21 Mira Mesa, LLC	6/7/2007	8,892,904	(8,800,624)	92,280
3202 Thirty-Fifth Ave, LLC	9/17/2007	20,916	(14,340)	6,576
2 Aster, LLC	1/24/2008	4,123	(1,903)	2,220
15 SSFDEV, LLC	4/9/2008	3,431,392	(47,259)	3,384,133
2 UNER, LLC	4/9/2008	3,226,760	(930,000)	2,296,760
3 CCAM, LLC	4/9/2008	44,805	-	44,805
Hamilton Creek, LLC	7/7/2008	1,502,374	(554,328)	948,046
5 Casa Grande Land, LLC	9/16/2008	355,685	(340,439)	15,246
Wheatland Holdings, LLC	10/14/2008	34,224,167	-	34,224,167
380-388 12th Street, LLC	8/18/2009	43,418	-	43,418
Total		**51,746,544**	**(10,688,893)**	**41,057,651**

Note: When property is acquired (Real Estate Owned), any excess of the carrying value of the loan over the net realizable value of property is charged against the allowance for loan losses. Following foreclosure, valuations are performed quarterly with any subsequent writedowns recorded as a separate valuation allowance and charged to other operating expenses. Collateral values are based on results of annual appraisals, further subject to valuations derived by internal analytic model calculations.

Investment in Real Estate Owned
CMR Fund III

	Appraisal Date	Acquisition Value	Allowance	Total
3202 Thirty-Fifth Ave, LLC	9/17/2007	101,185	(48,000)	53,185
2 Aster, LLC	1/24/2008	140,732	-	140,732
Hamilton Creek, LLC	7/7/2008	7,361,937	(2,054,196)	5,307,741
724 Glenwood, LLC	7/15/2008	2,526,724	(2,200,000)	326,724
2 Antioch, LLC	7/22/2008	1,528,748	(1,469,984)	58,764
5 Casa Grande Land, LLC	9/16/2008	4,171,937	(1,163,313)	3,008,624
3626 Main, LLC	10/7/2008	35,840	-	45,840
Total		**15,867,103**	**(6,935,493)**	**8,931,610**

Note: When property is acquired (Real Estate Owned), any excess of the carrying value of the loan over the net realizable value of property is charged against the allowance for loan losses. Following foreclosure, valuations are performed quarterly with any subsequent writedowns recorded as a separate valuation allowance and charged to other operating expenses. Collateral values are based on results of annual appraisals, further subject to valuations derived by internal analytic model calculations.

Due to prevailing market conditions, it is impossible to establish a fair market value of the Debtors' assets at this time. In addition to the normal difficulties of valuing notes in default and property acquired in foreclosure, the current national economic distress, market illiquidity and disruptions of capital markets have caused a breakdown in mechanisms that would normally allow for the valuing or disposition of the assets of the type owned by the Debtors. As a result, any

attempt to recapitalize or sell the assets or operations of the Debtors at this time is likely to fail or to produce such nominal revenues that the interests of Creditors would not be served.

The national economy and the real estate markets appear to be improving, and a major feature of the Plan is retention of assets and continuing business in the ordinary course until the market for the Debtors' secured notes and other investments returns to a more orderly and liquid state. The market for its assets is dependent upon and subject to the health of the real estate industry in the specific areas where the assets are located. As the general economy and the real estate markets improve and become more liquid, the ability of the Debtors to monetize or otherwise realize the value of their assets will improve and provide resources to satisfy the claims of Creditors in accordance with the terms of the Plan.

6. Modification or Revocation of the Plan.

Subject to the restrictions or modifications set forth in Bankruptcy Code Section 1127, the Debtors reserve the right to alter, amend, or modify the Plan before and after the Effective Date. No alterations, amendments, or modifications may be made by any party except the Debtors. If the Plan is modified by the Debtors, it may be necessary to amend the Disclosure Statement and to resolicit ballots from all or some voting classes. A hearing on such issues and any resolicitation of ballots likely would significantly delay Confirmation and delay distributions under the Plan. The Debtors further reserve the right to revoke or withdraw the Plan prior to the Effective Date. Depending on the nature and timing of such amendment, revocation or withdrawal, notice and a hearing may be required before any such amendment, revocation or withdrawal that would materially and adversely affect any class of Creditors becomes effective. If the Debtors revoke or withdraws the Plan, or if Confirmation of the Plan does not occur, then the Plan will not be effective, and nothing contained in the Plan will prejudice the rights of the Debtors or Creditors in any further proceedings involving the Estates.

VII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discusses certain U.S. federal income tax considerations in connection with the implementation of the Plan relating to the Debtors and to holders of Allowed Claims and is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury regulations (the "Treasury Regulations"), judicial decisions, and published administrative rules and pronouncements

of the Internal Revenue Service (the "IRS"), all as in effect on the date of this Disclosure Statement. These rules are subject to change, possibly on a retroactive basis, and any such change could significantly affect the federal income tax considerations described below.

