



R.E. LOANS LLC
MORTGAGE FUND

December 6, 2010

TO: R.E. Loans Noteholders

Re: Forbearance Extension

Mackinac Partners will be sending a more detailed update at approximately year end but I wanted to let all Noteholders know now that Wells Fargo Capital Finance, LLC ("Wells Fargo") has agreed to a ninety day extension of the forbearance agreement to February 28, 2011. During the forbearance term the existing debt will continue to accrue interest at the existing rate, but new advances will accrue interest at a 4% higher rate. During this 90 day extension period Mackinac Partners and R.E. Loans, LLC will continue to explore alternatives that would enable R.E. Loans to pay down or pay off Wells Fargo to facilitate a longer term solution.

Very truly yours,

James A. Weissenborn