The federal income tax considerations in connection with the Plan are complex and are subject to significant uncertainties, as a result of both the uncertainty of the law in certain contexts and the uncertainty regarding the precise manner in which the Plan will be implemented. The Debtors have not requested, nor do the Debtors expect to request, a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the IRS will adopt. In addition, this description does not address state, local, or foreign income or other tax considerations relating to the Plan, nor the federal income tax considerations relating to the Plan particular to special classes of taxpayers (such as foreign taxpayers, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations, persons holding an Allowed Claims as part of a hedging, integrated constructive sale or straddle, and investors in pass-through entities).

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE PARTICULAR CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. EACH HOLDER OF A CLAIM IS URGED TO CONSULT ITS OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

A. Consequences to the Debtors.

To the best of its knowledge, the Debtors have not incurred any taxes owed to any federal, state, or local taxing authorities within the United States and will not incur any such tax in connection with the transactions contemplated by the Plan.

B. Consequences to Holders of Allowed Claims.

1. Gain or Loss.

In general, each holder of an Allowed Claim will recognize gain or loss in an amount equal

to the difference between (i) the "amount realized" by such holder in satisfaction of its Claim (other than any Claim representing accrued but unpaid interest) and (ii) such holder's adjusted tax basis in such Claim (other than any Claim representing accrued but unpaid interest). The "amount realized" by a holder of a Claim will equal the sum of the cash as received by such holder with respect to its Claim, excluding any portion required to be treated as imputed interest.

2. Information Reporting and Withholding.

All distributions to holders of Allowed Claims under the Plan are subject to any applicable withholding (including employment tax withholding). Under federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then applicable rate. Backup withholding generally applies if the holder (i) fails to furnish its social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN, (iii) fails properly to report interest or dividends, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is a United States person that is not subject to backup withholding. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS.

Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated after January 1, 2003, including, among other types of transactions, the following: (1) certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds; and (2) certain transactions in which the taxpayer's book-tax differences exceed a specified threshold in any tax year. These categories are very broad; however, there are numerous exceptions. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

VIII. LIQUIDATION UNDER CHAPTER 7

If no Chapter 11 plan can be confirmed, the case may be converted to a case under Chapter 7 of the Bankruptcy Code, in which a trustee would be appointed to liquidate the assets of the Debtors.

The potential effect of a Chapter 7 liquidation on the holders of Claims is set forth above. The Debtors believe that the full value of their assets could not be realized in a liquidation under Chapter 7 and that a conversion to Chapter 7 would also result in additional administrative claims attendant upon the appointment of a trustee and the trustee's employment of attorneys and other professionals, none of whom would not be familiar with the issues and claims presented in this case. The Debtors believes that unsecured creditors would receive little, and most likely nothing, in a hypothetical Chapter 7 case.

IX. ALTERNATIVE PLAN OF REORGANIZATION

If the Plan is not confirmed, the Debtors or any other party in interest could attempt to formulate a different plan of reorganization. Such a plan might involve either (i) a reorganization and continuation of the business or (ii) an orderly liquidation of the assets of the Debtors. Debtors have concluded that the Plan represents the best alternative to protect the interests of creditors and other parties in interest. The Debtors believes that the Plan enables them to successfully emerge from Chapter 11 and allows creditors to realize the highest recoveries under the circumstances. Accordingly, the Debtors believe that liquidation under Chapter 11 is much less attractive alternative to creditors, because a greater return to creditors is provided for in the Plan.

X. WINDING UP & FINAL DECREE

A. Final Report.

The Disbursing Agent shall provide to the United States Trustee, a report within sixty (60) days after the Effective Date, accounting for all assets administered by the Disbursing Agent and all receipts and disbursements by the Debtors through the Confirmation Date.

B. Post-Confirmation United States Debtor Quarterly Fees.

Quarterly fees shall be paid by the Disbursing Agent to the United States Trustee, based upon all disbursements made by the Disbursing Agent post-Confirmation under the terms of the Plan, whether from the Plan Assets or otherwise, for deposit into the treasury, for each quarter (including any fraction thereof) until this case is converted, dismissed, or closed pursuant to a final decree, as required by 28 U.S. C. §1930(a)(6). The Disbursing Agent will also provide post- Confirmation reports as may be requested or required by the United States Trustee.

C. Final Decree.

After the Plan is substantially consummated, the Disbursing Agent or its designee shall file an application for a Final Decree, and shall serve the application on the United States Trustee, together with a proposed Final Decree.

XI. REQUEST FOR VOTE OF APPROVAL

This Disclosure Statement has been prepared and presented for the purpose of permitting claimants to make an informed judgment as to whether or not they would accept or reject the Plan. Please read the Plan in full and consult with your counsel if you have questions. If the Plan is confirmed, its terms and conditions will be binding on all Creditors and the Debtors, regardless of whether the holders of particular Claims voted to accept the Plan.

The Debtors believes that the Plan, as presented, is in the best interest of creditors and that Confirmation of the Plan will provide the fastest and best recovery to all of the Creditors. The Debtors therefore urges all claimants to vote to accept the Plan.

Dated: September 28, 2009

CMR MORTGAGE FUND II, LLC

By:/s/ Graham Seel
Graham Seel
Chapter 11 Responsible Individual for
CMR Mortgage Fund II, LLC

Dated: September 28, 2009

BINDER & MALTER, LLP

By:/s/ Robert G. Harris
Robert G. Harris
Attorneys for Debtor-in-Possession
CMR Mortgage Fund II, LLC